

The Business Model Design Space

Card deck

Objective

The objective of this workshop exercise is to visualize and map out everything that is going on in your business model's environment (the Market Forces, the Key Trends, the Industry Forces, and the Macroeconomic Forces). It is an immersion into the Business Model Design Space, which will help you prepare for your quest for new and innovative business models. By making it visual you will develop a more tangible understanding of your environment.

Ideally you conduct this workshop with a diverse group of people in different functions and from various parts of your organization. The workshop will help you develop a better and shared understanding of what influences your business model and it will help you uncover completely new opportunities and avenues for the development of new and innovative business models.

Outcome

- A visual map of your Business Model Design Space
- Deep discussions about your business model's environment leading to a shared understanding
- A starting point to design innovative business models or redesign your current one

Why this is important

- No individual alone in your organization could paint a holistic picture of your business model's environment and design space. Only by mapping out each specialist's knowledge you can develop a shared understanding of your environment.
- A visual map of your business model's environment with markets, trends, customer needs, competitors, and more will make things more tangible and it will allow you to uncover new associations, discover new patterns, and ultimately lead to new business model ideas.
- This immersion into the Business Model Design Space is an ideal preparation for the prototyping of innovative business models.

Number of workshop participants

Approximately 4-8 people

Duration

Pre-workshop material collection (ongoing)

- 2-4 hours workshop
- Post-workshop “digestion” (ongoing)

Material required

- A completed Business Model Canvas
Poster of your current business model
(if you are a start-up or if you enter a new market you don't necessarily need that)
- Large wall where you can stick up material
- Set of Business Model Design Space cards
- A collection of material of everything that's going on around your business model (news clippings, photos of customer interactions, spreadsheets, print-outs of competitors' websites, industry statistics and graphs, etc.)
- Stattys

Workshop Instructions

- Attach the completed Business Model Canvas Poster of your current business model to the middle of a large wall.
- Decide with which one of the four areas you want to start with: Market Forces, Key Trends, Industry Forces or Macro-Economic Trends.
- Draw all the cards of the selected area and stick the first one onto the wall around the Canvas. Market Forces cards go to the right of the Canvas, Key Trend cards go above the Canvas, Industry Forces cards go to the left of the Canvas, and Macro-Economic cards go below the Canvas.
- Answer the questions on the card by sticking up and discussing Stattys, photos, spreadsheets, graphs, print outs, products, magazine tear outs, or anything else that is “readable”, preferably from a distance. Use a lot of visual material rather than just text.
- Continue with the remaining cards of the selected area and subsequently move to the next area of your choice until you worked through all the cards.
- Tada! You now have a visual map of your Business Model Design Space.

Next steps

Continue to complete the Business Model Design Space picture after the workshop.

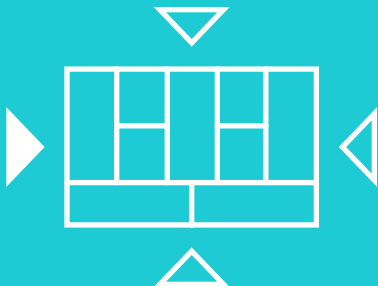
Take time to “wander” the map of the Business Model Design Space to uncover new associations between the different elements in order to develop new business model ideas.

Organize a subsequent workshop to

- a) brainstorm for innovative business model ideas, and
- b) develop prototypes of a selection of these ideas by mapping them out with the Business Model Canvas.

Variations

This workshop can also be conducted with four teams of approximately 4-8 people. Each team works on one of the four main areas of your business model environment: Market Forces, Key Trends, Industry Forces, and Macro-Economic Trends. Subsequently you assemble the big picture by allowing each team to explain their findings in the plenary.



Industry forces

Competitors (Incumbents)

New entrants (Insurgents)

Substitute products and services

Stakeholders

Suppliers and other value chain actors

Stick these cards on the wall, to the left side of the Business Model Canvas poster.

Competitors (Incumbents)

Identifies incumbent competitors
and their relative strengths

Who are our competitors?

- Who are the dominant players in our particular sector?
- What are their competitive advantages or disadvantages?
- Describe their main offers.
- Which Customer Segments are they focusing on?
- What is their Cost Structure?
- How much influence do they exert on our Customer Segments, Revenue Streams, and margins?



New entrants (Insurgents)

Identifies new insurgent players and determines whether they compete with a business model different from yours

- Who are the new entrants in your market?
- How are they different?
- What competitive advantages or disadvantages do they have?
- Which barriers must they overcome?
- What are their Value Propositions?
- Which Customer Segments are they focused on?
- What is their cost structure?
- To what extent do they influence your Customer Segments, Revenue Streams, and margins?



Substitute products and services

Describes potential substitutes for your offers – including those from other markets and industries

- Which products or services could replace ours?
- How much do they cost compared to ours?
- How easy it is for customers to switch to these substitutes?
- What business model traditions do these substitute products stem from (e.g. high-speed trains versus airplanes, mobile phones versus cameras, Skype versus long-distance telephone companies)?



Stakeholders

Specifies which actors may influence your organization and business model

- Which stakeholders might influence your business model?
- How influential are shareholders?
Workers? The government?
Lobbyists?



Suppliers and other value chain actors

Identifies the players in your value and supply chain

- Who are the key players in your industry value chain?
- To what extent does your business model depend on other players?
- Are peripheral players emerging?
- Which are most profitable?





Market forces

Market issues

Market segments

Needs and demands

Switching costs

Revenue attractiveness

Stick these cards on the wall, to the right side of the Business Model Canvas poster.

Market issues

Identifies key issues driving and transforming your market from Customer and Offer perspectives

- What are the crucial issues affecting the customer landscape?
- Which shifts are underway?
- Where is the market heading?



Market segments

Identifies the major market segments, describes their attractiveness, and seeks to spot new segments

- What are the most important Customer Segments?
- Where is the biggest growth potential?
- Which segments are declining?
- Which peripheral segments deserve attention?



Needs and demands

Outlines market needs and analyzes how well they are served

- What do customers need?
- Where are the biggest unsatisfied customer needs?
- What do customers really want to get done?
- Where is demand increasing?
Declining?



Switching costs

Describes elements related to customers switching business to competitors

- What binds customers to a company and its offer?
- What switching costs prevent customers from defecting to competitors?
- Is it easy for customers to find and purchase similar offers?
- How important is brand?

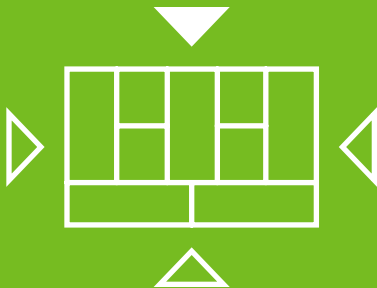


Revenue attractiveness

Identifies elements related to revenue attractiveness and pricing power

- What are customers really willing to pay for?
- Where can the largest margins be achieved?
- Can customers easily find and purchase cheaper products and services?





Key trends

Technology trends

Regulatory trends

Societal and cultural trends

Socioeconomic trends

Stick these cards on the wall, to the top side of the Business Model Canvas poster.

Technology trends

Identifies technology trends that could threaten your business model — or enable it to evolve or improve

- What are the major technology trends both inside and outside your market?
- Which technologies represent important opportunities or disruptive threats?
- Which emerging technologies are peripheral customers adopting?



Regulatory trends

Describes regulations and regulatory trends that influence your business model

- Which regulatory trends influence your market?
- What rules may affect your business model?
- Which regulations and taxes affect customer demand?



Socioeconomic trends

Outlines major socioeconomic trends relevant to your business model

- What are the key demographic trends?
- How would you characterize income and wealth distribution in your market?
- How high are disposable incomes?
- Describe spending patterns in your market (e.g. housing, healthcare, entertainment, etc.)?
- What portion of the population lives in urban areas as opposed to rural settings?

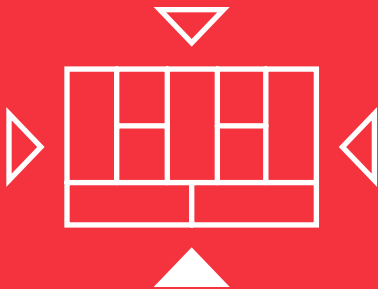


Societal and cultural trends

Identifies major societal trends that may influence your business model

- Describe key societal trends.
Which shifts in cultural or societal values affect your business model?
- Which trends might influence buyer behavior?





Macro economic forces

Global market conditions

Capital markets

Commodities and other resources

Economic infrastructure

Stick these cards on the wall, to the bottom side of the Business Model Canvas poster.

Global market conditions

Outlines current overall conditions from a macroeconomic perspective

- Is the economy in a boom or bust phase?
- Describe general market sentiment.
- What is the GDP growth rate?
- How high is the unemployment rate?



Capital markets

Describes current capital market conditions as they relate to your capital needs

- What is the state of the capital markets?
- How easy is it to obtain funding in your particular market?
- Is seed capital, venture capital, public funding, market capital or credit readily available?
- How costly is it to procure funds?



Commodities and other resources

Highlights current prices and price trends for resources required for your business model

- Describe the current status of markets for commodities and other resources essential to your business (e.g. oil prices and labor costs).
- How easy is it to obtain the resources needed to execute your business model (e.g. attract prime talent)?
- How costly are they?
- Where are prices headed?



Economic infrastructure

Describes the economic infrastructure of the market in which your business operates

- How good is the (public) infrastructure in your market?
- How would you characterize transportation, trade, school quality, and access to suppliers and customers?
- How high are individual and corporate taxes?
- How good are public services for organizations?
- How would you rate the quality of life?





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