

Y E N E S I S

Youth Employment Network for
Energy Sustainability in Islands

Business Innovation



YENESIS benefits from a € 2.3 M grant from Iceland, Liechtenstein and Norway through the EEA and Norway Grants Fund for Youth Employment.
The project aims at creating employment opportunities for NEETs in islands

Introduction

The changing business landscape



Change

Customer demands are increasing

- When one company raises the bar for customers, we generally expect that others will follow its lead
- This challenge is constantly transforming the business way we do business

Activity

Brainstorm companies that raise the bar for customers and discuss what is different about them

5 minutes





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UBER

PICKUP LOCATION
817-821 Lexington Avenue

2 MIN SET PICKUP LOCATION

5th Ave
68 St - Hunter College
E 68th St
LENOX HILL
E 67th St
65th St
E 64th St
E 63rd St
E 62nd St
Lexington Av/63 St
E 60th St
Park Ave
Lexington Av/59 St
E 61st St
st Avenue

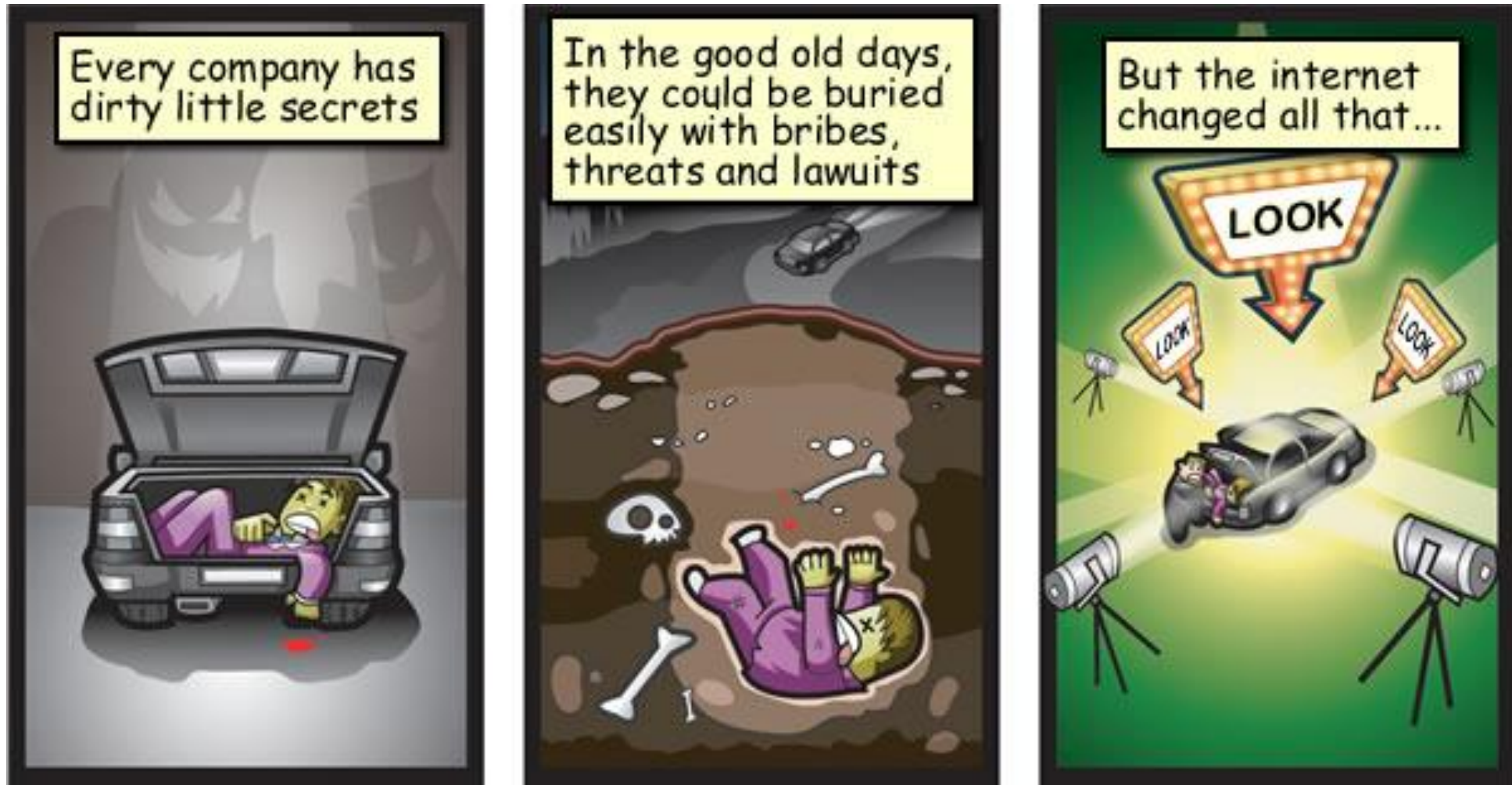


Image source: <http://ninjaforge.com/blog/280-why-your-customers-know-more-then-you-think>

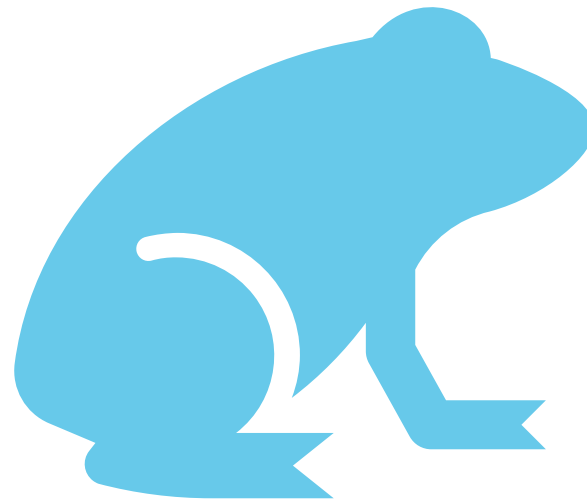
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What we knew yesterday does not help with tomorrow

Introduction

We got comfortable in the boiling water



Introduction

Yesterday's business models are breaking down!



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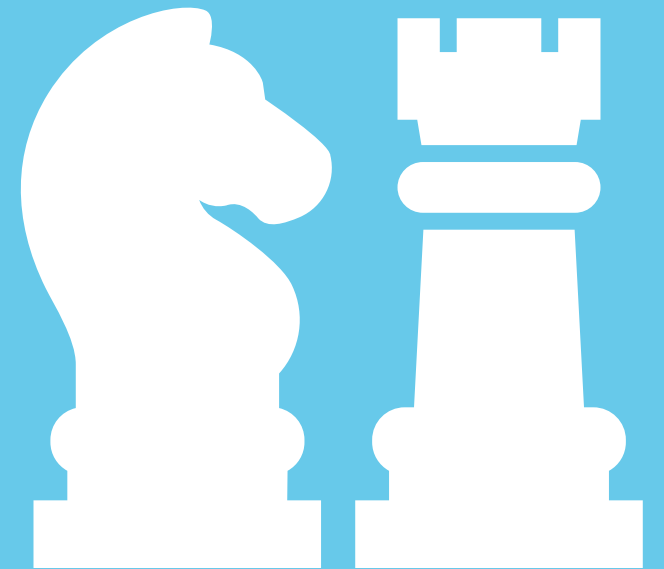
Introduction

Businesses need to be agile; ready to evolve at a moment's notice. We need a new business mindset:

- Adaptability & flexibility
- Cross-functional expertise and communication
- Increased transparency and sharing of vision

Business modelling

The What, the Why and the How



Business model definition



A business model describes the rationale of how an organization creates, delivers, and captures value.

Alexander Osterwalder



A business model is supposed to answer who your customer is, what value you can create/add for the customer and how you can do that at reasonable costs.

Peter Drucker










Examples?



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The Business Model Canvas

Designed for: _____ Designed by: _____ Date: _____ Version: _____

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

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Strategyzer
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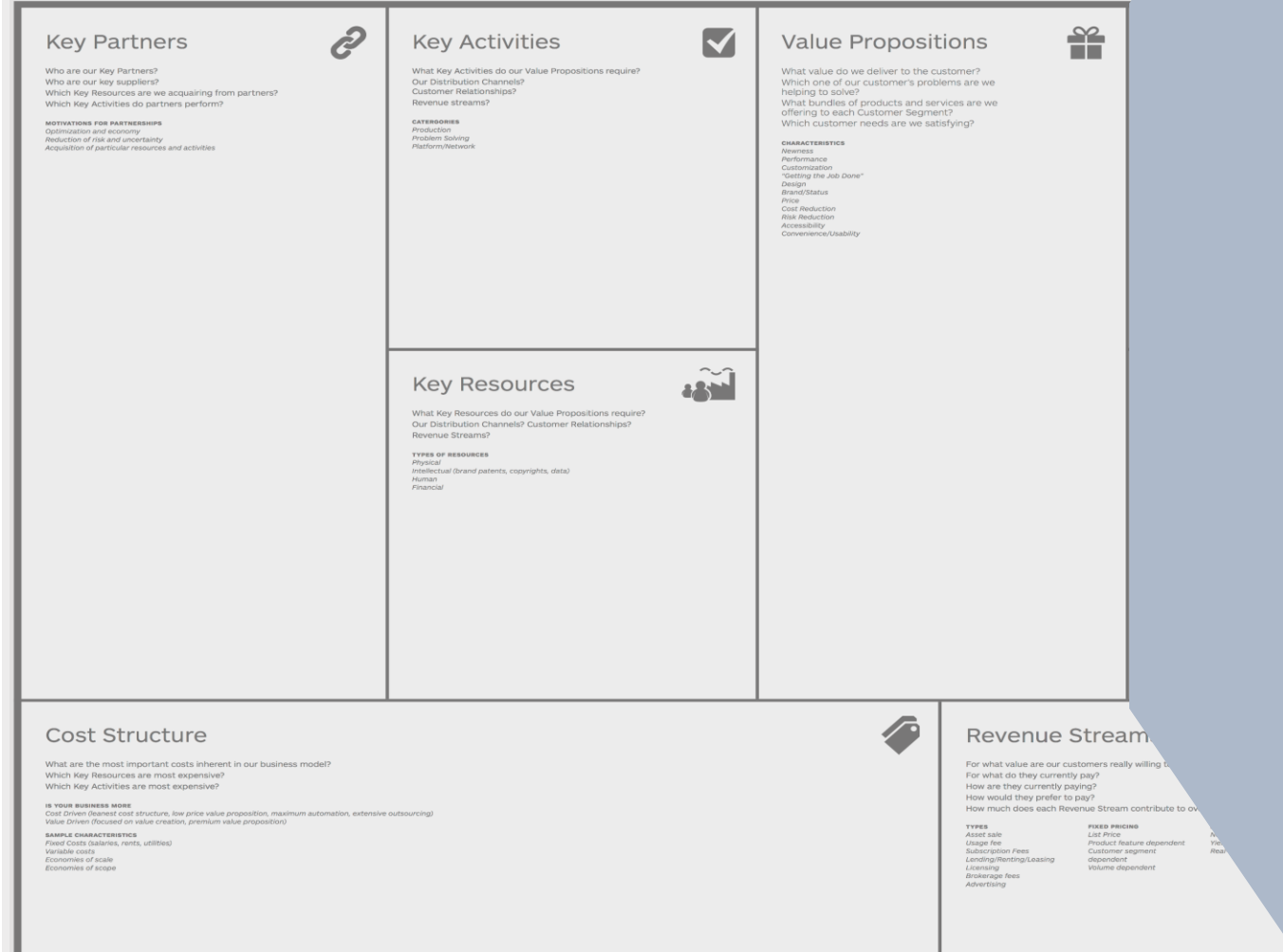
A tool created by Strategyzer

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The Business Model Canvas

Designed for:



Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

- CHARACTERISTICS**
- Newness
 - Performance
 - Customization
 - "Getting the Job Done"
 - Design
 - Brand/Status
 - Price
 - Cost Reduction
 - Risk Reduction
 - Accessibility
 - Convenience/Usability



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Customer Segments



For whom are we creating value?
Who are our most important customers?

- Mass Market
- Niche Market
- Segmented
- Diversified
- Multi-sided Platform

The Business Model Canvas

<h3>Key Partners</h3> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h3>Key Activities</h3> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>
<h3>Key Resources</h3> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (brand patents, copyrights, data) Human Financial</p>	
<h3>Cost Structure</h3> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>	

Date:

Version:

Customer Segments



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Which Key Resources are most expensive?
Which Key Activities are most expensive?

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Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Key Activities



What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources



What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Date:

Version:

Customer Segments



Whom are we creating value for?
Which are our most important customers?
What channels do we use?
What types of platforms do we use?



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Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES	FIXED PRICING	DYNAMIC PRICING
Asset sale	List Price	Negotiation (bargaining)
Usage fee	Product feature dependent	Yield Management
Subscription Fees	Customer segment dependent	Real-time Market
Lending/Renting/Leasing	Volume dependent	
Licensing		
Brokerage fees		
Advertising		

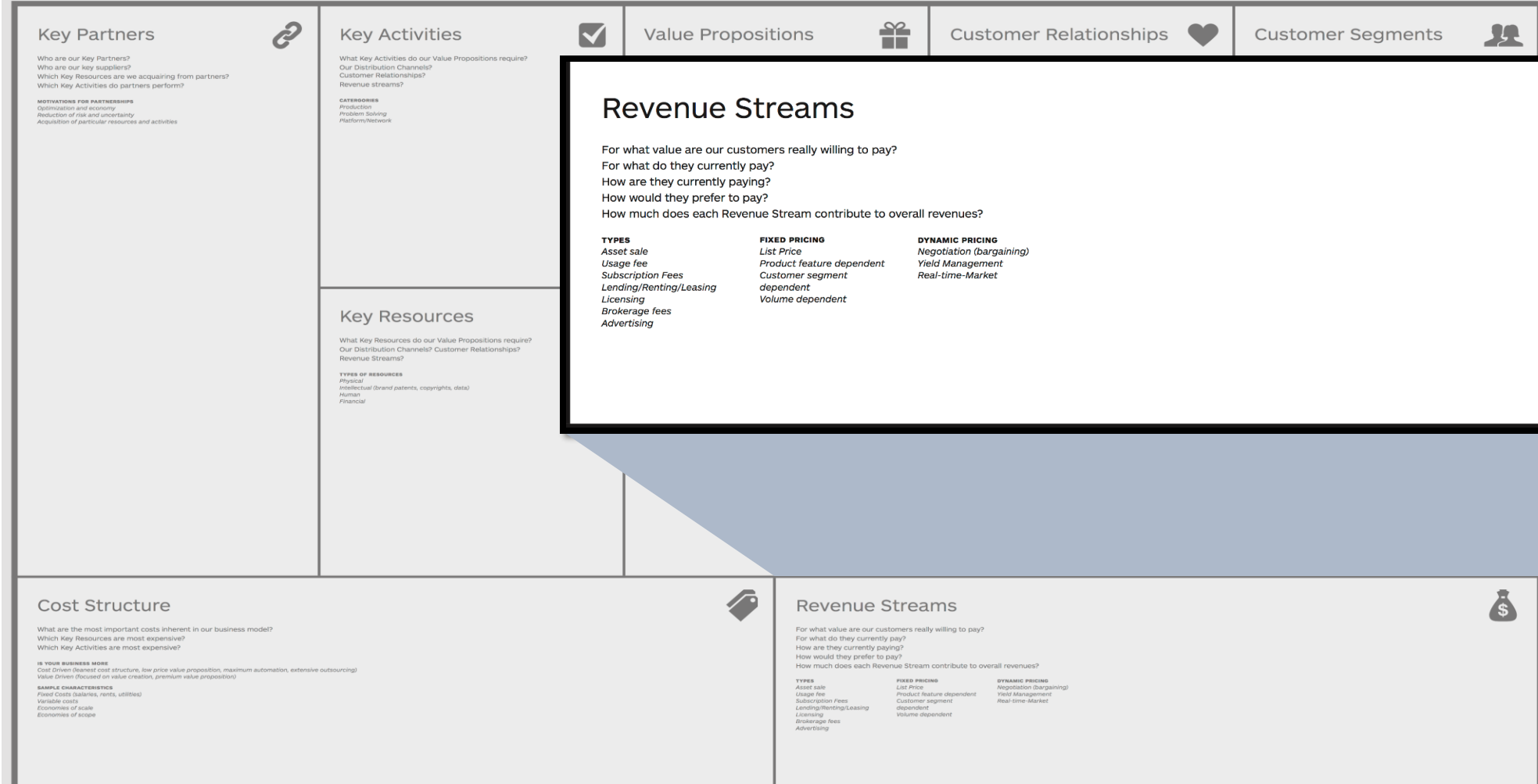
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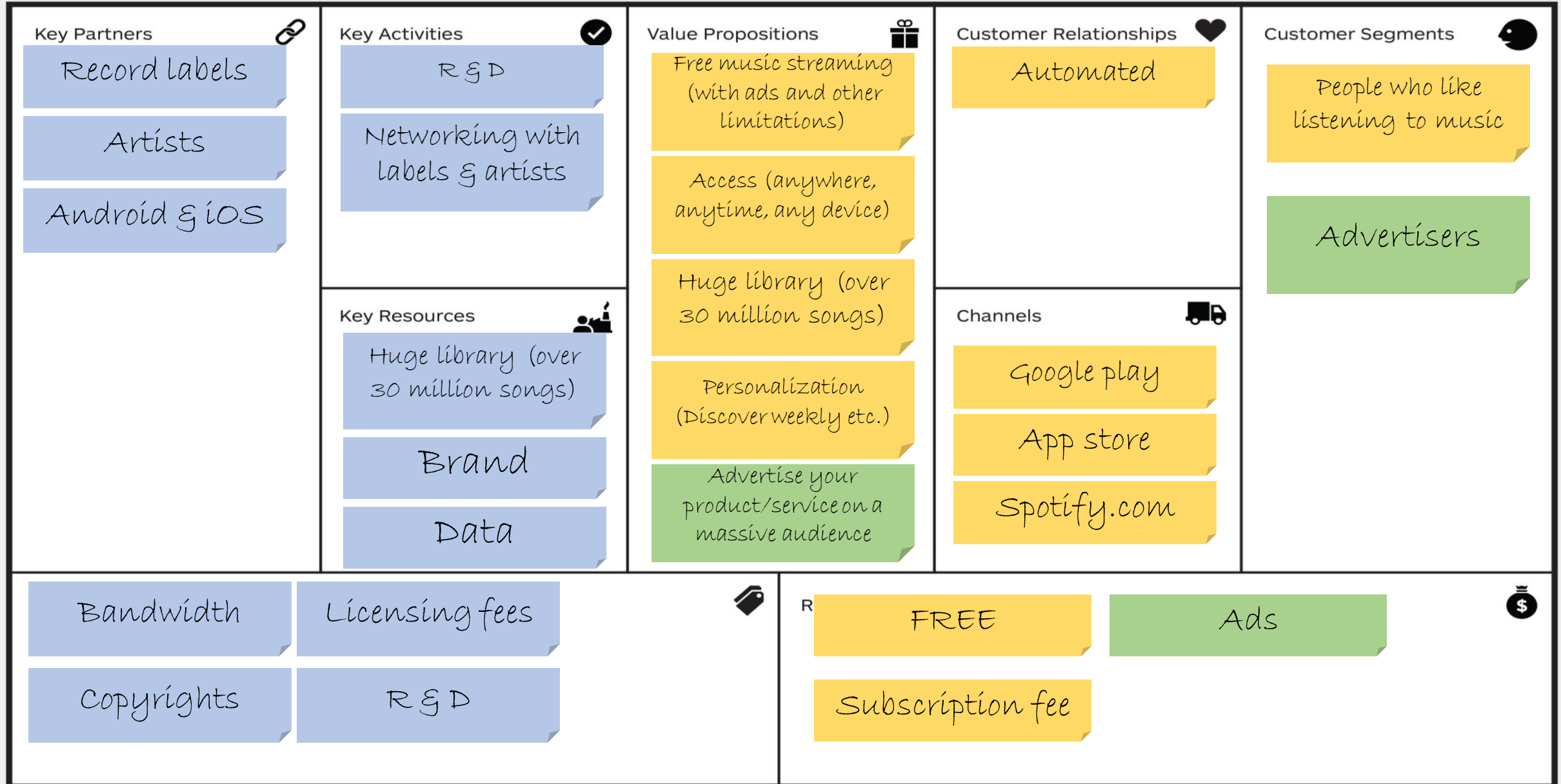
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Activity

In groups of 3, choose an existing innovative business and create its business model using the BMC

15 minutes



Business model mechanics

The inner workings of business models



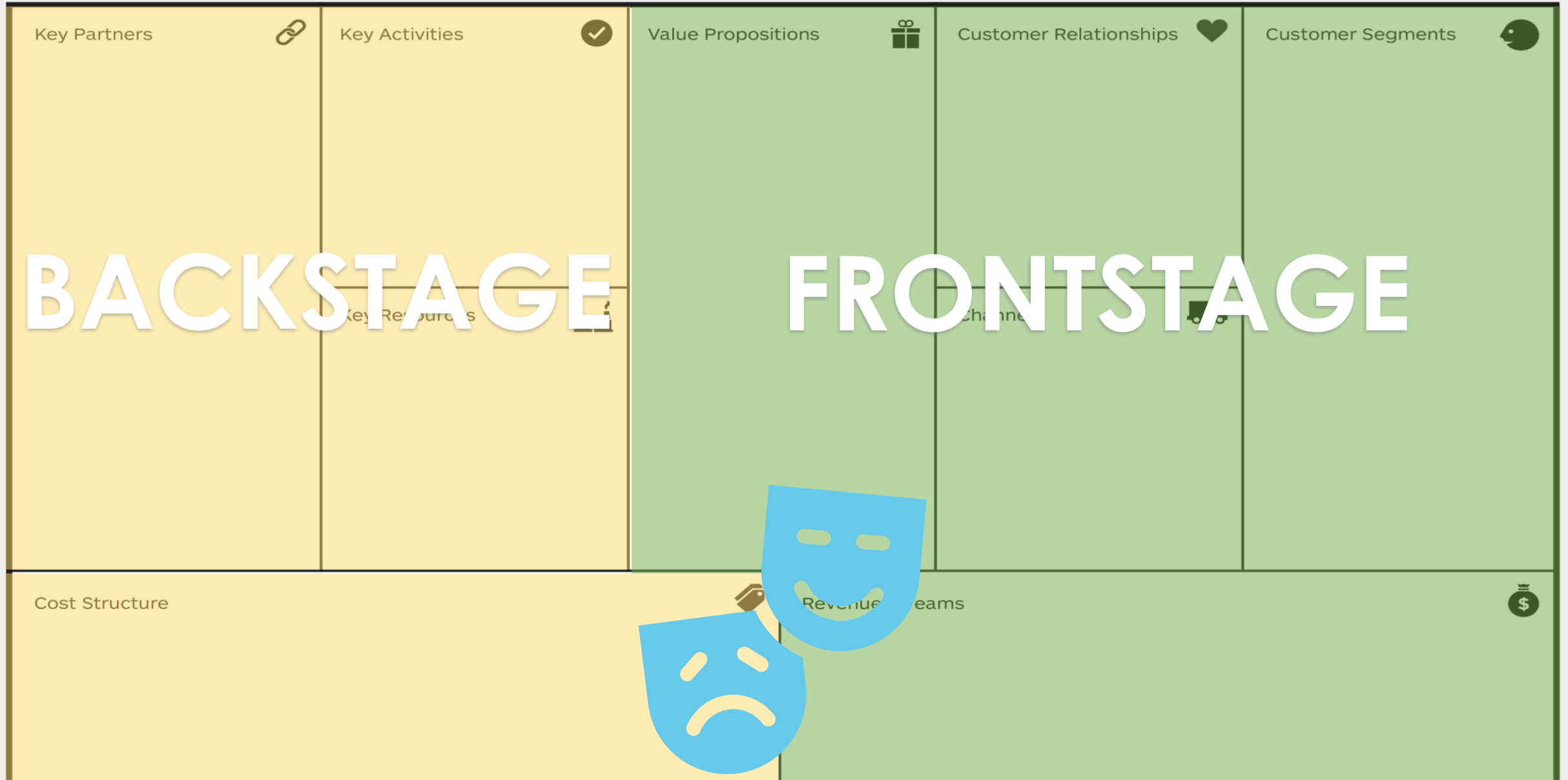
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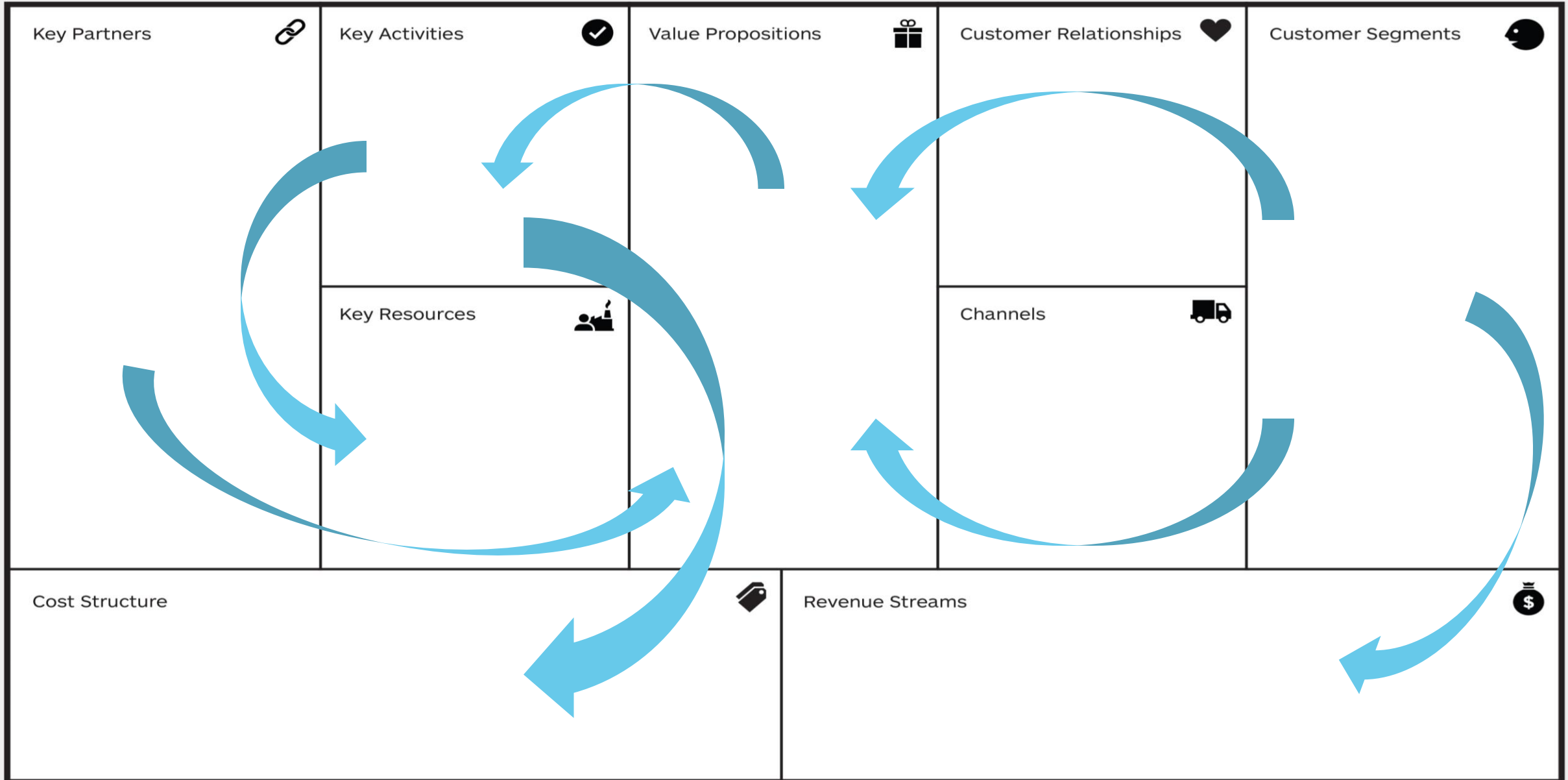
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Activity

Identify what these companies changed in terms of business models and identify the blocks of the BMC that they disrupted

10 minutes



Activity

Brainstorm different “types” of business models. Try to go for as many distinct types as you can.

10 minutes



Business model types

Manufacturer

Retailer

Brick-and-mortar

Bricks-and-clicks

Freemium

Aggregator

Data Licensing/Selling

Distributor

Franchise

eCommerce

Nickel-and-dime

Subscription

Online Marketplace

Agency-Based

Drop shipping

Blockchain

Advertisement

High Touch

Crowdsourcing

Activity

Think of an existing, traditional company and try to change its existing business model somehow, so that it becomes more innovative

20 minutes



Activity

Use the BMC to build your idea's initial business model

30 minutes



Innovating on business models

Converging innovation with business thinking



Innovating on business models

- Blindly copying best practice is dangerous
 - What has worked for others, may not work for you
- Adapt “tried & tested” models to new businesses



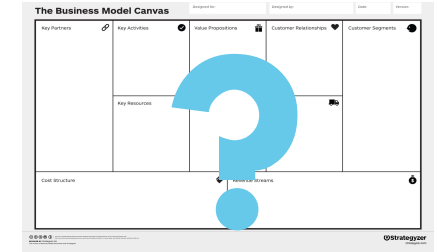
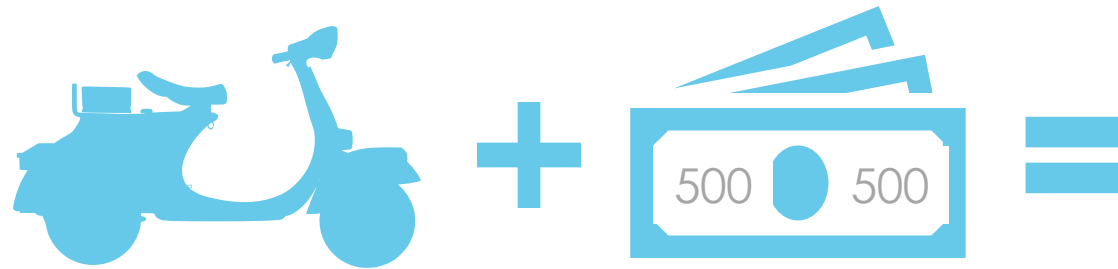
NESPRESSO



Innovating on business models

Problem: How do you generate business model ideas that are innovative?

- How do you generate wild ideas that stretch your limits?
- How do you think beyond what you already know?
- How do you take brainstorming to the next level?

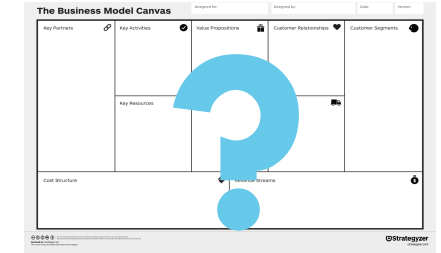
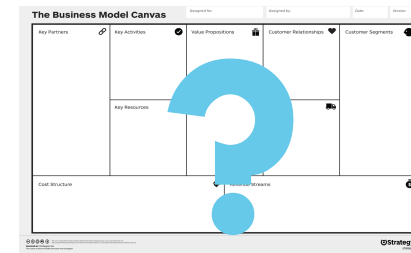
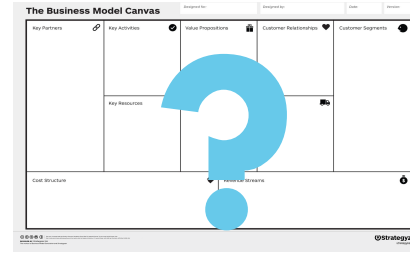


Activity

You are given €500 and a Vespa scooter.
Come up with a business and map it out
on the BMC!

5 minutes





Activity

Now generate 3 more business models that are radically different to your first one!

10 minutes



Some brainstorming tips

- Be quick; rapid ideas!
- No judgements; no negatives!
- Think freely; go wild; go ridiculous!
- Go for idea volume, not quantity!
- Don't brainstorm alone!
- Don't be afraid to scrap ideas

“What if” scenarios

- What if your only distribution channel was the internet?
- What if you had to give away your product/service for free?
- What if you had to work like a franchise model (e.g. McDonalds)
- What if you employed a bait and hook model?

Activity

“What if” you had to give away your product/service for free? Think of a company that does this. How do they make money?

10 minutes



“If you had to be like X” scenarios

Example: If you had to be like Netflix, what would need to change in your business model?

Activity

Create a different version of your business model based on your idea. In other words, pivot!

20 minutes



Impactful customer propositions

Do your customers really need it?



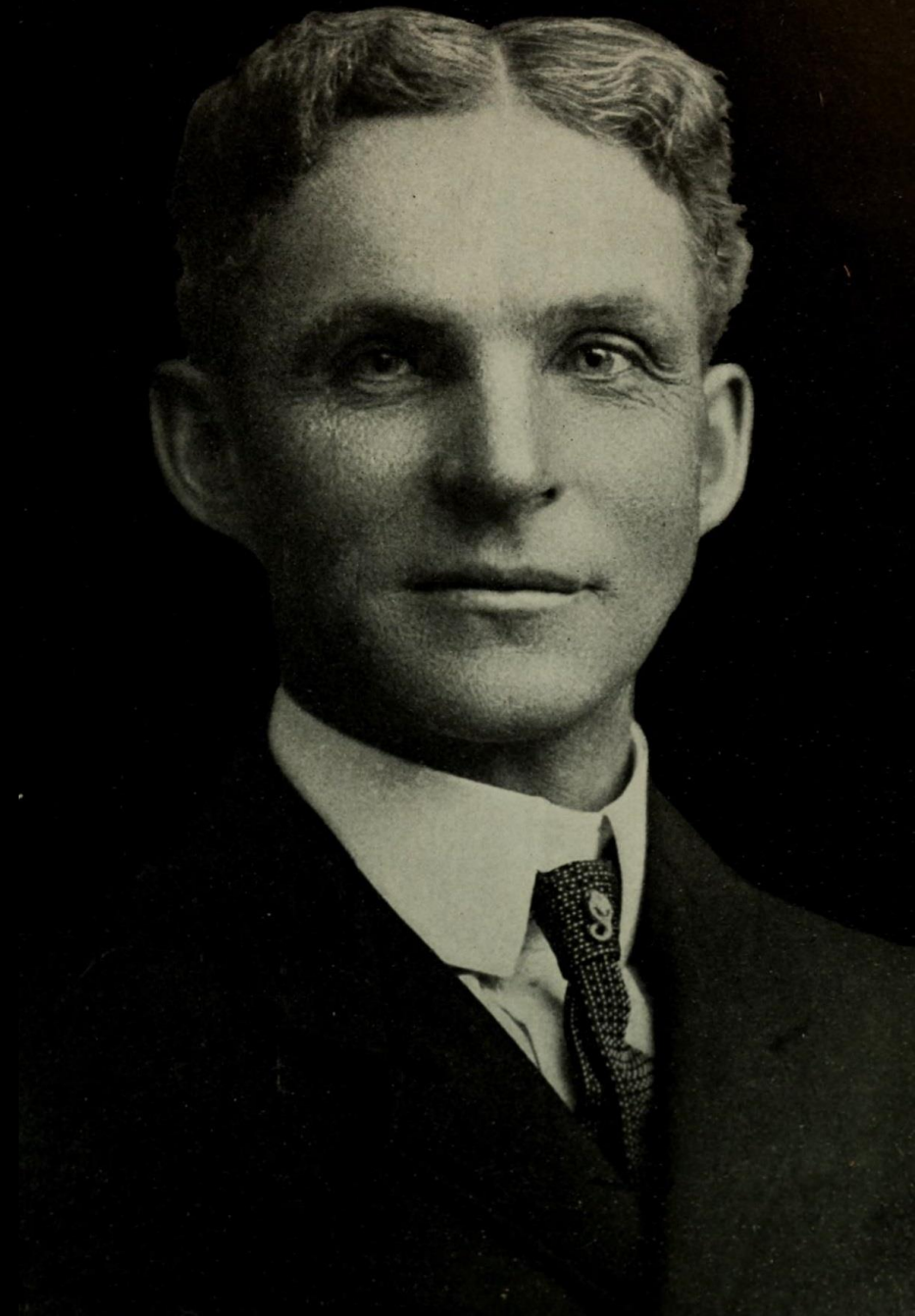
Impactful customer propositions

Customers have changed over the years

- What does today's customer want?
- Is your value proposition relevant to them?
- Do **they** know what they need or are **you** telling them what they need?

“If I had asked people what they wanted, they would have said faster horses.”

Henry Ford



“Some people say, ‘give the customers what they want.’ But that's not my approach. Our job is to figure out what they're going to want before they do.”

Steve Jobs



BUT HOW DO WE KNOW IF THEY [WILL] NEED IT?



“There are no facts inside the building, so get the hell outside.”

Steve Blank

How do you know?

- By talking to them
- By interviewing them
- By “walking in their shoes”



How to interview customers

Your interview should feel more like a discussion,
exploring:

- How customers really use products/services like yours
- Their barriers to buying something
- The deeper emotions motivating them to act

Customer profiling

Do they care?



Customer profiling

- How do you visualise your customer?
- How can you conceptualise who she/he is?

You need to explore your customer's true needs;
their expectations and demands

“Jobs-to-be-done” concept

““People do not want a quarter-inch drill, they want a quarter inch hole.”

Theodore Levitt

Why do people “hire”
milkshakes over other
snacks while
commuting?



The milkshake case



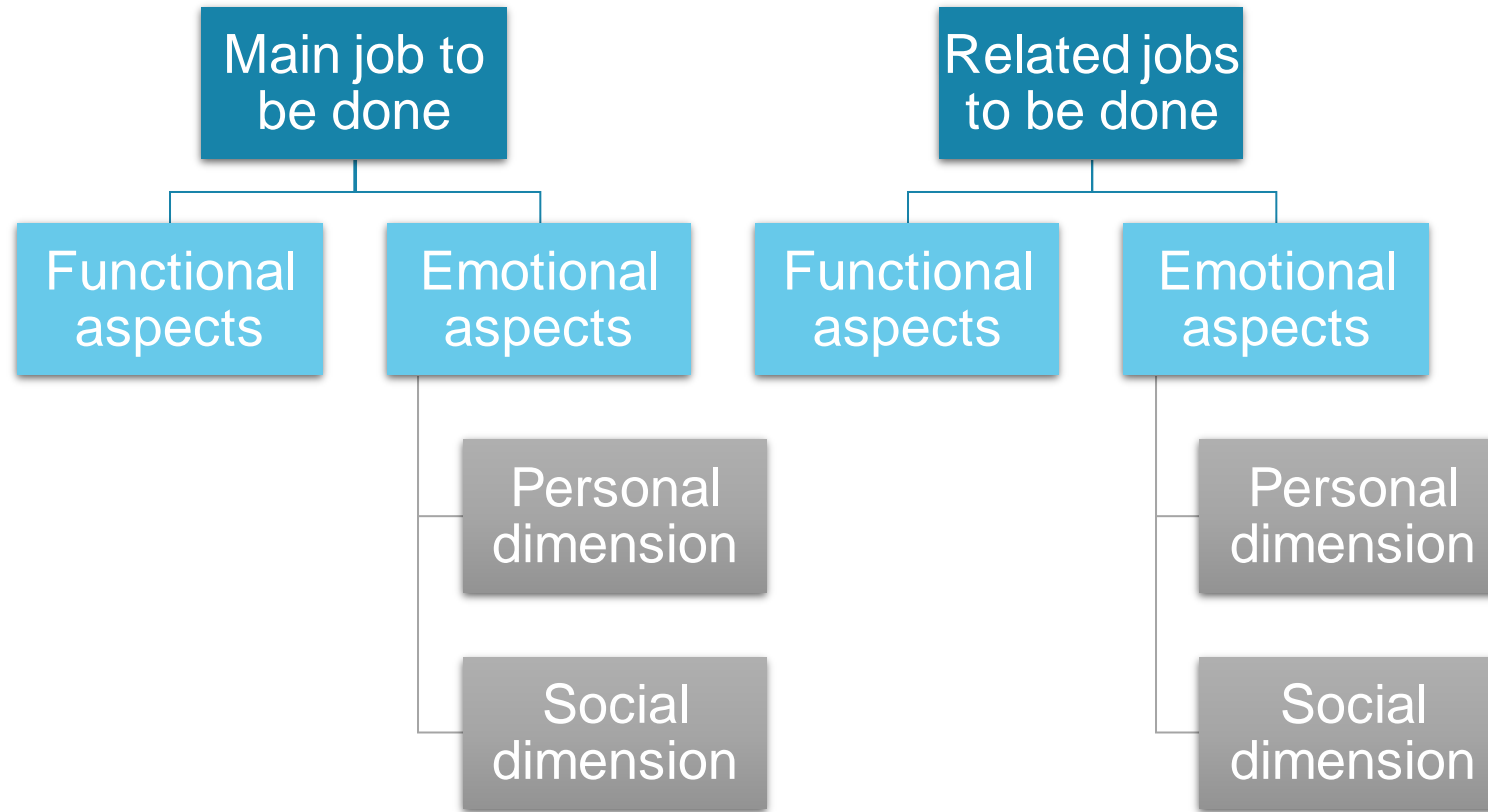
The Milkshake example comes from the research of Clay Christensen

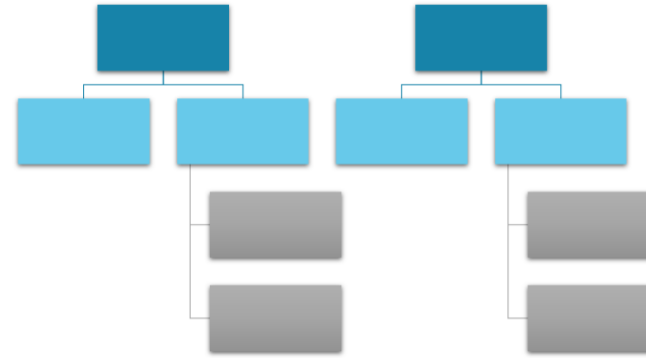
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Jobs-to-be-done checklist

- Define your markets around the job-to-be-done
- Help customers get the job done in its entirety
- Can you help them get more jobs done?
- Design your business based on a job-to-be-done

Types of jobs





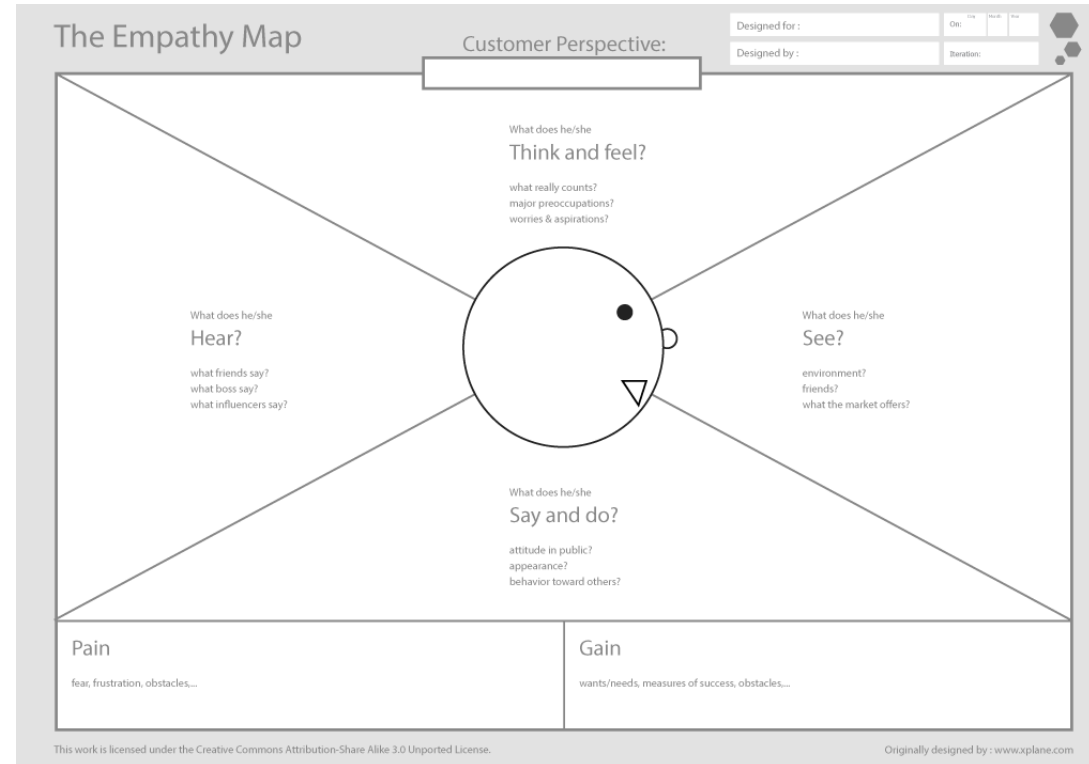
Activity

Complete the Jobs to be Done tree diagram for the iPhone

15 minutes



The empathy map



A tool originally created by Dave Gray – this version created by xplane.com

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The Empathy Map

Customer Perspective:

Designed for :

On:

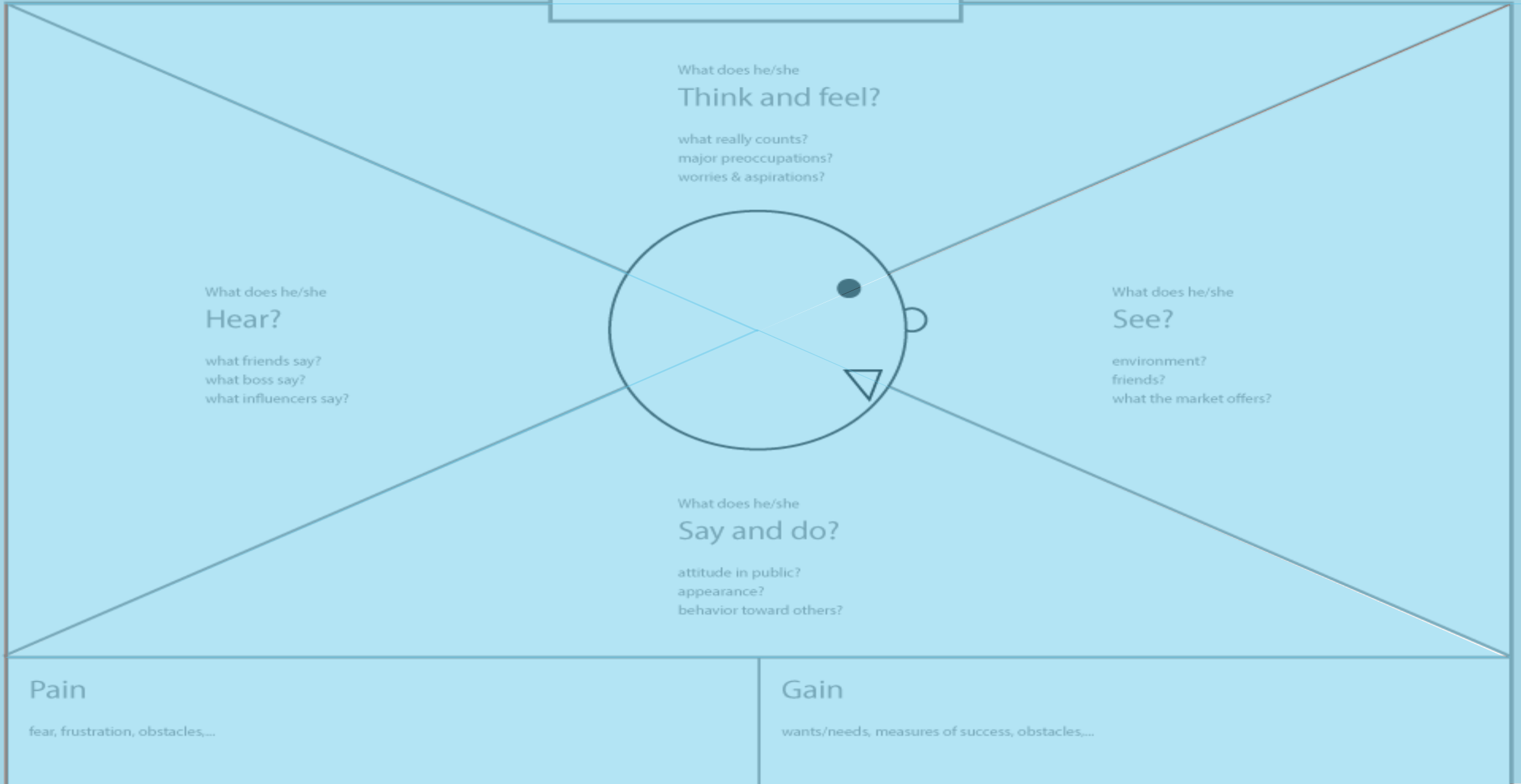
Day

Month

Year

Designed by :

Iteration:



The Empathy Map

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Designed for :

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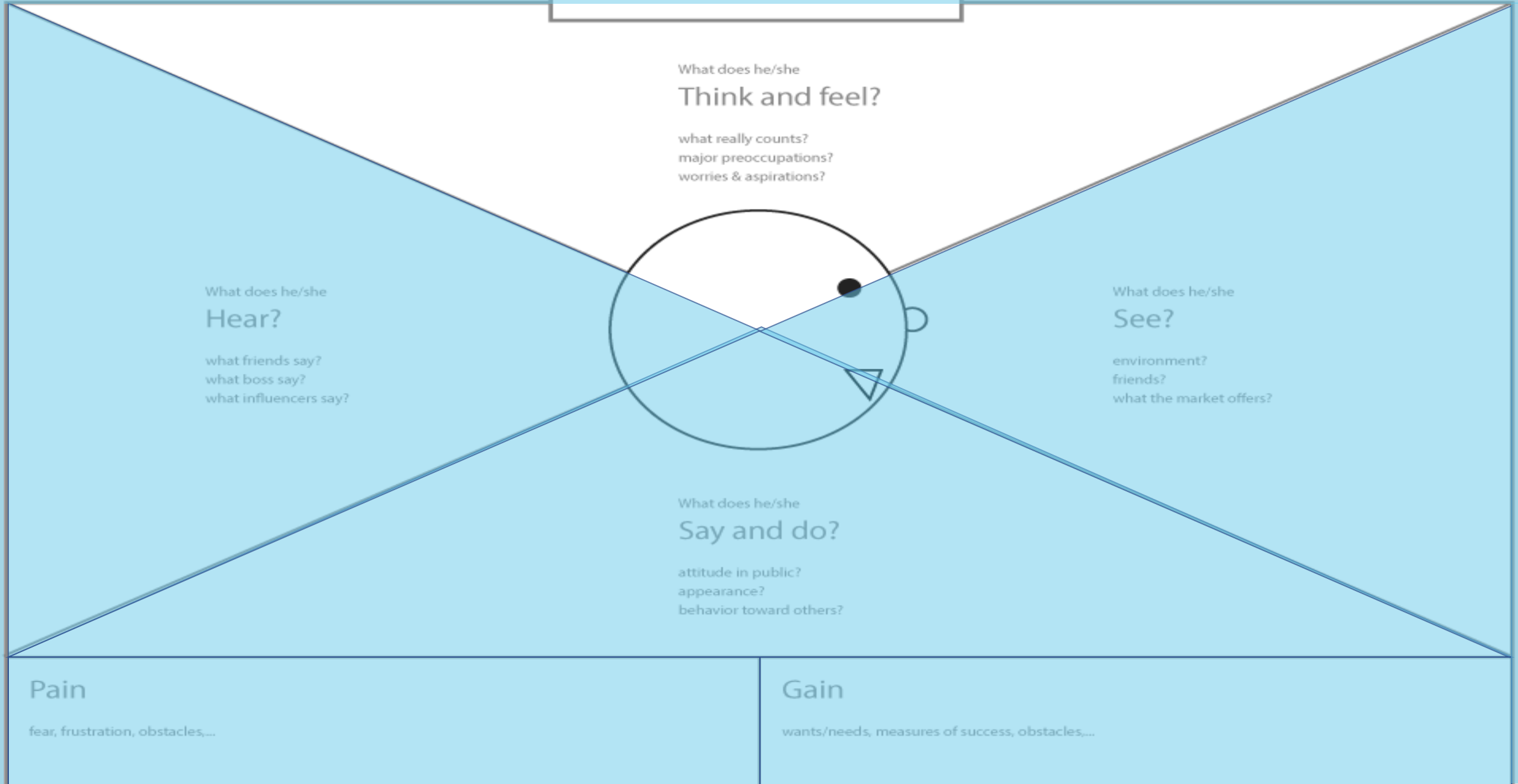
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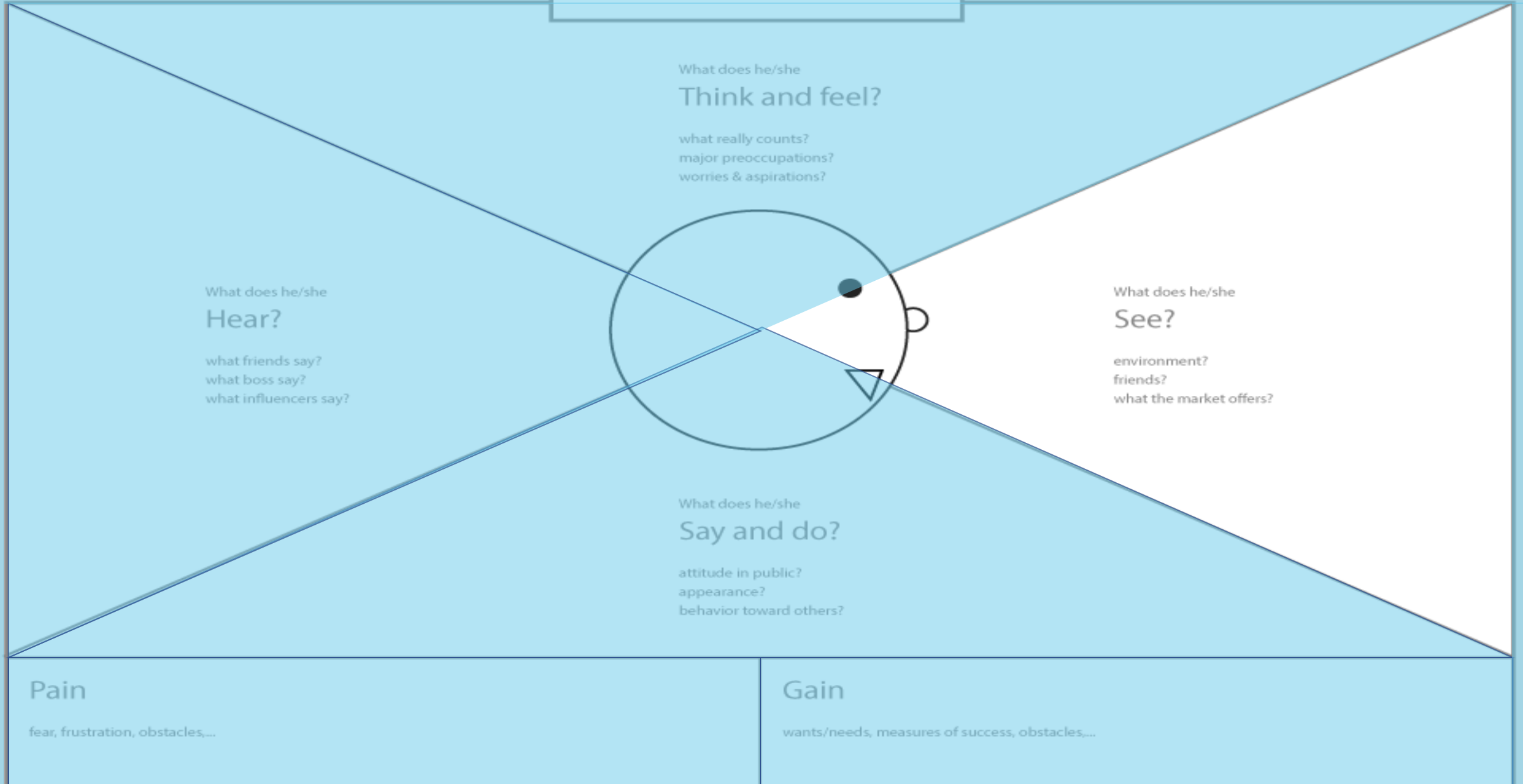
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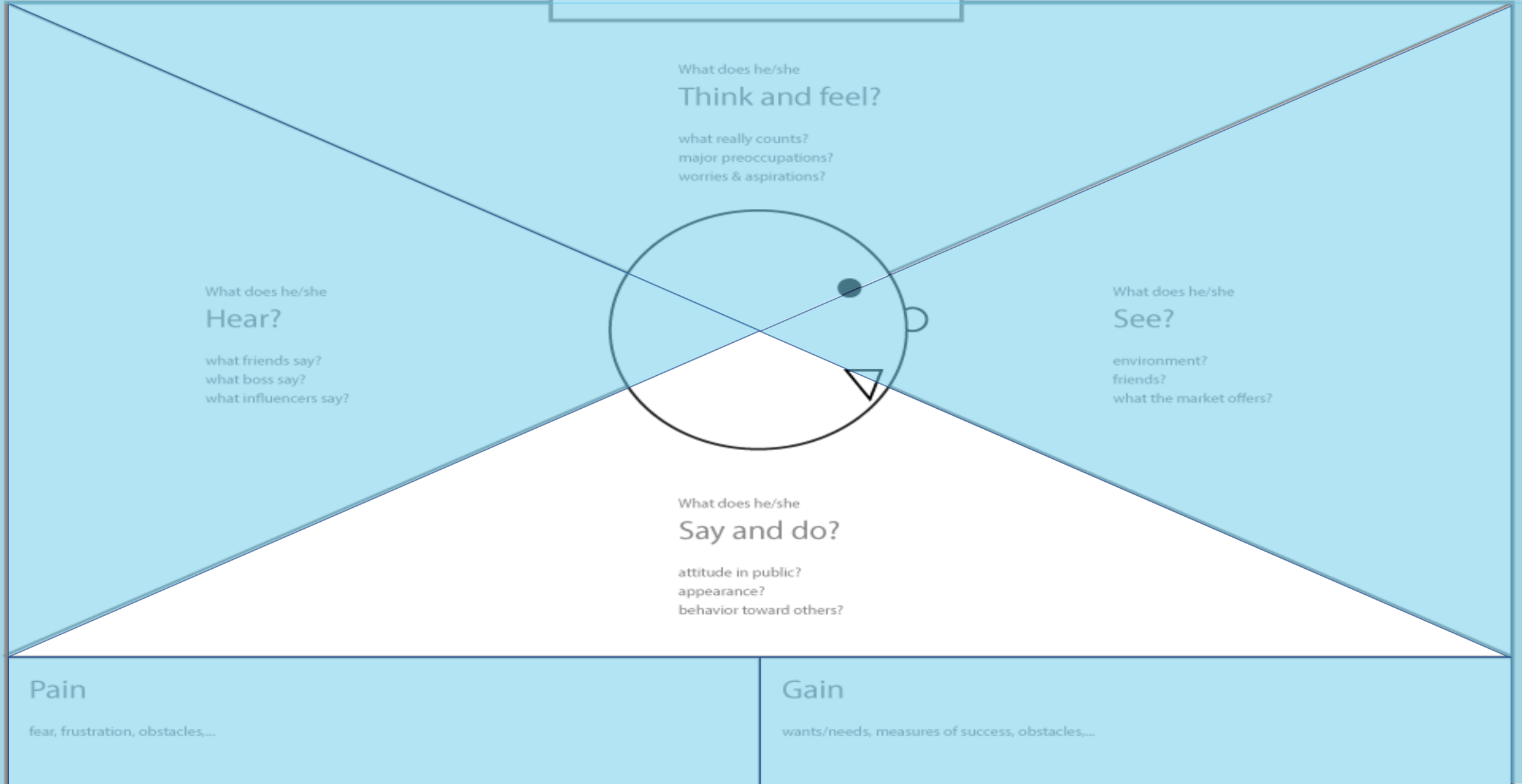
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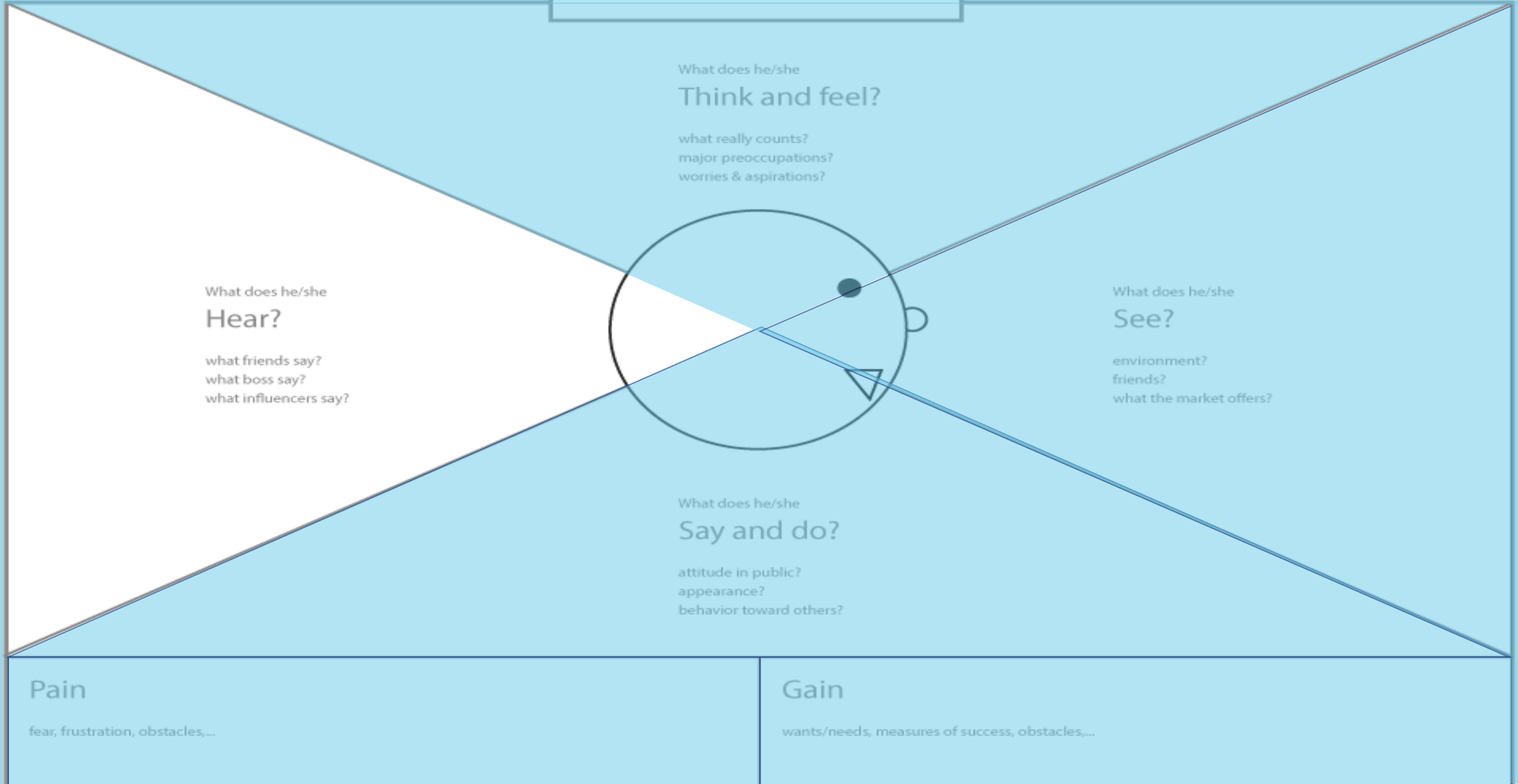
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The Empathy Map

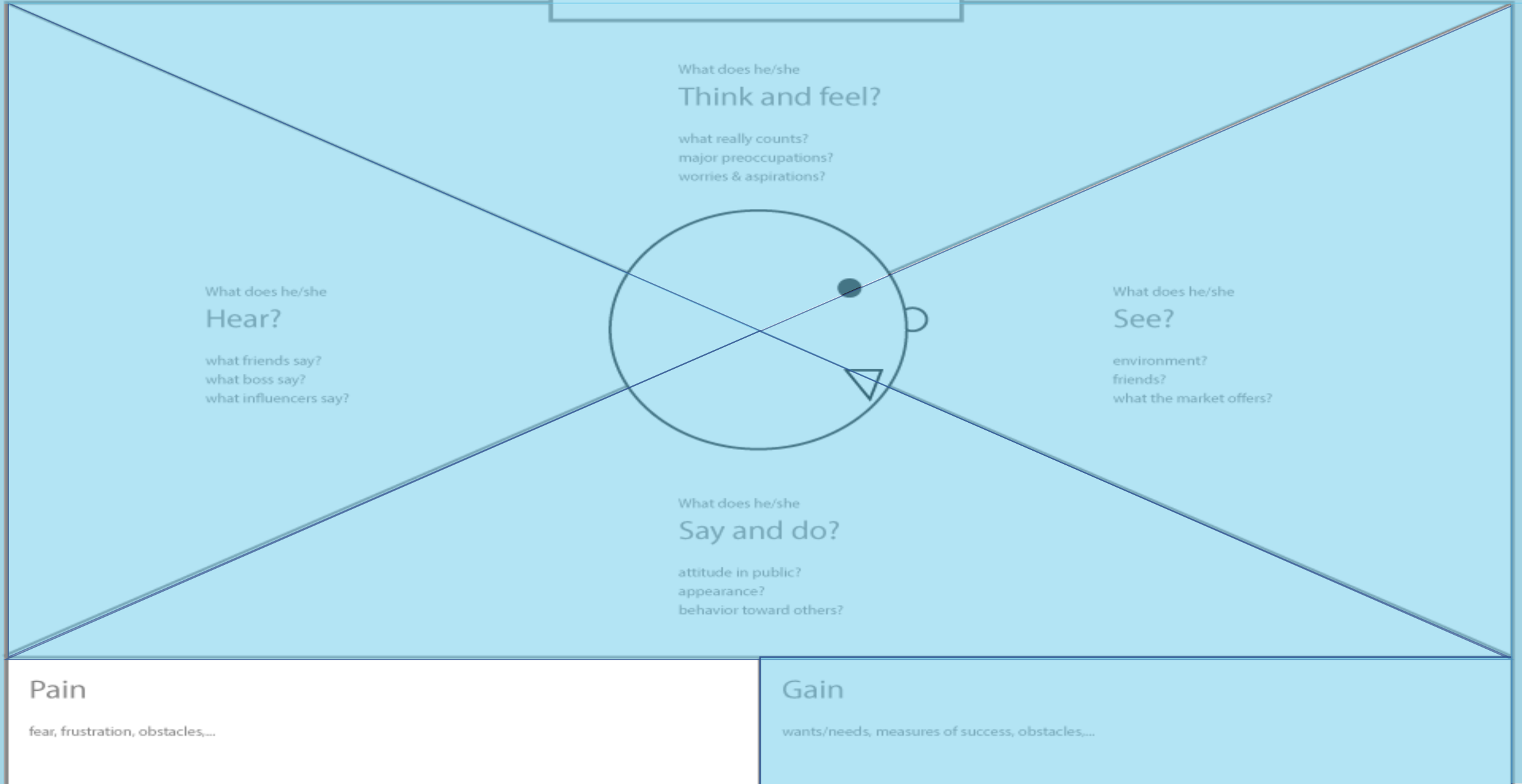
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Designed by :

Iteration:



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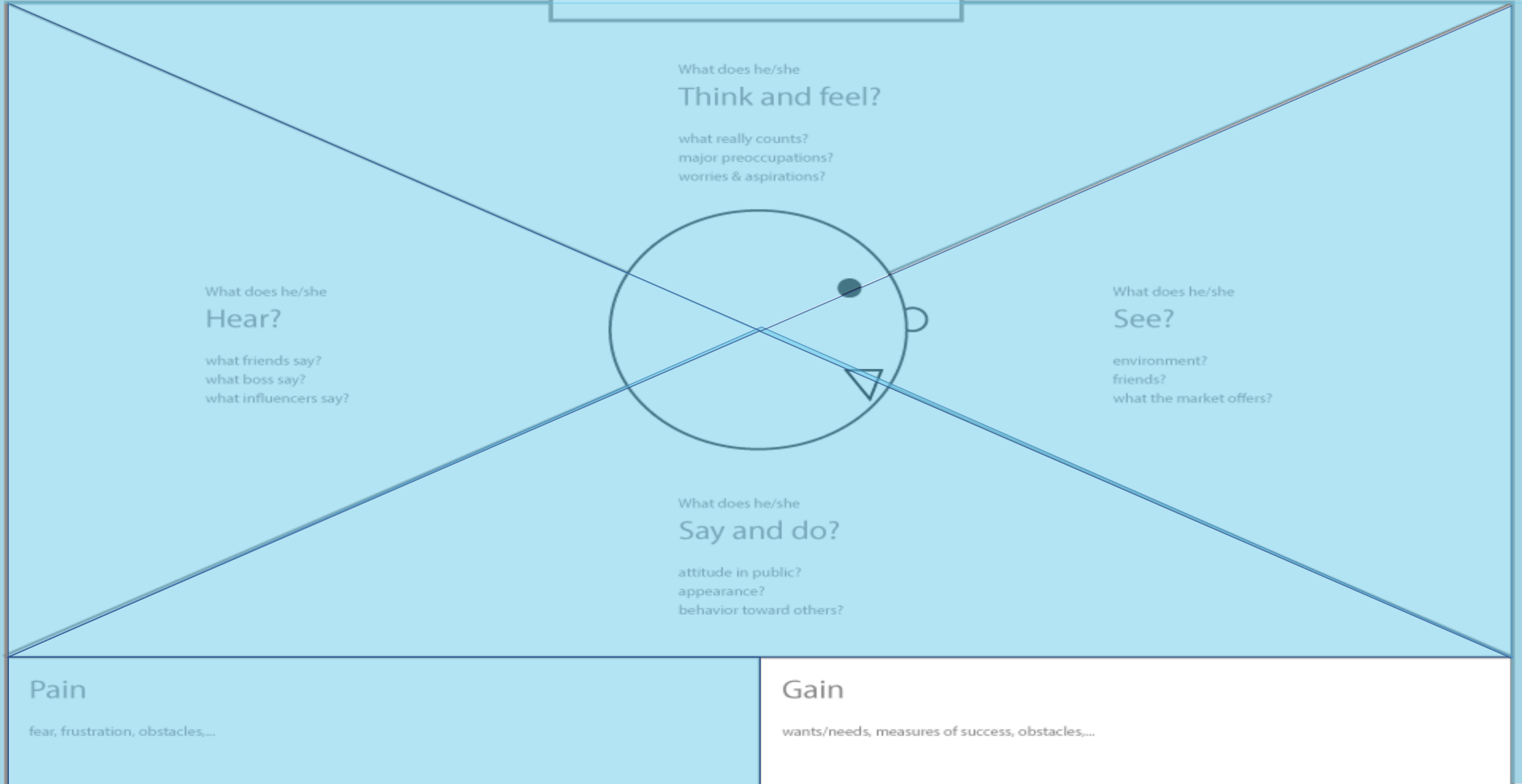
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Activity

Design an empathy map for a fair-trade coffee company. Your customers are young, environmentally conscious adults

20 minutes



The Empathy Map

Customer Perspective:

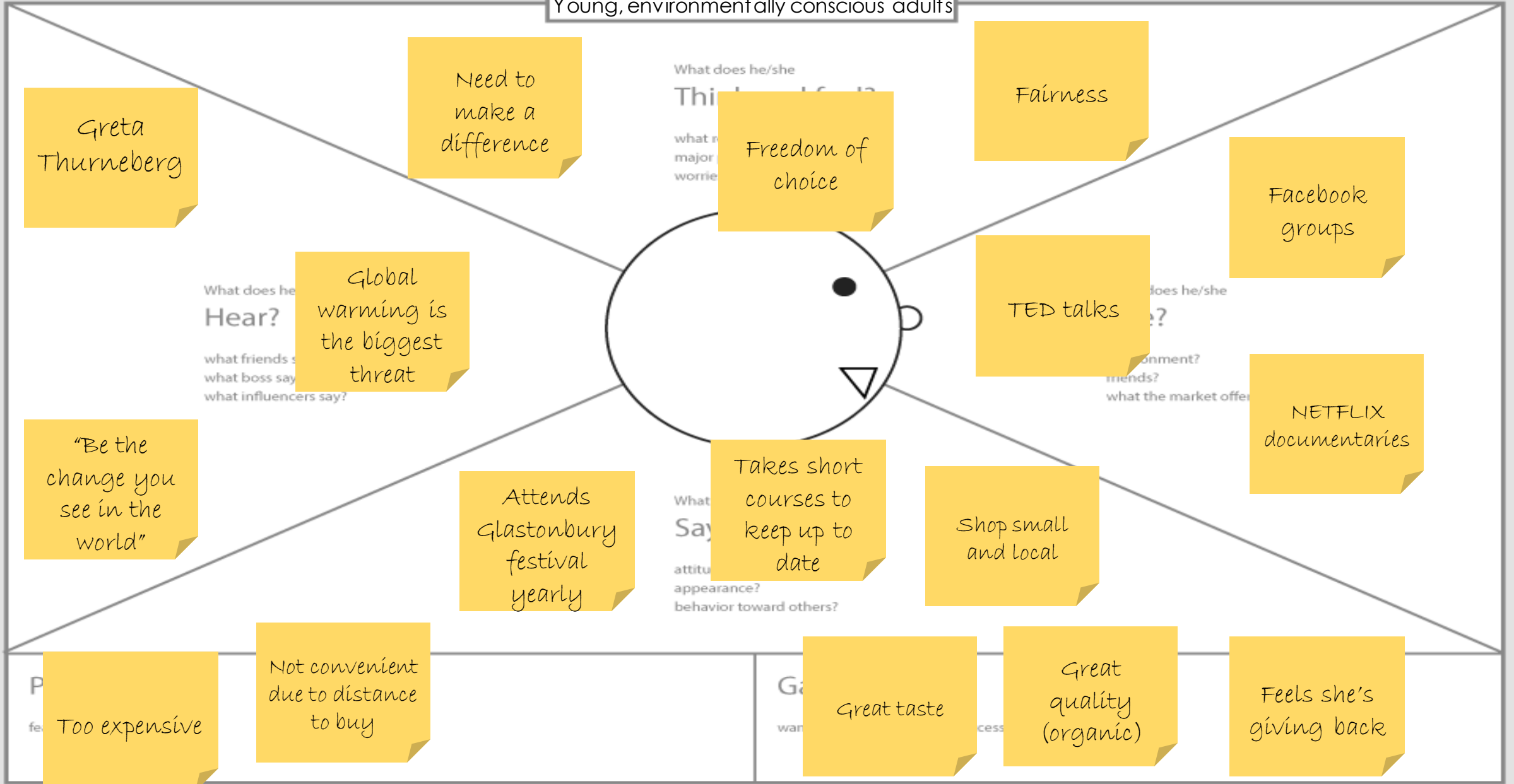
Designed for: Fair trade coffee

On: Day Month Year

Designed by:

Iteration:

Young, environmentally conscious adults



Activity

Design empathy map(s) for your customer segment(s)

20 minutes



Assumptions & tests

Will they buy it?



Assumptions

Assumptions are beliefs that **we** have, about:

- Our customer's characteristics
- The desirability of our product or service
- The needs of our customers
- The market size, and more

“I believe my customer is actively looking to reduce time spent online”

Assumptions checklist

Assumptions need to be stated in a specific way

- Is it clear enough?
- Is it specific enough?
- Does it have a metric?
- Does validating it help?



Activity

If you were selling an innovative “green” fertilizer, what might your list of assumptions be?

10 minutes





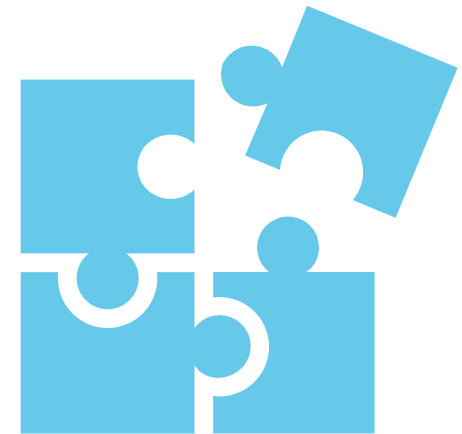
Test your assumptions?

- You want to reduce uncertainty and risk of failure
- Metrics are incredibly important!
- You validate or invalidate your assumption by creating and running a “test”



3 areas of customer testing

- Interest & relevance
- Willingness & ability to pay
- Preferences & priorities



Do they want it? – Interest and relevance

- Are potential customers interested in your product/service?
- Is it relevant to them?
- Are they interested enough to do something about it?

Interest and relevance tests

- Landing pages
- Tear-off ads or flyers
- Google, Facebook, Twitter, LinkedIn ads
- Printed ads, magazines, newspapers, etc.



Will they buy it? – Willingness & ability to pay

- Will potential customers buy your product/service?
- Will they pay actual money for it?

Willingness & ability to pay tests

- Fake sales
- Pre-sales (e.g. Kickstarter)
- Letters of intent/interest



Is it good enough? – Preferences & priorities

- Which features of your product/service do your customers prefer over others?
- What is of great value to them?
- What do they feel is a must-have?
- What could be omitted?

Preferences & priorities tests

- Split A/B testing



Project name Home About Contact Dropdown - Default Static top Fixed top

Welcome to our website

Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat.

[Learn more](#)

Click rate: **52 %**



Project name Home About Contact Dropdown - Default Static top Fixed top

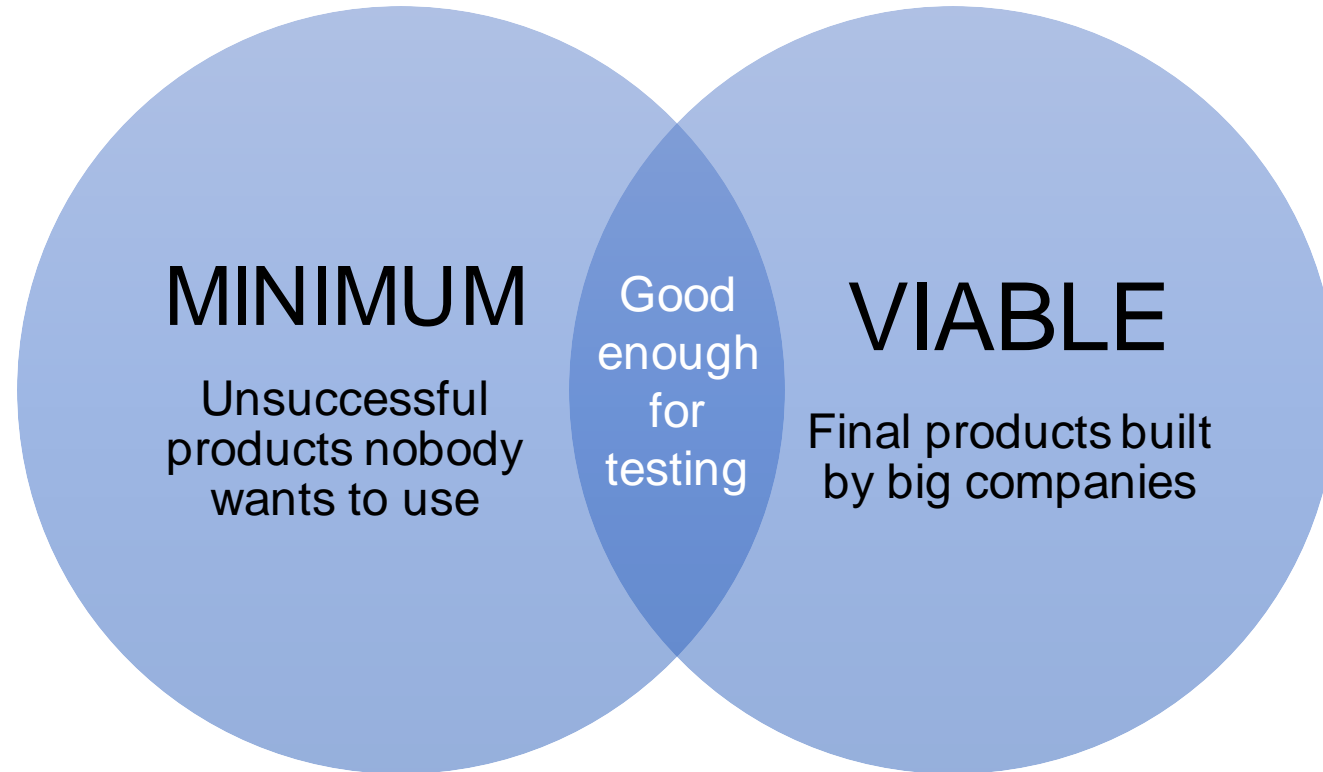
Welcome to our website

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[Learn more](#)

72 %

Minimum Viable Product (MVP)



Collecting “test” evidence

- Metrics are important
- Always decide the success criteria before running the test

Don't forget: Fail quickly and cheaply!

“Assumptions → tests” checklist

1. Gather your assumptions
2. Prioritize in order of most critical to your business model
3. Decide on the type of test needed for each assumption
4. Decide on the validation/invalidation criteria & metrics
5. Run your tests and evaluate the results gathered



seen on
www.bonedpanda.com

Activity

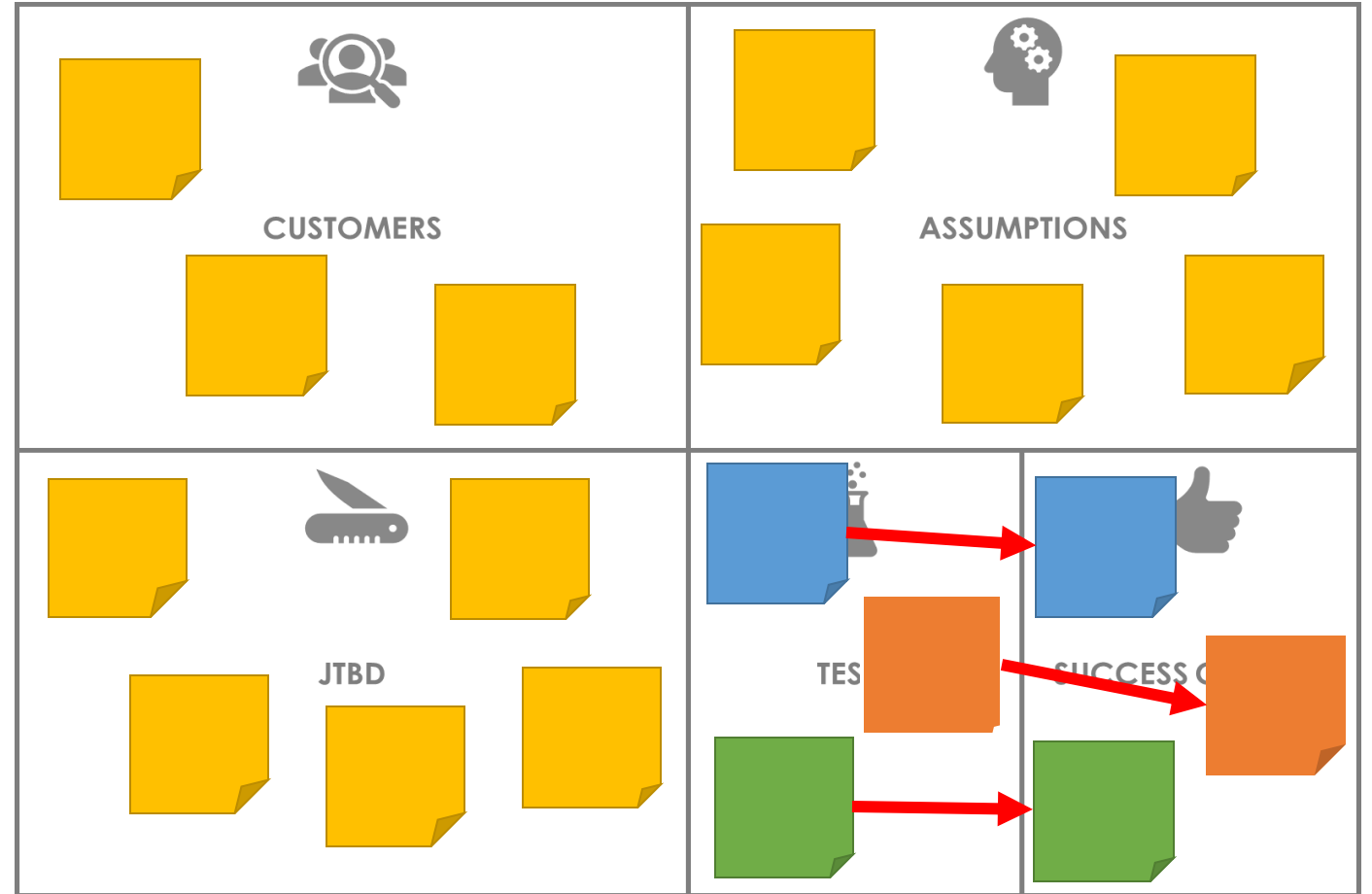
Imagine this is your product. Identify the JTBD, assumptions, tests to run, and success criteria (evidence) for each test

20 minutes





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Activity

Identify the JTBD, assumptions, tests to run, and success criteria (evidence) for each test based on your idea's empathy map(s) and business model(s)

20 minutes



Conclusion

Wrapping up



Activity

Based on everything you have about your business model and your customers, create your final (for now) business model

30 minutes



Things to keep in mind when innovating

- Don't get stuck on what you **think** you know
- Don't become obsessed with **your** idea
- Don't just brainstorm with **yourself**
- Don't just rely on your **own** skills
- Don't “**love**” your product
- Fail **fast** and **cheap**!



YENESIS

Youth Employment Network for
Energy Sustainability in Islands



Cyprus
Energy
Agency



DAFNI
Network of Sustainable Greek Islands



SEI
Stockholm
Environment
Institute



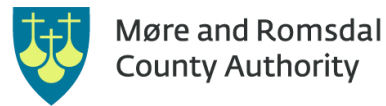
aream
Agência Regional da Energia e Ambiente
da Região Autónoma da Madeira



FREDERICK
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CHRYSALIS
LEAP



Møre and Romsdal
County Authority



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sdewes

Thank you!