

WHAT IS A BUSINESS MODEL?



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A business model is like a blueprint or plan that explains how a company makes money.

It describes what the company sells, who its customers are, and how it delivers value to them.

It also includes how the company generates revenue, what it costs to operate, and how it reaches its customers.

Basically, a business model outlines how a company does business and makes a profit.

**Here are some key components
commonly found in
a business model:**

1

Value Proposition

This defines the products or services a company offers and the unique value it provides to customers.

2

Target Customer Segments

Identifies the specific groups or types of customers that the business aims to serve.

3

Revenue Streams

Describes how the company generates revenue from its products or services.

It includes pricing strategies, sales models, and payment methods.

4

Key Activities

Outlines the core activities and operations necessary to deliver the value proposition and maintain business operations.

5

Key Resources

Identifies the essential resources, such as physical assets, intellectual property, human capital, or partnerships, required to support the business activities.

6

Distribution Channels

Describes how the products or services reach the customers, including the marketing, sales, and distribution channels utilised.

7

Customer Relationships

Defines the strategies and approaches a company uses to build and maintain relationships with its customers, such as personalised services, customer support, or loyalty programs.

8

Cost Structure

Represents the expenses and costs associated with running the business, including production costs, overhead, marketing expenses, and other operational costs.

By developing a well-designed business model, a company can articulate its overall strategy, align its activities, and create a sustainable framework for generating value and profitability.

Business models can vary significantly across industries, markets, and types of organisations, reflecting the unique characteristics and objectives of each business.

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