



University
of Glasgow

Business Model Design: Crafting Business Architecture

CSC Entrepreneurship Workshop

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**INSPIRING
PEOPLE**



Agenda

1

Introduction: What is a business model, and why does it matter?

2

Action: Explore the first steps to design a successful business model in a team

3

Summary: What have you learned today?

1

A business model describes *how* a company creates and appropriates value, i.e. the way it ‘does business’



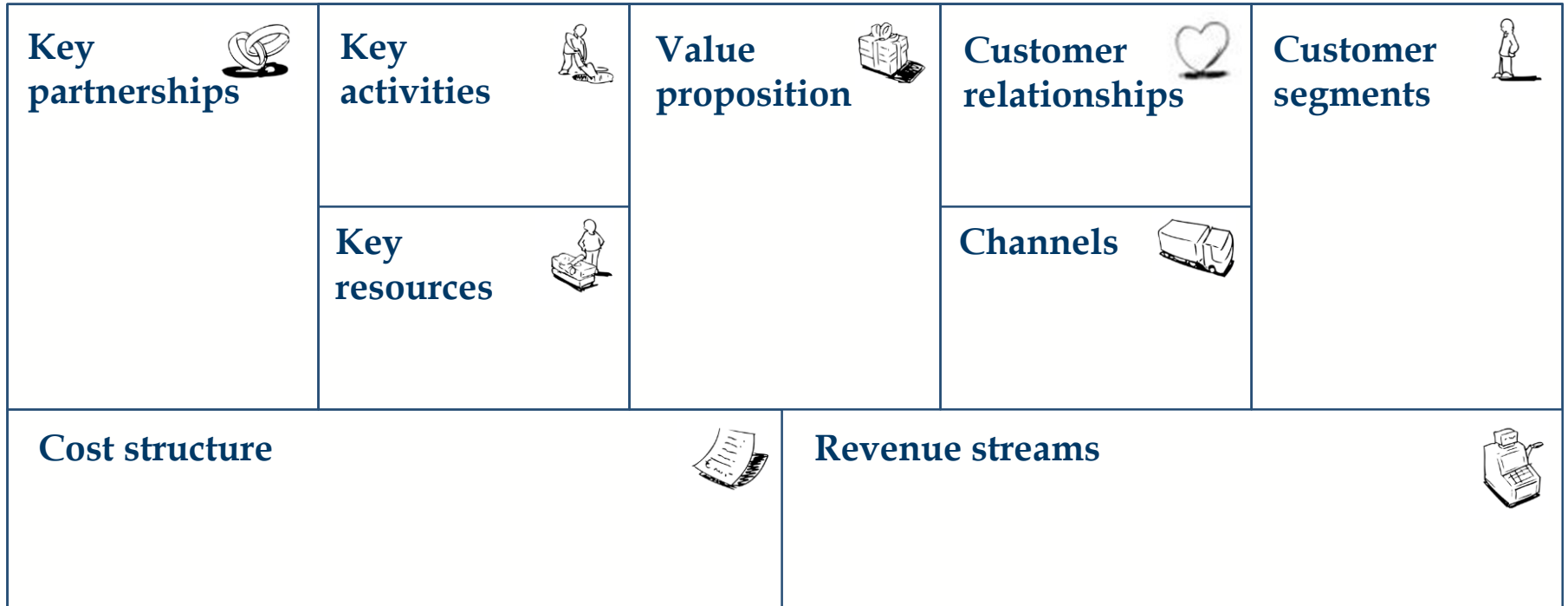
airbnb



Business models are the “heuristic logic that connects technical potential with the realization of economic value” (Chesbrough & Rosenbloom, 2002: 529).

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Nine building blocks cover the four main areas of a business: customer, offer, infrastructure, and profit formula



1

It is not possible to design a business model without first identifying a clear customer value proposition



- A successful company is one that has found a way to help customers get an important 'job' done.
- Understanding the 'job' and all its dimensions precedes the design of the offering.



- The value proposition is the reason why customers turn to one company over another; it solves a problem or satisfies a need.
- The value proposition can be quantitative (e.g. price) or qualitative (e.g. customer experience).

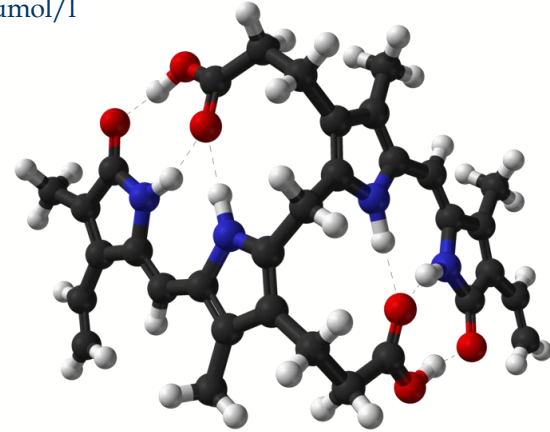
1 Example: Neonatal jaundice – a critical global health issue

The symptom: Yellow discoloration



The cause: High levels[†] of Bilirubin

[†] >85 $\mu\text{mol/l}$



See: McDonagh, A. F., Palma, L. A., & Lightner, D. A. 1980. Blue light and bilirubin excretion. *Science* 208 (4440): 145-151.

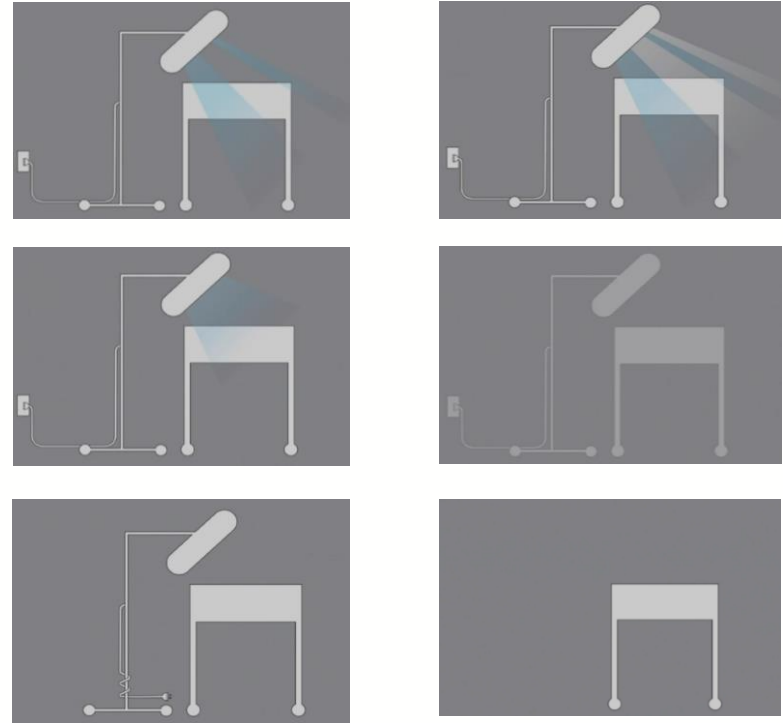
▶ Jaundice is the #1 reason why newborns are readmitted to hospitals worldwide. For approximately 18% of babies, the condition is severe and requires treatment.

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Conventional light therapy: Exporting Western value propositions and products



Source: Donaldson (2012).



1

Light therapy with D-Rev's Brilliance: Understanding the 'job' the customer wants to get done



Picture source: https://www.facebook.com/designrevolution/photos_stream



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Innovating in developing countries: Adaptation several elements of a business model

Customer value proposition

- Affordable and accessible
- Easy to use and reliable

Revenue streams

- No donation (Retail price: \$400)
- Direct sale to hospitals

Key partnerships

- Design partnerships with local firms
- Distribution partner: Phoenix Medical Systems

Key activities

- Product design and delivery
- Additional services (training etc.)

2 Time for practice: Group work



Get together in groups of 4 - 5



10 min

Discuss an unsolved issue in your home country with the group



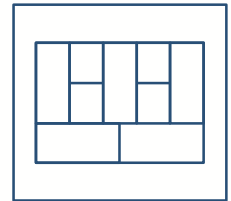
Be ready to present the issue and the business model idea to the entire class



5 min

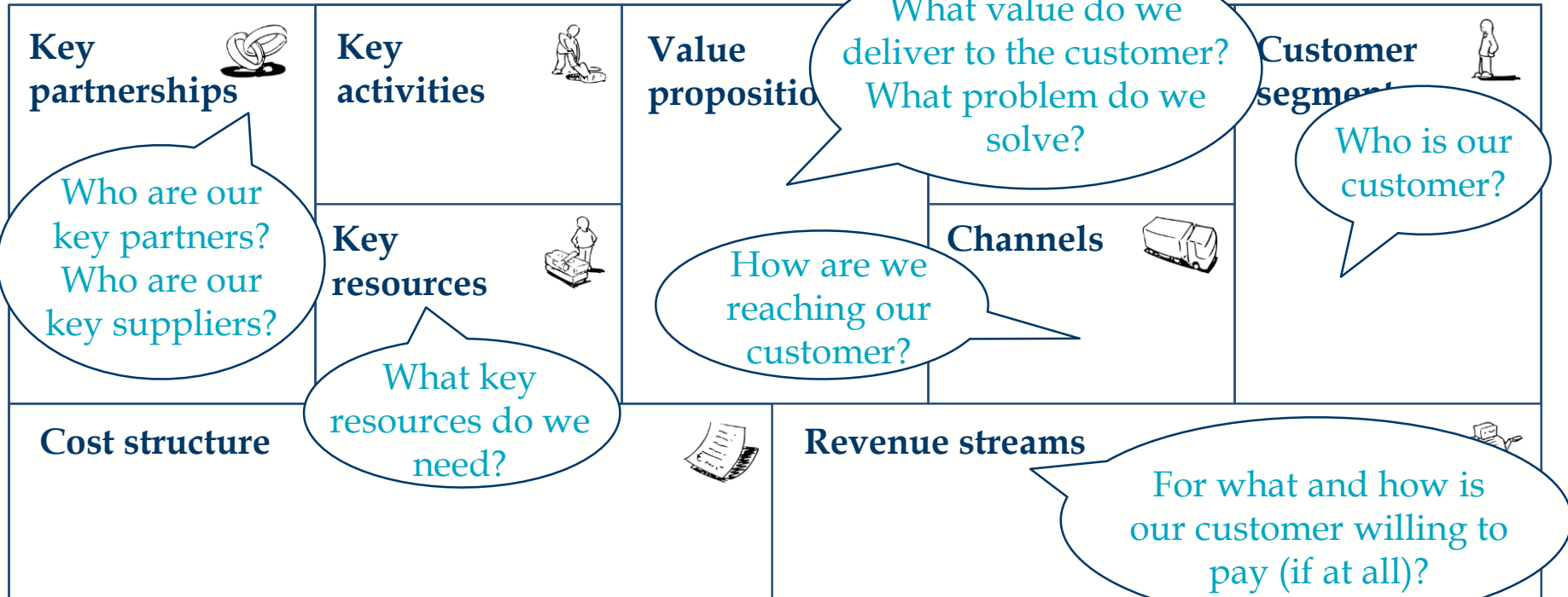


Select one issue presented and design a basic business model to solve it



25 min

2 Basic ideas are sufficient; focus on core questions



3 Summary of today's learnings

- A business model describes how a company creates and captures value; it visualizes what problem a company solves, how it delivers value to the customer, and how it makes a profit.
- A business model can be described through nine building blocks or design elements that cover the four main areas of a business: customer, offer, infrastructure, and profit formula.
- Business model design considers the context in which innovation takes place.