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IN COLLABORATION WITH MIT MANAGEMENT SLOAN SCHOOL | UNIVERSITÀ DEGLI STUDI DI NAPOLI PARTHENOPE

MASTER MEIM 2021-2022

Designing a Business Master 2022-2023

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Prof. Innovation and Business Design

Agenda

- Concept of business model
- Who/What/How model
- Team work
- Refined model
- Team work
- Business model redesign process
- Business model innovation logics
- Team work

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What is a Business Model?

Rules of the game for creating and capturing value

Based on a validated set of beliefs about the business

Shared assuptions on aspects such as:

- customer preferences
- role of technology
- regulation
- cost drivers
- basis of competition and differentiation

WHO their customer is – In terms of:

- Motivations
- Expected advantages

WHAT they sell to them – In terms of:

- Products & Services
- Value that these products/services create

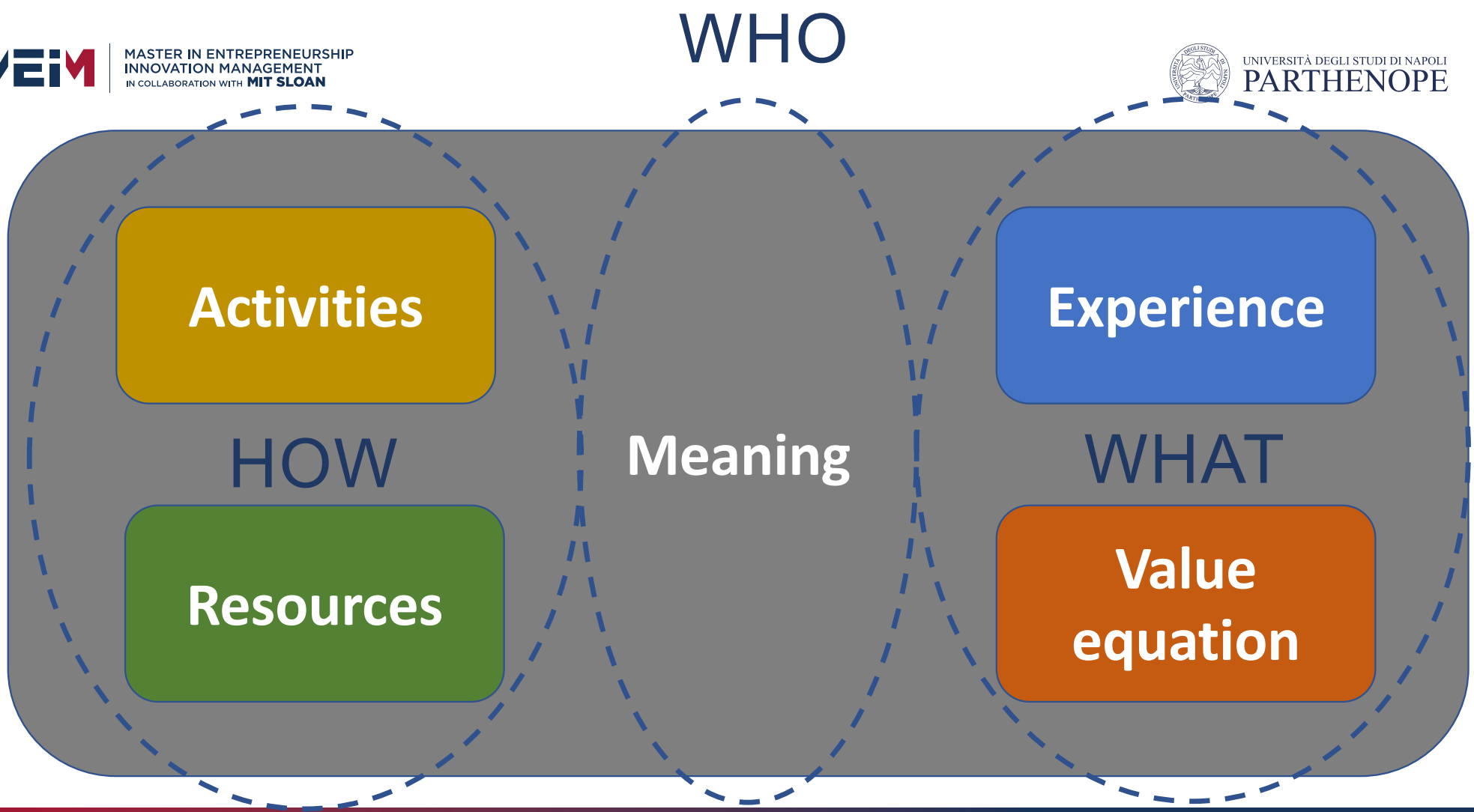
HOW they do business – In terms of the means by which :

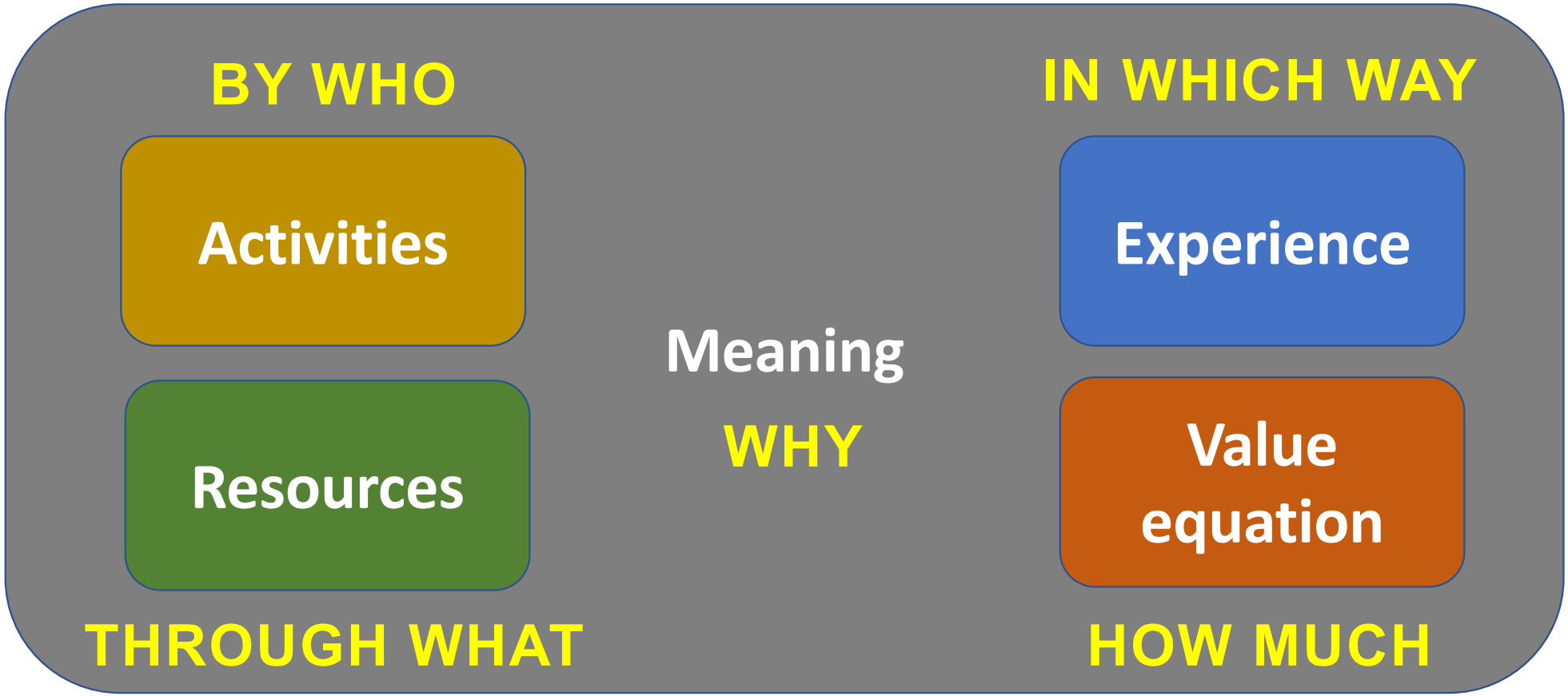
- the “what” will be created and provided to the “who”

What are they doing?

Who/What/How

https://www.hopskipdrive.com/#!


WHO
Activities
Experience
HOW
Meaning
WHAT
Resources
Value equation


BY WHO
IN WHICH WAY
Activities
Experience
Meaning
WHY
Resources
Value equation
THROUGH WHAT
HOW MUCH

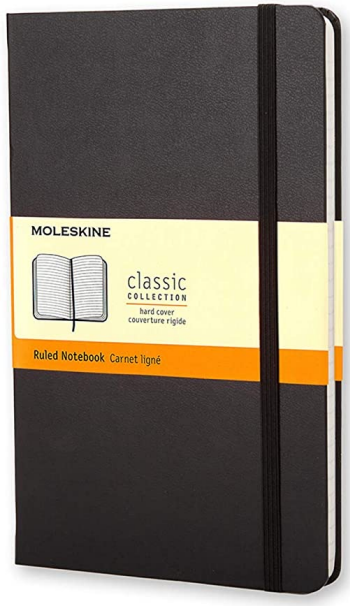
Meaning

- Why people **buy/love a product/service**?
- How **relevant** is a product/service in people's **consumption system**?

*We are **meaning**-seeking creatures (Irvin Yalom)*

- ***Why people buy/love a product/service?***

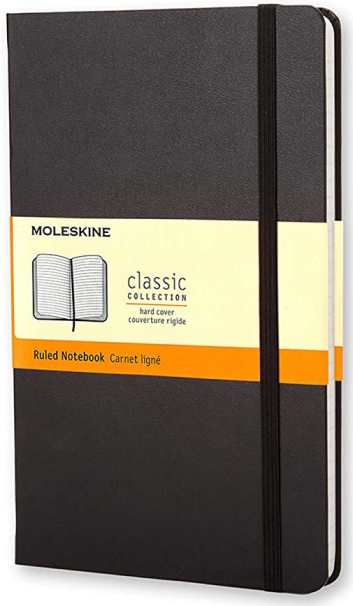
  People want to buy a Moleskine because …



*We are **meaning**-seeking creatures (Irvin Yalom)*

- *How relevant is a product/service in **people's consumption system**?*

  For people Moleskine is/represent …



Experience

- What **aspects of customer experience** are relevant to value creation?
- On **what level** do these aspects stand?

What can the user/customer do

Differently from ….

EXPERIENCE

In which way

- What **aspects of customer experience** are relevant to value creation?
- On **what level** do these aspects stand?

With easy:park people can …

differently from …

Value equation

- Which **benefits** for users derive from value creation process?
- Which **efforts** from users are required in value creation process?

Benefits:

(i) ***functional benefit***: the extent to which an offer allows the customer to address a problem, the efficacy of the solution that the offer provides.

(ii) ***emotional benefit***: the extent to which an offer appeals to the customers' emotions or values

(iii) ***relational benefit****:* the extent to which an offer allows the customer to connect with other people.

Efforts:

(i) ***monetary effort***: the paid price relative to an offerings or the monetary costs related to its use.

(ii) ***time effort*** : the amount of time spent before or while enjoying an offerings

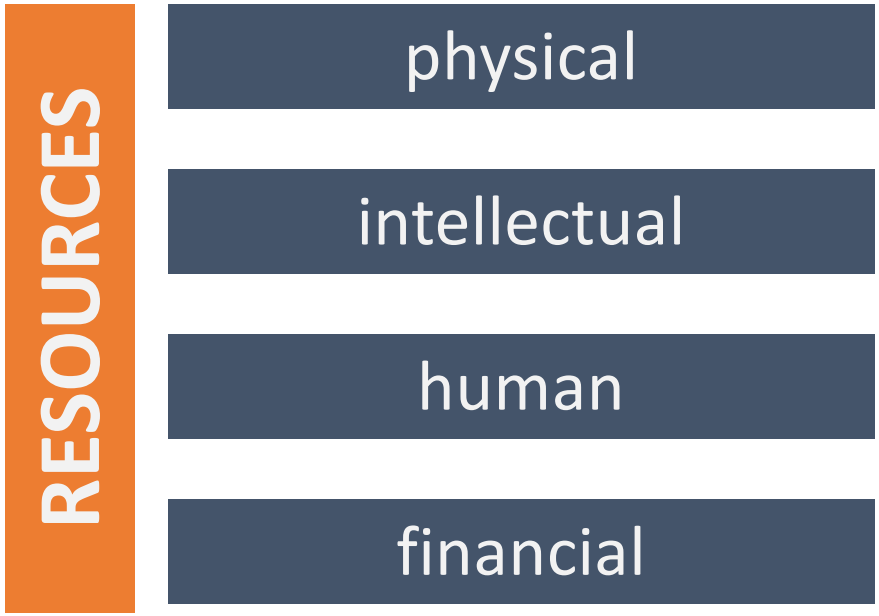
(iii) ***psychophysical effort****:* the amount of physical labor or psychological endeavor needed before or while enjoying an offerings

Functional
Emotional
Relational
Monetary
Time
Psychophysical

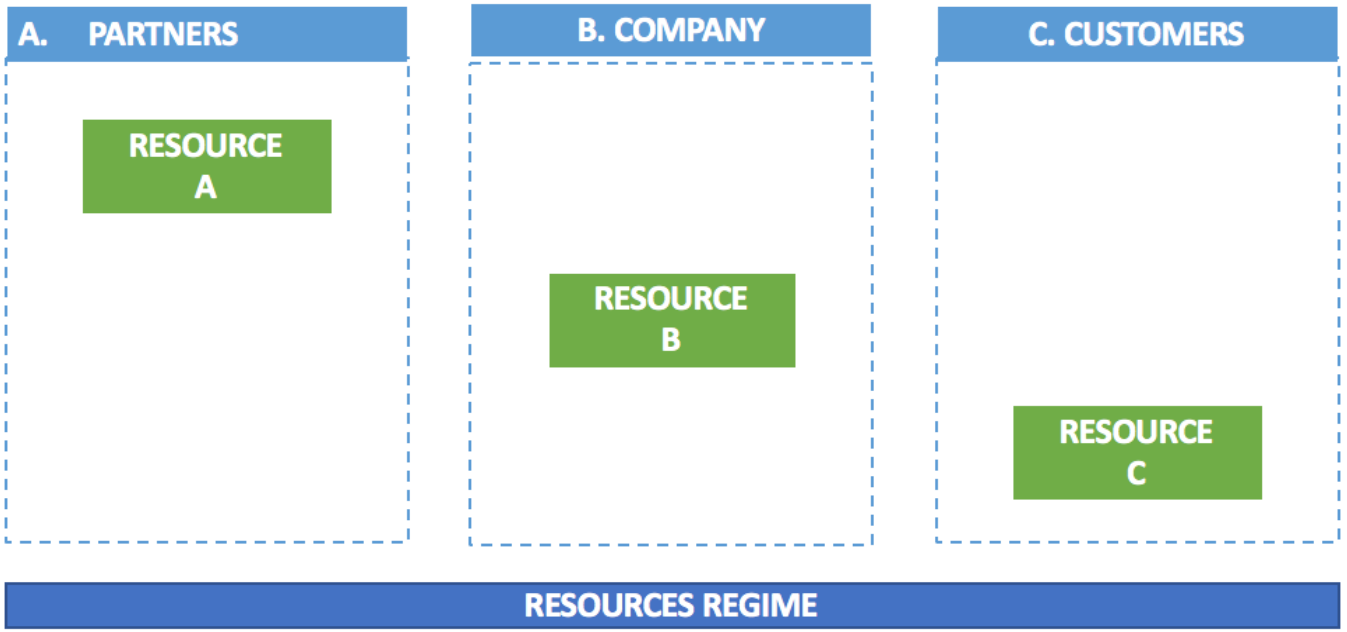
Resources

- What are the **key resources** of the value creation process?
- What are the actors that **control these re**sources?

❖ *What are the **key resources** of the value creation process?*



Who is in **control** of the key resources?



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A. PARTNER	B. COMPANY	B. CUSTOMERS

RESOURCES REGIME

Activities

- What **key activities** are **the client's responsibility** in the value creation process?

- Which **key activities** are **the responsibility** of the **company** and which of the **other actors**?

Onstage activities	*Activity 1*	*Activity 2*	*Activity 3*
Backstage Activities	*Activity 1*	*Activity 2*	*Activity 3*
Support Activities	*Activity 1*	*Activity 2*	*Activity 3*

Who is **responsible** for the key activities?

A. PARTNERS **B. COMPANY** **C. CUSTOMERS**

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IKEA

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Onstage activities	*Activity 1*	*Activity 2*	*Activity 3*
Backstage Activities	*Activity 1*	*Activity 2*	*Activity 3*
Support Activities	*Activity 1*	*Activity 2*	*Activity 3*

Who is **responsible** for the key activities?

A. PARTNERS

B. COMPANY

C. CUSTOMERS

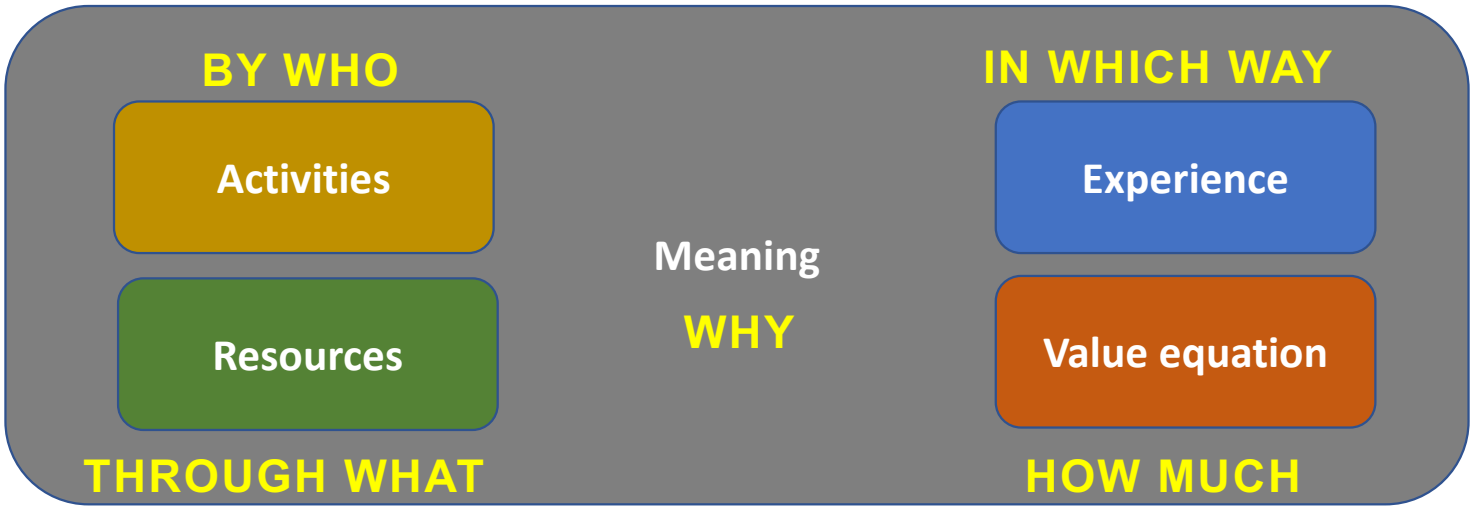
OUTLINE THE **DOMINANT BUSINESS MODEL**	IDENTIFY THE **UNDERLYING ASSUMPTIONS**	CHALLENGE THE **KEY ASSUMPTIONS**	**DESIGN A NEW MODEL**	**VALIDATE THE MODEL**
What are the core beliefs about how to create value?	What are the key assumptions that sustain the beliefs?	What are different hypotheses about value creation?	What is a coherent alternative model?	What is the real value created by the model?

Stakeholders empowerment

Enhanced access

Intelligent activities

Lowered/zero effort



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Stakeholders empowerment

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Quirky

«Quirky is the only brand that makes products invented by real people like you.»

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1. TELL US YOUR BRILLIANT IDEA

Tell us about your brilliant product idea in as little or as much detail as you'd like by filling out our submission form.

If you've got more than just an idea (like a patent, prototype, or actual product) connect with Quirky here!

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2. WE PICK THE BEST IDEAS **EACH MONTH**

Every month Quirky picks new ideas to turn into real products. This month it could be yours, so make sure to follow Quirky's In Development Email Newsletters!

3. YOUR PRODUCT IS **MADE**

Once selected your product goes through further design, development, prototyping, testing, manufacturing, and distribution – all the way to the shelves of the major stores you know and love.

4. IT SELLS, YOU **EARN CASH!**

If your product is chosen Quirky will make it, sell it, and pay you everytime someone buys your awesome invention!

ABOUT QUIRKY

SO HOW MUCH WILL QUIRKY PAY ME IF THEY PICK MY PRODUCT?

HERE'S AN EXAMPLE

1. If your product gets made by Quirky you'll receive a **1.5% royalty** on the wholesale price of your invention.

2. The wholesale price is set at $20.00 per unit. This means **for every single unit that is sold you'll make 1.5%** of $20, which is $0.30.

3. If retailers buy 100,000 units of your invention **you'll earn $30,000!** You'll receive payment 4x per year for the sales of the previous quarter.

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Intelligent activities

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NETFLIX RESEARCH

Netflix: A Culture of Learning

- Machine learning
- Recommendations
- Experimentation and causal inference
- Analytics
- Encoding and quality
- Computer vision

Image Personalization for Viewers — Netflix uses artificial intelligence and machine learning to predict which images best engage which viewers as they scroll through the company's many thousands of titles.

AVA: Creating Appropriate Thumbnail Images — Netflix has created AVA to source stills from its many thousands of titles that will eventually become the representative images that the company uses to drive viewer engagement.

Source: Emero

Enhanced access

Mission

The goal of Peerby is quite simple: provide a user-friendly online platform where people can lend or borrow articles for free with people from the neighborhood.

Vision

Make people aware to use their goods in a more sustainable and ecological manner. Peerby tries to lower the superfluous expenses of people, by giving them the means to share in an easy way.

They also try to convince the inhabitants of the Netherlands and Belgium to not hold on to possession, but to navigate to the use of a product. Peerby tries to pull producers over the line to produce products for use instead of products for possession. They also want to keep the platform free, since the platform is a common good.

Values

Sustainable, ecological, economic and social. The main focus lies on the social aspect.

Lowered/zero effort

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