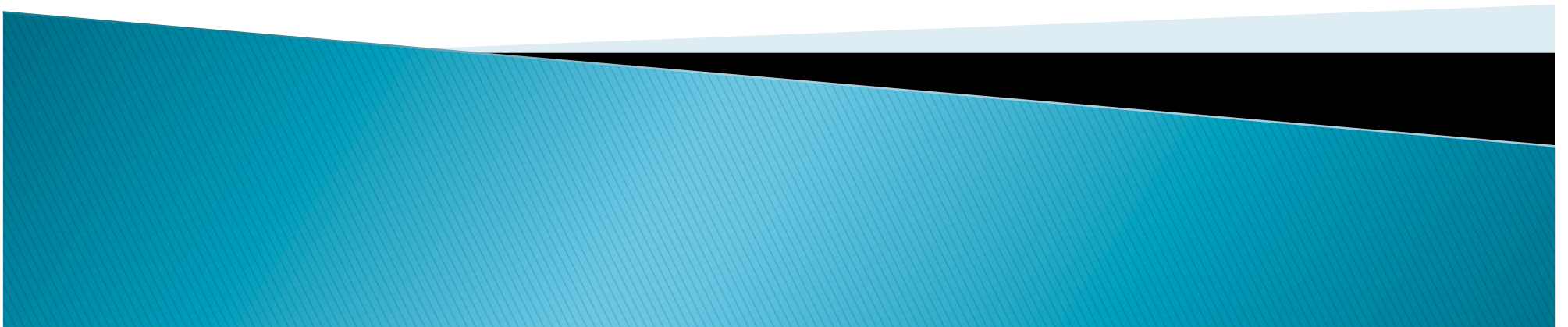


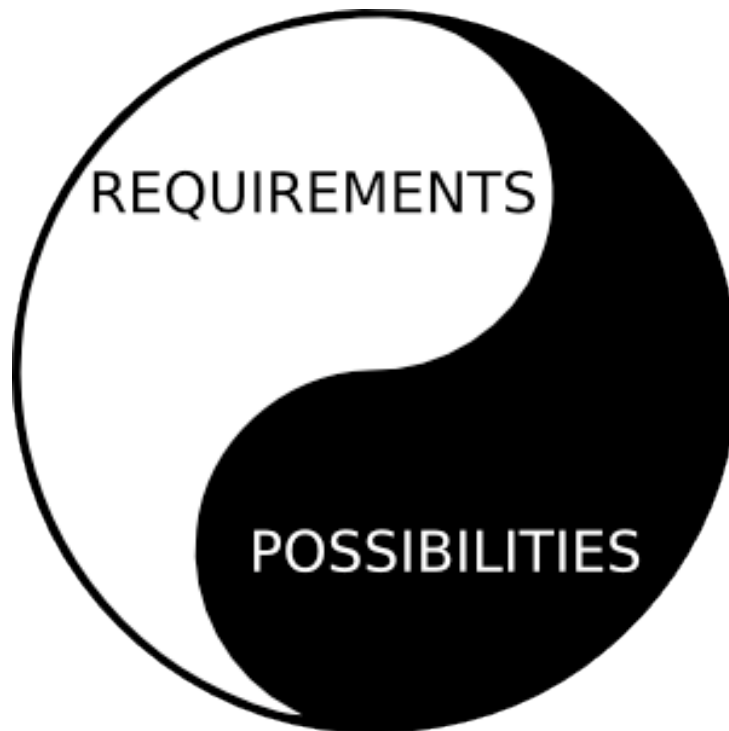
Management by Competencies

World of Requirements – part I



Previously on MbC

- ▶ What is MbC?
- ▶ What is MbC about?



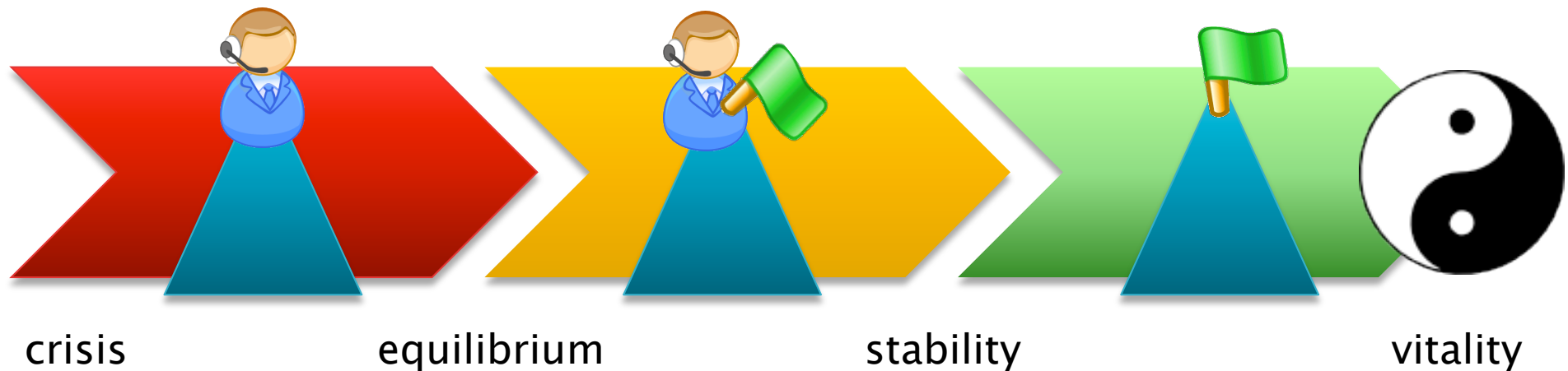
vitality



competence

Previously on MbC (cont'd)

- ▶ Company culture
- ▶ Company culture management



Agenda

- ▶ **Theory of vitality**
 - vital signs
 - pyramid of vitality
- ▶ **Building up usefulness**
 - subjects
 - needs
 - services or products
- ▶ **Business Model**
 - Customer segments
 - Value propositions

Theory of Vitality



The existence of organism has to be **gradually** (inspired by ecosystems observations)

meaningful

- useful to someone, even if to itself

effective

- it cannot exhaust itself to death

resistant

- to threatening forces and environment changes

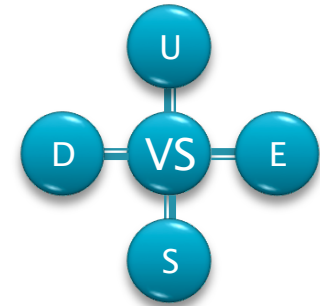
proactive

- flexible enough to generate changes

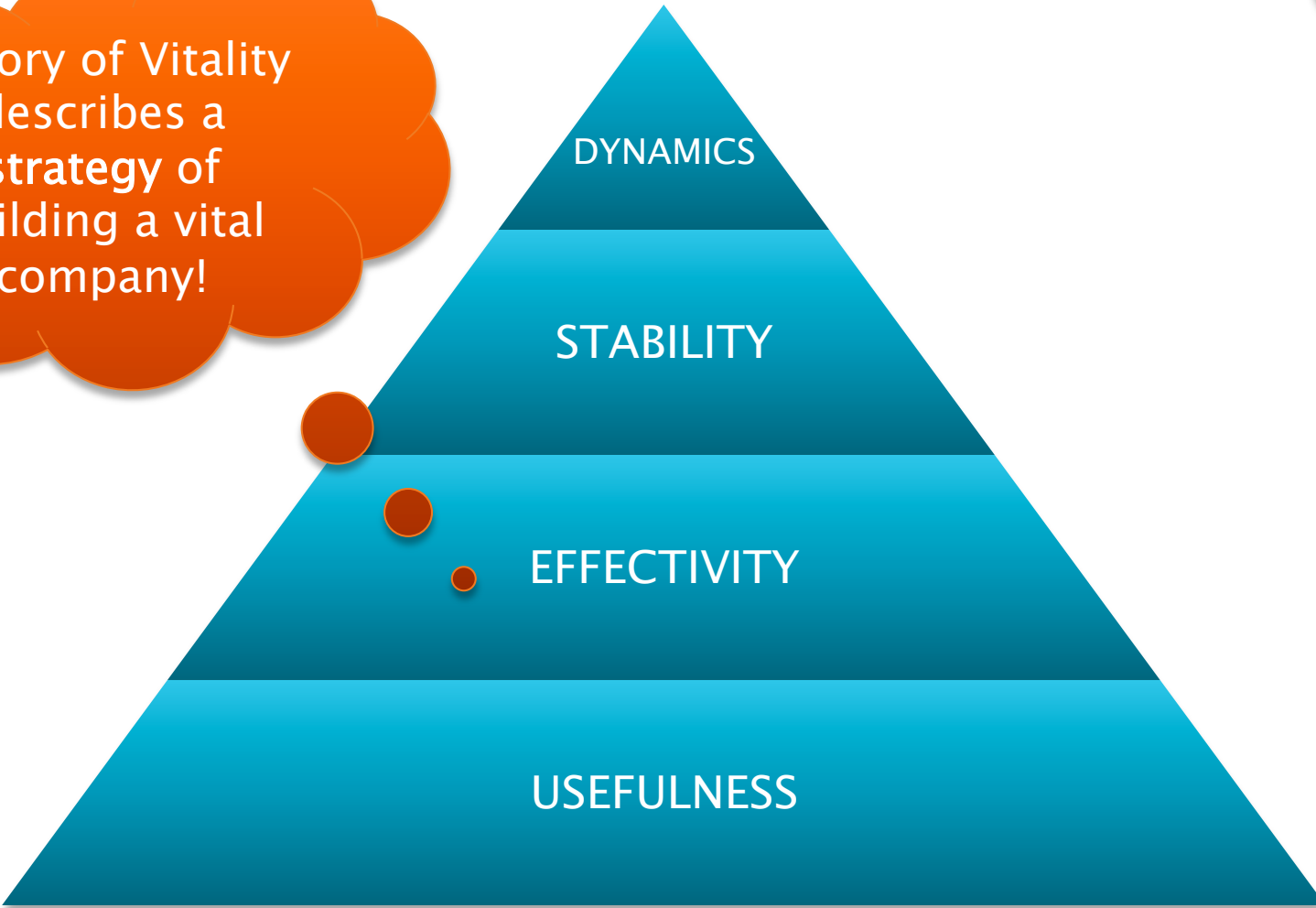
Vital signs



Pyramid of Vitality

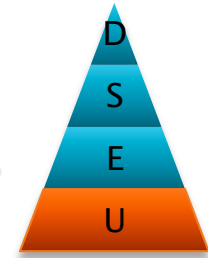


Theory of Vitality describes a strategy of building a vital company!



(C) J. Plamínek

Usefulness – success criteria



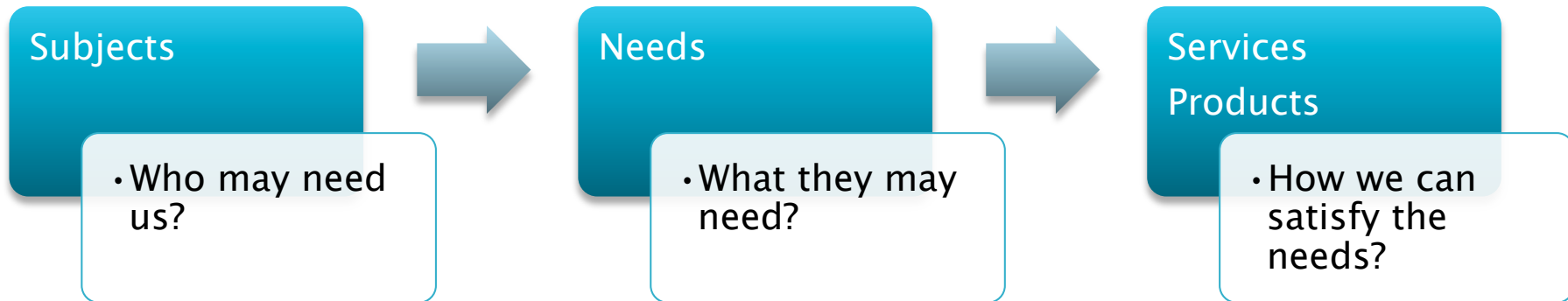
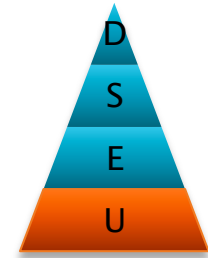
Definition

- To have defined product or service portfolio which **really** satisfy needs of **real** people who may need us or depend on us

Continual update

- To keep this portfolio up-to-date to reflect changing both outer and inner environment

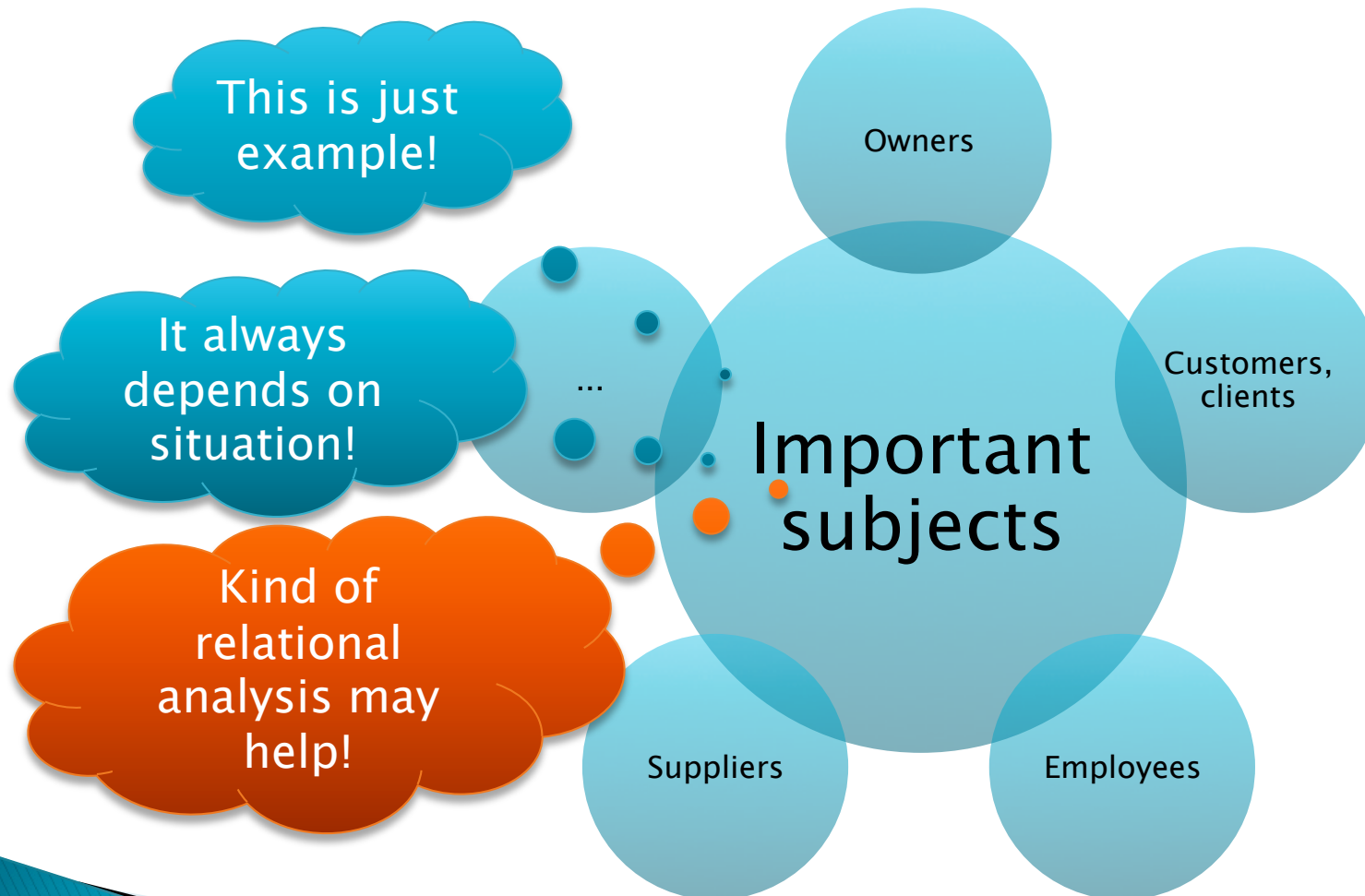
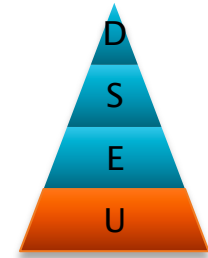
Building of Usefulness

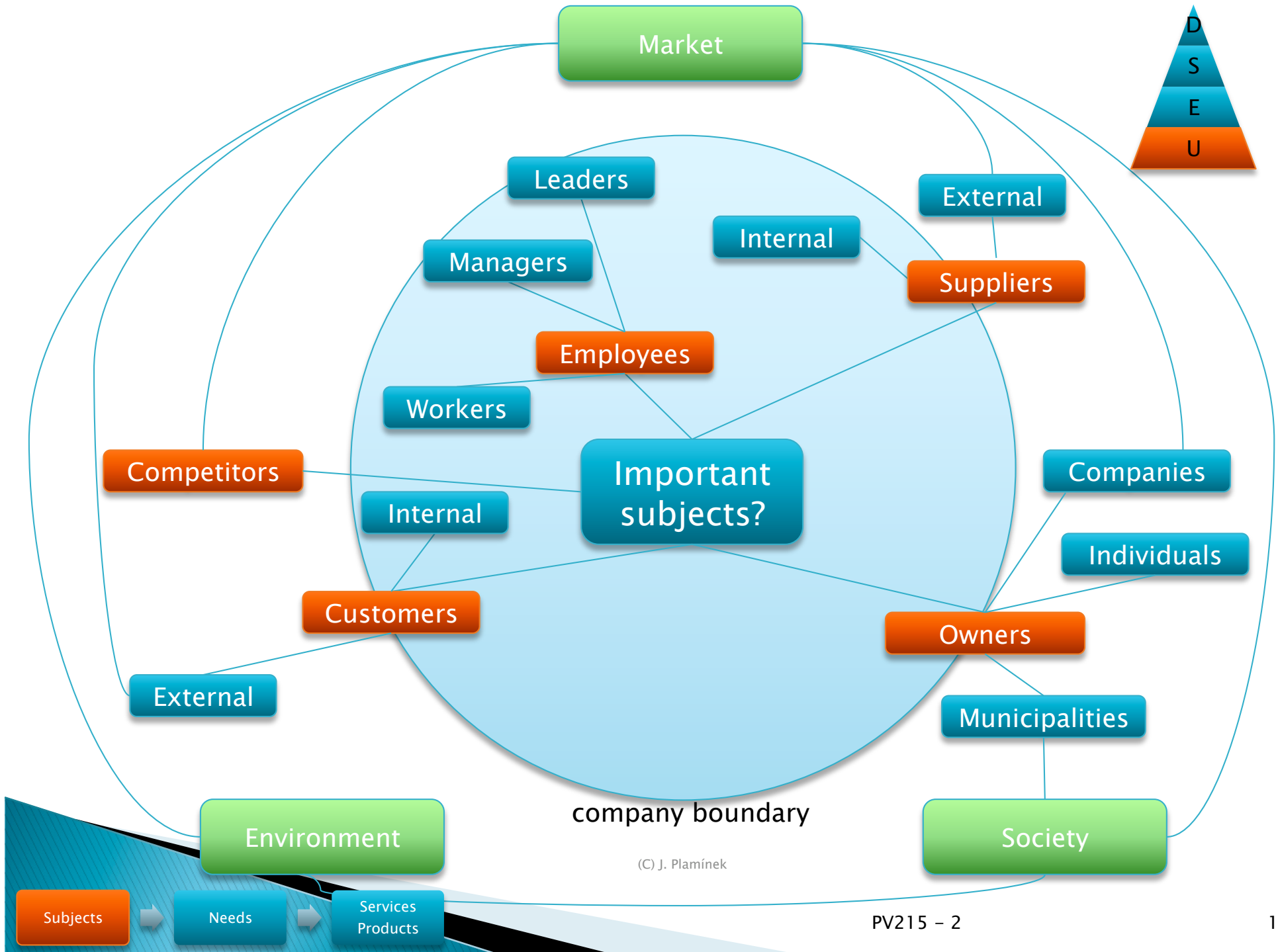


(C) J. Plamínek

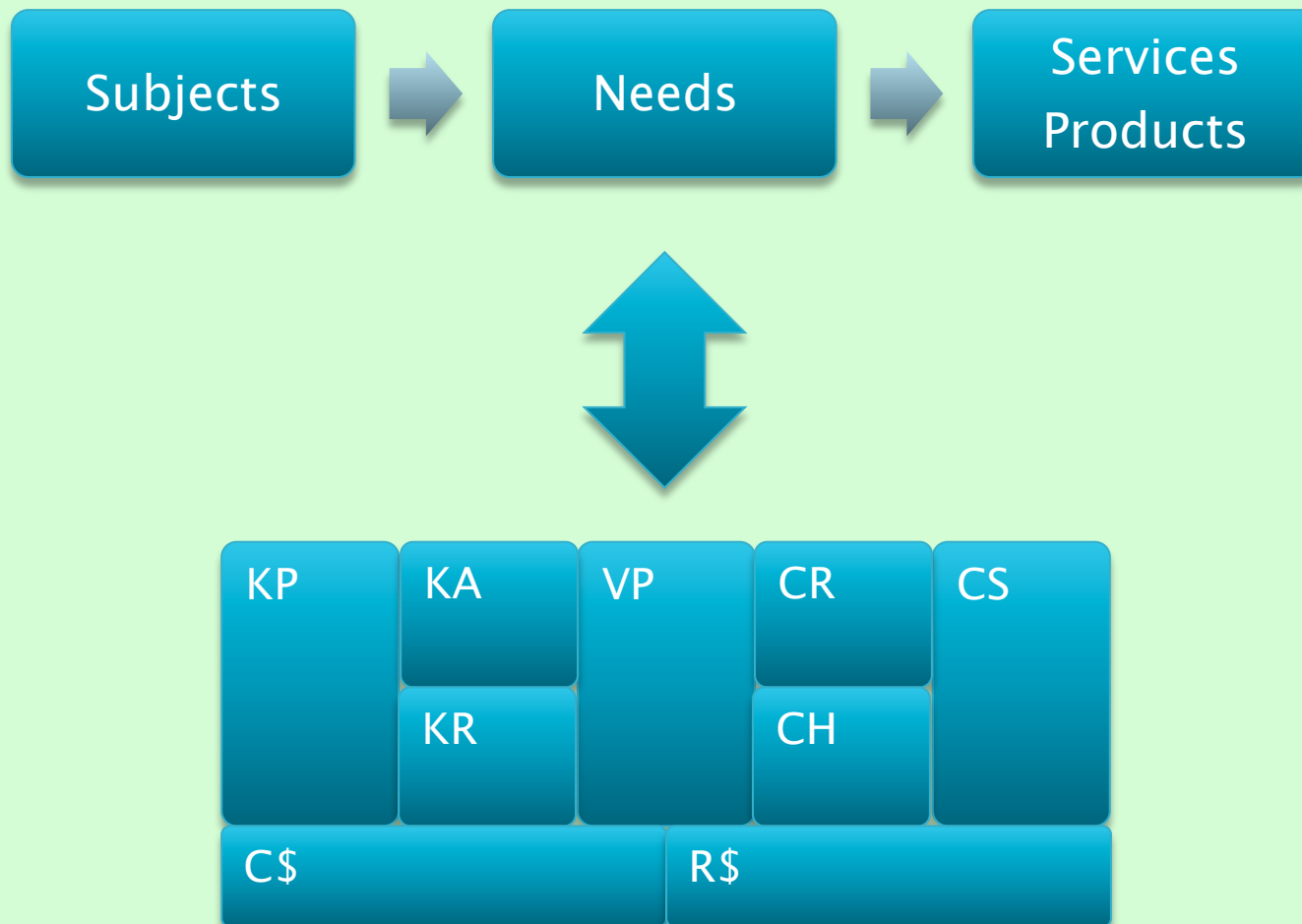
Definition of Subjects

> Answer the question: Who may need us?





From MbC to Business Model



Business Model Perspective

By Alexander Osterwalder



A business model describes the rationale of how an organization creates, delivers and captures value.

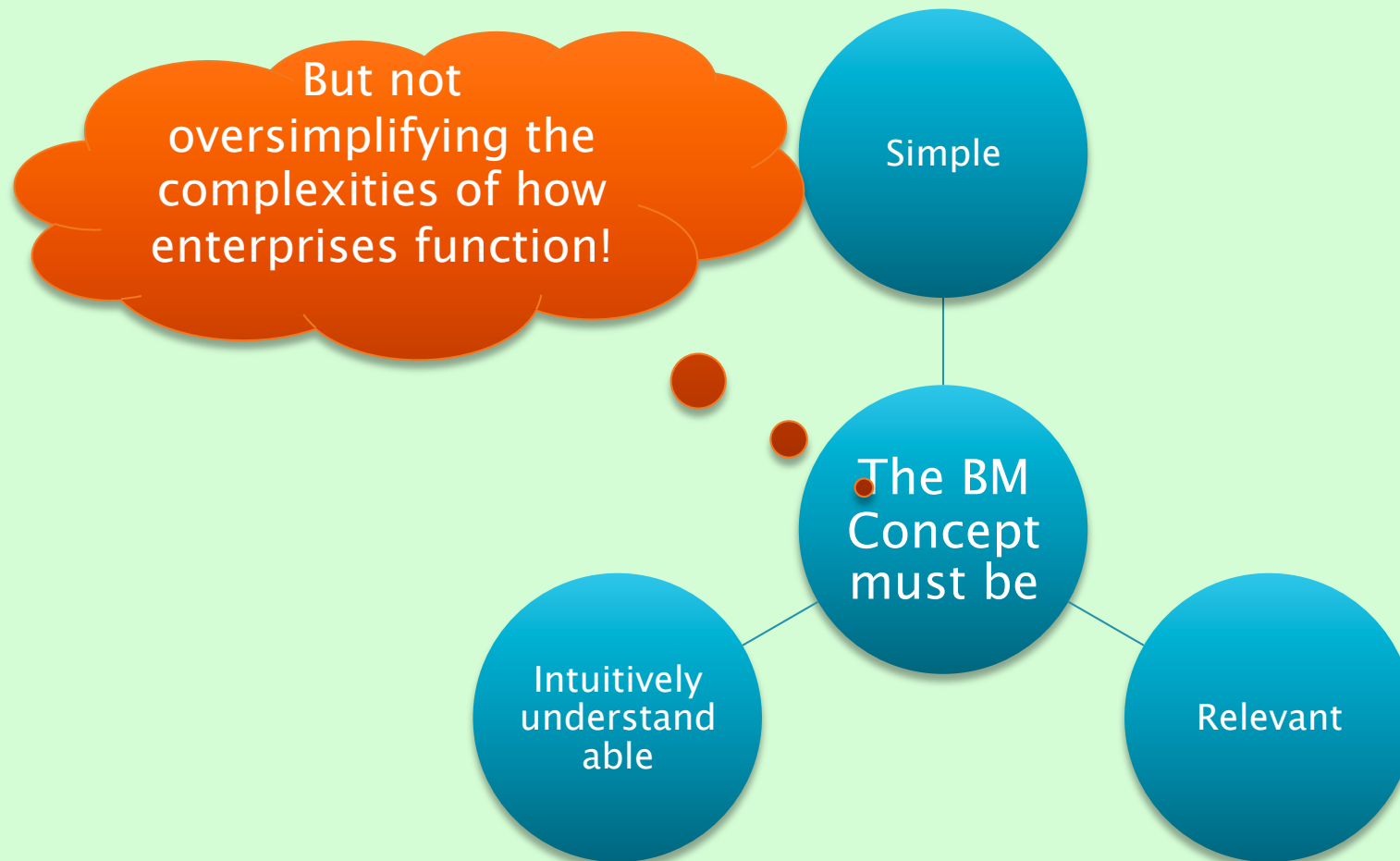
The business model is like blueprint for a strategy to be implemented through organizational structures, processes, and systems.

A business model concept that everybody understands is needed!

The Business Model Concept

KP	KA	VP	CR	CS
	KR		CH	
CS		RS		

By Alexander Osterwalder

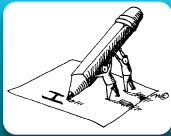


The Business Model Canvas (BMC)

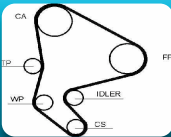
KP	KA	VP	CR	CS
	KR		CH	
C\$				R\$

By Alexander Osterwalder

A shared language for ...



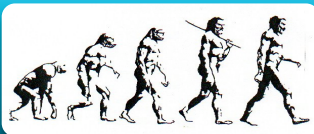
describing



visualizing



assessing



changing

... business models.

BMC: Introduction

By Alexander Osterwalder



BMC consists of nine basic building blocks that

- show the logic of how a company intends to make money
- cover four main areas of business:



BMC: Nine Building Blocks

By Alexander Osterwalder












The Business Model Canvas

Designed for: _____

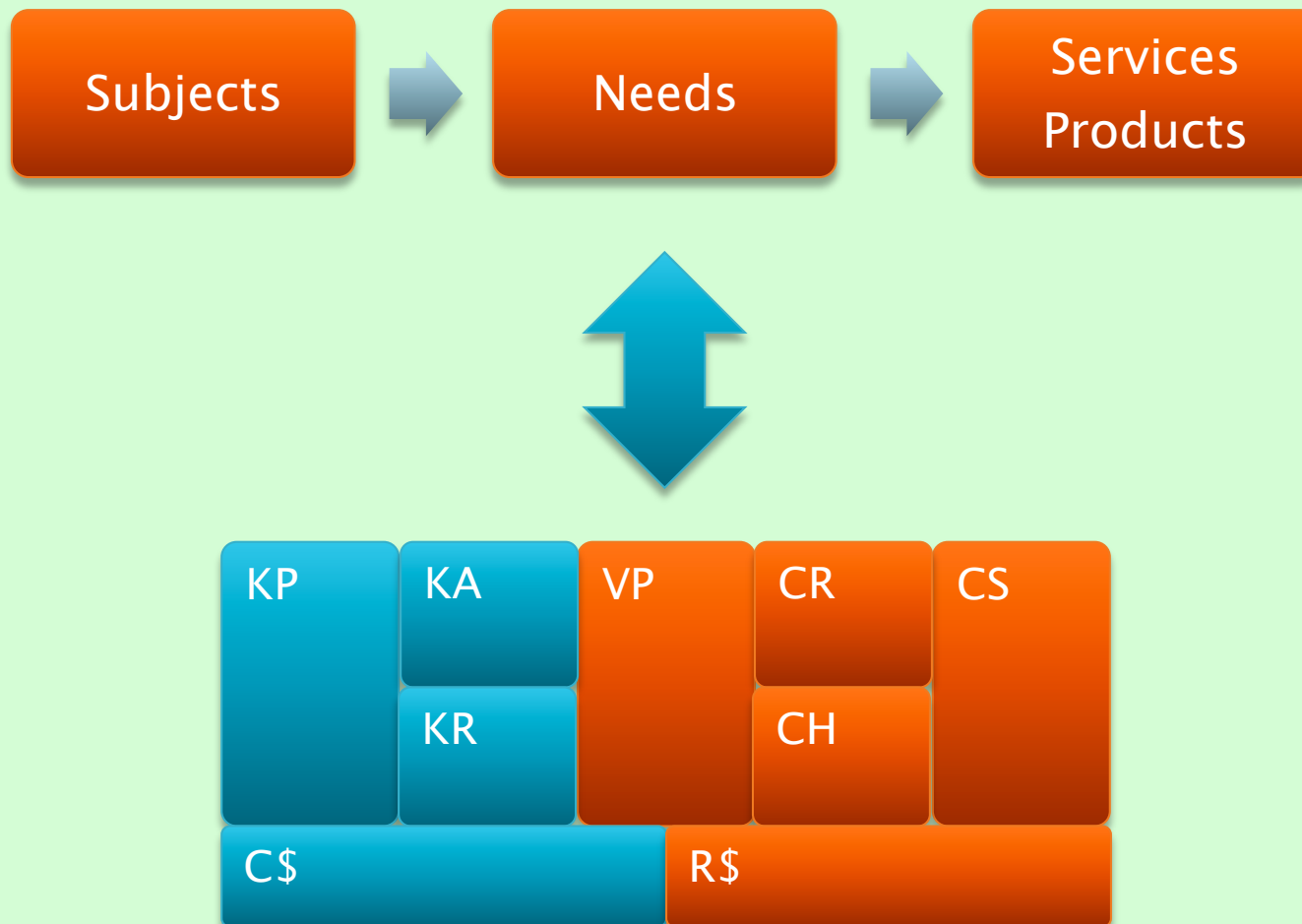
Designed by: _____

On: Day _____ Month _____ Year _____
Iteration: No. _____

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>KEY RESOURCES TO ACQUIREMENT: Optimization and expansion Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>KEY ACTIVITIES: Production Problem Solving Platform/Network</p>	<h3>Value Propositions</h3>  <p>What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p>VALUE PROPOSITIONS: Newness Performance Customization "Selling the sizzle" (not the ham) Design Brand/Status Price Self-Service Risk Reduction Accessibility Convenience/Usability</p>	<h3>Customer Relationships</h3>  <p>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?</p> <p>RELATIONSHIPS: Personal assistance Self-Service/Personal Assistant Self-Service Automated services Communities Co-creation</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>MARKET SEGMENTS: Mass Market Niche Market Segmented Diversified Multi-Sided Platform</p>
	<h3>Key Resources</h3>  <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>KEY RESOURCES: Physical Intellectual (brand, patents, copyrights, data) Human Financial</p>		<h3>Channels</h3>  <p>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?</p> <p>CHANNELS: 1. Accessible 2. Affordable 3. Effective 4. Efficient 5. Easy to use 6. Easy to integrate with customer routines</p>	
<h3>Cost Structure</h3>  <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>BY HOW DO WE INFLUENCE COSTS: Cost Drivers (impact cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Drivers (depend on value creation, premium value proposition)</p> <p>KEY COST STRUCTURES: Fixed Costs (salaries, rent, utilities) Variable Costs Economies of Scale Economies of Scope</p>		<h3>Revenue Streams</h3>  <p>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?</p> <p>REVENUE STREAMS: Asset sale Usage fee Subscription fee Licensing/Leasing/Licensing Licensing Freemium Advertising</p> <p>REVENUE STREAMS: Asset Price Product/Service dependent Customer segment dependent Volume dependent</p> <p>REVENUE STREAMS: Negotiation (bartering) Usage Management Real-time Market</p>		

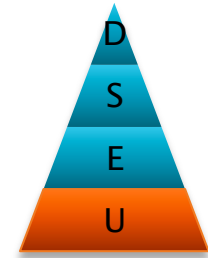


From Business Model to MbC

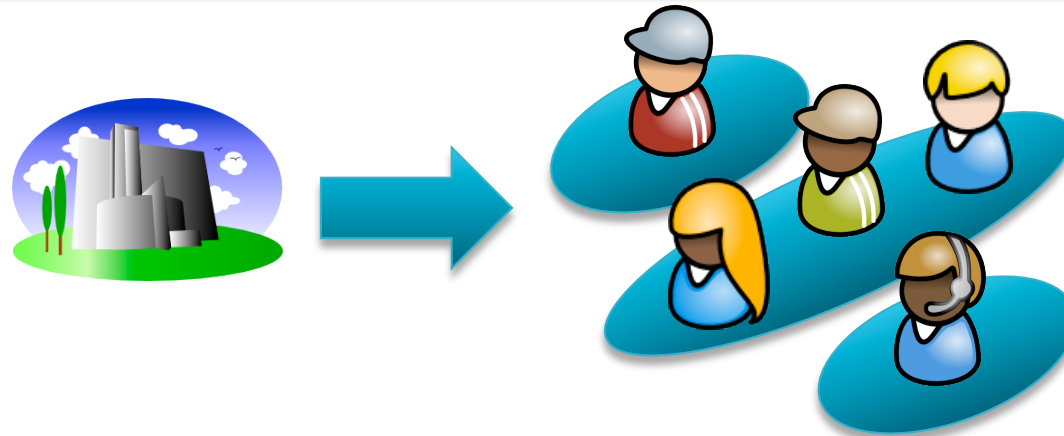




Customer Segments (CS) Building Block



Defines the different groups of people or organizations an enterprise aims to reach and serve.



For whom are we creating value?

Who are our most important customers?

Subjects

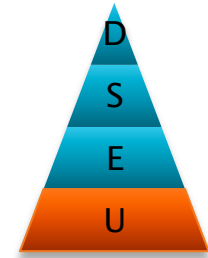
Needs

Services
Products





CS Differentiation



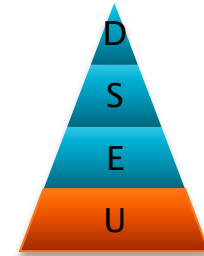
Customer groups represent separate segments if

- Their needs require and justify different offer
- They are reached through different Distribution channels
- They require different types of relationships
- They have substantially different profitabilities
- They are willing to pay for different aspects of the offer





CS Types Examples



Mass Market



Niche Market



Segmented



Diversified



Multi-sided Platforms (or markets)

Subjects

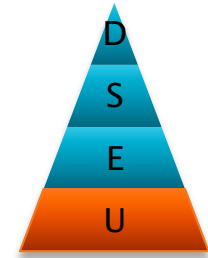
Needs

Services
Products

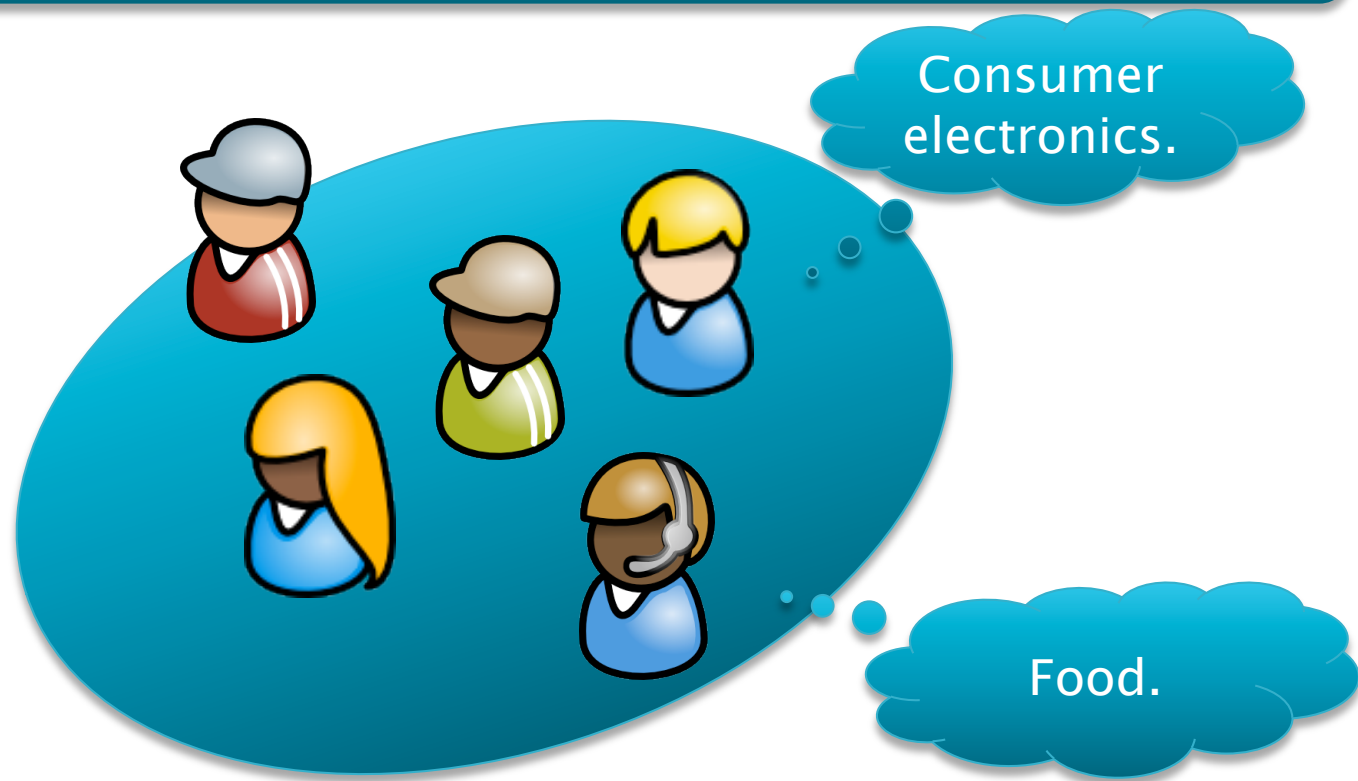




Mass Market



BM's do not distinguish between CS.



Subjects

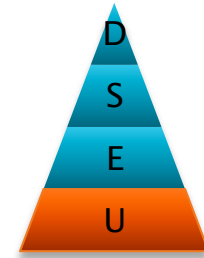
Needs

Services
Products





Niche Market



BM's cater to specific, specialized CS.



Supplier-buyer.

Automotive industry.

Subjects

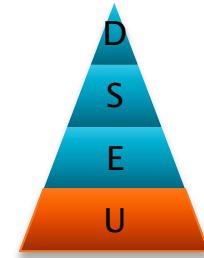
Needs

Services
Products

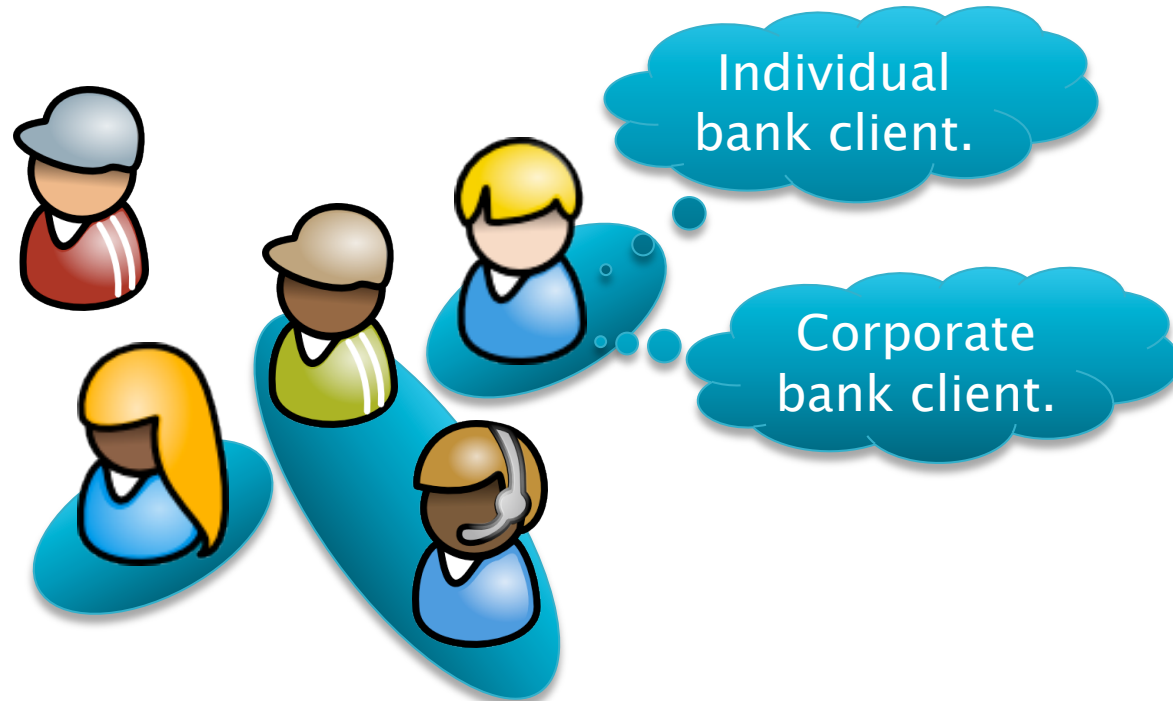




Segmented

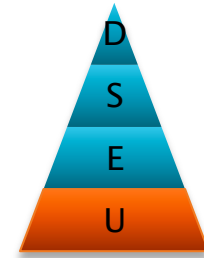


BM's distinguish between CS with slightly different needs and problems.

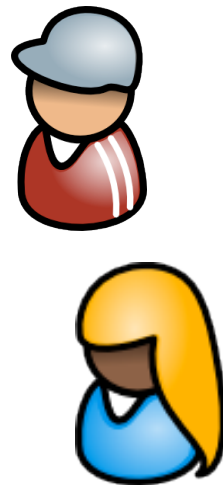




Diversified



BM's focus on two or more unrelated CS with very different needs and problems.



Amazon's shoppers buying books.

Amazon's Web companies using cloud IT infrastructure.

Subjects

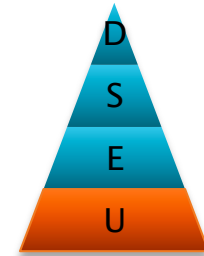
Needs

Services
Products





Multi-Sided Markets



BM focus on more interdependent CS, where all segments are required to make BM work.



Metro newspaper advertiser.

Metro newspaper readers.

Subjects

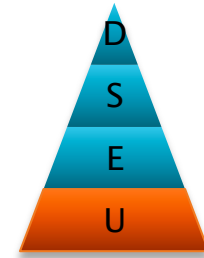
Needs

Services Products





Value Proposition (VP) Building Block



Specifies the reason why customer turn to one company over another.

Promises solution of customer problem or satisfaction of customer need.

Consists of selected bundle of products and/or services.

Needs

Services
Products

Subjects

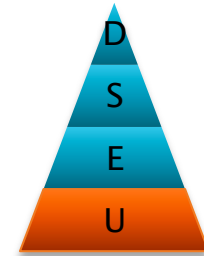
Needs

Services
Products





VP Questions



What value we deliver to the customer?

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

Needs

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

Services
Products

Subjects

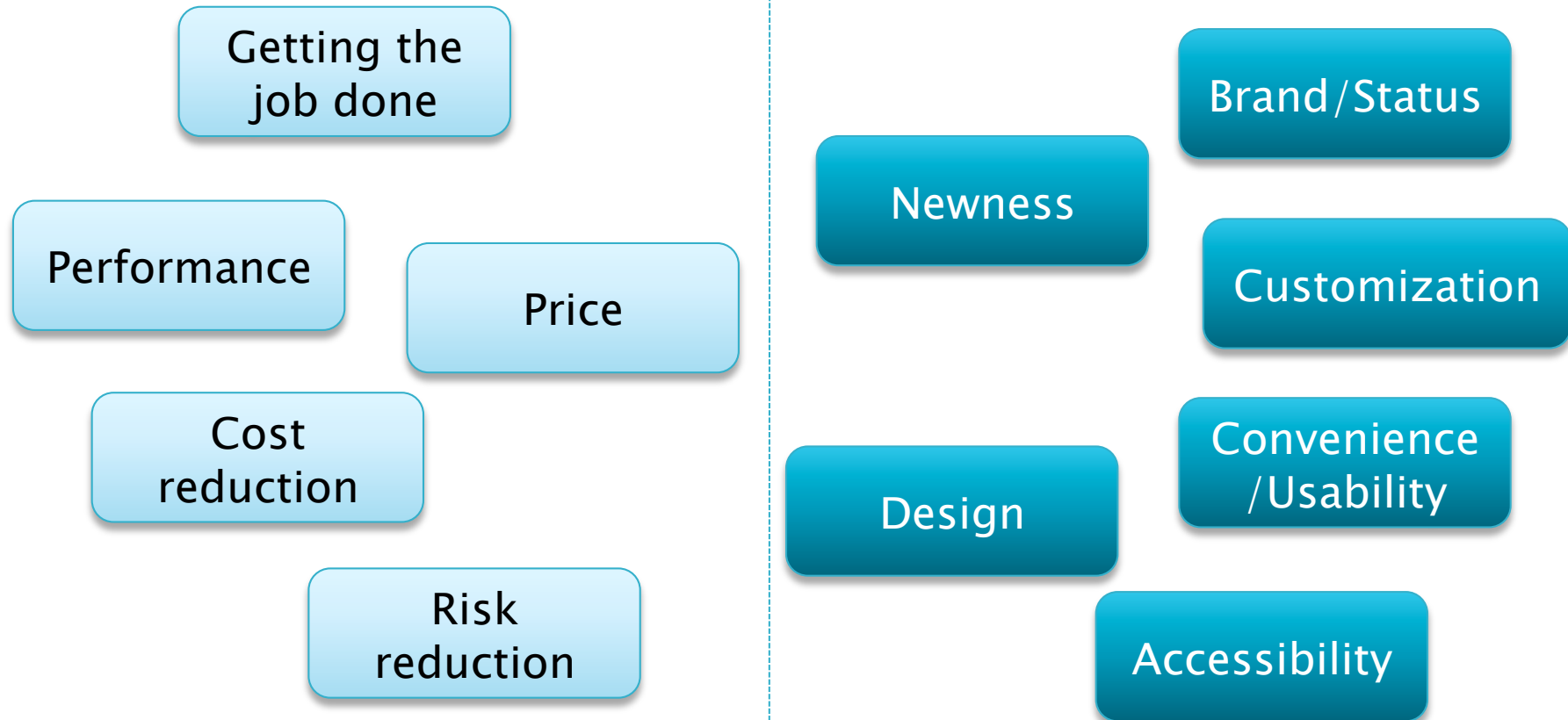
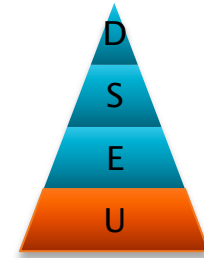
Needs

Services
Products





Value Elements Examples



quantitative qualitative



Summary

- ▶ Theory of Vitality
 - Describes strategy of building up vital company
 - Vital signs – usefulness, effectivity, stability, dynamics
- ▶ Usefulness
 - Subjects –> Needs –> Products/Services
 - Business Model Concept by A. Osterwalder
 - Definition of Usefulness using Business Model Canvas
 - Customer Segments
 - Value Propositions

Comming soon

- ▶ Usefulness (continued)
 - Channels
 - Customer Relationships
 - Revenue Streams
- ▶ Effectivity