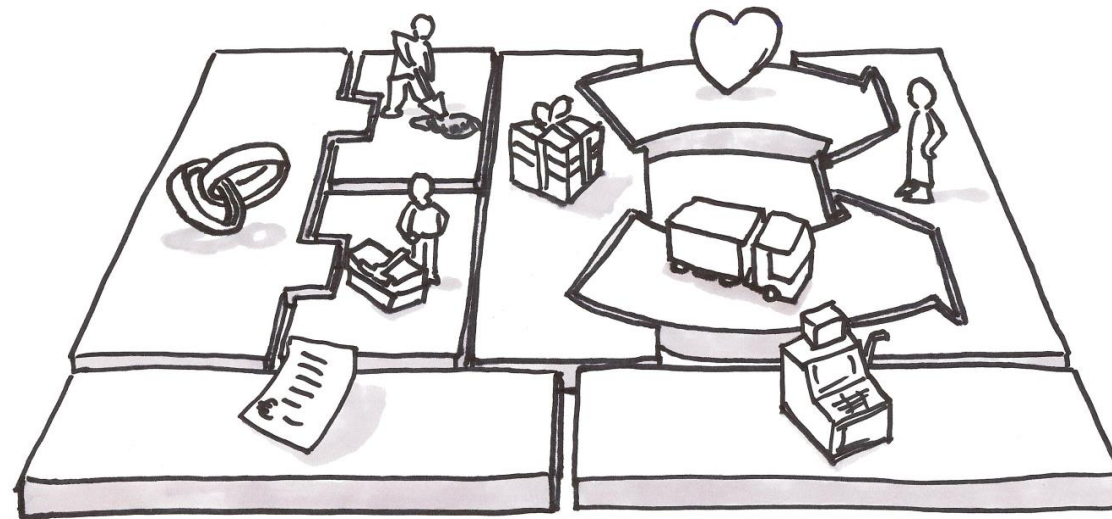


Mapping Creative Ideas: Business Model Canvas Fundamentals



Dr Elias Hadjielias

Assistant Professor of Entrepreneurship and Family Business

Director of MSc Entrepreneurship

Department of Management, Entrepreneurship, and Digital Business

Cyprus University of Technology

<https://www.linkedin.com/in/eliashadjielias/>



Session Structure

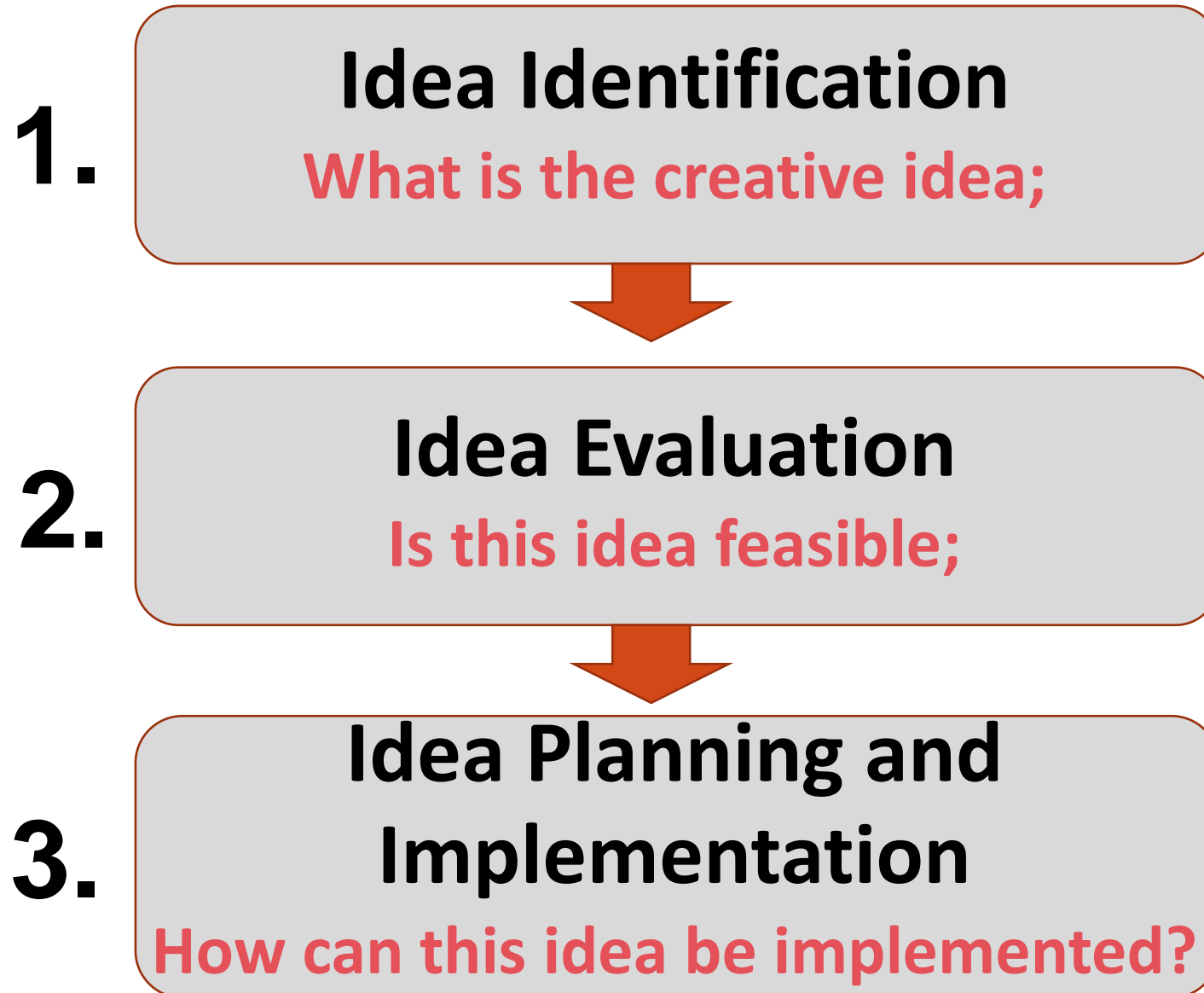
1. Introduction to entrepreneurship and creative ideas
2. Mapping entrepreneurial ideas
3. Introduction to Business Model Canvas

Entrepreneurship

- Entrepreneurship is the process that drives:
 - The establishment of a new business and/or
 - The renewal of an existing business
- Types of innovation-driven entrepreneurial action (OECD, 2005):
 - ✓ New products/services
 - ✓ New production/ distribution/ marketing processes
 - ✓ New markets
 - ✓ New models of organization and operation



THE PROCESS OF ENTREPRENEURSHIP



Creative Ideas and New Venture Creation

- Creativity involves the generation of novel, fresh ideas by individuals or groups
- It is a necessary first step of the innovation process.
- Innovation refers to the process by which creative ideas are converted into novel, useful and viable commercial products, processes, and business models for new or existing businesses.



Creativity.....

..doesn't
always
materialize
successfully!



Phone Fingers



Grass skis



The butter-stick



Chocolate Chip Pancake-Wrapped Saus

Creativity.....



..but
sometimes,
it does!



From Creativity to Innovative Start-ups



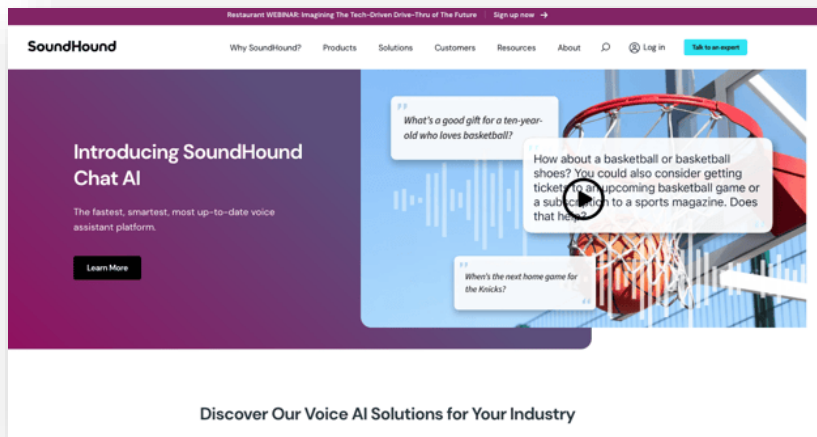
DeepMap - «building maps for autonomous vehicles»
\$32 εκ. από Andreessen Horowitz and Accel



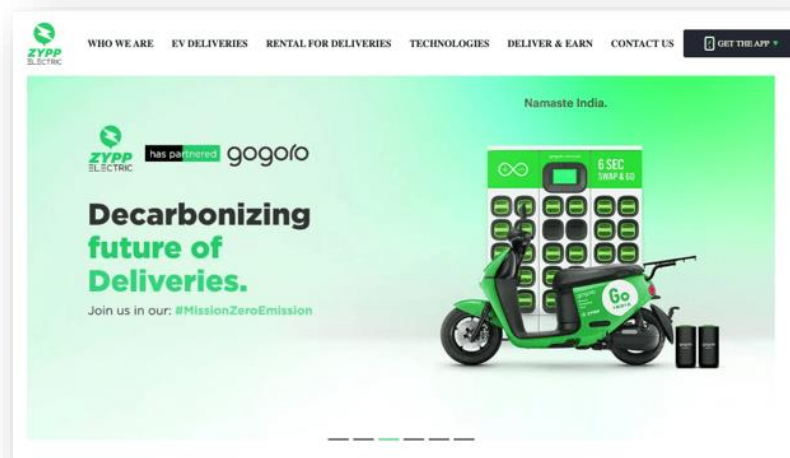
Serve Robotics - «Zero-emission robots that serve people in public spaces, starting with food delivery».
\$13 εκ. από επενδυτικά κεφάλαια (Uber και 7 Ventures)



iRise iRise Mechanics produces robotic mobility devices that help people with disabilities navigate daily tasks.
\$47.6 εκ. από Deutsche Bank



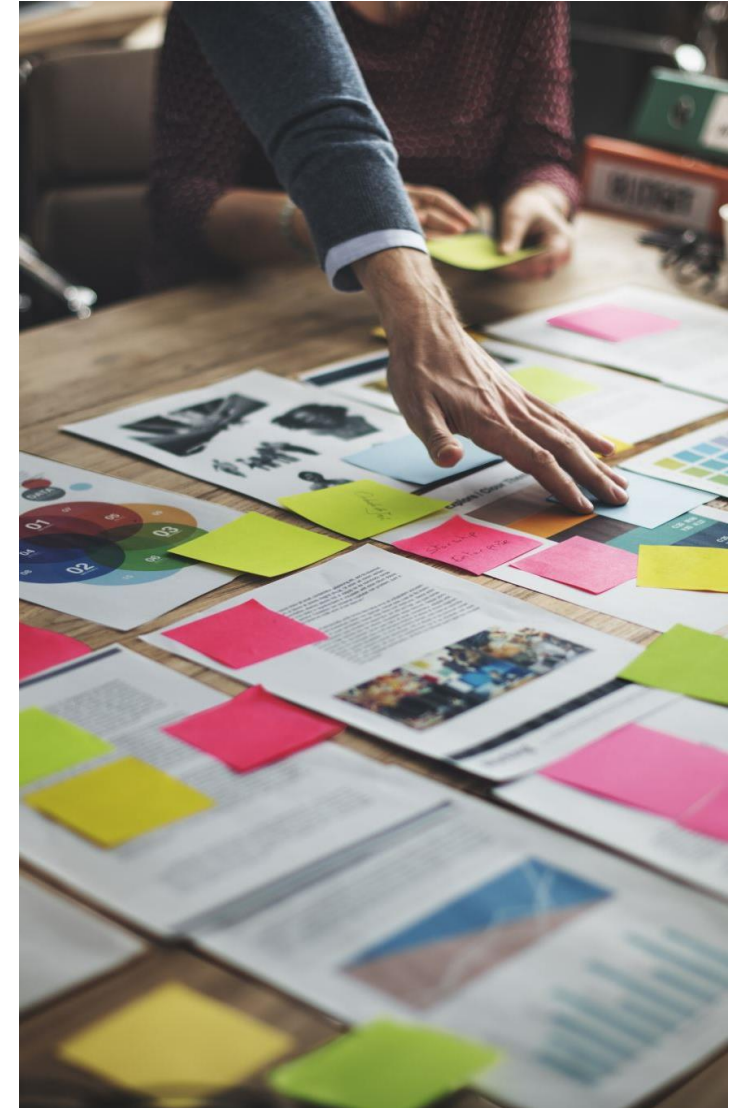
SoundHound: Voice AI platform, which allows companies (e.g. a restaurant) to create customized conversational assistants (e.g. for automated phone ordering)
\$351 εκ. από διάφορα VCs (Bracket Capital, Translink, Tencent, Samsung, Nvidia κλπ.)



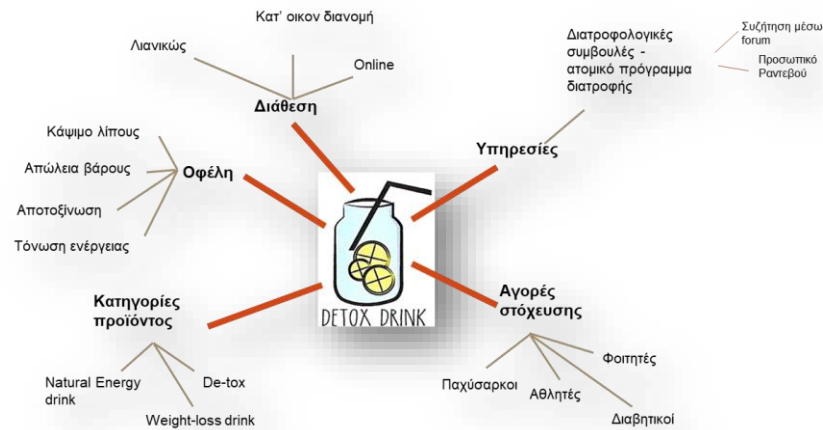
Zipp - a scooter-sharing startup, which allows people to unlock a scooter, ride it, park it, and pay, all in one place.
\$51 εκ. από IANFund

Idea Formulation/ Mapping

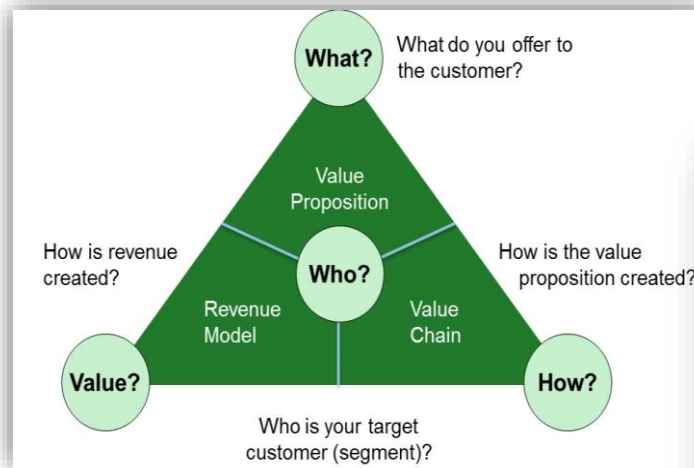
- After capturing a creative entrepreneurial idea, a very important next step is the clear and effective mapping of idea
- Idea mapping is a critical step in the entrepreneurial process:
 - ✓ It makes the idea clear
 - ✓ It helps in organizing the idea
 - ✓ Explains the business model of the new venture
 - ✓ Lays the foundations for the business plan that will follow
- “Idea mapping” interrelates with “Idea Evaluation”, in a back-forth fashion
 - ✓ The use of ‘lean’ tools gives flexibility in the constant research, evaluation, and refinement of the idea



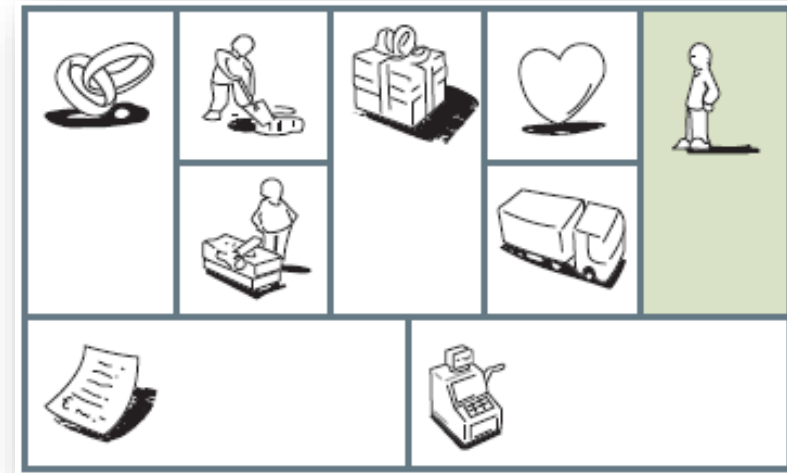
Idea Mapping Tools



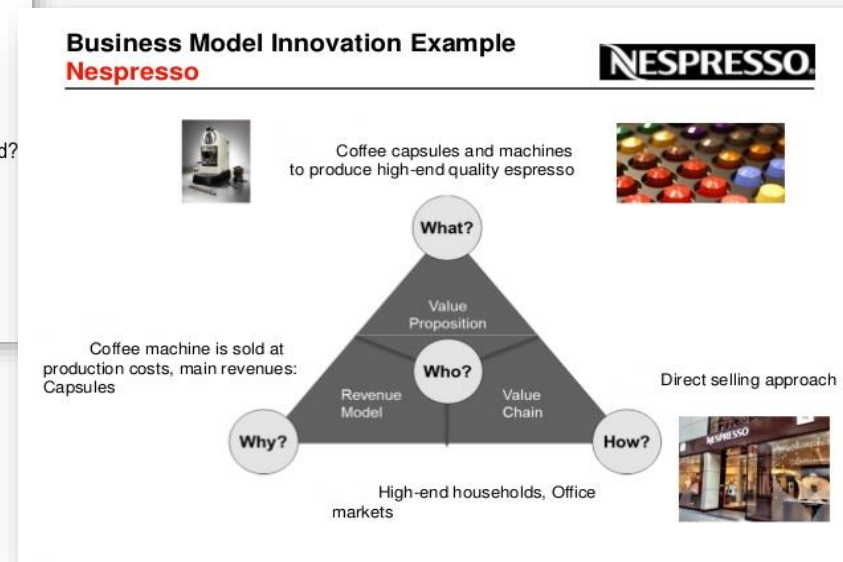
Mind Maps



Magic Triangle - BMN
Gassmann et al., 2014

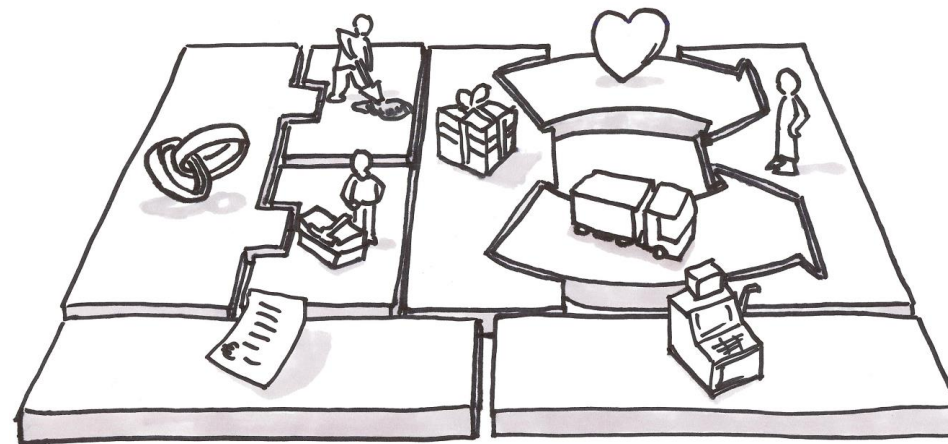
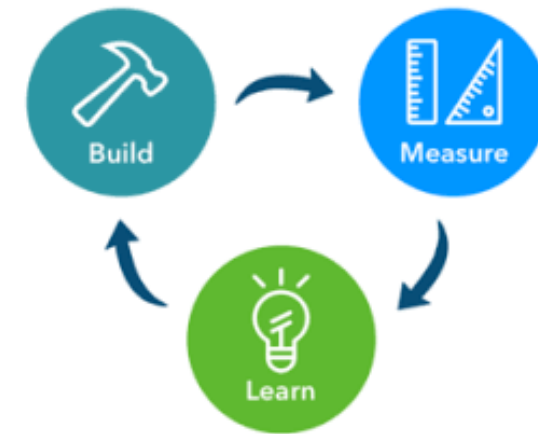


Business Model Canvas
Osterwalder & Pigneur, 2010



Idea Mapping: **Business Model Canvas**

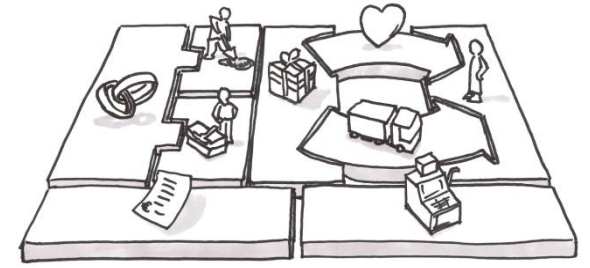
- BMC is a tool that can be used in mapping, evaluating, developing and refining the idea before it reaches the (business) planning stage.
- ‘Lean’ tool - allows the continuous refinement and development of the idea through testing-learning-revising



Osterwalder & Pigneur (2010)

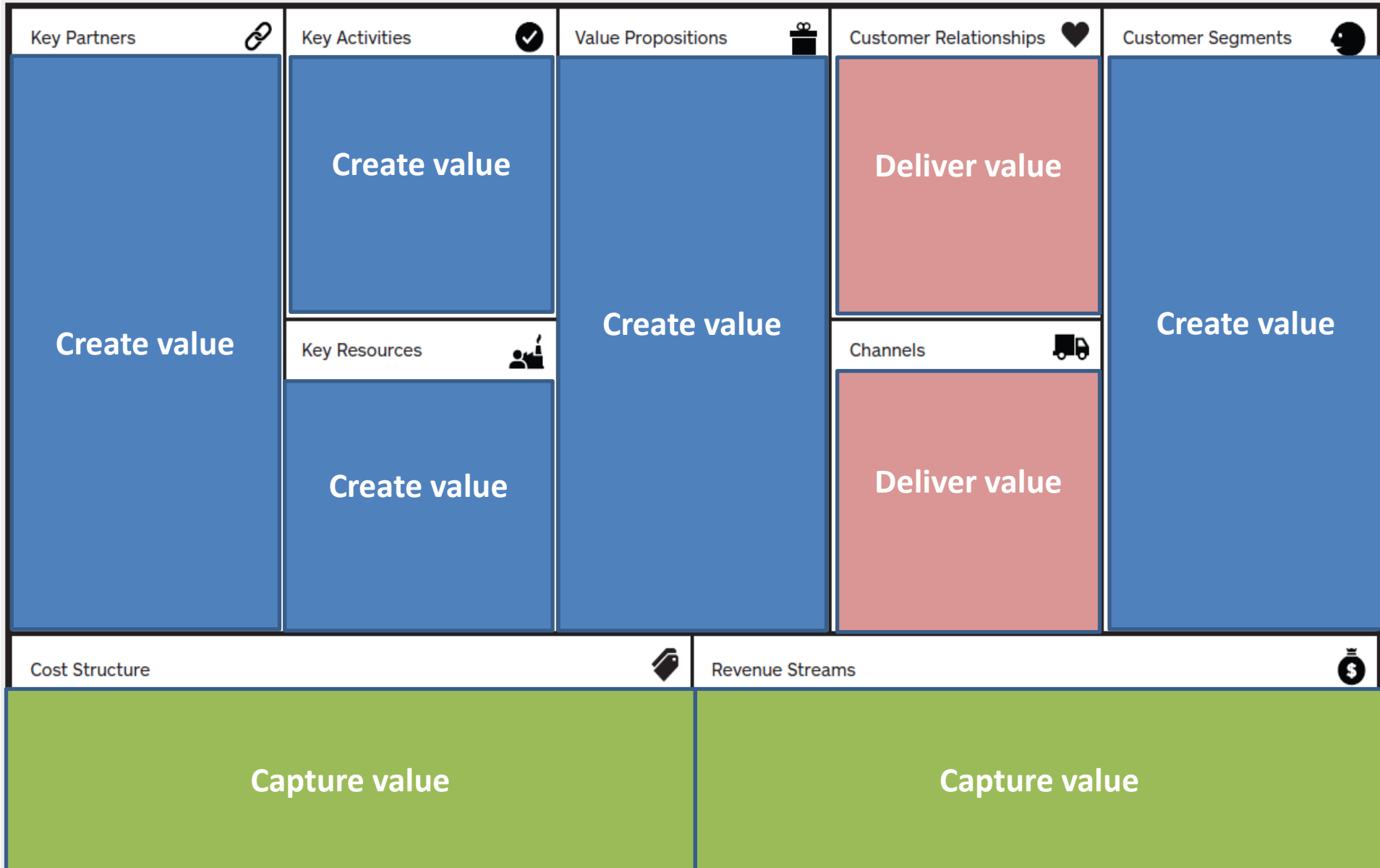


Why Business Model Canvas?

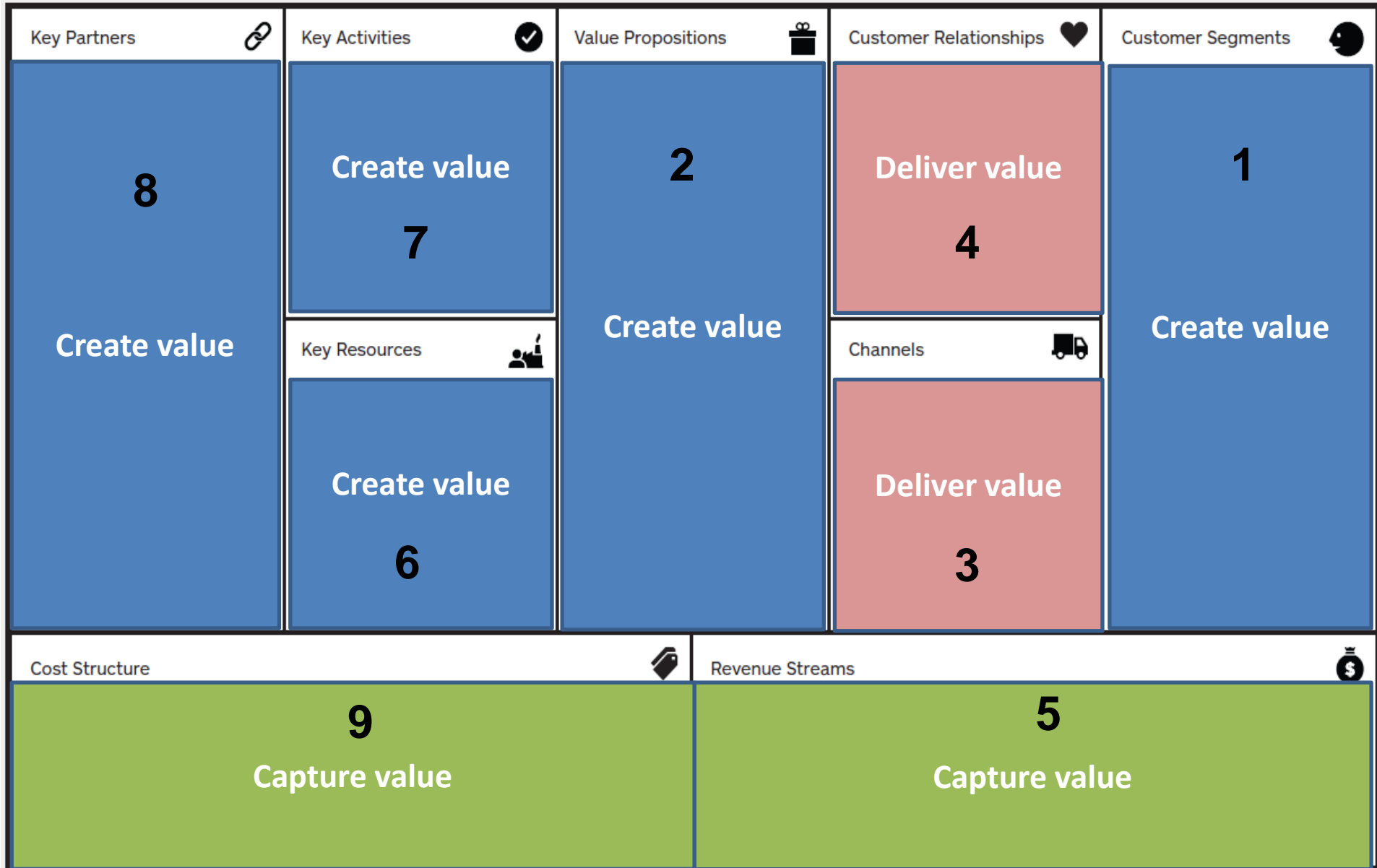


- It maps the business model – i.e. the way the business will create, deliver, and capture value
- It allows you to describe, design, challenge, invent, and pivot your business model
- It allows effective understanding of the basic building blocks (nine in number) of the entrepreneurial effort and the way these building blocks interrelate

Business Model Canvas



Business Model Canvas

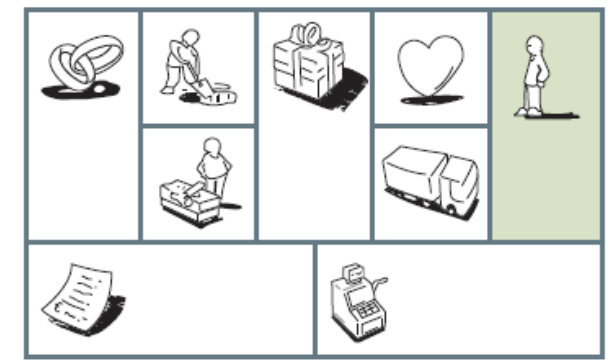


Value Creation Building Blocks



Building Block 1

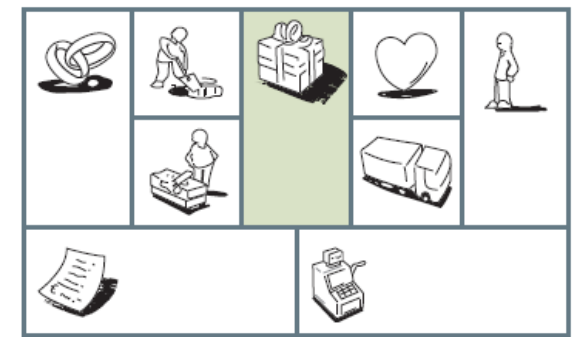
Customer Segments



- Defines the different groups of people or organizations an enterprise aims to reach and serve
- Start-ups and smaller businesses usually target niche markets – *e.g. StudentLife targets university students for their used book business*
- Platforms need to consider their two (or more) sides – *e.g. 'Uber drivers' (providers/sellers) and 'Uber riders' (buyers)*



Building Block 2: Value Propositions

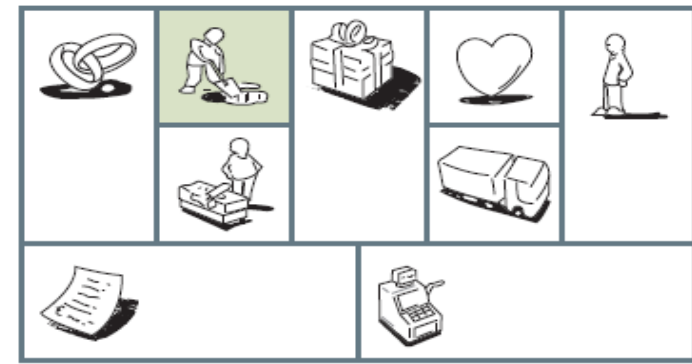




- Products or Services that will offered to the customers
- Explains the reason(s) why the customers should buy and why to turn to our company (as opposed to competition)
 - *What benefits our product/service offers? What customer problem/needs it solves?*
- The basic argument/ message attempting to persuade a customer to buy, e.g.
 - **StudentLife** – *“At the end of the semester you have the option to return your textbooks and get 50% to 65% of the selling price”.*
 - **Uber**: *“One tap and a car comes directly to you”*
- Value Propositions may be innovative and represent new or disruptive offers (e.g. smart watch)



Building Block 3:

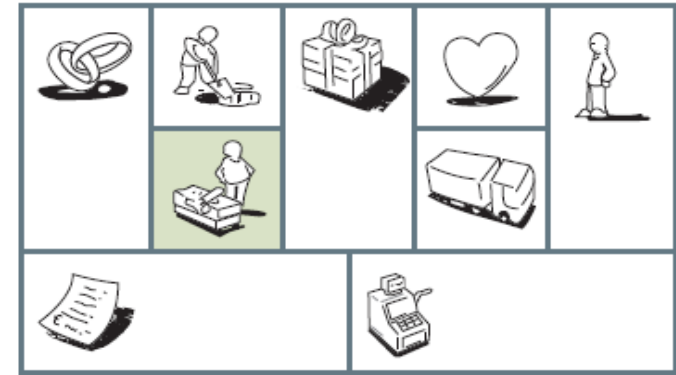
Key Activities



- The most important things a company must do to make its business model work (*e.g. production, knowledge management, training, IT platform management, product design etc*)
- Depends on the type of business and importance of an activity for the business
- Choice between keeping an activity inside the business or outsourcing it, e.g.
 - *Nike keeps the product design, development, and marketing and outsources the production* 
 - *eBay manages the platform, the marketing and outsources manufacturing, warehousing, delivery, and payments.* 

Building Block 4:

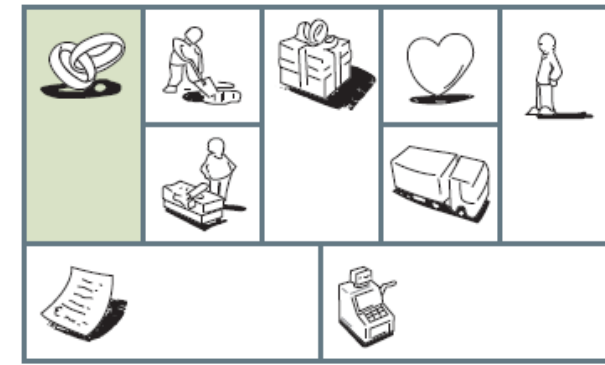
Key Resources



- **The most important assets required to make a business model work**
 - **Physical.** e.g. premises, machinery, equipment, sales points/ shops.
 - **Intellectual.** e.g. *brands, clientele, patents, partnerships, reputation etc*
 - *Difficult to be developed but help secure sustainable core competences*
 - **Human.** Crucial in knowledge-intensive industries.
 - **Financial.** Capital to start-up or expand existing business

Building Block 5:

Key Partners



- The network of suppliers and partners that make the business model work
 - *e.g. suppliers of raw materials, subcontractors of particular activities (e.g., production, warehousing, payments, product deliveries)*
- Companies create alliances to optimize their business models, reduce risk, or acquire resources.
 - *e.g. Outsourcing the production to collaborators that have better economies; Outsource non-core activities to focus on core ones to sustain competitive advantages; Access to new/additional resources (e.g. clientele, distribution network)*
- Smaller businesses can benefit from partnerships

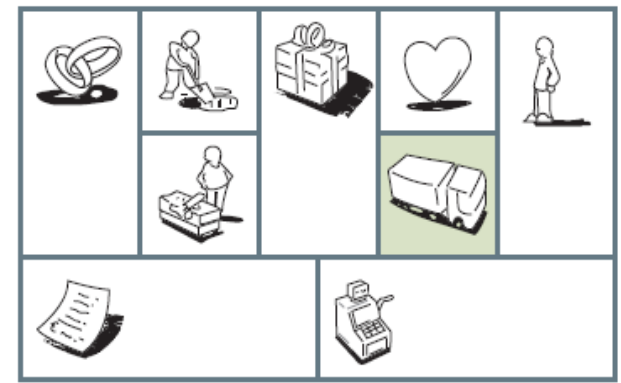


Value Delivery Building Blocks

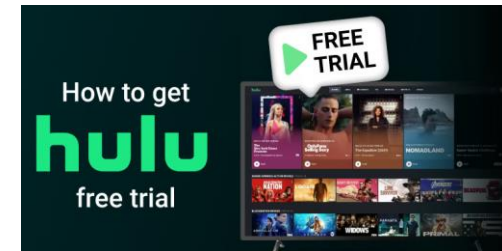


Building Block 6:

Channels

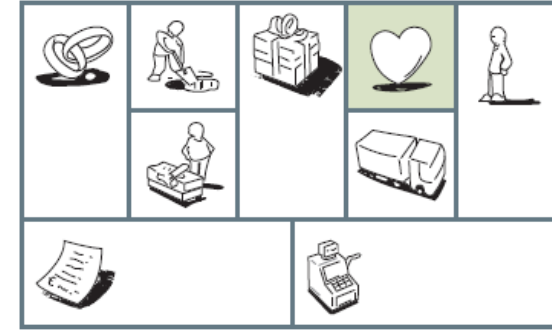


- ‘Channels’ describes how a company communicates with and reaches its Customer Segments to deliver its Value Proposition
- ‘Channels’ have five distinct (hierarchical) phases:
 - **Awareness.** How do we raise awareness about our company’s products and services? (e.g. media, website, face-to-face)
 - **Evaluation.** How do we help customers evaluate our organization’s Value Proposition? (e.g. Free vouchers/coupons, discounts, free trial period)
 - **Purchase.** How do we allow customers to purchase specific products and services? (e.g. supermarket shelf, Internet)
 - **Delivery.** How do we deliver our products (e.g. post, retail stores)
 - **After sales.** How do we provide post-purchase customer support? (e.g. warranty, phone centre, free service)

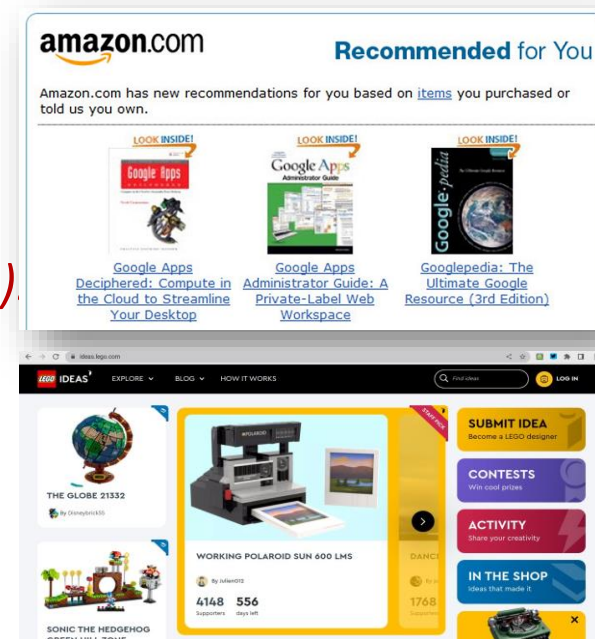


Building Block 7:

Customer Relationships



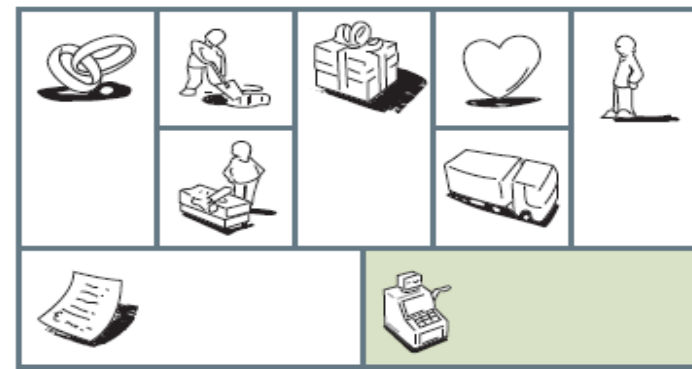
- The types of relationships a company establishes with its Customer Segments
- Several types of Customer Relationships may co-exist:
 - **Personal assistance.** Personal support/service to the client – e.g. *Clothes shopping assistance, call centres, emails etc*
 - **Dedicated personal assistance.** A customer representative dedicated to an individual client (*account management – e.g. banks, advertising firms*).
 - **Self-service.** E.g. *fast food*
 - **Automated services.** e.g. *Sales via internet*. Automated services can simulate a personal relationship (*e.g. Amazon's book recommendations*).
 - **Communities.** User communities (*e.g. Online community of GlaxoSmithKline to understand obesity problems*).
 - **Co-creation.** Cooperation with clients to co-create products – e.g. *Lego's "Idea" platform*



Value Capturing Building Blocks



Building Block 8: Revenue Streams



- The cash a company generates from customers
- *Transaction revenues (one-time) and recurring revenues (on-going)*
- *Sources of revenues*
 - Physical product sale. *e.g. books, cars etc*
 - Usage fee. *e.g. Telephone charges, hotel room charges*
 - Subscription fees. *e.g. Gyms, Magazines, TV streaming*
 - Renting/Leasing, *e.g. Car rental*
 - Licensing, *e.g. a software*
 - Brokerage fees. *e.g. real estate agents*
 - Advertising (*Affiliate programs*)

Netflix subscription plans

This slide represents the Netflix subscription plans which includes basic, standard and premium. It also shows services covered such as number of screens, video quality, plan cancellation, etc.

	Basic	Standard	Premium
Monthly Cost	\$9.99	\$15.49	\$19.99
Number of screens you can watch on at the same time	1	2	4
HD available	X	✓	✓
Ultra HD available	X	X	✓
Unlimited TV shows, movies & mobile games	✓	✓	✓
Watch on laptop, TV, phone and tablet	✓	✓	✓
Cancel anytime	✓	✓	✓
First month free	✓	✓	✓

This slide is 100% editable. Adapt it to your needs and capture your audience's attention.

SCOOTER PRICING

PAY-AS-YOU-GO

\$1 TO UNLOCK + \$0.35 PER MINUTE

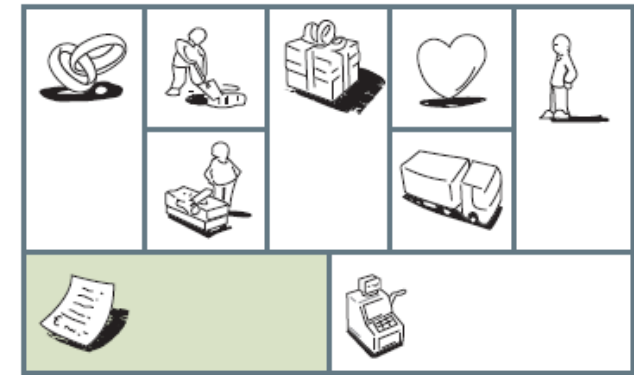
[PURCHASE NOW TO GET RIDING](#)

Scoters need to be docked in a Bike Chattanooga station dock at the end of every trip.



Building Block 9:

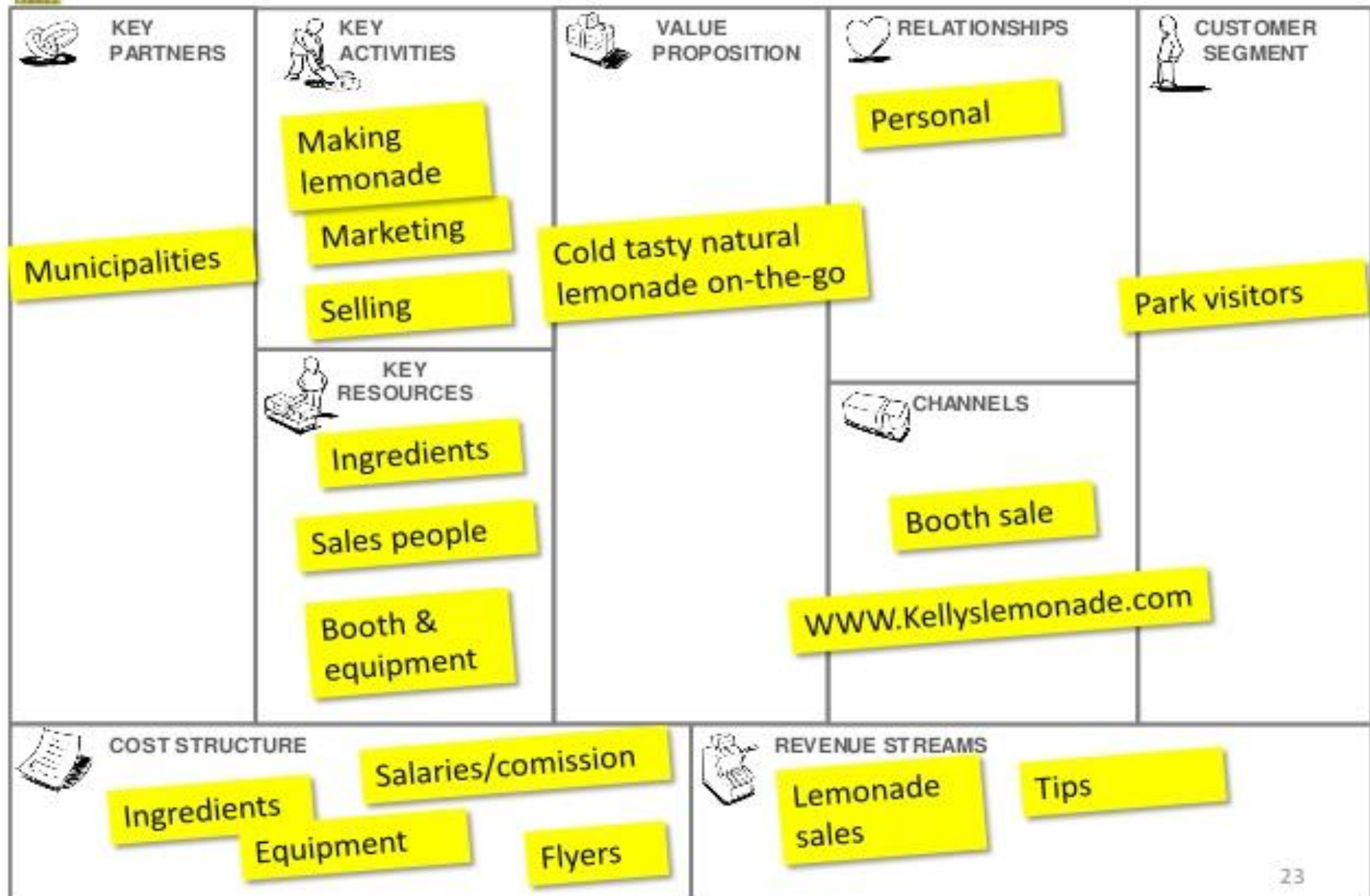
Cost Structure



- All costs incurred to operate a business model
- Defined after determining Key Resources, Key Activities, and Key Partnerships
- Types of Costs:
 - **Fixed Costs** (e.g. Premises, machines, equipment, rents).
 - **Variable costs** (e.g. Utilities, production wages, raw materials).
 - **Other initial costs** (e.g. Costs for registering and patenting products).
 - Advertising costs

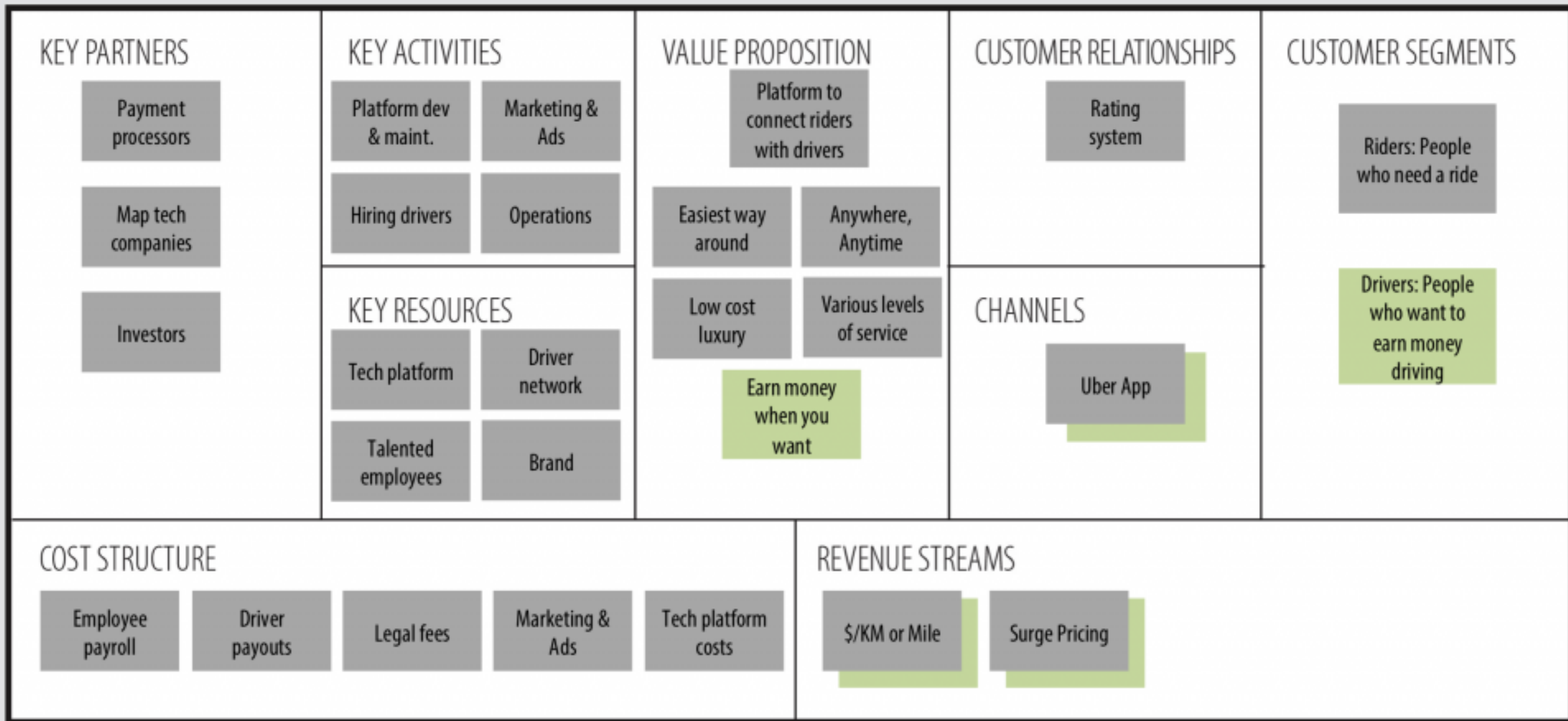


Kelly's Lemonade Stand: Refreshing Lemonade



BUSINESS MODEL CANVAS

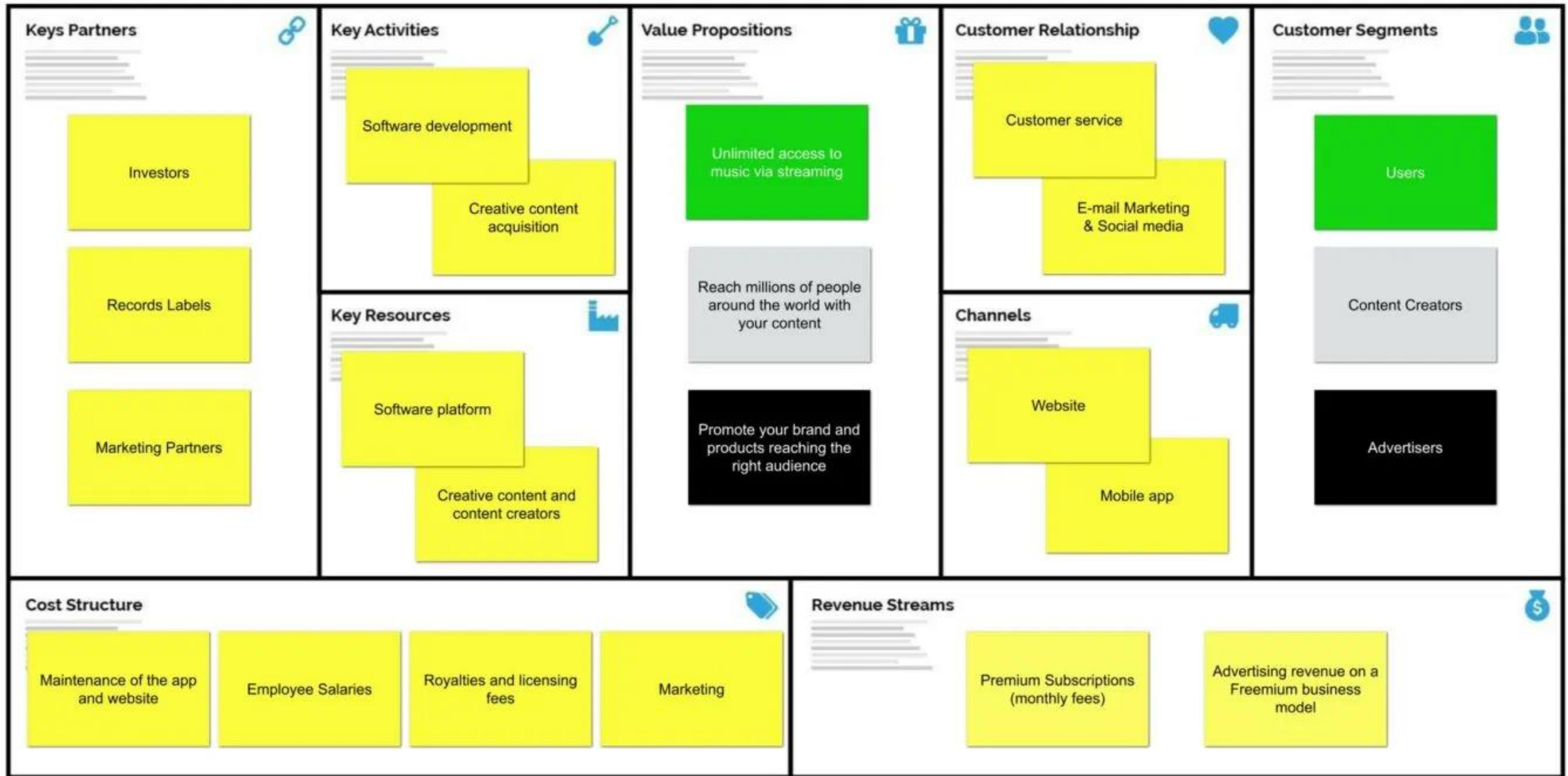
UBER



DESIGNED BY BUSINESS MODEL FOUNDRY AG










This work is licensed under a Creative Commons Attribution-ShareAlike 4.0 International License.
<http://creativecommons.org/licenses/by-sa/4.0> or send a letter to Creative Commons,
171 Second Street, Suite 300, San Francisco, California, 94105, USA.

Spotify - Business Model Canvas



Homework...

- *Fill-in the Business Model Canvas drawing on your own entrepreneurial Idea or existing venture*

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



THANK YOU



Any Questions?