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Business Model Template

Brief Outline of Business Models / Nov 06

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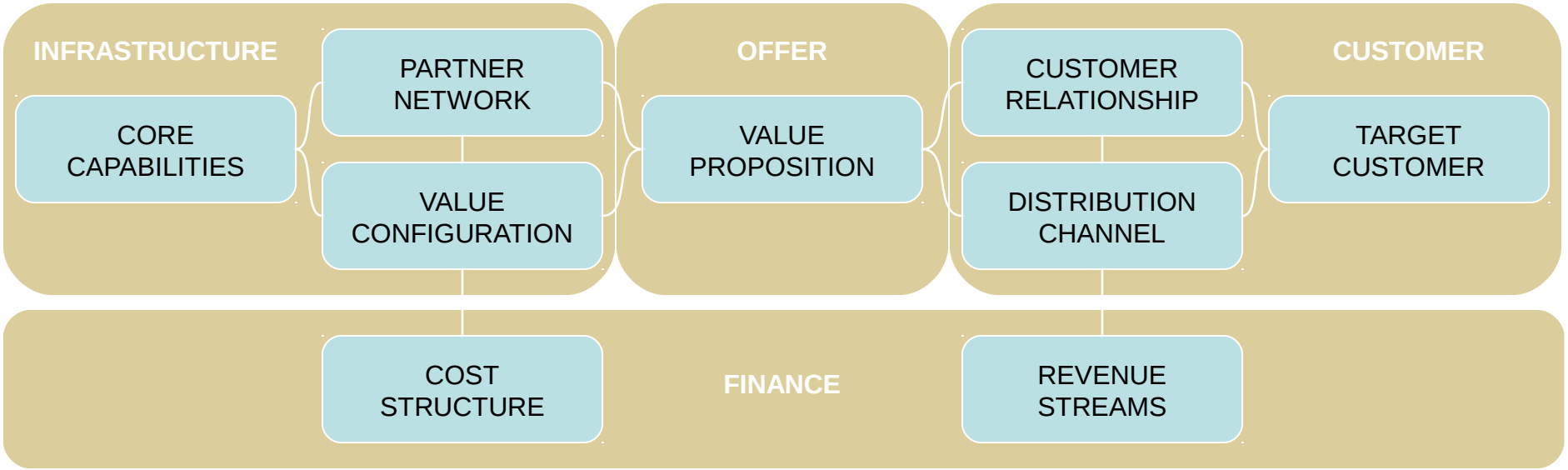
Template



a business model describes the value an organization offers to various customers and portrays the capabilities and partners required for creating, marketing, and delivering this value and relationship capital with the goal of generating profitable and sustainable revenue streams

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describing a company's business model

INFRASTRUCTURE

CORE CAPABILITIES

outlines the capabilities required to run a company's business model

PARTNER NETWORK

portrays the network of cooperative agreements with other companies

VALUE CONFIGURATION

describes the arrangement of activities and resources

OFFER

VALUE PROPOSITION

gives an overall view of a company's bundle of products and services

CUSTOMER

CUSTOMER RELATIONSHIP

explains the relationships a company establishes with its customers

DISTRIBUTION CHANNEL

describes the channels to communicate and get in touch with customers

TARGET CUSTOMER

describes the customers a company wants to offer value to

FINANCE

COST STRUCTURE

sums up the monetary consequences to run a business model

REVENUE STREAMS

describes the revenue streams through which money is earned

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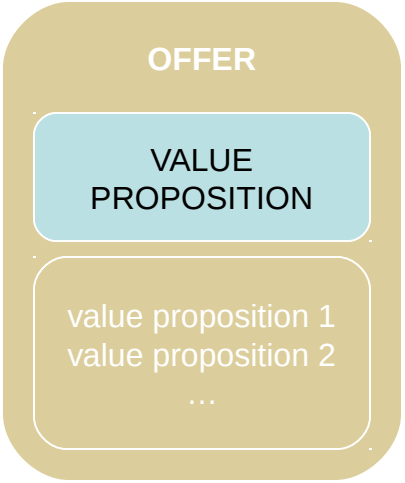
describing a company's offer



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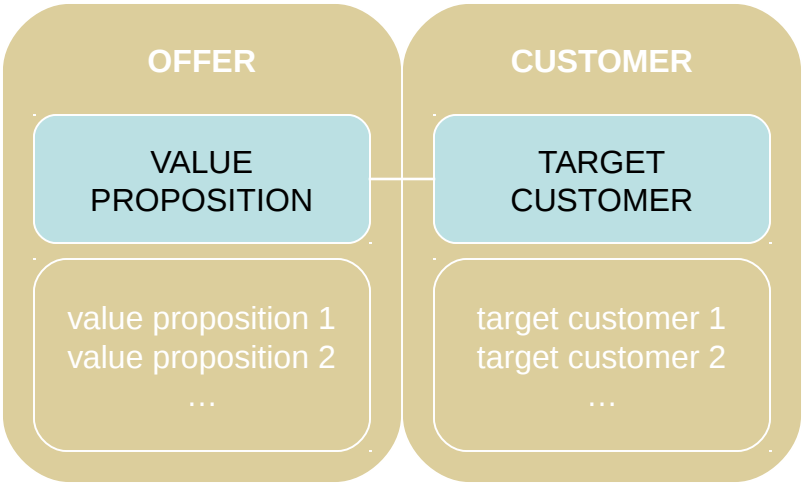
describing who a company offers value to



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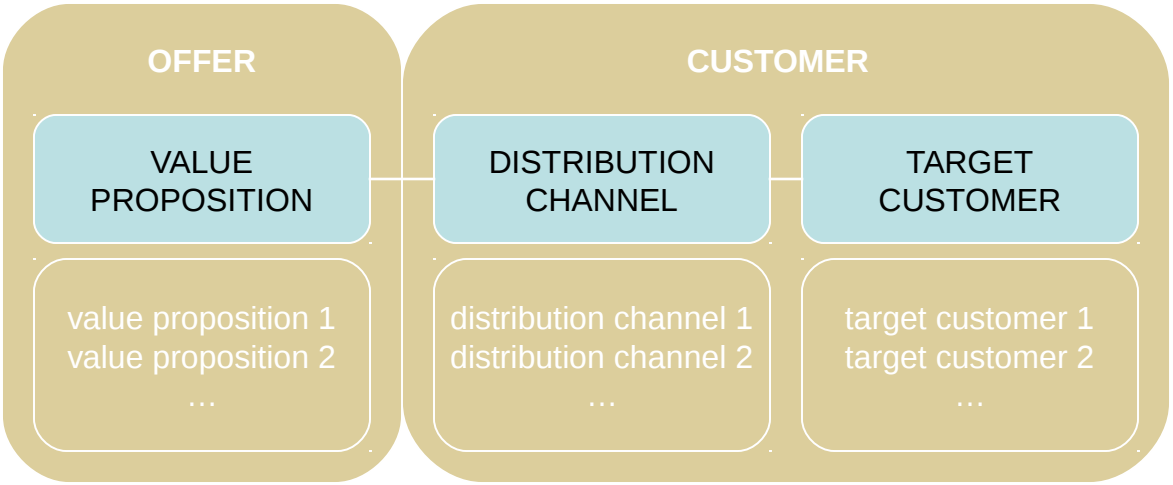
describing how a company reaches its customers



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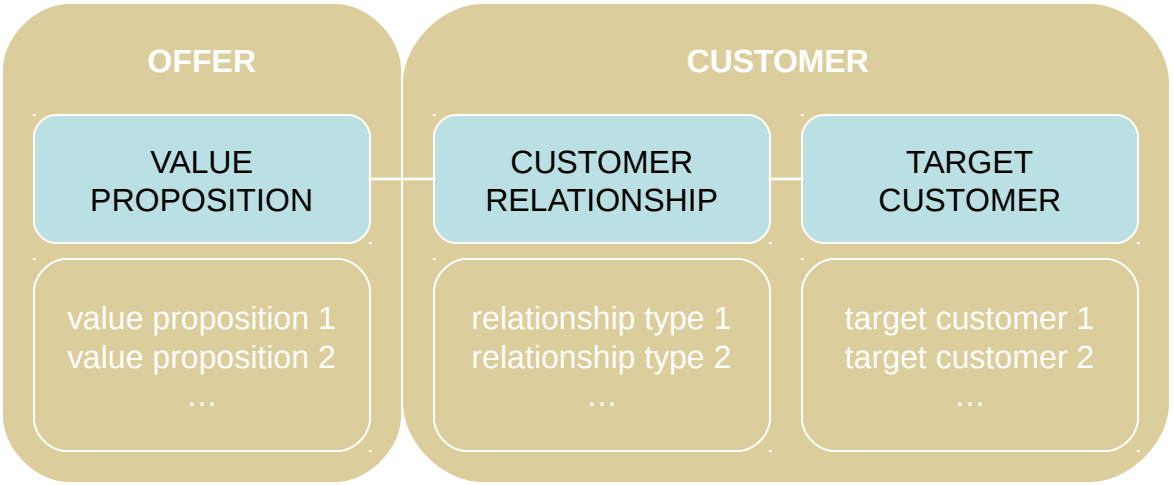
describing the relationships a company builds



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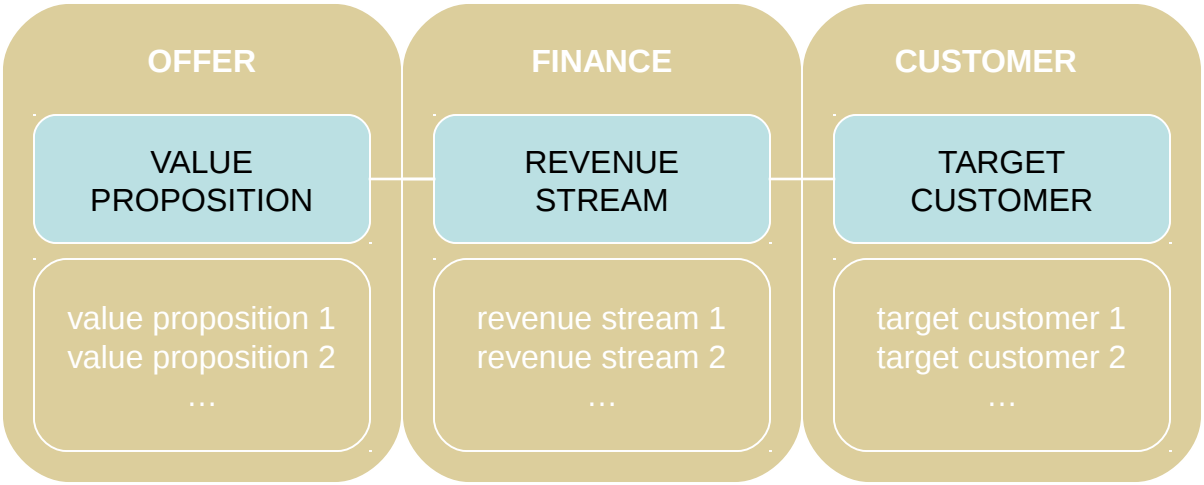
describing how a company makes money



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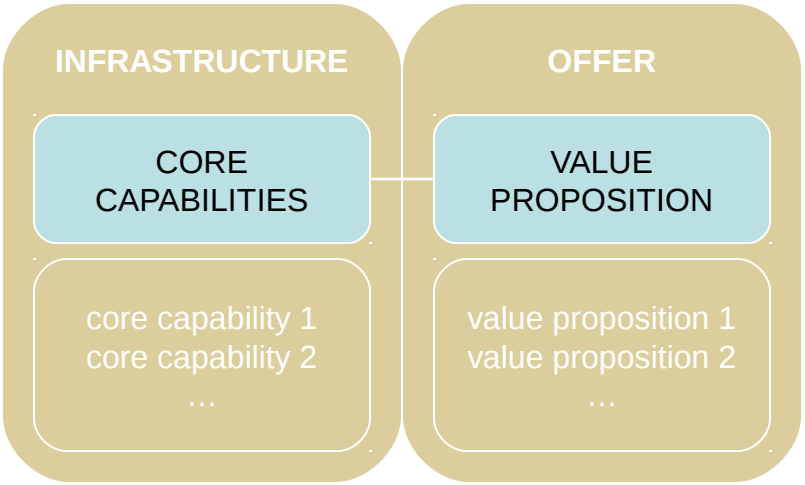
describing what capabilities are required



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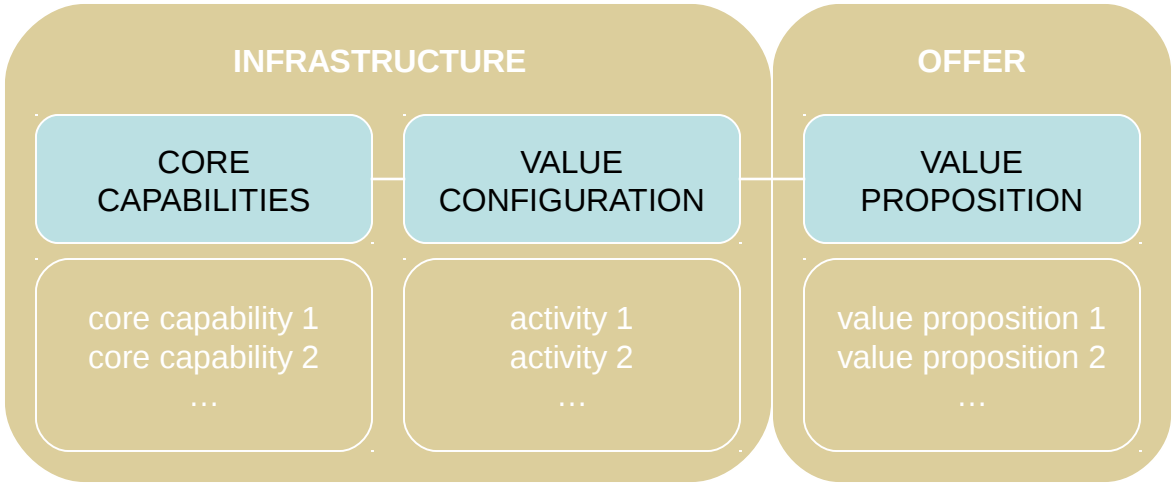
describing what activities are required



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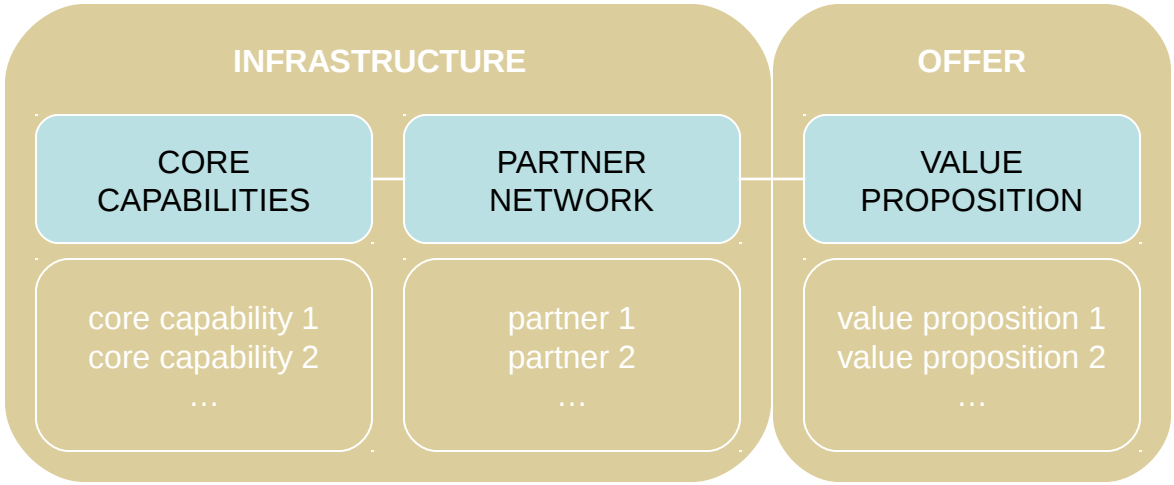
describing the partners that leverage the business model



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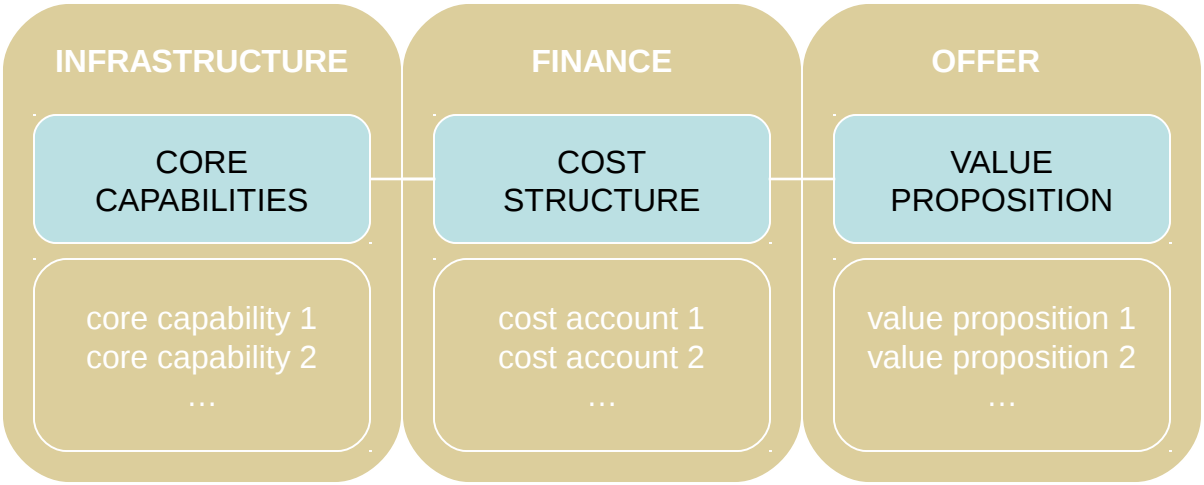
describing the costs of a business model



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Saturday, November 05, 2005

What is a business model?

The topic of business models has become important in today's competitive landscape. The capacity to manage continuous change and constantly adapt to rapidly changing business environments by introducing new business ideas and concepts is nowadays indispensable for companies to thrive and survive. The business model concept is a particularly helpful unit of strategic analysis tailored to today's business environment.

But what actually is a business model?

Let us take a step back and really ask ourselves what we mean when we talk about business models. How do we define what a business model actually is and how could we describe the business model of our own company?

Under a model I understand a simplified description and representation of a complex real world object. A model describes the original in a way that we understand its essence without having to deal with all its characteristics and complexities. In the same line of thought we could define a business model as a simplified description of how a company does business without having to go into the complex details of all its strategy, processes, units, rules, hierarchies, workflows, and systems. However, now that we know that the business model is a simplified representation of how we do business, we still have to decide which elements to describe. A synthesis of literature shows that there are mainly 9 building blocks to help us describe a business model:

1. The ***value proposition*** of what is offered to the market;
2. The ***target customer segments*** addressed by the value proposition;
3. The communication and ***distribution channels*** to reach customers and offer the value proposition;
4. The ***relationships*** established with customers;
5. The ***core capacities*** needed to make the business model possible;

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