

Assignment week 2: Business model development

Learning objectives

After completing this assignment you are able to:

- Develop a proper value proposition for an identified customer segment
- Apply the value proposition canvas in your search for great value propositions
- Enhance your design thinking skills

Supportive learning materials (obligatory):

- Web lectures:
 - The Business Model Defined
 - Designing a viable Business Model
 - The Business Model's Functions
 - Business Model Innovation
 - The degree of Business Model Innovation
- Readings:
 - Handout "Value Proposition Canvas"
 - Chesbrough and Rosenbloom, 2002
 - Chapter 5 of the course handbook by Paul Burns

Useful resources (optional):

- Video getting from business idea to business model:
<https://www.youtube.com/watch?v=wwShFsSFb-Y>
- Visualizing your business model:
<https://www.youtube.com/watch?v=wIKP-BaC0jA>
- Video the Value Proposition Canvas in 5 minutes:
<http://businessmodelgeneration.com/canvas/vpc>
- Video prototyping (develop alternatives):
<https://www.youtube.com/watch?v=iA5MVUNkSkM>

Assignment description

In week 1 you created an initial business idea. Now it is time to transfer this initial business idea into a real value proposition. The focus in this week lies on the design of the proposition with the help of the value proposition canvas. The value proposition canvas zooms into the details of two of the building blocks of the Business Model Canvas (i.e. the value proposition and the customer segment). Starting from the jobs, pains and gains that you *assume* are related to your customer segment, you clarify your customer profile [Later on (in week 4) you will also *observe and validate* the jobs, pains and gains that you assume being important, in the market]. In addition, you describe the set of value proposition benefits that you *design* to attract customers. You achieve fit when this design of benefits meets your customer profile (i.e. jobs, pains and gains).

In specific, the objective of this assignment is to develop a real value proposition for a particular customer segment.

- Start by identifying the jobs that your customers have to perform as well as the pains and gains that they are experiencing. The pains are bad outcomes, risks, and obstacles related to customer jobs. The gains are the outcomes customers want to achieve or the benefits they are seeking. Next, order the jobs, pains and gains in terms of importance. Now you have a clear picture of the *customer profile*.
- Then describe your offering and show how it can alleviate specific customer pains and create customer gains. Rank the gain creators and pain relievers according to how essential they are to the customer. Now you have a clear picture of the *value map*.
- Examine the fit between the *value map* and the *customer profile*. You achieve fit when customers get excited about your value proposition, which happens when you address important jobs, alleviate extreme pains, and create essential gains that customers care about. Fit is hard to find and maintain. Striving for fit is the essence of value proposition design.
- Develop several prototypes of alternative value propositions to come up with the one(s) that produce(s) the best fit between the value proposition map and the customer profile.
- Perform an early customer research by ploughing through available data related to your customer segment (i.e. its size, its development (is it growing or shrinking), and its attractiveness). Explain why this customer segment is particularly interesting for your company based on the data you analyzed. Use secondary data sources that are readily available (e.g. CBS, Chamber of Commerce, Industry associations, Banks, Internet etc.).

Deliverables related to this assignment: deadline is 27th of November 2015

- Team-related deliverables:
 - A report providing an overview of
 - The customer segment profile with a description of customers' jobs, pains and gains;
 - The value proposition map with a description of your product/service, pain relievers and gain creators;
 - Prototypes of multiple alternative value propositions;
 - Arguments, assumptions and reasoning behind the selection of your particular customer segment based on the performed customer research.

- First development of the slide deck on the business model
 - Description of the ‘value proposition’ and ‘customer segment’ business model building blocks of the business model canvas.
- Individual deliverable:
 - Reflection report:
 - What went well during this assignment? And what was your role in it?
 - What were the difficulties in developing a value proposition?
 - When reflecting upon the assignment, do you perceive this approach as effectual or rather causal? And why?
 - What did you learn about yourself during the execution of this assignment?
 - What are learning points for next assignments?
 - What did you learn during this assignment that could affect your behavior in a professional setting (either as an entrepreneur or employee of a company)?