BM.2
Gather additional data on the business model

Complex activity

The aim of this activity is to gather detailed and quantified data about key areas of the business model to support the business model innovation and evaluation activities.

**INPUTS**

- Business model data from Preliminary Assessment from activity ST.3 Capture the current business model.
- Data Gathering Checklist from activity BM.1 Update the data gathering strategy.

**OUTPUTS**

- Detailed and quantified data concerning key areas of the business model used throughout the rest of the SET BUSINESS MODEL phase.
BM.2 Gather additional data on the business model

In this activity you will collect detailed and, where possible, quantified data about the business model of the company. You should already have captured some basic information about the company’s business model during the Preliminary Assessment. This activity provides the data required to validate the hotspots previously identified and evaluate the potential benefits, costs and risks of business model ideas in a more quantified and rigorous manner.

Examples of the types of data or questions you need to answer concerning the business model of the company are provided below, using the Business Model Canvas building block headings.

**Customer Segments**
- What is the approximate size of the market that the company sells its products to?
  - What is the company's share of this market?
  - Is this market growing or declining? By what percentage per year?
  - What factors might drive growth in the current markets in the future?
- Remember to investigate new markets specified in the business strategy.
- Why would customers choose the products of the company over those of a competitor?
- What government policy, legislation or standards are currently influencing the main Customer Segments the company operates in?
  - Is this likely to change in the future?
  - If so, how?

**Template of Business Model Canvas**

<table>
<thead>
<tr>
<th>Key partners</th>
<th>Key activities</th>
<th>Value proposition</th>
<th>Customer relationships</th>
<th>Customer segments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key resources</th>
<th>Channels</th>
<th>Cost structure</th>
<th>Revenue streams</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**HOW TO GO ABOUT IT**

1. Refer back to the Data Gathering Update template to remind yourself of which types of data mentioned in the templates you need to gather.
2. Create a more detailed plan of how and when you will collect the different data types and review this with the Focal Point.
3. Once you have completed the data collection activities you should analyse the data and begin to prepare the results of your analysis in a short report. Wait until you have completed the BM.3 Gather additional data on operational performance to integrate the results of that activity before presenting the report to the company.
BM.2 Gather additional data on the business model

- Are customers concerned about the environmental or social impacts of the company’s products or operations?
  - If so, which impacts and why?
  - What action(s) have they requested?
- Do customers perceive the company to have any positive social or environmental impacts?
  - If so, what are they?
- What new technologies are influencing the main Customer Segments the company operates in?
- What cultural or demographic changes are occurring in the main Customer Segments the company operates in?
- Does the company cater to the different needs of male and female customer segments?
- What other Customer Segments could the company target?

Value Proposition
- What is the customer need that the product satisfies?
- What level of influence does the company have over the products it sells? (100% control/in-house design vs manufactures according to customer specification).
- What research and development capacity does the company have to support the development of new products?
- Has the company implemented a Design for Sustainability process?
- What are the main environmental and social impacts of the company’s products across their lifecycle (based on results of Life Cycle Thinking data collection)?
- In what phase do these main impacts occur?
- What influence does the company have over these impacts?

Channels
- How do potential customers become aware of the company’s products?
- What are the main sources of pre-sales information the company provides to potential customers?
- How do customers purchase products from the company?
- How are products delivered to the customer (based on results of Life Cycle Thinking data collection)?
- What after-sales support is provided by the company to the customer and how is this provided?

Customer Relationships
- How does the company manage the relationships it has with each of its Customer Segments?
- Are there any customer communities that the company is, or should be, interacting with?

Revenue Streams
- What are the main revenue streams for the company (based on results of Life Cycle Thinking data collection)?
- What is the margin on current product sales?
- How stable are revenue streams?
  - Stable throughout the year?
  - Vary from season to season in a predictable manner?
  - Vary in an unpredictable way?
BM.2 Gather additional data on the business model

Key Resources
- What intellectual resources are important to the company? E.g. patents, production process know-how etc.
- What human resources are important to the company? E.g. Experienced fish buyers, skilful production operatives etc.
- Is the company able to access funds available for investment?
  - If so, is this existing capital or a loan?
  - How much is available?
  - What is the cost of capital?

Key Activities
- Is the company collecting and using data to analyse the performance of its production processes in terms of:
  - Energy consumption
  - Water consumption
  - Resource efficiency
  - Waste management
  - Management of chemicals
  - Health and safety
- Has the company implemented a Resource Efficient and Cleaner Production process or Environmental Management System (EMS)? Or any other environmental measures or projects?
- Has the company implemented a Health and Safety management system?
- What steps has the company taken to promote good worker health, worker well-being and industrial relations?
- Does the company make use of new technology to help monitor, analyse and improve the performance of its production processes?
- How does the efficiency and cost-effectiveness of the company’s production processes compare with competitors or industry benchmarks?
- Does the company take environmental or social sustainability considerations into account in procurement activities?
- Does the company make use of new technology to improve the performance of its operations?

Key Partnerships
- How many suppliers does the company deal with?
- What influence does the company have with its suppliers (on price, ways of working etc.)?
- What actions has the company taken to improve the sustainability performance of its suppliers?
- What other partners does the company work with?
  - What does the company gain from working with these partners?
  - What new partners could the company work with?
- Are stakeholders concerned about the environmental or social impacts of the company's products or operations?
  - If so, which impacts and why?
  - What action(s) have they requested?
- Do stakeholders perceive the company to have any positive social or environmental impacts?
  - If so, what are they?
BM.2 Gather additional data on the business model

**Cost Structure**
- What are the main sources of cost for the company (based on results of Life Cycle Thinking data collection)? (e.g. staff wages, material costs, energy bills, rent etc.)
- Is the cost structure dominated by fixed or variable costs?
- What economies of scale or scope benefits does the company achieve?

**Management considerations**
- Does the company have culture that supports innovation?
- What experience does the company have of managing radical innovation projects?
- What is it that the company does that is difficult for competitors to replicate?
- In what areas do competitors have a competitive advantage over the company?
Business Model Canvas

Key Partners

Key Activities

Value Propositions

Customer Relationships

Customer Segments

Key Resources

Channels

Cost Structure

Revenue Streams

**BM.2 Gather additional data on the business model**

**TIPS & TRICKS**

**BE SELECTIVE**

You do not need to collect data for every topic mentioned in the *Business Model Canvas template*, just the important ones for the company. Refer back to the Data Gathering Checklist to remind yourself of which data types are important. You can be flexible and make changes to the list of data types to be gathered if you think that the priorities have changed.

**BACKGROUND INFORMATION**

**References and resources**

Business Model Canvas:

- Example of the Business Model Canvas being used to review the business model of Nespresso, available from: [http://hbr.org/web/2013/05/why-the-lean-start-up-changes-everything/sketch-out-your-hypothesis](http://hbr.org/web/2013/05/why-the-lean-start-up-changes-everything/sketch-out-your-hypothesis)
- Strategyzer software – subscriptions are available to buy here: [http://www.businessmodelgeneration.com/toolbox](http://www.businessmodelgeneration.com/toolbox)