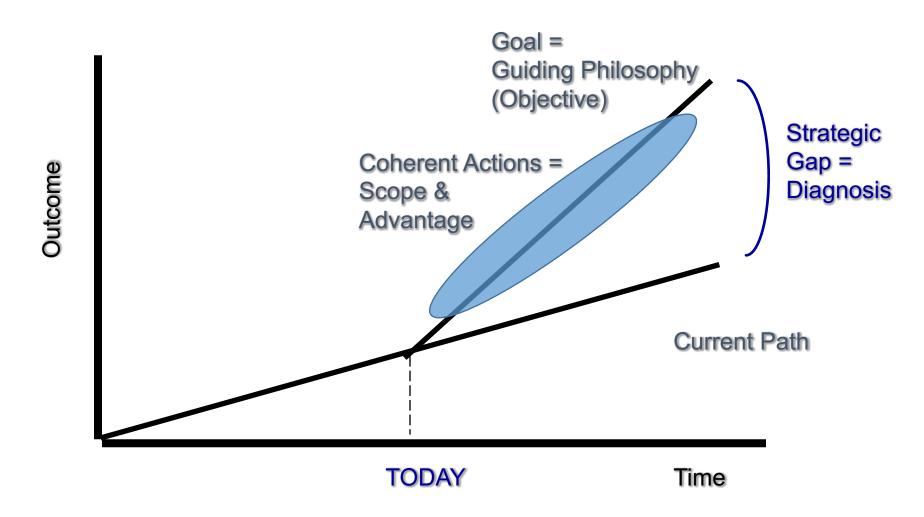
Frameworks of Strategy: Analysis and Development

Allan Gray, Purdue University

The Performance Gap

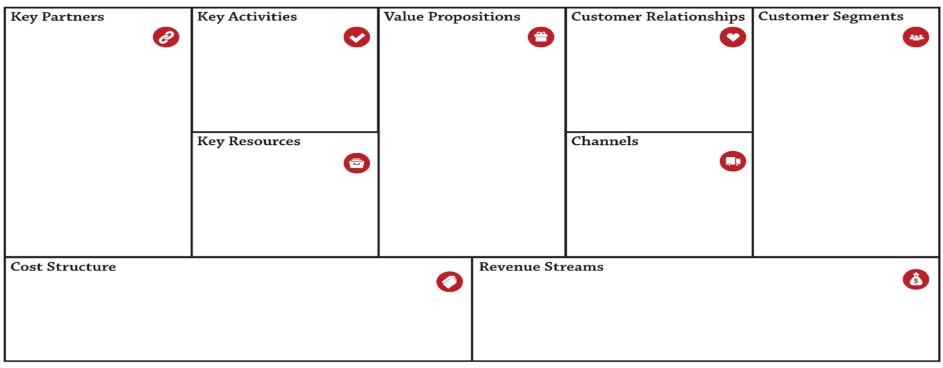


What is a Business Model?

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

The Business Model Canvas

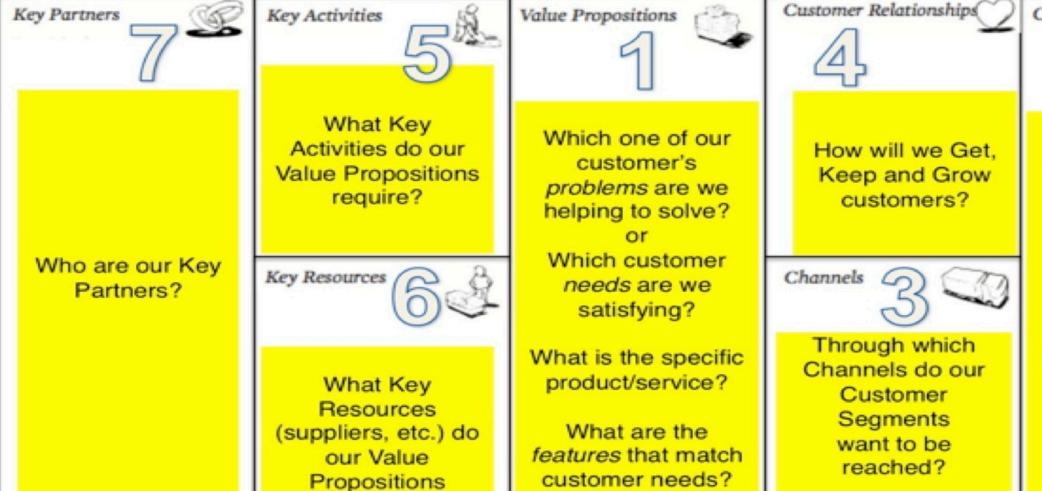












Customer Segments

For who are we solving a problem or fulfilling a need?

> Who are the customers?

Does the value proposition match their needs?

Is this a singlesided or multisided market?

Cost Structure

What are the most important costs in our business model?

require?

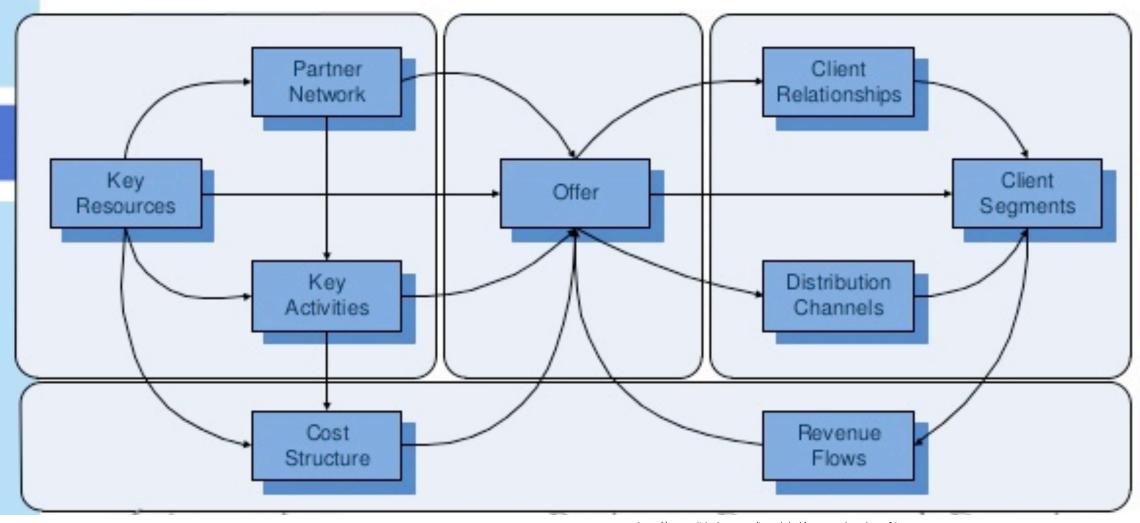


Revenue Streams

What is the revenue model? What are the pricing tactics? For what value are our customers willing to pay?



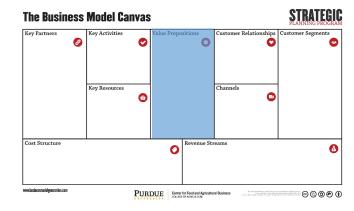
How the Nine Elements Relate



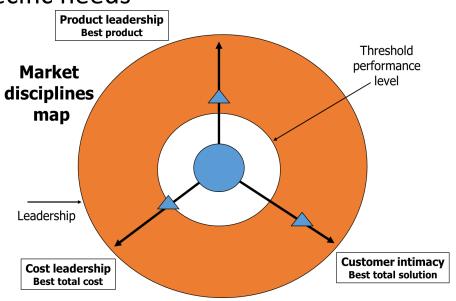
http://www.slideshare.net/iasaglobal/case-study-value-of-itstrategy-in-hi-tech-industry

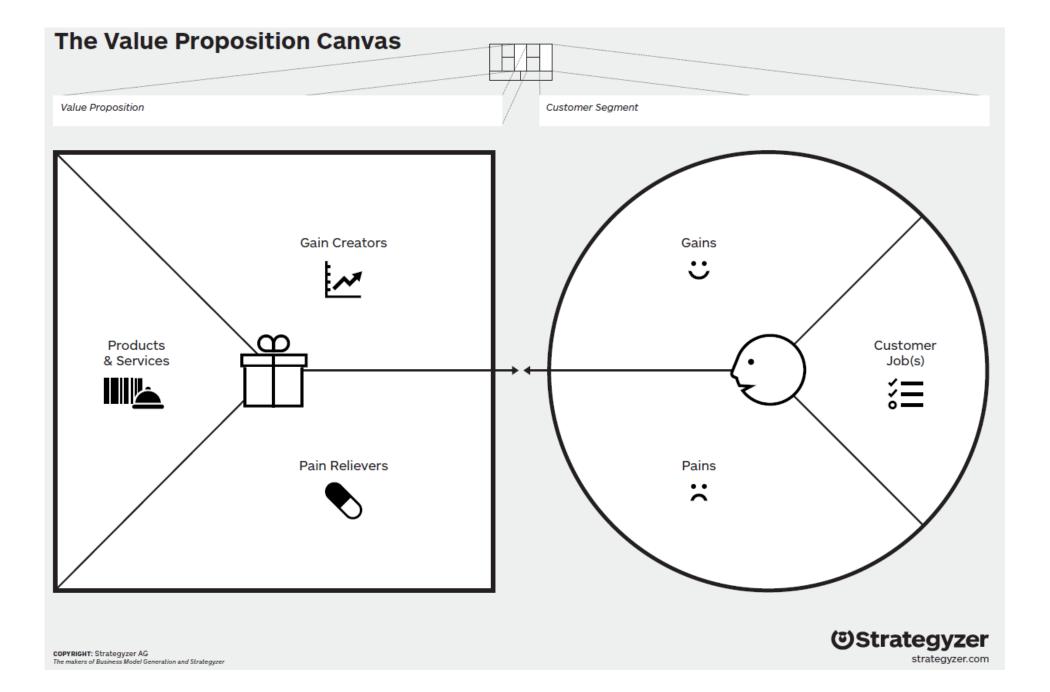
Value Proposition

• Creates value for a customer segment through a <u>distinct</u> mix of elements catering to that segments needs.



- Some examples:
 - New offering meets previously unknown need
 - Improving product/service performance
 - Tailoring products/services to specific needs
 - "Getting the Job Done"
 - Design
 - Brand/Status
 - Price
 - Cost Reduction
 - Risk Reduction
 - Accessibility
 - Convenience/Usability





Customer Needs and Competitor Delivery Matter

Customer purchase criteria*

Low prices

Selection across categories

Rural convenience

Reliable prices

In-stock merchandise

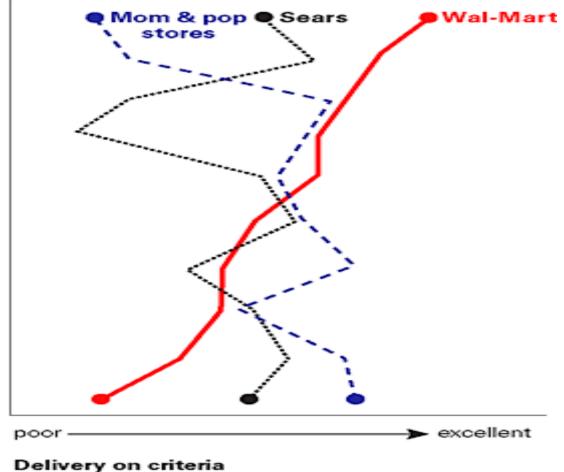
Merchandise quality

Suburban convenience

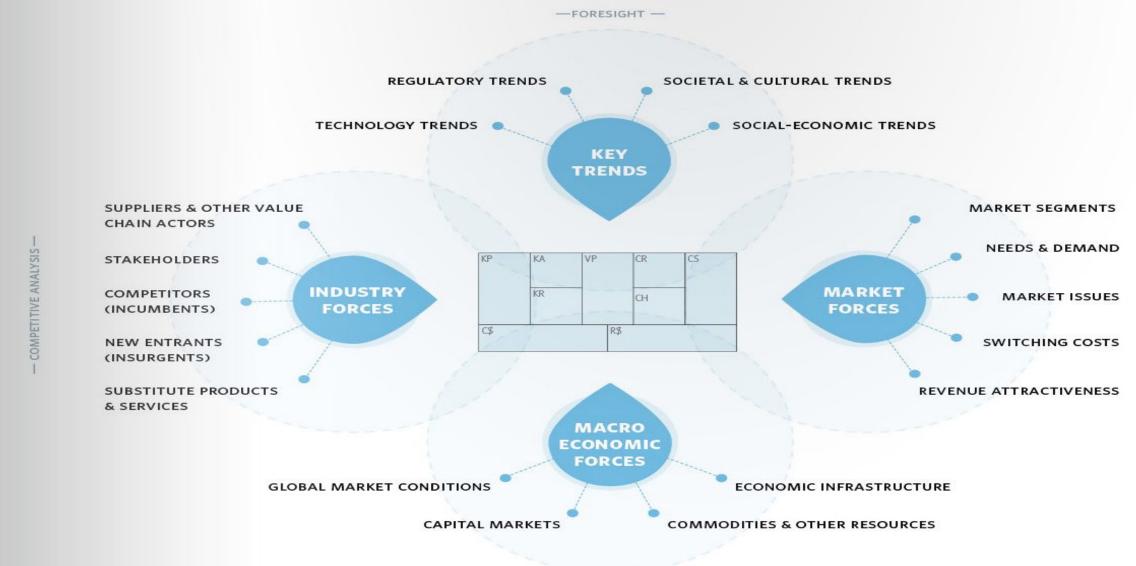
Selection within categories

Sales help

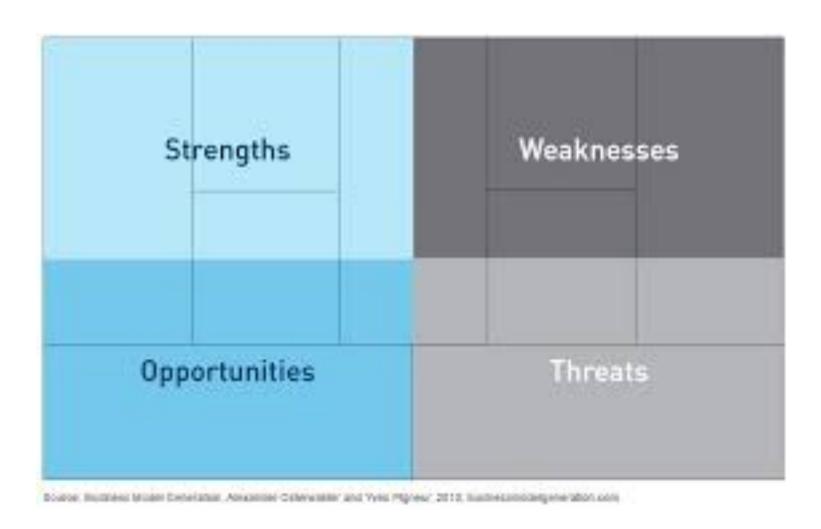
Ambience



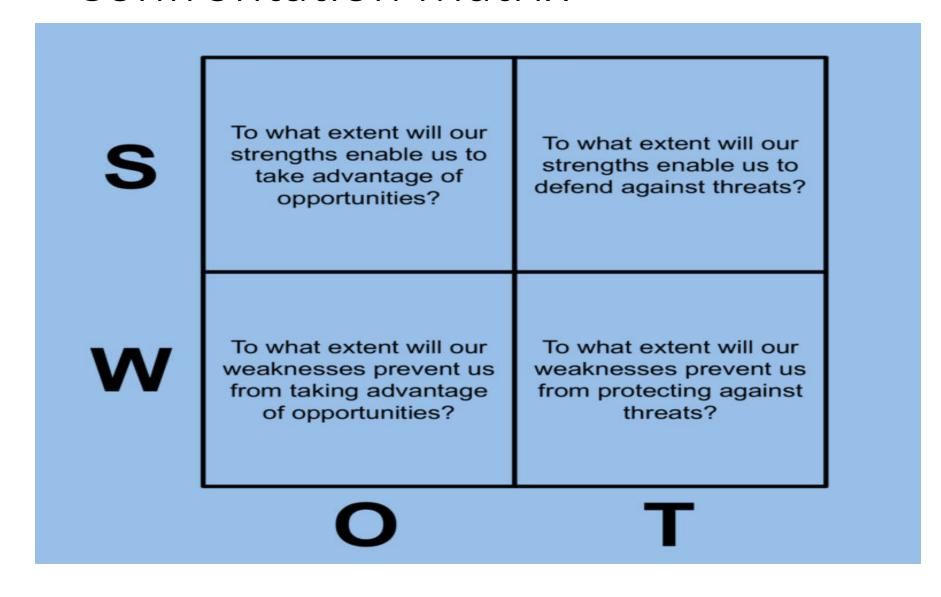
Factors Impacting our Business Model



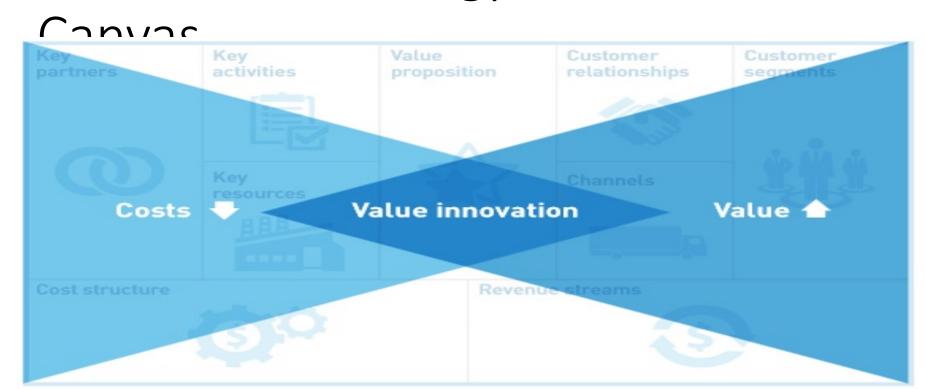
SWOT Analysis of the 9 Blocks



Confrontation Matrix



Blue Ocean Strategy and the



Eliminate

Which factors can be eliminated that the industry has long competed on?

Reduce

Which factors should be reduced well below the industry's standard?

Raise

Which factors should be raised well above the industry's standard?

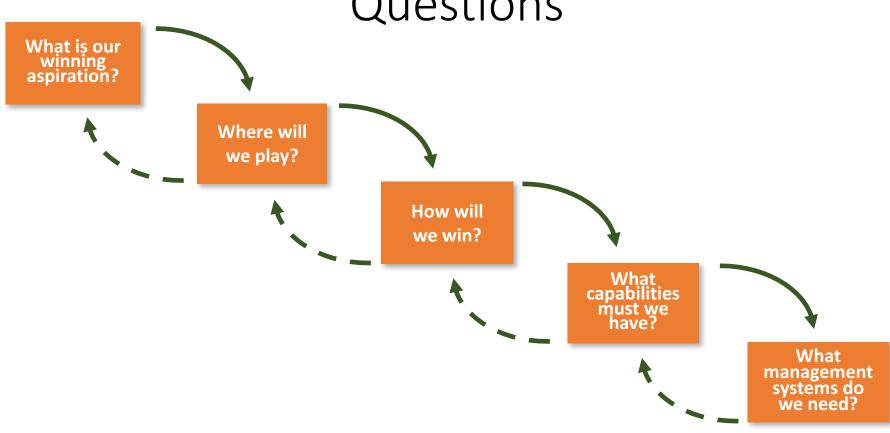
Create

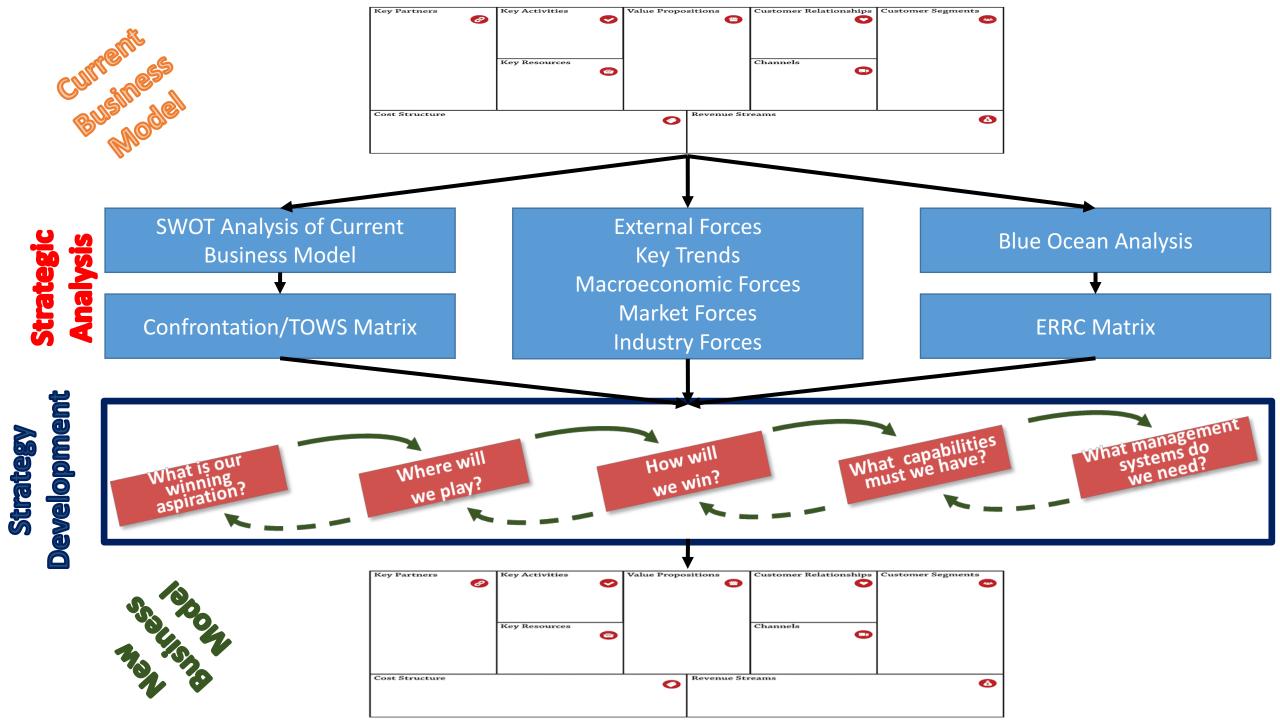
Which factors should be created that the industry has never offered?

Source: Business Model Generation, Alexander Osterwalder and Yves Pigneur, 2010, businessmodelgeneration.com

Eliminate Raise Which factors that the industry Which factors should be has long competed on should raised well above the industry's standard? be eliminated? Reduce Create Which factors should be Which factors should be created that the industry reduced well below the industry's standard? has never offered?

Strategy Is the Answer to Five Questions





BUSINESS MODEL CANVAS



KEY PARTNERS		KEY ACTIVITIES		VALUE PROPOSITION		CUSTOMER RELATIONSHIPS		CUSTOMER SEGMENTS
Visionaries	Supply chain partners	Sales, marketing, and production Accelerating the pulse of the time (i	Innovation for a better driving experience Develop future of mobility	Ultimate Driving experience	1,2,3,4,5,6,7, X,M Series	(AM Series your side, at your side, at your service driven, quantitive Cruise ontrol with your service (car for life) Perform driven, quantities (car for life) Perform driven	Performance- driven, quality-	
Other car companies (e.g. Toyota)	IT companies			Connected Drive: reach destination	Active Cruise Control with Stop & Go		Driver	minded people
		Visions) KEY RESOURCES		on time and relaxes	Full alone to	CHANNELS		Urbanites and conscious
		Efficient Dynamics (fuel down,	BMW Brand	Remote services (find car, lock,	Full-electric i3, i8 (hybrid)	Online rental booking	Dealers	people, sports, life)
		pleasure up) Agile Manufac- turing System	Talented people	comfort)	Connected Drive, parking and charging included	3 rd p mob serv provi	ility rice	
COST STRUCTURE					REVENUE STREAMS			
R&D	Innovation and exploration	Production	Sales & Marketing	People training	Car sales	Service & Maintenance	Leasing fees	Rental fees









