

Success By Design: The First 5 Steps to Launching a Successful Business

Susan R. Cornelius

Principal and Founder, *Accelerate2Solutions*

www.linkedin.com/in/susancornelius

Susan R. Cornelius, Principal, *Accelerate2Solutions*

**CUSTOMER,
CUSTOMER,
CUSTOMER!!!**

FOCUS:

- ▶ Address unsatisfied **customer** needs and build new business models around those models.
- ▶ Mentor companies to create the most competitive customer-focused business models, the best products, the best team.
- ▶ Help exploit the latest technological developments with the right customer-focused, business model.

Entrepreneurs Take Risks & Love What They Do!

▶ Are you an entrepreneurial spirit?

yes _____ no _____

▶ Are you constantly thinking about how to create value and build new businesses, or how to improve or transform your organization?

yes _____ no _____

▶ Are you trying to find innovative ways of doing business, technology, bio-medicine, almost everything?

yes _____ no _____

*Have you
done it yet???*

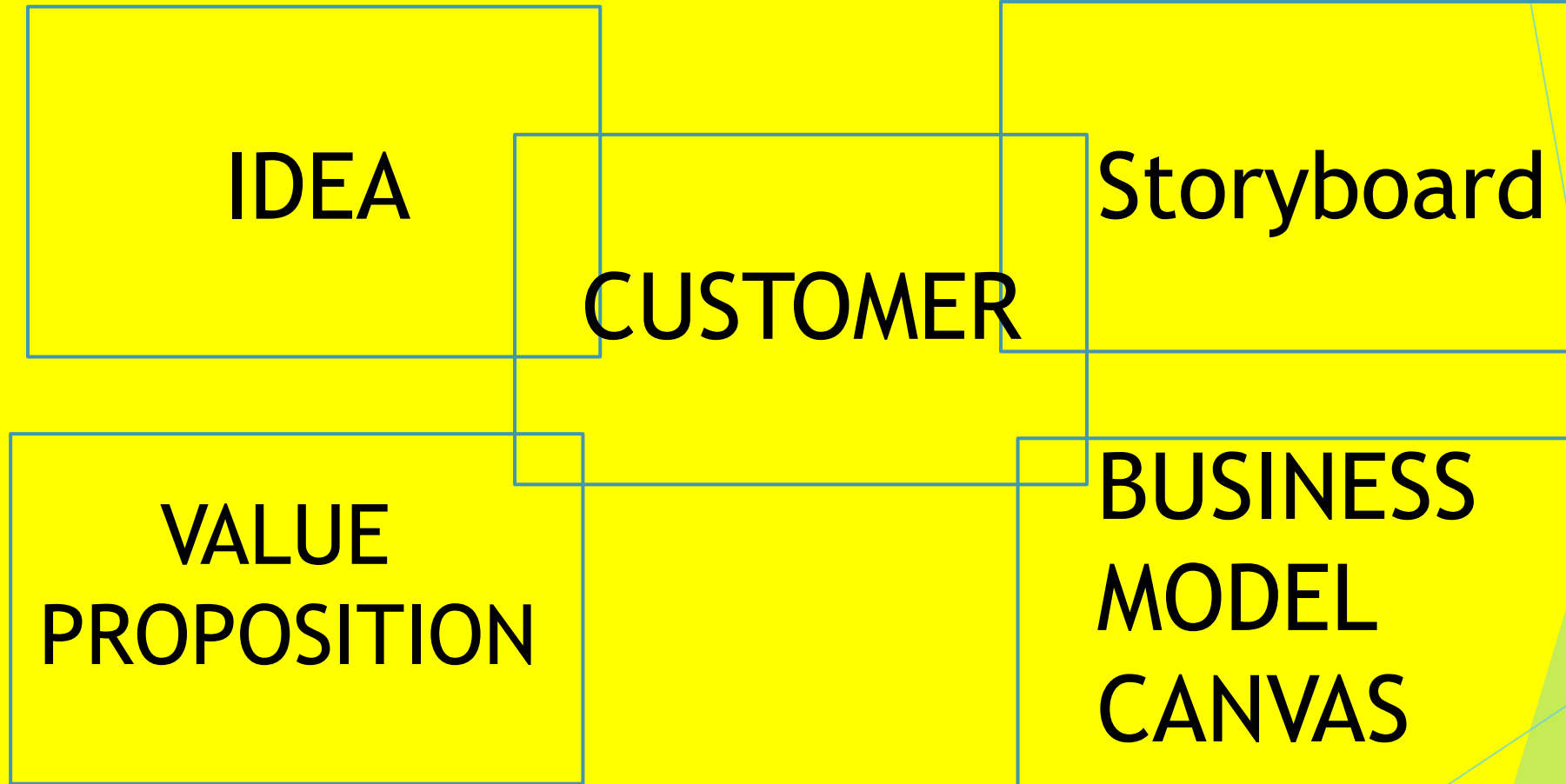
Assumptions

Your Goal: Change the world, not
study it.

Get going.

My Goal: Make the path to
entrepreneurship
clearer for you. The path is not easy.

DESIGNING A BUSINESS: THE FIVE!



What is a Business Model Canvas?

- ▶ A business model canvas is a simple tool.
- ▶ When completed, it describes the rationale of how an organization creates, delivers, and captures value.
- ▶ It requires deep research, defining the great Idea and the Value Proposition, interviewing numerous potential customers, and the business model.

A Great Idea: The Xerox 914???

What do you think the Business Model was?



CHESTER
CARLSON

Great Idea: Co-Biotics???



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A Great Idea: Co-Biotics???

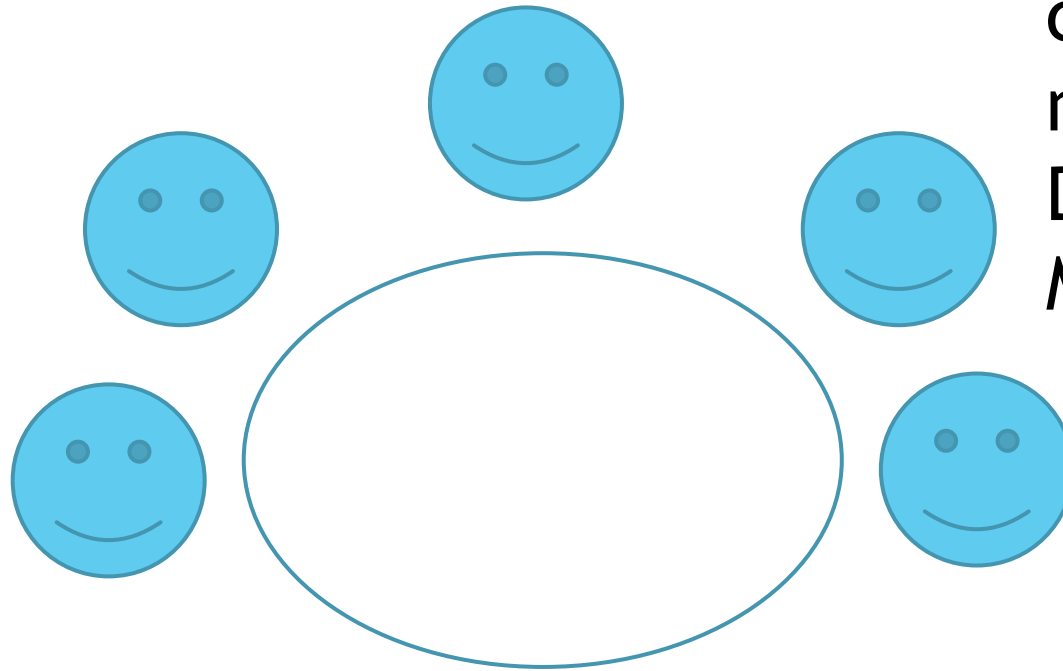
- ▶ Over 3.5M people work in fast foo
- ▶ John Miller's vision is about the future of fast food: make his hamburger restaurants, *Flipping Burgers*, operate more like the internet, by automating as much as he can.
- ▶ Restaurant AI software, he wants brick and mortar stores to see their customers more like Amazon sees its customers. His process is called ***creative destruction***.
- ▶ At his restaurant, *Cali Burger*, robots flip and cook burgers. John firmly believes that consistency is a key for success.
- ▶ Less liability with food safety, labor costs, and turnover. Robotics let him train and keep people longer and pay them more.

*Robots cannot
talk
to customers,
season,
and serve*

***Personal versus
Personalized***

What Happens When People Brainstorm the Business Model Without a System?

They do describe and challenge ideas, but we need to systematically Design the Business Model.



**BLAH, BLAH, BLAH,
BLAH, BLAH!**

What Do These Examples Share in Common?

- ▶ Product Innovation: Didn't copy from others.
- ▶ Better, faster, cheaper.
- ▶ Did not replace workers despite the perceived threat.
- ▶ Neither can complete the job without humans.
- ▶ Did not prove up front that they were right. Had to experiment to create their business model.

NOT A FORM!










The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

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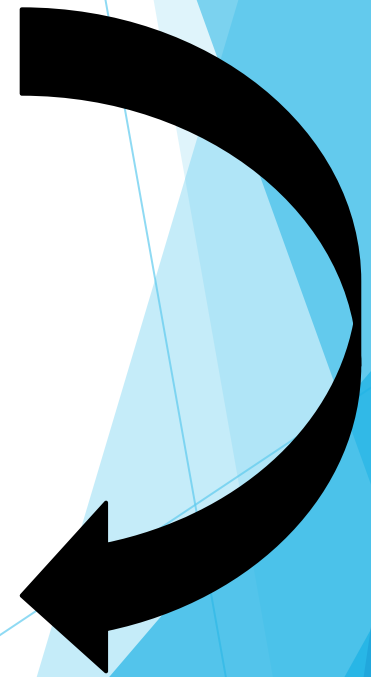
DESIGNED BY: Strategyzer AG
The makers of Business Model Generation and Strategyzer

 **Strategyzer**
strategyzer.com

1 Key Building Blocks: Value Proposition

- ❑ What are you building?
- ❑ For whom?
- ❑ What value do we deliver to the customer(s)?
- ❑ Which one of our customers problems are we helping to solve? Has to solve a problem or need for the customer!
- ❑ What bundles of products and services are we offering to each Customer Segment?

There can be
More than one
Value Prop!



Context / Problem	The First But	Product Intro
What is the problem, we think we are solving?	What does the customer think the problem is?	This is our product, this is how our product works...
Magic Solution	And Then	User Benefit
Our product does this to alleviate their problem...	Who interacts with our product?	What does success look like from the user perspective?

PRODUCT STORY BOARD

Do it once and then do it again!

Thinking about the product from the standpoint of the user experience helps the product designers design a better experience.

2KEY BUILDING BLOCKS: CUSTOMER SEGMENTS

- ❑ ***You exist for the customer!***
- ❑ For whom are we creating value? Hypothesis as to who they are.
- ❑ Who are our most important customers? What do they need?
- ❑ Is it a?
 - Mass Market: Needs of many kinds of users
 - Niche Market: Very specific market, i.e. snowboards for snowboarders.
 - Segmented: Nescafe = Coffee Machine and Coffee
 - Diversified: Unrelated = Amazon books & Cloud Svcs.
 - Multisided Platform: Banks = Customers and Vendors

STOP!!!

PROCEED!!!

Customer Interviews

- ▶ To answer questions in the Business Model Canvas and have the data you require to convince others to provide you the resources and channels you need, you have to interview potential customers.
- ▶ It is the beginning of your success!
- ▶ Plan out the questions, write these down, ask for interviews, interview them.
- ▶ Keep on going! 100 interviews!
- ▶ Register for Bootcamp for April 15, 2020, at 10:00am.



3KEY BUILDING BLOCKS: Channels

GET, KEEP, GROW!

- ❑ How will we be selling or distributing?
- ❑ Through which Channels do our Customer Segments want to be reached?
- ❑ How are we reaching them now? Web? Mobile? Physically? Which ones work best?
- ❑ Which ones are most cost-effective?
- ❑ How are we integrating them with customer routines?

4KEY BUILDING BLOCKS: Customer Relationships

GET, KEEP, GROW!

- ❑ 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?

5KEY BUILDING BLOCKS: Revenue Streams

- ❑ For what, are our customers, really willing to pay?
- ❑ How do you make money from each segment?
- ❑ 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?

License
Freemium
Pricing
Fees
Subscription

**Google Auctions
charge customer
a fee for search
terms!**

6KEY BUILDING BLOCKS: Key Resources

- ❑ Money: Self Finance, Investment Bank, Angels, Venture 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?

Intellectual Property
Patents
Customer Lists
Great People
Marketing
Sales
Managing Services

7KEY BUILDING BLOCKS: Key Activities

What Key Activities does our Value Proposition require? Phase One, Phase Two, Phase Three

- Our Distribution Channels?
- Customer Relationships?
- Production/Manufacturing?
- Problem Solving/Product Development Team?
- Platform/Network?

8KEY BUILDING BLOCKS: Key Partners

- ❑ Who are our Key Partners?
- ❑ Who are our Key Suppliers?
- ❑ What are we acquiring from partners and suppliers to make the business model work?
- ❑ Which Key Activities do partners perform?
- ▶ **What are the Motivators for Partners:**
 - ❑ Optimization and economy
 - ❑ Reduction of risk and uncertainty
 - ❑ Acquisition of particular resources/revenues and activities

**A love story gone bad?
Zynga and Facebook**

9KEY BUILDING BLOCKS: Cost Structure

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

Is Your Business Model More:

- ❑ Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
- ❑ Value Driven (Focused on value creation, premium value proposition)

Write out everything!
People
Materials
Buildings
Distribution & Sales

9KEY BUILDING BLOCKS: Cost Structure

Types

- ❑ Fixed Costs (salaries, rents, utilities)
- ❑ Variable Costs
- ❑ Economies of Scale: Because of these (speed to market of MVP, price, distribution, partners; you will get to market and either save money, provide better quality, or are able to demand a lower price in the market).

Revenue Streams:

- ❑ For what are our customers really willing to pay?
- ❑ Currently paying?
- ❑ How currently paying?
- ❑ How would they prefer to pay?
- ❑ How much does each Revenue Stream contribute to overall revenues?
(Maybe you have 2 revenue streams, one to manufacturer and one to your company. B2B and B2C.)

Write out everything!
People
Materials
Buildings and Sales
Distribution

The Business Model Canvas is a Tool!

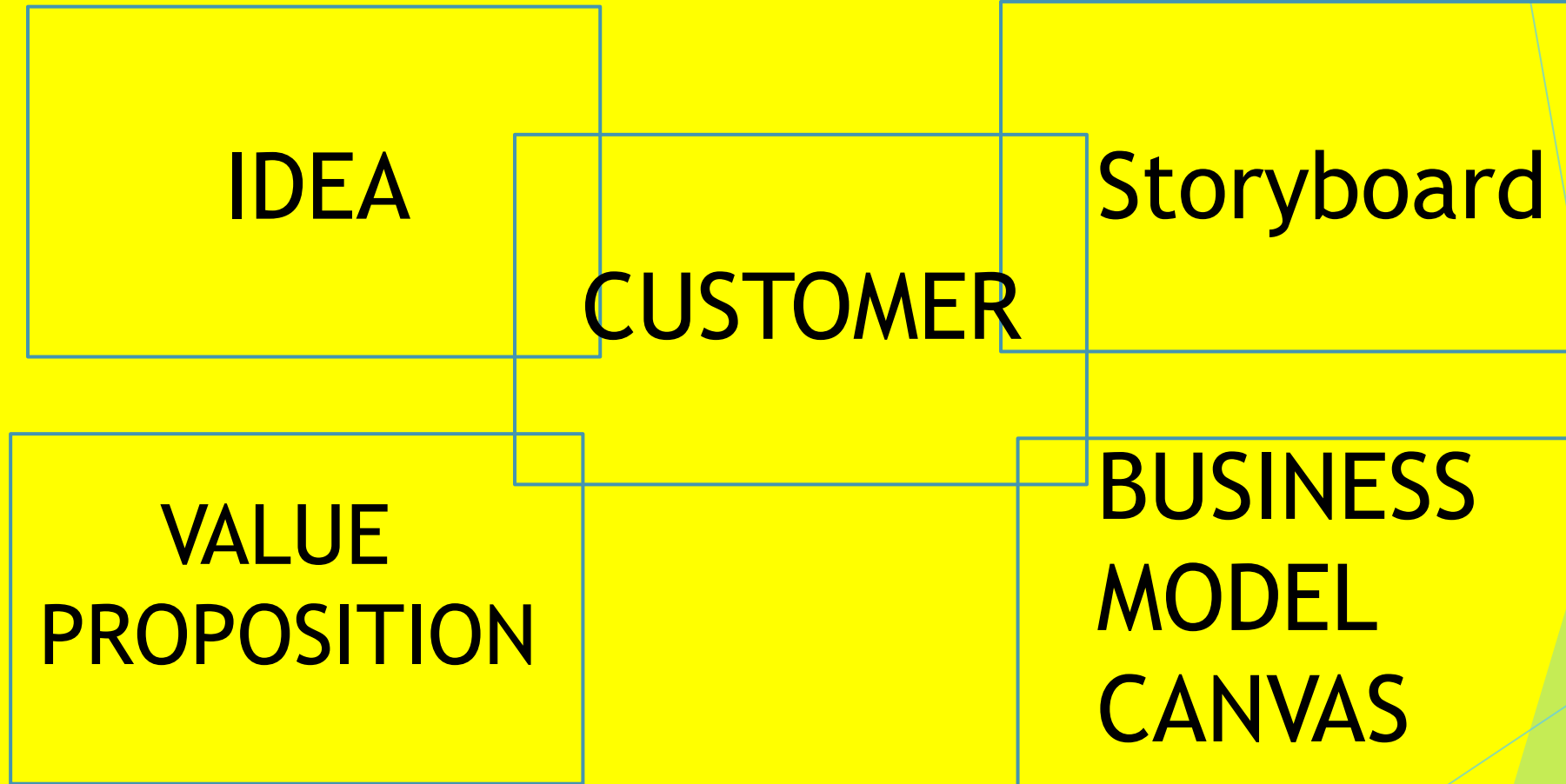
- ▶ We have taught you a new model and a new language.
- ▶ The Business Model Canvas is a practical tool.
- ▶ It helps craft a new business model or analyze and revitalize an old one.
- ▶ Draft One is based on Assumptions!

Write out everything!
People
Materials
Buildings
Distribution & Sales

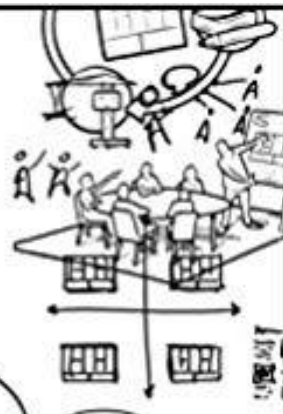
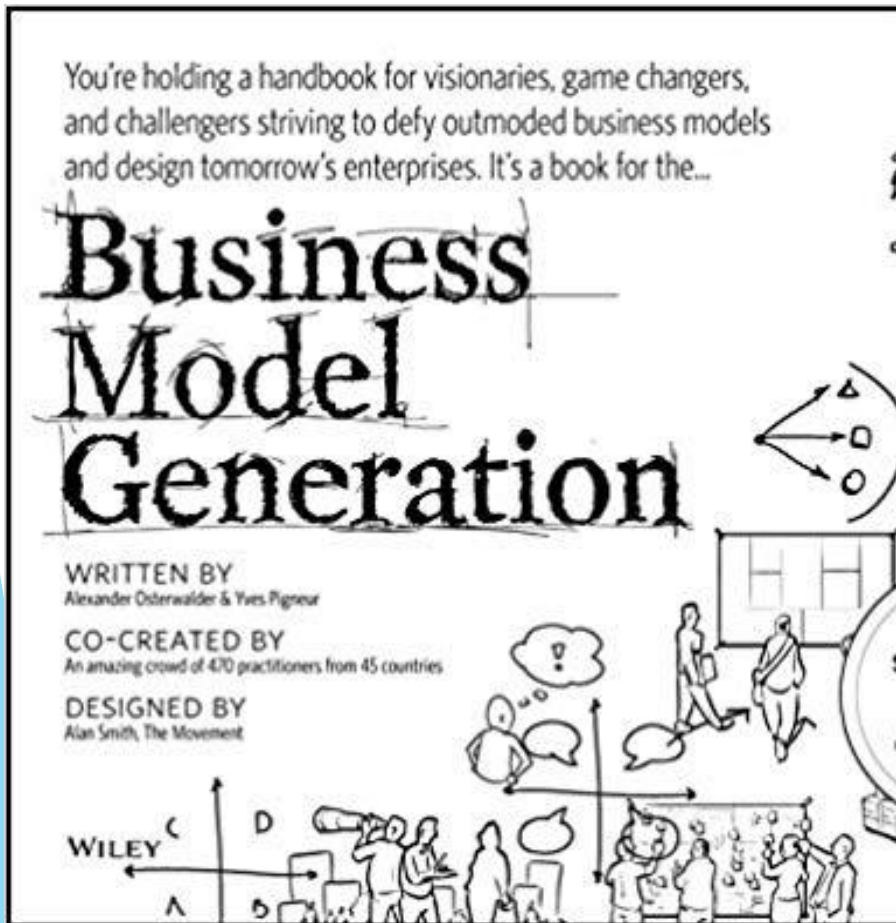
Next Steps

- ❑ Take the time to complete the Business Model Canvas for your idea.
- ❑ Use “stickies” on your computer or manually record your ideas.
- ❑ Collaborate and brainstorm with friends and/or family or business associates.
- ❑ Record all ideas. Avoid editing.
- ❑ **Then do Customer Discovery. Look for the BOOTCAMP Next Week!**

DESIGNING A BUSINESS: THE FIVE!



RESOURCES available on Amazon.com



Alexander Osterwalder,
Strategizer

