You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the...

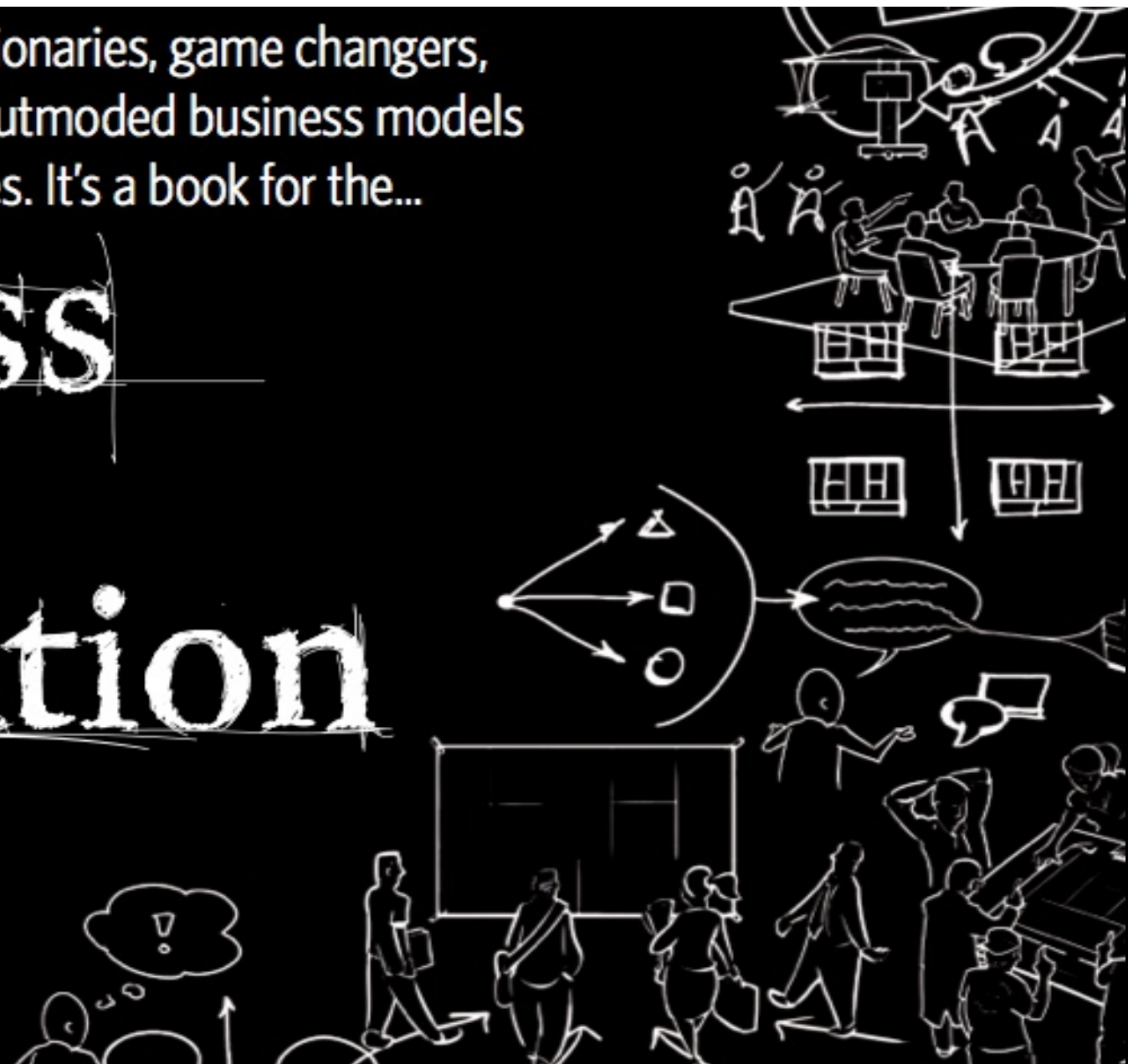# Business Model Generation

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CO-CREATED BY
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY
Alan Smith, The Movement

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UNIVERSITE DE LAUSANNE
ECOLE DES HAUTES ETUDES COMMERCIALES
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THE BUSINESS MODEL ONTOLOGY
A PROPOSITION IN A DESIGN SCIENCE APPROACH

THESE

Présentée à l'Ecole des Hautes Etudes Commerciales
de l'Université de Lausanne

par

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Pour l'obtention du grade de
Docteur en Informatique de Gestion

2004

On vend quoi à qui ?

Ontologie du profit
Définition pragmatique de la stratégie
Qu'est ce qu'on doit faire, avoir ?
Qui sont nos partenaires ?
Combien ça coûte ?

The 9 Building Blocks

CS

1 Customer Segments

An organization serves one or several Customer Segments.

VP

2 Value Propositions

It seeks to solve customer problems and satisfy customer needs with value propositions.

CH

3 Channels

Value propositions are delivered to customers through communication, distribution, and sales Channels.

CR

4 Customer Relationships

Customer relationships are established and maintained with each Customer Segment.

R$

5 Revenue Streams

Revenue streams result from value propositions successfully offered to customers.

KR

6 Key Resources

Key resources are the assets required to offer and deliver the previously described elements...

KA

7 Key Activities

...by performing a number of Key Activities.
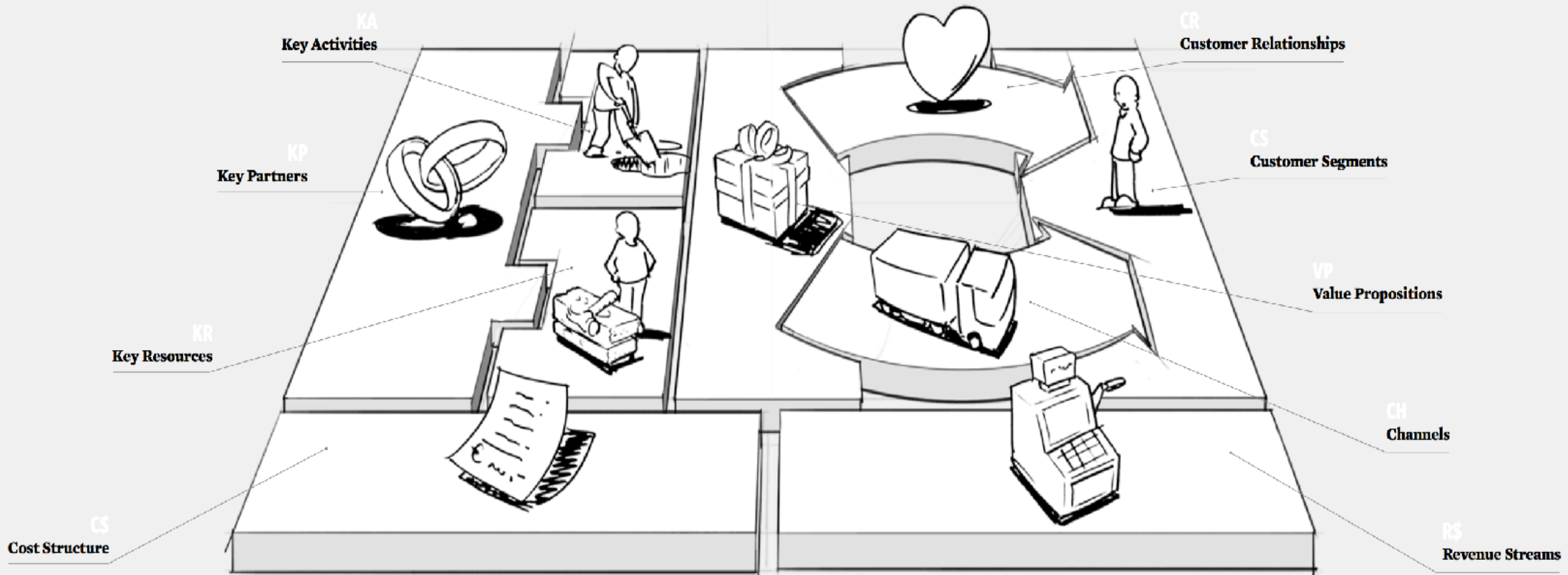
KP

8 Key Partnerships

Some activities are outsourced and some resources are acquired outside the enterprise.

C$

9 Cost Structure

The business model elements result in the cost structure.

KA — Key Activities

KP — Key Partners

KR — Key Resources

CS — Cost Structure

CR — Customer Relationships

CS — Customer Segments

VP — Value Propositions

CH — Channels

R$ — Revenue Streams

The Business Model Canvas

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer
Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments
want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES:
1. Awareness
    How do we raise awareness about our company's products and services?
2. Evaluation
    How do we help customers evaluate our organization's Value Proposition?
3. Purchase
    How do we allow customers to purchase specific products and services?
4. Delivery
    How do we deliver a Value Proposition to customers?
5. After sales
    How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE:
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS:
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation(bargaining)
Yield Management
Real-time Market
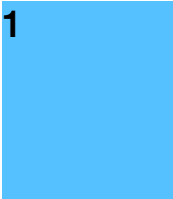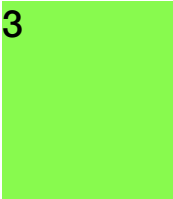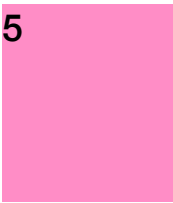
TITRE

Key Partners 🔗	Key Activities ✓	Value Propositions 🎁	Customer Relationships ♥	Customer Segments
1 2 3 4 5	1 2 3	1 2 3 4 5	1 2 3 4	1 2 3 4 5

Key Resources

1 2 3

Channels 🚚

1 2 3
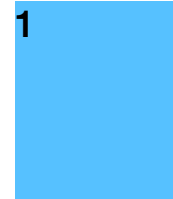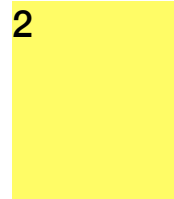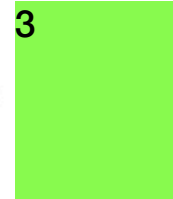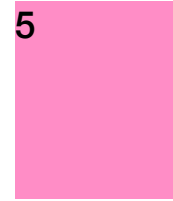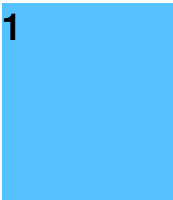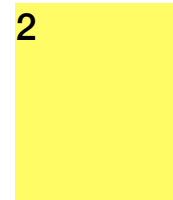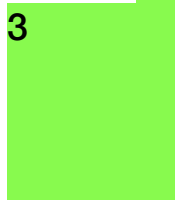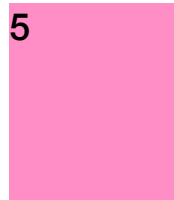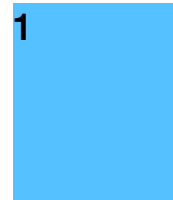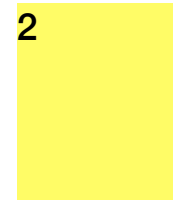
Cost Structure 🏷️	Revenue Streams 💰
1 2 3 4 5	1 2 3 4 5

How to create products and
services customers want.
Get started with...

Value Proposition Design

strategyzer.com/vpd

Written by
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Designed by
Trish Papadakos

WILEY

Strategyzer
Series

Sequel to
Business Model Generation
International Bestseller
30+ Languages

The Business Model Canvas

Key Partners 🔗

Key Activities ✓

Value Propositions 🎁

Customer Relationships ♥

Customer Segments

Key Resources

Channels 🚚

Cost Structure 🏷️

Revenue Streams 💲

Gain Creators describe how your products and services create customer gains.
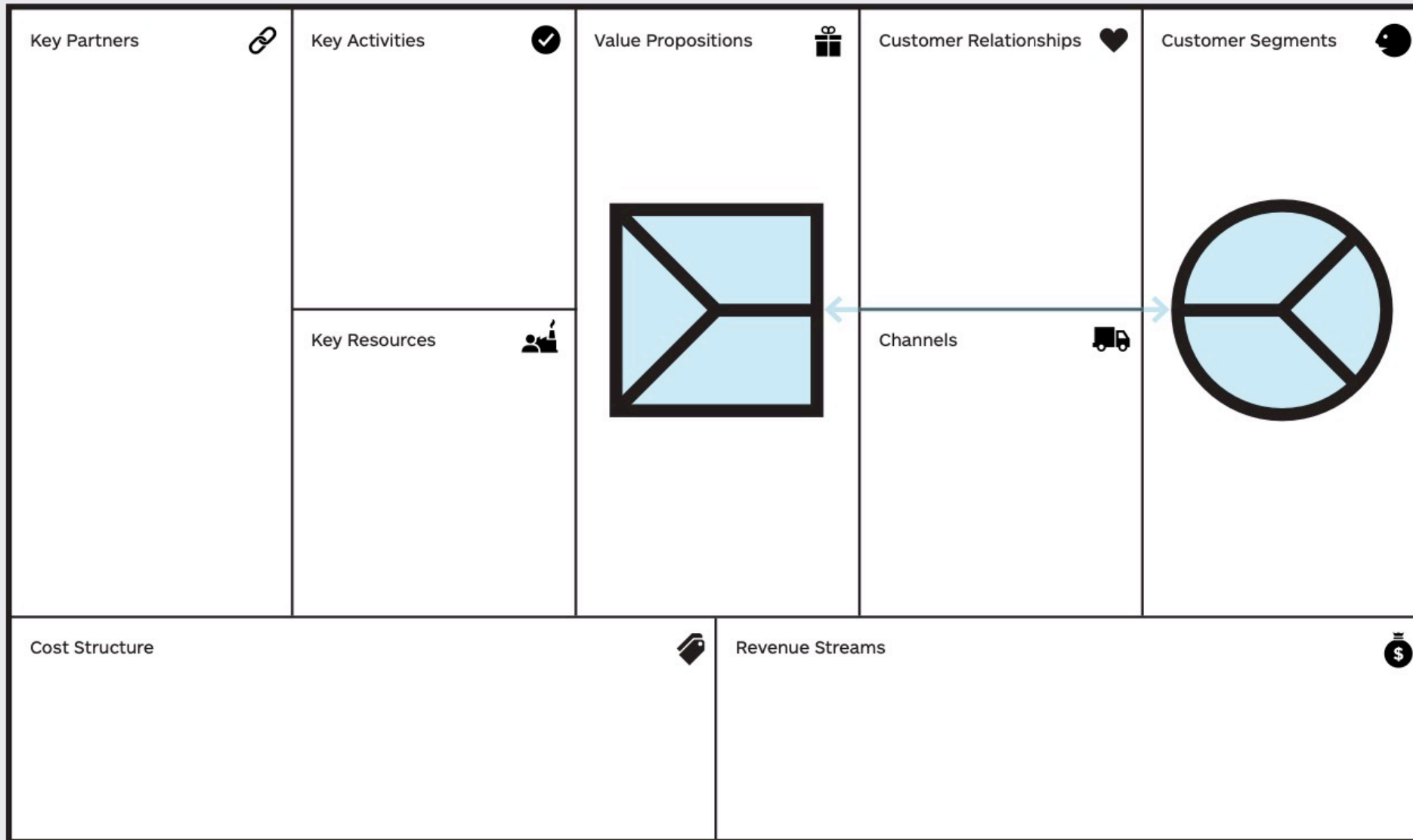
Value Map

The Value (Proposition) Map describes the features of a specific value proposition in your business model in a more structured and detailed way. It breaks your value proposition down into products and services, pain relievers, and gain creators.

This is a list of all the **Products and Services** a value proposition is built around.

Pain Relievers describe how your products and services alleviate customer pains.

Gains describe the outcomes customers want to achieve or the concrete benefits they are seeking.

Customer Profile

The Customer (Segment) Profile describes a specific customer segment in your business model in a more structured and detailed way. It breaks the customer down into its jobs, pains, and gains.

Customer Jobs describe what customers are trying to get done in their work and in their lives, as expressed in their own words.

Pains describe bad outcomes, risks, and obstacles related to customer jobs.

You achieve **Fit** when your value map meets your customer profile—when your products and services produce pain relievers and gain creators that match one or more of the jobs, pains, and gains that are important to your customer.

The Value Proposition Canvas

Value Proposition

Customer Segment

Gain Creators

Products & Services

Pain Relievers

Gains

Customer Job(s)

Pains

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Strategyzer
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The Value Proposition Canvas

Products & Services

Gain Creators

Pain Relievers

Gains

Pains

Customer Job(s)

Center: biz book reader (generic)

Green notes (gains):
- leads to results (ideally quick wins)
- clear indicators to measure progress
- can apply with confidence
- get recognized by team
- easy to understand
- help when stuck
- buy-in from leadership + team
- connect with like-minded people
- applicable ideas
- helps with promotion or pay raise
- helps me communicate my ideas clearly
- leads to better collaboration
- home run value propositions
- concrete tips (e.g., to reduce risk)

Yellow notes (jobs):
- look good with colleagues, boss, clients
- make things people want
- improve skill set + advance career
- find, learn, + apply methods
- convince others about preferred methods
- improve or build a business
- collaborate with others or help them
- communicate + sell ideas
- make decisions with confidence
- run "day job" well
- stay up to date
- assess + reduce risk

Orange notes (pains):
- lack of time
- too much theory
- getting stuck in career or jeopardizing it
- "translating" methods to own context
- making things nobody wants
- dealing with risk + uncertainty
- lack of sufficient budget
- going down wrong path
- management "not getting it"
- boring content that's hard to work through
- being associated with a big failure
- wasting time with ideas that don't work
- no clear path to applying method

value proposition design

Products & Services (yellow):

- Value Proposition Canvas
- Book
- exclusive online companion
- online exercises, tools, templates, community
- Web app (upsell)
- online course (upsell)

Gain Creators / Pain Relievers (green):

- helps shape ideas
- helps create products + services people want
- proven + effective suite of business tools
- share with and learn from peers
- software-supported methodology
- step-by-step instructions to get started
- helps understand what matters to customers
- shared language to communicate + collaborate
- enables practice + skills (self-) assessment
- access to advanced material + knowlege
- practical, visual, + enjoyable format
- minimizes risk of (big) failure
- integrates with other business methods
- brief, clear, + applicable content
- integrated with Business Model Canvas
- engaging online multimedia content