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Creating New Growth Engines through Business Model Innovation

1. Create a shared language to describe, discuss, and invent business models across your organization

The term “business models” is one that we frequently employ in organizations without actually sharing an understanding of what we really mean by it. This leads to poor discussions of the topic and produces mediocre outcomes. Employing a shared visual language will allow you to address this. We suggest you use the Business Model Canvas in the image below to describe existing and new business models. It is based on nine basic building blocks that allow you to outline the blueprint of your strategy, specify the model for a new product introduction, or describe the commercialization of a new technology.

The Business Model Canvas		Designed for:	Designed by:	Date:	Page:
Key Partners Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do our partners perform? Channels: Revenue Streams: Cost Structure:	 Key Activities What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? Channels: Revenue Streams: Cost Structure:	Value Propositions What value do we deliver to the customer? Which one of our customer's problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs does our category best address? Channels: Revenue Streams: Cost Structure:	Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they? Channels: Revenue Streams: Cost Structure:	Customer Segments For whom are we creating value? Who are our most important customers? Channels: Revenue Streams: Cost Structure:	
Key Resources What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams? Channels: Revenue Streams: Cost Structure:					
Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities do we perform most often? Channels: Revenue Streams: Cost Structure:					
		Revenue Streams For what value are our customers really willing to pay? For what do they currently pay? How are they currently paid? How much do they pay for it? How would they prefer to pay? How much does each Revenue Stream contribute to overall profitability? Channels: Revenue Streams: Cost Structure:			

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2. Create organizational structures that allow for business experimentation and the testing of new business models

Developing new business models for growth requires a different logic, mindset and culture than the execution of existing business models. Sound execution is based on good planning, whereas the sound development of new business models is based on an iterative approach of experimentation, failure, and learning. Therefore we recommend the establishment of organizational structures and spaces that boost a culture of business experimentation - in addition to an execution-focused culture tailored to running the existing business model.

3. Experiment with new business models

Developing new business models is a risky business. This risk can be limited by starting with the development of various alternative business model prototypes and by testing them before building them. In order to find the best possible business models you should experiment with various alternative models for a new strategy, a new product introduction, or the commercialization of a new technology.

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