

Intoduction to the BMC



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Forging Ideas Into Companies



Introduction to the BMC

- The gold standard for startups across the globe.
- The lean method of evidence based entrepreneurship allows you to get to a sustainable business model faster through experimentation and hypothesis testing.
- A living document to help teams understand the startup phase of their business or idea by focusing on what really matters.
- Answers critical questions, with concrete information, and take more of the guesswork out of your more detailed business plan.
- It is not a business plan!

The Business Model Canvas

Designed for:

Designed by:

On: Day Month Year
Iteration:

Key Partners



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

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

Key Activities



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

EXAMPLES:
Production
Problem Solving
Platform/Network

Value Propositions



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

CHARACTERISTICS:
Newness
Performance
Customization
"Conquering the Job Done"
Design
Being the first
Price
Cost Reduction
Risk Reduction
Accessibility
Consistency/Usability

Customer Relationships



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

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

Customer Segments



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

Basic Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Key Resources



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

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

Channels



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

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

Cost Structure

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

BY KEY RESOURCE TYPE:
Cost Drivers (determine cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Drivers (focused on value creation, premium value proposition)

SCALING COSTS/SALES RATIO:
Fixed Costs (salaries, rent, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?

How much does each Revenue Stream contribute to overall revenues?

TYPES:
Asset sale
Usage fee
Subscription Fee
Licensing
Brokerage fees
Advertising

REVENUE FRAMES:
Low Price
Product/Service dependent
Customer segment dependent
Volume dependent

REVENUE FRAMES:
Negotiations/bargaining
Yield Management
Real-time Market

Criteria	Score	Feedback/Comments
Problem Identified (Value Proposition)		
Customer Identified (Customer Segment)		
Solution identified (Innovation/ Creativity of solution) (MVP, VP, & Key Activites)		
Market size/Go to market/Revenue model (CS, Channes, CR, RS, CS		
Social Impact		
Presentation/Story		
Total		

Relating BMC to the Rubric

Problem
Identified

Customer
Identified

Value Prop
Problem

Customer
Segments

Relating BMC to the Rubric

Solution Identified

Value Prop

Key Activities

MVP

Market Size/Go To Market Revenue Model

Customer Segments

Channels

Customer Relationships

Revenue. Streams

Cost Structure

Relating BMC to the Rubric

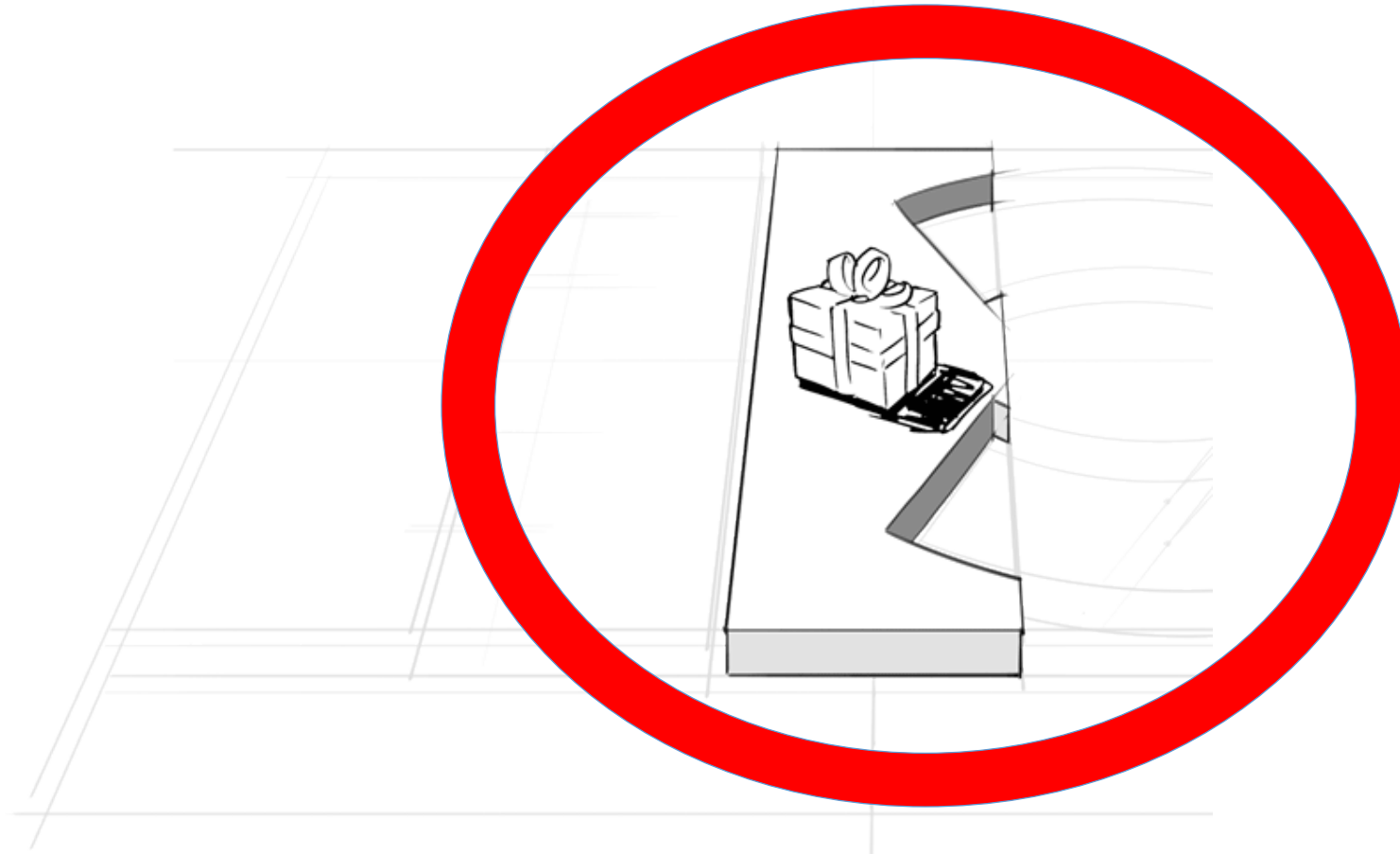
Social Impact

Presentation/Story

Value Prop
Problem

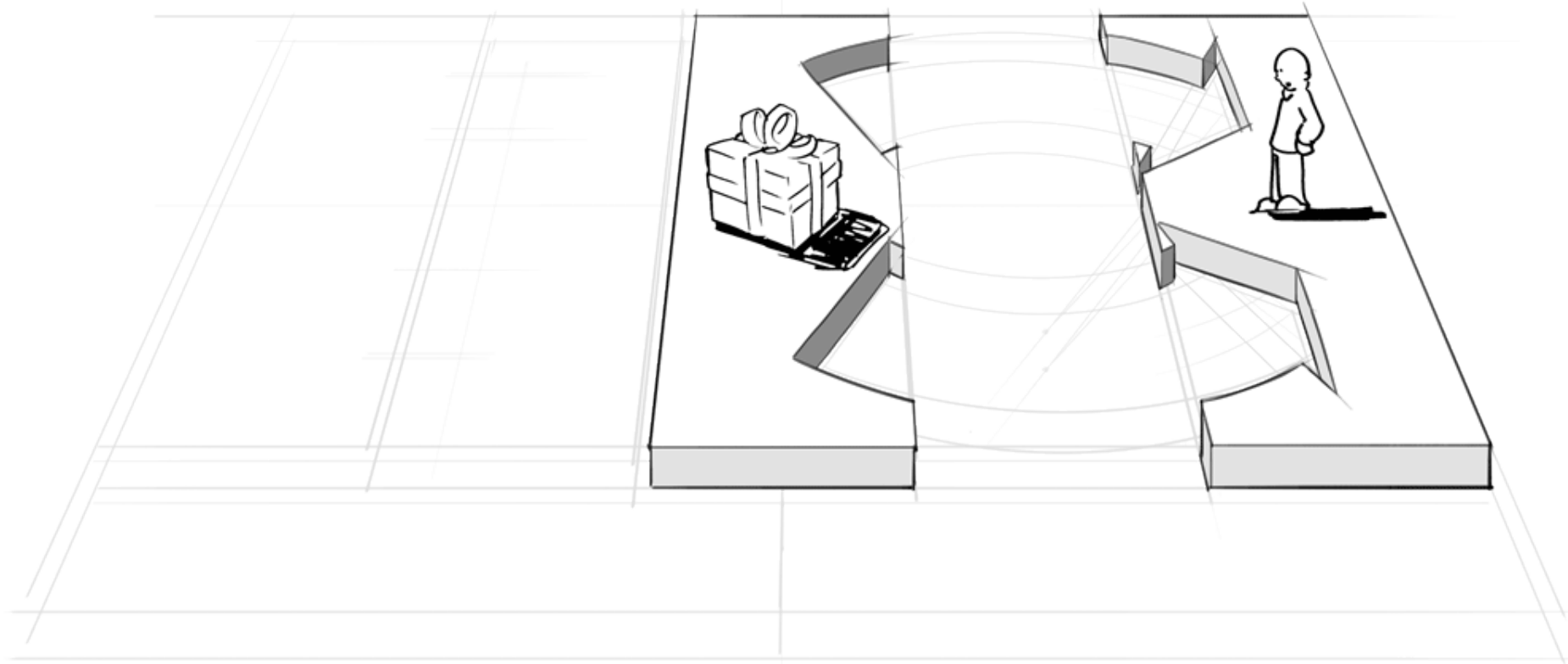
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VALUE PROPOSITIONS



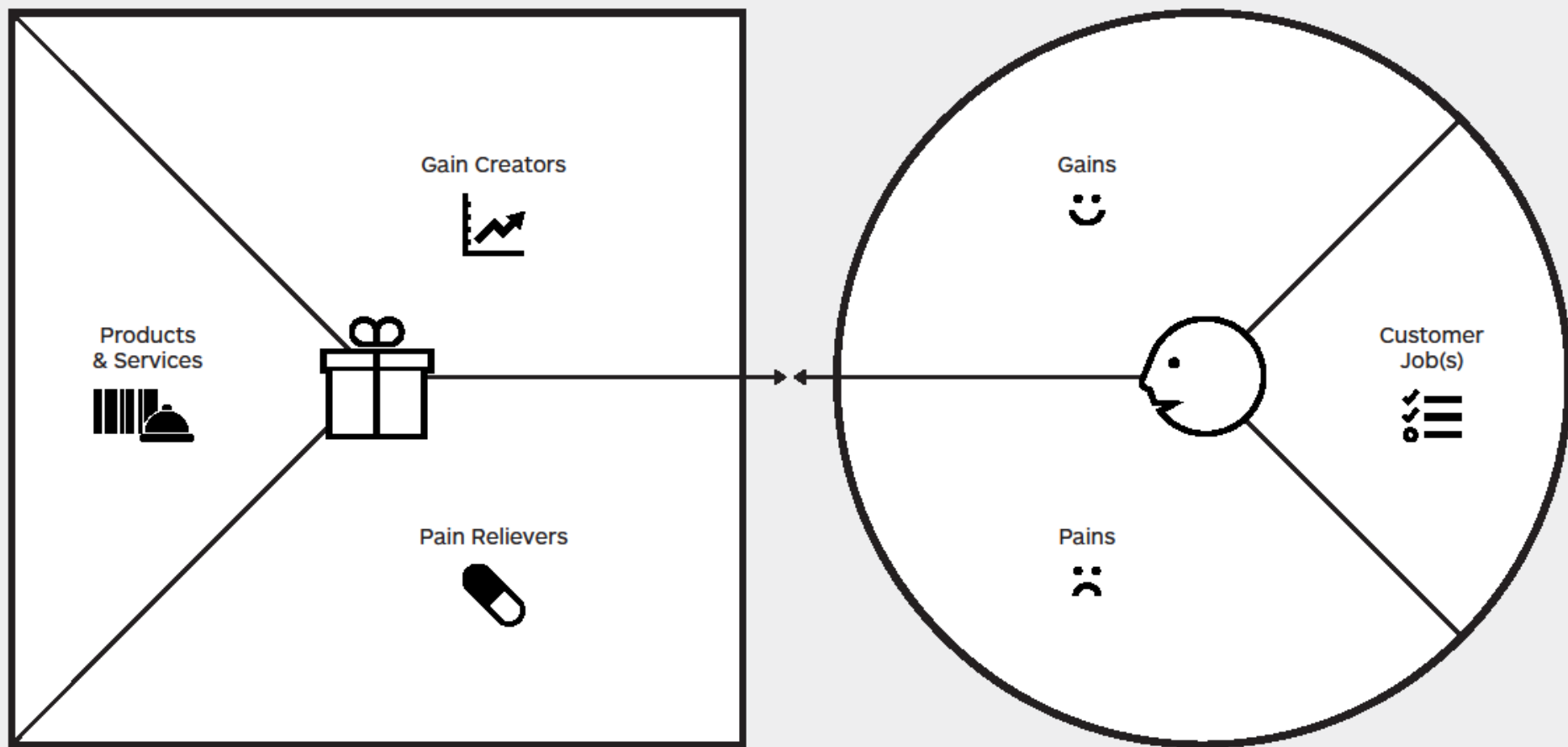
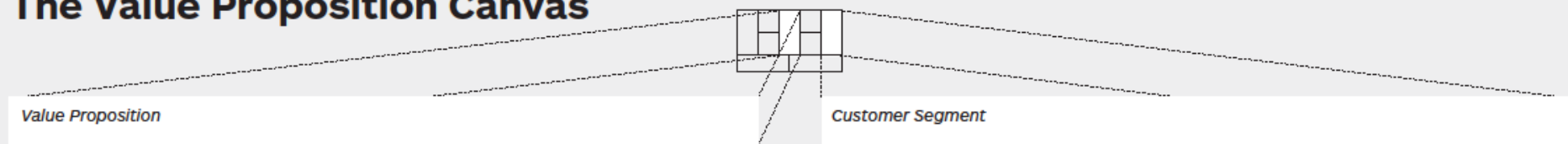
what are you offering them? what is that getting
done for them? do they care?

CUSTOMER SEGMENTS



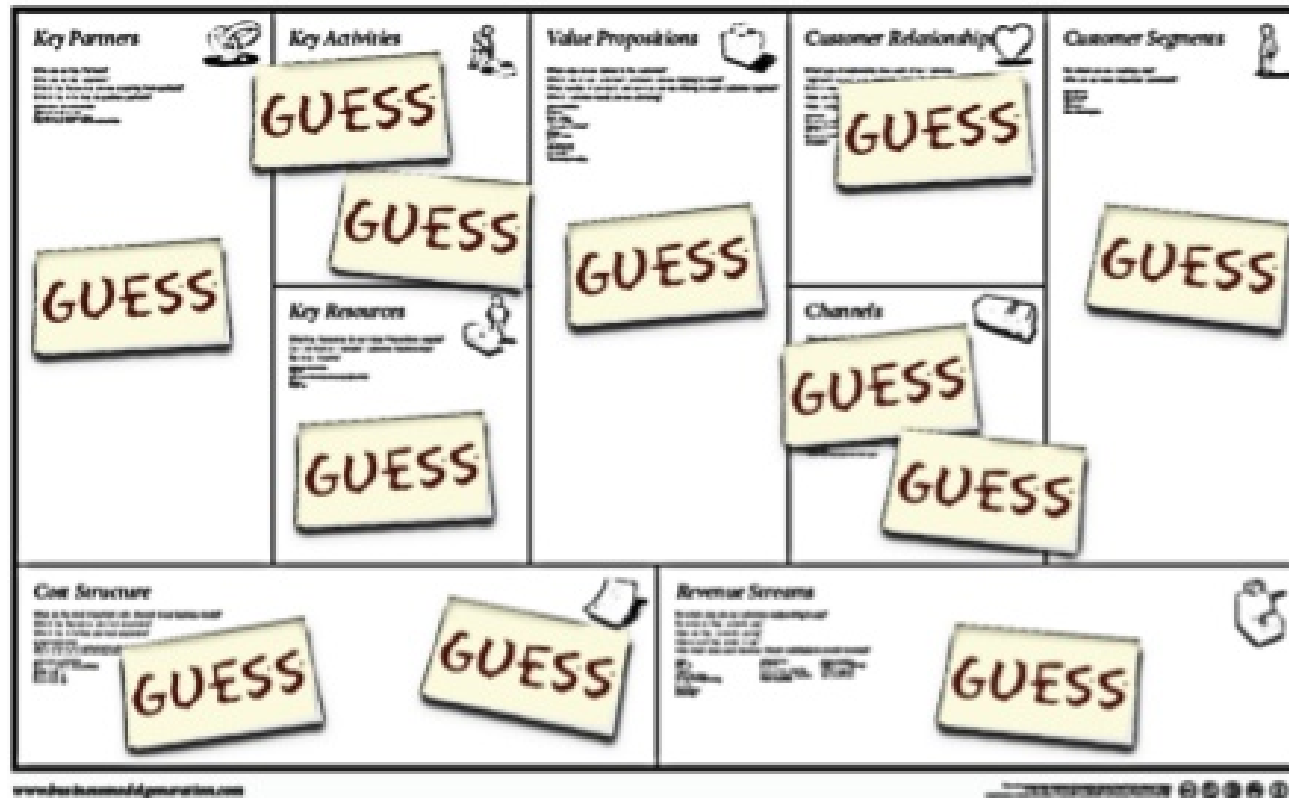
which customers and users are you serving? which jobs do they really want to get done?

The Value Proposition Canvas



Create a **CANVAS**

of your enterprise project



Step 1. Spec. the Value Proposition

- Product(s)?
 - Service(s)?
 - Ecosystem?
-
- Is it a service or product?

Value Proposition – Common Mistake

- Is it just a feature of someone else's product
- Is it a “nice to have” product
- Is it a “got to have” product
- Can it scale to a company?

Value Proposition - Discovery

- Product
 - Long term vision
 - features
 - Benefits
 - Minimum Viable Product spec
- For a web/mobile app
 - Low fidelity MVP live and running
- Understand Customer Problem and Solution
- Test Market Type

Minimum Viable Product MVP

What is the minimum product that you can build to solve the problem.

No added features or bells and whistles.

Can be multiple iterations.

Product

- **Problem Statement:** *What is the problem?*
- **Technology / Market Insight:** *Why is the problem so hard to solve?*
- **Market Size:** *How big is this problem?*
- **Competition:** *What do customers do today?*
- **Product:** *How do you do it?*

Step 2: What's the Minimum Viable Product – Physical

- First, test your understanding of the problem
- Next test your understanding of the solution
 - Proves that it solves *a core problem* for customers
 - The minimum set of features needed to learn from earlyvangelists
- Interviews, demos, prototypes, etc
- Lots of eyeball contact

Step 2: What's the Minimum Viable Product – Web/Mobile

- NOW “low fidelity” web/app for customer feedback
 - First, tests your understanding of the problem
- LATER, “high fidelity” web/app tests your understanding of the solution
 - Proves that it solves *a core problem* for customers
 - The minimum set of features needed to learn from earlyvangelists
- Avoid building products nobody wants
- Maximize the learning per time spent

Step 2: What's the Testing the Minimum Viable Product – Web/Mobile

- Smoke testing with landing pages using AdWords
- In-product split-testing
- Prototypes (particularly for hardware)
- Removing features
- Continued customer discovery and validation
- Interviews

Step 2: What's the Testing the MVP— Web/Mobile - Tactics

- Interview customers
 - make sure they have a matching core problem
- Set up web site landing page to test for conversion
 - What offers are required to get customers to use the product (e.g. prizes, payment)
 - Use problem definition as described by customers to identify key word list – plug into Google search traffic estimator - high traffic means there is problem awareness
- Drive traffic to site using Google search and see how deep into a registration process customers are willing to go through

The Lean LaunchPad @ TTU



Evidence Based Entrepreneurship
that simply works!

Innovation and Entrepreneurship:

TTU-LLP

Based on the Lean LaunchPad/NSF I-Corps Model

Money for prototyping and customer discovery

Contact Michael Aikens, Dr. Curtis Armstrong or Dr. Stephen Canfield

