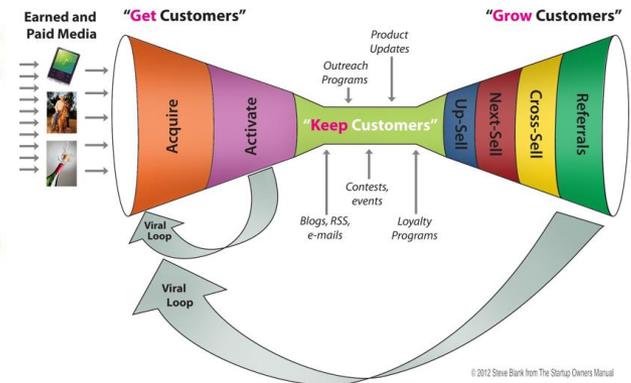


Business Plan Development:

A Short Course for Business Development from Appropriate Technology



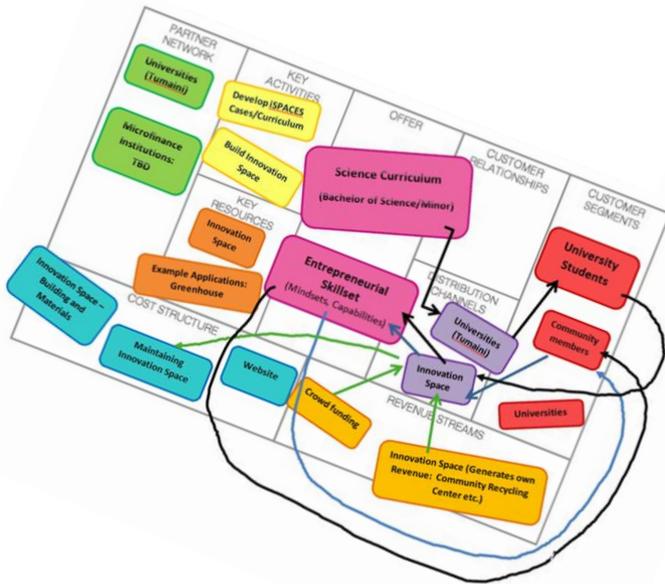
2015. 02. 10

Dowon Kim, PhD (I-DREAM, UK)
Youngok Choi, PhD (I-DREAM, UK)

Business plan (model) is

a plan implemented by a company to generate revenue and make a profit from operations.

: describing the rationale of how an organisation creates, delivers, and captures value



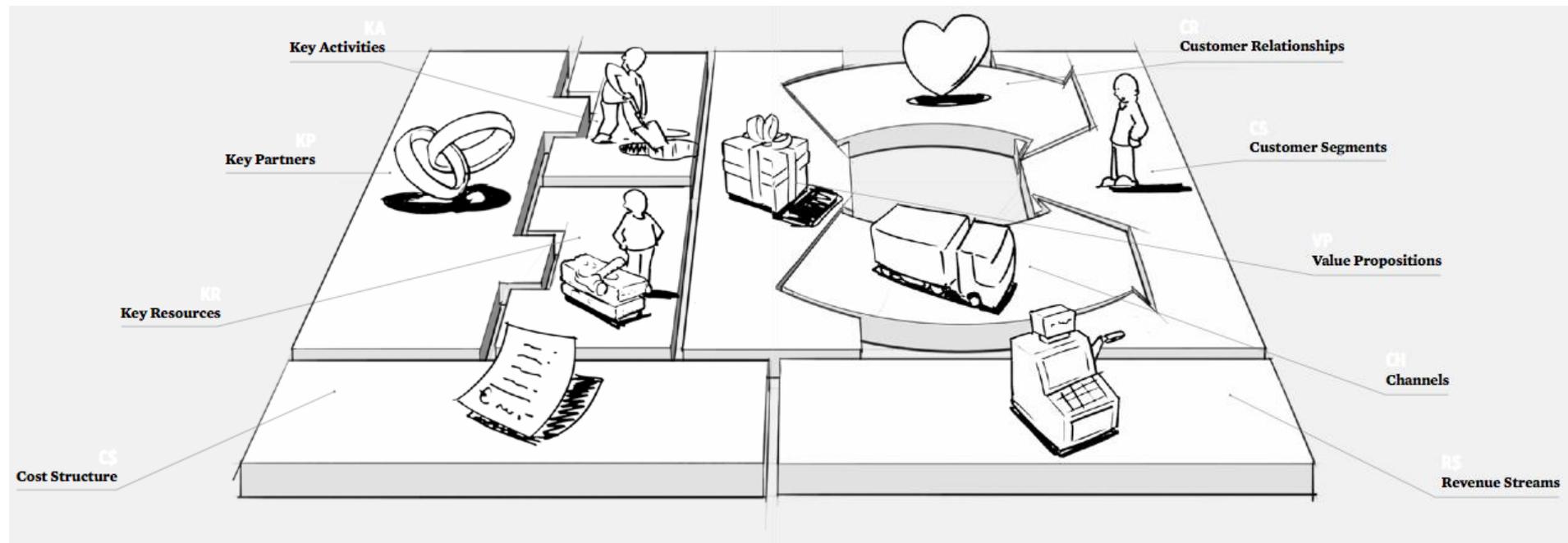
*“Business model innovation is **one of the core elements** of successful market disruption.”* (Clayton Christensen, 2008, cited in *The Innovator’s Prescription*)

*“Companies that aren’t able to **systematically rejuvenate** their business model will struggle to survive and thrive.”* (Osterwalder, 2011)

Business model generation

Business Model Canvas is a strategic management and entrepreneurial tool which allows you to describe, design, challenge, invent and pivot your business model.

The 9 Building Blocks:



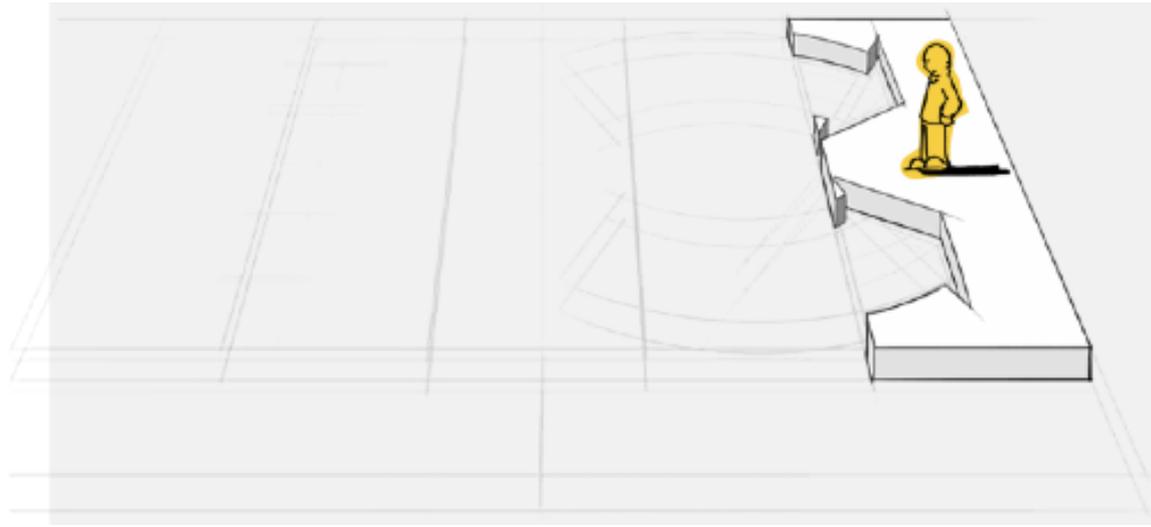
1. Customer Segments (CS) / Market Segment

CS defines the different groups of people or organisations an enterprise aims to reach and serve.

For whom are we creating value?

Who are our most important customer?

Who are our competitors?



- **Mass market or Niche market**

Focus on one large group of customers,
e.g. consumer electronics sector **OR** specific
group of customers, e.g. car part
manufacturers



- **Segmented or Diversified**

Offer slightly different value proposition **OR**
completely different value proposition,
e.g. online storage space and on-demand
server usage



- **Multi-sided platforms (or multi-sided markets)**

Serve two or more interdependent Customer
Segments, e.g. Credit card companies



2. Value Proposition (VP)

VP describes the bundle of products and services that create value for a specific Customer Segment.

What value do we deliver to the customer?

Which one of our customer's problems are we helping to solve?

Which customer needs are we satisfying?

What bundles of products and services are we offering to each Customer Segment?



- **Newness**

Entirely new set of needs, e.g. mobile phones



- **Performance**

Improving product or service performance, e.g. PC sector



- **Customisation**

Tailoring products and services to the specific needs

- **“Getting the job done”**

Helping a customer get certain jobs done, e.g. Rolls-royce

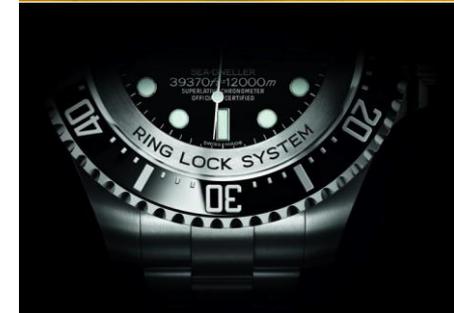


- **Design**

Providing better design

- **Brand/status**

Using/displaying a specific brand, e.g. Rolex



- **Price**

Offering a lower price, e.g. no frills airlines

- **Cost reduction**

Helping customers reduce costs, e.g. Salesforce.com

- **Risk reduction**

Reducing risks when purchasing products or services, e.g. used cars

- **Accessibility**

Making customers access, e.g. Netjets

- **Convenience/usability**

Making things more convenient or easier to use, e.g. Apple



3. Channels (CH)

CH describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.

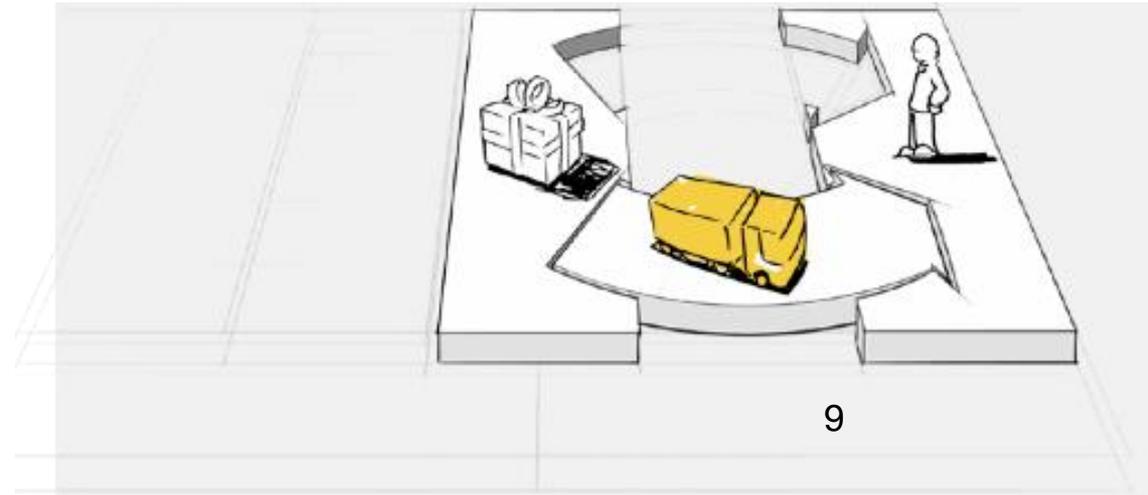
Through which Channels do our Customer Segments want to be reached?

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 Types			Channel Phases				
Own	Direct	Sales force	1. Awareness <i>How do we raise awareness about our company's products and services?</i>	2. Evaluation <i>How do we help customers evaluate our organisation's Value Proposition?</i>	3. Purchase <i>How do we allow customers to purchase specific products and services?</i>	4. Delivery <i>How do we deliver a Value Proposition to customers?</i>	5. After sales <i>How do we provide post-purchase customer support?</i>
		Web sales					
Partner	Indirect	Own stores					
		Partner stores					
		Wholesaler					

4. Customer Relationships (CR)

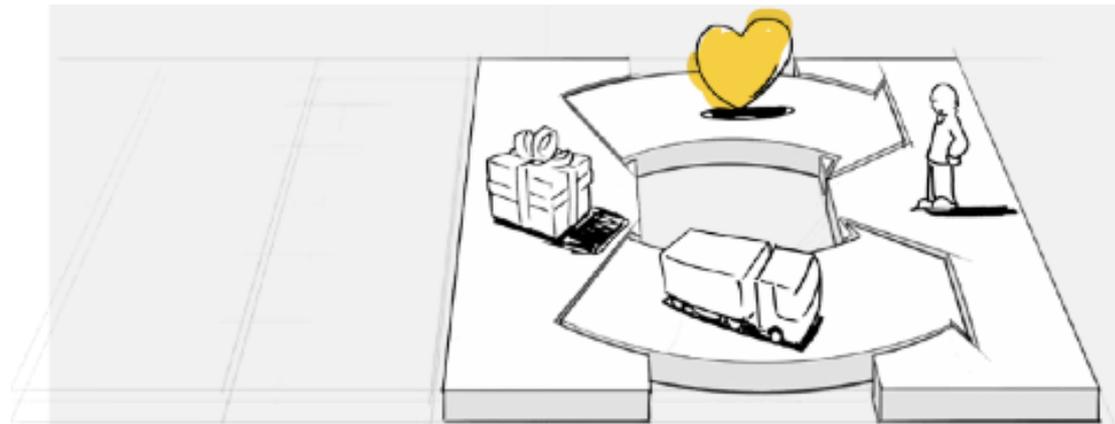
CR describes the types of relationships a company establishes with specific Customer Segments.

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?

Which ones have we established?

How costly are they?

How are they integrated with the rest of our business model?



- **Personal assistance**

Communicate with a real customer representative

- **Dedicated personal assistance**

Specifically to an individual client

- **Self-service**

No direct relationship with customers

- **Automated services**

A more sophisticated form of customer self-service with automated process

- **Communities**

Utilise user communities and facilitate connections

- **Co-creation**

Co-create value with customers



5. Revenue Streams (RS)

RS represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings).

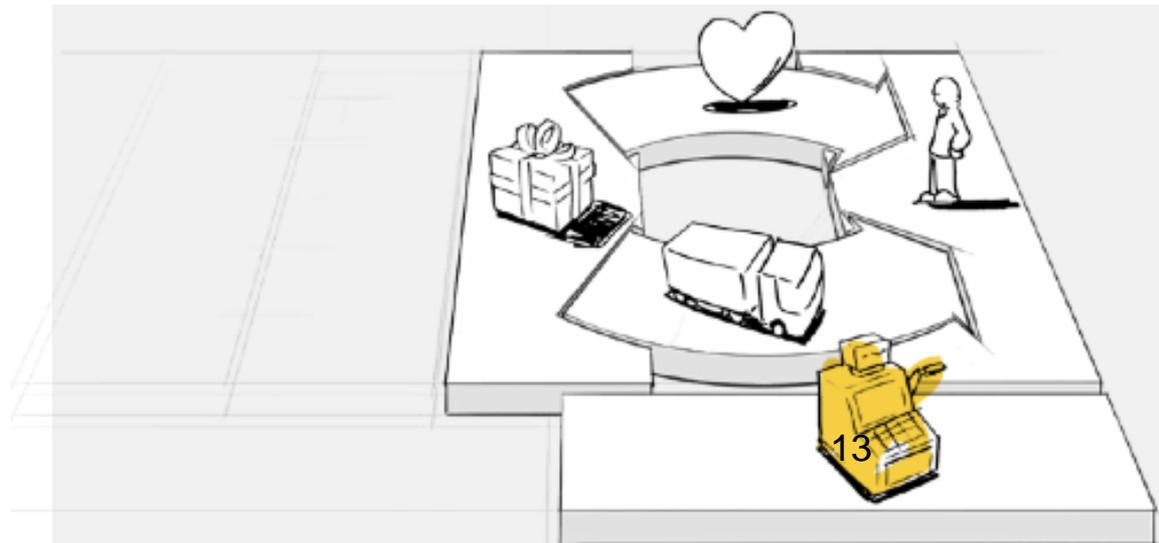
For what value are our customers really willing to pay?

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?



- **Asset sale**

Selling ownership rights, a physical product

- **Usage fee**

The use of particular service, e.g. telecom operators

- **Subscription fees**

Selling continuous access to a service, e.g. gyms

- **Lending/Renting/Leasing**

The exclusive right to use a particular asset for a fixed period, e.g. rent cars

- **Licensing**

Giving customers permission to use protected IP

- **Brokerage fees**

Intermediation services, e.g. estate agents

- **Advertising**

Advertising a particular product, service or brand



6. Key Resources (KR)

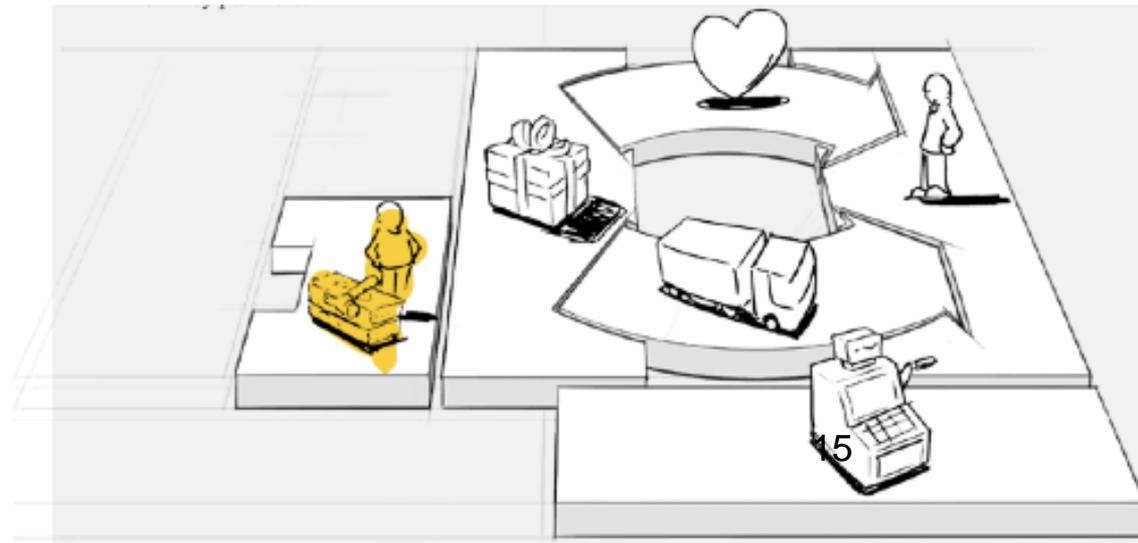
KS describes the most important assets required to make a business model work.

What Key Resources do our Value Propositions require?

Our Distribution Channels?

Customer Relationships?

Revenue Streams?



- **Physical**

Physical assets such as manufacturing facilities, buildings, vehicles, systems, distribution networks, etc.

- **Intellectual**

Intellectual resources such as brands, patents and copyrights, etc.

- **Human**

Human resources - particularly prominent people- in knowledge-intensive and creative industry

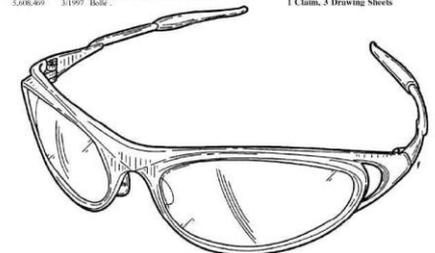
- **Financial**

Financial resources and/or financial guarantees



(12) United States Design Patent (10) Patent No.: US D436,119 S Bolte (45) Date of Patent: 00 Jan. 9, 2001

(54) EYEGLASSES 5,610,668 * 3/1997 Mago 2,436 5,996,115 9/1999 Bolte
(75) Inventor: Maurice Bolte, Oyonnax (FR) OTHER PUBLICATIONS
(73) Assignee: Bolte Inc., Wheat Ridge, CO (US) Eight Bolte Catalogs for 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998.
(**) Term: 14 Years * cited by examiner
(21) Appl. No.: 29/113,858
(22) Filed: Nov. 12, 1999
(51) LOC (7) CL: 16-06
(52) U.S. Cl.: D16/321; D16/326; D16/325
(58) Field of Search: D16/101, 300-330, D16/335; 351/41, 44, 51, 52, 111, 121, 158; 2/428, 432, 436, 447-449; D26/109-110
(57) CLAIM
The ornamental design for eyeglasses, as shown and described.
(56) References Cited
U.S. PATENT DOCUMENTS
D. 381,674 * 7/1987 Bechler D16/326
D. 381,852 * 1/1988 Mago D16/321
D. 302,991 3/1988 Bolte
D. 692,867 * 4/1988 Mago D16/326
D. 397,133 * 8/1988 Mago D16/326
D. 398,021 9/1988 Bolte
D. 398,323 9/1988 Bolte
D. 413,388 * 10/1989 Thibout et al. D16/326
5,098,469 3/1997 Bolte
DESCRIPTION
FIG. 1 is a perspective view of eyeglasses showing my new design.
FIG. 2 is a front elevational view thereof;
FIG. 3 is a rear elevational view thereof;
FIG. 4 is a side elevational view, the opposite side being a mirror image thereof;
FIG. 5 is a top view thereof, and,
FIG. 6 is a bottom view thereof.
1 Claim, 3 Drawing Sheets



7. Key Activities (KA)

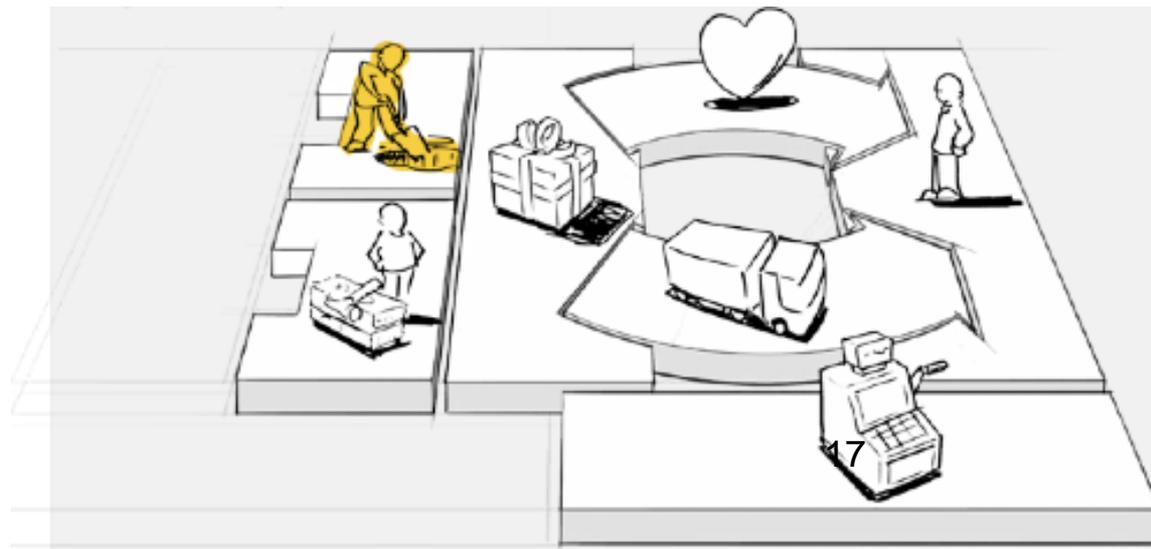
KA describes the most important things a company must do to make its business model work.

What Key Activities do our Value Propositions require?

Our Distribution Channels?

Customer Relationships?

Revenue streams?



- **Production**

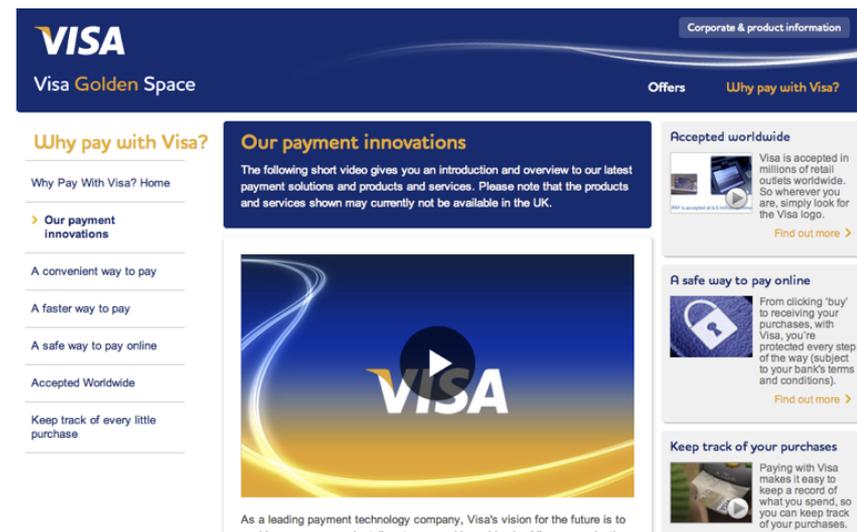
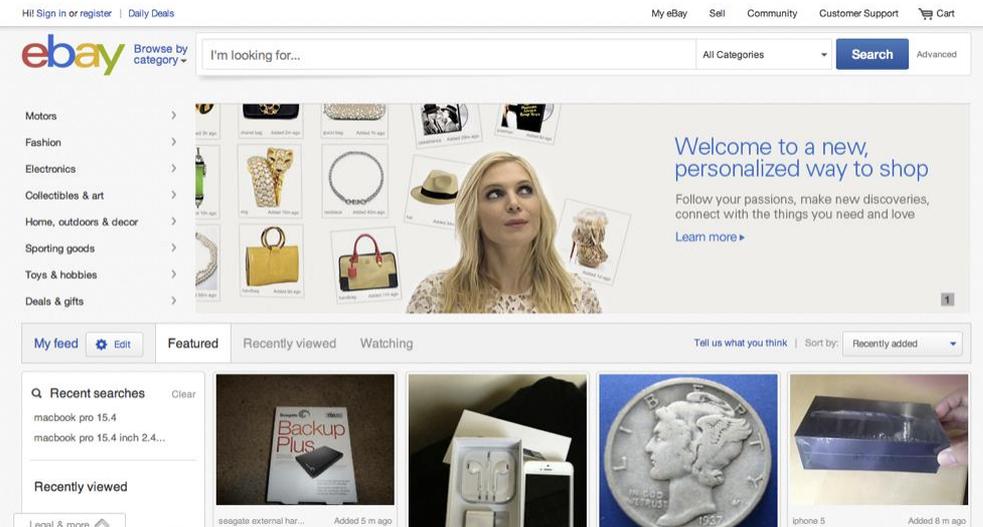
Relate to designing, making and delivering

- **Problem solving**

Relate to coming up with new solutions to individual customer problems

- **Platform/network**

Platform or network-related activities, e.g. the Web site at eBay.com, Visa credit card transaction platform



8. Key Partnerships (KP)

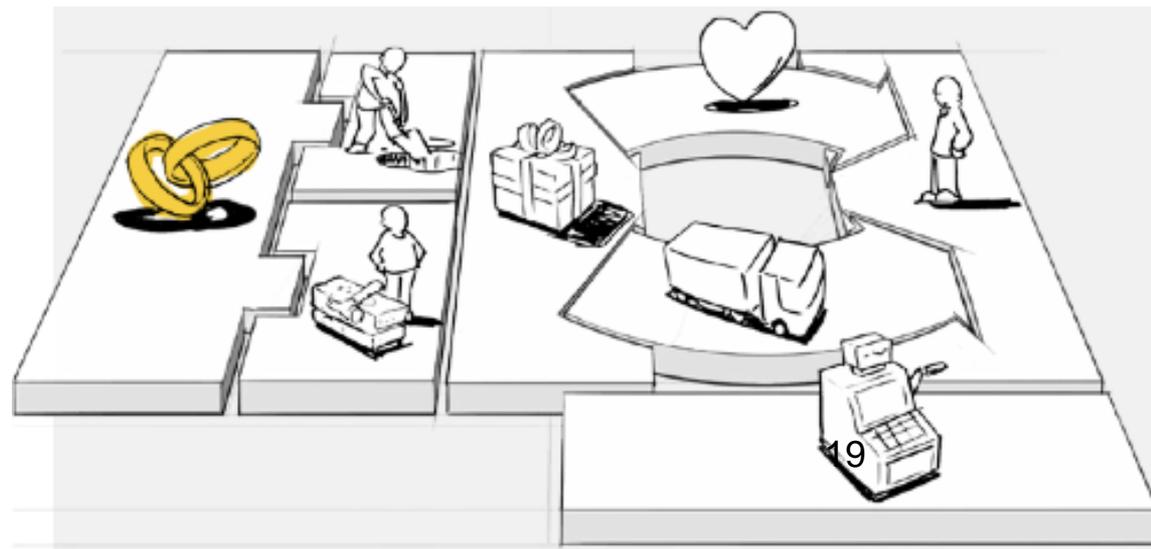
KP describes the network of suppliers and partners that make the business model work.

Who are our Key Partners?

Who are our key suppliers?

Which Key Resources are we acquiring from partners?

Which Key Activities do partners perform?



- **Optimisation and economy of scale**

Optimise the allocation of resources and activities

- **Reduction of risk and uncertainty**

Reduce risk in a competitive environment characterised by uncertainty

- **Acquisition of particular resources and activities**

Extend their own capabilities by relying on other firms



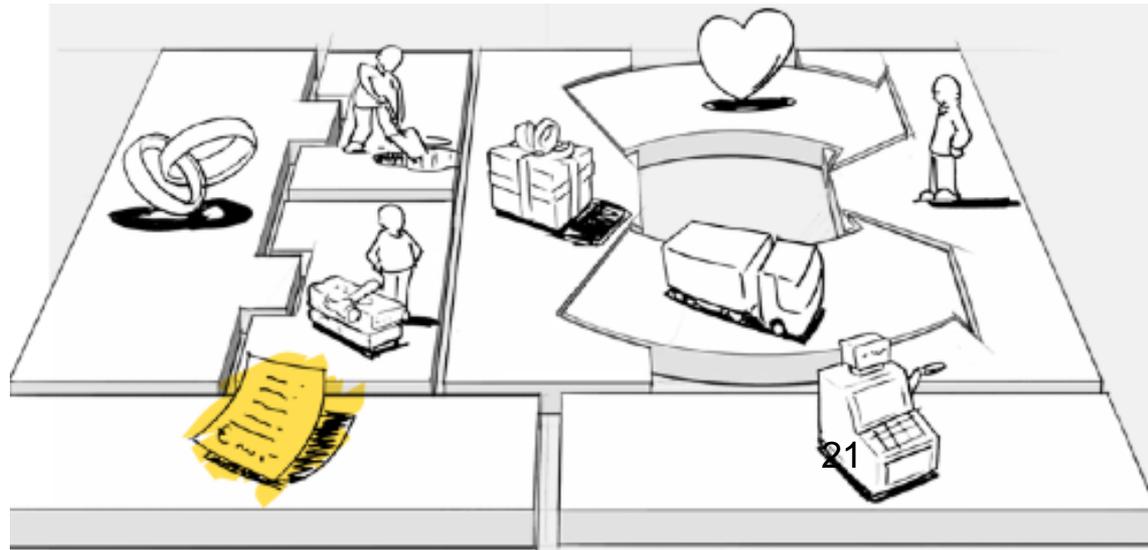
9. Cost Structure (CS)

CS describes all cost incurred to operate a business model.

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

Which Key Resources are most expensive?

Which Key Activities are most expensive?





- **Cost-driven OR Value-driven**

Focus on minimising costs or value creation

(1) Fixed costs

Cost that remain the same despite the volume of goods or services produced.

(2) Variable costs

Costs that vary proportionally with the volume of goods or services produced.

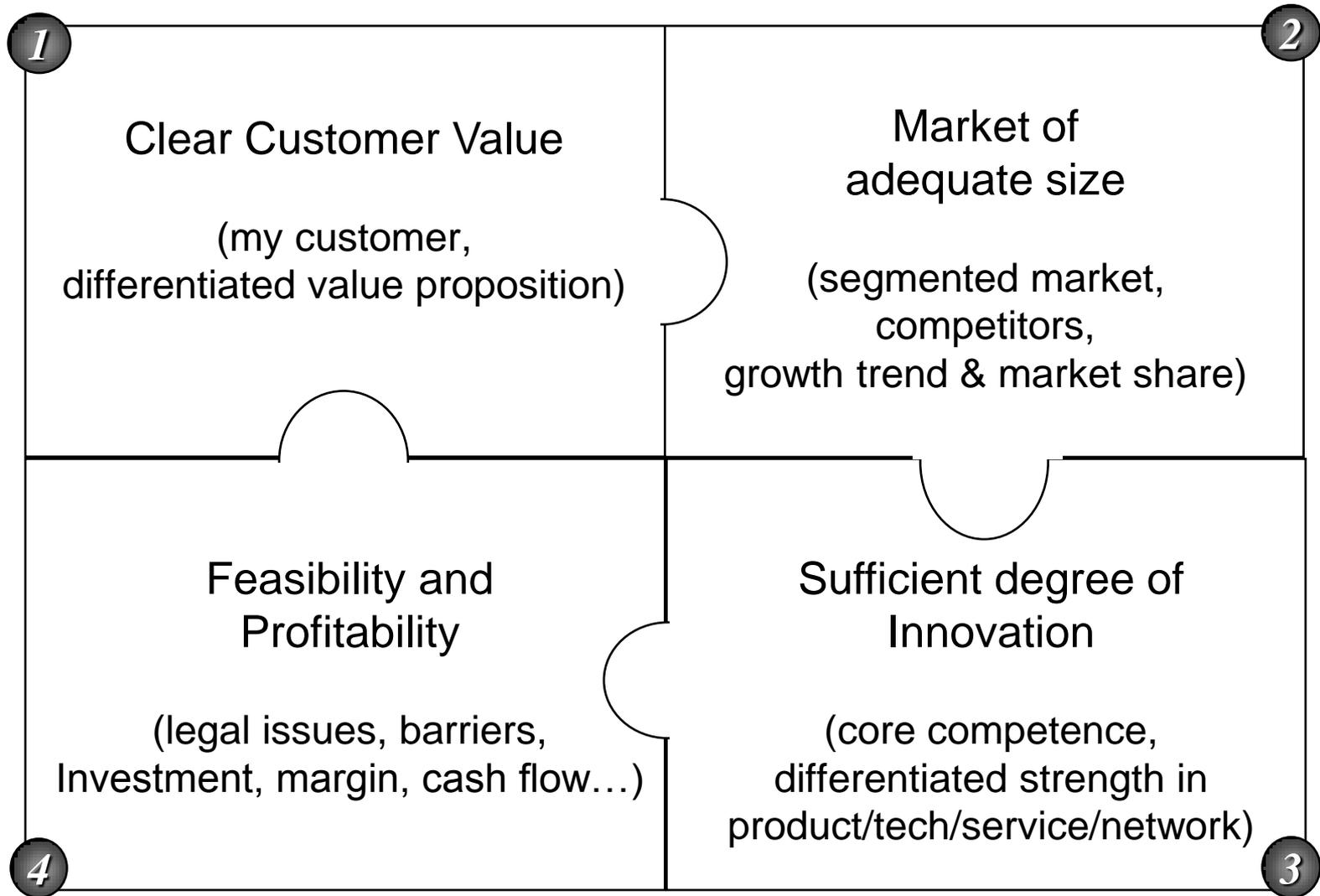
(3) Economies of scale

Cost advantages that a business enjoys as its output expands.

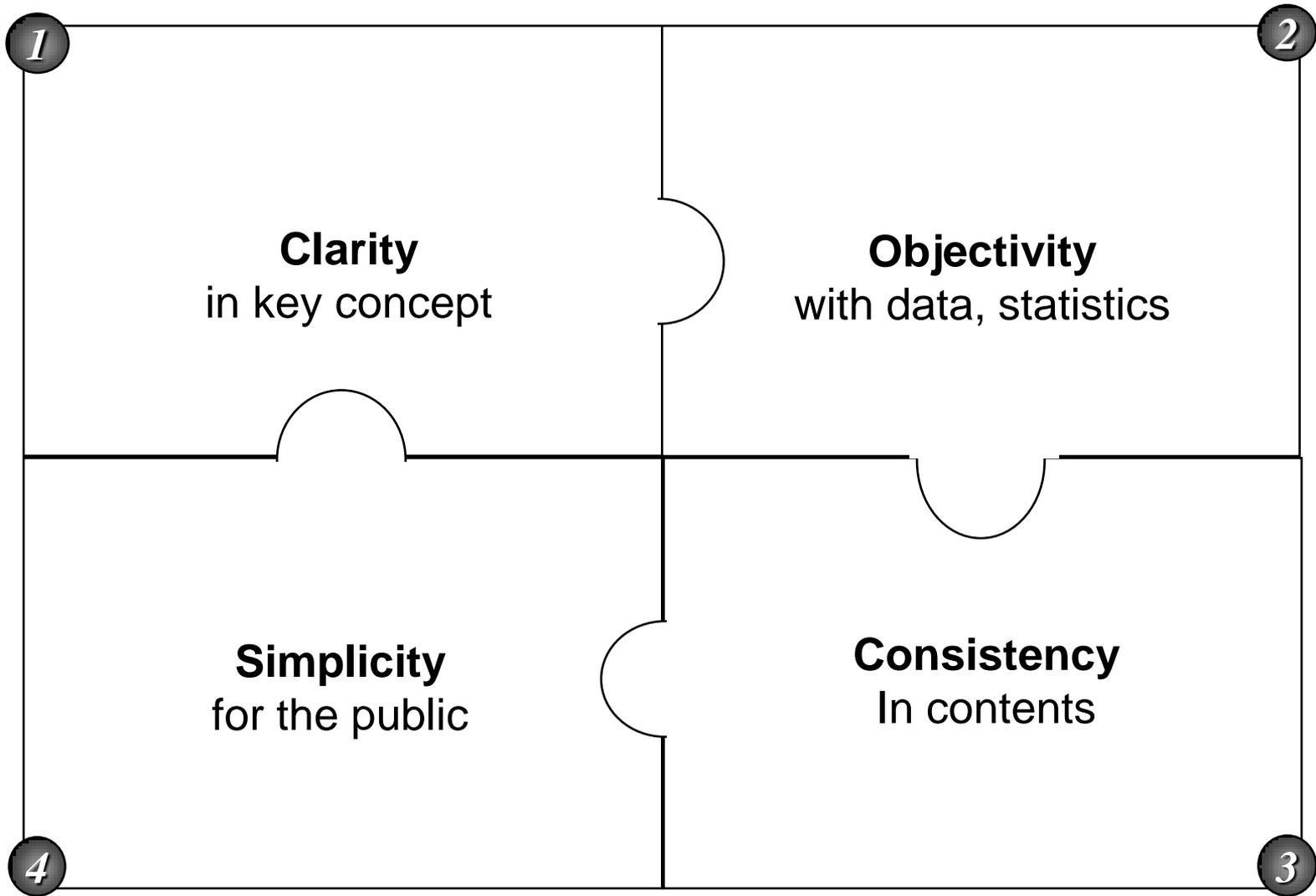
(4) Economies of scope

Cost advantages that a business enjoys due to a larger scope of operations.

Prominent Business Idea



Writing Business Plan



Marking Sheet of Business Plan

Project Name					
	Clarity in key concept	Objectivity with data & statistics	Consistency in contents	Simplicity for the public	Sum
Clear Customer Value	1~5	1~5	1~5	1~5	
Market of adequate size	1~5	1~5	1~5	1~5	
Sufficient degree of Innovation	1~5	1~5	1~5	1~5	
Feasibility and Profitability	1~5	1~5	1~5	1~5	
Total	Examiner	name	signature	Σ	

Analysis of Environment

External Environment

What does our customer want?

What are the opportunities for our business?

What are the risks against our business?

Internal Capability

What are our strength and core competence?

How strong are our competitiveness against our competitors?

What are weak points for our business?



References

- Osterwalder, A. & Pigneur, Y. (2010) Business Model Generation. New Jersey, John Wiley & Sons, Inc.
- Christensen, C., Grossman, J.H. & Hwang, J. (2008) The Innovator's Prescription, New York, McGraw-Hill.

Further Reading

- Osterwalder, A. & Pigneur, Y. (2010) Business Model Generation. New Jersey, John Wiley & Sons, Inc.