



www.brightideaschallenge.co.nz

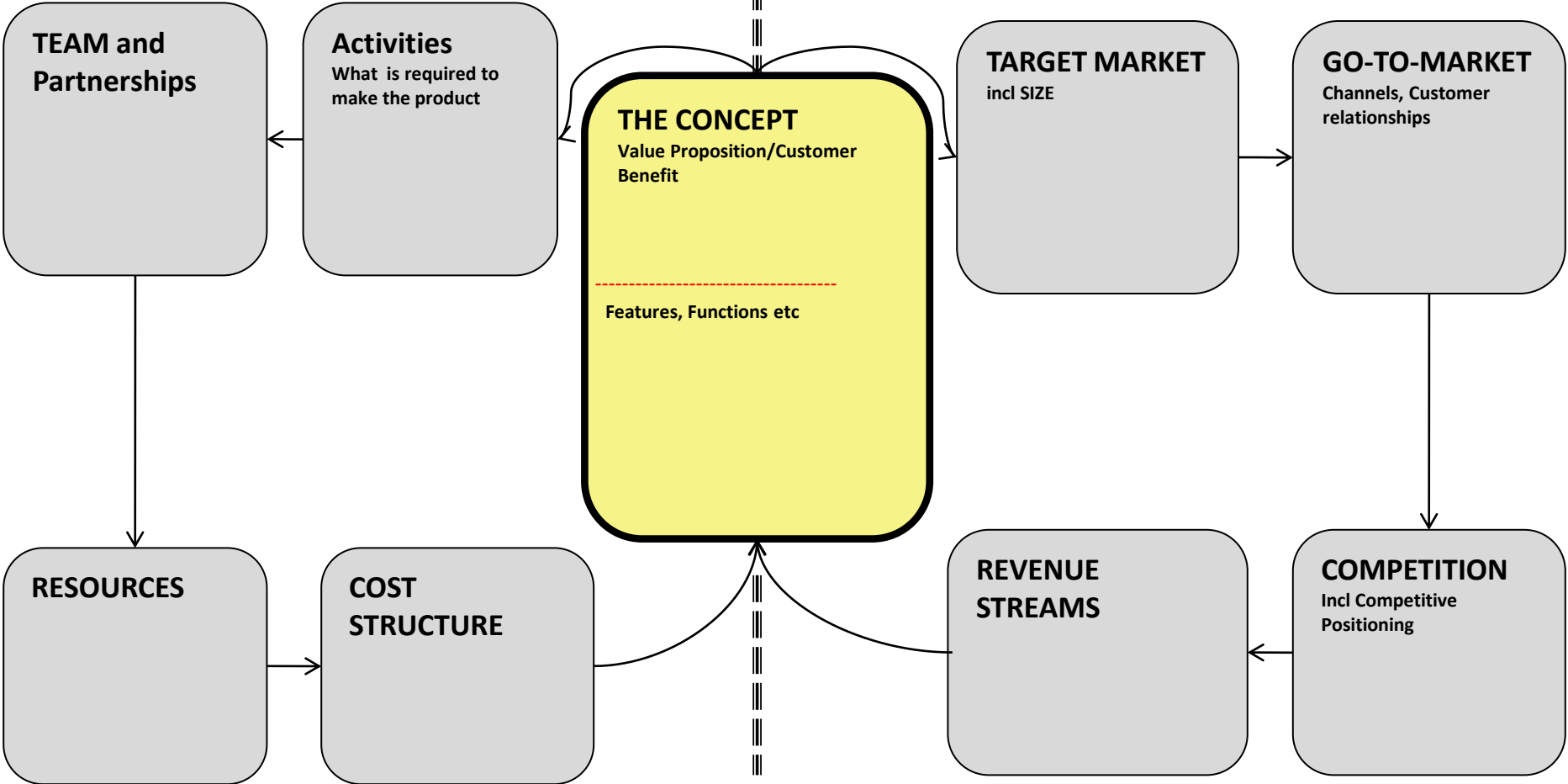
BRIGHT IDEAS CHALLENGE

Business Planning Workshop

BUSINESS-PLAN



BUSINESS MODEL



NB arrows are indicative only. All aspects of a business model are linked in reality.

ENVIRONMENT

Where is the pain?

- Key Trends:
Regulatory, technology, societal and cultural trends, socio economic trends
- Market Forces:
Market segments, needs and demands, market issues, switching costs, revenue attractiveness
- Macro-economic forces:
Global market trends, capital markets, commodities and other resources, economic infrastructure
- Industry forces
Suppliers and other value chain actors, stakeholders, Competitors (incumbents), new entrants (insurgents) Substitute products and services



TARGET MARKET

- A SOLID MARKET OPPORTUNITY
- What is the opportunity in the market
- Who is going to buy from you and why?
- What proof do have that your target market exists
- How motivated would they be



TARGET MARKET

There are different kinds of customer segments:

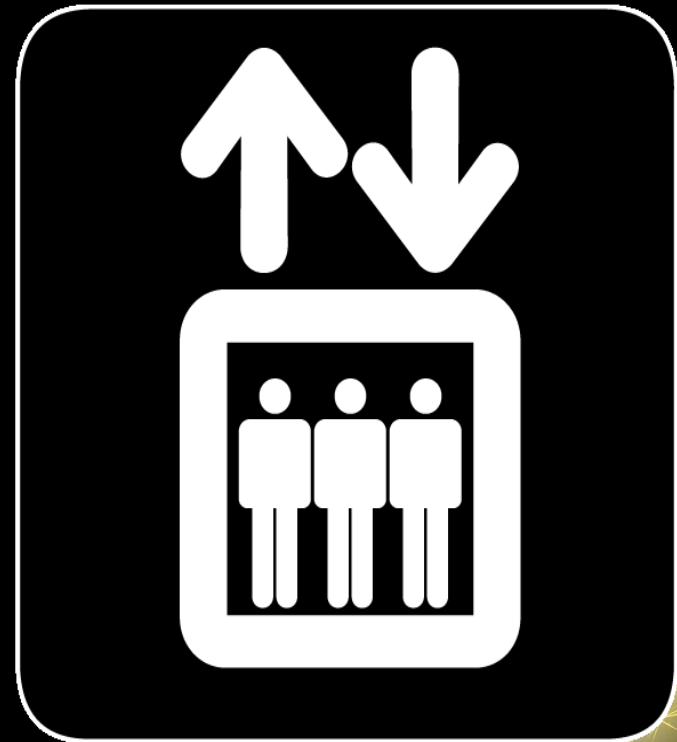
- Mass market
- Niche market (e.g supplier – buyer)
- Segmented (segments within the mass with slightly different needs and problems)
- Diversified (very different groups)
- Multi-sided platforms
- Demographic, psychographic and needs based
- Evidence of need



THE CONCEPT

Value Proposition and Customer Benefit

- Newness
- Performance
- Customization
- Getting the job done
- Design
- Brand/Status
- Price
- Cost reduction
- Risk reduction
- Accessibility
- Convenience, usability



THE CONCEPT

Features, Functions etc

- Simple Description of what the product or service is and its features and functions



GO-TO-MARKET - Channels

Marketing and Product delivery

AIDA

Marketing:

- Word of Mouth, Social Media
- Paid Media, Tradeshows
- Publicity, website etc

Product and Channels:

- Sales force, websites,
- Own stores, partner stores
- Wholesalers vs agents



GO-TO-MARKET – Customer Relationships

Personal Assistance

Dedicated personal assistance

Self-Service

Automated services

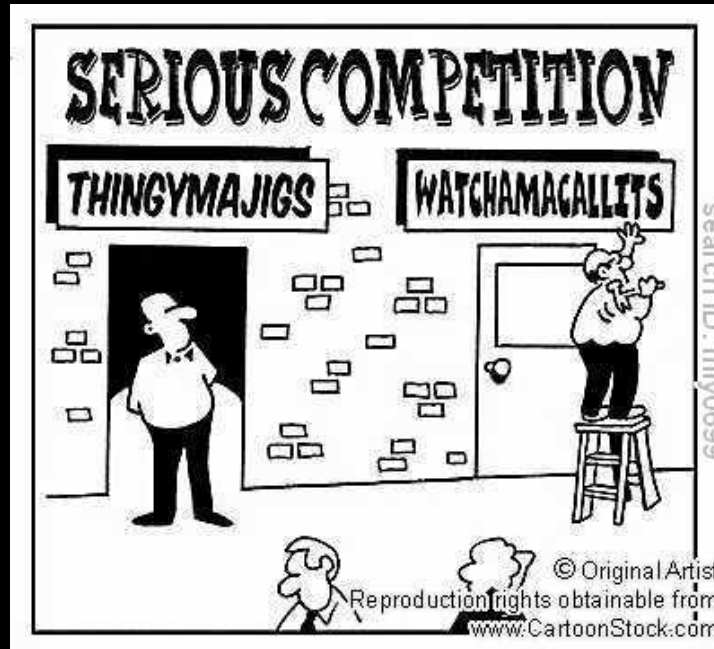
Communities/user groups

Co-creation e.g. Amazon, You Tube



COMPETITION

Every Business has Competition



Don't just think about competitive products and services, also think about competition for time and money, and doing nothing



Revenue Streams and Cost Structure

How are you going to make money?

Revenue Streams:

- Asset sales e.g. books and cars
- Usage Fee e.g. mobiles
- Subscription Fees e.g. gyms
- Lending/Renting/Leasing
- Licensing Fees
- Brokerage Fees
- Advertising/sponsorship



WELLINGTON REGION

Revenue Streams and Cost Structure

How are you going to make money?

Pricing Mechanisms:

- Fixed Pricing
 - List price
 - Product Feature Dependent
 - Customer Segment Dependant
 - Volume Dependent
- Dynamic Pricing
- Negotiation/bargaining
- Yield management (e.g. airlines)
- Real-time market
- Auctions



Revenue Streams and Cost Structure

Costs

Cost Models:

- Cost Driven e.g. Pak n Save
- Value Driven e.g. Luxury

Characteristics of Costs

- Fixed Costs
- Variable Costs
- Economies of scale
- Economies of Scope



Revenue Streams and Cost Structure Business Plan

- Profit and Loss
- Cash Flow Forecast

See www.business.govt.nz

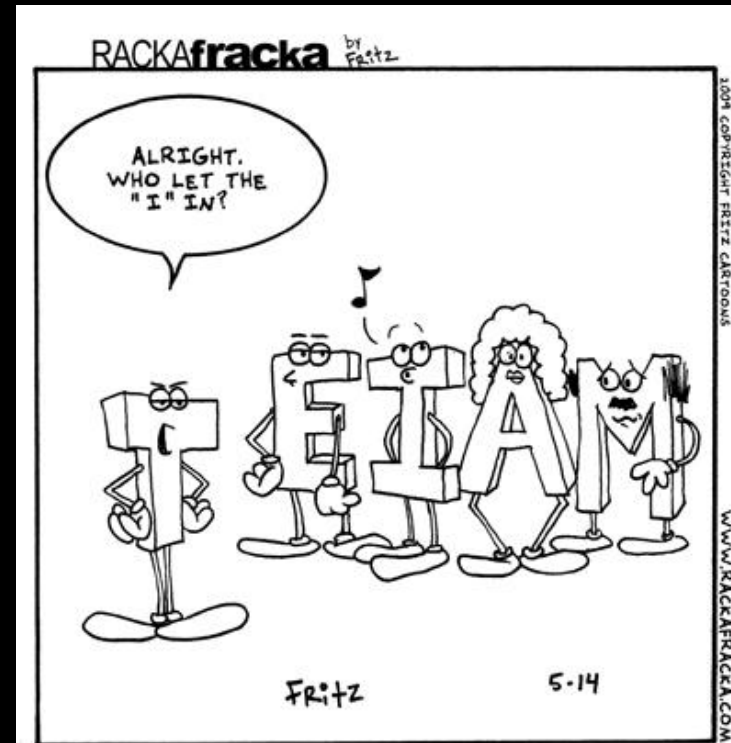


TEAM AND PARTNERSHIPS

- GREAT PEOPLE

Partnerships;

- Strategic alliances between non competitors, coopetition – strategic alliances between competitors, joint ventures to develop new businesses, buyer-supplier relationships to assure reliable supplies.
- Optimisation and economy of scale, reduction of risk and uncertainty, acquisition of particular resources and activities, acquisition of particular resources and activities.



THERE IS NO "I" IN "TEAM."



WELLINGTON REGION

ACTIVITIES & RESOURCES

- STUFF YOU HAVE TO DO & THE THINGS YOU NEED TO MAKE YOUR BUSINESS WORK
- Key activities: production, problem solving, platform/network
- Key resources: Physical, Intellectual, Human, Financial



Types of Business Models - some thoughts

- Unbundled Corporations: Customer Relationship businesses, Product innovation Businesses, Infrastructure businesses
- Long tailed business models – less of more
- Multi-sided platforms
- Free as a business model
 - Non paying customers are financed by another part of the business model or by another customer segment.



RISKS AND LIMITATIONS

- The concept
- Target market
- Go to market
- Competition
- Revenue streams
- Costs
- Resources
- Activities
- Team and partnerships
- Business continuity



TAKING THE BUSINESS MODEL TO THE BUSINESS PLAN

- The Business Plan is simply the plan for how you are going to successfully implement your business model – the roadmap.
- Business plan is central to most organisations.
- Business Planning is an annual cycle for most organisations.
- Helps keep everyone on track and working towards the same outcomes
- Communications document – investors, banks, team, suppliers etc



ACTION PLAN/TIMELINE/MILESTONES

- What
- When
- Why
- How
- Who
- How much \$



www.brightideaschallenge.co.nz

www.business.govt.nz

Marilyn Domney, Wellington City Library

