



Business Model

A business model describes the rationale of how an organisation creates, delivers, and captures value. It is represented by ten building blocks; key partners, key activities, key resources, the value proposition, the product/service, customer relationships, customer segments, channels, cost structure, and revenue structure. By questioning the assumptions for each of these dimensions of the business model, new business value opportunities can be identified. Often these are represented using the ‘business model canvas’, illustrated below.

Key partners	Key activities	Value proposition	Product / Service	Customer relationships	Customer segments
	Key resources			Channel	
Cost Structure			Revenue Structure		

Using the ‘Business Model’ technique

Step 1: The existing business model is mapped, with details added to the ‘canvas’ for each of its ‘building blocks’.

Step 2: External environmental factors with the largest influence on the business model are strategically challenged.

Step 3: The strengths and weaknesses of the organisation’s performance are evaluated.

Step 4: On the basis of the collective insights obtained from the previous steps, a new strategic business model is innovated. This is undertaken by populating the cells on the business model canvas with proposed activities.

