

Cambridge Judge Business School

Crafting your business model

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What is a 'Business Model'?

'A business model explains how an organisation creates, delivers and captures value'

Osterwalder (2010, p14)

**What should we build that
people *must* buy?**

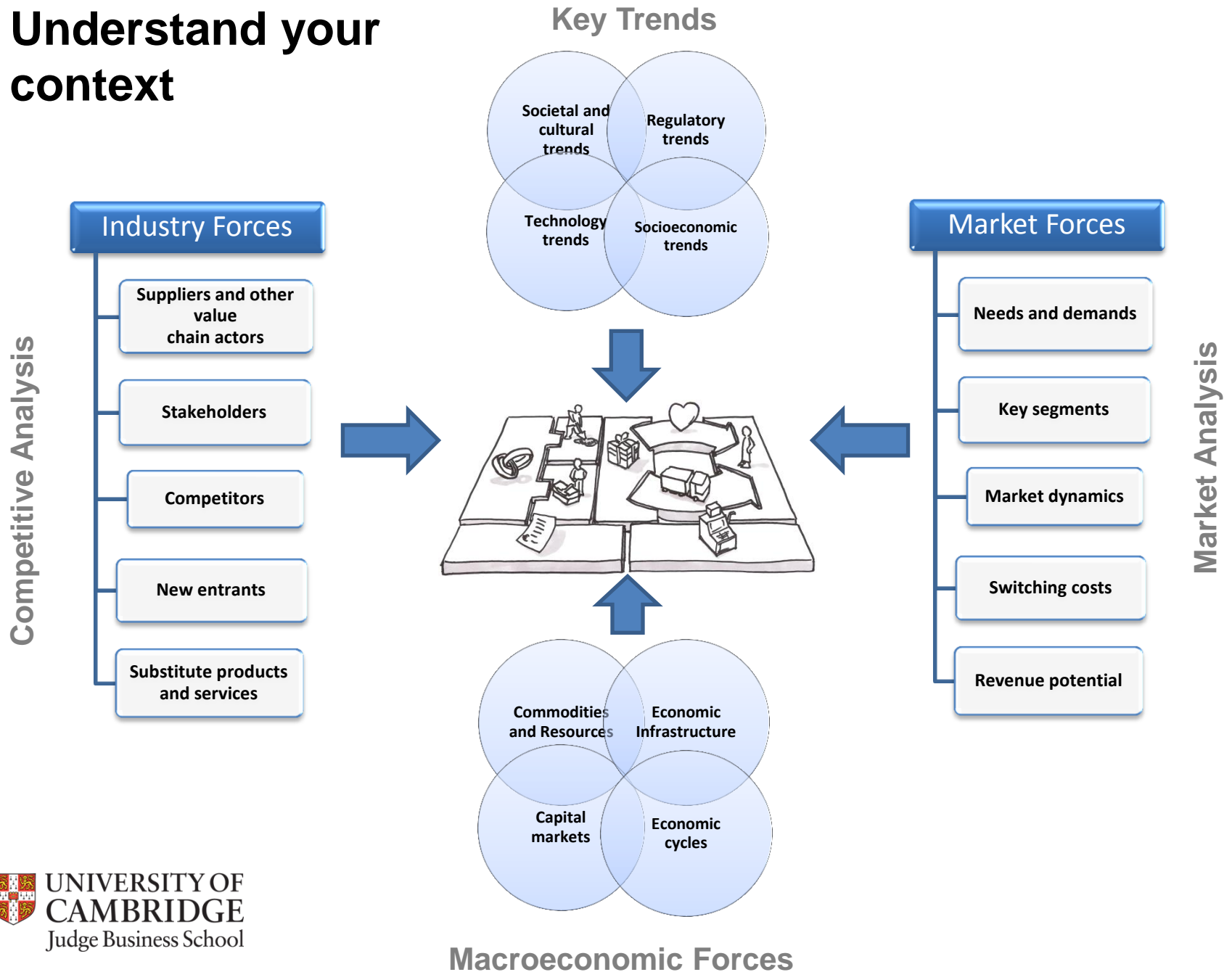


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The 'Business Model Canvas'

<p>Key Partners</p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p>	<p>Key Activities</p> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p>	<p>Value Proposition</p> <p>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?</p>	<p>Customer Relationships</p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How costly are they?</p>	<p>Customer Segments</p> <p>For whom are we creating value? Who are our most important customers?</p>
<p>Cost Structure</p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p>	<p>Key Resources</p> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p>	<p>Channels</p> <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? Which ones work best?</p>	<p>Revenue Streams</p> <p>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?</p>	

Understand your context



Shaping your Value Proposition...1,2,3

- 1.Help them get a job done...
- 2.Remove pains
- 3.Create gains

1. Help them to 'get a job done'

Describe what a specific customer segment is trying to get done. It could be the tasks they are trying to perform and complete, the problems they are trying to solve or the needs they are trying to satisfy:

- **Functional jobs** (e.g. perform or complete a specific task, solve a specific problem)
- **Social jobs** (e.g. trying to look good, gain power or status)
- **Emotional jobs** (e.g. aesthetics, feel good, security)

What basic needs are you helping your customer satisfy? (e.g. communication, finding a partner)

2. Remove 'pain points'

Negative emotions, undesired costs, situations and risks that the customer experiences (or could experience) before, during, and after getting the job done:

1. **What do customers find too costly?**
2. **What frustrates customers?**
3. **How are current solutions underperforming for customers?**
4. **What are the main difficulties and challenges encountered by customers?**
5. **What negative social consequences does the customer encounter or fear?**
6. **What risks does the customer fear?**
7. **What common mistakes does your customer make?**
8. **What barriers are keeping your customer from adopting solutions?**

3. Create 'customer gains'

The benefits customers expect, desire or would be surprised by. This includes functional utility, social gains, positive emotions and cost savings:

- 1. What would make your customer's job or life easier?**
- 2. What are customers looking for?**
- 3. Which savings would make your customer happy?**
- 4. What outcomes does your customer expect?**
- 5. What positive social consequences does your customer desire?**
- 6. What do customers dream about?**
- 7. How does your customer measure success and failure?**
- 8. What would increase the likelihood of adopting a solution?**

The lean start-up road map

