



# Eagle Works Competition

TENNESSEE TECH

## The Business Model Canvas

# Important Stuff

- Tonight: The Business Model Canvas
- Wednesday 27<sup>th</sup>: Elevator Pitches workshop - iMakerSpace
- Wednesday, Nov. 3 &  
Monday Nov. 8, 5 p.m: Elevator pitch practice sessions - iMakerSpace
- Wednesday, Nov. 10, 5 p.m: Idea Challenge (win over \$1,000 + prizes!) – probably on Teams
- Listen/subscribe to podcast, search “Eagle Works Podcast” on Spotify, Apple, Google, Pandora, yadda
- [www.tntech.edu/eagleworks](http://www.tntech.edu/eagleworks) for rubric, contact, podcast, rules, etc

# Working backwards

- Main competition Sat, Apr 9
- Executive summary (not a business plan, but more than BMC)
- BMC will help you develop the summary
- Don't worry about starting a business
  - Don't get overwhelmed~
  - BMC is to help you think through all of this
- Will help with...
  - Summary
  - Idea challenge
  - Adherence to rubric
  - Use in everyday life

# 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 Cheaper  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/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/STRUCTURE:**  
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
<b>Problem Identified</b> (Value Proposition)		
<b>Customer Identified</b> (Customer Segment)		
<b>Solution identified</b> (Innovation/ Creativity of solution) (MVP, VP, & Key Activites)		
<b>Market size/Go to market/Revenue model</b> (CS, Channes, CR, RS, CS		
<b>Social Impact</b>		
<b>Presentation/Story</b>		
<b>Total</b>		

# 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

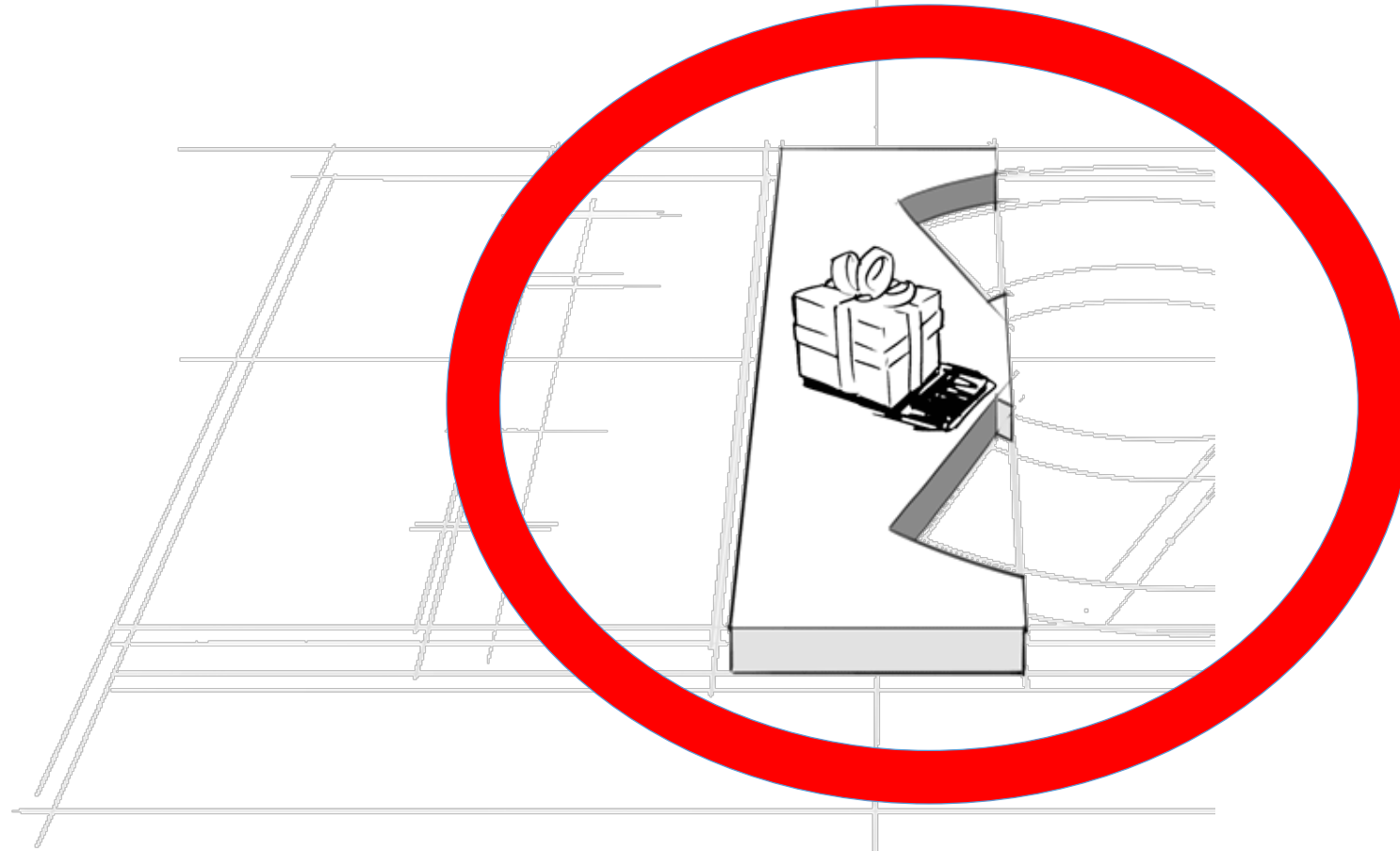
Social Impact

Presentation/Story

Value Prop  
Problem

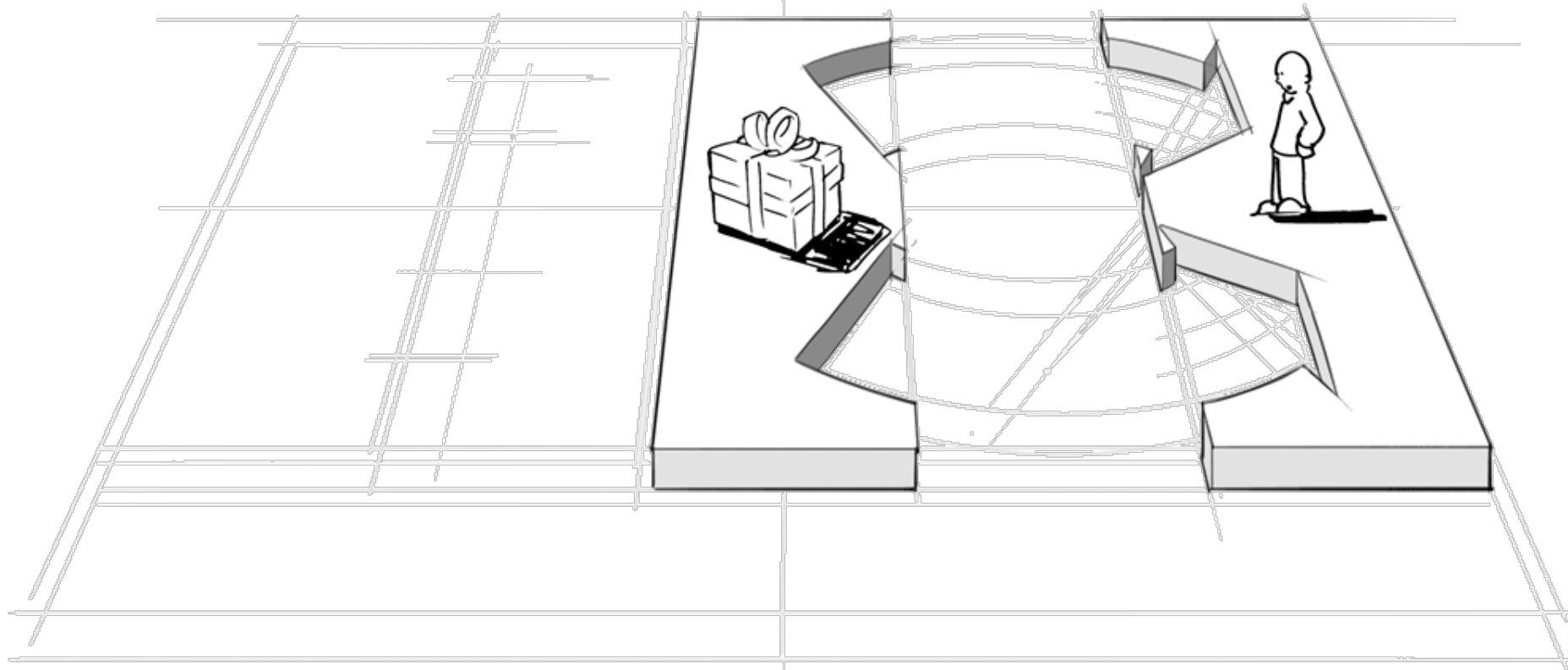
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# VALUE PROPOSITIONS



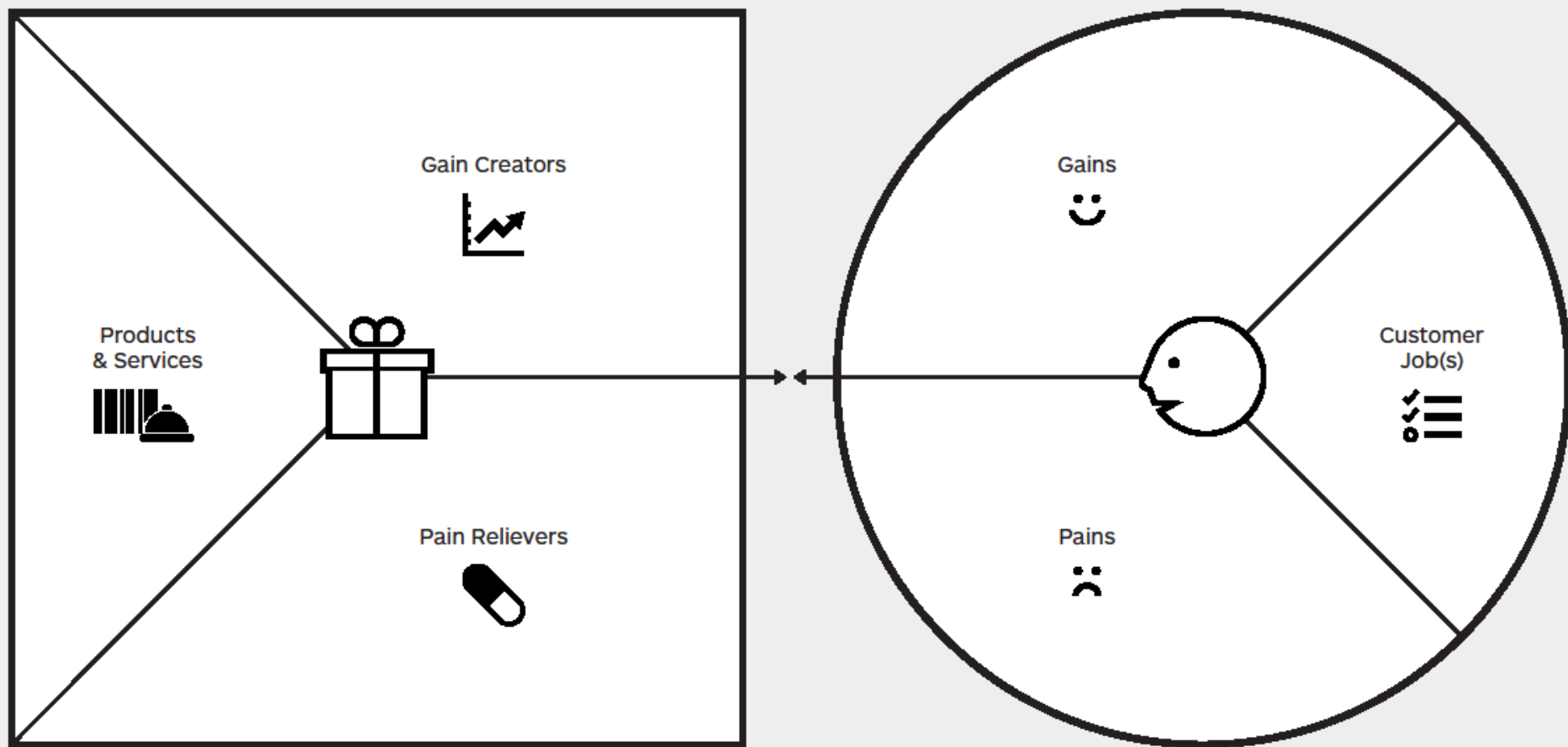
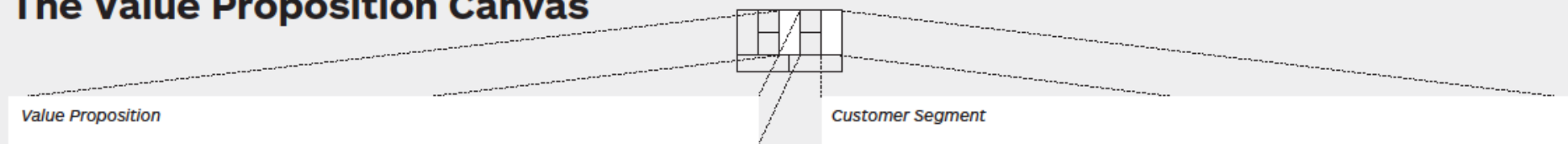
what are you offering them? what is that getting  
done for them? do they care?

# CUSTOMER SEGMENTS



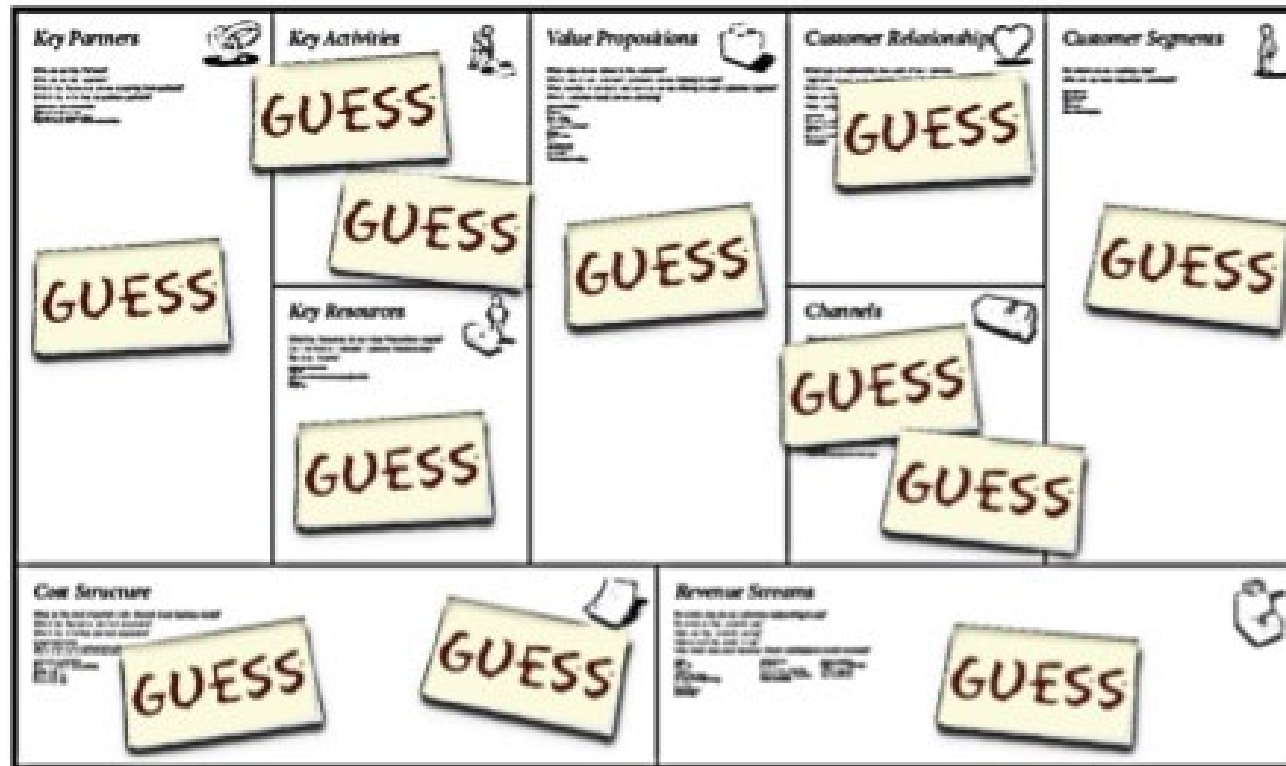
which customers and users are you serving? which jobs do they really want to get done?

# 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
  - Screenshots – how does it work?
- 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 or Service

- **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 early evangelists
- Avoid building products nobody wants
  - or recreating existing solutions unless it's incredibly different and innovative
  - Patent search
- 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