Business Model Canvas Workshop
Angel Investor; former Tech Exec

Mentor, Guest Lecturer – Entrepreneurship – Sac State, UC Davis

Three children and a dog, in Folsom, CA
Thanks!
Objectives

- Use the business model canvas to describe a business model
- Think innovatively about a traditional business model
Groups!

5 or Less Per Group
Agenda

- Welcome
- Intro to the Business Model Canvas
- Group Work on Canvas *
- Guest Entrepreneur
Time is a precious thing...
There’s No Substitute for a Great Value Proposition
Insight: A Business model can be described in nine elements, enabling explicit dialog about choices, alternatives, & opportunities.

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

Examples: Health-Care:
- Established Hospital Health Systems
- Smaller Health Clinics
- Private Practice Physicians
- Emerging Med-Tech Researchers
- Established Medical Device Manufacturers
- Ambulance Service Providers

Variations:
- Business-to-Consumer; Bus.-to-Bus.; Bus.-to-Gov’t
- Mass Market / Niche Market
- Segmented; Diversified
- Multiple Decision-Makers:
  - Economic Buyers, Gatekeepers, Actual Users
  - Multi-Sided Platforms

Adapted from 'Business Model Generation', Alexander Osterwalder, Wiley 2012.
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Value Propositions

What value do we deliver to our customers?
Which of our customer’s problems are we helping to solve?
What bundles of products and services are we offering to each customer?
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

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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: • Communities
• Automated Services
• Self-Service
• Co-creation
• Personal assistance – Mentorship
• Dedicated Personal Assistance – Assigned Mentors

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

**Channel Phases:**
- Awareness
- Information
- Evaluation
- Purchase
- Delivery
- After Sales
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:
- Meeting fees
- Usage fee
- Subscription fees
- Licensing
- Lending/Renting/Leasing
- Brokerage fees
- Advertising

Fixed Pricing
- List Price
- Volume dependent
- Product feature dependent
- Customer segment dependent

Dynamic Pricing
- Negotiation (bargaining)
- Yield Management
- Real-time-Market

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Key Activities

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

Categories:
• Production
• Problem Solving
• Platform / Network

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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

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Key Partners

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

Partner Candidates:
• Established Medical Firms
• Established Health Systems
• Ecosystem Service Providers

Motivations for Partnerships:
• Promoting the Ecosystem
• Optimization and economy
• Reduction of risk and uncertainty
• Acquisition of particular resources and activities

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Cost Structures

What are the most important costs inherent in our business model?

Which Key Resources are most expensive?
Which Key Activities are most expensive?

Is our business more:
• Cost-Driven (leanest cost structure, low-price value proposition)
• Value Driven (focused on value creation, premium value proposition)

Sample Characteristics:
• Fixed Costs (salaries, rents, utilities)
• Variable costs
• Economies of scale
• Economies of scope

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NETFLIX
(DVDs by Mail)
# Netflix (DVDs by Mail)

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
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<tbody>
<tr>
<td>Postal Service</td>
<td>DVD Operations</td>
<td>Convenience</td>
<td>Subscriber relationship</td>
<td>USA Households</td>
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<tr>
<td>Film / TV Studios</td>
<td>Purchasing / Negotiation</td>
<td>No Late Fees</td>
<td>Self-service / Automated</td>
<td>Film Buffs</td>
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<td>Algorithm Development</td>
<td>Algorithm Development</td>
<td>Suggestions</td>
<td>Channels</td>
<td>Families</td>
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<td>Key Resources</td>
<td>Distribution Contracts</td>
<td>Large Library</td>
<td>Netflix.com</td>
<td>Mainstream Moviegoers</td>
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<td></td>
<td>Suggestion Algorithm</td>
<td></td>
<td>Mailbox / DVD sleeves</td>
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<td>DVD Inventory</td>
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</tbody>
</table>

- **Cost Structure**
  - Facilities & Staff
  - Inventory Purchasing
  - Shipping & Postage

- **Revenue Streams**
  - Monthly Subscriptions
  - Envelope Advertising
• Use Post-its to fill out canvas
• Use only one color Post-it

Please don’t write on the canvas!

10 Minutes
Share and Compare
Innovate & Adjust

- Pick a box as a team (10 sec)
- What changes are needed to support your innovation?
- Use a different color Post-it

10 Minutes
<table>
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<tbody>
<tr>
<td>Machine Manufacturers</td>
<td>Production</td>
<td>Nespresso Machines</td>
<td>Acquire &amp; Lock-in</td>
<td>Households</td>
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<tr>
<td>Coffee Growers</td>
<td>Marketing</td>
<td>Nespresso Pods</td>
<td>Nespresso Club</td>
<td>Businesses</td>
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<td>Distribution</td>
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<td>Channels</td>
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<td>Nespresso Stores</td>
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<td>Phone / Mail / Website</td>
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<td>Retailers</td>
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<td>Key Resources</td>
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<td>Patents</td>
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<td>Brand</td>
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<td>Brand</td>
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<td>Production Facilities</td>
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<td>Revenue Streams</td>
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<td>Subscription Sales</td>
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<td>Retail Sales</td>
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Share Your Innovation

Volunteers?

1. What was your innovation?

2. What adjustments were needed?
Guesses need to be validated with Customers –

Get out of the Building!
Break!

5 Minutes
Resource Sheet!

More info available
bit.ly/bmcresources

Business Model Canvas

Resource Sheet

Business Models:
• Freemium Pitfalls and Solutions
• Business Model Innovations

Canvas:
• Business Model Canvas
• How to Use the Business Model Canvas
• Value Proposition Canvas
• Lean Canvas
• How to Use Lean Canvas / Theory Behind Lean Canvas
• Stanford's Social Entrepreneurship Canvas
• socialbusinessmodelcanvas.com

Have a resource we should be sharing here? Leave a comment or email events@up.co

Available at: bit.ly/actbusinessmodels

UP Global
### Survey

#### Last Page

*Tear off and leave*

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Overall, this session was a valuable use of my time. I would recommend it to a friend or colleague.

<table>
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<tr>
<th>Not at all</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>Definitely</th>
<th>5</th>
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How would you rate the overall quality of the Facilitator?

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<th>3</th>
<th>4</th>
<th>Great</th>
<th>5</th>
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</thead>
</table>

I plan to attend Startup Weekend Education

<table>
<thead>
<tr>
<th>Yes</th>
<th>Not Sure</th>
<th>No</th>
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</thead>
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For me, the most valuable part of the session was...

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