



Business Model Innovation

Tools



Business Model Innovation Tools



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Foreword & Acknowledgments

This book was written for companies and researchers looking for ways to get forward with their new business ideas. It is a revised version of Businessmakeover book that was originally edited by Timber Haaker, Mark deReuver and Harry Bouwman in Envision project.

This book reflects on the findings, tools and cases we worked with during our years of research into business model innovation. It would not have been possible without the generous support of the European Union. We wish to pay tribute to all the partners in the Envision project and the EnvisionAlliances project:

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Introduction

Maybe you've been envisioning a new venture, product, or service. You might have even already taken steps to make it a reality. Regardless of where you are in this journey, you're likely to encounter questions about your venture or have concepts you wish to scrutinize or delve deeper into. Even if your business concept is groundbreaking, constructing a robust business plan is essential. Guidance may be needed for this phase. Are you already running a business and contemplating ways to enhance it? Wondering how to more effectively engage your customers? How can you ensure your business is equipped for the future?

This book aims to be your comprehensive guide for addressing these issues. The book targets specific 'business goals' you might have, offering relevant theories, tools, and real-world examples to assist you in finding the answers you seek. Simply identify your 'I want to' business objective and follow the structured steps to realize it.

You can find the tools online at businessmakeover.eu

Our aspiration is for this book to function as a hands-on framework that enables you to either establish, refine, or elevate your entrepreneurial vision. Start your journey to transform your business today!

Introduction to business modelling

If you have little time available or you cannot wait to start fleshing out your ideas and building your business model, head straight to Chapter 2 to select your 'I want to' business goal. If you are first interested in some useful background information on business models and business model innovation, this chapter sets out the basic theory in a digestible manner.

However, it is not a prerequisite for getting your business model innovation underway.

What is a business model?

A business model describes what the business does. It is primarily concerned with value - and two main types of value in particular:

1. Creating value for consumers: How does the product or service address the customer's needs?
2. Capturing value for the business: This might be monetary, such as direct profit, or other forms of value like fostering a sustainable environment or promoting social responsibility.

In its most simple form, business model can be described by answering four questions:

- **What:** What is the company's offering, and how does it add value? This is the value proposition. It should be concise, akin to a catchy ad slogan, such as "tasty pizza at your doorstep" or "novel business insights in a book". If you can't summarize your value proposition in six words, it may need rethinking.
- **Who:** Who is the target audience? The customers can be individual consumers, businesses, or governmental entities. A precise definition of the customer group is beneficial, whether it's niche, like "UK residents aged 18-25 who favor prepaid mobile plans and follow premier league football", or broader like "all video game enthusiasts".
- **How:** How does the company deliver its value proposition? This encompasses the necessary operations, tasks, and processes, which might be executed by the company, its partners, or suppliers
- **Financials:** What's the revenue strategy? How do customers pay - is it a single transaction or a subscription model? Some businesses use clever pricing structures, such as the classic razor-blade model, where the primary product is affordable, but the associated consumables are priced higher, similar to coffee machines and their coffee pods.

Take-away: A business model goes beyond just outlining how a company earns. By addressing the four pivotal questions, one can unveil the underlying reasoning of the business. This understanding is vital for organizing ideas, conveying them effectively, and persuading stakeholders.

Why business models are important?

The popularity of business models surged with the internet boom, as companies were faced with the challenge of adapting to new technological landscapes. The digital era forced a re-examination of traditional revenue generation strategies and called into question whether old practices were still relevant..

Media companies transitioned to a new model, creating compelling content to attract a reader base that would, in turn, draw in advertisers. The larger the readership, the more attractive the platform becomes for advertising, enhancing the company's earnings.

Retail businesses also found themselves rethinking their strategies to include online sales. They considered the best ways to merge their physical stores with online services and how to employ internet technologies to improve their backend processes.

This transformation is ongoing. Advancements in mobile technology, sensors, and the Internet-of-Things keep reshaping business models in numerous industries, from automotive to manufacturing. Digital technology's impact isn't confined to web-based companies or innovative startups. All sectors are finding themselves reflecting on how this digital wave will affect their business practices. Furthermore, artificial intelligence is leading to the creation of new business models that were unimaginable just years ago, providing companies with groundbreaking solutions that revolutionize customer engagement, streamline operations, and spur product innovation..

The need for green transition calls companies to scrutinize their business models and operations also from a sustainability perspective. Customers, employees and financiers are becoming increasingly conscious and demand environmental-friendly and responsible conduct from businesses. However, this development also opens opportunities for products, services and technologies that help people, organisations, industries and societies to become more sustainable.

In this ever-evolving business landscape, businesses must remain adaptive. Those who stay ahead of the curve, constantly innovating and reevaluating their business models, will not only survive but thrive in the future's dynamic marketplace.

Business models and strategy: What's the difference?

Strategy relates to how you wish to position yourself in your industry. Your business model should set out everything you need to do to achieve this.

Take for instance the restaurant industry. A gourmet restaurant aims to establish itself as a premium offering, while a fast-food joint targets the more budget-friendly segment. Both restaurants have similarities in their business models. Both serve food and drinks, necessitate a venue for dining, a kitchen, and staff for food preparation. The operational flow, from procuring ingredients to waste management, remains largely consistent.

Business model innovation often starts with a strategic choice. For example, you may decide to change your bakery into a bed and breakfast. This may well be a good move; the bakery occupies a perfect spot in the middle of a historic town and tourism is increasing rapidly. But naturally this decision will have a significant impact on the business model. Every single aspect must be adjusted: the value proposition, the customer group, the core activities, the pricing model.

Take-away:

Business Model explains "what" and "how" of a company's operation, what it offers and how it delivers and monetizes it.

Strategy explains "where" and "why", where a company wants to be in the future and why it makes certain choices to get there.

Both are essential and interrelated. A sound strategy might necessitate a change in the business model, and conversely, a shift in the business model could influence strategic choices.

What is business model innovation?

The purpose of business model innovation is to revise existing business models. It may be initiated by a change in a company's strategy which has implications for its business model. In other cases, business models need to adapt to changing technologies or marketplaces.

Many business model innovations do not actually contain anything new; they simply apply existing principles that are more appropriate and effective. The companies can for example innovate by copying business models from completely different industries.

Business model innovation can result in changes to a single component of the business model or to multiple components, or even to the relationship between components.

One of the first phases in business model innovation involves experimentation and exploration in the form of brainstorming, thought experiments, or real-life experiments. Real-life experiments can be risky but it is important to experiment and test your proposed business model before you actually implement the changes. Our toolset can support you in this process.

Take-away: Business model innovation involves changing one or more components of your business model. It is vital to experiment with new ideas and to conduct evaluations to measure their effectiveness.



Facts and Figures

72% of European companies has made changes in their business model.

35% had made radical changes in their business model.

(Source: Saaristo & Heikkilä, 2022)



Business Model Design

What is business model design?

Business model design relates to shaping the components of your business model. Although there are many ways to describe a business model, the most famous of them is the Business Model Canvas. It was developed by Alexander Osterwalder and Yves Pigneur in 2010 based on Alexander's doctoral dissertation.

WHAT: Value Proposition, Channels

WHOM: Customer Segments, Customer Relationship Management

HOW: Resources, Activities, and Partners

FINANCIALS: Costs and Revenues

Designing business models involves making certain trade-offs, e.g. should you collect user data to personalise your service or respect your users' privacy?

Business model choices are often inter-dependent. If you are targeting a mass market customer group, a freemium pricing model is might be appropriate. A premium pricing model, on the other hand, is more suited to a niche market.

The most critical design issues are the decisions that require a trade-off between particular business model components. Some critical design issues include:

- 1) Service: value proposition, branding, trust, targeting and customer retention
- 2) Technology: quality of services, system integration, security, access to relevant technical resources, user profile management and privacy of user profiles
- 3) Organization: partner selection, network openness and complexity and network governance.
- 4) Financials: investments, revenue model, pricing, and division and valuation of costs and revenues between network partners.

How do I design a business model?

To design a successful business model, you should work through the following steps:

1. Draw a rough sketch of your first idea for the business model. Then make high-level choices regarding each component.
2. Evaluate your initial idea, perhaps using tools presented in this book. Or, go out and test your value proposition on actual customers and discuss your delivery model with potential suppliers.
3. Flesh out your design and work in more detail.
4. Demonstrate the feasibility of certain aspects of the design (POC) and/or test the sustainability of your business model, e.g. by conducting a Business Model Stress Test.
5. If you already have a business model, consider how to transition to a better model, perhaps by using our business model road mapping tool.

What is a POC?

Proof of Concept (POC) is a process or exercise to test the feasibility and viability of the proposed business model. Here's how it typically works:

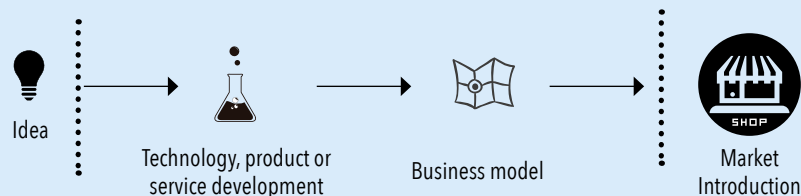
1. **Defining Objectives:** Clearly state what you are trying to prove with the POC. This might include specific aspects of the business model such as its revenue generation potential, scalability, or customer acceptance.
2. **Small Scale Implementation:** Develop a small-scale version of your business model. This could involve setting up a minimal version of your product or service, targeting a limited audience, or operating in a controlled environment.
3. **Gathering Data:** Collect relevant data during the POC phase. This could include customer feedback, sales data, operational efficiency, market response, and other key metrics that are crucial to the success of your business model.
4. **Analysis:** Analyze the collected data to assess the performance of your business model. Look for insights into what works, what doesn't, and why. This stage is crucial for understanding the practical aspects and potential challenges of your business model.
5. **Refinement:** Use the insights gained from the analysis to refine your business model. This could involve tweaking your product or service, modifying pricing strategies, changing marketing tactics, or even pivoting to a different model if necessary.
6. **Stakeholder Presentation:** Present the results of the POC to stakeholders, investors, or partners. A successful POC can help in securing funding, gaining stakeholder buy-in, and moving forward with confidence.
7. **Decision Making:** Based on the POC results, decide whether to proceed with the business model, make further modifications, or abandon the idea. A POC is a low-risk way to test the waters before fully committing to a business model.



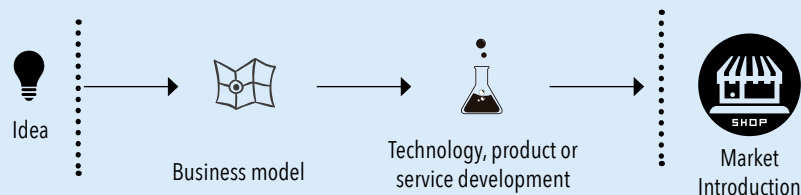
Business Model Design Process

New products and technologies actually have no value in themselves – their value depends on a viable business model! But which comes first: a new product idea or a new business model?

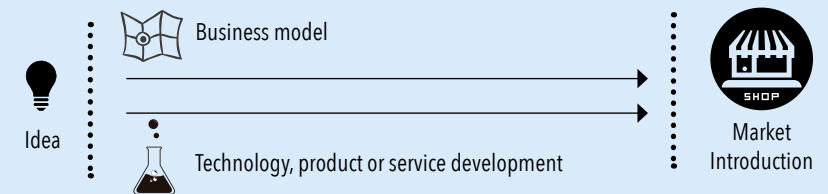
In practice, business model innovation often occurs at the end of the innovation process. People come up with an idea for a new technology, product or service and invest significant time and effort in developing their idea. Only then do they start to consider their business model design. Unfortunately, all too often, it turns out that there is no demand for the idea or no viable revenue model.



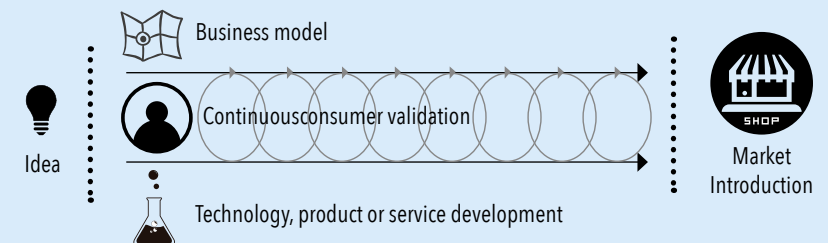
An alternative approach is to prioritise the business model in this process over the technology, product or service. But this, too, has its pitfalls and sometimes the technology, product or service proves to be unfeasible – ultimately, it does not fit the business model idea.



A third approach is to set one team to work on the technology, product or service and another on the business model. The problem here is that sometimes the end results are not compatible.



However, one major disadvantage of all three of these approaches is that the customers are not involved in the process. We therefore recommend a more agile approach in which several iterations of the technology, product or service are rapidly produced, assessing customer preferences each time, in parallel with the development of the business model.



Take-away: Technology, product or service innovation should be combined with continuous customer validation and business model innovation in a series of rapid iterations.

How can you measure the success of your business model innovation?

When working on innovating your business model, it is useful to know exactly what you want to achieve. So, we strongly recommend you to think not in very generic and vague statements like, for instance “to improve our competitive advantage”, “to increase our churn rate” or “to improve the quality of our services”. These statements cannot be measured. Therefore, it is better to make statements including a quantification, like for instance “to gain 5% more market share”, “to increase our churn rate from 5% to 8%”, or “to increase customer satisfaction from 7 to 7.5, as measured on a satisfaction scale”. Metrics are measurable performance indicators and can help you to be more precise. To give you some direction, we’ve clustered the metrics in high-level categories and then specified these in further detail (Heikkilä et al., 2016), as follows:

Perspectives	Category	Metrics
Customer Value	Value uniqueness, quality	C1. Created customer value C2. Market segment and market share C3. Website-related indications
Service	Service related	S1. Service development life cycles S2. Quality S3. Satisfaction S4. Sustainability
Technology	Applications, architecture, hardware, data infrastructure	T1. Architectural complexity T2. Data complexity T3. Interoperability T4. Accessibility and up-time
Organization	Organizational network, complexity density structure	O1. Number of internal departments O2. Access to resources O3. Number of external partners O4. (Internal) network characteristics
Finance	Profitability, revenues, costs, risk	F1. Network value F2. Profitability F3. Costs F4. Risk

Data-driven business models

As an entrepreneur, you're always looking for an edge — a way to outsmart the competition and serve your customers better. A data-driven business model could be your secret weapon in that fight.

Every time someone browses your website, walks into your store, or buys your product, they're giving you clues about what works and what doesn't. A data-driven business model means you're collecting all those clues — that's your data — and analyzing them to make informed decisions.

Data is expected to bring opportunities and economic growth as new business models for value creation are achieved through collecting and utilising more data more efficiently. Data can be utilized in several components of the business model: data can be a key resource, data analytics can be the key activity to generate customer value, or data or information can be integrated into the value proposition

Facts and Figures

80% of European companies anticipated that the data economy could provide them with a competitive advantage

Every fifth company had already created a competitive edge with data-based business.

(Source: Saaristo & Heikkilä, 2022)

Multi-sided business models and platforms

From the sharing economy to digital business, companies are increasingly catering to more than one type of customer e.g. AirBnB serves both people who own accommodation and people seeking to rent accommodation, and Uber serves both car owners and travellers. This requires a multi-sided business model. Might this apply to your business?

So, how do multi-sided business models create value for different user groups? Let's consider the example of PlayStation, which connects gamers and video game developers. The more gamers that own a PlayStation, the more attractive it becomes to develop games for that console, and conversely more games available on a given console makes it more attractive for gamers to buy one. A multi-sided business model generates positive network effects between the user groups: the more users on one side, the more value is created for those on the other side. This is known as a matchmaking business model. And it explains why there are only a few successful game consoles!

To take another example, the business logic behind a company like Google is quite different. Google connects people searching for websites with advertisers. On the advertisers' side, the same logic of the match-making model still applies: the more people search on Google, the more value is created for advertisers. But people browsing the web do not care how many advertisers use Google – in fact, they most likely don't want to see any advertisements at all! This is known as an audience builder business model, which generate positive network effects in one direction, but negative ones in the other.

Multi-sided business models often include a platform on which different user groups can build, e.g. the game console in the case of PlayStation, and the iPhone and app store in the case of Apple iPhone. Therefore, one means of attracting user groups is to make one section of the technology available to others to use. One challenge in this regard, however, is that you lose a degree of control over your core assets.

Of course, there are many more variations of multi-side business model, including those that involve three or more groups of customers. But the same principle applies: clearly determine what network effects your different user groups generate and how these relate to each other. This will help you design your revenue model.

Take-away: Is a multi-sided business model applicable to your business? Could you start charging your suppliers instead of paying them? Can you add value by bringing different user groups together?

Platform business models

Platform business models create value by facilitating exchanges between two or more interdependent groups, usually consumers and producers. They are everywhere – take notable examples such as Android, AirBnB and Uber. However, this type of business model is not only applicable to large digital companies, more and more ordinary small businesses are becoming platforms too. How can you implement your own platform-based business model? And how open should your model be?

This type of business model can be challenging to implement – scary even! Say that, for years, your business has earned revenue by selling goods to consumers. And now you want to become a platform. This means that you are no longer selling products but capabilities – tools that enable other businesses to develop products. For many companies that have long been bound to closed product business models, it can be a big step. It not only requires a radically different business logic, but also a starkly different mindset. eBay is an example of a business model platform which brings together buyers and sellers, in this case for second-hand goods. Google is another example which connects people browsing the web with advertisers. In addition to linking user groups, platforms also offer opportunities for innovation, e.g. Google Android provides a platform for app developers to innovate.

When implementing a platform business model, you need to manage risks, such as bad quality of third party offerings on your platform. Also you need to implement control mechanisms to protect your users. To do so, you might define certain rules or criteria for entry, or permissible ways of building products and services.

Take-away: Platforms provide important opportunities for business model innovation. You need to consider how they affect every aspect of your business model: the who, what, how and the bottom line.





What is a sustainable business model?

A sustainable business model is an approach to conducting business that not only aims for profitability but also considers its impact on the environment and society. This model integrates sustainability into all aspects of the business, balancing economic goals with environmental stewardship and social responsibility. Here are the key elements that define a sustainable business model:

- **Environmental Responsibility:** Sustainable businesses prioritize reducing their environmental footprint. This can involve using renewable energy sources, minimizing waste, recycling, reducing emissions, and adopting sustainable manufacturing practices. The goal is to operate in an eco-friendly manner that helps preserve natural resources for future generations.
- **Social Equity and Ethics:** These businesses are committed to fair practices, respecting human rights, and ensuring good working conditions. They often engage in fair trade, support local communities, and ensure that their operations do not negatively impact the societies in which they operate. This also includes diversity and inclusivity in their workforce.
- **Economic Viability:** While focusing on environmental and social aspects, a sustainable business model also needs to be economically viable. This involves creating long-term value and profitability without sacrificing ethical and environmental principles. The idea is to demonstrate that financial success can be achieved without exploiting resources or people.
- **Long-term Perspective:** Sustainability involves thinking about the long-term impacts rather than just short-term gains. Sustainable businesses often have strategies that focus on long-term growth and sustainability, rather than short-term profits.
- **Stakeholder Engagement:** These models often involve engaging a broad range of stakeholders, including employees, customers, suppliers, local communities, and even competitors, in their sustainability efforts. The idea is to create a collaborative approach to sustainability.
- **Innovation and Adaptability:** Sustainable businesses are often at the forefront of innovation, finding new ways to reduce environmental impact, create socially responsible products and services, and adapt to changing environmental and social landscapes.
- **Transparency and Reporting:** They often adhere to high standards of transparency, regularly reporting on their sustainability practices, achievements, and challenges. This can include sustainability reports, environmental impact assessments, and social responsibility statements.

In summary, a sustainable business model is not just about being eco-friendly or socially responsible; it's about integrating these elements into the core of the business, creating a balanced approach that ensures long-term viability, ethical operations, and a positive impact on both the environment and society.

'I want to' pathways: What business goals do you want to resolve?

In our earlier research we have examined 100+ business model innovation case studies and identified innovation 'pathways' based on business challenges that the majority of business owners and startups were confronted with. In this book, we distilled these pathways into 'I want to' business goals to help you rethink your business model in a structured way. You can quickly identify relevant challenges and the appropriate tools to draw up your action plan. See for yourself, do it yourself!

Which business goal do you have? Now, we set out typical questions that startups and companies have that flow from each 'I want to' goal. A step-by-step plan for each 'I want to' goal is provided on the following pages.

I want to start a business:

Startups follow a different business model innovation process than existing companies. They address all or the majority of possible business model components. They build up their business model in an iterative manner, from considering technology and innovation to testing their core idea and product or service concept. Startups also invest time in analysing and testing their business model among actual customers, with the aim of improving the entire model and not just individual components.

I want to test my business:

If you wish to test the viability of your business model, consider testing the attractiveness of your value proposition in your target market, or testing the viability of the business model against future uncertainties. You might also benefit from analysing your current business processes and checking its financial well-being. Finally, it is always valuable to have a clear picture of your business and explore ways of making it even better.

I want to grow my business:

You should first aim to improve customer relationships and segmentation in your existing target groups. Next, try to improve your product or service, and find new partners and channels. You may wish to internationalize.

I want to make my business more profitable:

You should aim to improve the efficiency of your back-end operations and use of resources. Next, start to change other components of your business model, e.g. get to know your customers better and fine-tune your products or services. Consider how these changes will affect your relationships with partners and suppliers.

I want to make my business more sustainable:

To improve the sustainability of your business, you should start by rethinking for whom your business creates value. Instead of limiting to shareholders, sustainable businesses focus on producing wellbeing for multiple stakeholders (people and planet), also the past and future stakeholders in addition to the present. Sustainable business models widen the concept of value to cover also environmental and social value besides economic value, in addition to emphasis on long-term value creation.

Take-away: The order in which you should change the components of your business model depends on what you want to achieve. Our toolset will help reveal the most appropriate pathway to answering your question and which tools to use when.





Helpful Guidelines for Business Modelling

Before moving on to the 'I want to' pathways -or your business goals, we would first like to offer some guidelines for rethinking your business model. Our research has revealed that, while business model innovation may look easy, implementation can be complex and requires care and attentive management.

To translate the theory into a hands-on approach, you need to review your business model and consider ways in which collaboration could strengthen your business. Based on our survey and insights we gained from our case studies, we have produced the guidelines below:

1. Look at the big picture

When starting out on the journey of business model innovation, some may feel overwhelmed by the huge array of options. Instead of trying to limit changes to some components of your business model, you should first consider the model as a whole. In redesigning business models, managers struggle with an abundance of options.

Most success stories introduced innovation to a combination of services, branding, promotional activities, channels, target markets, enabling technology and revenue models, and reorganised their networks.

- Does your business need a makeover? If the market in which you operate is changing, or your company's performance is foundering, take a good look at your current business model.
- Use business modelling methods and tools, such as those in this book, to gain a better understanding of your business model and identify potential for change.
- Rid yourself of the notion that you can limit the changes to only some parts of your business model. The innovation process will most likely affect your product or service, changes in collaboration with business partners, revenue model and IT. And there is no single panacea.

2. How can you make a good start on changing your business?

Although there is no one answer or approach, our suggestions below can help you make a good start:

1. Consider whether you can improve your current product or service with an add-on or whether you can set it apart from the competition, e.g. by bundling it with (or unbundling it from) other products or services.
2. Maintain good relationships with your business partners and remain alert to opportunities for new collaborations. Partners are core to your business model – not only suppliers, but also customers. Could your customer become a partner to co-design new products or services, or could a partner offer a fresh channel to reach new customers? Collect data on customers and on their behaviour in relation to your product or service.
3. Rethink your customer segment or target market from multiple perspectives.
4. If you have limited finances, instead of major investments in your own IT and digitalisation process, seek out simple solutions based on cloud technologies or platforms in combination with apps to meet your customers' needs.
5. Try to anticipate questions, challenges or problems might you face in your daily business activities, or stumble across when implementing your new business idea. Devise a strategy for addressing them.
6. Consider in what order you should change the components of your business model according to what you want to achieve.



I want to start a new business



I want to start a new business

Develop a viable business model




The real value of a new business idea depends on how you implement it. Often your starting point will be your current business or you start from scratch. Here you make a plan that describes how you can move from your current to your new business.

The journey

In three steps you can turn your idea into a business model with potential. As a first step, define your idea as a product or service that fulfills the needs of potential customers. What pains does it take away and what gains does it deliver to customers? This is the basis for developing your business model in the second step. In the third step, estimate your expected costs and revenues and see if your idea is going to be profitable. This will give you an indication of the viability of your idea.




VALUE BUILDER

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
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Define your product
Use the Value Proposition Canvas to create a match between what you have to offer and what customers need or want.





BUSINESS MODEL CANVAS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
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Create the business model
Once you know your product. Sketch the model for your new product or service.



RETURN ON INVESTMENT

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Test
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Check the business case
In the end it comes down to one question:
will the revenues be larger than your cost?.

I want to start a new business

Renew my business

You have a great idea, and are convinced that it is worthwhile. But a good idea is not enough for a successful business model. Here you go from an initial idea to an attractive product and a business model that has potential.

The journey

In three steps we help you to prepare a plan for implementing your new business. In the first step you describe your current business model. This is the situation from which to start the transition to the new business. Next you describe your new business model. This is the situation you would like to move to. In the third step you identify the differences between the new and the old business set up a practical action plan that will take you from your current to your new business.



BUSINESS MODEL CANVAS



Time
2 Hours



Complexity



Phase
Design



Describe your existing business
Capture the logic and essence of your current business, incl. revenue & cost structure.



BUSINESS MODEL CANVAS



Time
2 Hours



Complexity



Phase
Design



Describe your new business
Use the Business Model Canvas to visualize your new or updated business model.



BUSINESS MODEL ROADMAP



Time
2 Hours



Complexity



Phase
Implement



Check the business case
In the end it comes down to one question: will the revenues be larger than your cost?

I want to start a new business

Convince your partners

Together everyone achieves more. But, finding the right business partners isn't easy. Identify which partners your business needs and convince them by making clear what is in it for them.

The journey

The first step is to brainstorm about who your potential partners are. Partners are those companies or persons that have a positive influence on your business. They bring after all something that helps your business along. Once you know which potential partners are relevant for your business you need to convince them to actually partner with you. Draw an overview of what they can offer you, and more importantly what you can offer to them.



PARTNER RADAR

 Time 1 Hour	 Complexity <div><div></div><div></div><div></div></div>	 Phase Explore
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Identify your potential partners
To find the most promising partners, you need to know who can positively influence your business. Use the Partner Analysis to identify your most important partners.



PARTNER VALUE MATRIX

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
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Pinpoint the mutual benefits
Use the Partner Value Matrix to describe what you expect from your potential partners and what they can expect from you.

I want to test my business



I want to test my business

Test the attractiveness of my product or idea

When creating a new product or service you have to make assumptions about the needs and preferences of your customers. Many decisions during development are based on these assumptions. Verifying these assumptions will help you to make your product more attractive.

The journey

It is very easy to become carried away about a new idea. Therefore in the first step you look at your idea from different angles and perspectives. Why could it work, why not and what are alternatives? In the second step you learn how to listen to your customers. This will help you to understand the customers' actual needs and behavior. and collect feedback. With this information you can improve your new product or idea and make it more attractive for your customer..



THINKING HATS



Time

1 Hour



Complexity



Phase

Explore

Reflect on your idea

Sometimes you just need a different viewpoint to critically look at your new idea or product. You can use the Thinking Hats to help you see things from different perspectives.



FOCUS GROUP



Time

1 day



Complexity



Phase

Explore

Get to know your customers

To get to know your customers better, you need to have a conversation with them to get feedback on your idea and to understand their actual needs and preferences.

I want to test my business

Test whether my business is future-proof




The world is changing fast. Great businesses can go bankrupt if they don't adapt to their environment. To test if your business is ready for tomorrow, you have to assess the impact of key trends and threats on your business. This will make your business more robust.

The journey

In three steps we help you to anticipate change and make your business future proof. First sketch your business model. How does your business actually work? What is the business logic? Next, identify the key future developments in area's like technology and legislation for your business. Finally, confront the business model with the future developments to identify the strong and weak parts of your business. Use your strengths to seize opportunities and make your business future proof.



BUSINESS MODEL CANVAS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Create the business model
Use this tool to visualize your business model and use this as input for your stress test.






PESTLE ANALYSIS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Explore
--	---	---

Understand your business environment
Identify the key trends and developments that can impact or influence your business success.



BUSINESS MODEL STRESS TEST

 Time 4 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Test
--	---	--

Test if your business is futureproof
Check how changes in the world around you will impact your business.

I want to grow my business



I want to grow my business

How to reach my customers

Reaching your customers can be hard, as many companies are battling for their attention. Your channels have to be tuned to where your customers are, and your message should be meaningful for the people you try to reach.

The journey

Before you can reach your customers you need to know them first. You have to be in touch with your customers and understand their frustrations, needs, preferences, and habits. There are many choices that influence how your message is sent to your customers. You need to think about the format of the message, which platform to use, the goal of the message, etc. These choices need to fit your customers' preferences. Create a strategy for marketing your offering based on the choices you made. Describe how you are going to promote your offering, in what place and with which means.

1

PERSONA



Time

2 Hours



Complexity



Phase

Explore

Know your customer

One way to know your customer is to understand their habits and preferences. Create a Persona, a fictitious customer, to sketch your customers' opinions, pains, goals and needs.

2

MARKETING CARDS



Time

2 Hours



Complexity



Phase

Implement

Brainstorm about reaching customers

Go through the many options for reaching customers and find the best fit for reaching yours using the Marketing Cards.

3

MARKETING MIX



Time

2 Hours



Complexity



Phase

Implement

Reach your customers

Sketch a clear picture of how you are going to market your offering with the Marketing Mix




I want to grow my business

Discuss my business

Discussing what your business does or should do is not always easy. There are many elements to take into consideration. This makes your discussion fuzzy. Visualizing your business will bring structure to your conversations



SWOT ANALYSIS

 Time 1 Hour	 Complexity <div><div></div><div></div><div></div></div>	 Phase Explore
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Determine market opportunities
Know your strengths.



The journey

A prerequisite for having better discussions is to create a clear picture of your business. First clarify what you are good at and discuss your company's strong and weak points. Next paint a clear picture of your business model and make sure there is a common understanding about the model. Finally, explore if there are ways to improve your business. To help the discussion along, get inspiration from other companies. Learn how they successfully applied new elements in their business models.




BUSINESS MODEL CANVAS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Create the business model
Visualize your business to create a clear and joint view to encourage fruitful discussion.



BUSINESS MODEL CARDS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Get inspired by others
Look for ways to improve your business. Use the Business Model Cards to see what other companies have done and discuss if this might work for you as well.

I want to make my business more profitable

page: 58

page: 60



I want to make my business more profitable

Improve my offering




It is not easy to deliver exactly what your customer really wants. From time to time it is necessary to improve your offering. To match the changing demands of customers and stay ahead of the competition. Here you find how to better understand your customers' wishes and how to improve your product.

The journey

It is crucial that you know what your customers want and need. And to know what your competitors are offering. Start with asking and finding out what really matters to your customers. What are their pains, their needs? Next look at your competitors and learn how they are trying to conquer the market. In the final step combine the insights about your customers and your competitors' offerings. Use this to create that one thing that your customers really want.






CUSTOMER JOURNEY

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Test
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Describe your customers
Combine all insights you gained from talking to target customers into one fictitious customer. Such a fictitious customer is called a Persona and will help to structure the information that you collected






COMPETITOR ANALYSIS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Explore
--	---	---

Learn from competitors
Now that you know your customers, look at how your competition is serving them. Don't just consider your competitors as enemies but use the Competitor Analysis to learn from their offerings.



VALUE BUILDER

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Create the best product
Build on what you have learned about your customers and competitors. Use the Value Proposition Canvas to develop a unique and competitive offering that fulfills your customers' needs.

I want to make my business more profitable

Know my customers

Finding new customers and keeping existing customers is the lifeblood for any company. You need customers to be able to sell your products. This requires that you know who they are and what they need. Here you can figure out how to interact with customers to learn what makes them happy or causes them trouble.

The journey

To know more about your current or potential customers, you first have to know who they are and where to find them. In the first step you identify your target customers. What are the key characteristics of this target group? Once you know who your target customers are, you can start a conversation with them to learn about their needs, pains, goals, interests and behavior. You should organise a group discussions with several customers together. Finally, you collect and combine all the information to paint a vivid picture of a typical customer's personality and profile.

1

TARGET GROUP SELECTION



Time

2 Hours



Complexity



Phase

Design

Identify your target customers

To identify your target customers, look for the ones that benefit the most from your products. The Target Group Selection tool will help you to decide on which group of customers to focus.

2

FOCUS GROUP



Time

1 day



Complexity



Phase

Explore

Get to know your customers

To get to know your customers better, you need to have a conversation with them. A Focus Group helps you to talk with your (potential) customers about their opinions, pains, goals and needs.

3

PERSONA



Time

2 Hours



Complexity



Phase

Explore

Know your customer

One way to know your customer is to understand their habits and preferences. Create a Persona, a fictitious customer, to sketch your customers' opinions, pains, goals and needs.

I want to make my business more profitable

Improve processes

We usually don't think about how we do our daily work, we just do it. However, the way you work is not always as efficient as it could be. Reflecting on your workflow can result in sometimes obvious improvements.

The journey

The first step is to draw a workflow of your main processes. Then analyse if there is any waste that you can get rid of.



PROCESS JOURNEY



Time

4 Hours



Complexity



Phase

Design

Define your workflow

A workflow consists of many activities. Pinpoint and write down all the main activities in your workflow with the Process Journey.



DEADLY WASTES CANVAS



Time

2 Hours



Complexity



Phase

Explore

Find the causes of waste

In every process there is some kind of waste, like defects, motion, waiting time, etc. Identify the wastes in your process with the Deadly Wastes Canvas.

I want to make my business more sustainable



I want to make my business more sustainable

Innovate sustainable business model

You can start developing your business model from scratch or start from your existing business. Start by taking more stakeholders into account, and adding a social and environmental analysis to your existing business model.

The journey

Start your journey of innovating a more sustainable business model by using the original Business Model Canvas to visualize your existing business model or exploring the business model for your new business. This will form the economic layer of your Triple Layered Business Model Canvas. The second step will be taking a wider look at your stakeholders, and analyzing what kind of value you are creating for them by using the Common Good Matrix. In the third step, add environmental and social layers to the economic layer of your canvas in order to complete your Triple Layered Business Model Canvas.



BUSINESS MODEL CANVAS

 Time 2 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Describe your existing business
Capture the logic and essence of your current business, incl. revenue & cost structure.






THE COMMON GOOD MATRIX

 Time 1 Hour	 Complexity <div><div></div><div></div></div>	 Phase Explore
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Analyse the stakeholders and identify the value your business creates for them.



THE TRIPLE LAYERED BUSINESS MODEL CANVAS

 Time 4 Hours	 Complexity <div><div></div><div></div><div></div></div>	 Phase Design
--	---	--

Describe the environmental and social layers of your business model, and add them to the economic layer of the business model canvas.

The following practical tools help you to achieve your business model innovation goals based on the 'I want to' pathways, as discussed in the previous chapters.

There are different types of tools to achieve different types of results. Some provide strategic insights into your company and business environment and potential new directions, e.g. SWOT and the Five Forces analysis. These tools will help you understand the relative strength of your business and determine drivers for change and innovation.

Another group of tools focuses on designing your business model or parts thereof, e.g. the Business Model Canvas which can help describe your business model in a structured manner. The Business Model Cards provide inspiration, and Value Builder help you with address your value proposition.

And the final group of tools help you test or implement your business model, e.g. the Business Model Stress Test for assessing external developments and making businesses future proof.. The Business Model Roadmap offers step-by-step guidance for implementing your new business model or transitioning from your old one.

We have also included a few additional valuable tools that complement the ones connected with specific 'I want to' pathways. The entire toolset comprises a mix of well-known existing tools and new ones we developed ourselves to address the typical business model innovation requirements.

All of the tools and download forms are also available via the Business-Makeover.eu platform.



Business Makeover Tools: Where do I find the tools that I need?

STRATEGY TOOLS

- Persona
- Focus Group
- SWOT Analysis
- PESTLE Analysis
- Competitor Analysis
- Common Good Matrix

BUSINESS MODEL DESIGN TOOLS

- Target Group Selection
- Business Model Canvas
- Value Builder
- Business Model Cards
- Partner Radar
- Partner Value Matrix
- Pricing Cards
- Triple Layered Business Model

BUSINESS MODEL TESTING TOOLS

- Thinking Hats
- Business Model Stress Test
- Return on Investment
- Process Journey
- Deadly Wastes Canvas

BUSINESS MODEL IMPLEMENTATION TOOLS

- Marketing Cards
- Marketing Mix
- Business Model Roadmap
- Customer Journey

STRATEGY TOOLS



Persona

A Persona helps you to better understand and visualize your target customers. It is a fictional, generalized character that describes the personality, interests, pains, goals and behavior of a typical customer. With a Persona it is easier to make deliberate decisions about developing and targeting your product or service.

Template & example

Use the Persona template (page 74) to fill in a Persona and see the example of Carol to get a better understanding of how to use the template. Personas can also be used as a personification of a company. We call this an Organisata. See the Organisata example of French medical company Retimed to get inspired and learn from the practical application of the Organisata.

How to use

First choose if you want to make a Persona or an Organisata. If your customers are consumers (B2C), create a Persona. If your customers are businesses (B2B), create an Organisata. This tool can easily be used by yourself, it does not require help from an expert.

Creating a Persona

The Persona helps you to process the knowledge that you have or gathered about your customers. To create a lively Persona, start with adding a picture of a person and give your Persona a name. From all the insights you gained during the interactions with you target market, filter out the following aspects:

Creating an Organisata

Just like the Persona, the Organisata helps you to process the knowledge that you have about your customers or target market. To create a lively Organisata, start with giving your Organisata a name. From all the insights you gained during the interactions with you target market, filter out the following aspects:

Time
2 Hours

Complexity


Phase
Explore

Contents:

- How to use
- Template
- Example


Personality:	Give your Persona personalized characteristics: i.e. name, age, gender, occupation, marital status, location, etc.
Pains:	What are reasons why your Persona is unhappy or what aspects is your Persona missing in his / her life?
Goals:	What does your Persona want to achieve or live for?
Interests:	What hobbies and passions does your Persona have besides his / her job?
Lifestyle:	What are your Persona's main work and leisure behavior patterns and activities, attitudes, interests, opinions and values?
Buying behavior:	What, how, where and when does your Persona buy?

Company profile:	Give your Organisata realistic characteristics: i.e. name, sector, products & services, location, size, etc.
Pains:	What are reasons why your Organisata is unhappy or what are aspects she is missing in the practices or products?
Goals:	What does your Organisata want to achieve? What is his / her mission?
Activities:	Which activities does he / she perform?
Company culture:	What is the vision of your Organisata and what are his / her values, norms, beliefs and habits?
Additional info:	Add some interesting additional information like who are the customers of your Organisata.

Persona

Example

Carol
name _____

<p>personality</p>  <p>Carol is a 45 year old single mom of two young children. She works part-time at a local grocery store. The family lives in a small rental flat.</p>	<p>pains</p> <p>Carol's time is precious to her and she has little patience with anything that unnecessarily wastes her time. Sometimes she worries about potential unexpected financial setbacks.</p>	<p>goals</p> <p>While she has little money to spend, Carol tries to create an environment for her children in which they can live as comfortable and safe as possible.</p>
<p>interests</p> <p>Carol likes to help out at her children's school as much as possible.</p>	<p>Lifestyle</p> <p>One night a week she manages to escape to her aerobics class, while the children's grandparents baby-sit.</p>	<p>Buying behaviour</p> <p>Carol is a regular online shopper as this saves her time and she can shop at any moment she likes.</p>

date _____

Persona

Template

name _____

<p>personality</p>	<p>pains</p>	<p>goals</p>
<p>interests</p>	<p>Lifestyle</p>	<p>Buying behaviour</p>

date _____

Organisata

Example

Retimed

name _____

Profile



Retimed is a French medical technology company producing handheld retinal cameras for eye disease screening.

pains

Retimed is facing increased competition from companies that offer similar products for lower prices. They wonder how digital technologies can help to increase their added value and extend their products with an online services.

goals

Retimed's mission is to make eye disease screenings available for everyone, where ever needed. It aims at digitalization of healthcare services with patented products and technologies for retinal imaging.

Activities

Retimed develops, manufactures and distributes its own products for retinal imaging. They collaborate with physicians, research institutions and specialized technology partners for digital innovation around their products.

company culture

Retimed's values are ambition, expertise, innovation and meaningfulness. It is a young and international organization with a lot of technical knowhow. They have a keen eye on keeping a good work-live balance for their employees.

additional information

Retimed and other medical technology companies are looking for opportunities to connect their medical devices to the internet and develop new online services.

date _____

Template

name _____

Profile

pains

goals

Activities

company culture

additional information

date _____

Focus Group

A Focus Group is a moderated session in which you ask your (potential) customers for feedback, opinions, beliefs and attitudes. A focus group can be used to improve a specific product or service. More generally, it can also be used to discuss ideas or strategy. With the results of a Focus Group, you can better match your product or idea with your customers' needs and behaviours.

Template & example

Use the Focus Group template (page 77) to prepare for a successful Focus Group session. Fill in the template and make a printout that can be used to capture results. Have a look at the example of Fitness Tracker to see how they have created a Focus Group.

How to use

Use the Focus Group template to prepare for the Focus Group. It can also be used to capture the results. There are 7 steps that guide you in arranging a Focus Group:

Step 1

Define the goal and the context of the focus group. Write them down on the Focus Group Template. The context provides the reason for organizing a focus group. You may want to discuss an idea or evaluate a service with users. A goal reminds you of the result you like to have, like improvements to a service.

Step 2

Select and invite participants. Make sure that you include the people that represent your market. Write down a description of participants on the Focus Group Template.

Step 3

Plan for logistics for your focus group. The meeting should be held in a convenient location. Think of the date, time, room, refreshments, etc.



Time
1 Day



Complexity
Progress bar with 3 segments



Phase
Explore

Contents:

- How to use
- Template
- Example

Step 4

Think about the structure of the meeting. What topics need to be discussed? Calculate the time you need for each topic. Think of when it is time for explanation and when it is time for feedback. Write a small script of how your focus group should run. Write this script on the Focus Group Template.

Step 5

Assign an appropriate leader to moderate the discussion. This leader should keep the entire group focused. He or she can also interpret subtle signs from the participants and move the discussion accordingly.

Step 6

Record the meeting. Another person may take notes but voice or video recording is advisable. You may miss things when you only take notes. Do not forget to ask participants for their consent before recording.

Step 7

Write the most interesting or remarkable results on the Focus Group Template. You can do this from memory but better from the recordings.



preparation	
<p>goal</p> <p>I want to get the opinions of potential buyers of my new fitness tracker. I want to know especially about their attitude towards sharing their fitness information.</p>	<input checked="" type="checkbox"/> script/agenda <input checked="" type="checkbox"/> refreshments <input checked="" type="checkbox"/> recorder <input checked="" type="checkbox"/> notepad/stencils <input checked="" type="checkbox"/> computer <input type="checkbox"/> flip chart <input type="checkbox"/> markers <input type="checkbox"/> name tags <input checked="" type="checkbox"/> watch or clock
<p>context</p> <p>I have developed a new fitness tracker that can monitor the users heartbeat and give feedback on how to improve their workout. The device has some additional features: connecting to social media, GPS navigation and a step counter.</p>	
<p>participants</p> <p>Men and woman between the 20 and 60 years old, who regulary fitness; at least two times a week.</p>	
<p>script</p> <p>First, I want the participants to get to know my new fitness tracker. I will start with a short presentation of the functionalities of the fitness tracker. Then participant can try out the device, there are a few available to play with. After this, I am going to ask the group some questions such as what they like about the tracker, what they dislike, what they prefer to change, or what they miss about it. At the end there is some time for people to give additional feedback.</p>	<ul style="list-style-type: none"> ● set the tone ● make sure everybody is heard ● get full answers ● monitor time ● keep discussion on track
results	
<p>most interesting/ striking insights</p> <p>The participants seemed really enthusestastic about the fitness tracker. They liked the fact that they can measure their runs. The fact that the workout is personalised based on your progress and endurance seems appealing to the participants. Also sharing these results were for most of the participant an interesting feature. Some even mentioned that they liked the competitive edge of sharing and doing better than friends. However, some mentioned that they are concerned about who is receiving the information about their runs, since it can be shared on social media.</p>	
<p>pains</p> <p>The band of the fitness tracker did not fit everyone well enough to measure the heartbeat consistently.</p> <p>Some participants raised concerns regarding the information gathered by the fitness tracker. They wonder who can see this information and whether it can be protected.</p>	<p>gains</p> <p>They liked the look and feel of the fitness tracker.</p> <p>They also liked the way information about their runs and workouts is shown, like the route/steps/average heartbeat/etc.</p> <p>The participants like that the workout is tailored to them based on gathered data, like endurance and heartbeat. about it. At the end there is some time for people to give additional feedback.</p>

preparation	
goal	<input type="checkbox"/> script/agenda <input type="checkbox"/> refreshments <input type="checkbox"/> recorder <input type="checkbox"/> notepad/stencils <input type="checkbox"/> computer <input type="checkbox"/> flip chart <input type="checkbox"/> markers <input type="checkbox"/> name tags <input type="checkbox"/> watch or clock
context	
participants	
script	<ul style="list-style-type: none"> ● set the tone ● make sure everybody is heard ● get full answers ● monitor time ● keep discussion on track
results	
<p>most interesting/ striking insights</p>	
pains	gains

SWOT Analysis



Time
1 Hours



Complexity
☒ ☐ ☐



Phase
Explore

Contents:

- How to use
- Template
- Example

The SWOT analysis helps you to be more aware of your own company and recognize what is happening in your surrounding. In the SWOT analysis you describe your company's strengths and weaknesses, and you identify opportunities and threats affecting your company. With the use of your company's strengths you can exploit opportunities, and by understanding your company's weaknesses you can manage threats.

Template & example

Use the SWOT Canvas template (next page) to make a large printout and use this to do a SWOT analysis, for example in a brainstorm with colleagues. Download the Example for Coca Cola to learn about the practical application of the SWOT tool.

Tip: Go to SWOT on [BusinessMakeOver.eu](https://www.businessmakeover.eu) to start or, download the online version of the SWOT tool.

How to use

You can do the SWOT analysis by yourself, but it is often more effective if done by a group of people, for example with colleagues. By answering the questions below for strengths, weaknesses, opportunities and threats, you will be able to complete the SWOT analysis:

Strengths

Strengths are the things that give you an advantage over others:

- What makes your business stand out towards the competition?
- What advantages does your organization have?
- What does your customer like about your business?
- Which unique or low-cost resources are being used?

Weaknesses

Weaknesses are the things that place you at a disadvantage relative to your competitors:

- What could you improve?
- What causes you to lose sales?
- What should you avoid?
- What could customers see as weaknesses?

Opportunities

Opportunities are the elements in the environment that you can exploit to your advantage:

- Which interesting trends are you aware of?
- Which good opportunities can you spot?
- What would your customers like to see different?
- Are there changes in technology, market or legislation you can benefit from?

Threats

Threats are the elements in your environment that could harm your business:

- Which obstacles or challenges do you face?
- What are your competitors doing?
- Is a change in technology or legislation threatening your position?

SWOT analysis

Example

helpful

harmful

strengths

weaknesses

- World's largest market share in beverage
- Strong marketing and advertising
- Most extensive beverage distribution channel
- Customer loyalty
- Bargaining power over suppliers
- Social responsibility

- Significant focused on carbonated drinks
- Undiversified product portfolio
- Negative publicity
- High debt level due to acquisitions
- Brand failures

- Bottled water consumption growth
- Increase in demand for healthy food and beverages
- Growing beverages consumption in growing markets

Growth through acquisition

opportunities

- Changes in customer preferences and tastes
- Water scarcity
- Strong competition from Pepsi Co
- Market for carbonated drinks is saturated
- Strong dollar

threats

Template

name _____

helpful

harmful

strengths

weaknesses

internal

external

opportunities

threats

PESTLE Analysis



Time
2 Hours



Complexity
■ □ □



Phase
Explore

Contents:

- How to use
- Template
- Example

PESTLE analysis helps you to analyze six categories of external factors, all of which can affect your business. Factors can be political, economical, social, technological, legal or environmental. With a clear overview of these factors you can better understand the position and potential of your business in the market.

Template & example

Make a large printout of the PESTLE Canvas template (next page) and use it during a brainstorm. Get inspiration from the PESTLE example that was made for McDonald's.

How to use

Each letter in the word PESTLE stands for a category of factors. For each category you have to think if there are trends or developments that have an impact on your business. Factors can affect your business in a negative way but they can also represent opportunities. With a PESTLE Analysis you create an overview of factors in your market. Based on this overview of your business environment, you can better estimate whether your business or your product is going to be a success.

Step 1: Political factors

Decisions made by the government are political factors. Think of decisions regarding to policies, laws, restrictions, tariffs, etc. Governments have a great impact on the public facilities in a country, but also on the economy. Tax regulation and governmental programs and grants can have a large impact on the success of a business. Write down those policies, laws, restrictions, grants, tariffs, etc. that influence your business.

Step 2: Economic factors

The economic situation of a country greatly influences how your business can operate and be successful. Think of economic factors like interest rates, exchange rates, inflation, economic growth, unemployment etc. Write down those rates or other economic factors that have an impact on your business.

Step 3: Social factors

Social factors have to do with the demographics within a country or region and with cultural aspects. Important demographical statistics are age distribution, education levels, population growth rate, ratio of males to females, etc. Cultural aspects consist of the attitudes, beliefs or values of the population. Write down the important demographics of the population of your environment and their cultural aspects.

Step 4: Technological factors

Technology advancement of your market determines the barriers to entry for new businesses. Technology factors are for instance automation, technical innovations, R&D investments, and rate of technology exchange. Write down what kind of technologies there are important in your market and how advanced they are.

Step 5: Legal factors

There is a wide range of laws that influence the way your business operates. Think of employment regulations, privacy and data security, discrimination laws, tax laws, advertising and marketing laws, online business laws, and many others. Write down those laws that influence or might influence your business.

Step 6: Environmental factors

Environmental factors consist of aspects like weather, geographical location, climate and climate change. Elements that influence the ecology are also important, like limited natural resources, recycling, waste disposal, and other element. Write down those environmental factors that have an impact on your business.

Step 7: Evaluate the factors

Once you have determined which factors influence your business you can review whether they have a positive or a negative influence. You can do this for instance by adding a color: red for negative and green for positive.

Example

name **McDonald's**

<p>Political</p> <ul style="list-style-type: none"> ● Increasing international trade agreements ● Pending tax reform ● Evolving public health policies 	<p>Economical</p> <p>Slow but stable growth of the U.S. economy</p> <p>Stable but risky European economies</p> <p>Slowdown of the Chinese economy</p>	<p>Social</p> <ul style="list-style-type: none"> ● Widening wealth gap ● Increasing cultural diversity ● Healthy lifestyle trend
<p>Technological</p> <ul style="list-style-type: none"> ● Moderate R&D activity in the industry ● Increasing business automation ● Increasing sales through mobile devices 	<p>Legal</p> <p>New legal minimum wage levels in the U.S.</p> <p>Local health regulations in workplaces and schools</p> <p>Animal welfare regulation</p>	<p>Environmental</p> <ul style="list-style-type: none"> ● Rising interest for corporate environment programs ● Increasing emphasis on sustainable business strategies ● Climate change

Template

name _____

Political	Economical	Social
Technological	Legal	Environmental

Competitor Analysis

A Competitor Analysis helps you to understand your competition. It supports you in creating your unique position in the market. With this analysis you make an assessment of the strengths and weaknesses of your current and potential competitors. With a better understanding of your competition you can choose and implement effective strategies that will improve your competitive advantage.

Template & example

Use the Competitor Analysis template (page 86) to apply this tool. Use the tool to create an understanding of your competition. Have a look at the example of Fleur Flowers (next page) to get an understanding of a Competitor Analysis.

How to use


With the Competitor Analysis you analyze your competitors' strengths and weaknesses. This tool can easily be used by yourself, it does not require help from an expert.

Step 1: summarize your target group


Shortly describe your target group. Who are the customers that can benefit from your offering? Make the description as specific as possible. If your target group is businesses you can mention their size, industry or their offering. If your target group is consumers you can mention their age, goals, gender, education level or interests.


Step 2: identify your competitors


The next step is to identify your current or potential competitors. Write the names of maximum 3 companies that compete with you in the first three rows. To help you generate this list, think of what your customers would buy if they didn't buy your product or service. Where would they go if they cannot buy your product.



Time
2 Hours



Complexity




Phase
Explore

Contents:

- How to use
- Template
- Example

Step 3: determine competitors' strengths and weaknesses

Now think like your customers. Why would a customer go for the services of your competitors instead of coming to your company? You can describe this by thinking about the offerings from your competitors. It would even be better when you visit your competitors and experience what their customers experience. Write down 3 strengths of each competitor. Also consider why customers would not go to your competitors. Write down 3 weaknesses of each competitor.

Step 4: describe the key findings

Finally, write in the 4th column of the template the key findings for the strengths. What does stand out? What patterns can you discover from your competitors? And which opportunities can you come up with? Also, write down your key findings for the weaknesses. What are the aspects that your competitors don't do well? How do you avoid to make the same mistakes? What should you do to serve your customers in such a way that you differentiate from your competitors in a positive way?

Competitor Analysis

Example

name Fleur Flowers

target group Men or women from 25 to 49 years old with an average income

competitors		key findings
strength	Lidl	Valentino flowershop
	The price for flowers is low	Customers can order flowers online but have to pick them up at the store
	Customers can buy flowers while doing groceries, they do not have to visit a different store	When ordering flowers above a certain amount the customer will receive a free vase
	Everyday there are new flowers	A lot of time is spend on wrapping the flowers as a gift
weakness	Customers cannot create their own piece since the flowers are all prearranged	The price for flowers is higher than in other shops
	The flowers are made in mass	Ordering flowers takes quite some time
	Buying flowers is not a special occasion since it is been done during doing groceries	Opening times don't match the desires of customers, for instance it is closed on Mondays


Competitor Analysis


Template


target group _____

competitors		key findings
strength		
weakness		

Common Good Matrix


Time
1 Hours


Complexity


Phase
Explore

Contents:

- How to use
- Template
- Example

The Economy for the Common Good framework's Common Good Matrix can be used as a starting point for designing sustainable business model. It links the SDGs (Social Development Goals) into the business model, and helps the business to rethink what kind of value they create and to whom, and thus to cover also social and economic value and a wider range of stakeholders

The common good matrix is shown in the table below. You can use the 20 common good themes to evaluate how they are incorporated into your company's activities, and how they should be? If you find blank sports, you can consider which of them are most critical for your business and most urgent to be improve..

Template

Examples of applying the Common Good Matrix can find in the booklet "Good practices from ECG companies and ECG municipality" by the Economy for the Common Good as well as on their website <https://www.eco-good.org/good-practices/>

After using the Common Good Matrix, you have a more holistic view of how your company's business activities contribute to the common good, and you are more prepared to start innovating a more sustainable business model for your company by using the Triple Layered Business Model Canvas.

The common good matrix 5.0

Example

STAKEHOLDER	VALUE			
	Human dignity	Solidarity and social justice	Environmental sustainability	Transparency and co-determination
A: suppliers	A1: Human dignity in the supply chain	A2: Solidarity and social justice in the supply chain	A3: Environmental sustainability in the supply chain	A4: Transparency and co-determination in the supply chain
B: owners, equity, and financial services providers	B1: Ethical positions in relations to financial resources	B2: Social position in relation to financial resources	B3: Use of funds in relation to social and environmental impacts	B4: Ownership and co-determination
C: employees, including co-working employees	C1: Human dignity in the workplace and working environment	C2: Self-determined working arrangements	C3: Environmentally-friendly behavior of staff	C4: CO-determination and transparency within the organization
D: customers and other companies	D1: Ethical customer relations	D2: Cooperation and solidarity with other companies	D3: Impact on the environment of the use and disposal of products and services	D4: Customer participation and product transparency
E: social environment	E1: Purpose of products and services and their effects on society	E2: Contribution to the community	E3: Reduction of environmental impacts	E4: Social co-determination and transparency

STAKEHOLDER	VALUE			
A: suppliers				
B: owners, equity, and financial services providers				
C: employees, including co-working employees				
D: customers and other companies				
E: social environment				

BUSINESS MODEL DESIGN TOOLS



Target Group


Time
2 Hours


Complexity



Phase
Design

Contents:

- How to use
- Template
- Example

Target Group Selection helps you to identify customers who have similar needs and preferences. The target group is the actual audience to which your business will sell its products and services.

Template & example

The Target Group Selection tool provides a form to help you identify your target market. Different forms are available for B2C and B2B settings (next page). Use the B2C and the B2B examples to see how the tool can be applied in practice.

How to use

Target Group Selection helps you to define your target market. This tool can easily be used by yourself, it does not require help from an expert.

To create a clear definition of your target group, you have to focus on two aspects: demographics and psychographics.

- Demographics focus on the who – it gives insights on who is buying.
- Psychographics focus on the why - what makes people behave the way they do.

Depending on whether your target market is customers (B2C) or businesses (B2B), you need to focus on different criteria:

B2C	B2B
Demographics	Demographics
Age	Maturity
Location	Location
Gender	Sector/industry
Income	Size
Education	Public or Private
Occupation	Products & Services
Ethnicity	Company structure
Marital Status	
# of Children	

B2C	B2B
Psychographics	Psychographics
Personality	Company Culture
Attitudes	Attitude
Values	Values
Interests	Interests
Lifestyle	Lifestyle
Behaviour	Behaviour

Target Group Selection

Example

name _____

Target market: [Customers B2C](#)

Demographics	
Age	20 - 30 years
Location	Always looking for opportunities, ambitious / want to grow in his/her position
Gender	
Income	
Education	Highly educated people
Occupation	Knowledge workers
Marital status	Just married
# of children	0 - 1

Psychographics	
Personality	Open minded, positive, self-motivated, confident
Attitudes	Always looking for opportunities, ambitious / want to grow in his/her position
Values	
Interests	
Lifestyle	Don't want to mis anything, lots of friends
behavior	
General Remarks	

Target Group Selection

Template

name _____

Target market:

Demographics	
Age	
Location	
Gender	
Income	
Education	
Occupation	
Marital status	
# of children	

Psychographics	
Personality	
Attitudes	
Values	
Interests	
Lifestyle	
behavior	
General Remarks	

Business Model Canvas

The Business Model Canvas helps you to visualize your business model. With a business model you describe how your company creates, delivers, and captures value. It creates a shared understanding of what your business actually is and does. With the Business Model Canvas, it is easy to discuss your business model with others.

Template & example


Make a large print of the Business Model Canvas template to use in a brainstorm. Have a look at the example for Uber to get inspired and learn from the practical application of the Business Model Canvas.

How to use

You can design a business model canvas by yourself but it is more effective if done by a group of people, for example with colleagues or domain experts.

The Business Model Canvas consists of nine basic building blocks. These blocks show the logic of how your company intends to make money. Create your Business Model Canvas by completing the building blocks in the following order:

 Tip: Go to Business Model Canvas on [BusinessMakeOver.eu](https://www.businessmakeover.eu) to start the online version of the Business Model Canvas and build your business model online.

 Tip: Use sticky notes to add items to your printed Business Model Canvas, in this way you can easily change something or place an item in another building block.



Time

2 Hours



Complexity



Phase

Design

Contents:

- How to use
- Template
- Example

1. Customer Segments

Define the different groups of people or organisations you aim to reach serve.

- Who are the target customers?
- For whom are you creating value?
- Who are your most important customers?

2. Value & services

Describe the products or services that create value for your customers.

- Why would a customer choose your company?
- What customer problem or need do you solve?
- Which products or services are offered?

3. Channels

Determine how you reach your customers to deliver the value.

- How does your company reach customers?
- Which communication, distribution and sales channels are used?
- How would customers want to be reached?

4. Customer Relationships

Define which kind of relationships your company has with the customers.

- Relationships can vary from personal to automated.
- How personal is the relationship with the customer?
- What type of relationship does the customer expect?

5. Revenue Structure

Describe how the company generates revenues. Revenue is generated by selling your products or services or from other activities.

- For what are the customers willing to pay?
- For what are the customers currently paying?
- How do customers prefer to pay?

6. Key Resources

Determine the most important resources for your company. Key resources can be physical, financial, intellectual, or human.

- What resources are needed to create value or revenue?
- What resources does your company need to organise the distribution channels?
- What resources are needed to maintain customer relationships?

7. Key Activities

Define the most important activities your company must perform.

- What activities are needed to maintain customer relationships?
- What activities are needed to generate value and revenue?
- What is needed to organise the distribution channels?

8. Key Partnerships

Describe the suppliers and partners on which your company depends. Partnerships can be created to reduce risk or to acquire resources.

- Who are your partners and suppliers?
- Which resources are acquired from them?
- Which activities do partners perform?

9. Cost Structure

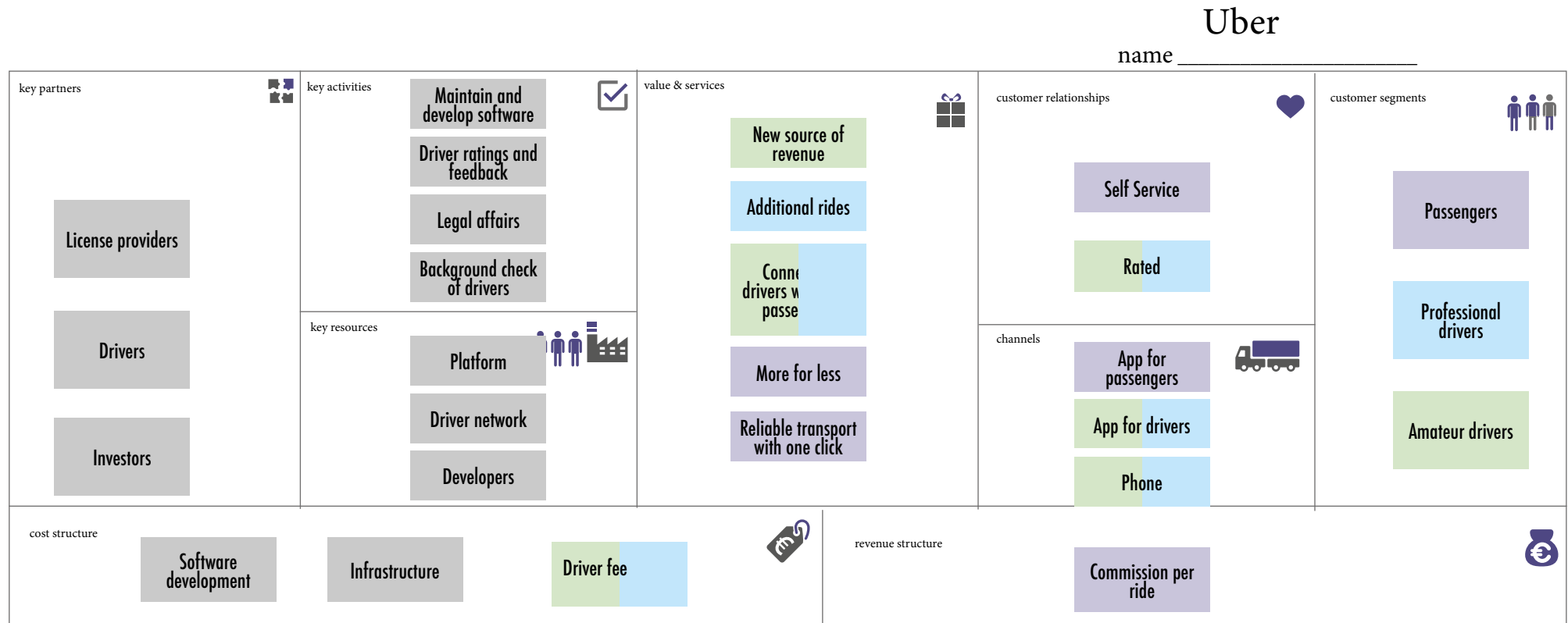
Creating and delivering value to customers will result in costs. Determine the most important costs inherent in your business model.

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



Business Model Canvas

Example












(Osterwalder, A. & Pigneur, Y., 2010. Business Model Generation: A Handbook For Visionaries, Game Changers, and Challengers. Strategyzer series. Hoboken, NJ: John Wiley & Sons.)

Business Model Canvas

Template

name _____ date _____

key partners 	key activities 	value & services 	customer relationships 	customer segments 
	key resources 		channels 	
cost structure 			revenue structure 	

(Osterwalder, Al. & Pigneur, Y., 2010. Business Model Generation: A Handbook For Visionaries, Game Changers, and Challengers. Strategyzer series. Hoboken, NJ: John Wiley & Sons.)

Value Builder

The Value Builder helps you to build great value propositions. The Value Builder consists of two parts: the customer perspective and the product perspective. In the customer perspective, you describe what customer want, their desired outcomes and things to avoid. In the product perspective, you describe the benefits of your product. With the help of these perspectives, you can create a better fit between what customers want and what your business offers. You create products and services that customers really want.

Template & example

Download the Value Builder to make a large printout and use this in a brainstorm with colleagues. Download the example for AirBnB to learn how the Value Builder can be applied in practice.

How to use


The goal of the value builder is to determine if there is a match between what a customer wants and what you intend to offer. You can use this to create an attractive value proposition.


Step 1: Customer goal in context


Start with writing down who your customer is, and the context in which they would use your product or service. Your customer can be a consumer or a company. Write down the goals that your customer has or the tasks that she should perform. Goals can be functional, related to getting a job done or solving a problem. Or your customer's goal can be emotional to look or feel good or to be entertained or pleased. A task is a functional action to be done, for example buying groceries, watch a movie, taking a course, regularly exercising or writing an article.

Step 2: Desired outcomes & things to avoid

Next in the customer perspective consider what a customer needs or wants are, to reach his goal. What are customers' desired outcomes and what are things to avoid?


Time
2 hours


Complexity


Phase
Design

Contents:

- How to use
- Template
- Example

- Desired outcomes

Anything that makes the customer happy is a potential desirable outcome. What could contribute to realizing a customer's goal or task? What would make things easier or create a better experience? What would a customer dream of? Write down the different outcomes you can come up with.

- Things to avoid

Anything that hinders or annoys a customer with reaching his goal should, from a customer perspective, be avoided. This could be a long waiting line, a noisy environment, slow connections, lack of transparency or a bad feeling after consuming something. Write down the things a customer would like to avoid in the context of reaching his goal or performing his task.

Step 3: Products / service offering

When moving over to the product perspective, first write down the products and/or services that your business offers in relation to the customer goal in the customer perspective. This may also include supporting products or services.

Step 4: Functional & emotional benefits

Next in the product perspective, consider what benefits you intend to provide to customers. Benefits can be either functional or emotional.

- Functional benefits

Functional benefits are about what a customer gets. They are solutions for reaching the customer goal or performing a task. The solutions can produce desirable outcomes but can also have side effects or features that a customer would prefer to avoid. Benefits can be about performance, experience, cost savings, convenience, making things easier, getting a task done or meeting a challenge. Write down the benefits of your products and services that can create desired outcomes or remove things to avoid.



- Emotional benefits

Emotional benefits are about what a customer feels regarding your product and services. This can be about feeling free, comfortable or in control. Emotional benefits can also be about positive social consequences or about green aspects of an offering. Write down the emotional benefits of your products and services that seeks to create with your customers. These can create desired outcomes or remove things to avoid.

Step 5: Evaluate Customer – Product Fit

Determine if there is a fit between what the customer wants and what your business offers. A fit is achieved when you provide the benefits that your customer wants. This means that the benefits of your product provide the customer's desired outcomes and/or take away the things the customer wants to avoid. If there is only a partial match, consider which benefits are missing (to address unserved outcomes) or which benefits are not required by the customer (unwanted benefits).

Step 6: Describe the customer segment and the value proposition

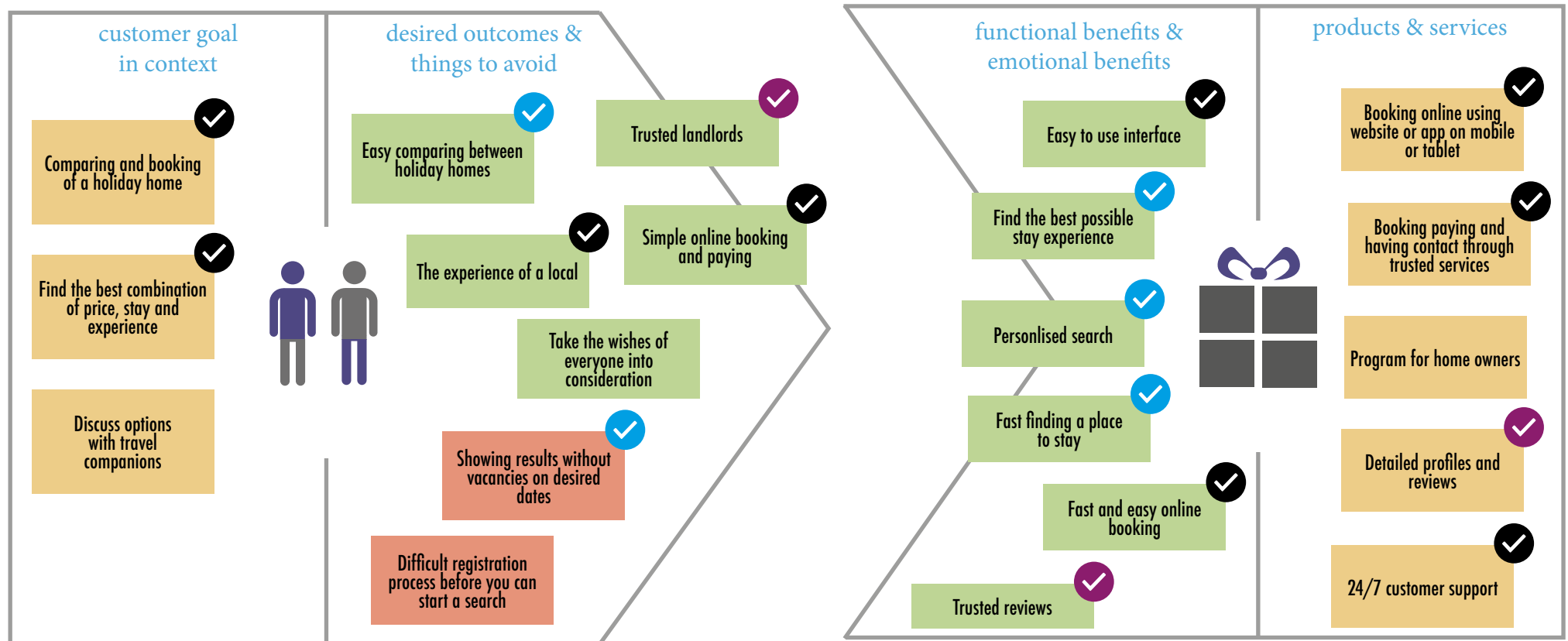
Use the Customer and Product Perspective and the Customer – Product Fit, to define the customer segment and the value proposition. The description of the customer segment summarizes the customer perspective. The value proposition is a summary of your products & services and the value, i.e. the benefits, that you intend to provide.

The customer segment and the value proposition are at the heart of a business model.

Value Builder

Example

name AirBnB



customer - product fit

customer segment

A traveller looking for accommodations for a group

value proposition

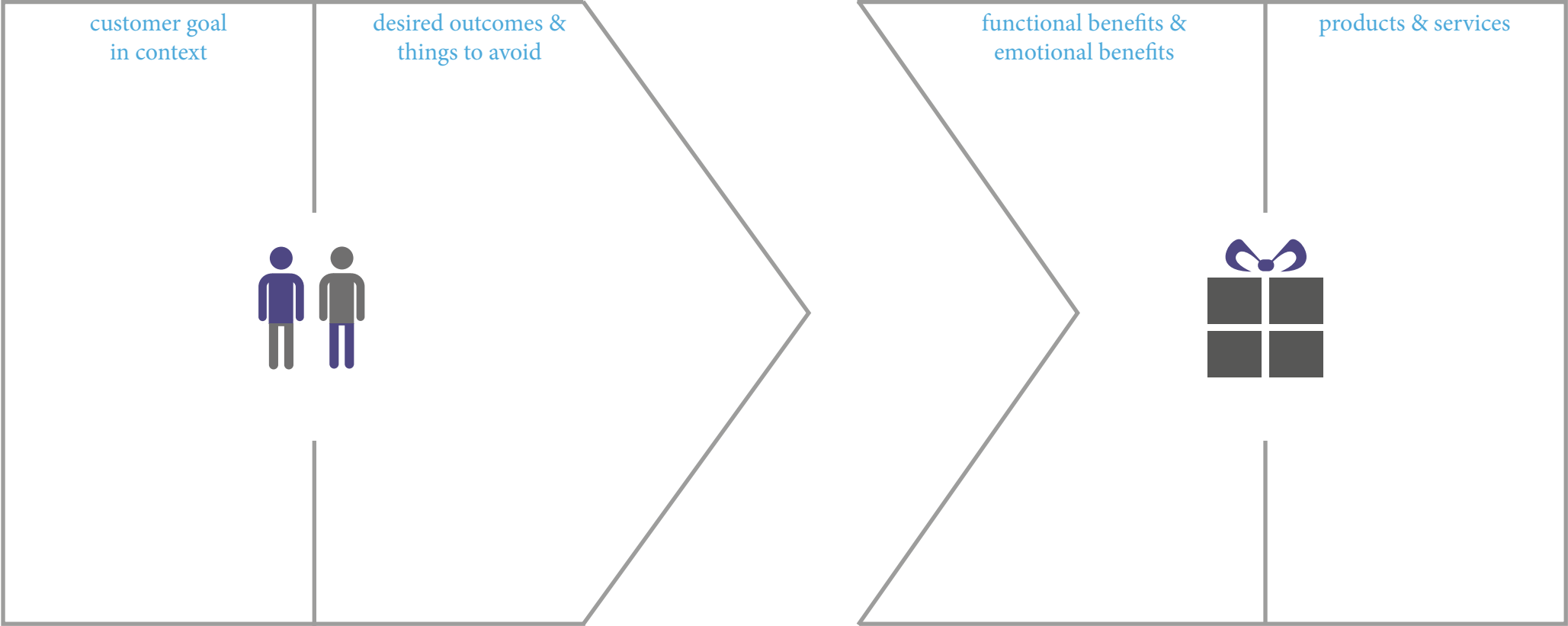
A community marketplace where people can promote or book accommodations

date _____

Value Builder

Template

name _____



customer - product fit

customer segment	value proposition
------------------	-------------------

date _____

Business Model Cards



Time
2 hours



Complexity



Phase
Design

Contents:

- How to use
- Template
- Example

Business Model Cards provide you with ideas when drawing up a business model. The business model cards show existing business models that have already been tried and tested by others. Using the Business Model Cards, you can rethink your business model. It allows you to apply proven business models instead of starting from scratch.

Cards & example

Find the Business Model Cards on the next pages. Have a look how the cards can be used for the case of Uber.

How to use

The Business Model Cards can be used individually but are most effective if used by a group of people. The cards will stimulate and provoke discussion about business model options, that you never thought of before.

The Business Model Cards are a set of 48 cards. Together they provide a deck full of business model options that have already been used by others. On each card a business model pattern is explained, and illustrated with an example on the back of the card.

To stimulate the use of these cards in a creative and playful manner we show two ways of how to use the cards in a game:

Business model card game (3-5 players)

An existing business or a new idea should be used as starting point. Ask one of the attendees to explain or visualize the selected business or idea. Divide the cards randomly between all players. Each player gets 5 minutes to choose 3 cards that they feel would be the best fit for the business. The players then put the cards on the table and briefly explain why they have chosen the specific cards. The cards with the most convincing arguments can then be elaborated upon.

Business analogy game (1+ players)

The cards can also be used in an open discussion. Use a whiteboard or a large piece of paper. Write down your product, service or proposition idea in the middle of the paper. You can also start from a current proposition. Choose a random card and take 5 minutes to think about how to apply this card to your case.

Describe your solution in max three points on a post-it and place them around the proposition. Repeat this exercise 3 to 5 times. Use the ingredients to build up your business model.

Download the complete set of cards online:

www.businessmakeover.eu



Business Model Cards – Example based on Uber

Uber develops, markets and operates the Uber mobile app, which allows consumers to submit a trip request which is then routed to sharing economy drivers. The business model cards are used to create new ideas for exploiting a business. Below, examples are provided about the effect of 4 cards, applied to the Uber company.

Cross-selling

Other products / services will be sold by the Uber driver. (e.g. selling souvenirs when giving tourists a ride).

Licensing

Applying the technology of Uber to other service (e.g. starting UberBnB).

Bartering

Users don't pay a certain price, but other goods or services are directly exchanged for the ride. (e.g. exchanging food or other groceries for a ride).

Auction

Rides will be sold by auction.

15 Cross-selling

An auction is a process in which a product or service is sold to the highest bidder. Auctions can be used to select customers that are willing to pay the highest price. Auctions are increasingly being held online.

BUSINESS
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33 Licensing

Licensing means authorising the use of something. A licence is granted by one party (the licensor) to another party (the licensee) through an agreement. Licensing is commonly used for sharing intellectual property.

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36 Auction

An auction is a process in which a product or service is sold to the highest bidder. Auctions can be used to select customers that are willing to pay the highest price. Auctions are increasingly being held online.

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Partner Radar

The Partner radar helps you to identify your partners and stakeholders. With the Partner Analysis you determine what their influence is on your business. It helps you to see which partners your business is depending on. This will help you to determine the kind of relationships that you should establish with your partners and stakeholders.

Template & example

Use the Partner Radar canvas template to apply the tool. Make a large printout of the canvas to use it in a brainstorm. Have a look at the example of Tinnitracks to get a better understanding of what a Partner radar can look like.


How to use

The Partner Radar helps you to identify partners of your business. You can do this analysis by yourself or with colleagues. There are four areas on the canvas. One for each type of partner, i.e. suppliers, investors, collaborators, and others. Each area has three levels of influence. Write down the names of your partners in the four areas and with the appropriate level.

Level 1 are strategic partners that are very important or even critical to your business or business model. You need a close relationship with them and involve them in your decision making process, taking their perspective into account.

Level 2 are the partners that have some influence on your business. They are not critical but they provide valuable contributions to your business. These partners may be hard to replace. You would like to inform or maybe consult these partners, but they don't have to be involved in making major business decisions.

Level 3 are the partners with little influence. They may provide complementary resources. Partnering with them occurs on an operational level.


Time
1 Hour


Complexity


Phase
Explore

Contents:

- How to use
- Template
- Example

There are four areas on the canvas:

1. Suppliers

A supplier is a person or a business that supplies goods and/or services to you. Suppliers provide you with something that you require or that you do not have yourself. A supplier can provide you with raw materials, partially assembled components, custom parts. A supplier can also offer intangible services like data storage, knowledge or training. Write down the names of those that provide your business with something needed. Take into account that one supplier might have more influence than another. Divide your suppliers over the three levels.

2. Investors

Investors allocate capital to your business. They have the expectation of future financial return. Investors can provide capital, or buy stock or bonds. Write down every person, business or institution that has provided your business with capital, has bought stock, or has in any other way invested in your business. Take into account that one investor might have more influence than another. Divide your investors over the three levels.

3. Collaborators

A collaborator is a person or a business that works with your business to realize the same goals. Together with the collaborator your business can reach more. For instance, in collaboration you can obtain greater resources, recognition and reward. Collaboration could save your business a lot of time and money. Write down the names of those that your business collaborates with. Keep in mind that one collaborator might be more important for your business than another. Divide your collaborators over the three levels.

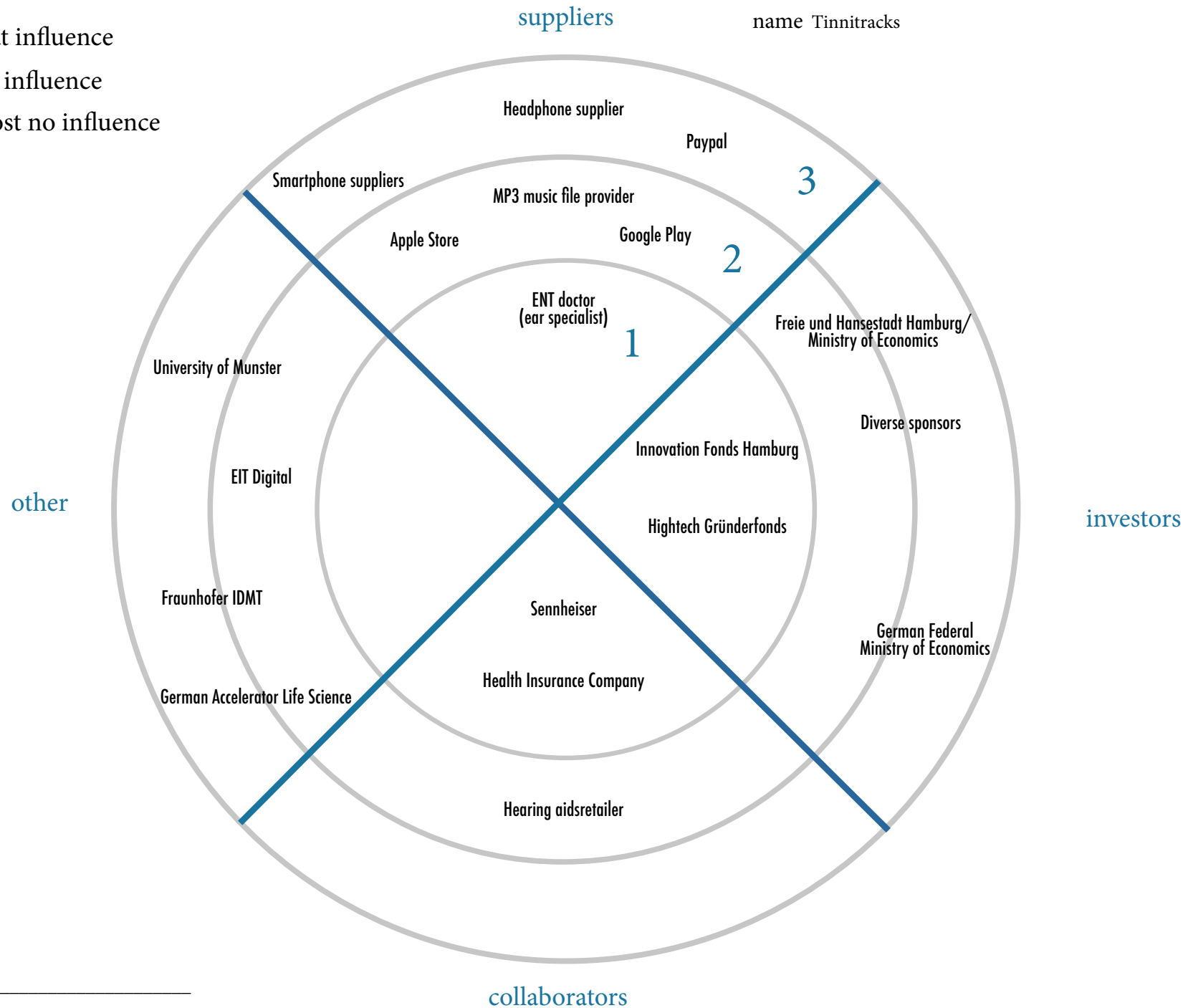
4. Other

There could be other kinds of partners that are specific to your business. For instance, an online store has many online partners such as affiliates, intermediaries, link partners and advertising partners. Write down the names of the partners that are important in your market or to your business. Keep in mind that one partner might have more influence than another. Divide your other partners over the three levels.

Partner Radar

Example

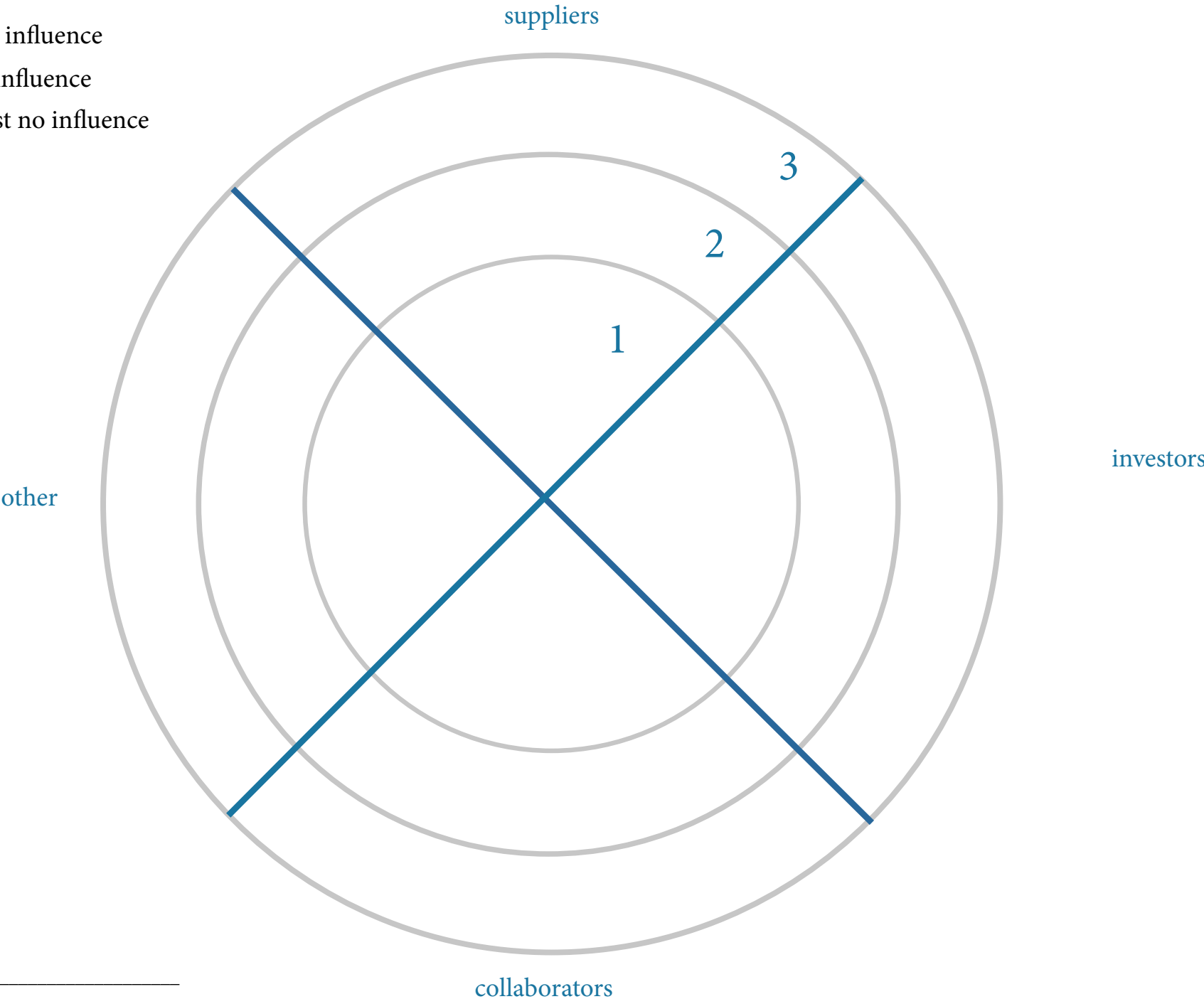
- 1 = great influence
- 2 = little influence
- 3 = almost no influence



Partner Radar

Template

- 1 = great influence
- 2 = little influence
- 3 = almost no influence



Partner Value Matrix

The Partner Value Matrix helps you to clarify the mutual benefits of collaboration between you and your partners. It helps to identify what you get from your partners and what they get from you. With the Partner Value Matrix, you better understand the rationale for collaboration and have a sound foundation for establishing the right relationships and arrangements with partners.

Template & example

Use the Partner Value Matrix template (page 106) to value your partners. Make a large printout to use during a brainstorm. Get inspiration from the Partner Value Matrix example of Tinnitracks, a music service for treating tinnitus (page 105)

How to use

Make sure you have a good understanding of the position and views of your (potential) partners. This can easily be done by talking to them! For sustainable collaboration with partners it is important that each partner perceives benefits from the collaboration. The actual form of the relationships and the arrangements between you and your partners will depend on how each party views these mutual benefits. It is therefore important for you to know what a partner contributes to your business, and, the other way around, what is in it for them. This knowledge will help you to make the right arrangements with existing partners or to convince new partners to collaborate.

Follow the three steps to fill in the Partner Value Matrix:

Step 1: select the important partners

Here you write down the names of your important (potential) partners in the first column of the Partner Value Matrix. To determine who your important partners are, the ones that have the largest influence on your business, you can do a Partner Analysis.



Time

2 Hours



Complexity



Phase

Design

Contents:

- How to use
- Template
- Example

Step 2: what do they bring?

Now that you have written down the important partners, think about what these partners bring to your business. Are they investment partners and bring money to the table? Do they bring particular resources or sales channels that you need but don't have yourself? Resources can be material inputs, specialist knowledge, complementary products and services, IPR, sales channels etc. A key benefit from a partner can also be to realize your sales via their channels. Write down what partners bring to your business in the appropriate columns of the Partner Value Matrix.

Step 3: what is in it for them?

Just like you wrote down what partners bring to your business, you can think about what you bring to your partners. What is in it for them? What you can bring with you, can be money to invest in your partners' products or services, resources or sales channels. A resource can again be something tangible like materials or machines but also intangible resources like branding or knowledge or a joint innovation effort. Write down what benefits you provide to your partners in the appropriate columns of the Partner Value Matrix.

Partner Value Matrix

Example

name _____

partners

what do they bring?

what is in it for them?

resources

sales

€

other

resources

sales

€

other

Sennheiser

Adapted sound technology and head phones

Sold as a package with customized head phone and music file service via Sennheiser channels

High margin sales of complementary head phones as part of medical solution via 'medical' channel

Others invest in optimising medical solution for which Sennheiser can provide the head phones

Health Insurance Company

Knowledge on prevalence and cost of the disease (Tinnitus)

Tinnitracks is reimbursed for patients with official Tinnitus diagnosis

Better treatment of Tinnitus with Tinnitracks may save insurers money

Patients get treated better by using Tinnitracks so insurers improve their care

Innovation Fund Hamburg

Provides seed funding for further development of Tinnitracks services, apps and market entry

The fund may advice on business operations, and expanding abroad

Return on their investments

ENT doctor (ear specialist)

Provides the official diagnosis of Tinnitus and monitors progress when using Tinnitracks

Alternative and possibly better care and treatment for the patient

Hearing aids retailers

Provide a sales channel via which the Tinnitracks solution is sold

Can provide support and monitors progress when using Tinnitracks

Commission fee on the sales of Tinnitracks

Partner Value Matrix

Template

name _____

partners	what do they bring?				what is in it for them?			
	resources	sales	€	other	resources	sales	€	other

Pricing Strategy Cards

BMO
ORIGINAL

Pricing Strategy Cards provide you with ideas for how to price your product or service. Setting the right price is a crucial part of business success. It depends on many factors such as your costs and competitor behavior. The Pricing Strategy Cards show existing pricing models that have already been tried and tested by others. Using the Pricing Strategy Cards, you can rethink the way you want to price your products.

Template & example

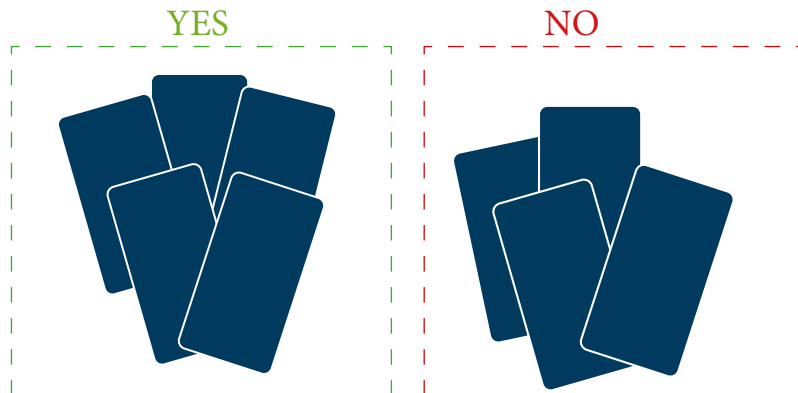
Use the Pricing Strategy Cards on the next pages to brainstorm about how you want to set your product's prices. Have a look at the example for ice cream parlour Da Nino (last page), to get inspired and learn about the practical application of the cards.

How to use

The Pricing Strategy Cards can be used individually but are most effective if used by a group of people. The cards will stimulate and provoke discussion about pricing options, that you never thought of before.

The Pricing Strategy Cards are a set of 18 cards. Together they provide a deck full of pricing strategies that have already been used by others. On each card a pricing pattern is explained, and illustrated with an example on the back of the card

To stimulate the use of these patterns in a creative and playful manner we present two ways of using the cards: 'Piles' and 'Clusters'. But of course, you can use the cards anyway you like.



Time

4 Hours



Complexity



Phase

Design

Contents:

- How to use
- Template
- Example

Piles

An existing business or a new idea should be used as starting point. Ask one of the attendees to explain or visualize the selected business or idea. Next go through each pricing card and place them on either the 'Yes' or the 'No' pile. A pricing strategy can either be relevant for your business ('Yes'), or not ('No'). Discuss all the cards that might be interesting to find the best pricing strategy for your business.

Clusters

The pricing cards can also be used in an open discussion. Select 3 to 5 pricing cards from the deck that seem most interesting for your business. Put them on a white board or large piece of paper with enough space around. Write ideas, conditions, definitions, etc. on post-it notes. Put these post-its around the cards to get clusters. In this way you can actively brainstorm about the selected cards and their potential.

Pricing Patterns

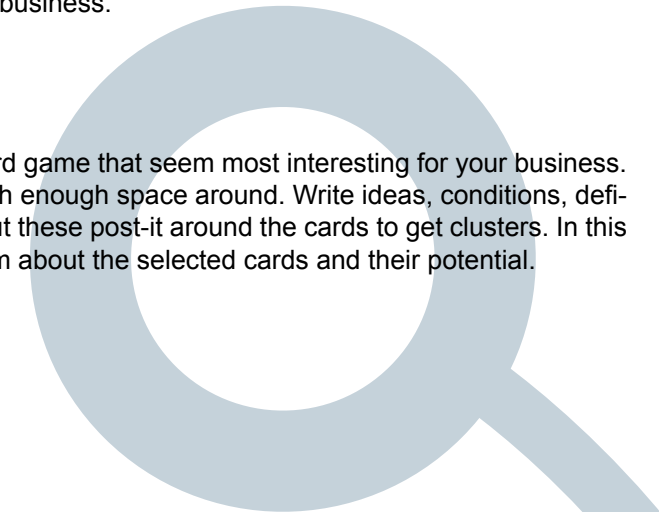
We present two ways of using the cards: 'Piles' and 'Clusters'. But of course, you can use the cards anyway you like.

Piles

This is a straightforward way in sorting the cards. A strategy can either be relevant for your business ('Yes'), or not ('No'). Discuss all the cards that might be interesting to find the best strategy for your business.

Clusters

Select 3 to 5 cards from the card game that seem most interesting for your business. Put them on a board or wall with enough space around. Write ideas, conditions, definitions, etc. on post-it notes. Put these post-its around the cards to get clusters. In this way you can actively brainstorm about the selected cards and their potential.



5. Creaming Skimming

Creaming/skimming is a strategy where the price is set relatively high at first, lowering over time. As the first demand is satisfied, price lowers to attract the more price sensitive customers.

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MAKEOVER

6. Decoy Pricing

Decoy pricing is a strategy where a 'third option' is introduced, next to a cheap and premium version of a product, to stimulate the customer to buy the premium version. In other words, the middle option is a decoy is there to make the more expensive option appear a better deal.

BUSINESS
MAKEOVER

7. High-Low Pricing

High-low pricing is the practice of setting the price of most products equal to or higher than the market rate, while offering a small number of products at a discount. By doing so, a retail store wants to attract customers.

BUSINESS
MAKEOVER

YES

12. Penetration Pricing

Penetration pricing is a marketing strategy that is used to attract customers to a new product or service. Penetration pricing is the practice of offering a low price for a new product or service during its initial offering in order to attract customers away from competitors.

BUSINESS
MAKEOVER

13. Premium Pricing

With premium pricing a company tries to assign a premium value to a product. This price is not really in accordance with the cost of production. But precisely the premium price is what attracts a specific target group. This strategy is often used for new products like designer clothes.

BUSINESS
MAKEOVER

NO

1. Dynamic Pricing

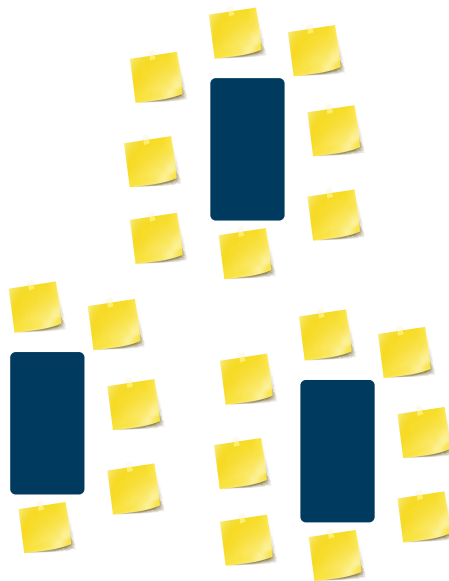
Dynamic pricing is a pricing strategy where prices always remain flexible. Prices are connected to competitor pricing, demand and supply, and other external factors. A price fluctuates when the customer demand changes.

BUSINESS
MAKEOVER

2. Auction

Auction is a pricing strategy where several potential buyers rapidly bid on goods or services, with the item being sold to the highest bidder.

BUSINESS
MAKEOVER



3.

Pay What You Want

Pay What You Want (or PWYW) is a pricing strategy where buyers decide how much the service or product is worth. In some cases a minimum price may be set or a suggested price may be guidance to the buyer.

BUSINESS
MAKE  OVER

4.

Cost-plus Pricing

Cost-plus Pricing is a strategy where all variable and fixed cost associated with production are allocated to individual products. On top of the total costs a mark-up is added to determine pricing. Mark-ups are a percentage added to the costs.

BUSINESS
MAKE  OVER

5.

Creaming Skimming

Creaming/Skimming is a strategy where the price is set relatively high at first, lowering over time. As the first demand is satisfied, price lowers to attract the more price sensitive customers.

BUSINESS
MAKE  OVER

6.

Decoy Pricing

Decoy Pricing is a strategy where a 'third option' is introduced, next to a cheap and premium version of a product, to stimulate the customer to buy the premium version. In other words, the middle option is a decoy that is there to make the most expensive option appear like a better deal.

BUSINESS
MAKE  OVER

11.

Odd Pricing

With Odd Pricing, retail prices are often expressed as odd prices: a little less than a round number, e.g. € 19.99 or € 2.98. Consumers tend to perceive odd prices as being significantly lower than they actually are, tending to round to the next lowest monetary unit. Thus, prices such as € 1.99 are associated with spending € 1 rather than € 2.

BUSINESS
MAKE  OVER

12.

Penetration Pricing

Penetration Pricing is a marketing strategy that is used to attract customers to a new product or service. Penetration pricing is the practice of offering a low price for a new product or service during its initial offering in order to attract customers away from competitors.

BUSINESS
MAKE  OVER

13.

Premium Pricing

With Premium Pricing a company tries to assign a premium value to a product. This price is not really in accordance with the cost of production. But precisely the premium price is what attracts a specific target group. This strategy is often used for new products like designer clothes.

BUSINESS
MAKE  OVER

14.

Price Discrimination

Price Discrimination is a practice where a company sells largely similar products for different prices in different markets. These price differences aim to benefit from differences in willingness to pay with different markets. A different price can be set for each customer, a group, or even a product.

BUSINESS
MAKE  OVER

7.
High-Low
Pricing

High-Low Pricing is the practice of setting the price of most products equal to or higher than the market rate, while offering a small number of products at a discount. By doing so, a retail store wants to attract customers

BUSINESS
MAKE  VER

8.
Loss
Leader

Loss Leader is a strategy in which a business offers a product or service at a price that is not profitable. This is a common practice when a business first enters a market; a loss leader introduces new customers to a service or product in the hope of building a customer base and securing future revenues.

BUSINESS
MAKE  VER

9.
Marginal
Cost Pricing

Marginal Cost Pricing is a strategy where the price of a product is set at or slightly above the variable cost to produce it. With marginal pricing the fixed costs of the company are ignored. This kind of pricing is useful if a company has some unused production capacity available and customers willing to pay at least the marginal cost.

BUSINESS
MAKE  VER

10.
Market
Oriented Pricing

With Market Oriented Pricing, companies compare the prices of their products with similar products on the market. Depending on if the product has more or less features than the competition, prices could be set higher or lower than the prices of competitors.

BUSINESS
MAKE  VER

15.
Value Based
Pricing

Value-Based pricing occurs when the price of a product or service is based on the benefits it provides to consumers. It is often used by companies with unique or high valuable features or services. The optimal price is a reflection of the value a consumer perceives in a product or service.

BUSINESS
MAKE  VER

16.
Competitive
Pricing

With Competitive Pricing, prices are matched to what the competition is charging. This strategy is used when competitors sell similar products or services. Prices will either match the market leader or are set within a comparable range.

BUSINESS
MAKE  VER

17.
Group
Pricing

Group Pricing is a strategy where companies divide the market in segments and charge a different price for each segment. Usually this happens when particular groups of consumers can be identified. Making it possible to adjust prices to the groups' willingness to pay.

BUSINESS
MAKE  VER

18. Bundle
Pricing

With Bundle Pricing, companies sell a bundle of goods or services for a lower price than if the consumer bought all items separately. Consumers receive a discount for buying the bundle. Bundles can also be named 'package deal', 'compilation' or 'solution'.

BUSINESS
MAKE  VER

Pricing Patterns

Example based on ice parlour Da Nino

Da Nino is a renowned downtown Italian ice parlour. While he has a good reputation, he is not the only parlour in town and his sales last summer have been slightly lower than normal. During wintertime, Da Nino's owner sits down to rethink his pricing strategy and uses the pricing strategy cards to be inspired and come up with new ideas. He creates a 'Yes' and 'No' pile. For each pricing strategy on the 'Yes' pile he writes down how the strategy may help him.

Pricing cards on the Yes pile	How the pricing strategy can be used...
Dynamic Pricing	On bad weather days Da Nino could lower his prices to seduce customers to buy ice cream.
Auction	Sometimes Da Nino creates really nice and one-of-a-kind ice cakes which could be sold using an auction.
Cost-Plus Pricing	This is the approach Da Nino currently uses. An updated cost analysis may be useful to improve current pricing.
Decoy Pricing	Da Nino currently sells small and large cones with ice. Introducing a medium version may make the large cone a better deal.
Market Oriented Pricing	What are the competitors offering? Maybe adding some feature like toppings can justify a price increase and boost sales.
Odd Pricing	Da Nino's current prices are round numbers like € 1 or € 2. Maybe setting them to € 0.99 or € 1.99 could increase sales.
Premium pricing	Da Nino's prides himself with premium ice making skills offering flavours nobody else has. These 'premium' flavours could be sold for premium prices.
Bundle Pricing	Rather than just selling single cones and cups with ice cream, Da Nino may sell 'family bundles' consisting of a number of cones for a reduced price.

Triple Layered Business Model Canvas

Triple Layered Business Model Canvas (TLBMC; developed by Joyce and Paquin 2016 and available for use under a creative commons licence) is a tool for exploring sustainability-oriented business model innovation. The economic, environmental and social layers of the Business Model Canvas help you to get a more holistic view on your business, and to explore possible changes to the business model and how they may impact the value creation of your business. The TLBMC supports discussion among organization members, and helps to form a shared view of the business


Template & example



Make a large print of the economic, environmental and social layers of the TLBMC template to use in a brainstorm. The template of the original Business Model Canvas guides you to create the economic layer for your TLBMC. The example of Nespresso will advise you how to fill in the environmental and social layers. After completing all three layers, you can investigate how the components of each layers are connected, and what kind of impacts a change in certain component would have on the value creation on other layers..


The environmental layer:

TIP: The TLBMC is a useful tool for invoking conversation and providing a more holistic perspective and mutual understanding of the value creation (benefits and impacts) of the business. The most effective way to design a triple layered business model canvas is to do it with a group of people, for example with colleagues or domain experts. Doing the exercise together with key people in your organization will enhance collaboration that supports the change needed to make your business more sustainable.

TIP: You can use different colours for indicating e.g. those elements of the canvas that are considered 'fixed' and those that can be changed more easily.


Time
4 Hours


Complexity



Phase
Design

Contents:

- How to use
- Template
- Example

THE ENVIRONMENTAL LAYER

1. Functional value

clarifies what is being examined in the environmental layer. It is a quantitative description of the output of a service or a product in a certain timeframe, and it can be used as a baseline for examining the impacts of an alternative business model. In case of Nespresso, the functional value is the sum of the Nespresso pods consumed by customers in a year.

2. Materials

extends the key resources component of the original BMC to the environmental layer, and it refers to the bio-physical stocks used to render the functional value. While considering all the materials used might not be practically possible, it is important to include the key materials and their environmental impacts.

3. Production

extends the key activities component of the BMC to the environmental layer describing the actions the business does to create value. Again, it is important to focus on the key activities of business as well as those with high environmental impact, tracked e.g. with CO2e, eco-systems quality, human health, resource depletion, or water use.

4. Supplies and outsourcing

include other various material and production activities that are necessary for the functional value but not considered 'core' to the organization. In the example of Nespresso, water and energy used for production processes as well as cup and machine production is categorized under supplies and outsourcing.

5. Distribution

considers the transportation of goods, including raw materials as well as finished products. It is the combination of the transportation modes, the distances travelled and the weights of what is transported.

6. Use Phase

focuses on the impacts of the product's use (incl. materials and energy consumptions during the use of the product/ service), maintenance and repair. Note that sometimes e.g. energy consumption during the use phase (e.g. because of charging) can exceed that of the production phase.

7. End-of-life

describes the impacts when the customer ends the use of the product/ service. It may include material reuse, e.g. remanufacturing, repurposing, recycling, disassembly, incineration or disposal of a product. End-of-life component encourages organizations to explore how to extend their responsibility beyond the initially conceived value of its products.

8. Environmental impacts address the ecological costs of the organization's actions, measured using bio-physical measures, such as CO₂e emissions, human health, ecosystem impact, natural resource depletion, or water consumption, or more traditional business metrics, such as energy consumption, water use and emissions. This analysis shows where are the business' biggest environmental impacts. In Nespresso's case, it is the use phase that contributes substantial part of the carbon footprint (Joyce & Paquin 2016, 1479).

9. Environmental benefits extend the concept of value creation beyond purely financial value by capturing the ecological value the organization creates through environmental impact reductions and regenerative positive ecological value creation.

The social layer:

1. Social value focuses on creating benefit for its stakeholders and society more broadly. The core of Nespresso's social value creation is developing long term value from mutually beneficial relationships with coffee farmers as well as enhancing consumers' quality of life by providing tastier and healthier food and beverage choices.

2. Employees considers the role of employees as the core stakeholder of the company, covering e.g. the amounts and types of employees, demographics of employees (how pay, gender, ethnicity, and education vary within the company etc.). Also, different employee-oriented programs, such as training, professional development or other support programs and their contribution to the company's viability and success. We recommend that you concentrate on the aspects that are most relevant for supporting your company's business model. In Nespresso's case, the most important factors are those that support positive workplace and strong customer relationships at the time the company was growing globally and fast (operating in 81 countries, with more than 800 boutiques in 2023).

3. Governance captures the structure and decision-making policies of an organization. It describes which stakeholders the company engages with and how it is doing that. Governance includes for example, how the transparency and involvement of different stakeholders in decision making is ensured and developed.

4. Communities refer to the social relationships organisations have with their suppliers and their local communities that provide the critical resources for the company. While business partners are considered in the original Business Model Canvas, the social layer takes into account the importance of mutual beneficial relationships that organisations have with the communities in different locations they operate. For Nespresso, having good relationships within coffee farmers is important for acquiring large quantities of high quality coffee. In order to achieve this, the company has built partnerships with NGO Rainforest Alliance

in training and supporting coffee farmers.

5. Societal culture recognizes the impact of the company on society as a whole, and how the company can through its actions have a positive impact on the society. In Nespresso's case, its individual cup servings of restaurant quality has been conceived to be aligned with the culture of individualism, whereas its strong emphasis on CSR reflects culture of accountability and proactiveness.

6. Scale of outreach describes the depth and breadth of the relationships an organization has with its stakeholders. The scale of outreach takes into account the geographic span (local, regional, global) as well as the company's emphasis on long term, integrative relationships, and how it addresses social differences. Nespresso's outreach is wide, as it operates globally with several hundreds of stores, but also deep, thanks to the different social programs it offers for its suppliers (e.g. language training and micro credits).

7. End-users describes how the value proposition addresses the needs of and contributes to the quality of life of the end-user who 'consumes' the value proposition. Note that the end-user may or may not be the same as the 'customer' addressed in the economic layer of the Business Model Canvas. In Nespresso's case, it often is, but on the other hand the customer could also be a company providing high-quality coffee for its employees at the workplace. In the social canvas, Nespresso provide value by meeting the user's need in terms of taste, warmth and a caffeine boost.

8. Social impacts include the social costs the company causes. Which social impacts to consider and which indicators to use depends on the company. Examples of commonly used indicators include working hours, cultural heritage, health and safety, community engagement, fair competition, and respect of intellectual property rights. Nespresso's potential social impacts may be possible disrupting existing cultural farming and social practices, or possible impact of caffeine addiction.

9. Social benefits refers to the positive social value created by the company, which can be measured in different terms. Social benefits created by Nespresso may include the personal development and community engagement through the training opportunities it offers for its employees, and indirectly also the support for coffee farmers and their communities through the partnership with the Rainforest Alliance.

Triple Layered Business Model Canvas

The environmental layer

Example

The environmental layer of Nepressos's Business model canvas

SUPPLIES AND OUT-SOURCING - Energy for processes - Water for processes	PRODUCTION - Capsule production (and materials) - Production centre	FUNCTIONAL VALUE - 40 ml espresso coffee daily multiplied with the number of consumers over the period of one day	END-OF-LIFE - Capsule, packaking, machine end-of-life	USE PHASE - Cup washing (and production) - Coffee preparation water and energy - Machine use (and production)
	MATERIALS - Coffee supply - Aluminium for capsules		DISTRIBUTION - Favouring trains - Packakiing	
(-) ENVIRONMENTAL IMPACTS 46.7% of carbon footprint from use phase			(+) ENVIRONMENTAL IMPACTS 20.7% of cardon footprint savings from 2008 tp 2012 with machine design	

(Joyce, A., & Paquin, R. L. (2016). The triple layered business model canvas: A tool to design more sustainable business models. Journal of cleaner production, 135, 1474-1486. Templates of TLBMC available for use under a creative commons licence.)

Triple Layered Business Model Canvas

The environmental layer

Template

name _____ date _____

SUPPLIES AND OUTSOURCING	PRODUCTION	FUNCTIONAL VALUE	END-OF-LIFE	USE PHASE
	MATERIALS		DISTRIBUTION	
(-) ENVIRONMENTAL IMPACTS			(+) ENVIRONMENTAL IMPACTS	

(Joyce, A., & Paquin, R. L. (2016). The triple layered business model canvas: A tool to design more sustainable business models. Journal of cleaner production, 135, 1474-1486. Templates of TLBMC available for use under a creative commons licence.)

Triple Layered Business Model Canvas

The Social layer

Example

The SOCIAL layer of Nepressos's Business model canvas

LOCAL COMMUNITIES - Coffee farmers participate in the AAA Sustainable Farming program developed in patnership with the rain-forest alliance	GOVERNANCE - Autonomous business unit -Ttransparency in decision making	SOCIAL VALUE - Enhancing the consumers' lives by offering tastier and healthier food and beverage choices - developing long-term value for mutually beneficial relationships with coffee farmers	SOCIETAL CULTURE - Culture of individuality with single servings - Culture of responsibility through programs and collec- tion points	END USER - Caffeine boost - Warmth - Taste
	EMPLOYEES - Positive workplace with over 90 national represented - Strong customer relationship since many of the employees are customer-facing		SCALE OF OUTREACH - 81 countries across the world and with over 800 storefronts (2023) - Education and micro-credit services for supply chain	
(-) SOCIAL IMPACTS - Potential caffeine dependency - Potential displacement of traditional farming practices and crops			(+) SOCIAL BENEFITS + Community management leading to improving the quality of life of stake- holders + Personal development of farmers through training programs	

(Joyce, A., & Paquin, R. L. (2016). The triple layered business model canvas: A tool to design more sustainable business models. Journal of cleaner production, 135, 1474-1486. Templates of TLBMC available for use under a creative commons licence.)



Triple Layered Business Model Canvas

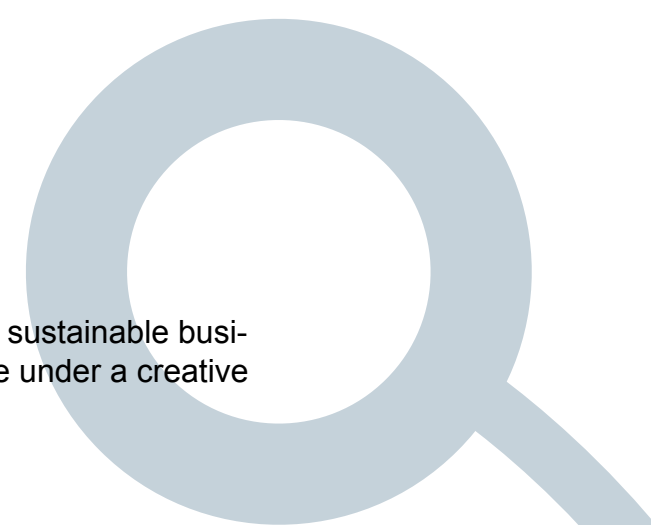
The Social layer

Template

name _____ date _____

LOCAL COMMUNITIES	GOVERNANCE	SOCIAL VALUE	SOCIETAL CULTURE	END USER
	EMPLOYEES		SCALE OF OUTREACH	
(-) SOCIAL IMPACTS			(+) SOCIAL BENEFITS	

(Joyce, A., & Paquin, R. L. (2016). The triple layered business model canvas: A tool to design more sustainable business models. Journal of cleaner production, 135, 1474-1486. Templates of TLBMC available for use under a creative commons licence.)



BUSINESS MODEL TESTING TOOLS



Thinking Hats



Time
1 hour



Complexity
■ □ □



Phase
Test

Contents:

- How to use
- Template
- Example

Thinking Hats helps you to see all sides of an idea. With five colored hats you shape your idea better and clearer. Each color stands for a specific way of thinking, from optimistic to pessimistic. By wearing the 'hats' mentally you can easily focus or redirect thoughts. With a complete view on the idea you can better assess the value of your idea.

Template & example

Use the Thinking Hats Canvas template to make a large printout (page 117). Use this printout to do an analysis on your idea or brainstorm with others. Have a look at the example of the innovative Bakery Alink to see how they have used the Thinking Hats (page 117).

How to use

You can use the Thinking Hats in two ways; by yourself or in a group setting which may be more fruitful.

There are 5 colored hats:

White Hat

Stands for information known about the idea. With this hat you write down only facts about the idea.

Yellow Hat

Symbolizes brightness and optimism. Under this hat you explore why the idea will work. You probe for value and benefit.

Black Hat

Stands for judgment. Spot the difficulties and dangers; where the idea might not work. Warning: do not overuse this hat.

Red Hat

Signifies feelings, hunches and intuition. You can share fears, likes, dislikes, loves, and hates.

Green Hat

Focuses on the possibilities, alternatives, and new ideas. You can express new concepts and new perceptions.

Thinking Hats for yourself

This will help you to structure your own thoughts. Each hat on the Canvas stands for a specific way of thinking. At every box at the canvas you wear the corresponding hat and write down your thoughts. This helps you to look at your idea from different angles. You can use the filled in Thinking Hats Canvas to communicate your idea to others. You can also use it to get a first impression about your idea, i.e. if your idea has more benefits or more issues.

Thinking Hats in a group setting

In a group conversation or discussion, the Thinking Hats help everyone to look from the same direction at the same time. The discussion will be more focused and the group tends to be more collaborative. Or each participant in the group can mentally wear one of the hats and keeps reasoning from the corresponding perspective. In a group setting a sixth colored hat is introduced:

Blue Hat

Is used to manage the thinking process. It helps you to structure how the meeting will be conducted.

- The group will start with the Blue Hat. Discuss how the meeting will be conducted and develop the goals.
- Next is the White Hat. Describe the idea just with the facts. What is it and how does it work? This will give everybody a clear image of the idea.
- Continue with the Yellow Hat and the Black Hat. Explore the value and the difficulties of the idea.
- The Red Hat is used to collect opinions and reactions to the idea.
- The last hat is the Green Hat. Use this to think of other ideas or solutions.
- Write down the main points and conclusions on the Thinking Hats Canvas.

Thinking Hats

Example

Bakery Alink



describe the idea -
just with facts

Fresh from yesterday

Selling bread from yesterday to customers for €1,- in a different store
Instead of throwing or giving bread away at the end of the day, the bread is moved to a different store to be sold for a lower price



describe why the idea will work -
benefits and value

Less throwing away of bread
Less waste of materials
Still sell one day old bread and earn some money instead of giving or throwing it away
Gaining an additional customer segment of people who do not want or are not able to spend money on bread



describe why the idea will not work -
difficulties and dangers

Customers do not want to buy one day old bread
The money earned in the store is not enough to cover the costs of opening and sustaining an additional store
The bakery gets a bad reputation when a customer buys a bread that is not fresh anymore



describe feelings, hunches and intuition towards the idea

What about the charities who normally would receive the one day old bread?
A good initiative to reduce all the waste of still good food
Only people with a very low income would buy this bread and they can normally get it from a charity



describe alternatives for the idea -
new ideas

Instead of opening a completely new store, just add a few shelves in the current stores with the one day old bread
Only bake bread based on orders to avoid baking too much bread causing leftovers

Template

name _____



describe the idea -
just with facts



describe why the idea will work -
benefits and value



describe why the idea will not work -
difficulties and dangers



describe feelings, hunches and intuition towards the idea



describe alternatives for the idea -
new ideas

Business Model Stress Test

BMO
ORIGINAL

The Business Model Stress Test helps you to understand whether your business model is future proof. Changes in markets, society and technology might impact your business model in the future. With this tool you can future-proof your business: With the Stress Test you can analyse the strong and weak parts of your business. It helps you to find opportunities for making your business more robust.

Template & example

Make a large printout of the Business Model Stress Test Canvas template (page 119) for stress testing your business model. For inspiration, look at the Stress Test example for Uber (pages 120 -123).

How to use

A Business Model Stress Test is most effective if done by a group of people. The group must contain people that are familiar with the business model. In addition, an external domain expert could be added. One person has to act as facilitator. This person chairs and guides the group through the stress test process.

In a Business Model Stress Test you confront a business model with relevant developments and uncertainties in politics, economy, society, technology, market or regulation. Some trends are quite certain, like the ageing population, while other developments are uncertain, like the economic environment. For selected developments we assess the impact on the business model and identify the business model's strong and weak parts in a heat map. By following the steps below, you will be able to complete the Business Model Stress Test:

Step 1: describe the business model

Describe your current or future business model in a structured format, for example using the nine components of the Business Model Canvas or the STOF Business Model approach. This is required to be able to systematically test your business model's components against future trends and uncertainties.



Time

4 Hours



Complexity



Phase

Test

Contents:

- How to use
- Template
- Example

Step 2: select the essential scenarios

Select the most relevant developments (trends and uncertainties) in technology, market, society and regulation that may have an impact on the business model.

You may gather these developments from a SWOT analysis or a

PESTLE analysis that you have done yourself. However, many relevant developments can also be found in trend- and scenario reports or industry analyses that are freely available on the internet. Naturally, the uncertainties have multiple possible outcomes. You must consider the possible 'extreme' outcomes and include them in the Stress Test.

Step 3: confront the business model with the scenarios

Now it is time to confront the business model components - e.g. value proposition, customer segments and revenue model - with trends and uncertainties. How does your business model fit with these future developments, or how is it impacted? In the stress test you confront each business model component with each development in a 'heat map'. Use a colouring scheme to indicate the impact of an uncertainty outcome on a business model element. Use a green colour if the impact is clearly positive – the development is favourable for your business model. Use red colouring if a development has an obvious negative impact and may cause great problems to your business model. Use orange to indicate that a business model component requires attention due to certain development. If a development has no impact, then you don't need any colouring. Once the stress test is completed, the heat map will reveal the strong and the weak parts of your business model. The red parts provide potential showstoppers and the orange parts require at least some attention.

It is important to write down why a development is positive, negative or requires attention. This provides insights in the reasons behind the strong and weak parts and may provide clues as to how to strengthen the business model.

Step 4: analyse and improve













In this step you analyse the heat map. Where are the weak points and what adaptations can be made to improve the business model and make it more robust? The arguments that you have listed when doing the stress test can be used as clues towards formulating concrete actions that could help you to improve your business model further.



Business Model Stress Test

Template

name _____

				
value & services				
customer segments				
customer relationships				
channels				
revenue structure				
key activities				
key resources				
key partners				
cost structure				

date _____



Example

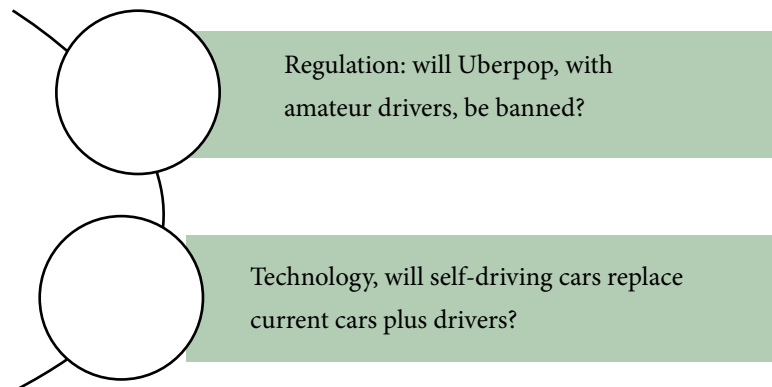
Business Model Stress Test - Example based on Uber

The taxi-app Uber is a service with which users can order a taxi in over 250 cities worldwide. For some of Uber's services, Uber works with official and accredited drivers. However, with Uberpop in principal everybody with a car and a driver's license can act as a driver for Uber, causing a lot of controversy in the market.

In this example we show a simplified business model stress test for the Uber's business model:

Step 1: describe the business model

We use the Business Model Canvas to describe Uber's business model (page 121).



Step 2: select the essential scenarios

We can find many future developments that have an influence on Uber's business model. For example, regulatory developments like legislation for the taxi market and technological developments like self-driving cars. Both developments are uncertain. For the stress test we assume two outcomes for these developments:

Step 3: confront the business model with the scenarios

We look at the impact of the two scenarios on the business model components. We show the coloring for each business component and indicate the reasoning for the coloring. Note that some components are grey as no impact of the development on that component is expected. Then the resulting heat map is shown. The heat map collects the impacts for both selected development outcomes.

Step 4: analyse and improve

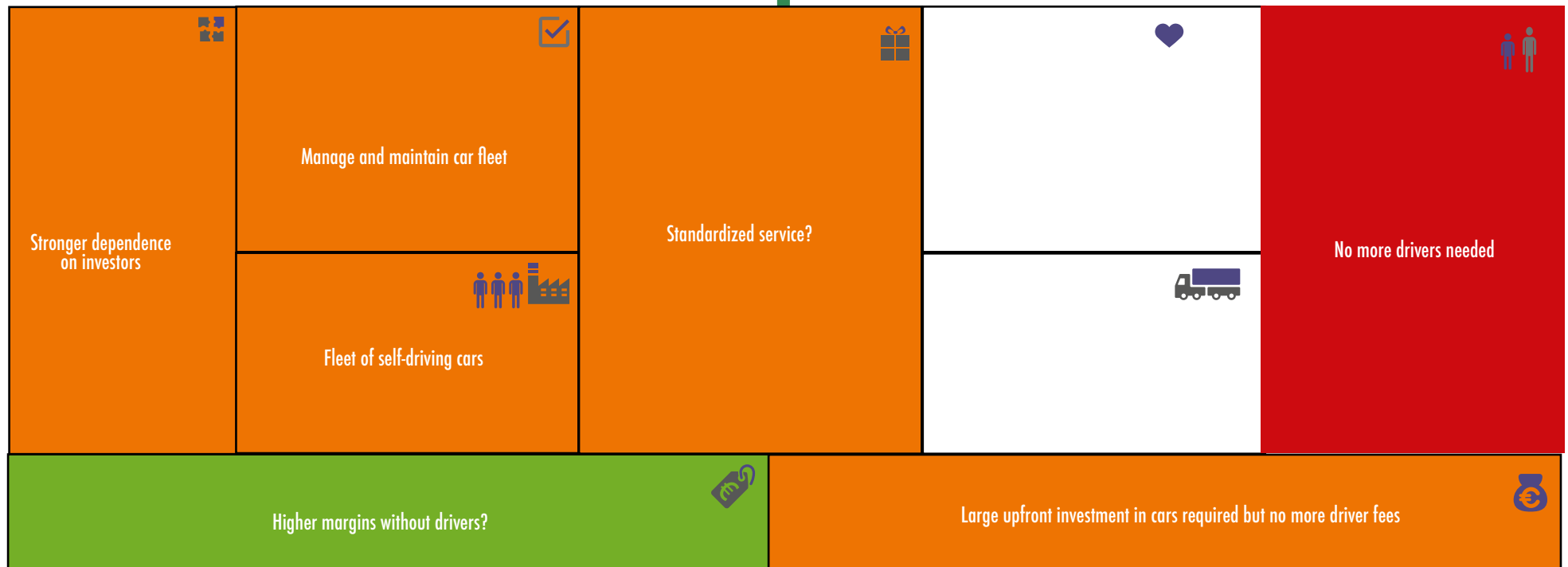
The heat map shows a vulnerability in the customer segments component. The role of drivers, especially amateur drivers, is threatened if either legislation becomes very strict or if self-driving cars will hit the market. In both cases the business model as we know it is not sustainable. The use of autonomous cars is also an opportunity for Uber and may be more profitable and worthwhile for Uber. This comes however with a cost. Owning a fleet of autonomous cars will need investment and requires new activities like managing and maintaining a fleet.

Example

name Uber

Business Model Canvas










Mapping the impact of 'self-driving cars' on Uber business model



Business Model Stress Test

Example

name Uber

		name <u>Uber</u>	
		Amateur drivers banned	Self driving cars
value & services		Amateurs can't offer rides meaning less differentiation from competition	Standardized service?
customer segments		Amateur drivers lost as customers	No more drivers needed
customer relationships			
channels			
revenue structure		Less rides may lower revenues	Higher margins without drivers?
key activities			Manage and maintain car fleet
key resources		Driver network with professional drivers only	Fleet of self-driving cars
key partners		Stronger dependence on license providers	Stronger dependence on investors
cost structure			Large upfront investment in cars required but no more driver fees

Return on Investment

The Return on Investment Calculator helps you to understand the financial soundness of investments. Launching a new product or service often requires financial investments. It is important to consider if these investments can be earned back by the new product. It helps you to calculate if your earnings are enough to recover initial investments.

How to use


The Return on Investment Calculator helps you to consider the costs and revenue when you are about to launch a product or service, or even when you just have an idea. With this calculator you can calculate your return on investment, and also the payback period. To be able to make these calculations you need to make some estimations.

Step 1: the investment


Start with estimating how much the new product or service will cost you. Think of needed machines, buildings, knowledge, or other things that you will need to be able to create your product. The investment does not include the costs for materials, or personnel needed for creating a product. So only include the initial purchasing costs, not the maintenance costs.

Step 2: taxes


A part of your income needs to be paid to the government or state as a corporate tax, also known as income tax. This tax is applied to the net profit, so the revenue minus the costs. Enter the right tax percentage for your country or region. You can choose to skip this step, but it will give you a distorted picture of how much you will earn.



Time
2 Hours



Complexity



Phase
Test

Contents:

- How to use
- Template
- Example

Step 3: products sold

The chance that you will earn back your investment within less than a year is little. Therefore, a forecast is made over several years. You can choose for how many years you want to calculate your return. Keep in mind that a longer period bears more risk since there is a higher chance that your estimations are wrong. Estimate the number of products that you will sell in each year. You can choose to estimate for one till five years.

Step 4: price

What is the price that you will ask for each product? Enter the price of your product on the sheet. Think about whether you are going to increase or decrease your price during the years. If you think that your price will change within a year then take the average price.

Step 5: variable cost per product

How much does it cost to make one product? Determine the costs for making just one product. Only include those costs that are variable, meaning those costs that only exist when a product is being made. Think of materials, production materials or labor. Enter the variable costs per product for each year of your estimation.

Step 6: fixed costs

What are the costs regardless of the amount of products made? Determine the fixed costs of the production line. Think of loans, insurance, rent, gas, electricity, water or phones. Fixed costs are costs that occur independent of the number of products made. Enter the fixed costs for each year of your estimation.

Step 7: return on investment and payback period

Once you have entered all the necessary information, the Excel sheet gives you the results.

The first result is the return on investment. If it says that there is a “negative return on investment” it means that you have not earned back your investment. When the return of investment shows a percentage it means that at the end of the period you have earned back your investment and even more than that. For example, if you made a € 1.000 investment and the return on investment shows 75%, you have earned back the € 1.000 and at the end of the period you have € 750 in addition. In total you have earned € 1.750.

The second result shows you the payback period. If it says that “the investment is not earned back”, it means that you did not make enough money at the end of the period to cover the initial investments. When the payback period shows a number it means that within that number of years the investment is earned back.

Since the calculations are based on estimations, there is no way in saying if this will be the actual return and payback period. However, it does give an indication to whether it is a profitable idea or not. It can also show you that you need to adjust your price or increase your sales effort.



Return on investment

Example

RETURN ON INVESTMENT 122 %

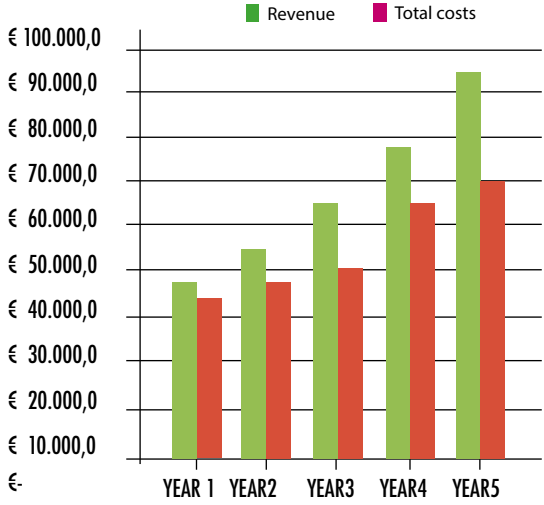
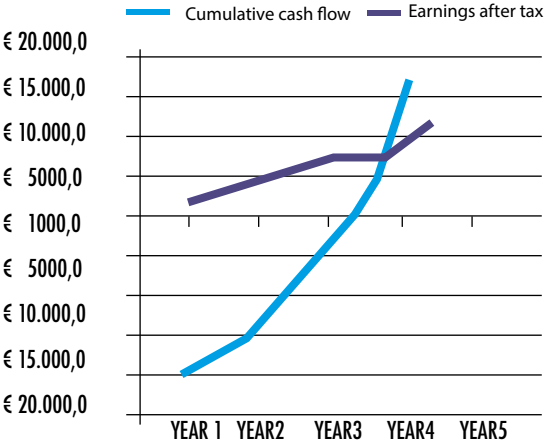
PAYBACK PERIOD 3,3 year

INITIAL INVESTMENT	15.000,00
TAX	42 %

	YEAR 1	YEAR2	YEAR3	YEAR4	YEARS
Products sold	500	600	720	864	1.037
Price	€ 90,00	€ 90,00	€ 90,00	€ 90,00	€ 90,00
Revenue	€ 45.000,00	€ 54.000,00	€ 64.800,00	€ 77.760,00	€ 93.330,00
Variable cost per product	€ 45,00	€ 45,00	€ 45,00	€ 45,00	€ 45,00
Total variable cost	€ 22.500,00	€ 27.000,00	€ 32.400,00	€ 38.880,00	€ 46.665,00
Fixed costs	€ 20.000,00	€ 20.000,00	€ 20.000,00	€ 25.000,00	€ 25.000,00
Total costs	€ 42.500,00	€ 47.000,00	€ 52.400,00	€ 63.880,00	€ 71.665,00
Earnings before tax	€ 2.500,00	€ 7.000,00	€ 12.400,00	€ 13.880,00	€ 21.665,00
Tax	€ 1.050,00	€ 2.940,00	€ 5.208,00	€ 5.829,60	€ 9.099,30
Earnings after tax	€ 1.450,00	€ 4.060,00	€ 7.192,00	€ 8.050,40	€ 12.565,70
Initial investment	€ (15.000,00)				
CUMULATIVE CASH FLOW	€ (13.550,00)	€ (9.490,00)	€ (2.298,00)	€ 5.752,40	€ 18.318,10

date

name Eastbags



Process Journey



Time

4 Hours



Complexity



Phase

Design

Contents:

- How to use
- Template
- Example

The process journey helps you to draw your workflow or business processes as a series of activities. Each process has a start and an end. There is something that triggers the process and there is some result. Between the start and the end there are connected activities. With the process journey you get a clear picture of your process which enables you to analyse and improve the process.

Template & example

Have a look at the example of the Process Journey for Pizzeria Toscana to get inspired how this tool is applied in practice.

How to use

You can make your own Process Journeys. It requires some skills and especially good knowledge of the process to be described. Make sure to involve people that are familiar with the process.

A process has a start and an end. The start is an event that triggers the process, also known as input. For example, a question of a customer or the signal of an order coming in. The end of a process is the result of all the steps in that process, the output. Think of a customer receiving a product or getting an answer. Between the start and the end of the process there are activities. These are the things done by the people or machines in your business. In the case of an incoming order, gathering the ordered products can be an activity. Activities can be placed in a chronological order; one activity follows another activity. Some activities may run simultaneously.

It is important to keep in mind that you need to consider how far you want to go into depth with your process description. For example, you have the activity write down the order. Of course you could say that getting a pen as well as getting paper are also activities. Getting into those details will make a very long process while it is not really relevant.

So how can you describe your own process? Follow the two steps described below.

Step 1: determine the start and the end of your process

Start with determining the start and the end of your process. Then make a list of all the activities in your process, thus all the things done by you, an employee or a machine. Try to keep the right level of detail, do not go too far into the details, or too high over.

Step 2: draw your process

Get a pen, paper, and some post-its, and draw your process. You can draw your process by using four graphical elements.

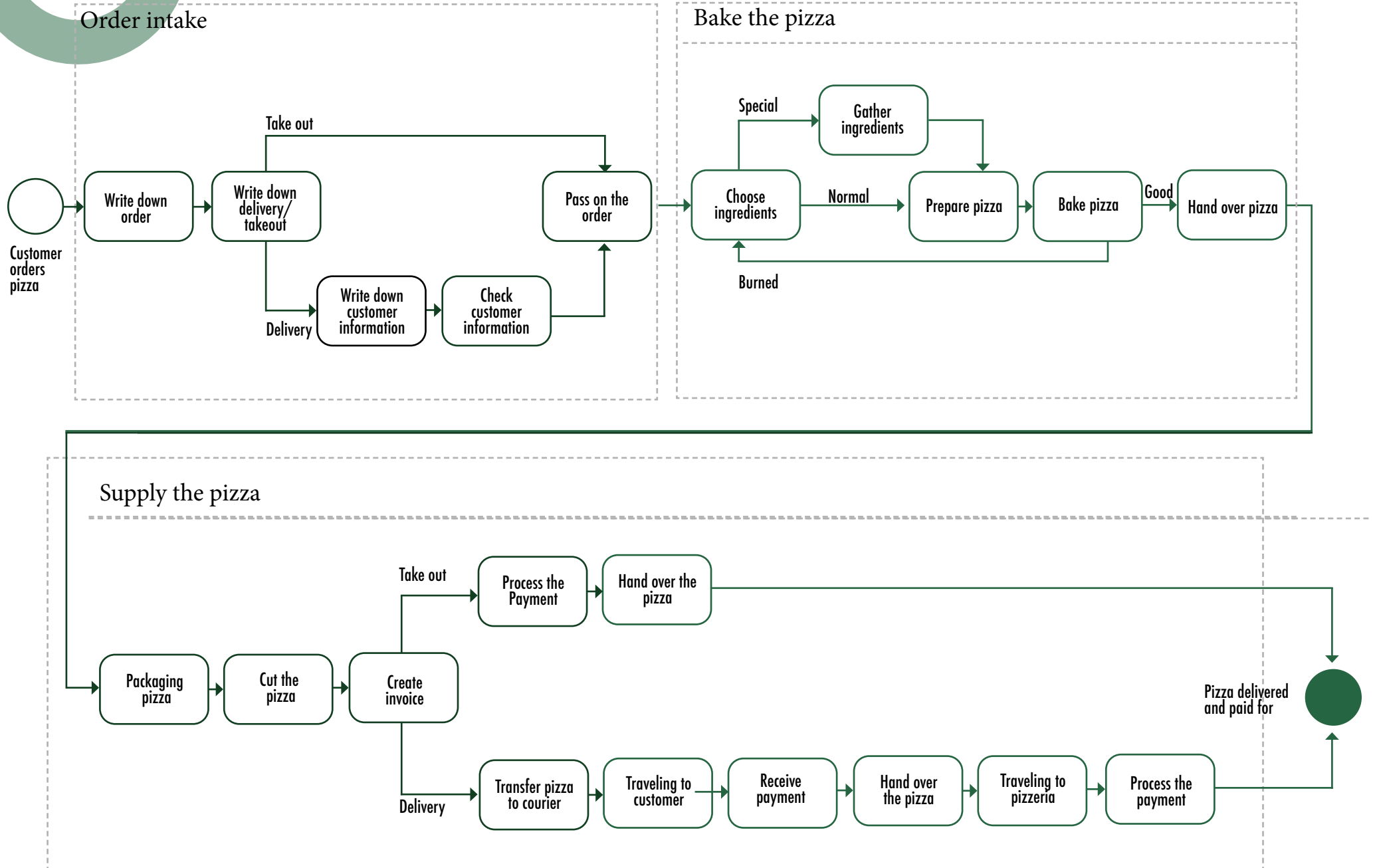
- Use a circle to represent the start or end of the process.
- Use rounded rectangles, like post-its, to represent an activity.
- Use arrows to represent the flow between activities. The flow shows which activities follow each other.
- Use a junction to indicate that an alternative flow may exist in certain situations. For example, when ordering a pizza, a customer may select take out or select home delivery, resulting in a different process.

Write each activity on a post-it and then place all activities in the right order on a whiteboard or on a sheet of paper. Use arrows to indicate the flow between activities, you could also use PowerPoint to draw your process on your computer; just use the shapes of PowerPoint.

Example

Pizzeria Toscana

name _____



Deadly Wastes Canvas

The Deadly Wastes Canvas helps you to identify the sources and causes of waste in your process. Waste takes time and increases costs. Waste occurs in different forms, from product defects to excessive inventory and over processing. Use the Deadly Wastes Canvas to identify waste in your processes and learn about solutions to improve efficiency.

Template & example

Use the Deadly Wastes Canvas template to brainstorm how to improve the efficiency of your process. Have a look at the example of Pizzeria Toscana to get inspired and learn from the practical application of this tool.

How to use

Waste can be described as 'something that adds no value'. With the Deadly Wastes Canvas, you identify the wastes in your process, the causes of these wastes and how to eliminate wastes. Identifying and removing waste helps you to focus on what is valuable to the customer. The Deadly Wastes Canvas is most effective if done by a group of people; since discussions will be more fruitful. By following the five steps below, you will be able to complete the Deadly Wastes Canvas:

Step 1: select the process that you want to make more efficient


First select a process that you would like to make more efficient. A process is a set of connected activities to achieve a specific result. A process should have a clear start and ending. Examples of processes are hiring personnel, ordering a pizza or drilling a hole.

Step 2: describe the selected process


Describe the selected process as a list of interrelated activities. Write each activity on a post-it and place all activities in the right order on a white-board or on a sheet of paper. Connect activities with arrows to indicate the process flow. For more explanation on mapping your process see the Process Journey tool.


Step 3: identify the wastes in your process


From the theory of lean manufacturing we take nine forms of waste that can be represented by the acronym DOWNTIMES:



Time
2 Hours



Complexity




Phase
Test

Contents:

- How to use
- Template
- Example

- Defects: Mistakes that require additional time, resources, and money to fix.
- Overproduction: Production that is more than needed, or before it is needed.
- Waiting: Wasted time whenever work in the process has to stop for some reason
- Non- or miscommunication: Misunderstanding and miscommunication caused by inaccurate or missing information.
- Transportation: Unnecessary movements of products and materials
- Inventory: Excess products and materials not being processed
- Motion: Unnecessary movements by people (e.g. walking) or machines
- Excess processing: More work or higher quality than is required,
- Skills: Not or under-utilizing peoples' talents, skills and knowledge.

Look again at all activities in your process. For each activity, check if you can find one of the nine types of waste and write the activities down in the column 'where in the process' in the Deadly Wastes Canvas template.

Step 4: identify the causes of waste

To be able to solve a problem, it is important to understand where it comes from. When you have found one or more wastes in the activities in your process, think about what causes these wastes and write this down in the column 'causes' in the template.

Step 5: select Efficiency Solutions

Finally, look for ways to remove waste and improve your process by applying proven solutions. Use the Efficiency Solutions Cards that come with the template to find ways to remove different kinds of waste in your process. Solutions cards are offered for each type of waste. Place the solution cards that you think are applicable on the Deadly Wastes Canvas template in the column Solutions. You can systematically go through all the identified wastes and look for solutions to improve efficiency.

Template

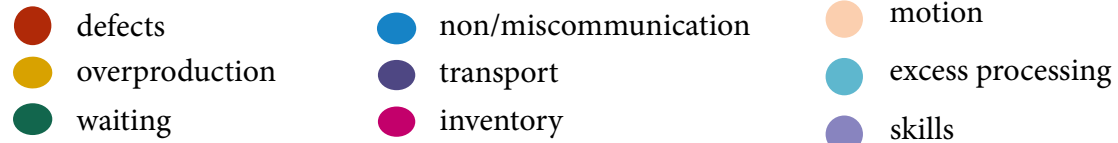
name _____

waste		where in the process	cause	solution
defects				
overproduction				
waiting				
non/miscommunication				
transport				
inventory				
motion				
excess processing				
skills				

Example Deadly Wastes

Canvas based on Pizzeria Toscana

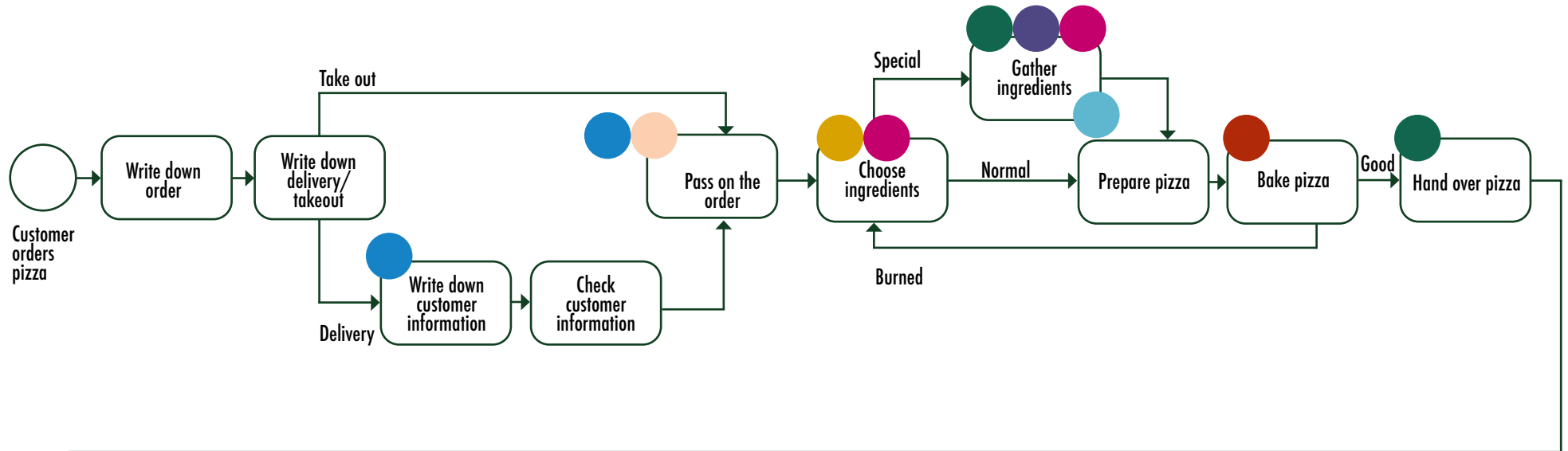
Example



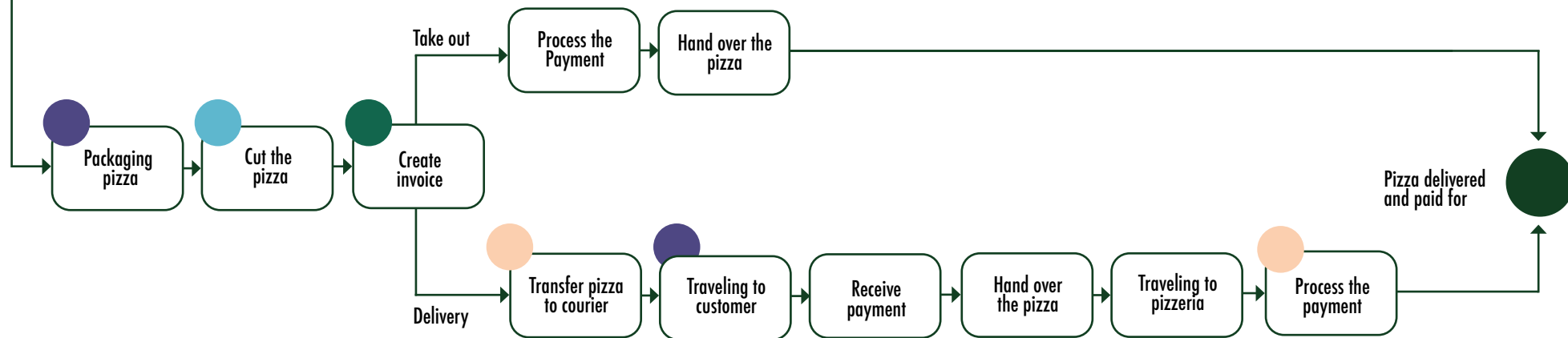
name Pizzeria Toscana

Order intake

Bake the pizza



Supply the pizza



Example

Deadly Wastes Canvas

waste		where in the process	cause	solution
defects		<ul style="list-style-type: none"> - Bake pizza 	<ul style="list-style-type: none"> - Burned pizza 	
overproduction		<ul style="list-style-type: none"> - Choose ingredients 	<ul style="list-style-type: none"> - Cut too many ingredients because you don't know the demand 	
waiting		<ul style="list-style-type: none"> - Gather ingredients - Hand over the pizza - Create invoice 	<ul style="list-style-type: none"> - Preparing special ingredients - Busy with baking other pizzas - Pizza can't be delivered without invoice 	
non/miscommunication		<ul style="list-style-type: none"> - Write down customer information - Pass on the order 	<ul style="list-style-type: none"> - Write down wrong address - Write down wrong order/ingredients 	
transportation		<ul style="list-style-type: none"> - Gather ingredients - Packaging pizza - Traveling to customer 	<ul style="list-style-type: none"> - Ingredients come from different freezer - Packaging pizza is done at a different counter - Customer lives far away 	
inventory		<ul style="list-style-type: none"> - Choose ingredients - Gather ingredients 	<ul style="list-style-type: none"> - Cut too many ingredients - Ordered too many artichokes 	
motion		<ul style="list-style-type: none"> - Pass on the order - Transfer pizza to courier - Process the payment 	<ul style="list-style-type: none"> - Phone is on the other side than the kitchen - Kitchen is at the back of the pizzeria - Courier has to bring money to the cash desk 	
excess processing		<ul style="list-style-type: none"> - Gather ingredients - Cut the pizza 	<ul style="list-style-type: none"> - Same price for pizzas with special ingredients - Extra activity in the process 	
skills				

Generic guidelines to remove waste

 defects	<ul style="list-style-type: none">• Conduct root cause analysis to uncover the reason for defects• Establish standard work procedures to work consistently• Implement poka-yoke ("mistake-proofing") to reduce defective parts• Empower teams to solve
 overproduction	<ul style="list-style-type: none">• Pace production to align with customer demand• Produce smaller batches to be more efficient• Produce per actual demand rather than forecasted sales to avoid overage• Adopt just-in-time manufacturing philosophy to reduce production time
 waiting	<ul style="list-style-type: none">• Design processes with a continuous flow to have a minimal delay• Implement standard work to perform each activity consistently• Use takt time to deliver the right product, at the right time, in the right quantity• Reduce downtime of machines and processes to improve efficiency
 non/miscommunication	<ul style="list-style-type: none">• Manage expectations to avoid misunderstandings• Pay attention to non-verbal cues to understand the whole conversation• Be straight and to the point to focus on the most important aspects• Don't make assumptions to prevent misinterpretations
 transportation	<ul style="list-style-type: none">• Utilize most efficient routes to save time• Stage processes as close together as possible to shorten waiting time• Optimize storage areas to avoid any delays• Reduce weight/size of pieces to ease handling
 inventory	<ul style="list-style-type: none">• Adopt a just-in-time approach to align supply with demand• Focus on a continuous flow to smooth the production process• Forecast the demand to avoid unnecessary production• Establish suitable customer outlets to avoid build up of stocks
 motion	<ul style="list-style-type: none">• Reduce travel time between work stations to decrease production lead time• Review all machine actions to avoid unnecessary steps• Review each step in the process to eliminate any unnecessary actions• Develop a standard operating procedure to efficiently perform the process
 excess processing	<ul style="list-style-type: none">• Clarify customers' expectations to use the right amount of resources• Perform only essential processes to meet your goals• Avoid overly complex machinery or processes to be most efficient• Perform a value analysis to remove steps that don't add value
 skills	<ul style="list-style-type: none">• Involve every employee to reach continuous improvement• Promote (multidisciplinary) teamwork to get the best out of everyone• Encourage people to take ownership to promote involvement• Offer training to make sure that employees keep growing

Deadly Wastes Canvas

Example

waste		where in the process	cause	solution
defects		<ul style="list-style-type: none"> - Bake pizza 	<ul style="list-style-type: none"> - Burned pizza 	<ul style="list-style-type: none"> - Standardize the work so everyone knows how long a pizza should be baked. Use an alarm to indicate when the pizza is ready.
overproduction		<ul style="list-style-type: none"> - Choose ingredients 	<ul style="list-style-type: none"> - Cut too many ingredients because you don't know the demand 	<ul style="list-style-type: none"> - Determine in advance (based on orders in the past) how many ingredients need to be cut
waiting		<ul style="list-style-type: none"> - Gather ingredients - Hand over the pizza - Create invoice 	<ul style="list-style-type: none"> - Preparing special ingredients - Busy with baking other pizzas - Pizza can't be delivered without invoice 	<ul style="list-style-type: none"> - Determine how many ingredients you need - Packaging will be done by the pizza maker - Create invoice when customer makes order
non/miscommunication		<ul style="list-style-type: none"> - Write down customer information - Pass on the order 	<ul style="list-style-type: none"> - Write down wrong address - Write down wrong order/ingredients 	<ul style="list-style-type: none"> - Digitize order intake to avoid misunderstandings and make sure that the order can be displayed directly in the kitchen
transportation		<ul style="list-style-type: none"> - Gather ingredients - Packaging pizza - Traveling to customer 	<ul style="list-style-type: none"> - Ingredients come from different freezer - Packaging pizza is done at a different counter - Customer lives far away 	<ul style="list-style-type: none"> - Put all freezers in or close to the kitchen - Package the pizzas directly in the kitchen - Apply a maximum distance for delivery
inventory		<ul style="list-style-type: none"> - Choose ingredients - Gather ingredients 	<ul style="list-style-type: none"> - Cut too many ingredients - Ordered too many artichokes 	<ul style="list-style-type: none"> - Use orders from the past to predict how many ingredients you will need - Last hour of each day all pizzas with 'left over' ingredients will be half price
motion		<ul style="list-style-type: none"> - Pass on the order - Transfer pizza to courier - Process the payment 	<ul style="list-style-type: none"> - Phone is on the other side than the kitchen - Kitchen is at the back of the pizzeria - Courier has to bring money to the cash desk 	<ul style="list-style-type: none"> - Use a digital system so the order will be transferred directly from counter to kitchen - Create backdoor so courier gets pizza directly - Don't accept cash, electronic payments only
excess processing		<ul style="list-style-type: none"> - Gather ingredients - Cut the pizza 	<ul style="list-style-type: none"> - Same price for pizzas with special ingredients - Extra activity in the process 	<ul style="list-style-type: none"> - Ask a higher price for special pizzas or stop providing special pizzas - Don't cut the pizza in slices
skills				

date _____

BUSINESS MODEL IMPLEMENTATION



Marketing Cards

The Marketing Cards help you to think of all that is needed to create the best message for your customers. Each card gives you an example of how you could build your message. The cards are divided into six groups: the goals you would like to reach; the format of your message; the content of your message; the channels for distributing your message; the metrics for measuring success; and the emotion you would like your customers to feel. With a clear message you can better reach your customers.

Template & example

Use the Marketing Cards and template in order to brainstorm about your message to (potential) customers. Have a look at the example for Read-ID software to get inspired and learn from the practical application of the Marketing Cards.

How to use

The Marketing Cards give you inspiration in creating a message for your (potential) customers. Follow these nine steps to complete the marketing board and play with the marketing cards:

Step 1

Start by describing your (potential) customers that will receive your message. Make this group specific by adding characteristics like age, gender, lifestyle, interests. But keep it simple, do not use too many words.

Step 2

Describe the product or service for which the message is created. Usually a marketing message is used to create visibility for something that your company offers. When your message is not related to your products or services you can leave this space empty.



Tip: if you think of a channel, metric or other element that is not in the set of cards. You can just write them on the canvas.



Time

2 Hours



Complexity



Phase

Implement

Contents:

- How to use
- Template
- Example

Step 3

With your customer and product in mind you can choose the goal(s) of your message. What do you want to achieve after (potential) customers have heard your message. Do you aim for more sales or just for more visibility in the market?

Step 4

Select the format(s) that best fit(s) your message. How will you make your message known to your (potential) customers? Will it be a video, an infographic or an e-mail?

Step 5

Choose the content of your message. Your message needs to be about something, so you need to think about what content will appeal to your (potential) customers. Would they like to see a quiz, an experiment, a guide, or a product?

Step 6

Select the channel(s) for sending out your message. Your message needs to be brought to your (potential) customers somehow. You need a channel to distribute your message. Do you want to use social media channels or more traditional channels like television?

Step 7

Choose the right metric(s). You only know whether you reached your goal if you measure. You need metrics to measure the success of your message. Do you want to measure the number of new visitors for your websites, positive reviews, average revenue per customer or Facebook likes?

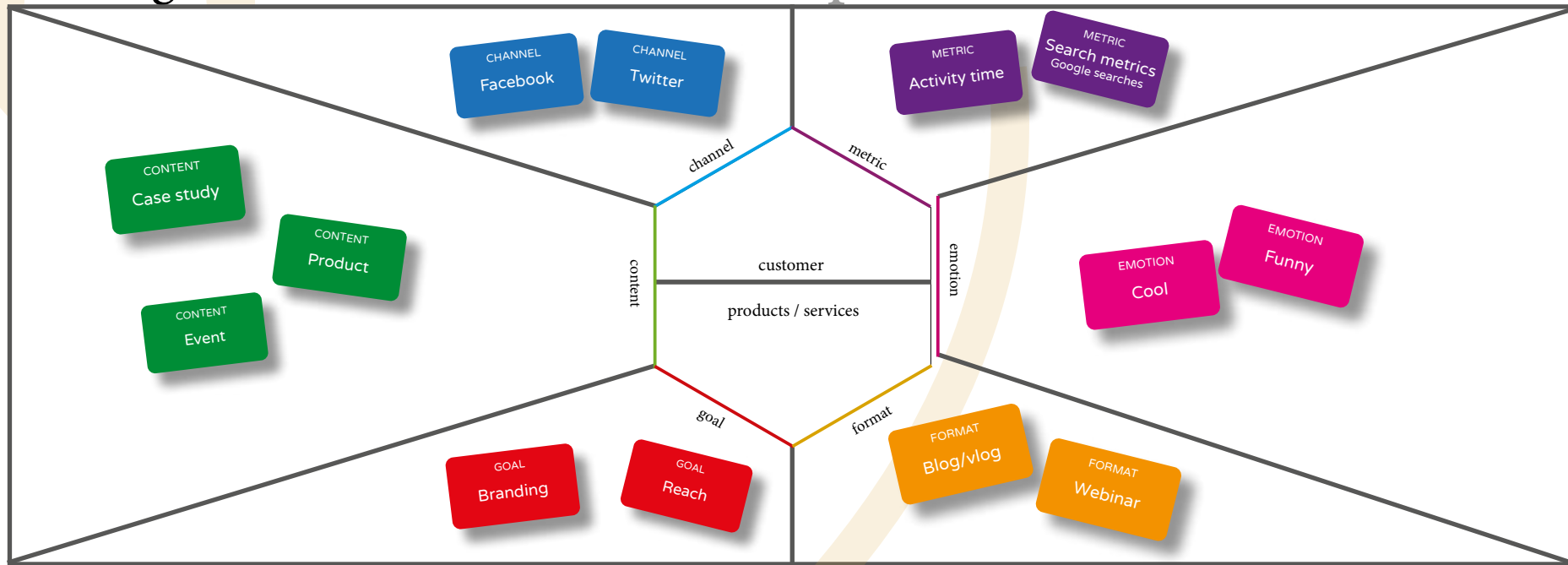
Step 8

Select the emotion(s) that you want to trigger with your message. Your message needs to capture the attention of your (potential) customers. Your message needs to respond to a certain emotion. Do you want your (potential) customers to find your message illuminating, cool, or surprising?

Marketing cards

Example

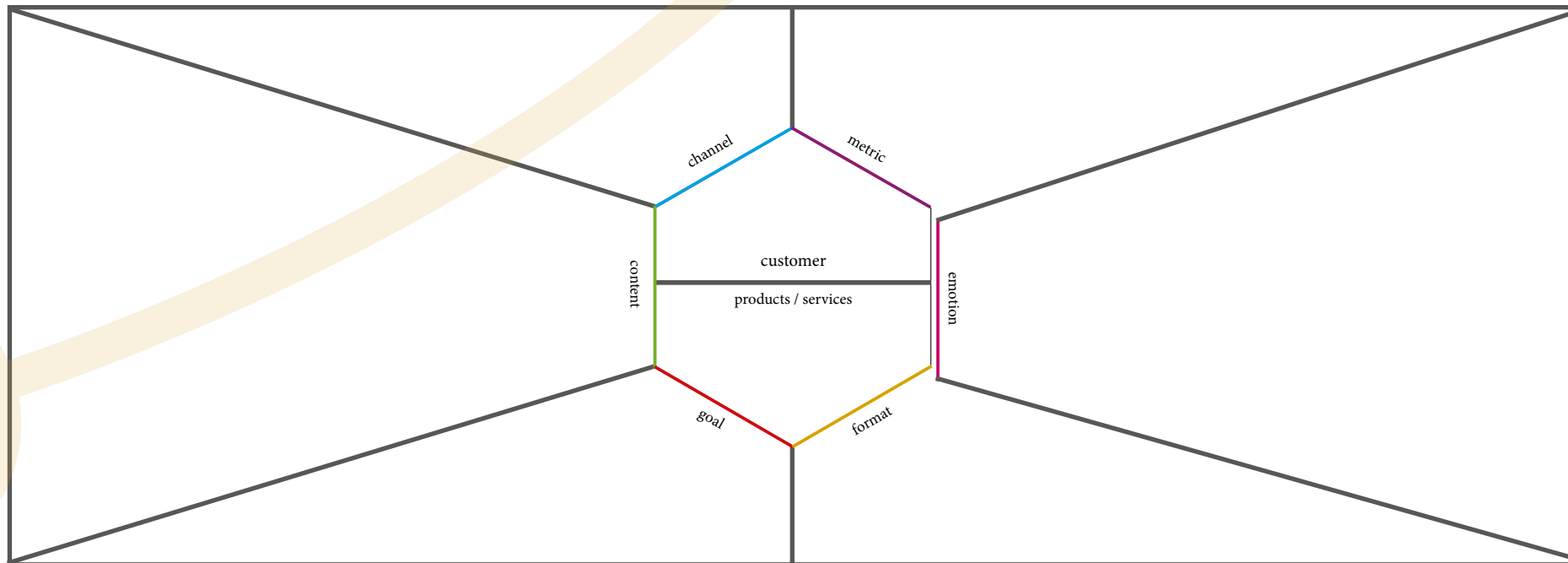
ReadID



date _____

Template

name _____



GOAL

GOAL Branding	GOAL Leads
GOAL Sales	GOAL Product awareness
GOAL Event awareness	GOAL Web traffic
GOAL Reach	GOAL Shares
GOAL Members	GOAL Engagement

CHANNEL

CHANNEL Blog	CHANNEL Forum
CHANNEL Web advertising	CHANNEL Flickr
CHANNEL Television	CHANNEL Slideshare
CHANNEL Twitter	CHANNEL Facebook
CHANNEL LinkedIn	CHANNEL Youtube
CHANNEL Instagram	CHANNEL Snapchat

FORMAT

FORMAT Image	FORMAT Event
FORMAT Video	FORMAT Game
FORMAT Goodie	FORMAT Flyer
FORMAT Slideshow	FORMAT Press release
FORMAT Webinar	FORMAT E-mail
FORMAT Article	FORMAT Blog/vlog

CONTENT

CONTENT Quiz	CONTENT Interview
CONTENT Review	CONTENT Checklists
CONTENT Expert (opinion)	CONTENT Experiment/ Research
CONTENT Product	CONTENT Event
CONTENT Survey	CONTENT Demo
CONTENT Case study	CONTENT Analysis

EMOTION

EMOTION Sexy	EMOTION Cool
EMOTION Moving	EMOTION Illuminating
EMOTION Shocking	EMOTION Cute
EMOTION Unbelievable	EMOTION Inspiring
EMOTION Controversial	EMOTION Suprising
EMOTION Disgusting	EMOTION Funny

METRIC

METRIC New sales	METRIC New leads
METRIC Unique visitors	METRIC Downloads
METRIC Customer Retention	METRIC New members
METRIC Social metrics	METRIC Market share
METRIC Reviews	METRIC Profit margin

Here a compilation of the different cards, to give you a basic understanding of the tool. Download the complete set of cards online: www.businessmakeover.eu



Marketing Mix



Time
2 Hours



Complexity




Phase
Implement

Contents:

- How to use
- Template
- Example

The Marketing Mix helps you to think about the right place, price and promotion for your product. The way you offer your product should match the customers' expectations. With the Marketing Mix you create a strategy for your marketing your product. With a clear strategy you make sure that customers can find your product.

Template & example

Use the Marketing Mix Canvas template and make a large printout to use during a brainstorm session. Get inspiration from the Marketing Mix example of Starbucks.

How to use

The Marketing Mix consist of four P's: product, price, place, and promotion. Always start by describing your product or service. Then describe the other P's, which revolve around that product or service. A marketing mix can be created for just one product at a time.

Step 1: describe your product or service

Explain what customer need or problem your product solves. Also describe the features, what it does, how it is different from competitors' products, etc. You can name the following elements: design, technology, typical usage, convenience of use, quality, packaging, and accessories.

Step 2: write down the price of your product

Reveal the price you will charge your customers for the product. You can determine your price by looking at the price of competitors, at what customers want to pay, at the cost of the product, or at other aspects. There are different pricing strategies. Mention your pricing strategy on the canvas and why you chose this strategy. Examples of pricing strategies are dynamic pricing, cost plus pricing, loss leader, penetration pricing, premium pricing, bundle pricing, and value based pricing. See also the Pricing Strategy Cards.

Step 3: outline in which place customers can buy your product

This place needs to be accessible to potential buyers. Think of where potential customers look for your product. What kind of stores do they visit? Describe what channel customers use for buying products. Do they buy products online or in physical shops? Possible channels are retail, wholesale, mail order, phone order, online shop, direct sales, or peer to peer.

Step 4: explain how you will promote your product

Promotion of your product or service encourages brand recognition and sales. Advertising, like television commercials or printed media, is an important form of promotion. With promotion you encourage your (potential) customers to buy your product. Describe through which form and channel you want to promote, and what content will appeal to your customers. A few examples of promotion forms are: video, image, event, game, goodie, slideshow, app, and infographic.

TIP: Create the Marketing Mix two times. One for how you currently sell your product. And one for what your customer would ideally want from your product. This will show how to improve the marketing of your product.



Example

Starbucks

price

Increase in prices due to the increasing price of coffee beans, dairy and other raw materials

Maintain or lower the price of the most popular beverages

Raise prices of labour-intensive and larger-sized beverages

The price of tea is based on the number of tea bags

Coffee: more than 30 blends and single-origin premium coffees

Handcrafted beverages: fresh-brewed coffee, hot and iced espresso beverages, Frappuccino® coffee and non-coffee blended beverages, Starbucks Refreshers® beverages, smoothies and teas

Merchandise: coffee- and tea-brewing equipment, Verismo®

System by Starbucks, mugs and accessories, packaged goods, books and gifts

Fresh food: baked pastries, sandwiches, salads, salad and grain bowls, oatmeal, yogurt parfaits and fruit cups

Community website "My Starbucks Idea" for customer feedback
Starbucks reward program to earn free drinks

The Starbucks Cards, a store-value card that can be used and reloaded

A Starbucks app for the quickest, easiest way to pay for your coffee - no wallet needed

Social media channels like Facebook, Twitter, Google+, Pinterest and Instagram

promotion

The Coffee Holding Company, Inc. is located in Staten Island, New York

Starbucks has more than 17.000 branches in 50 countries

Information on products, business partnerships and career opportunities is available on the website

place

Template

name _____

date _____

product

price

promotion

place

Business Model Roadmap

The Business Model Roadmap helps you to successfully implement a new business model by creating a practical action plan and roadmap. Designing a new business model is one thing, but how do you actually put it into practice? How do you move from your current model to a new business model? With a clear Business Model Roadmap, you can make it happen.

Template & example


Make a printout of the Business Model Roadmap Canvas template (page 175) and use sticky notes to write down required actions. Place them on the canvas to create the roadmap. Have a look at the Example of Terribles to get inspired and learn from the practical application of the Business Model Roadmap (pages 175).



How to use


A Business Model Roadmap can be made alone or in a group. The group must contain people that are familiar with the current business and operations. In a Business Model Roadmap you go from a new business model description to practical actions for implementation. A new Business Model often means new technologies, people, partners and financial structures. Some changes are real 'points-of-no-return', for instance if you fire a part of your staff. By following the steps below, you will be able to complete the Business Model Roadmap:

Step 1: define the core changes in the business model

First, you should analyse the key differences between your current and


Time
2 Hours


Complexity



Phase
Implement

Contents:

- How to use
- Template
- Example

future business model. Try to come up with one to three key changes. For example: a new service/product, target market or revenue model. If you have made a Business Model Canvas, look at it and think: What are the key differences with our business model today?

Step 2: write down specific actions

What are the actions needed to make the new business model happen? This is a brainstorming phase. Write down any actions that could be needed. Some examples:

- People: Do your people have the right skills and competences? Do you need to hire new people? Do you need to train your employees? Should you think about letting go some of your workers? Or outsource a part of your company?
- Partners: Do you need new partners? Can you distribute your new product or service with your existing partners? Who can help you?
- Technology: Can your technologies deliver your new business model? Do you need to upgrade, buy or make new technology? What about your IT systems?
- Finance: Do you need financial capital to make the new business model happen? Do you need new billing processes to cope with a change in revenue model? Should you restructure your expenditures?

Step 3: make the ideal path

Put down the sticky notes on the Business Model Roadmap Canvas. Make sure to put them on the right layer. Think about the order. What should be done first? Or can things be done in parallel?



Hang your roadmap on the wall. But make sure it is not carved in stone. Sit down a few months from now and update it.

Step 4: define your critical points in time

Some actions will have great impacts on your business. Highlight the actions that are critical. Critical actions are:

- Actions that cannot be undone. Think about selling a department or letting go of a staff member,
- Actions that create huge risks. For instance, developing a new technology that requires a large investment,
- Actions that make it impossible to go back to the old business model. For instance, reducing the price of your product.

Step 5: analyse and improve

In this step you analyse the roadmap. Are the actions in the right order? Can you postpone some of the critical actions that you are unsure about? Do you still think your new business model is a good idea?

Step 6: divide the actions

Make an action list. Who is in charge of which action? Which deadline do you put on it?

Step 7: follow-up!

You can't predict the future. Your business may change. Your competitors will change. Maybe halfway your roadmap you have learned new things.



Business Model Roadmap - Example based on Terribles

product

Terribles is a small business that provides a website on dance clubs. Dance club visitors can rate clubs and submit their report to Terribles. Terribles provides a website with the reviews, but also events and live streaming of shows. They also have a social media website and intend to launch mobile payment and ticketing. Right now, they want to implement their business model in foreign countries.

Step 1: define the core changes in the business model

Terribles wants to internationalize. Their value proposition isn't going to change. But their target group is: they will extend their target group to include visitors of dance clubs in other countries.

Step 2: write down specific actions

Based on a brainstorming session with two owners and one day-to-day manager of the company, five actions were identified:

- Marketing and promotion in foreign market.
- Terribles is not known as a brand in the foreign markets.
- Translate website material.
- The website content is now in Dutch. It has to be translated in the local languages.
- Hire and train software developers.
- The IT of the company is not flexible enough to deal with all the translations. New software developers are needed to make the IT flexible.
- Attract capital from venture capitalists.
- The changes will cost money. Especially marketing and promotion but also hiring new software developers.
- Form partnerships with local players.
- The trick to success in the local market was that the owners have contacts with all major dance clubs. Thanks to this, the content on the website was always fresh and up-to-date. To expand in other countries, new partnerships are needed with local players.

Step 3: make the ideal path

The hiring and training of software developers needs to be done before automation of the software platform can be done. Before hiring these software developers, the capital is needed to do so. Marketing and promotion in foreign market can only be done once the material is translated, and probably it is smart to coordinate marketing with the foreign local players, so this activity also relies on formation of partnerships first. Therefore, the actions are plotted as seen on the following page.

Step 4: define your critical points in time

The most critical action was attracting capital from venture capitalist. If it would not succeed, they could never hire software developers or do major marketing campaigns. Also, the owners found it a risk because they would give up some control over their business. Attracting capital also required a strong business model description. So they decided to learn more about business model innovation at businessmakeover.eu.

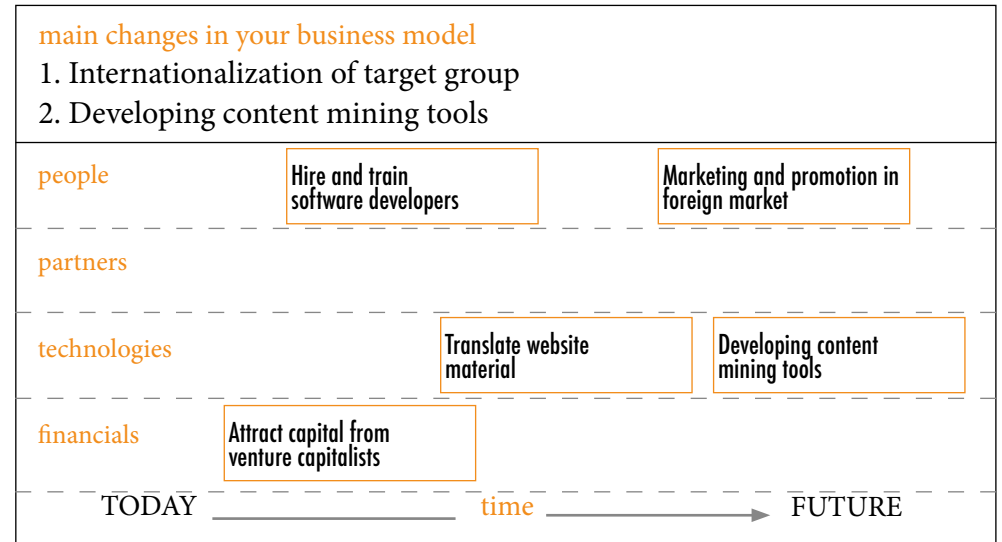
Another critical point was to find a local partner. In the roadmap, the local partner is the key to international expansion. If it would not succeed, the business model innovation would be unsuccessful.

Step 5: analyse and improve

Finding a local partner turned out to be difficult. How to know whether to trust the person? And wouldn't it take a chunk out of the revenues to pay the local partner? The technical person in the workshop said that content about dance clubs can also be obtained by data mining, just like Google does it. Maybe the quality would be lower, but at least they would not have to rely on foreign partners.

In the new roadmap, partnerships with local players are removed. Instead, there is now an action called developing content mining tools. Also, the other actions could now be shifted a bit.

name Terribles



name _____ date _____

Customer Journey

The Customer Journey tool helps you understand your customers' experience of interacting with your business to access a specific product or service. You probably interact more with your customers than you realise and understanding their experiences during these contact moments can help you improve your products or services. It is vital to know when customers are happy, and when they are not. A clear overview of your customers' journey can go a long way to increasing customer satisfaction.

Template and example

Use the Customer Journey template to brainstorm the journey that your customers go on when interacting with your business. For inspiration, have a look at the IKEA case study which provides an example of the practical application of the tool.

How-to guidance

The objective of the Customer Journey tool is to identify every possible contact moment from the customers' point of view. This information will help you improve their experience of your business when purchasing or using a product or service.

Identify your customer group

If you have a broad range of products or services, it is easier to focus on them individually. Select one for which you want to define the customer journey and describe it in the space provided on the template. Next, choose the specific customer group whose journey you want to map. Be as specific as possible – this will help you empathise with that group and more accurately imagine their thought processes and emotional state.


Time
2 hours


Complexity



Phase
Test

Contents:

- How to use
- Template
- Example

List contact moments

List the contact moments that occur between this customer group and your business. Try to account for every stage of contact since there may be several, such as:

Orientation	The customer becomes aware of the existence of your product.
Comparison	The customer researches whether or not to buy your product.
Purchase	The customer buys your product.
Usage	The customer uses your product.
After sales	The customer has a complaint or question after using the product.

To help you identify all of the contact moments, consider the possible channels the customer might use to interact with your business, including:

Face-to-face	Does the customer visit the physical store or premises and speak to an employee?
Telephone	Does the customer call your business or does your business call the customer?
Website	Does the customer visit your website?
Email	Does the customer write emails to or receive emails from your business?
Newsletter	Do you send the customer a newsletter and do they read it?
Social media	Does the customer use social media to interact with your business?
Television	Do you advertise your business to the customer on television?
Radio	Do you advertise your business to the customer on the radio?
Newspaper	Can the customer read about your business in a newspaper?

Answer these questions for each stage of contact and write down all the contact moments on the template from first to last in chronological order.



Define the customer experience

For each contact moment, either ask actual customers about their experiences or place yourself in their shoes and try to imagine. What are or might they be thinking during the contact moments? Are these thoughts positive or negative?

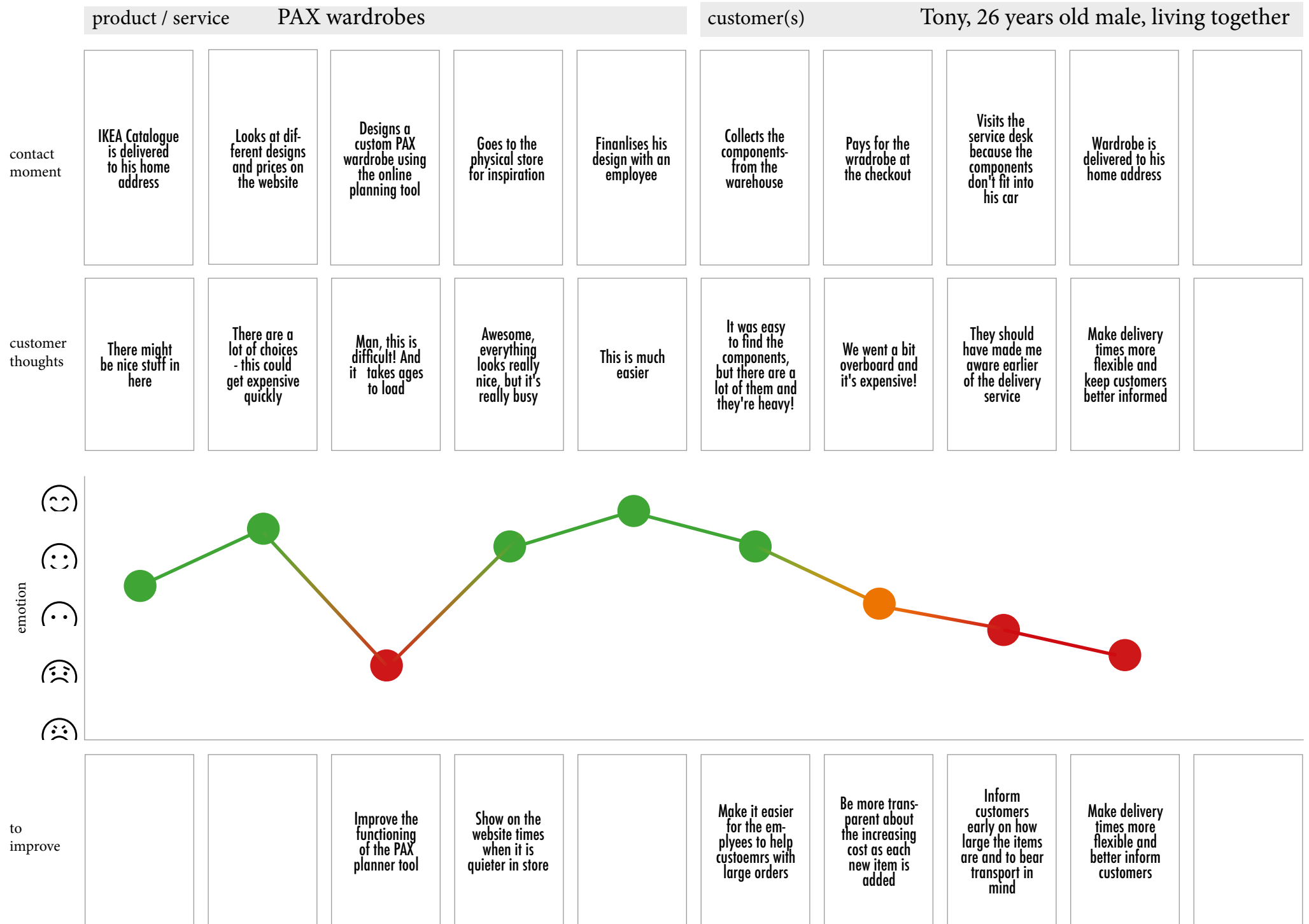
Based on these thoughts, try to extrapolate the customers' emotional state during the various contact moments, e.g. happy, satisfied, annoyed, disappointed, angry or a combination of these.

Improve the Customer Journey

It may not be possible to improve every aspect of a dissatisfied customer's experience – nobody enjoys parting with their money at the very least! However, you can now consider what you could change to make the experience of interacting with your business more enjoyable at each contact moment.

Start by exploring the reasons for the customer's emotional state at each point. Is the customer dissatisfied with an employee's level of expertise, the level of service provided, or the quality of the product itself? Then consider how you could improve each aspect.

Example IKEA



Name _____ date _____

Name _____ date _____

customer(s)





Want to know more?

www.businessmakeover.eu provides more tools

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