

#### Presented to:



# Starting a Business How to design a venture that matters

18 NOVEMBER 2020 Whynde Kuehn



#### The Purpose and Evolution of Business

# Discussion Topics



Defining Your Why and What (Customers, Value Proposition and Business Model)



Moving Into Action: A Roadmap for Your Business + Practical Success Factors



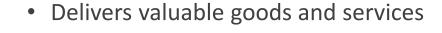
The Purpose and Evolution of Business

# What is Business?

#### business

biz.nis

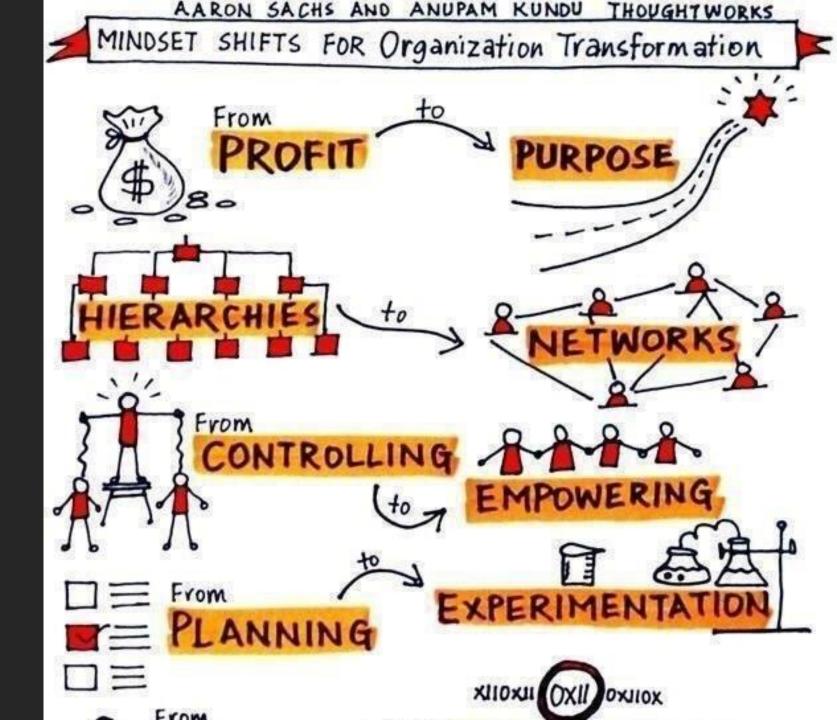
The activity of buying and selling goods and services.



- Generates revenue
- Shapes our societies
- Is a powerful mechanism for change
- Is an "organism"
- Creates meaning for people involved

Source: Cambridge Dictionary

Business is Evolving.



# Key Trends

#### 1010 1010

#### **DIGITALIZATION**

• The rise of the customer

WHAT

**MEANS** 

IT

- New business model options
- Industries are evolving
- "Ecosystem is the new organization"
- Global market and opportunities
- Lower friction to operate



#### **SUSTAINABILITY**

- New pressures and responsibilities
- New opportunities
- New business as usual



#### **PURPOSE**

- From Profit to Purpose + Profit
- From Shareholder to Stakeholder
- More fulfilling work
- Shifting the paradigm to value

It is an ideal time to start a business!

# Purpose and Profit Co-Exist.



Non-Profit

Source: S2E Transformation

#### **BRT Redefines the Purpose** of a Corporation

**Business Roundtable** Redefines the Purpose of a Corporation to **Promote 'An Economy** That Serves All Americans'

AUG 19, 2019

Updated Statement Moves Away from Shareholder Primacy, Includes Commitment to All Stakeholders

WASHINGTON - Business Roundtable today announced the release of a new Statement on the Purpose of a Corporation signed by 181 CEOs who commit to lead their companies for the benefit of all stakeholders - customers, employees, suppliers communities and shareholders.

**Mark Carney: We Need a Sustainable** 

**Financial System** 

#### Fifty Shades of Green

The world needs a new, sustainable financial system to stop runaway climate

Mark Carney



Source: IMF

#### Larry Fink's 2020 Letter to CEOs (BlackRock)

The importance of serving stakeholders and embracing purpose is becoming increasingly central to the way that companies understand their role in society. As I have written in past letters, a company cannot achieve long-term profits without embracing purpose and considering the needs of a broad range of stakeholders. A pharmaceutical company that hikes prices ruthlessly, a mining company that shortchanges safety, a bank that fails to respect its clients - these companies may maximize returns in the short term. But, as we have seen again and again, these actions that damage society will catch up with a company and destroy shareholder value. By contrast, a strong sense of purpose and a commitment to stakeholders helps a company connect more deeply to its customers and adjust to the changing demands of society. Ultimately, purpose is the engine of long-term profitability.

#### **Torrey Project: Ethics + Stakeholder Focus = Greater Long-Run Shareholder Profits**



<sup>&</sup>lt;sup>1</sup> A **social enterprise** is an organization that applies commercial strategies to maximize improvements in human and environmental well-being—this may include maximizing social impact alongside profits for external shareholders. Source: Wikipedia.

<sup>&</sup>lt;sup>2</sup> Cross-sector social initiatives may also include governmental organizations.

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### Please fill in the survey

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Defining Your Why and What



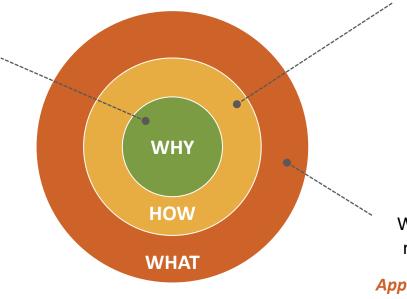
What are some of your favorite companies? Why?

# Start With Why.

#### **WHY**

What is your purpose or cause? Why do you exist? What do you believe?

Apple: We believe in challenging the status quo and doing things differently.



#### **HOW**

Specific actions taken to realize the Why.

Apple: Our products are beautifully designed and easy to use.

#### **WHAT**

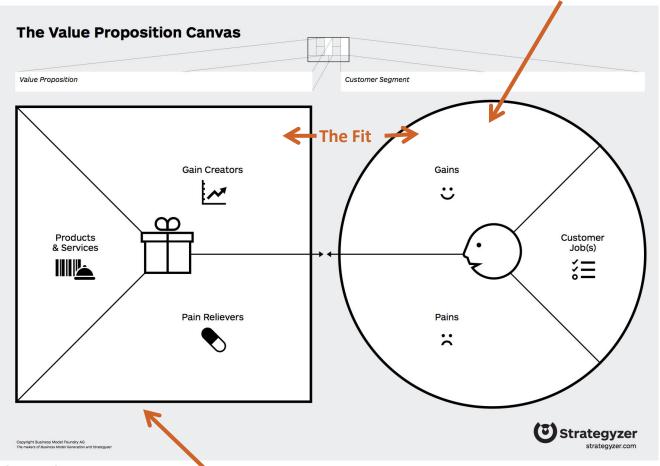
What do you do? The result of why. Proof.

Apple: We make phones and computers.

## The Value Proposition Canvas

#### Focus on the customer. Relentlessly.

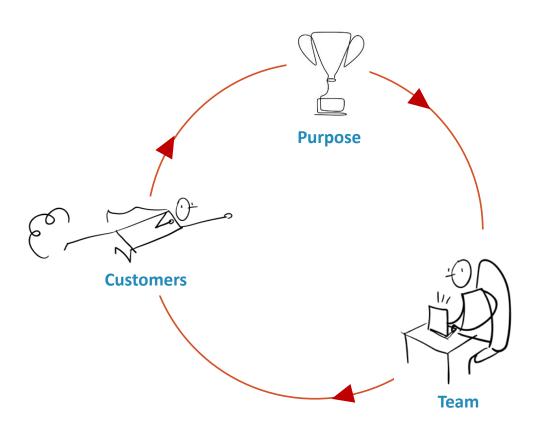
**Customer Profile:** To clarify your customer understanding.



Source: Strategyzer

**Value Map:** To describe how you intend to create value for the customer.

# Why Customer Focus?





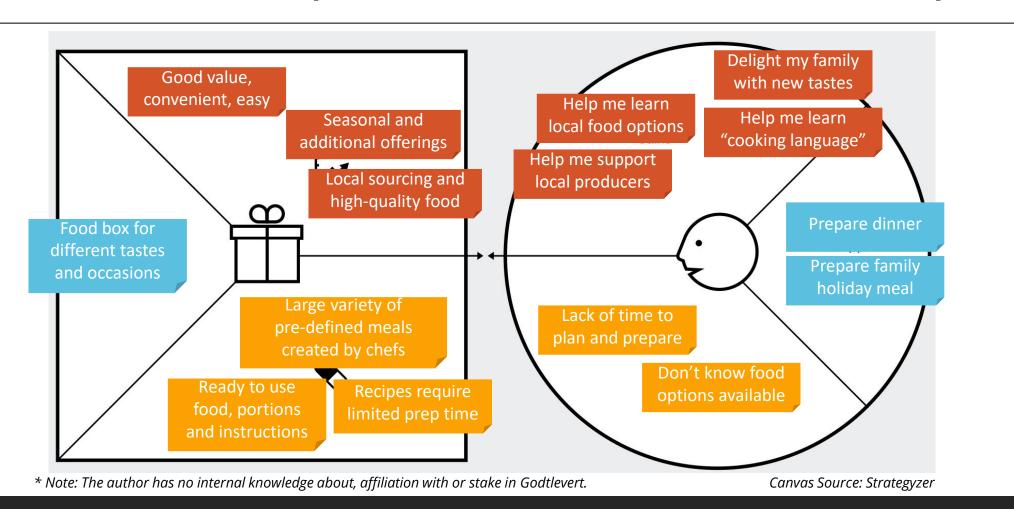
## An Example



\* Note: The author has no internal knowledge about, affiliation with or stake in Godtlevert – just a happy customer!



# The Value Proposition Canvas: An Example

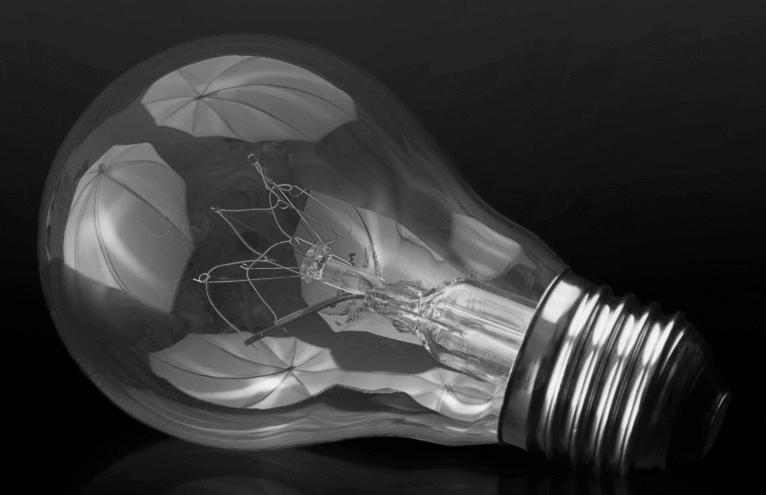


# What's a Purple Cow?



Create remarkable products and services.

Find the white space.



What customers are you serving? What products or services are you offering?

(current or potential business)

### The Business Model Canvas

#### Design your business with intention. But keep innovating.

#### KEY PARTNERSHIPS

The activities that are outsourced or acquired outside of the organization.

[For purposes of optimization and economy of scale; reduction of risk and uncertainty; acquisition of particular resources and activities]

#### **KEY ACTIVITIES**

The major groups of work that are performed by the Key Resources to deliver the Value Proposition(s).

[For example, production, problemsolving, managing platform/network, etc.]

#### **KEY RESOURCES**

The assets required to deliver the Value Proposition(s).

[May include physical, intellectual, human, financial or natural capital]

#### VALUE PROPOSITION

The customer problems that the organization solves or the needs it satisfies.

[May be met with newness, performance, customization, getting the job done, design, brand/status, price, cost reduction, risk reduction, accessibility, convenience, usability, etc.]

#### CUSTOMER RELATIONSHIPS

The ways in which customer relationships are established and maintained within each Customer Segment.

[May include personal assistance, dedicated personal assistance, self service, automated services, communities, co-creation etc.]

#### CHANNELS

The ways in which the Value Proposition(s) is delivered to customers through communication, distribution and sales channels.

[May include sales force, web sales, owning stores, partner stores, wholesalers, etc.]

#### CUSTOMER SEGMENTS

One or more groups of people that are served.

[May include mass market, segmented, diversified (two or more unrelated segments), multisided platform/marketing (e.q. credit card)]

#### **COST STRUCTURE**

The major business model elements which result in the cost structure.

[Cost-driven (minimize), value-driven, fixed costs, variable costs, economies of scale (e.g. bulk discount), economies of scope (e.g. marketing for multiple products)]

#### SOCIAL AND ENVIRONMENTAL COSTS

The social and environmental costs that result from delivering the Value Proposition. [Negative impacts for social related to health, education, labor, food production, etc. Environmental related to air, water, solid waste and resources].

#### **REVENUE STREAMS**

The revenue streams that result from the Value Proposition(s) successfully delivered. [Asset sale, usage fee, subscription fee, lend/rent/lease, licensing, brokerage fee, advertising]

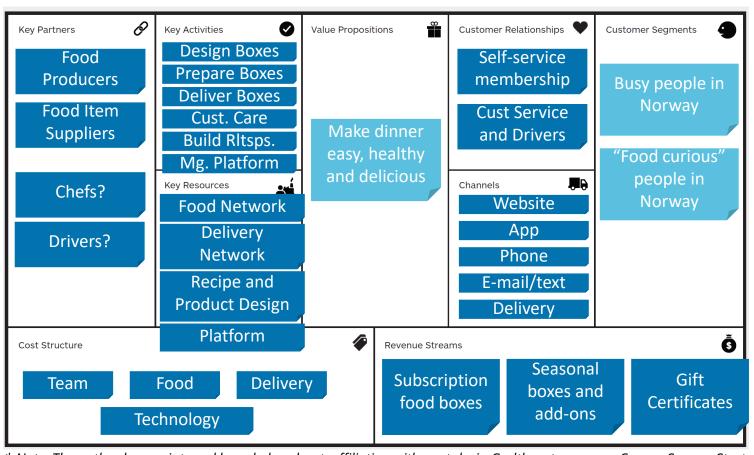
#### SOCIAL AND ENVIRONMENTAL BENEFITS

The social and environmental benefits or services that result from delivering the Value Proposition. [The positive aspects of the categories described to the left.]

Source: Strategyzer



# The Business Model Canvas: An Example



<sup>\*</sup> Note: The author has no internal knowledge about, affiliation with or stake in Godtlevert.

Canvas Source: Strategyzer

### **Business Model Patterns**



**Product Model** – Offers products and/or services or solutions (may be subscription based)



Free/Freemium Model – Provides free basic service, pay for premium



Long Tail Model – Offers many products, even if purchased in low volumes

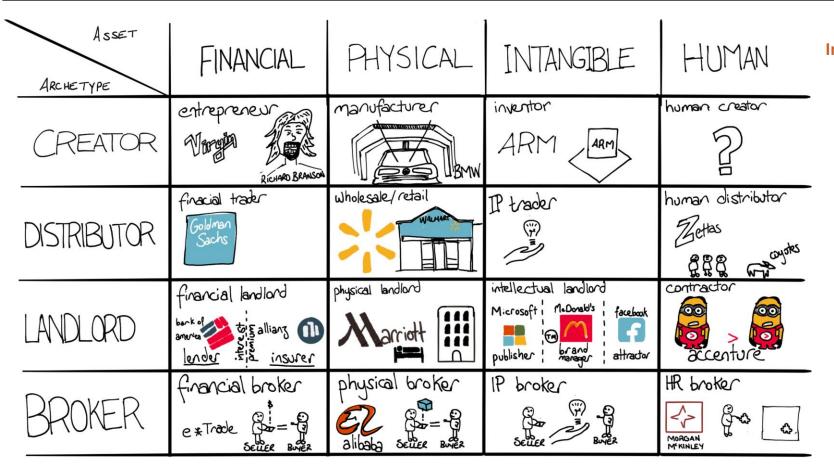


**Platform Model** – Facilitates interaction between different groups



**Open Model** – Collaborates with partners in the ecosystem to create value

# Business Model Archetypes



Increasing value...

Source: Do Some Business Models Perform Better than Others? A Study of the 1000 Largest US Firms http://ccs.mit.edu/papers/pdf/wp226.pdf

## How to Do Good

Operate Sustainably and Ethically

Do Good as a Byproduct

Do Good as a Product

AN EXAMPLE: A DRESS STORE



Create dresses from sustainable material, fair employment practices, etc.

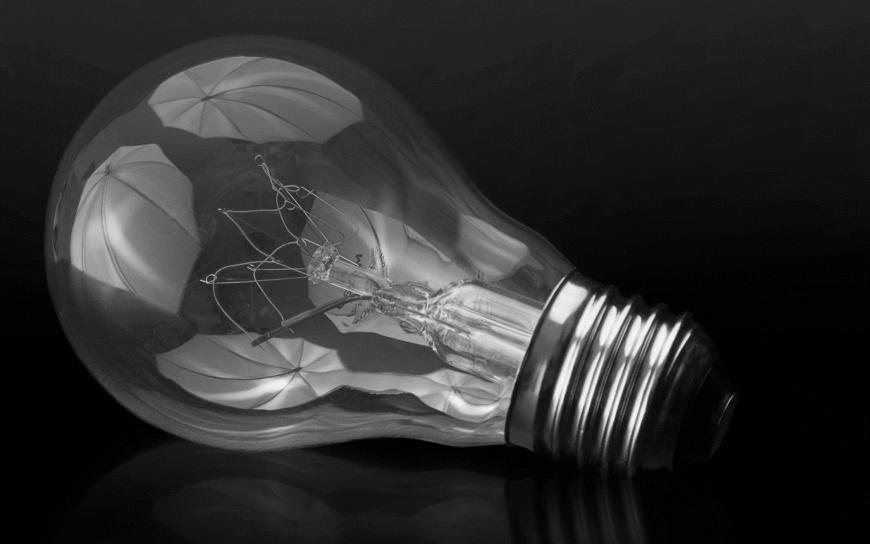




With the purchase of any dress, give away one to someone in need



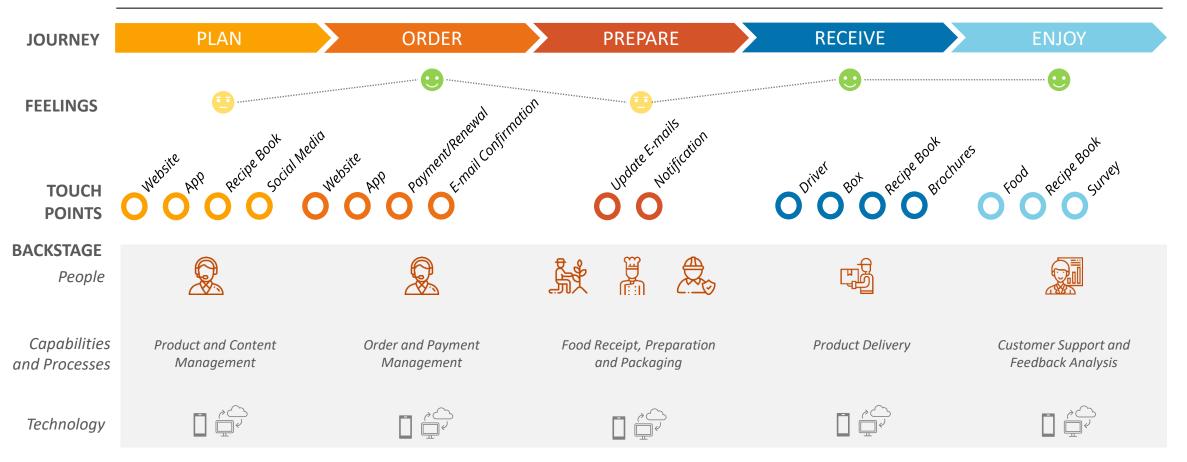
Create an organization that matches those who have dresses to those who need them



Which business model pattern is most applicable? (current or potential business)



# The Customer Journey Brings It Together.



<sup>\*</sup> Note: The author has no internal knowledge about, affiliation with or stake in Godtlevert.



Moving Into Action

#### What customers, to pick? How do I test my idea? How do I scale? My trigger What should my solution be? How do I sell How do I build 10x? my company

# Path from Idea to Operation + Scale

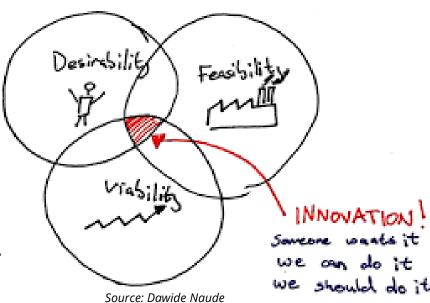
Iterate and innovate continuously...



Source: Denis Oakley

### Practical Success Factors

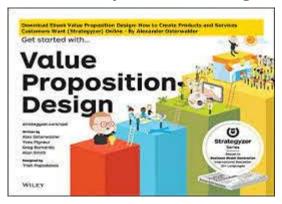
- Create a clear vision and fall in love with your idea.
- Focus on the customer. Relentlessly.
- Create remarkable products and services.
- Design your business with intention.
- Practical matters: remember that you have to make money.
- Remember that it's about doing the thing and running the business.
- Keep iterating and innovating. Embrace the mindset and journey.
- Maintain your business blueprint.
- Learn how to execute strategy effectively.
- Do good.



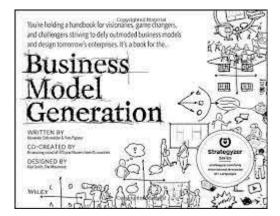


### A Few Great Resources

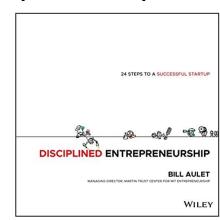
#### **Value Proposition Design**



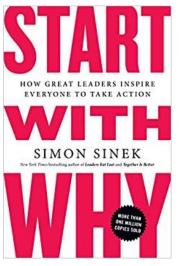
#### **Business Model Generation**



#### **Disciplined Entrepreneurship**



#### **Start With Why**



#### **Seth Godin (Blog + Books)**

