Current Trends in Economics Workshop day 2 – SS24

DR. CARSTEN MIELKE, 6TH APRIL 2024

Agenda day 2

- 9:00 - Warm-up and recap, formalities about the exam and deliveries
- 9:20 – Present the right side of the Value Proposition Canvas (Gain Creators, Pain Relievers, Capabilities, Products and Services of your solution) back to the big group
- 9:40 – Business Model Generation, **St. Galler Business Model Navigator** with 55 business model patterns
- 10:00 – Break
- 10:10 – In the split groups: The solution (product, service) is transformed into one of the 55 Business Models; Present back to the big group
- 11:00 – In the whole group: **Lean Canvas**, the 1-page business plan template created by Ash Maurya
- 11:20 – In the split groups: Lean Canvas (part 1): The Business Model will be transformed into a Startup company, describing the customer segments, problem, solution, unfair advantage,
- 12:10 – Break

- 12:40 – In the split groups: Lean Canvas (part 2): The Business Model will be transformed into a Startup company, describing key metrics, channels, unique value proposition, revenue streams, and cost structure
- 13:30 Present the canvas back to the big group
- 13:50 – The "perfect pitch deck"
- 14:00 – In the split groups: Based on e.g. Harvard Innovation Labs, Sequoia Capital, or other sources, build a "**perfect pitch deck**" to pitch in front of investors
- 15:30 – Pitching your startup – Each team gets 5 minutes sharp to pitch their idea to a "panel of investors", then another 5 minutes for Q&A (roast) by investors. This is 10 minutes for each team, one hour for 6 teams
- 16:30 – Feedback and goodbye
- 16:40 – End of day 2

Warmup, recap, org

- Hausarbeit formalities

- **Anmeldung zur Portfolioprüfung „Current Trends in Economics", Sommersemester 2024**

- Projektarbeit (WordDokument, Abgabe bis 13.05.2024) und Präsentation

- Der zweite von zwei Veranstaltungstagen, 06.04.2024, ist eine Pflichtveranstaltung und die Teilnahme an der Präsentation verbindlich.

- **Achtung: Zusätzlich muss die Prüfung noch zwingend, innerhalb des Anmeldezeitraums für die Prüfungen, über die Selbstbedienungsfunktion der Hochschule Bochum angemeldet werden!!!**

- Bitte schicken Sie das ausgefüllte und unterschriebene Exemplar bis zum 13.04.2024 per Mail an carsten@mielkeweb.de und barbara.boelte@hs-bochum.de!

Project documentation – contents

- Your group document will have to cover the following topics/contents:
    - Finding the startup idea: Brainstorming of ideas on a whiteboard
    - What is your startup idea?
    - Value Proposition Canvas - current Jobs/Tasks, Pains and Gains
    - press release from the future
    - Problem Statement
    - Value Proposition Canvas - Gain Creators, Pain Relievers, Capabilities, Products and Services of your solution
    - Business Model Generation, solution (product, service) transformed into one of the 55 Business Models of the St. Galler Business Model Navigator
    - Lean Canvas, the 1-page business plan template created by Ash Maurya, describing the problem, solutions, customer segments, unfair advantage, key metrics, channels, unique value proposition, revenue streams, and cost structure
    - Based on e.g. Harvard Innovation Labs, Sequoia Capital, or other excellent sources, your "perfect pitch deck" for the investors
- Please clearly mark which part was created by which group member.
- Citation rules apply.
- Format: PDF and Word, approx. 15-20 pages per team (should be 3-4 pages per team member).
- No word count needed, pictures appreciated.

Building the Solution (right diagram)
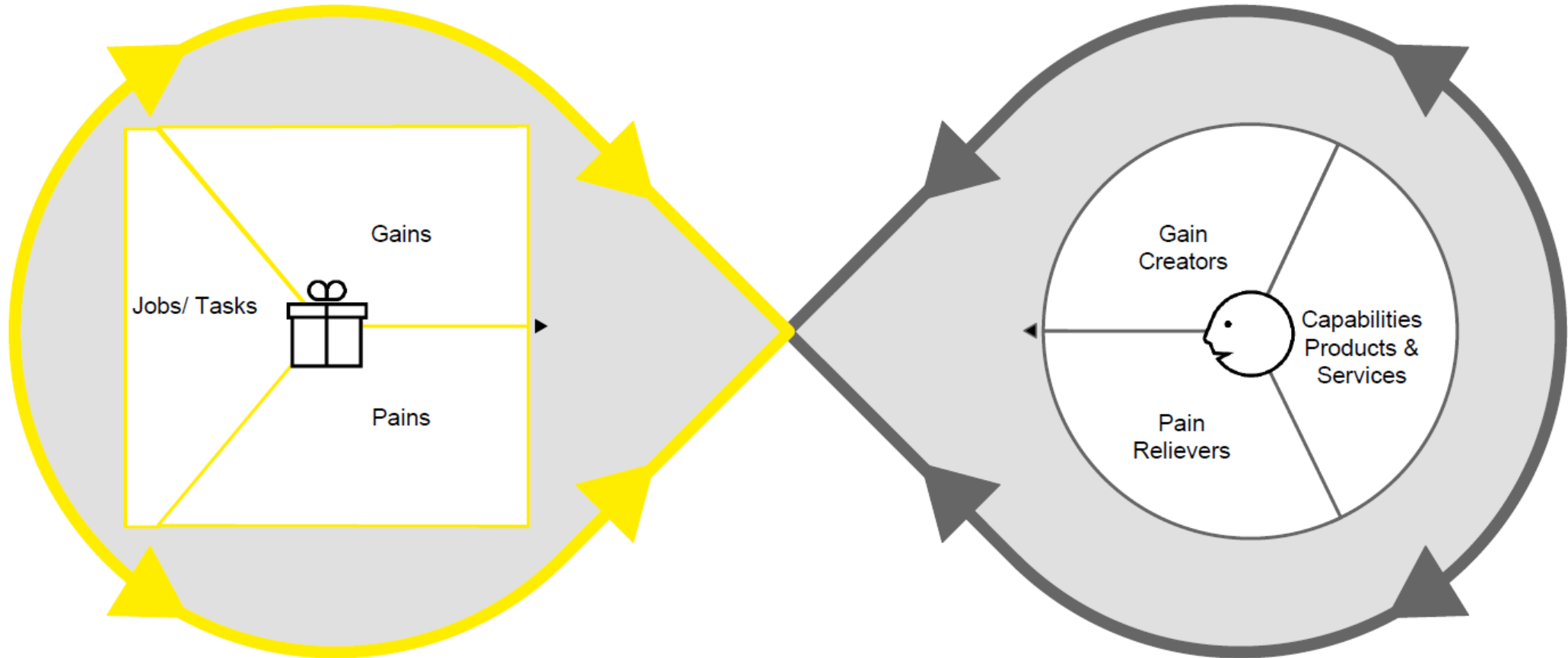
Gain Creators
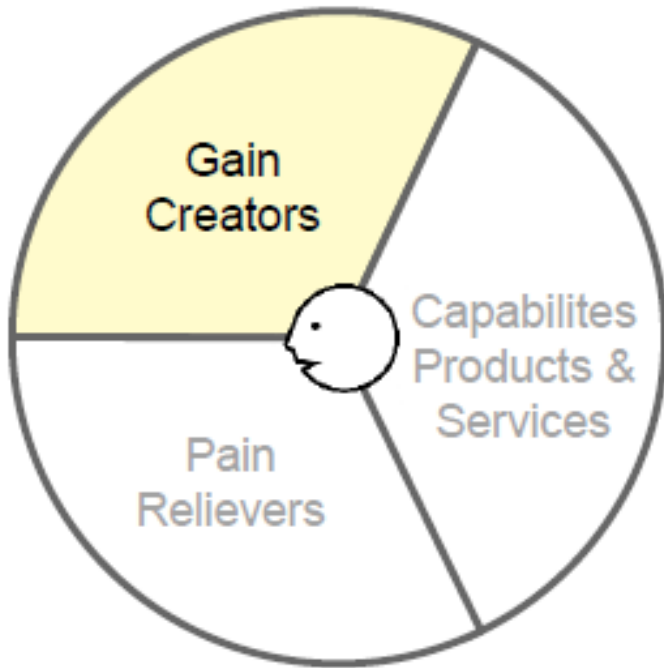
Gain
Creators

Capabilites
Products &
Services

Pain
Relievers

▶ Brainstorm related to your problem statements, how your startup could create, or help the client to create, gains (ideate).

▶ How do they create benefits your customer expects, desire or would be surprised by, including functional utility, social gains, positive emotions, and cost savings?

Pain Relievers
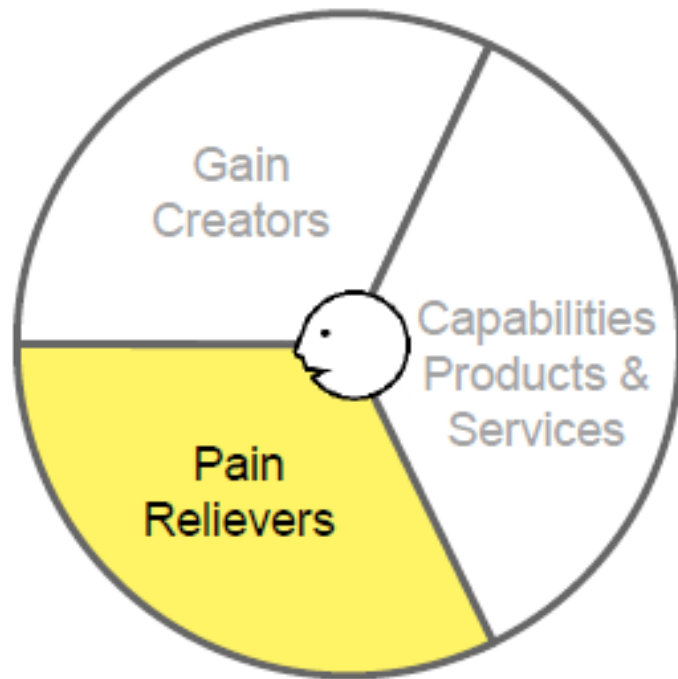
- Brainstorm related to your problem statements, how your startup could create, or help the client to create, products, services or approaches that alleviate the identified pains.

- How do they eliminate or reduce negative emotions, undesired costs and situations, and risks your customer experiences or could experience before, during and after getting the job done?
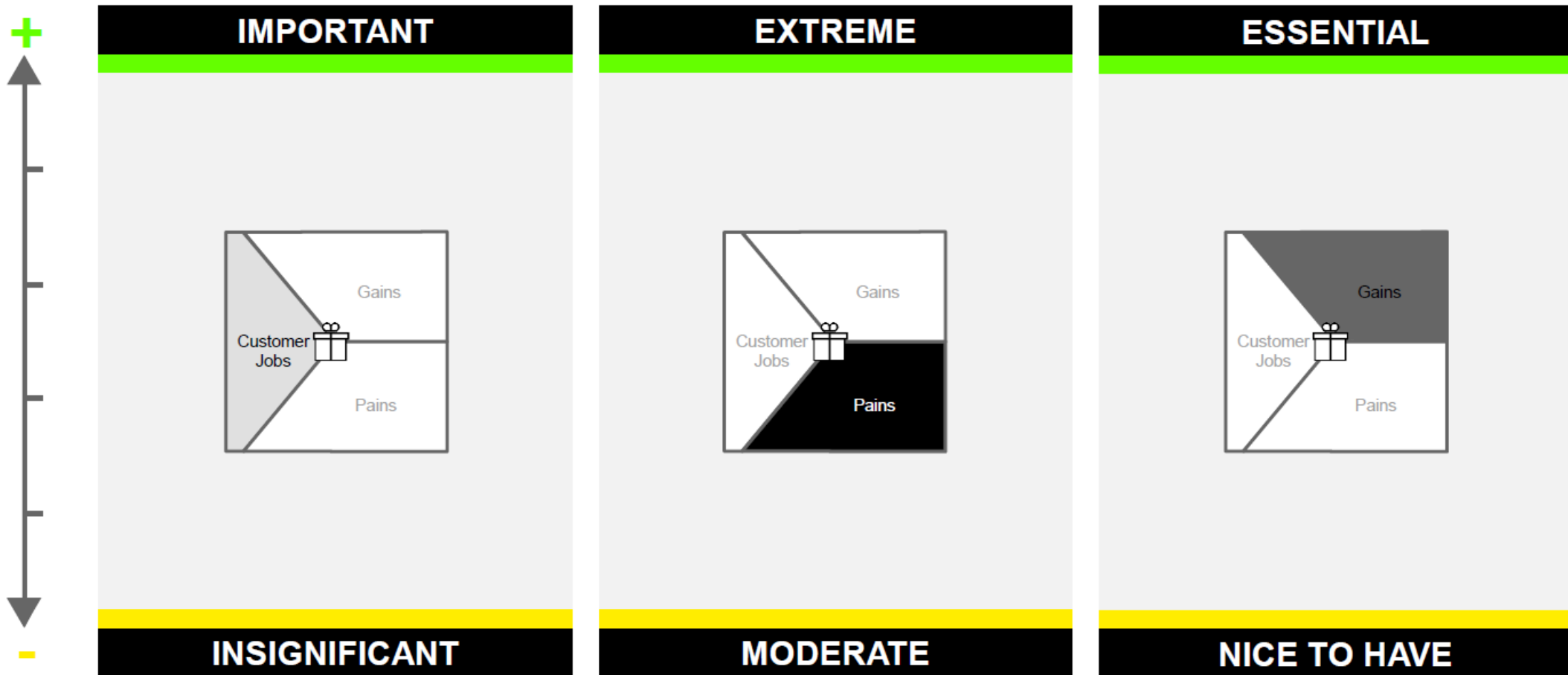
Capabilities, Products and Services
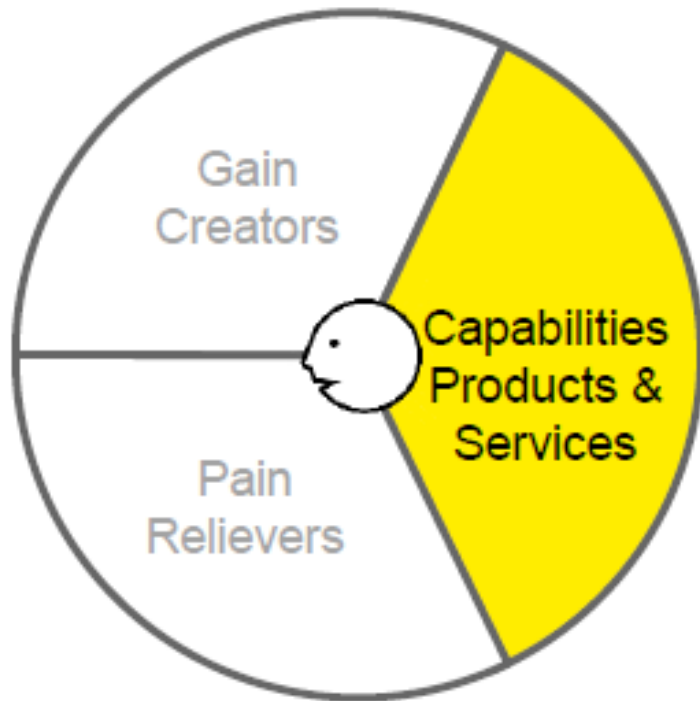
▶ What capabilities, products and services should be developed, implemented to help resolve the problem?
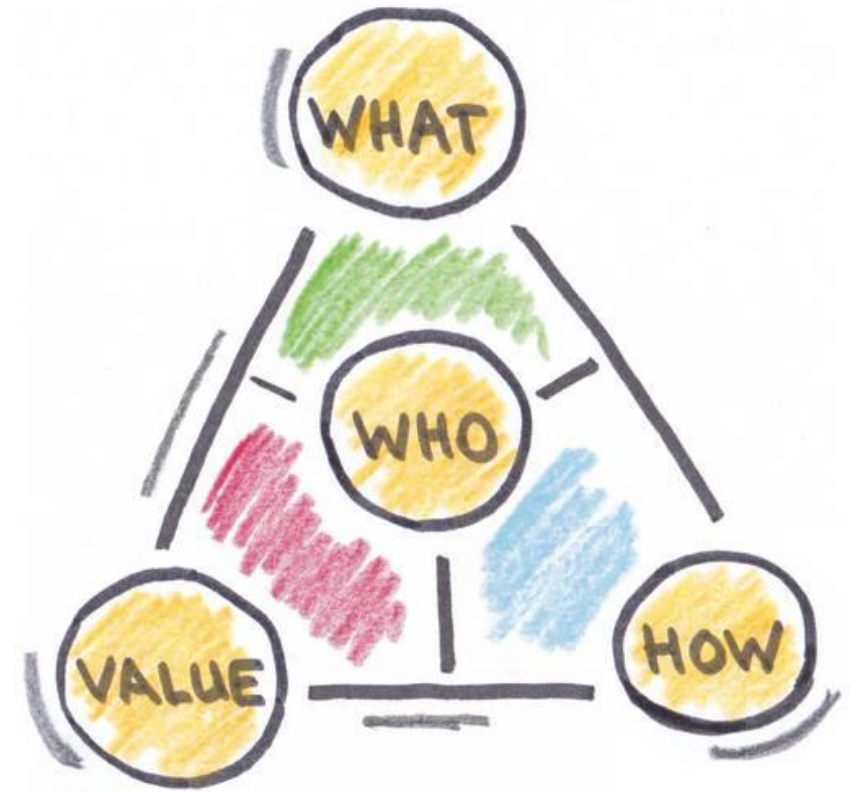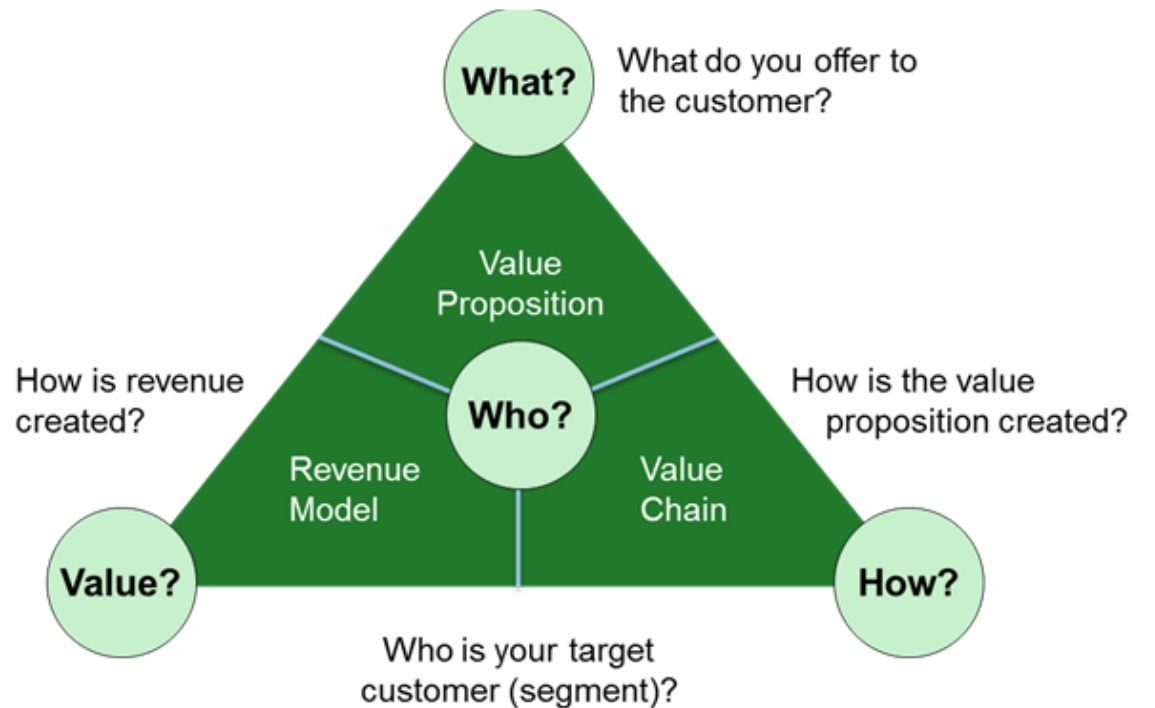
Evaluate and Prioritize, present to the full group

Introduction to the St. Galler Business Model Navigator

▶ Objectives

▶ Overview of the St. Galler Business Model Navigator

▶ Importance of business model innovation

The 4 Dimensions of the St. Galler Business Model Navigator

- Customer Value Proposition (CVP)
- Value Chain
- Revenue Mechanism and Value Network
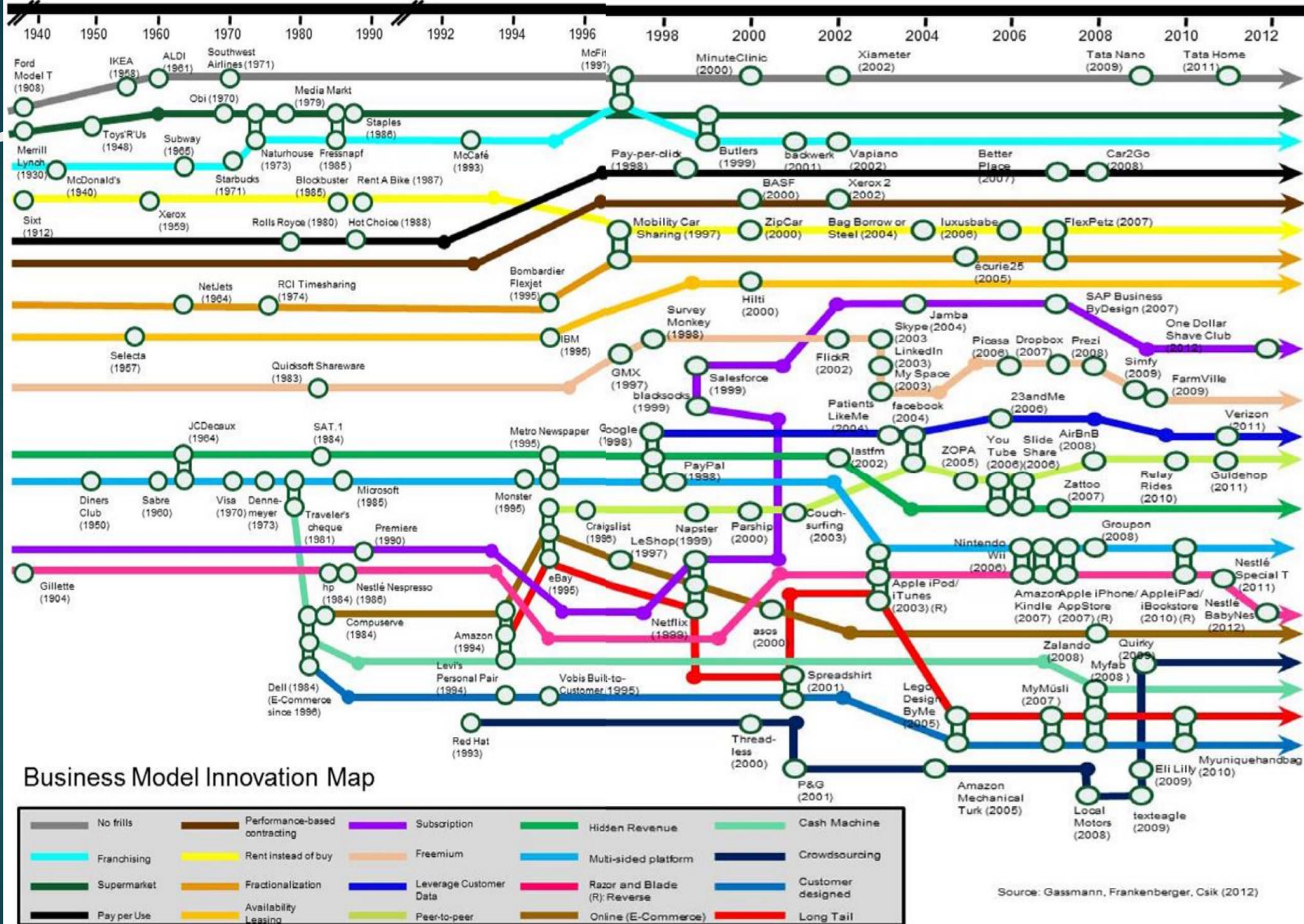
The 55 Business Model Patterns and Iterative Process

▶ Overview of some of the 55 Business Model Patterns

▶ Business Model Innovation Process: Initiation, Ideation, Integration, and Implementation

▶ Benefits of using the St. Galler Business Model Navigator

4. The 55 business model patterns

| No	Pattern name	Affected BM compo-nents	Exemplary companies	Pattern description
1	ADD-ON	What Value	Ryanair (1985), SAP (1992), Sega (1998)	The core offering is priced competitively, but there are numerous extras that drive the final price up. In the end, the costumer pays more than he or she initially assumed. Customers benefit from a variable offer, which they can adapt to their specific needs.
10	CUSTOMER LOYALTY	What Value	Sperry & Hutchinson (1897), American Airlines (1981), Safeway Club Card (1995), Payback (2000)	Customers are retained and loyalty assured by providing value beyond the actual product or service itself, i.e., through incentive-based programs. The goal is to increase loyalty by creating an emotional connection or simply rewarding it with special offers. Customers are voluntarily bound to the company, which protects future revenue.
11	DIGITIZA-TION	What How	Spiegel Online (1994), WXYC (1994), Hotmail (1996), Jones International-al University (1996), CEWE Color (1997), SurveyMonkey (1998), Napster (1999), Wikipe-dia (2001), Facebook (2004), Dropbox (2007), Netflix (2008), Next Issue Media (2011)	This pattern relies on the ability to turn existing products or services into digital variants, and thus offer advantages over tangible products, e.g., easier and faster distribution. Ideally, the digitization of a product or service is realized without harnessing the value proposition which is offered to the customer. In other words: efficiency and multiplica-tion by means of digitization does not reduce the perceived customer value.
18	FREEMIUM	What Value	Hotmail (1996), Survey-Monkey (1998), LinkedIn (2003), Skype (2003), Spotify (2006), Dropbox (2007)	The basic version of an offering is given away for free in the hope of eventually persuading the customers to pay for the premium version. The free offering is able to attract the highest volume of customers possible for the company. The generally smaller volume of paying 'premium customers' generate the revenue, which also cross-finances the free offering.

Business Model Innovation Map

Source: Gassmann, Frankenberger, Csik (2012)

Legend:

Color	Category
No frills	Performance-based contracting
Franchising	Rent instead of buy
Supermarket	Fractionalization
Pay per Use	Availability Leasing
Subscription	Freemium
Hidden Revenue	Cash Machine
Multi-sided platform	Crowdsourcing
Leverage Customer Data	Peer-to-peer
Razor and Blade (R): Reverse	Online (E-Commerce)
Customer designed	Long Tail

Lean Canvas: The 1-Page Business Plan Template by Ash Maurya

- A streamlined approach to designing and validating business models, emphasizing problem-solving, rapid iteration, and customer feedback.

- Key benefits:
  - Easy-to-understand format
  - Facilitates quick iteration
  - Focuses on most critical aspects of a business
  - Enhances collaboration and communication among team members

Lean Canvas
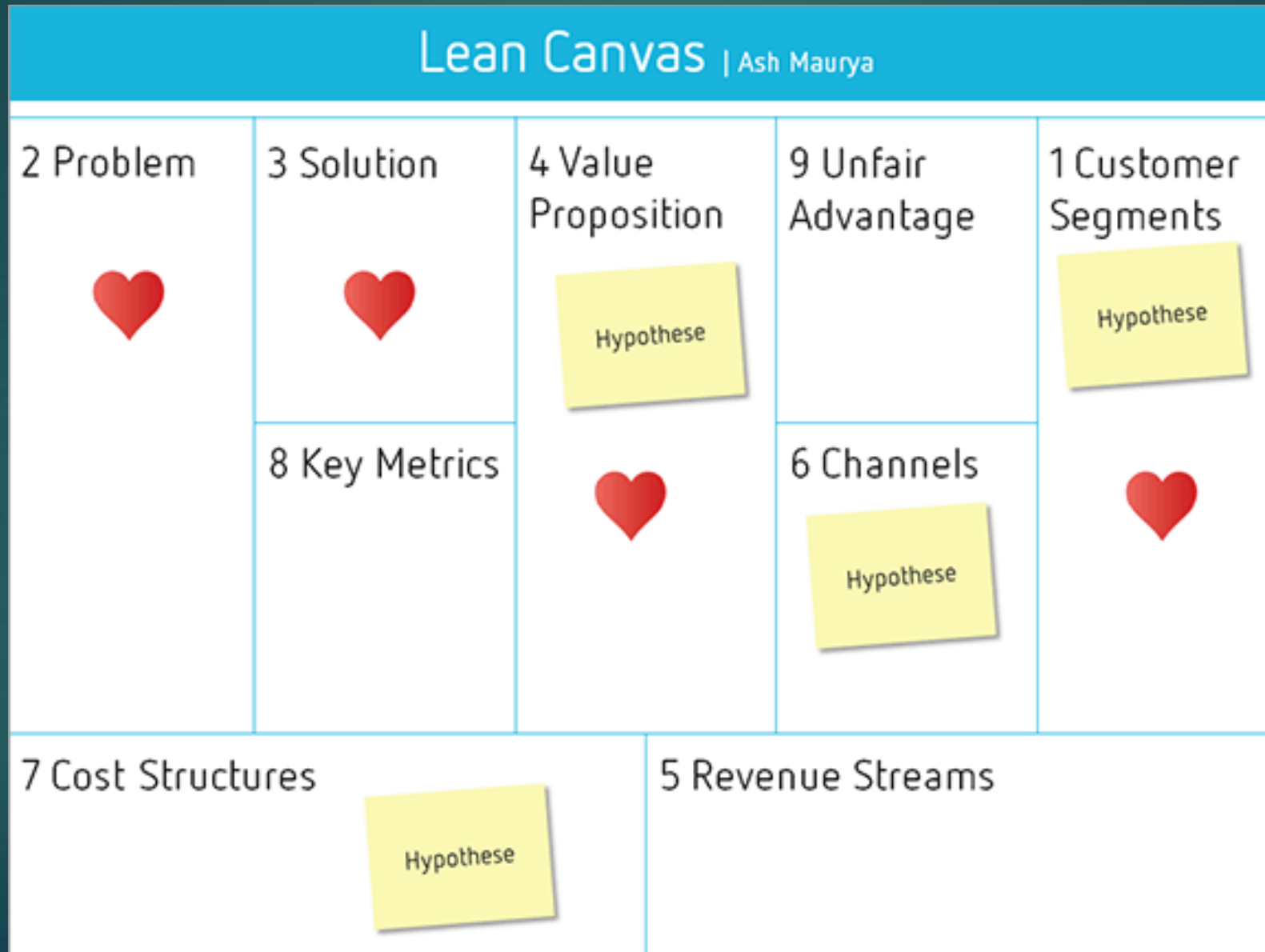
Components of the Lean Canvas

▶ 9 building blocks

  ▶ Problem: List the top 3 problems your target customers face

  ▶ Customer Segments: Identify your target customers and user groups

  ▶ Unique Value Proposition: Define the core value your solution offers

  ▶ Solution: Describe your proposed solution to the problems

  ▶ Channels: Detail how you will deliver your solution to customers

  ▶ Revenue Streams: Enumerate the ways you will generate revenue

  ▶ Cost Structure: Estimate the major costs associated with your business

  ▶ Key Metrics: Identify key performance indicators (KPIs) to track progress

  ▶ Unfair Advantage: Explain any competitive edge you have over rivals

Comparing Lean Canvas and Business Model Canvas

- Both canvases are visual tools for designing and validating business models

- Key differences:

- Lean Canvas prioritizes problem-solving and customer validation

- Business Model Canvas focuses more on value chain and partnerships

  - Lean Canvas is designed for startups and entrepreneurs, while Business Model Canvas is suitable for both startups and established companies

  - Lean Canvas encourages rapid iteration and pivoting, whereas Business Model Canvas is more static in nature

Recommended Sorted Order to Fill the Lean Canvas

- Filling the Lean Canvas in a structured manner enhances understanding and efficiency:
  - Customer Segments
  - Problem
  - Unique Value Proposition
  - Solution
  - Channels
  - Revenue Streams
  - Cost Structure
  - Key Metrics
  - Unfair Advantage
- Iterate and refine as needed to optimize your business model, responding to feedback and insights from customers and team members.

The perfect pitch deck