ENTREPRENEURSHIP DEVELOPMENT AND STARTUPS

DIPLOMA WALLAH

COMMON FOR ALL BRANCHES

Jharkhand University Of Technology (JUT)

UNIT – 3: BUSINESS MODEL FUNDAMENTALS

INTRODUCTION TO THE BUSINESS MODEL CANVAS (BMC)

Definition:

A **Business Model Canvas (BMC)** is a **strategic visual framework** that describes how a business creates, delivers, and captures value.
It is a **one-page tool** consisting of **nine interconnected building blocks**, designed by **Alexander Osterwalder and Yves Pigneur**, that helps entrepreneurs easily design, test, and communicate their business models.

Detailed Explanation:

The **BMC** acts like a *blueprint* for a business.
Instead of writing long 30-page business plans, you can summarize your whole business in one visual chart.
Each block of the BMC represents an essential part of the business and how they interact together to make the company successful.

The nine blocks are divided into **two sides**:

- The **right side (external)** focuses on the customer and market.

- The **left side (internal)** focuses on the business operations.
  At the center lies the **Value Proposition**, connecting both sides.

The Nine Building Blocks of the Business Model Canvas:

No.	Building Block	Explanation	Example (Amazon)
	Customer Segments (CS)	Defines *who* the business serves. Different customer groups have different needs.	Shoppers, sellers, Prime members.

	Value Propositions (VP)	Explains *what* unique value your business provides to	Fast delivery, large product variety, affordable prices.
		customers — the reason they choose you.	
		Channels (CH) Describes *how* you reach and Website, mobile app, deliver products or services to delivery network. customers.	
	Customer Relationships (CR)	Defines *how you maintain* relationships with customers (personal, automated, self-service, etc.).	24/7 support, loyalty programs, personalization.
	Revenue Streams (RS)	Shows *how the business earns money* from each customer subscriptions, ads. segment.	Product sales, subscriptions, ads.
	Key Resources (KR)	Lists the main *assets and resources* needed to operate.	Technology, warehouses, data centers, brand.
	Key Activities (KA)	Identifies the *core actions* that must be done to deliver value. logistics, marketing.	Website management,
	Key Partnerships (KP)	Who helps you operate — *suppliers, alliances, vendors,* suppliers, payment *delivery partners.* gateways.	Courier services,
	Cost Structure (CS)	Lists the *main costs* involved in running the business.	Staff salaries, logistics, marketing, tech infrastructure.

How BMC Provides a Holistic View:

1. Shows all **key areas of a business on one page.**

2. Helps understand **interconnections** between customers, activities, and revenue.

3. Encourages **strategic thinking and innovation**.

4. Useful for **pitching business ideas** to investors.

5. Allows **quick comparison** of different business ideas.

6. Helps to **identify missing or weak areas** of a business.

7. Makes team communication **clear and structured**.

8. Suitable for **startups and large companies alike**.

Example: BMC of a Well-known Company (Zomato)

Block	Zomato Example
Customer Segments	Food lovers, restaurant owners, delivery partners
Value Proposition	Easy food ordering, wide restaurant choice, fast delivery
Channels	Mobile app, website
Customer Relationships	Chat support, app notifications, rewards
Revenue Streams	Delivery fees, restaurant commissions, ads
Key Resources	Technology platform, delivery fleet, brand reputation
Key Activities	App development, delivery management, customer service
Key Partnerships	Restaurants, delivery partners, payment gateways
Cost Structure	Salaries, app maintenance, marketing, logistics

Applications of BMC:

1. Planning and testing new business ideas.

2. Improving existing business strategies.

3. Startup pitch deck preparation.

4. Analyzing competitors' models.

5. Academic and project learning.

Advantages:

1. Simple and visual tool.

2. Encourages teamwork and brainstorming.

3. Easy to update and modify.

4. Provides a complete business overview.

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5. Saves time compared to traditional business plans.

Disadvantages:

1. Doesn't include detailed financial analysis.

2. Lacks focus on external factors (competition, economy).

3. Oversimplified for complex businesses.

4. May ignore market risks.

5. Needs frequent updates as business grows.

Activity:

Analyze the BMC of a company you admire.
Example: Pick a local café or brand like Swiggy, Amazon, or your favorite clothing startup and fill in their 9 BMC blocks.

Hinglish Summary (Quick Revision):

BMC ek single-page chart hai jo business ke sab parts — customer, value, paisa, aur operations — ek jagah dikhata hai.
Ye tool startup founders ko apne business model ko clearly samajhne aur investors ko explain karne mein madad karta hai.

DEVELOPING YOUR VALUE PROPOSITION & CUSTOMER SEGMENTS

1. Value Proposition Design (VPD)

Definition:

A **Value Proposition** defines the *core reason* why customers should choose your product or service.
It focuses on solving customer problems and delivering benefits that fulfill their needs or desires.

Detailed Explanation:

Every strong business starts with a clear understanding of **customer problems** and **how your product solves them better** than others.

The *Value Proposition Design (VPD)* framework helps businesses create customercentric solutions using three core ideas:

Component	Meaning	Example (Netflix)
Customer Jobs	What customers are trying to get done (tasks, goals, problems).	Want entertainment easily.
Customer Pains	Things that annoy, prevent, or limit limited customers from completing their job.	Traditional TV timing, shows.
Customer Gains	Desired benefits or outcomes that personalized make customers happy.	Watch anytime, recommendations.

The goal is to design products/services that **remove pains** and **create gains** for the target customers.

Steps to Design a Value Proposition:

1. Identify your **target customer**.
2. Understand their **jobs (needs/tasks)**.
3. Discover their **pains (problems/barriers)**.
4. Find their **gains (benefits/expectations)**.
5. Design your product or service to **match these insights**.
6. Test your idea with real users.

Examples:

Company	Customer Jobs	Pains	Gains	Value Proposition
Uber	Want quick, safe, affordable rides.	Waiting for taxis, high fares.	Instant rides, transparent pricing.	"Tap the app, get a ride instantly."
Spotify	Listen to music anytime.	Ads, limited access.	Personalized playlists, offline access.	"Music for everyone."

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2. Defining Customer Segments

Definition:

Customer Segmentation means dividing the entire market into **smaller groups** based on shared characteristics like age, interests, behavior, or location.

Types of Customer Segmentation:

Type	Description	Example
Demographic	Based on age, gender, income, education, occupation.	Youth aged 18–25 using online learning apps.
Psychographic	Based on values, interests, and lifestyle.	Health-conscious individuals buying organic food.
Behavioral	Based on buying habits and brand loyalty.	Regular Amazon Prime buyers.
Geographic	Based on location or region.	Users in Tier-2 cities using local delivery apps.

Niche Market vs. Broad Market

Type	Description	Example
Niche Market	Focuses on a small, specific customer group with unique needs.	Vegan skincare brand for women.
Broad Market	Targets a wide audience with common needs.	Coca-Cola or Flipkart.

Activity:

Start populating your own BMC

- Identify **Customer Segments** (who are your customers?)
- Define **Value Proposition** (why should they buy from you?)

Example (Student Project):

Block   **Example Idea**

Customer Segment College students needing summarized study notes.

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Value Proposition Provide easy, reliable, and affordable notes online.

Applications:

1. Helps startups identify right target audience.
2. Reduces risk of product failure.
3. Builds strong brand-customer connection.
4. Helps design marketing strategies.
5. Supports innovation and product development.

Advantages:

1. Customer-focused design process.
2. Helps solve real problems.
3. Encourages innovation.
4. Improves product-market fit.
5. Increases customer satisfaction and loyalty.

Disadvantages:

1. Time-consuming research.
2. Customer needs change quickly.
3. Risk of misinterpreting customer data.
4. Expensive if done with large samples.
5. May ignore secondary audiences.

Hinglish Summary:

Value Proposition aur Customer Segments business ka dil hote hain.
Agar tumhe pata hai kis customer ke liye product bana rahe ho aur unki problem
kya hai, to business automatically successful ho jaata hai.
BMC ka yeh part sabse zyada sochne aur samajhne wala hota hai.

Final Quick Recap (Cheat Sheet):

Week	Main Focus	Key Takeaway
Week 5	Business Model Canvas	Understand 9 blocks and their interconnection.
Week 6	Value Proposition & Customer Segments	Identify who your customer is and what value you deliver.

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