

Business Startup Series

TAKING THE STRESS OUT OF BUSINESS PLANNING?

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Why SCORE?



Workshops



Mentoring



Resources

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Business Startup Series Workshops

1. Are You Ready to Start a Business?

- 6 Key Questions to Answer

2. Take the Stress Out of Business Planning

- What questions do you need to answer?

3. The Money Side of Business

- How much money do you need?
- Breakeven Analysis – Can I make money? How long before I do?
- Introduction to Financial Statements
- Do you need an accountant or bookkeeper?

4. How Do I Fund My Business?

- Funding Options (Loans, Grants, Crowdfunding)

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SCORE.ORG Business Roadmap Series

- Chapter 1: Starting Your Journey
- Chapter 2: Are You Ready to Start a Business?
- Chapter 3: Defining and Validating Your Idea
- Chapter 4: Business Plan or Business Model Canvas?
- Chapter 5: Finding Funding
- Chapter 6: Setting Up Your Business
- Chapter 7: Accounting, Insurance, and Legal Considerations
- Chapter 8: Marketing Your Business
- Chapter 9: Pricing, Sales, and Distribution
- Chapter 10: Setting Up Your Physical Location
- Chapter 11: Staffing Your Business
- Chapter 12: Open for Business



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Today's Class

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Why use a BMC?

BMC vs. Business Plan

The 9 Elements in a BMC

What's not in a BMC?

Next Steps

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Why Use a Business Model Canvas?

Effective way to explain your business

- Simple
- Visual

Quickly evaluate your business idea

- Find problems right away



Reduce the risk of failure

- Identify the steps required to take your idea to market

Get a “jump start” on your business.

- Less time than a traditional business plan

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BMC vs. Business Plan

BUSINESS MODEL CANVAS

- Single page
- Simple representation of your business idea
- Helps you see the relationships between key elements of your business
- Great for brainstorming

BUSINESS PLAN

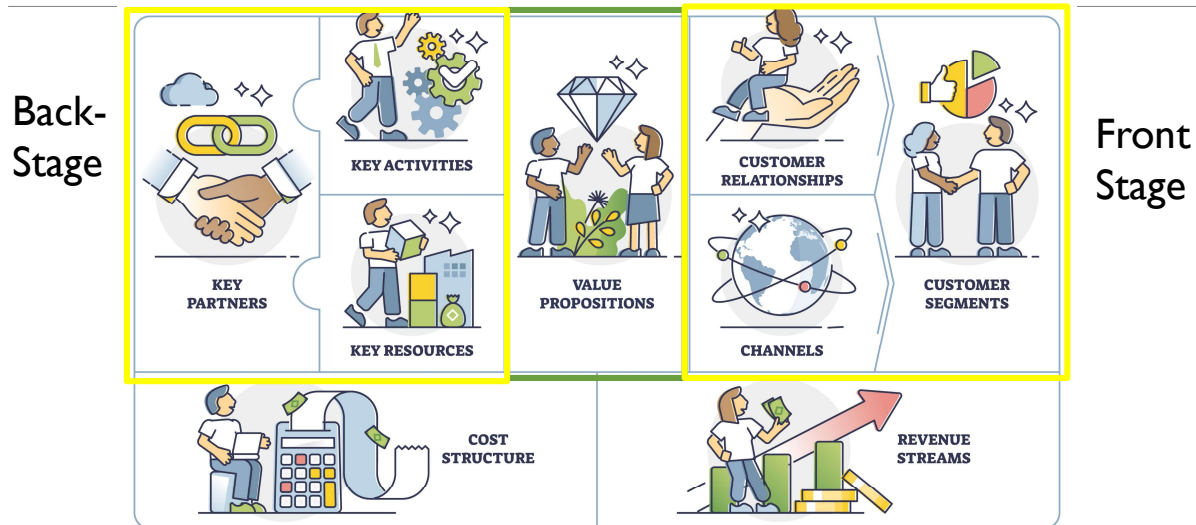
- Detailed plan for how business will be successful
- Data / Documented support of assumptions made
- Funding Sources usually require more detail like Financial Forecasting
- Benchmark to measure success – see how you are performing against plan

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BUSINESS MODEL CANVAS



Source: Adobe.com



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VALUE PROPOSITION

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Value Proposition

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION What value do we bring to our customers? What problem are we solving?	RELATIONSHIPS	CUSTOMER SEGMENTS
			CHANNELS	
COST STRUCTURES			REVENUE STREAMS	

- What products and services do you plan to offer?
- What customer needs do they meet?
- How do they differentiate your business from your competition?

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Value Proposition Examples

DONUT SHOP

- Hot donuts
- Gourmet flavors
- Space to sit
- Open 24 hours
- Quick service

FOOD TRUCK

- Food truck experience (hip and novel)
- Gourmet Grilled Cheese
- Quick and high-quality food
- Lunch and Dinner
- Columbia County

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Types of Value Propositions for Product-based Companies

Newness	New Technology – cell phone
Performance	Video Cards
Customization	Nike – customize shoes
Design	Prada – superior clothing
Brand / Status	Rolex watch
Price	Southwest Airlines
Cost reduction	Progressive and Liberty Mutual Insurance
Risk reduction	Warranties on used cars
Accessibility	Netjets – allows more people to use private jets
Convenience/usability	iTunes

Source: www.strategyzer.com

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Types of Value Propositions for Service-based Companies

- Expert Knowledge
- Independent Advice - objective recommendations
- Cost-effective – you can complete the project faster or for less money
- Fulfill a temporary need – do not need expertise long-term
- Help them improve something for their company

“Focus on outcomes, not on an explanation of your services or even of your methods”

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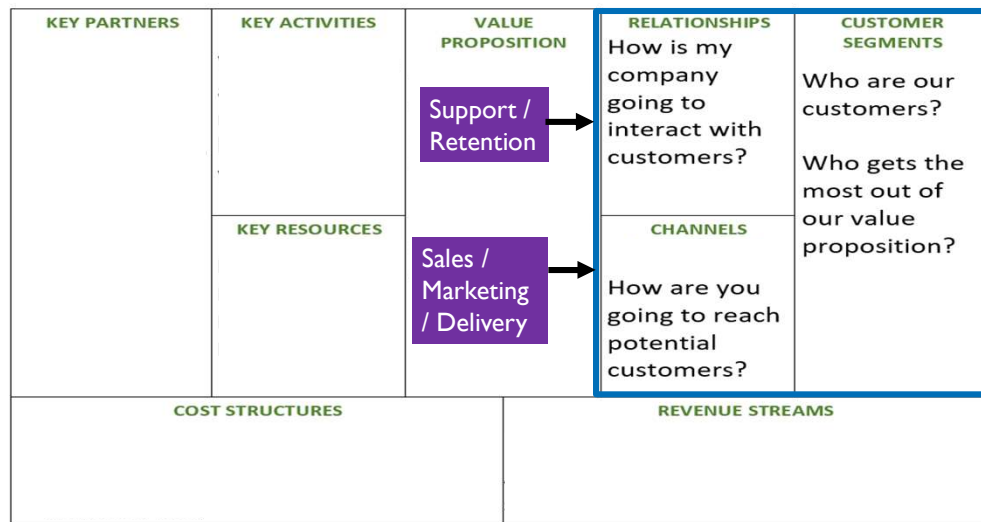
FRONT STAGE

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FRONT STAGE – Customer Facing



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Front Stage

Customer Segments

- Groups of people or companies that you are trying to sell your product or service to.
- Categorize “segment” your customers based on similarities such as
 - Geographical area
 - Gender
 - Age
 - Behaviors
 - Interests

“Customize the solution to meet their needs”

Customer Relationships (Support / Retention)

- How do you interact with your customers?
 - In person or by email, through phone call or other means
 - Dedicated customer representative to an individual customer.
 - Self-service: no contact
 - Automated: example ATM
 - Online communities

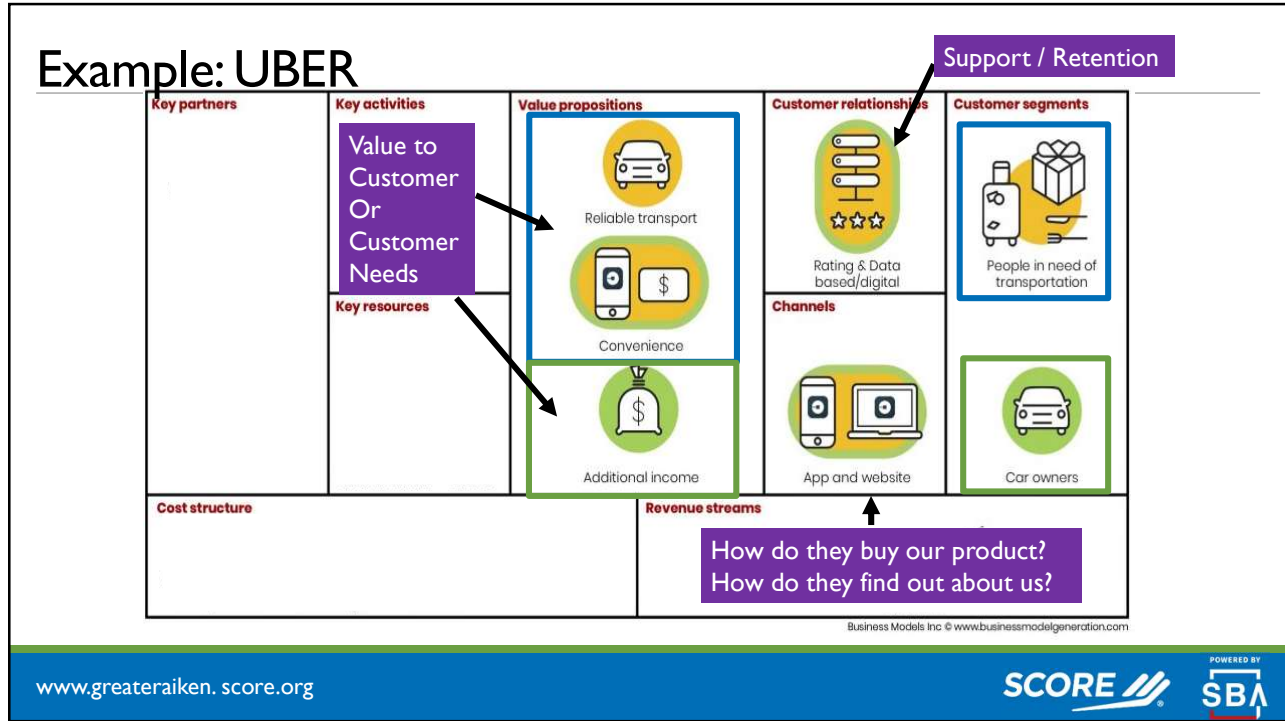
Channels (Sales / Marketing)

- How will your company communicate with and reach out to your potential customers?
- **Owned channels:** company website, social media sites, in-house sales, etc.
- **Partner channels:** partner-owned websites, wholesale distribution, retail, etc.

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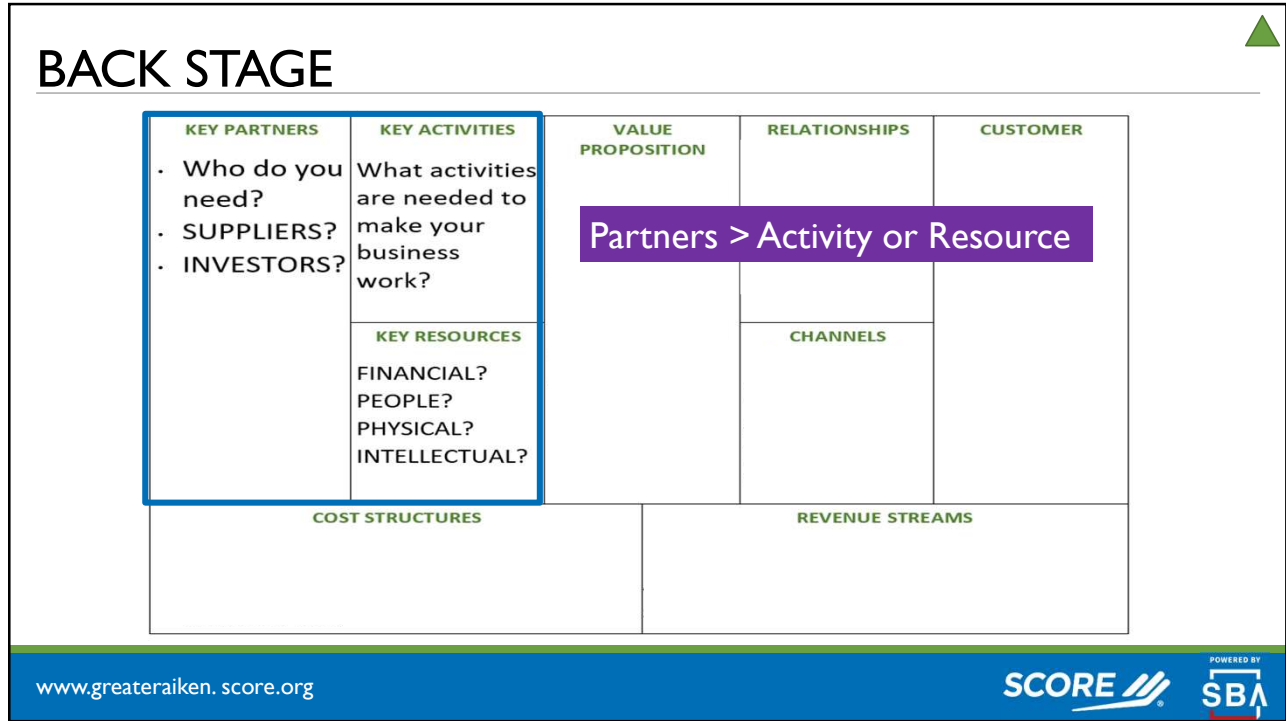
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BACK STAGE “Behind the Scenes”

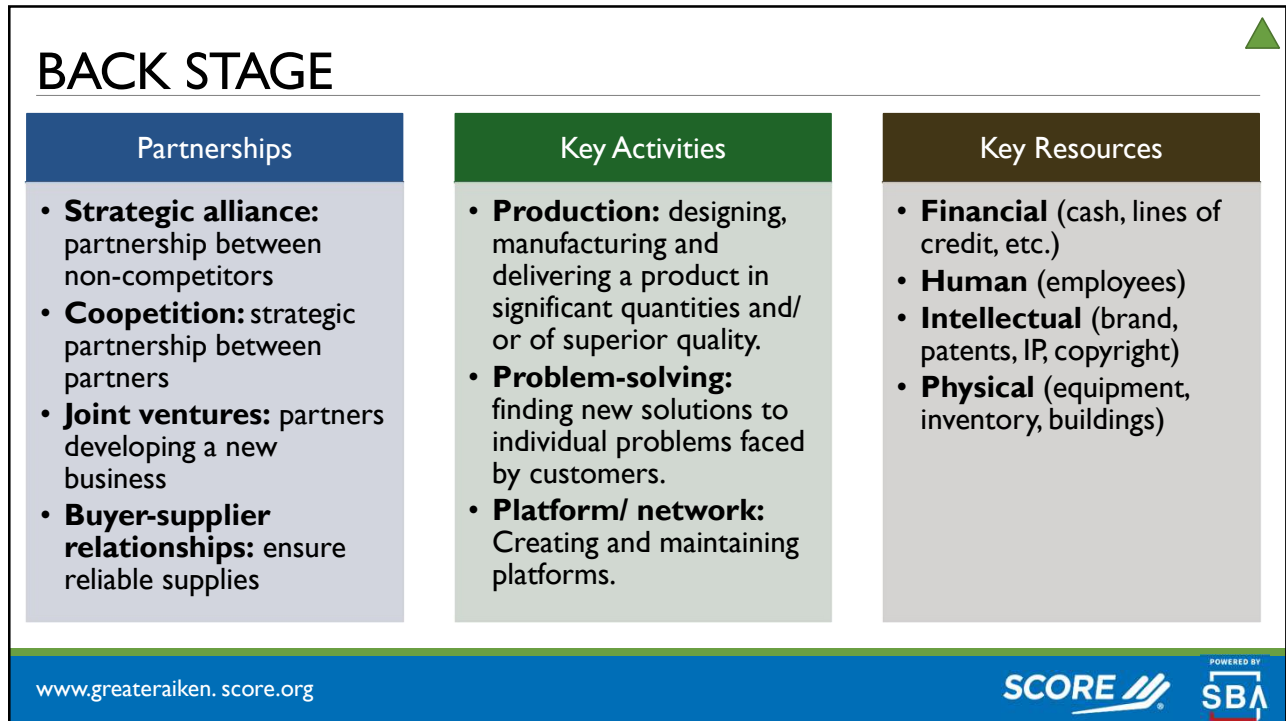
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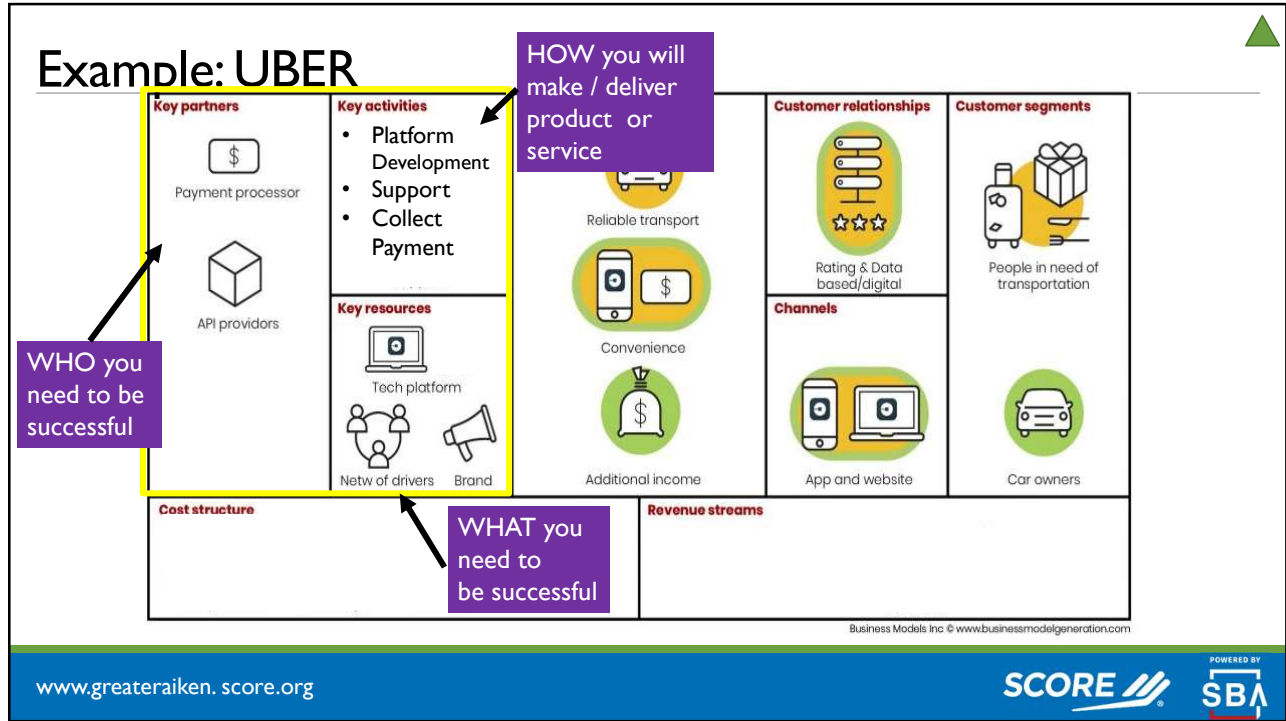
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COSTS & REVENUE

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COST & REVENUE

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITION	RELATIONSHIPS	CUSTOMER
COST STRUCTURES			REVENUE STREAMS	
<ul style="list-style-type: none"> • Startup costs? (one-time) • Fixed costs? (on-going but don't vary with sales) • Variable costs? (Changes based on number of members or sales) 			How will your business make money?	

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Example: UBER

Key partners Payment processor API providers	Key activities Platform development Support Key resources Tech platform Netw of drivers Brand	Value propositions Reliable transport Convenience Additional income	Customer relationships Rating & Data based/digital Channels App and website	Customer segments People in need of transportation Car owners
Cost structure Tech platform Marketing Personel			Revenue streams % per ride	

ACTIVITIES
+
RESOURCES
=
COSTS

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MORE EXAMPLES

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Soapy Suds Car Wash




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Partners <ul style="list-style-type: none"> Cleaning Product Suppliers 	Activities <ul style="list-style-type: none"> Making Appointments Washing Cars Washing Rags Travel 	Value Proposition <h3 style="text-align: center;">Mobile Carwash Service</h3> <p style="text-align: center;"><i>“We Come to You”</i></p> <ul style="list-style-type: none"> wash, wax and detailing 7 days a week Saves you time Convenient Work around your schedule 	Relationships <ul style="list-style-type: none"> Yelp Reviews Customer Surveys Loyalty Program 	Customer Segments <ul style="list-style-type: none"> Car Owners who are too busy to wash their car Owners of expensive cars (>50k)
Resources <ul style="list-style-type: none"> Loan (\$) Website Vehicle Ladder/Hose Scheduling App 		CHANNELS <ul style="list-style-type: none"> Website Social Media Flyers TV ads 		
COSTS <ul style="list-style-type: none"> Vehicle / Equipment Website / Scheduling App Marketing (car wrap) Washer / Dryer 		Revenue Streams <ul style="list-style-type: none"> Cleaning Supplies Branding Regular Sales Membership fees – weekly service 		



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Example: Cooper's Copper Cleaner



	Key Partners <ul style="list-style-type: none"> Suppliers Antique Stores 	Key Activities <ul style="list-style-type: none"> Ordering Supplies Customer follow up Making product Packaging and shipping 	Value Proposition <ul style="list-style-type: none"> Superior cleaning product Lower price than most copper cleaners Non-toxic 	Customer Relationships <ul style="list-style-type: none"> Yelp reviews Customer surveys Repeat customer discounts 	Customer Segments <ul style="list-style-type: none"> High end restaurants Commercial Kitchens Bars with copper surfaces Home cooks with copper pots and pans
	Key Resources <ul style="list-style-type: none"> Employees Loans Mixing containers and tools Materials 		Channels <ul style="list-style-type: none"> Website Antique Stores Retail Stores Magazine ads 		
	Cost Structures <ul style="list-style-type: none"> Material / supplies purchase Shipping costs Employee costs Utilities Warehouse rental 			Revenue Streams <ul style="list-style-type: none"> Direct Sales Retail Sales % of Sales from Antique Stores 	


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Example: GROCERY DELIVERY SERVICE



<p>Stores don't offer online ordering</p>	KEY PARTNERS <ul style="list-style-type: none"> Grocery stores 	ACTIVITIES <ul style="list-style-type: none"> Deliver Groceries Dispatch drivers Collect \$ 	Relationships <ul style="list-style-type: none"> Feedback Forms Yelp Reviews 	CUSTOMERS <ul style="list-style-type: none"> Elderly People with limited time People concerned with contracting COVID 	<p>Elderly people May not use apps on phones – may limit market</p>
	RESOURCES <ul style="list-style-type: none"> drivers 	Costs <ul style="list-style-type: none"> Driver's wages App/website hosting Gas / Insurance CC fees 	Revenues <ul style="list-style-type: none"> Fees from customers 		

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Things to Remember



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- Test Assumptions
- One business idea per BMC
- Make sure you distinguish between current and future plans
- Avoid Disconnects – verify relationships between elements
 - Value Prop > Cust Segment > Revenue
 - Partner > Resource or Activity > Value Proposition
 - Resources + Activities = COSTS

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Before you make the “go / no go” decision

Financial Analysis

- Sales Projections
- Break-even Analysis

Competitive Analysis

- Competitive Advantage
- Pricing

Market Analysis

- Size of Customer Base

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Additional Resources

- www.strategyzer.com – creator of Business Model Canvas
- www.score.org – several webinars on BMC
- www.score.org/event/startup-roadmap-chapter-4-business-plan-or-business-model-canvas - Chapter 4

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Next Steps



MEET WITH
YOUR
MENTOR

ROADMAP SERIES WEBINARS

- Chapter 4: Business Plan or Business Model Canvas?
- Chapter 6: Setting Up Your Business
- Chapter 7: Accounting, Insurance, and Legal Considerations

(Chapter 5 is Funding and will be covered in BSS 4)

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