

# Ideation & Business Model Canvas



Erasmus+

# About:

- Aim:
  - To help people develop on hone business ideas
  - To assist people to be able to move to the next stage
- Today's facilitators are:
  - Roger Horam
  - Karen Davidson



# Exercise 1: What is business ideation?

- **DEFINITION of 'Ideation' –**
- The process of forming and relating ideas. Ideation means to conceive or generate an idea and implement it. Ideas are the result of mental activity that can be based on past or present knowledge, thoughts, opinions, convictions or principles.
- **BREAKING DOWN 'Ideation'**
- Ideation means to conceptualise an idea. It is the thought processes involved in apprehending and expressing a new concept, often in a graphical format.



# Brain Writing/Brain Walking:

- ❑ As its name implies, Brainwriting uses writing as its creative modus operandi, where it differs is we want people on their feet
- ❑ Each participant writes down an idea (or ideas) they would like the group to consider on a piece of flip chart paper posted on the wall
- ❑ People walk round the room and add comments to the initial idea to
  - a) trigger a build-on the original idea or
  - b) trigger an entirely new idea.
- ❑ Ideas end up being posted around the room for everyone to see and read. It's reinforcing for participants to see so many ideas generated in such a short time. Also, participants can continue to read and add throughout the session (during breaks) and building on these ideas



# Feedback from Exercise 1:

- What additional thoughts have been generated by the other participants?
- Who is willing to support the person where the idea originated to develop this further?



# Exercise 2: – Problem Redefinition

## What Is It?

- ❑ The Problem Re-Definition Technique helps you invent new ways of looking at a problem -- and ultimately come up with other, even better answers -- by first, re-defining that problem.

## Rationale:

- ❑ Words carry with them their own creative limitations. How a problem is defined will often determine the kind and quality of ideas that will be generated to solve it. The problem re- definition technique allow individuals to create 100's of different ways to define a problem... and therefore helps you generate potentially 100's of different ideas to solve that problem



## Exercise 2: – Problem Redefinition

- ❑ Step 1: Working in groups, start with an opportunity/problem statement, or creative challenge. You can take one of the ones from exercise 1 and (if not already done) develop this into a “How do we.....” statement.
- ❑ Step 2: Write this creative challenge on a flip chart in the group.
- ❑ Step 3: Brainstorm alternative words and actions
- ❑ Step 4: Next, pick three of the more interesting words in the sentence and generate creative alternatives (8 to 10) for each choice.
- ❑ Step 5: Re-define the opportunity by randomly combining words to give us an entirely new opportunity statement.



# Feedback from Exercise 2:

- What additional thoughts have been generated by the other participants?
- Are there creative alternatives for the original ideas/statements?





# The Business Model Canvas:

- ❑ The Business Model Canvas, is a strategic management and entrepreneurial tool. It allows you to describe, design, challenge, invent, and pivot your business model.
- ❑ The Business Model Canvas is a lean startup template for developing new or documenting existing business models. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. It assists firms in aligning their activities by illustrating potential trade-offs.
- ❑ It is your business model – on one page
  - The Business Model Canvas can be printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with post-it note notes or board markers. It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.
  - The Business Model Canvas is also available in web-based software format.



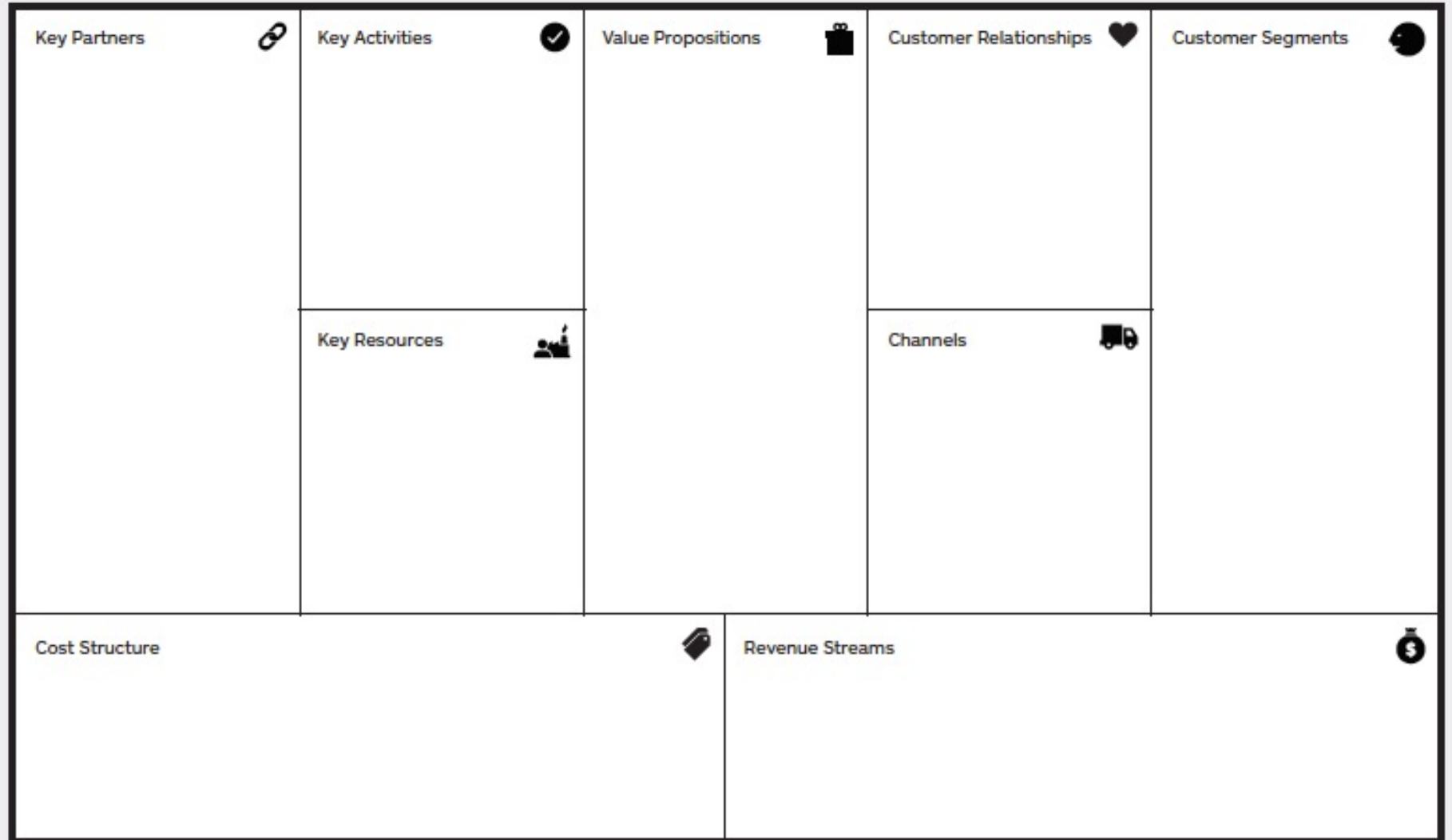
# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



# The Business Model Canvas:



# The Business Model Canvas:

- **Infrastructure**
- **Key Activities:** The most important activities in executing a company's value proposition. An example would be creating an efficient supply chain to drive down costs.
- **Key Resources:** The resources that are necessary to create value for the customer. They are considered an asset to a company, which are needed in order to sustain and support the business. These resources could be human, financial, physical and intellectual.
- **Partner Network:** In order to optimize operations and reduce risks of a business model, organization usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances also can be considered through joint ventures, strategic alliances between competitors or non-competitors.



# The Business Model Canvas:

- **Offering**
- Value Propositions: The collection of products and services a business offers to meet the needs of its customers. A company's value proposition is what distinguishes itself from its competitors. The value proposition provides value through various elements such as newness, performance, customization, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.
- The value propositions may be:
  - Quantitative- price and efficiency
  - Qualitative- overall customer experience and outcome



# The Business Model Canvas:

- **Customers**
- **Customer Segments:** To build an effective business model, a company must identify which customers it tries to serve. Various sets of customers can be segmented based on the different needs to ensure appropriate implementation of corporate strategy meets the characteristics of selected group of clients, including:
  - **Mass Market:** There is no specific segmentation for a company that follows the Mass Market element as the organization displays a wide view of potential clients.
  - **Niche Market:** Customer segmentation based on specialized needs and characteristics of its clients.
  - **Segmented:** A company applies additional segmentation within existing customer segment. In the segmented situation, the business may further distinguish its clients based on gender, age, and/or income.
  - **Diversify:** A business serves multiple customer segments with different needs and characteristics.
  - **Multi-Sided Platform / Market:** For a smooth day-to-day business operation, some companies will serve mutually dependent customer segment. A credit card company will provide services to credit card holders while simultaneously assisting merchants who accept those credit cards.



# The Business Model Canvas:

- **Channels:** A company can deliver its value proposition to its targeted customers through different channels. Effective channels will distribute a company's value proposition in ways that are fast, efficient and cost effective. An organisation can reach its clients either through its own channels (store front), partner channels (major distributors), or a combination of both.
- **Customer Relationships:** To ensure the survival and success of any businesses, companies must identify the type of relationship they want to create with their customer segments. Various forms of customer relationships include:
  - **Personal Assistance:** Assistance in a form of employee-customer interaction - during sales, after sales, and/or both.
  - **Dedicated Personal Assistance:** e.g. where a sales representative is assigned to handle all the needs and questions of clients.
  - **Self Service:** The type of relationship that translates from the indirect interaction between the company and the clients. Here, an organisation provides the tools needed for the customers to serve themselves easily and effectively.
  - **Automated Services:** A system similar to self-service but more personalised as it has the ability to identify individual customers and his/her preferences. E.g. Amazon.com making book suggestion based on previous books purchased.
  - **Communities:** Creating a community allows for a direct interaction among different clients and the company. The community platform produces a scenario where knowledge can be shared and problems are solved between different clients.
  - **Co-creation:** A personal relationship is created through the customer's direct input in the final outcome of the company's products/services.



# The Business Model Canvas:

- **Finances**
- Cost Structure: This describes the most important monetary consequences while operating under different business models.
- Classes of Business Structures:
  - Cost-Driven - This business model focuses on minimizing all costs and having no frills.
  - Value-Driven - Less concerned with cost, this business model focuses on creating value for their products /services.
- Characteristics of Cost Structures:
  - Fixed Costs - Costs are unchanged across different applications. e.g. salary, rent
  - Variable Costs - These costs vary depending on the amount of production of goods or services. e.g. music festivals
  - Economies of Scale - Costs go down as the amount of good are ordered or produced.
- Economies of Scope - Costs go down due to incorporating other businesses which have a direct relation to the original product.



# The Business Model Canvas:

- Revenue Streams: The way a company makes income from each customer segment. Several ways to generate a revenue stream:
- **Asset Sale** - (the most common type) Selling ownership rights to a physical good. e.g. Wal-Mart
- **Usage Fee** - Money generated from the use of a particular service e.g. UPS
- **Subscription Fees** - Revenue generated by selling a continuous service. e.g. Netflix
- **Lending/Leasing/Renting** - Giving exclusive right to an asset for a particular period of time. e.g. Leasing a Car
- **Licensing** - Revenue generated from charging for the use of a protected intellectual property.
- **Brokerage Fees** - Revenue generated from an intermediate service between 2 parties. e.g. Broker selling a house for commission
- **Advertising** - Revenue generated from charging fees for product advertising.





# Feedback and Wrap Up:

- ❑ There are many ideation tools. We have used 2. Please feel free to try these with friends and colleagues
- ❑ The business model canvas is used by many business support agencies as it shows the prescient factors concerning a business. Please take away a copy and work on this



## Next steps:

Remember to fill out the course evaluation sheets – they help us assess our delivery and content

Talk to our trainers

Find out how else we can help

Keep looking for opportunities

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# Thank you

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