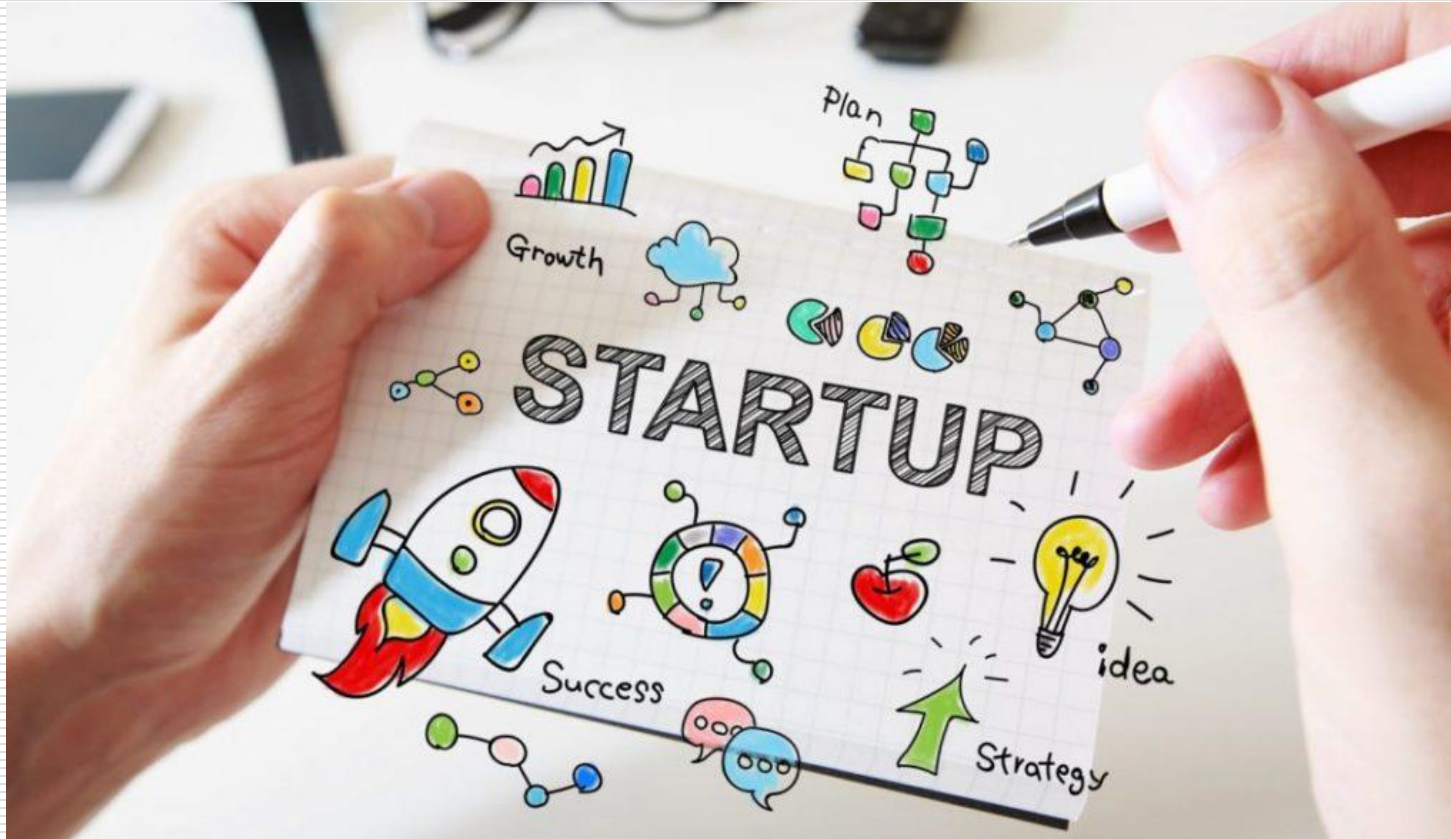


Starting Your Own Business



By:

**Ahmed
Ashour**

Full Outline

What is entrepreneurship

Why Business planning?

Elements of business plan.

Business model canvas

Every block in details

Create your own BM



Entrepreneurship

- Is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called entrepreneurs
-

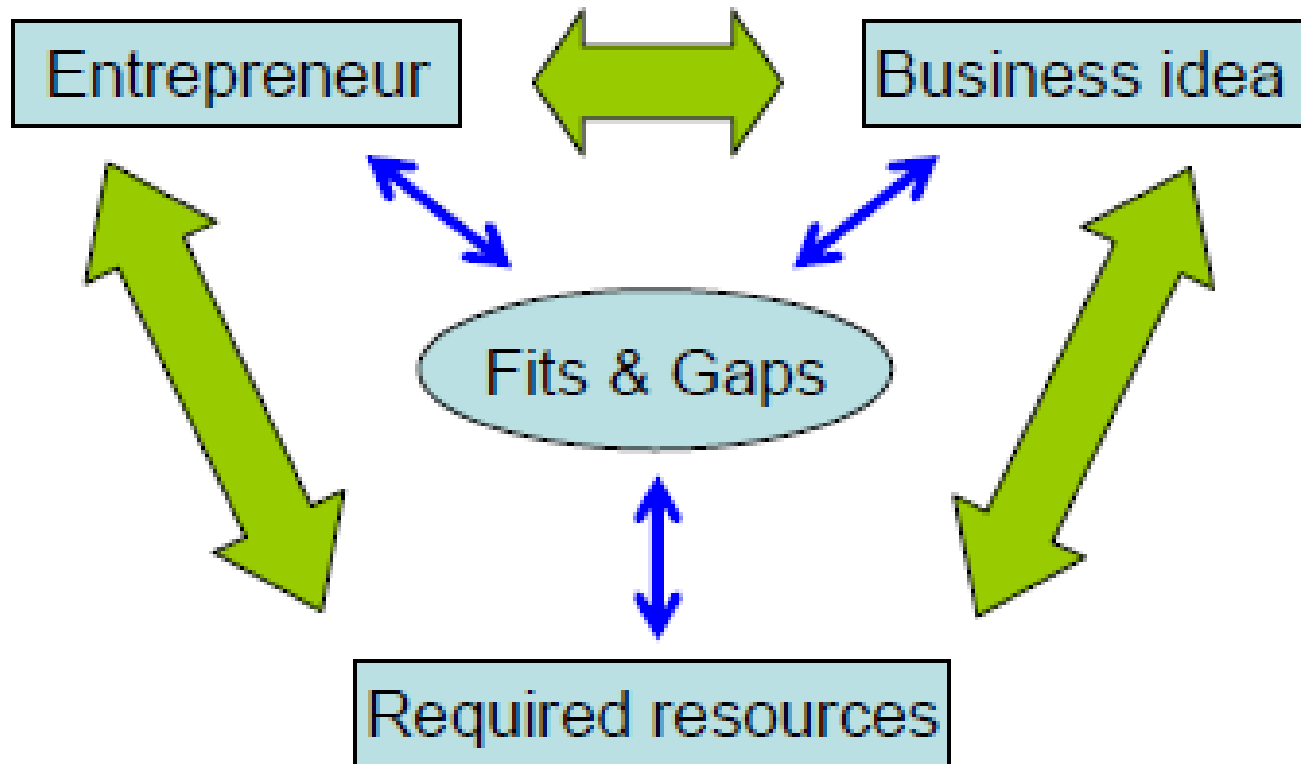
Revival of Entrepreneurship

- ❑ **Third Industrial Revolution** (Jensen, 1993) 5th Kondratieff cycle, emergence of small Software, IT and Biotech firms with comparative advantage of small firms in inventing radically new products
 - ❑ New technologies have reduced the importance of scale economies
 - ❑ Deregulation and privatization movement
 - ❑ Tendency of large firms to concentrate on their “core competences”
 - ❑ Increasing incomes and wealth have led to an increase in the demand for variety
 - ❑ Emergence of the Service Industry
-

The exploitation of entrepreneurial opportunities may include

- Developing a business plan
 - Hiring the human resources
 - Acquiring financial and material resources
 - Providing leadership
 - Being responsible for both the venture's success or failure
 - Risk aversion
-

The three crucial factors of a start-up success



Business Plan

- A **business plan** is a formal statement of *business goals*, reasons they are attainable, and plans for reaching them. It may also contain background information about the organization or team attempting to reach those goals.
-



**TO GET ORGANIZED AND
CLARIFY YOUR BUSINESS
DIRECTION**



**STAYING ON TRACK PLUS
FUTURE PROJECTIONS FOR
YOUR BUSINESS**

PURPOSE OF A BUSINESS PLAN



**TO ATTRACT
INVESTORS**



**EASIER
MANAGEMENT**

The Elements of a Business Plan



KEY ELEMENTS IN CREATING A BUSINESS PLAN

EXECUTIVE SUMMARY



COMPANY DESCRIPTION



PRODUCTS OR SERVICES



MARKET ANALYSIS



OPERATIONS AND SALES STRATEGY



MANAGEMENT AND ORGANIZATIONAL TEAM



FINANCIAL PLAN



Executive Summary

- You can summarize your plan here which should include your business name, location, products or services and mission statement among other factors.



Company Description

- This describes the nature of your business if it's either a corporation, partnership or single ownership



Products or Services.

- In this portion, you must describe in detail what products or services you are selling, the problems that you are facing, the solutions you're doing and how your business can flourish in a competitive landscape.



Market Analysis

- In this section, the key question to ask is: "Who are you selling to?" Depending on the size of your business, you may need to do market research and analysis that should include the demographics of your target market, and any relevant data on your closest competitors.



Operations and Sales Strategy

- This section of your business plan explains your operating plan for your target market. This includes your pricing scheme as well as the distribution of your products or services.



Management and Organizational Team

- ❑ This part outlines the company's organizational structure.
- ❑ This not only identifies the owner or owners and key management team plus employees but also names the partners, board members and advisors of your company.



-
- Pricing strategy
 - Contribution margin
 - Profit margin
 - Depreciation
 -
-

Business Model ICT-Focused

What is Business Model (BM)?

- the logic of how a company intend to make money

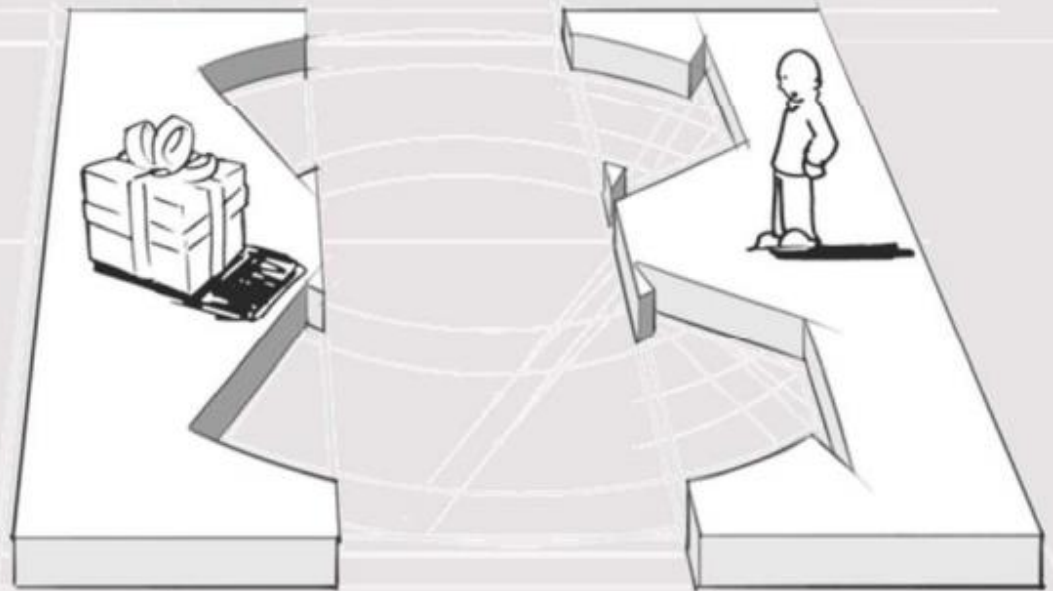
9 blocks of
a BM

CUSTOMER SEGMENTS



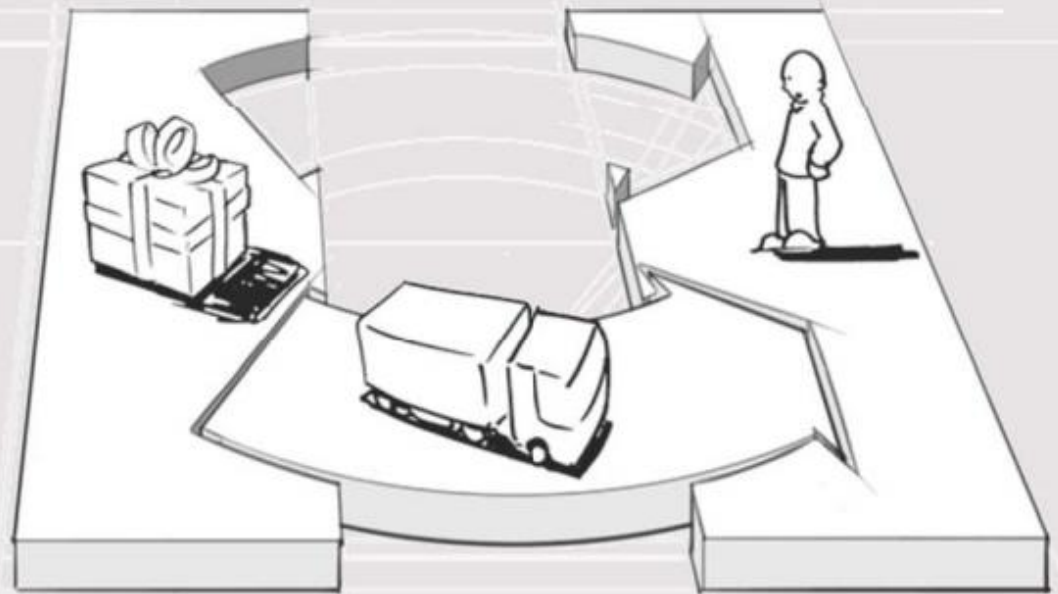
which customers and users are you serving?
which jobs do they really want to get done?

VALUE PROPOSITIONS



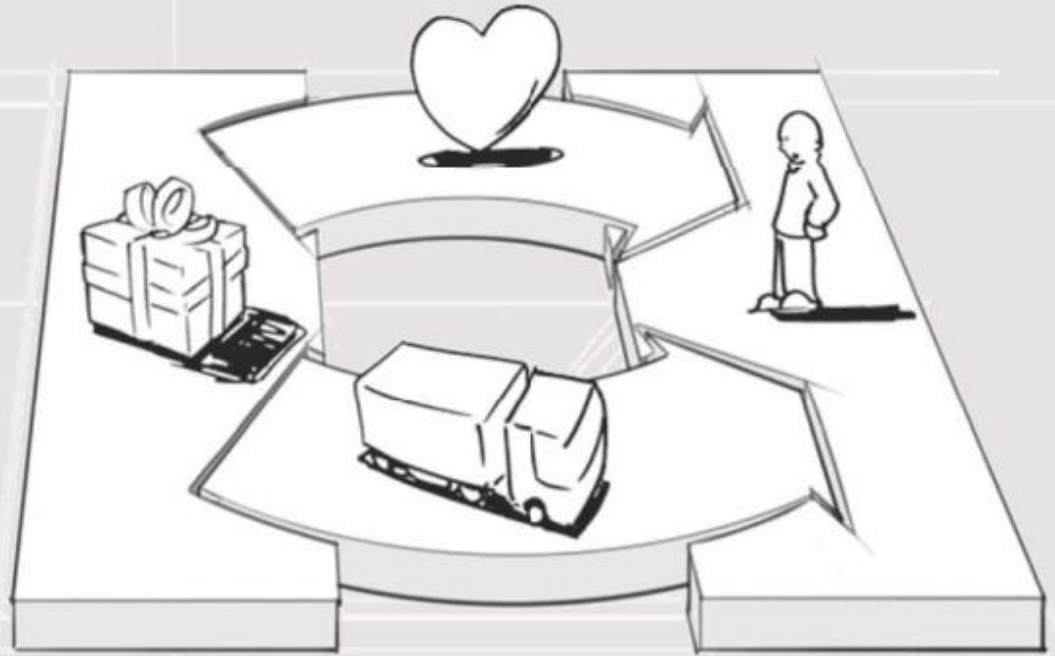
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CHANNELS



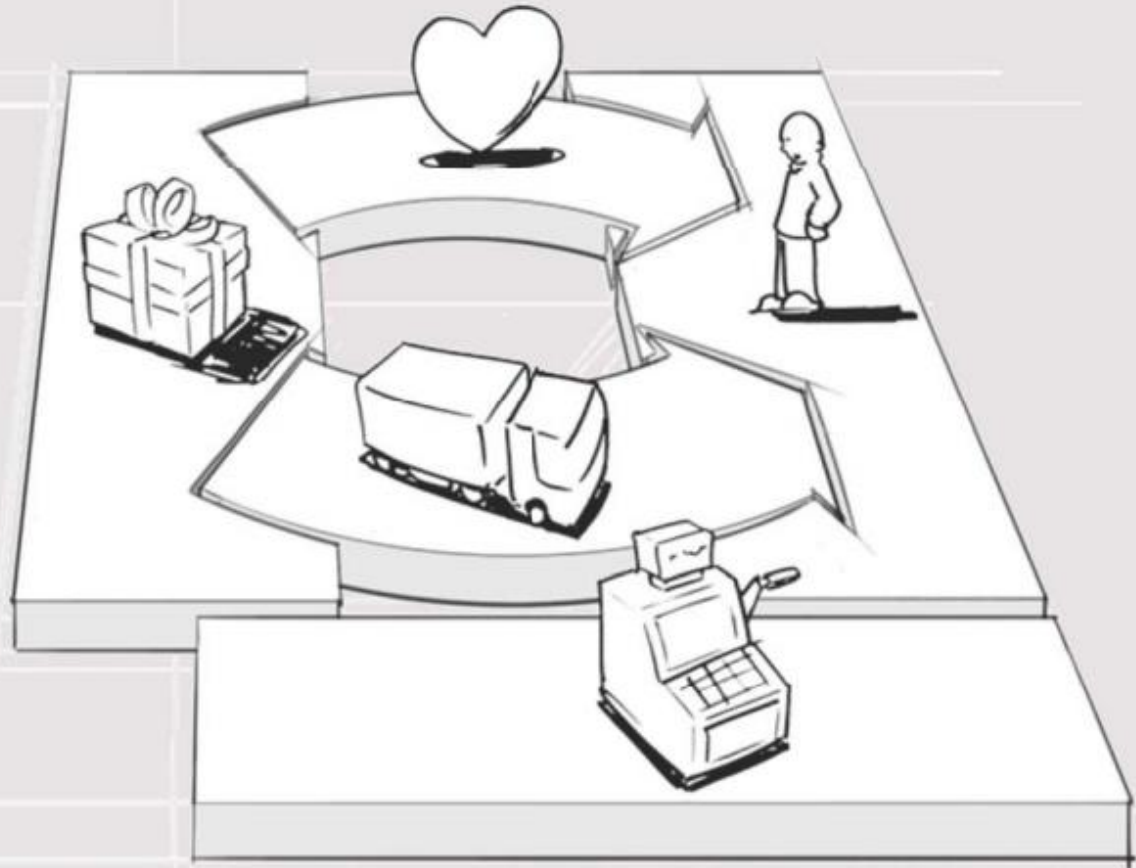
how does each customer segment want to be reached?
through which interaction points?

CUSTOMER RELATIONSHIPS



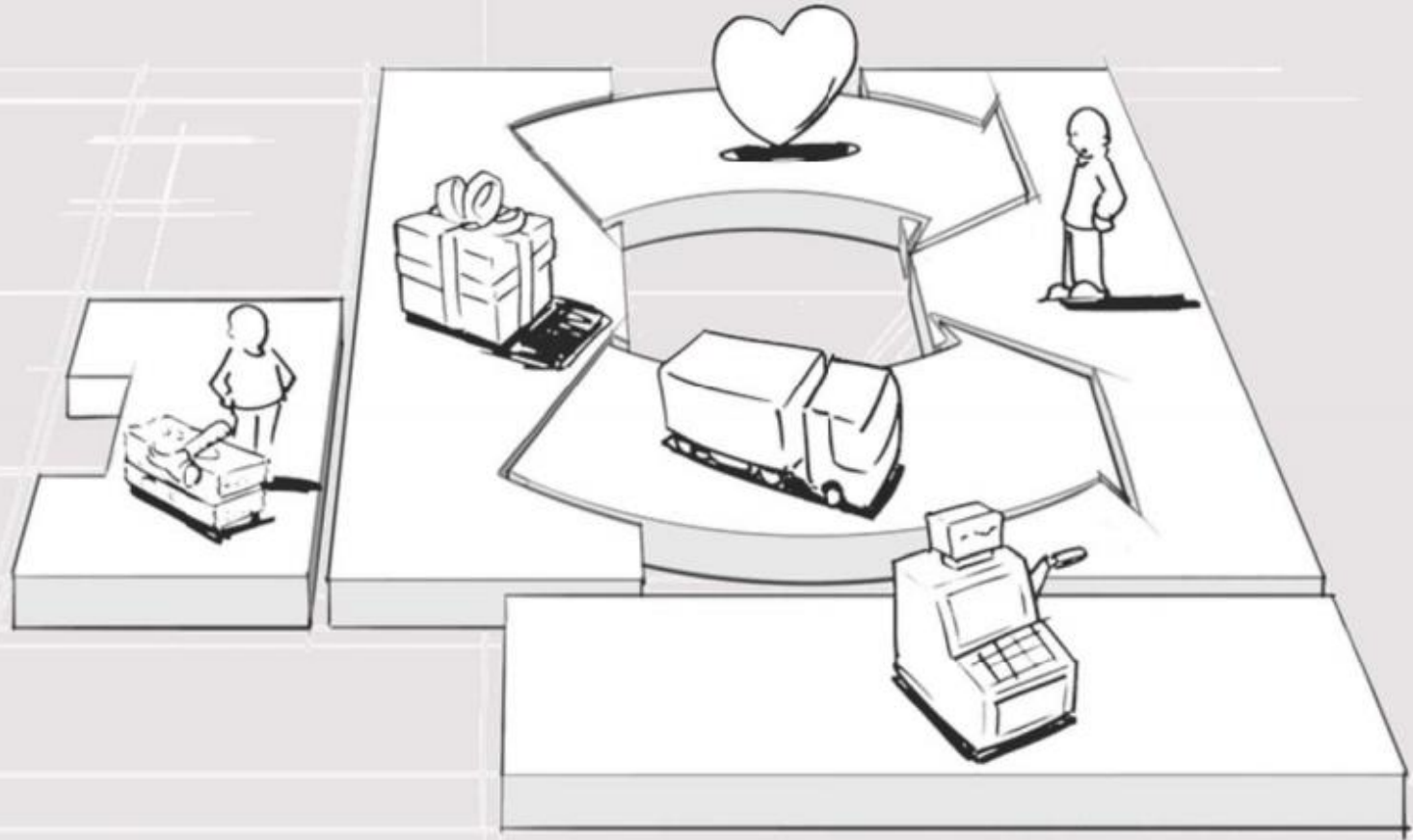
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personal? automated? acquisitive? retentive?

REVENUE STREAMS



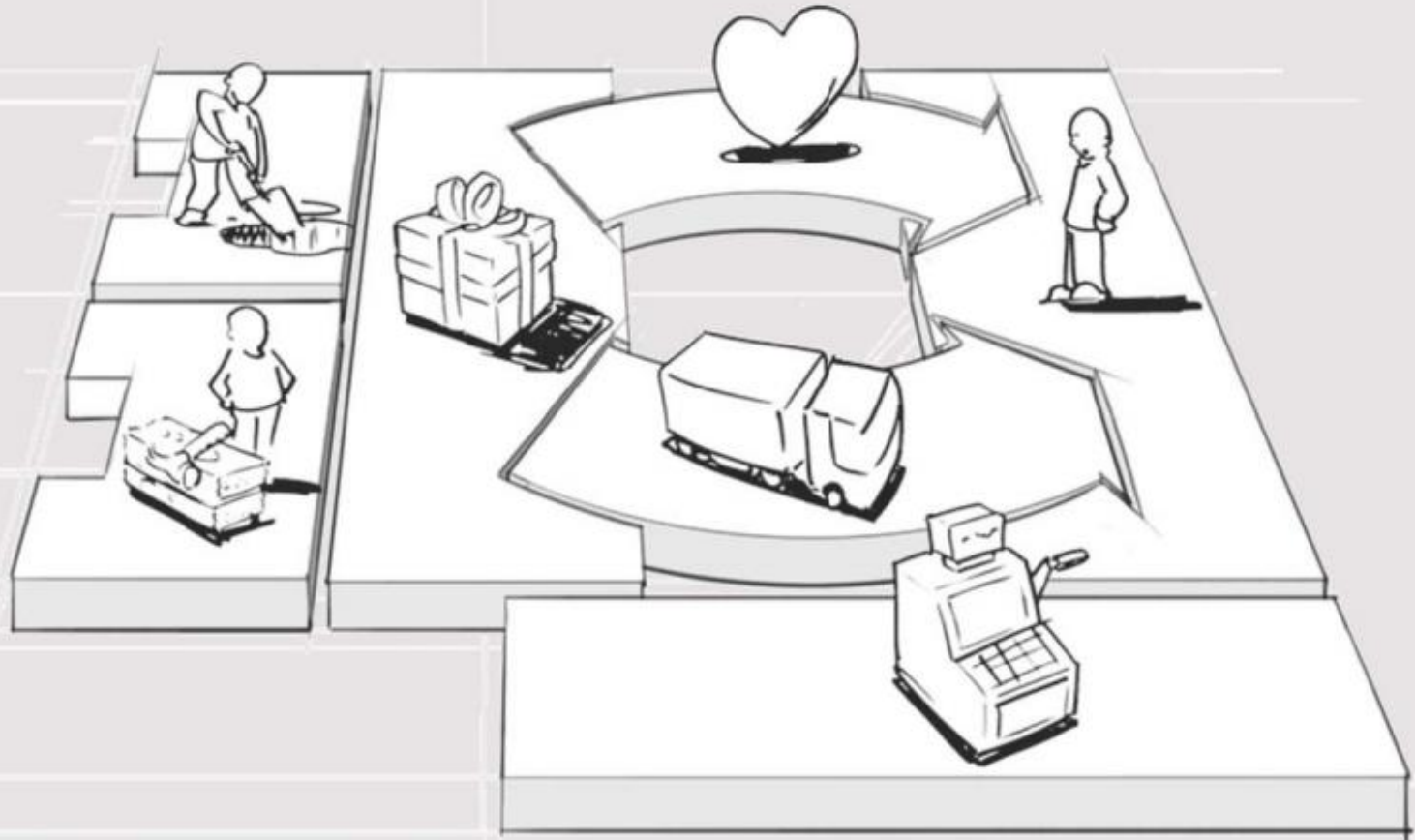
what are customers really willing to pay for? how?
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KEY RESOURCES



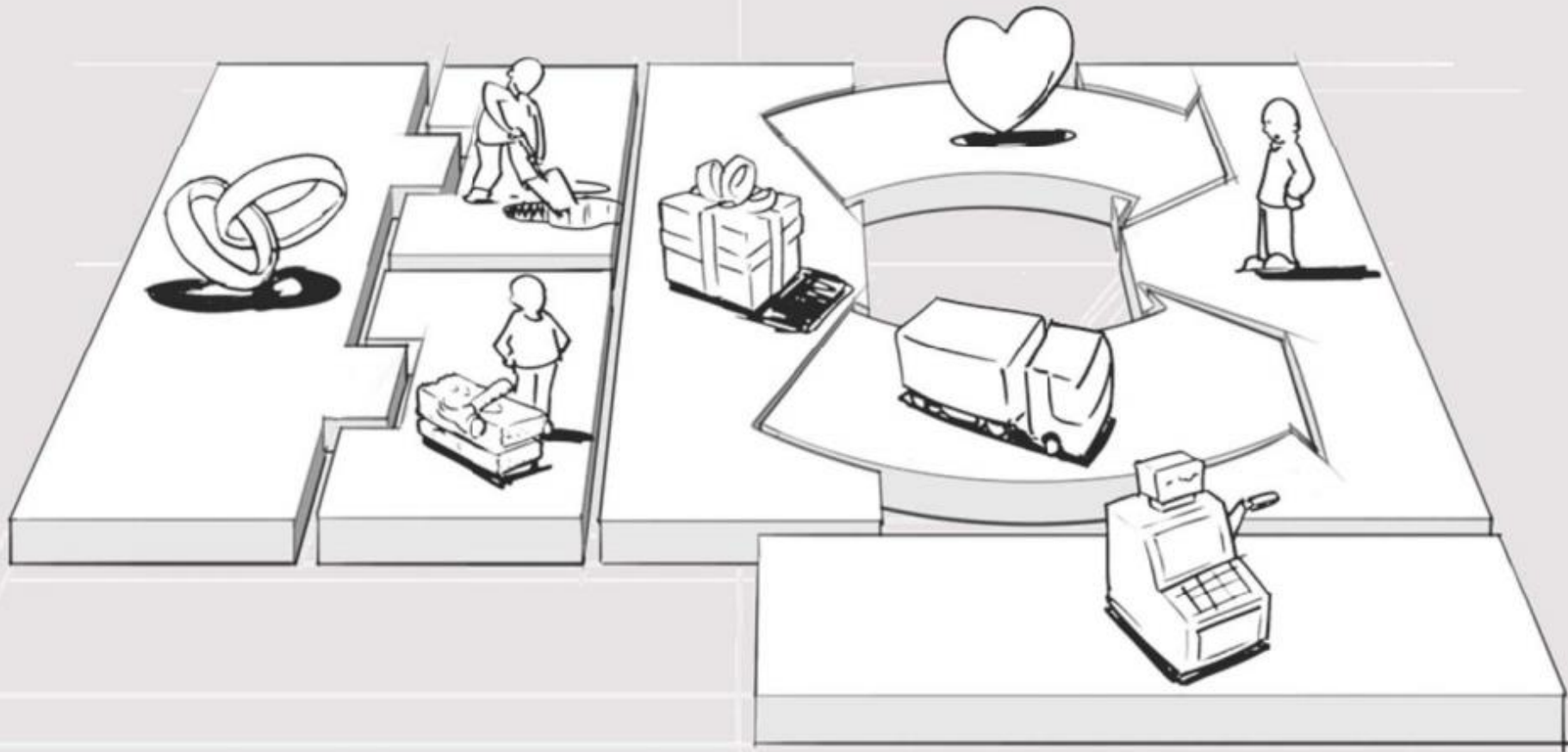
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KEY ACTIVITIES



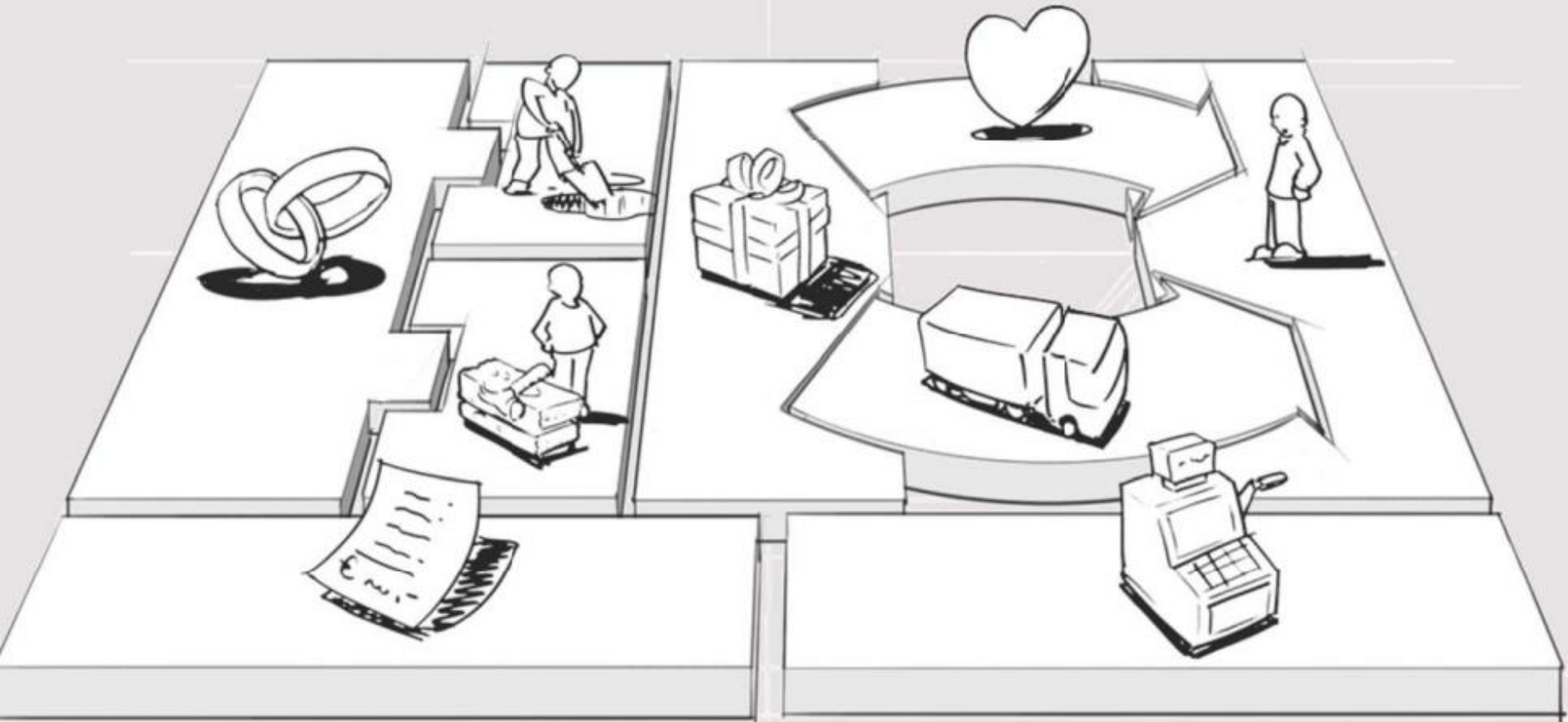
which activities do you need to perform well in
your b.model? what is crucial?

KEY PARTNERS



which partners and suppliers leverage your model?
who do you need to rely on?

COST STRUCTURE



what is the resulting cost structure?
which key elements drive your costs?

key activities

value proposition

customer relationships

key partners

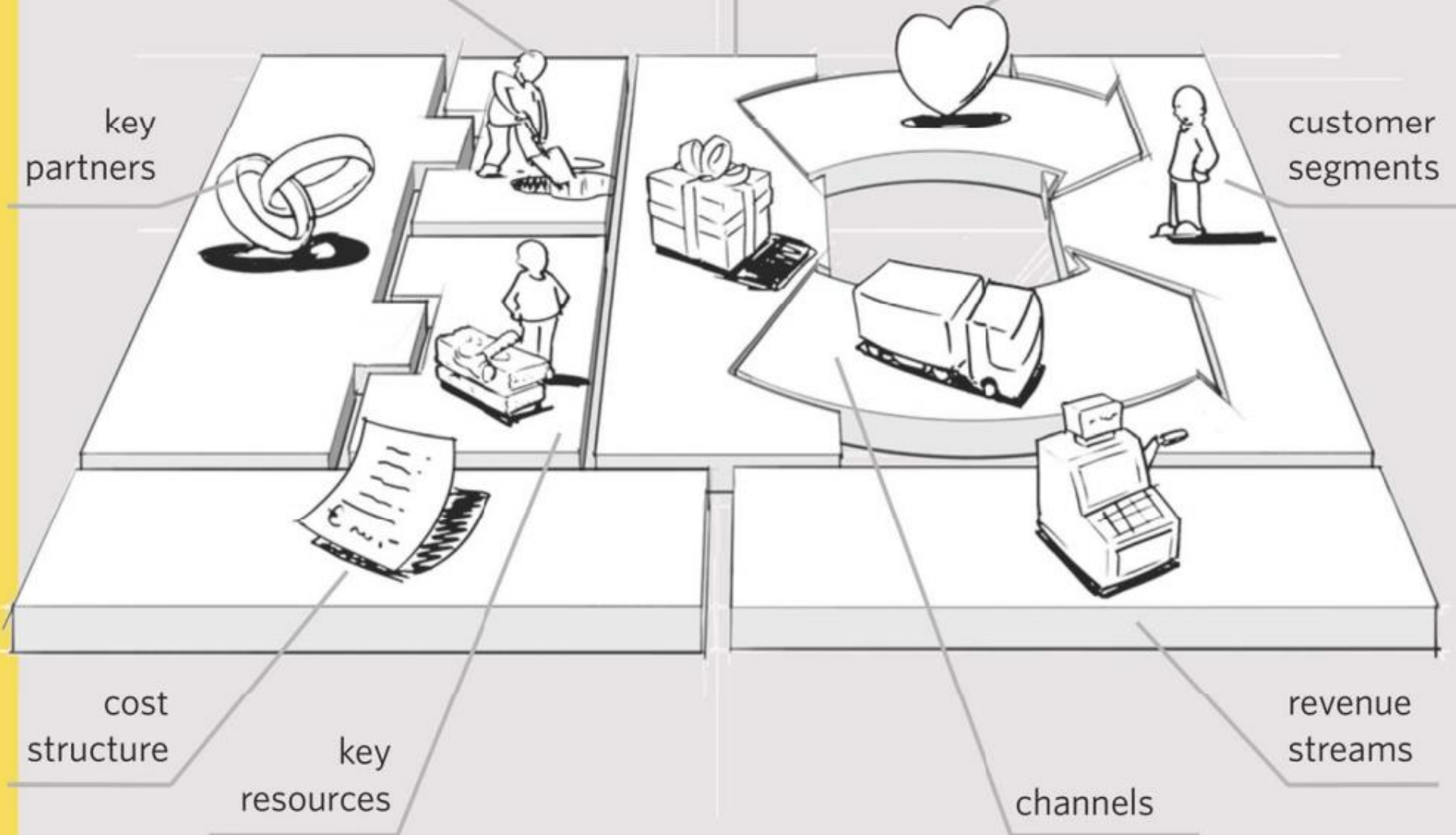
customer segments

cost structure

key resources

channels

revenue streams












The Business Model Canvas

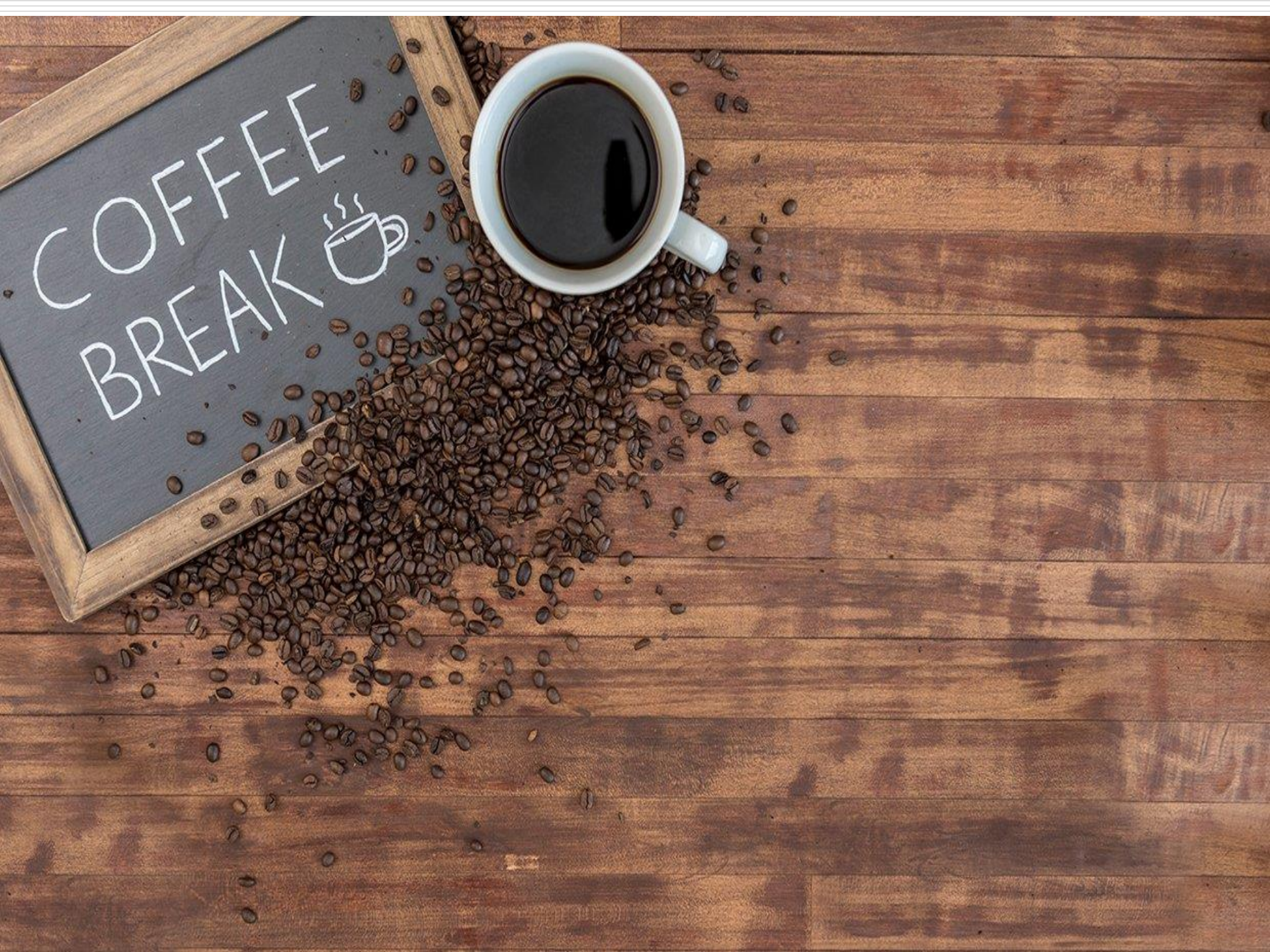
Designed for:

Designed by:

On:

Innovation:

<h3>Key Partners</h3>  <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>Key Partnerships: 1. Co-opetition 2. Joint ventures 3. Strategic alliances 4. Licensing 5. Franchising 6. Reselling 7. Distribution 8. Complementors 9. Suppliers 10. Subcontractors</p>	<h3>Key Activities</h3>  <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>Key Activities: 1. Production 2. Logistics 3. Distribution 4. Sales 5. Marketing 6. Service 7. Support 8. Procurement 9. Research and Development 10. Human Resources Management</p>	<h3>Value Propositions</h3>  <p>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 are we satisfying?</p> <p>Value Propositions: 1. Performance 2. Customization 3. Design 4. Brand 5. Price 6. Convenience 7. Reliability 8. Risk Reduction 9. Accessability 10. Compatibility</p>	<h3>Customer Relationships</h3>  <p>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?</p> <p>Customer Relationships: 1. Personal Assistant 2. Self-Service 3. Concierge 4. Community 5. Co-creation 6. Automations 7. Personalized 8. Dedicated Personal Assistant 9. Self-Service 10. Community</p>	<h3>Customer Segments</h3>  <p>For whom are we creating value? Who are our most important customers?</p> <p>Customer Segments: 1. Mass 2. Niche 3. Segments 4. Markets 5. Demographics 6. Psychographics 7. Geographic 8. Behavioral 9. Attitudinal 10. Benefit</p>	
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COFFEE
BREAK ☕

Video



Business Model Canvas Explained - YouTube.FLV

CUSTOMER SEGMENTS



which customers and users are you serving?
which jobs do they really want to get done?

Customer Segments

- The different groups of people or organizations an enterprise aims to reach and serve
- Without (profitable) customers, no company can survive for long

- They have substantially different profitabilities
- They are reached through different Distribution Channels
- For whom are we creating value?
- Who are our most important customers?

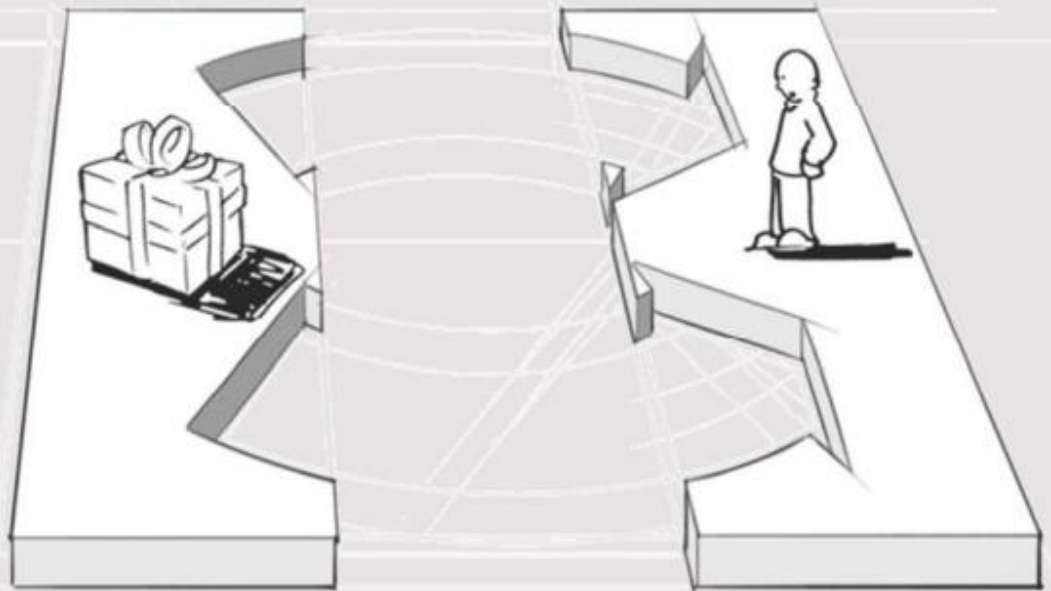
Mass market

- Business models focused on mass markets don't distinguish between different Customer Segments.
- The Value Propositions, Distribution Channels, and Customer Relationships all focus on one large group of customers with broadly similar needs and problems.
- This type of business model is often found in the consumer electronics sector

Niche market

- Business models targeting niche markets cater to specific, specialized Customer Segments. The Value Propositions, Distribution Channels, and Customer Relationships are all tailored to the specific requirements of a niche market.

VALUE PROPOSITIONS



what are you offering them? what is that getting done for them? do they care?

Value Propositions

- the bundle of products and services that create value for a specific Customer Segment
- the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need

Top 10 Value Propositions

Newness

- satisfy an entirely new set of needs that customers previously didn't perceive because there was no similar offering.
- This is often, but not always, technology related.

Performance

- Improving product or service performance has
- traditionally been a common way to create value.
- The PC sector has traditionally relied on this factor

Customization

- Tailoring products and services to the specific needs of individual customers or Customer Segments creates value.
- **ShareBook**

“Getting the job done”

- Value can be created simply by helping a customer get certain jobs done.

Design

- Design is an important but difficult element to measure.
- A product may stand out because of superior design. In the fashion and consumer electronics industries, design can be a particularly important part of the Value Proposition

Brand/status

- Customers may find value in the simple act of using and displaying a specific brand. Wearing a Rolex watch signifies wealth
- most startups don't have

Price

- Offering similar value at a lower price is a common way to satisfy the needs of price-sensitive Customer Segments. But low-price Value Propositions have important implications for the rest of a business model.

Cost reduction

- Helping customers reduce costs is an important way to create value.
- Salesforce.com, for example, sells a hosted Customer Relationship management (CRM) application. This relieves buyers from the expense and trouble of having to buy, install, and manage CRM software themselves.

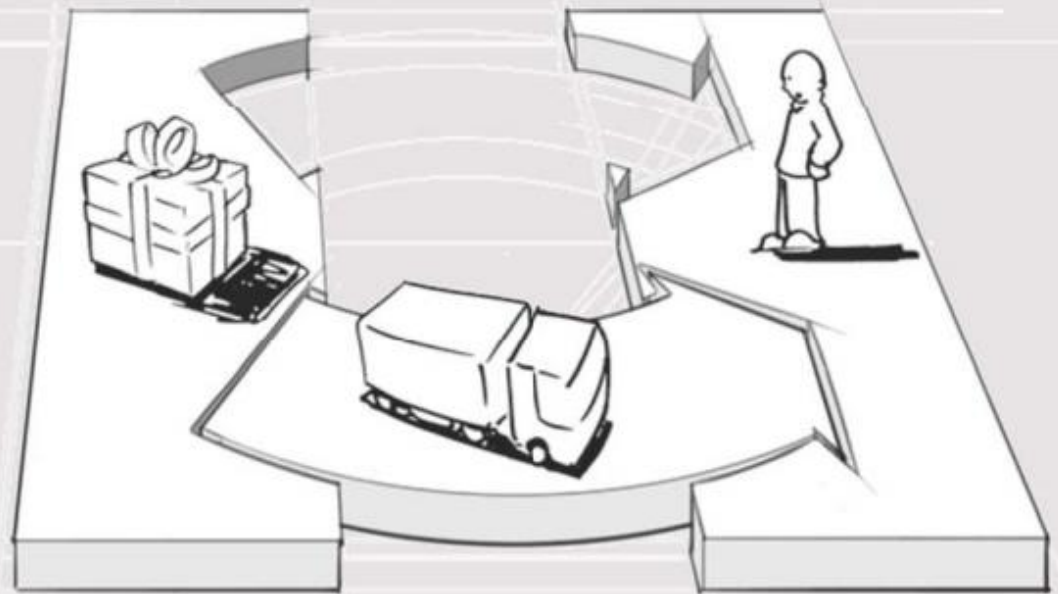
Risk reduction

- Customers value reducing the risks they incur when purchasing products or services.

Accessibility

- Making products and services available to customers who previously lacked access to them is another way to create value.
- Why do we go to the convenience store around the corner, instead of the cheaper grocery store 15 minutes away?

CHANNELS



how does each customer segment want to be reached?
through which interaction points?

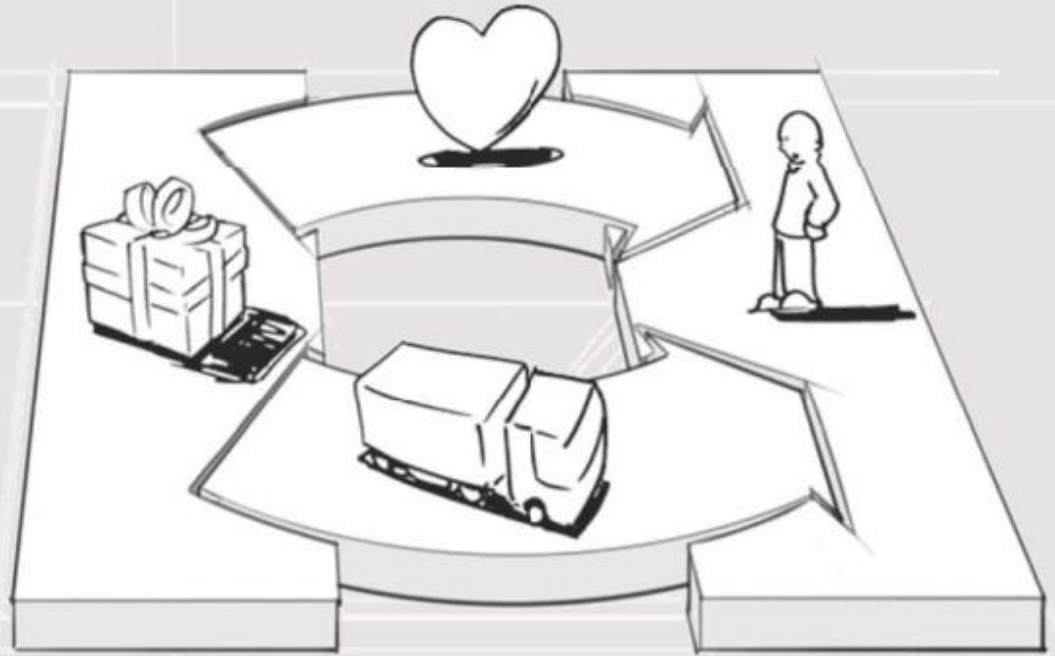
Channels

- how a company communicates with and reaches its Customer Segments to deliver a Value Proposition
- Channels are customer touch points

Phases

- Raising **awareness** among customers about a company's products and services
- Helping customers **evaluate** a company's Value Proposition
- Allowing customers to **purchase** specific products and services
- **Delivering** a Value Proposition to customers
- Providing **post-purchase** customer support

CUSTOMER RELATIONSHIPS



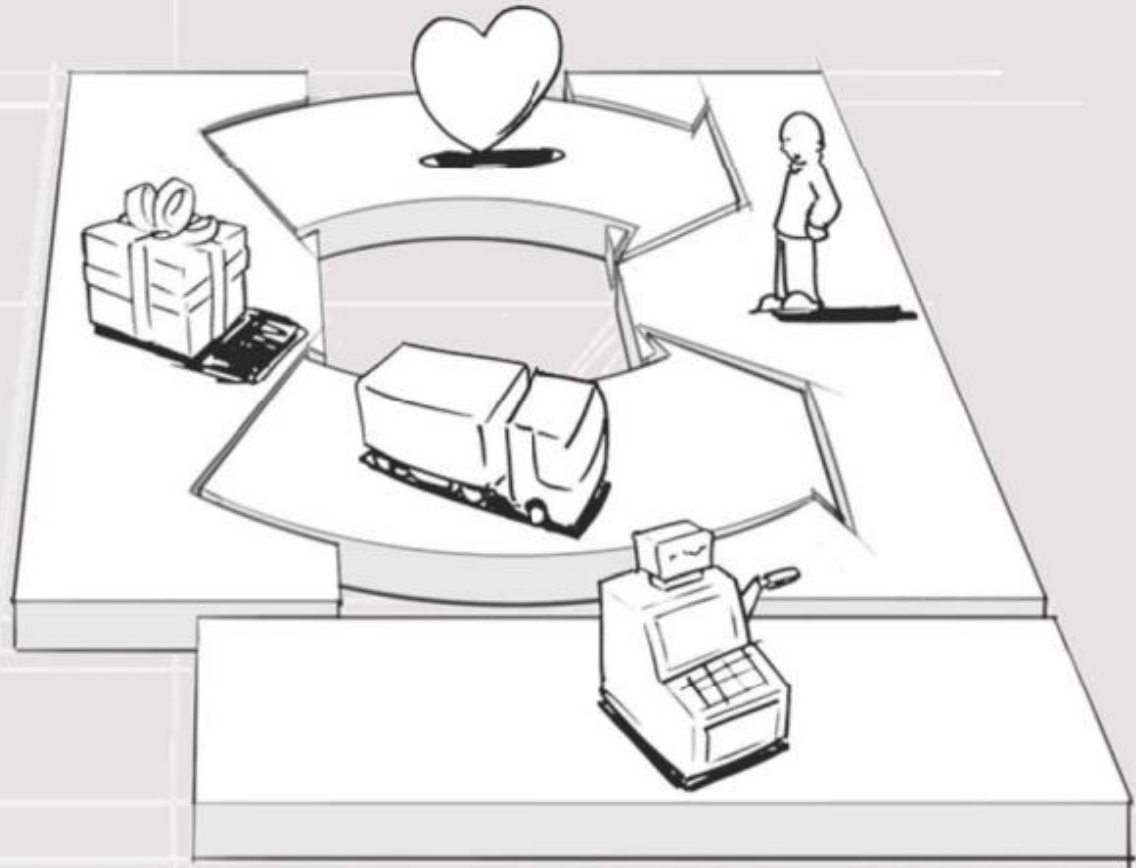
what relationships are you establishing with each segment?
personal? automated? acquisitive? retentive?

Customer Relationships

- describes the types of relationships a company establishes with specific Customer Segments

- In the early days, for example, mobile network operator Customer Relationships were driven by aggressive acquisition strategies involving free mobile phones.
- When the market became saturated, operators switched to focusing on customer retention and increasing average revenue per customer.

REVENUE STREAMS



what are customers really willing to pay for? how?
are you generating transactional or recurring revenues?

Revenue Streams

- the cash a company generates from each Customer Segment
- For what value is each Customer Segment truly willing to pay?

- For what value are our customers really willing to pay?
- For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?

Asset sale

- The most widely understood Revenue Stream derives from selling ownership rights to a physical product.
- Amazon.com sells books, music, consumer electronics, and more online.

Usage fee

- This Revenue Stream is generated by the use of a particular service.
- The more a service is used, the more the customer pays.
- A telecom operator may charge customers for the number of minutes spent on the phone.
- A hotel charges customers for the number of nights rooms are used.
- A delivery service charges customers for the delivery of a parcel from one location to another.

Subscription fees

- This Revenue Stream is generated by selling continuous access to a service.
- Some Online games allow users to play in exchange for a monthly subscription fee.

Lending/Renting/Leasing

- This Revenue Stream is created by temporarily granting someone the exclusive right to use a particular asset for a fixed period in return for a fee.

Licensing

- This Revenue Stream is generated by giving customers
- permission to use protected intellectual property in
- exchange for licensing fees.

- Computer Programs like Windows, Office, Adobe ..., Antiviruses

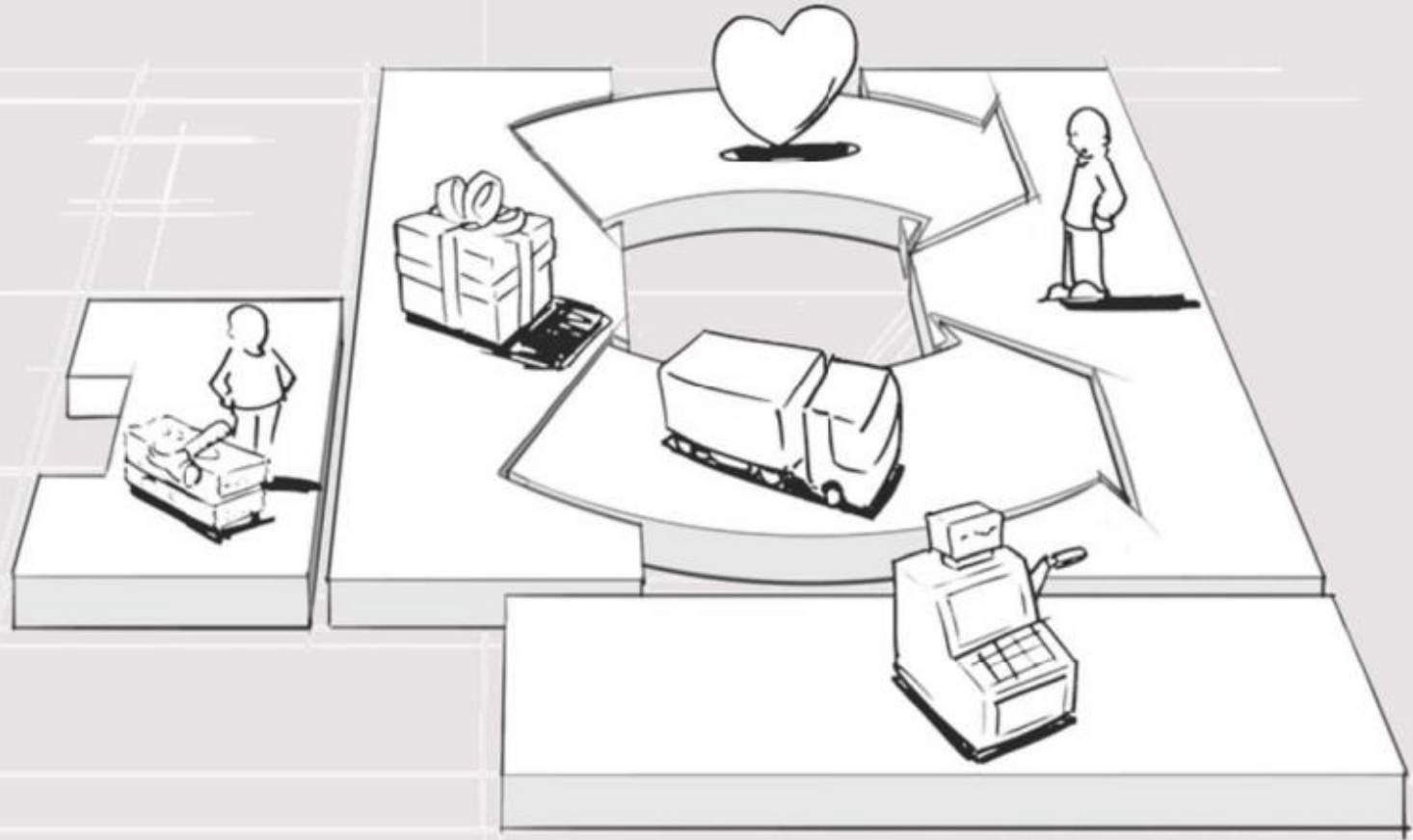
Brokerage fees

- This Revenue Stream derives from intermediation
- services performed on behalf of two or more parties.

Advertising

- This Revenue Stream results from fees for advertising a particular product, service, or brand. Traditionally, the media industry and event organizers relied heavily on revenues from advertising.

KEY RESOURCES

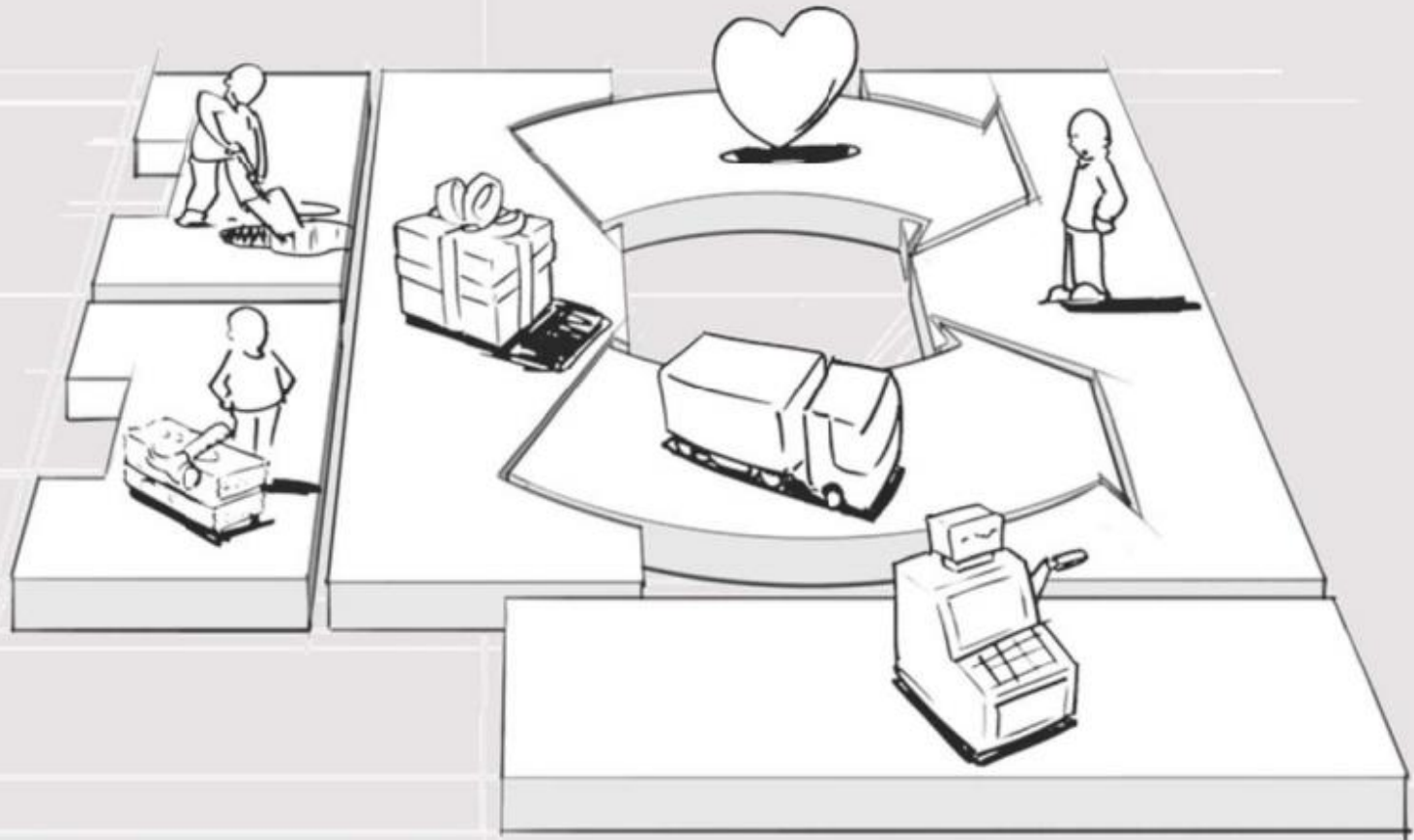


which resources underpin your b.model?
which assets are essential?

Key Resources

- the most important assets required to make a business model work
- Key resources can be physical, financial, intellectual, or human.
- Key resources can be owned or leased by the company or acquired from key partners.

KEY ACTIVITIES



which activities do you need to perform well in your b.model? what is crucial?

Key Activities

- the most important things a company must do to make its business model work

- What Key Activities do our Value Propositions require?
- Our Distribution Channels? Customer Relationships?
- Revenue streams?

Production

- These activities relate to designing, making, and delivering a product in substantial quantities and/or of superior quality.
- Production activity dominates the business models of manufacturing firms

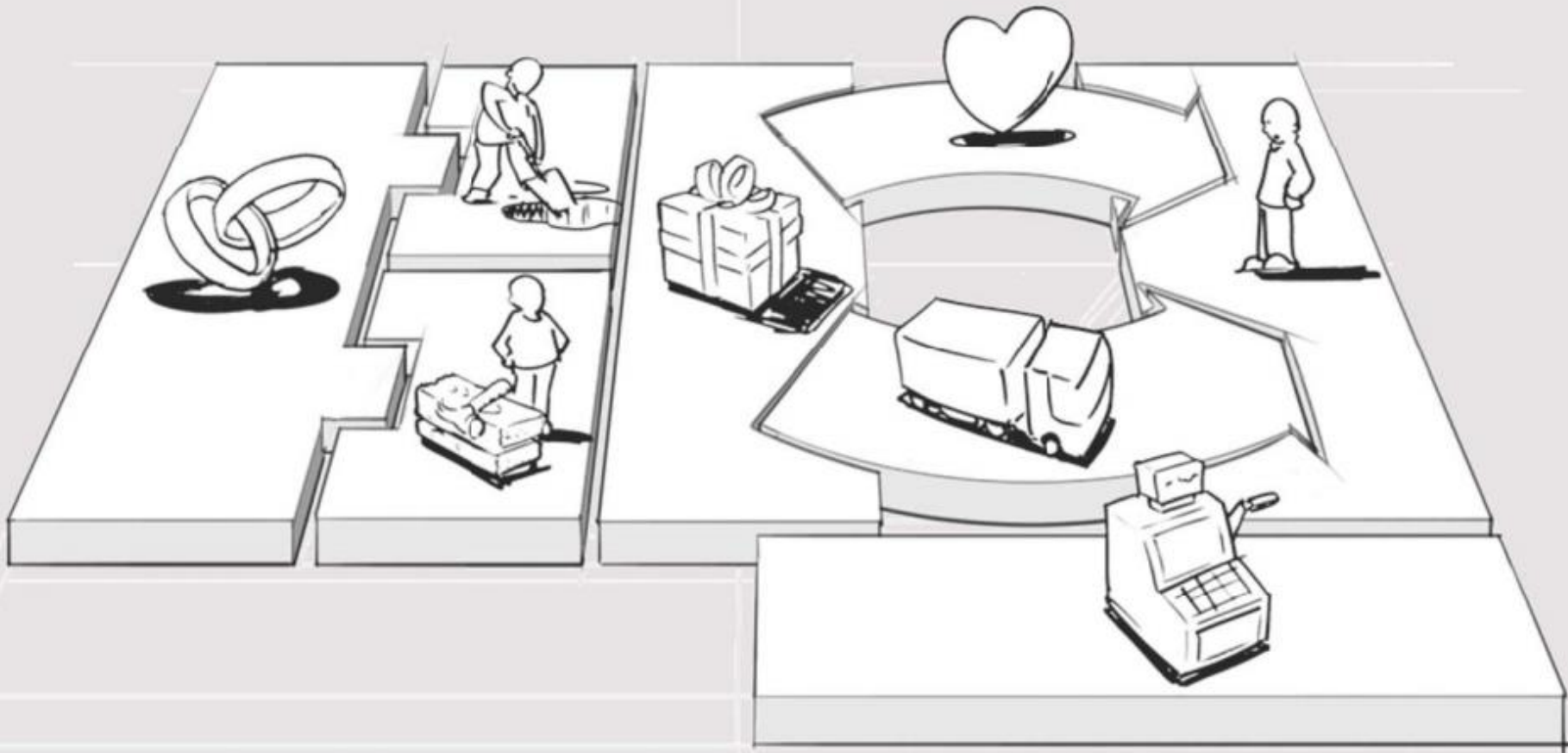
Problem solving

- Key Activities of this type relate to coming up with new solutions to individual customer problems.
- Their business models call for activities such as knowledge management and continuous training

Platform/network

- Business models designed with a platform as a Key Resource are dominated by platform or network-related Key Activities.
- Networks, matchmaking platforms, software, and even brands can function as a platform.
- eBay's business model requires that the company continually develop and maintain its platform

KEY PARTNERS

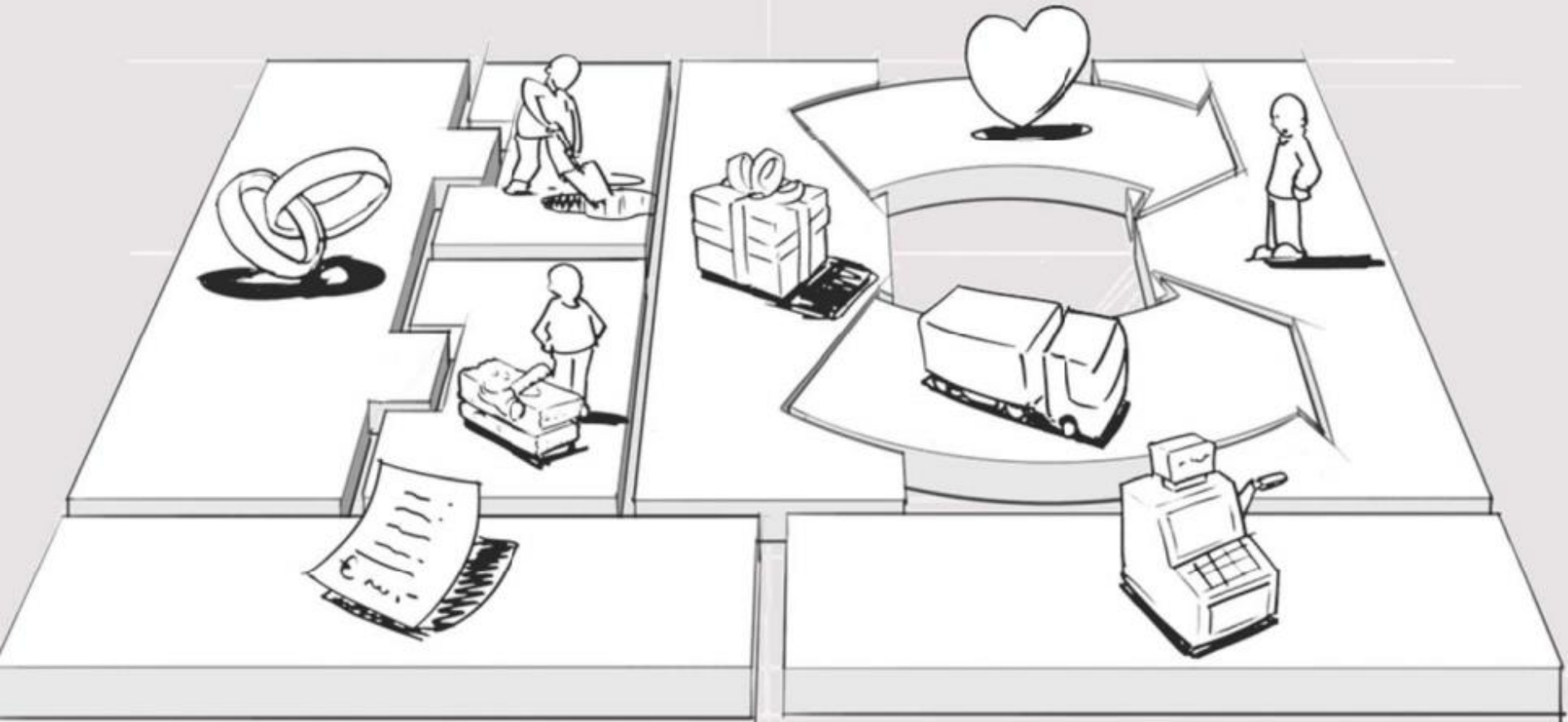


which partners and suppliers leverage your model?
who do you need to rely on?

Key Partnerships

- the network of suppliers and partners that make the business model work

COST STRUCTURE



what is the resulting cost structure?
which key elements drive your costs?

Cost Structure

- all costs incurred to operate a business model
- What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?

Cost-driven

- Cost-driven business models focus on minimizing
- costs wherever possible.
- This approach aims at creating and maintaining the leanest possible Cost Structure, using low price Value Propositions, maximum automation, and extensive outsourcing.

Value-driven

- Some companies are less concerned with the cost implications of a particular business model design,
- and instead focus on value creation.
- Premium Value Propositions and a high degree of personalized service usually characterize value-driven business models.

Cost Structures can have the following characteristics:

- **Fixed costs:**
- Costs that remain the same despite the volume of goods or services produced.
- Examples include salaries, rents, and physical manufacturing facilities.
- **Variable costs:**
- Costs that vary proportionally with the volume of
- goods or services produced.

key activities

value proposition

customer relationships

key partners

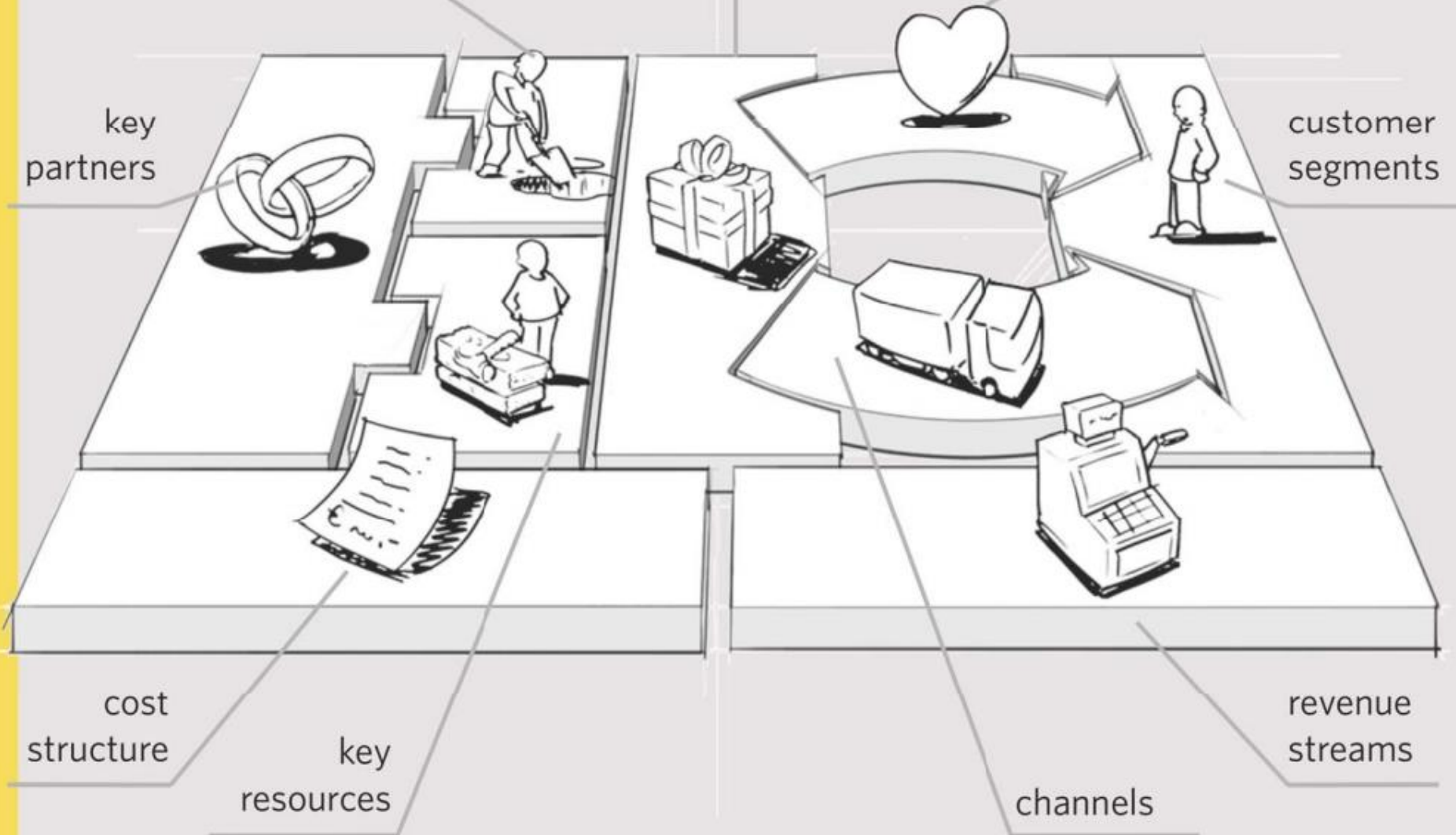
customer segments

cost structure

key resources

channels

revenue streams












The Business Model Canvas

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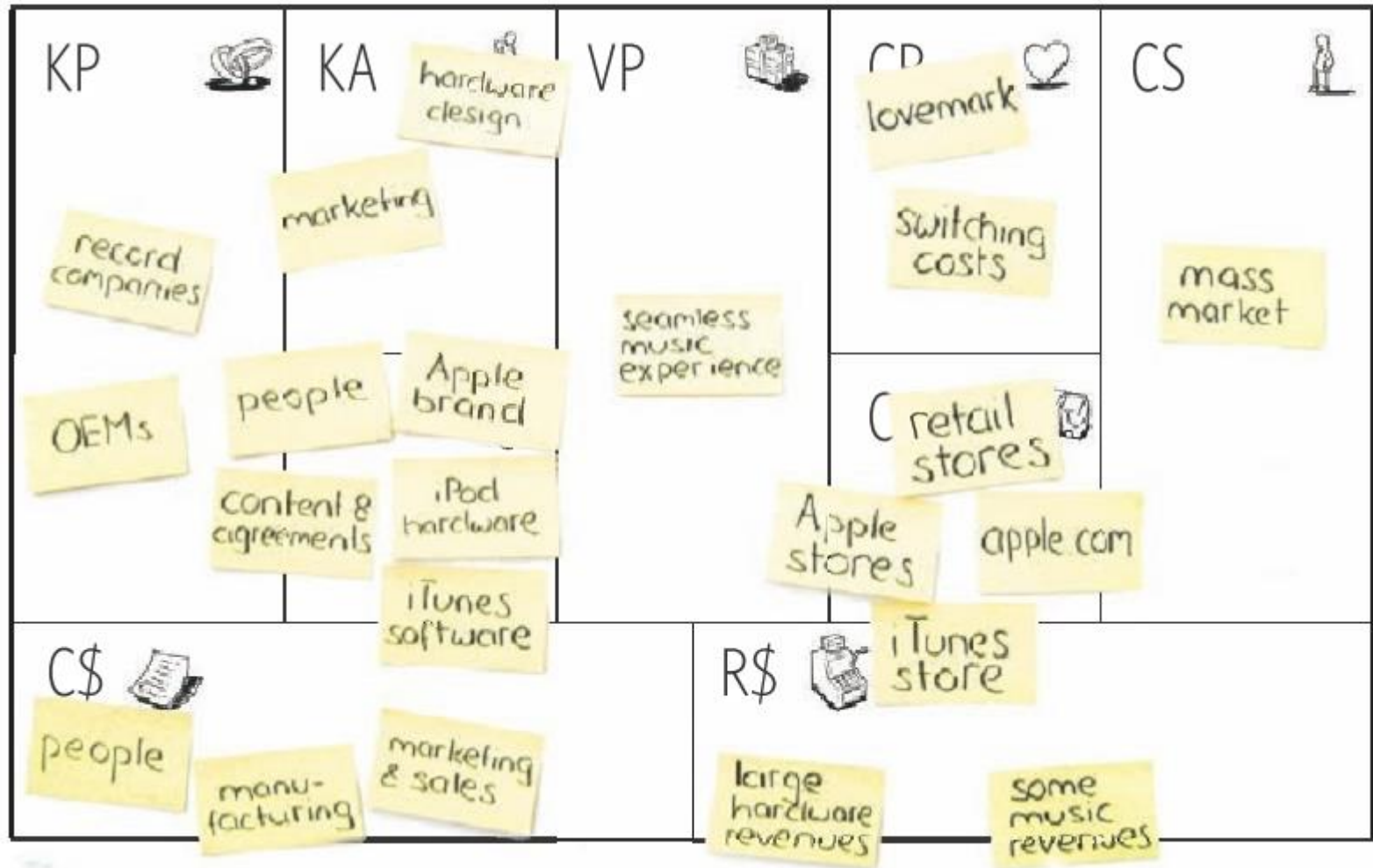
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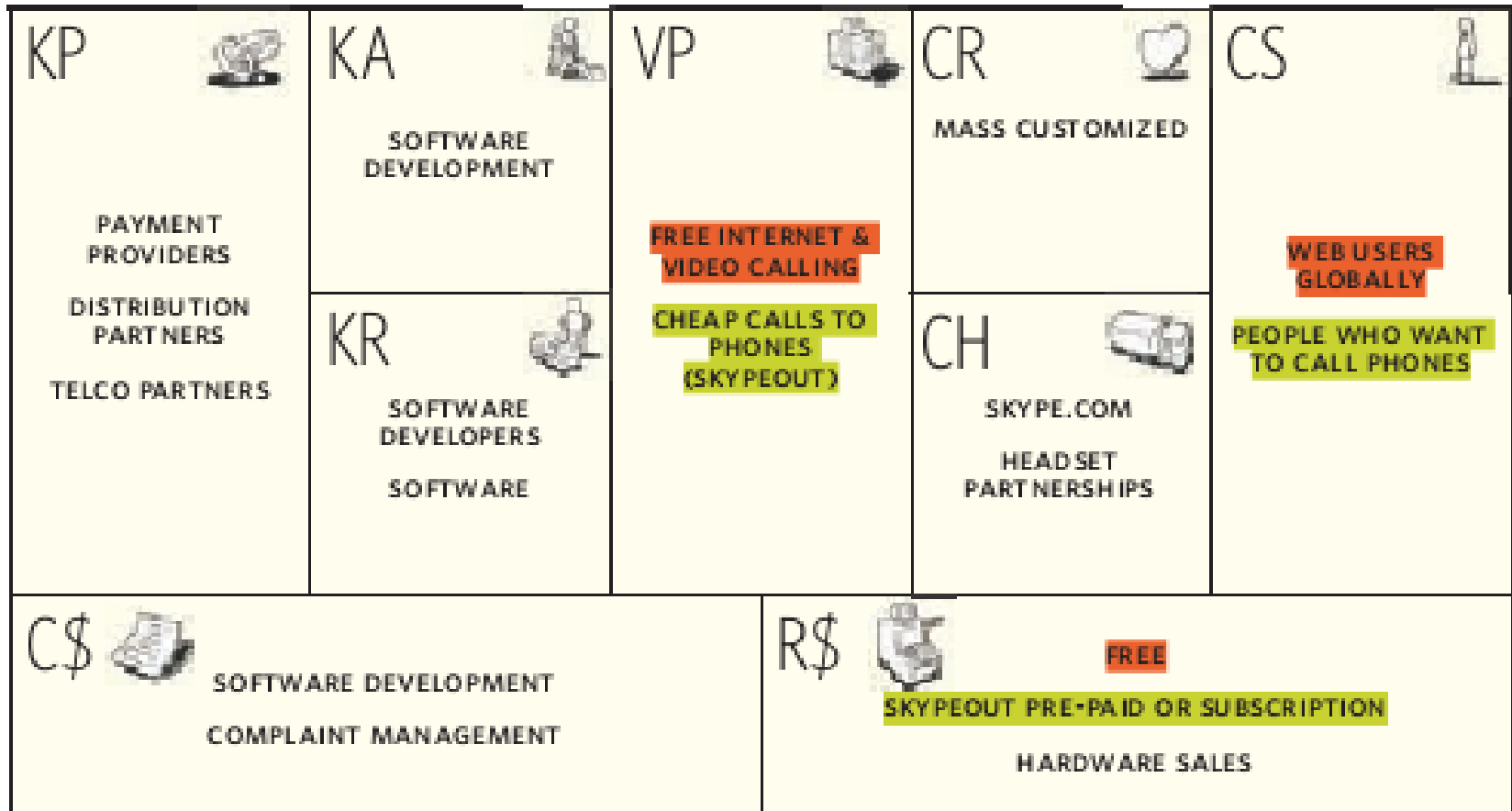
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Apple



Skype



Don't Hesitate to Ask



What We Have Learned?



Your Task



