

RUFORUM

Entrepreneurship Training

Reviewing Business Assessment.

Applying the Business Model Canvas.

3rd August 2020

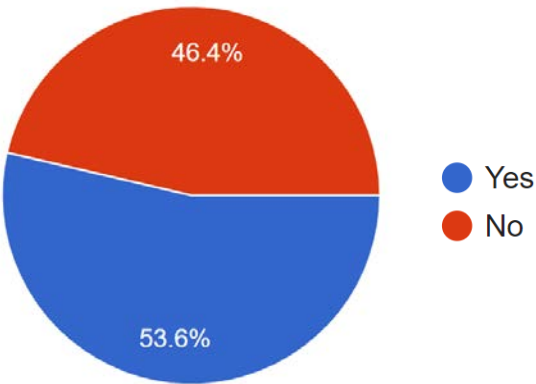
Expectations

1. Jointly review the findings of the business assessment exercise and the implications on your business.
2. Map out your business model and appreciate the drivers around this.
3. Better appreciate the pains or problems of your target customer and ensure your solution fits these.

Business Assessment Highlights

Business Assessment Highlights – Business set up, Compliance & Continuity

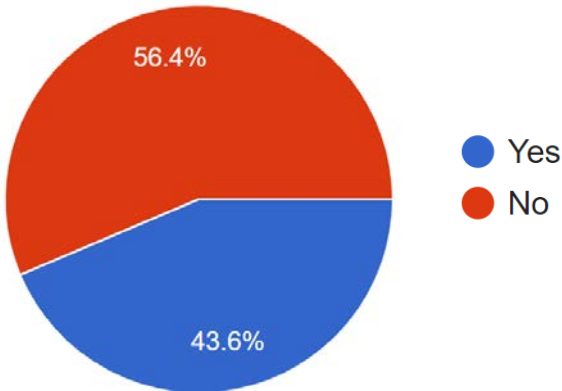
Are you a registered business?



Effects of non compliance

- 1. Inability to access credit.
- 2. Cant apply for particular contracts.
- 3. Cant access government services like standards

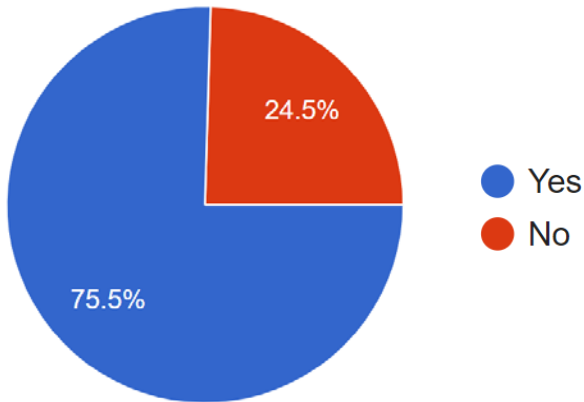
Do you file Annual returns?



Effects of non compliance

- 1. Challenges with to access credit.
- 2. Cant apply for particular contracts.

Do you run day to day book keeping?

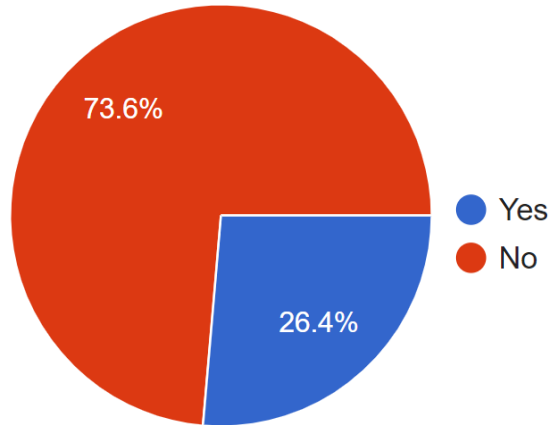


Effects of non compliance

- 1. No knowledge of health of the business.
- 2. Inability to access credit.
- 3. No business data to advise on decisions.

Business Assessment Highlights – Business set up, Compliance & Continuity

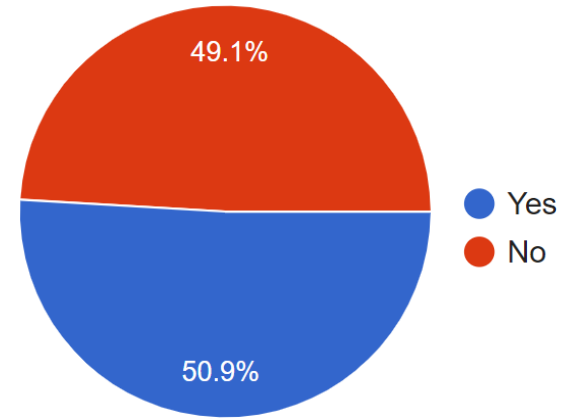
Do you publish regular management accounts including a balance sheet?



Effects of non compliance

1. No awareness of value of the business?
2. Not able to answer investor questions
3. Challenges with fundraising

Are you fully tax compliant in your country (income tax, salary taxes, Value Added Tax, and other statutory requirements)?



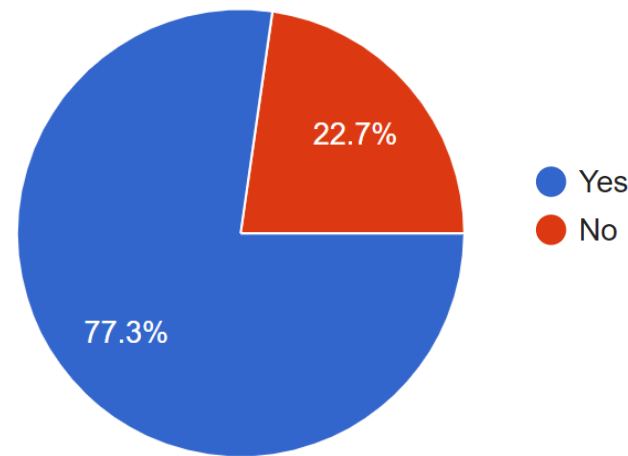
Effects of non compliance

1. Risk of fines
2. Cant apply for particular contracts

NOTE: You are never too small to start complying.

Business Assessment Highlights – Commercialization

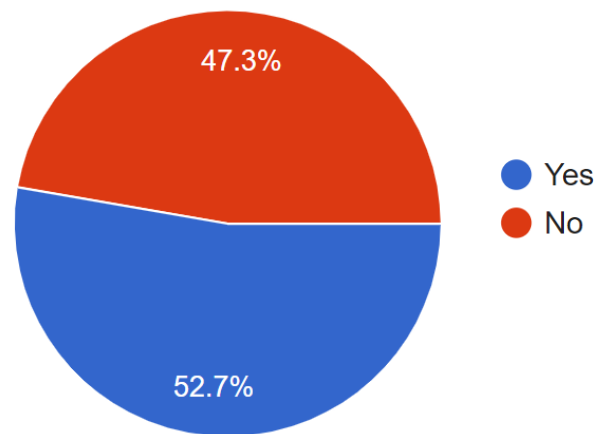
Do you understand the difference between sales and marketing



Implication to business

- 1. Both business activities uniquely support revenue growth & customer acquisition and work in tandem.

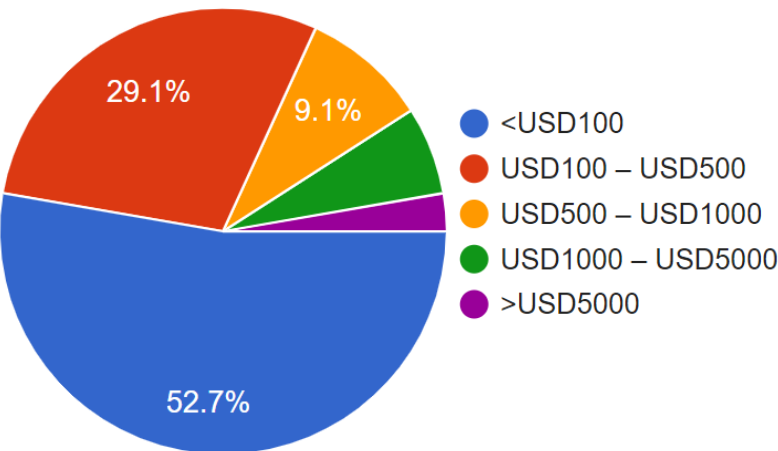
Do you have a sales plan?



Implication of no sales plan

- 1. Unplanned and unmeasured sales activity limiting business growth
- 2. Absence of clear business data as to why growth or failure is being achieved.

Monthly sales Revenue?

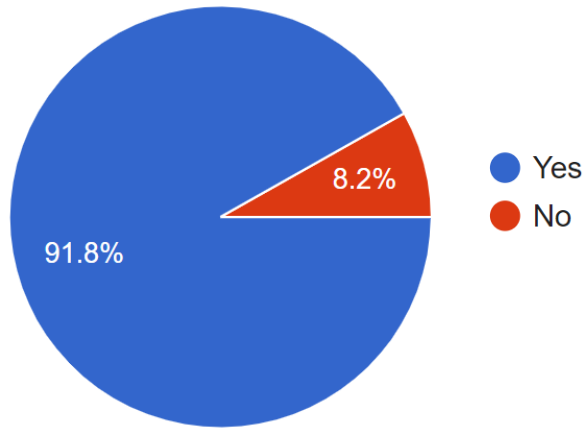


Notes

- 1. Need to grow larger percentage from micro enterprises.

Business Assessment Highlights – Commercialization

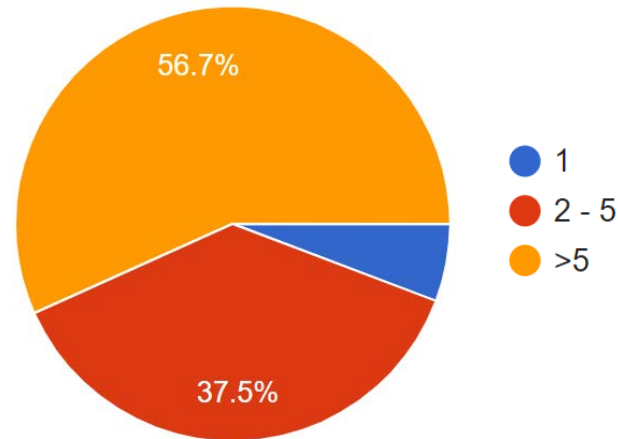
Do you know your competition in your market?



Implication to business

1. Implement strategies towards achieving competitive advantages

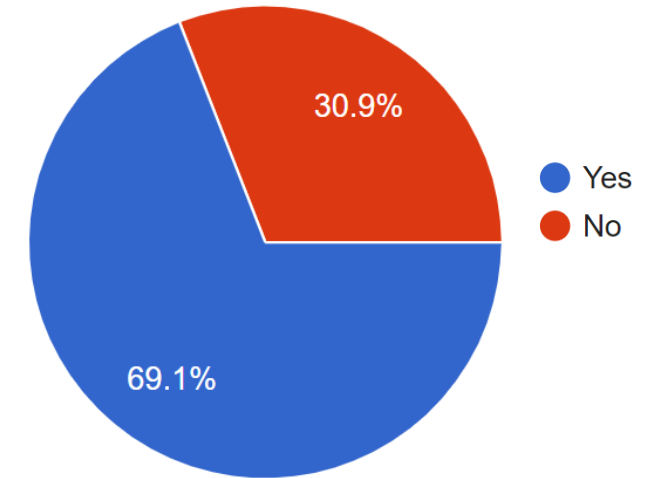
How many competitors do you have in your market?



Implication to business

1. Understand what makes you better than the competition. Why will you win?
2. If you are still small, can you beat the competition, if no, move.

Do you have a marketing plan?

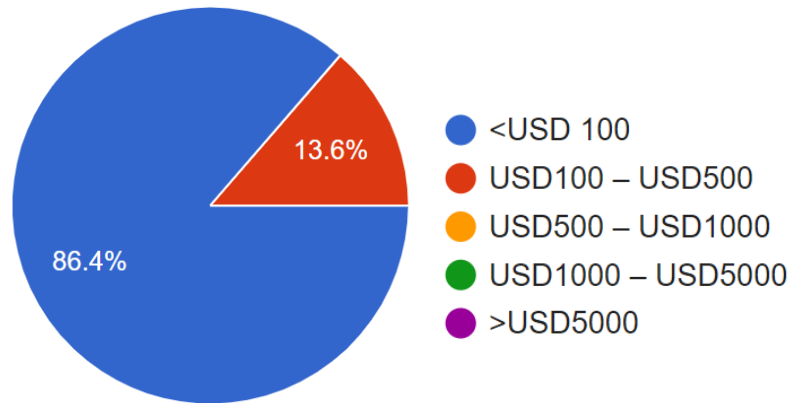


Implication to business

1. Uncoordinated or inadequate marketing activity resulting in low revenues.
2. Challenges in understanding reasons for business growth from lack of attribution.

Business Assessment Highlights – Commercialization

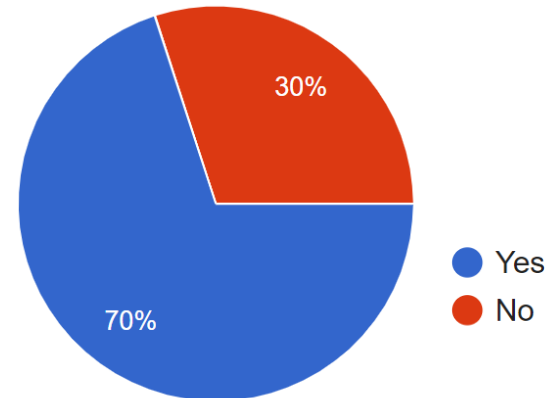
How much do you spend monthly on marketing?



Implication to business

1. Based on your marketing strategy are you driving enough interest and leads to your business.
2. Is your brand top of mind and are customers choosing it over the competition?

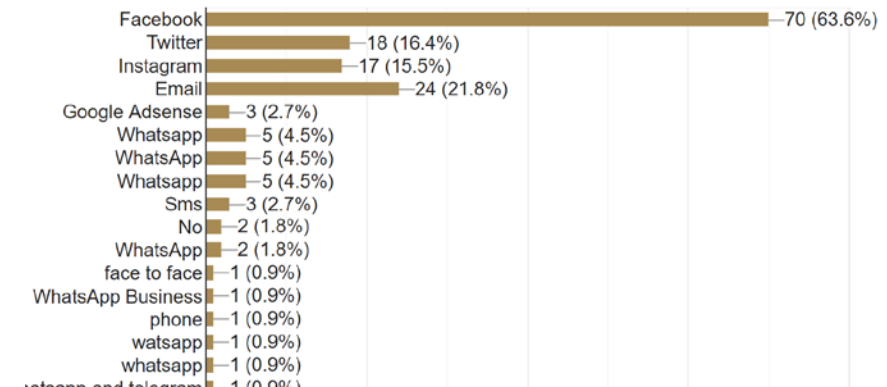
Do you use digital marketing in your business?



Implication to business

1. How do you reach customers during COVID

What channels do you use

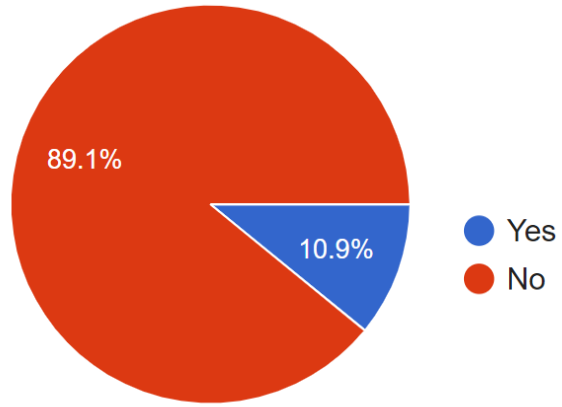


Implication to business

1. Correct digital channels with the right tactic will drive sales.
2. Wrong use of digital channels will not drive sales.
3. Leverage digital channels to move from visibility to sales.

Business Assessment Highlights – Commercialization

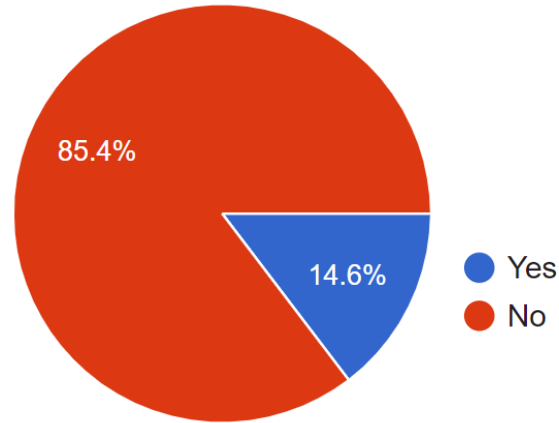
Do you have a website?



Implication to business

1. How do you convert digital traffic without a store front?
2. Low functionality websites may be a waste of money.

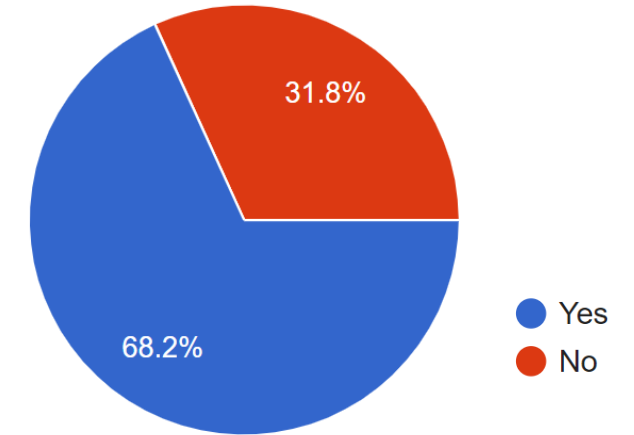
Is yes, Does your website accept payments?



Implication to business

1. Are you effectively converting digital traffic?

Do you keep active customer data including names, contact information, and previous purchase data?

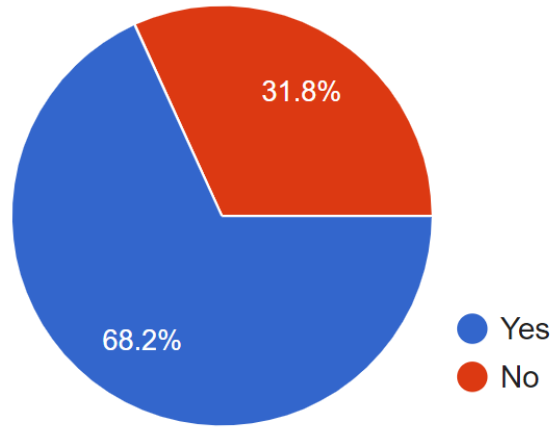


Implication to business

1. Up to date customer data guides retention activity and growth. Know your customer (It is cheaper to retain a customer than to acquire a new one)

Business Assessment Highlights – Commercialization & HR

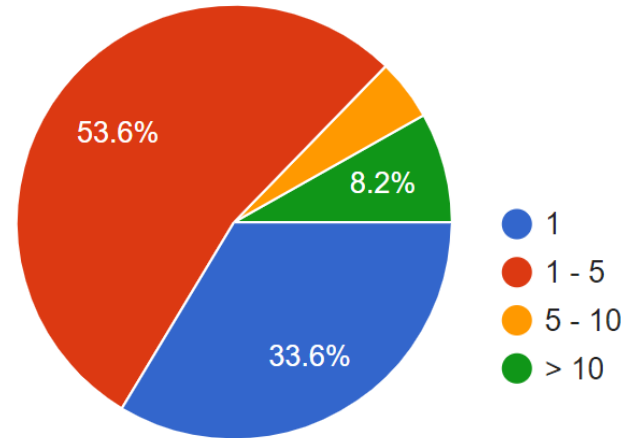
Do you regularly communicate with all your customers?



Implication to business

1. If you don't talk to your customers you can't know if what you are doing is right or wrong.
2. Ensure your customers are part of all your plans and activity. You are building for them after all.
3. You can use any channel to speak to your customers.

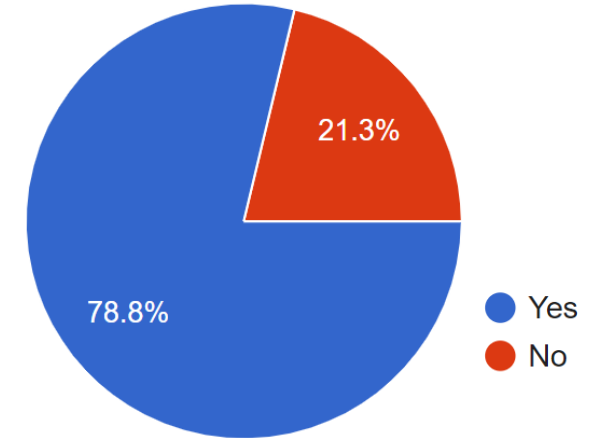
How many staff do you have



Implication to business

1. Need for effective HR planning and recruitment to sustain growth. If over 1, Do you have a clear distribution of roles in the business?
2. Recruit only the staff you need.

If over 1, Do you have a clear distribution of roles in the business?

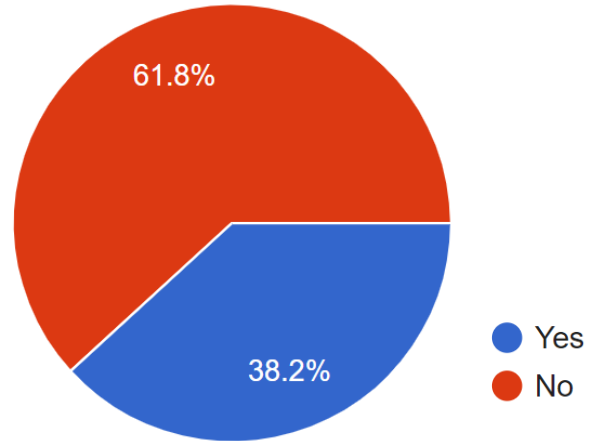


Implication to business

1. Unclear distribution of roles makes it hard to track productivity and leads to conflict.

Business Assessment Highlights – HR & Scale

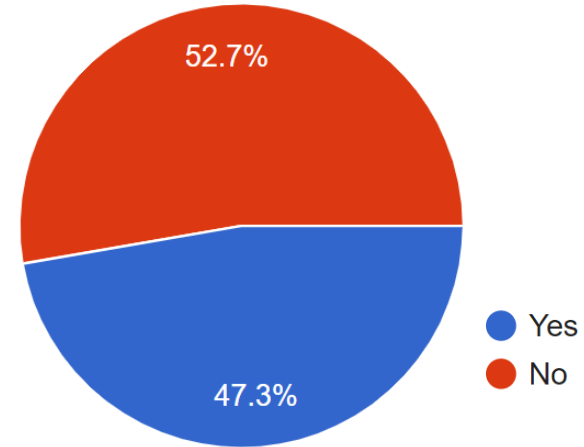
Do you have an organization chart?



Implication to business

1. Starting point for HR planning. Know what HR you need based on growth.
2. Develop Organogram in anticipation of growth.

Have you considered expanding your business to new countries?



Implication to business

1. Start learning about implications of scale and regulatory requirements.
2. First make the product work in a smaller jurisdiction.

Building a viable business model

“Business Plan: A document investors make you write that they don’t read.”

Steve Blank

“A **business model** described the rationale of how an organization **creates, delivers, and captures value**”

Alex Osterwalder

Creator of the Business model Canvas

4 questions a Business Model should answer

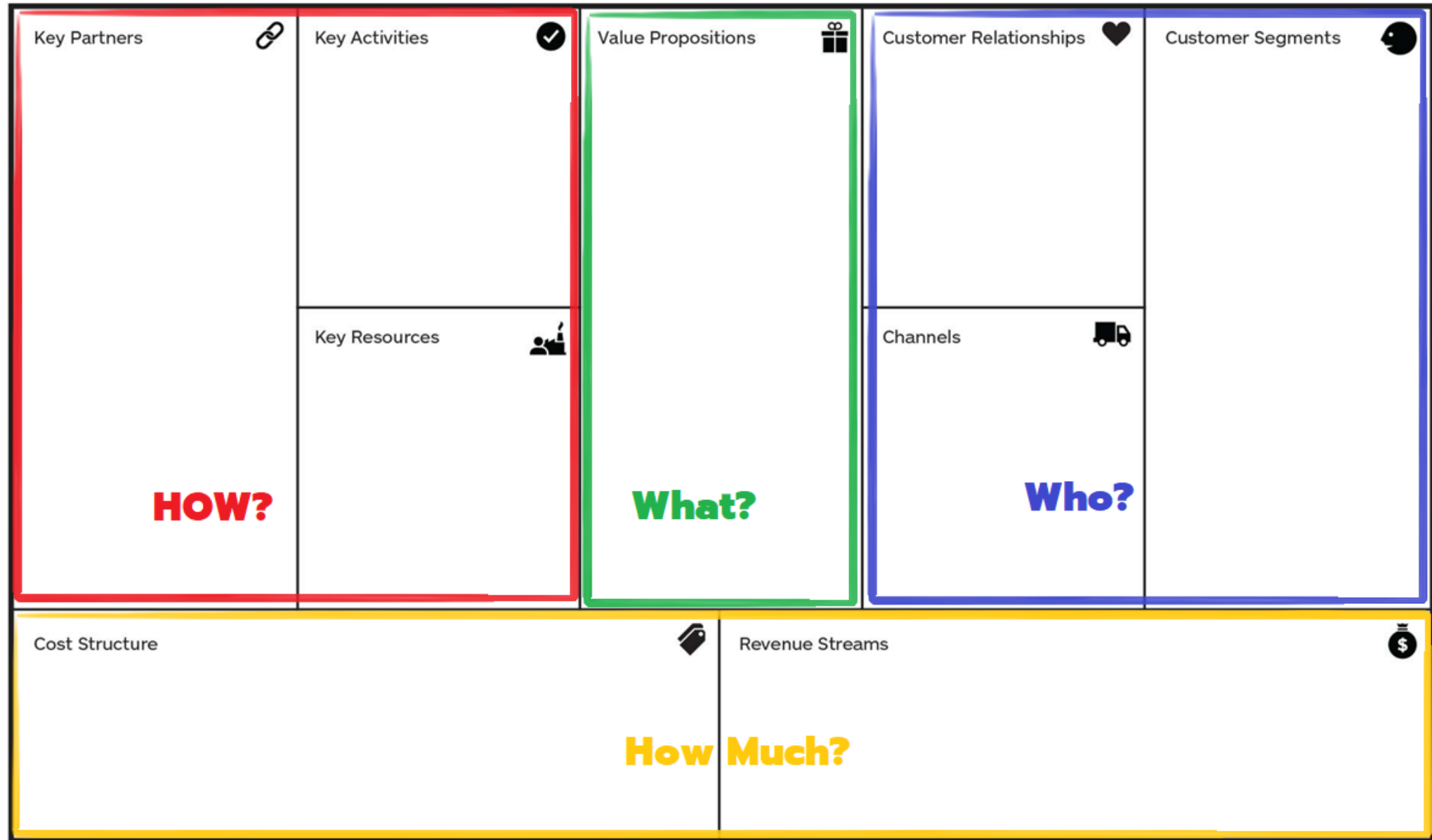
Who? – Customers.

What? – Product.

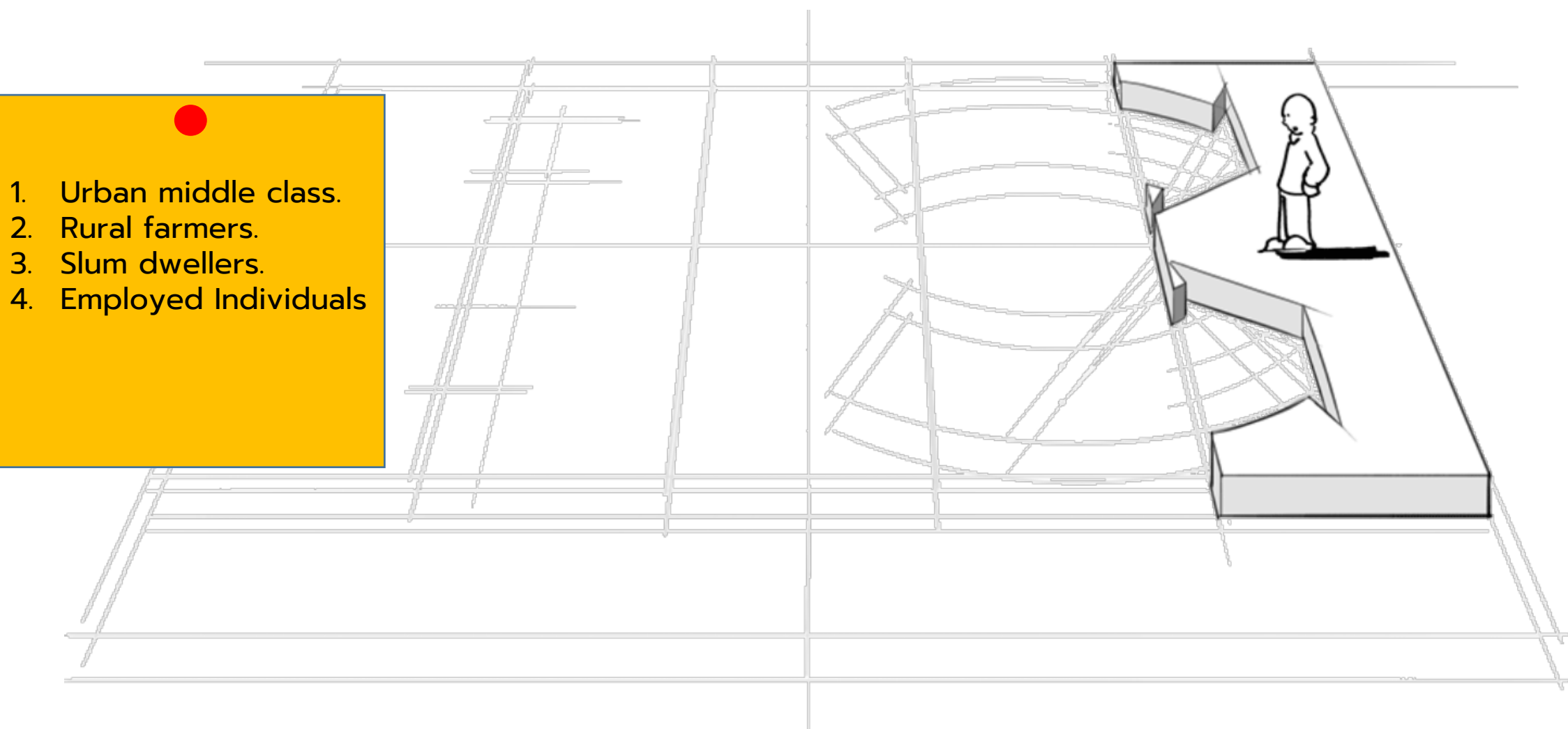
How? – Process to create and deliver value.

How Much? How to make money.

The Business Model Canvas



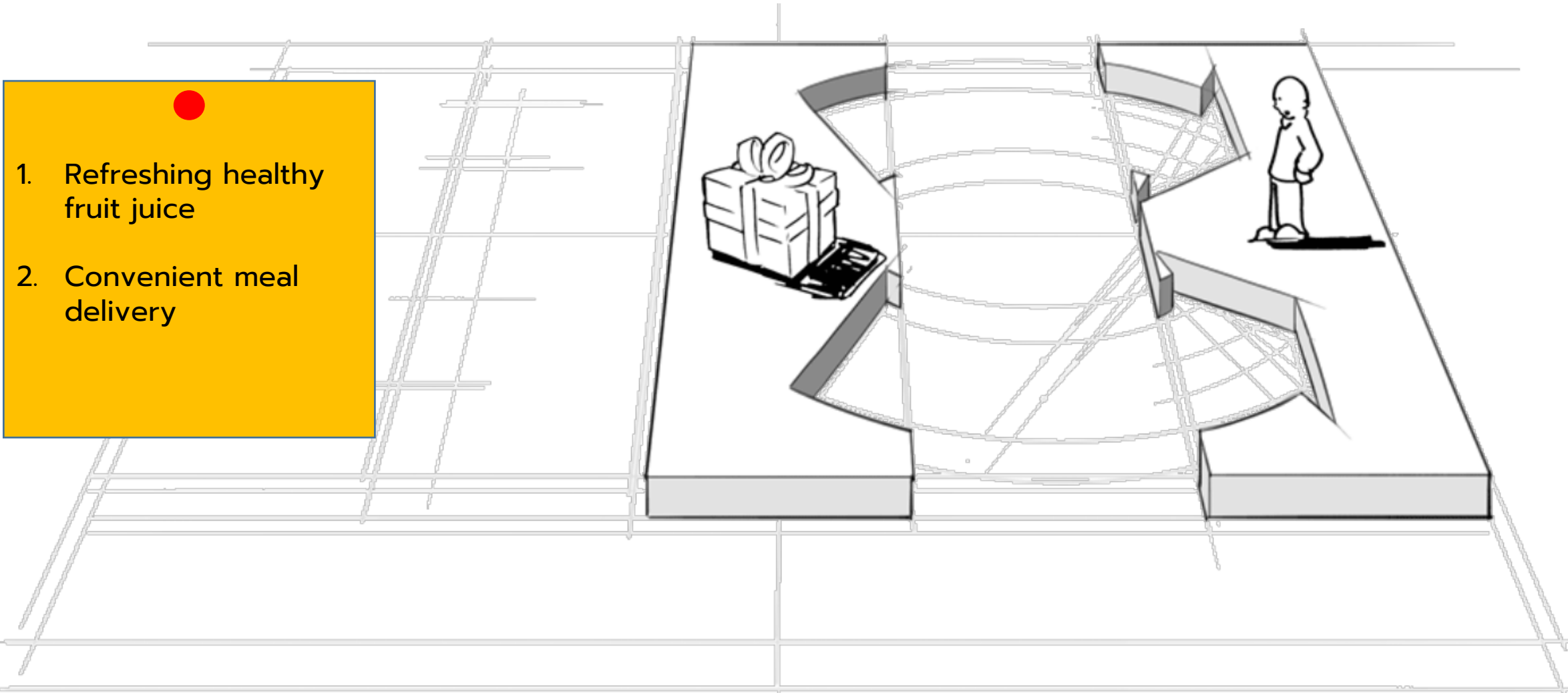
Customer Segments

- 
1. Urban middle class.
 2. Rural farmers.
 3. Slum dwellers.
 4. Employed Individuals

Who are your customers?

An organization can serve several customer segments

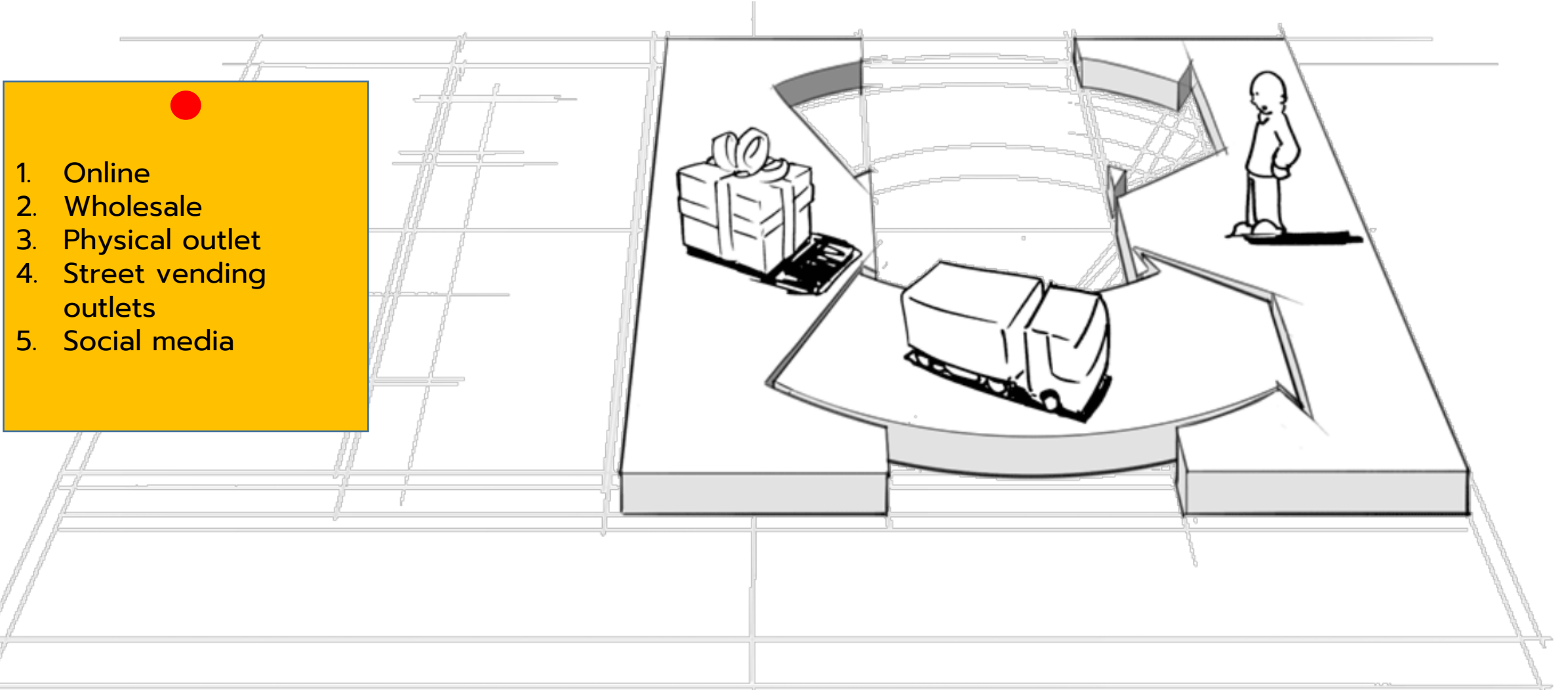
Value Proposition

- 
1. Refreshing healthy fruit juice
 2. Convenient meal delivery

Who are you offering them?

What customer problem or are you solving and pain relieving with your value proposition

Channels

- 
1. Online
 2. Wholesale
 3. Physical outlet
 4. Street vending outlets
 5. Social media

How do you reach each customer segment?

Value propositions are delivered through distribution, communication, online and sales channels.

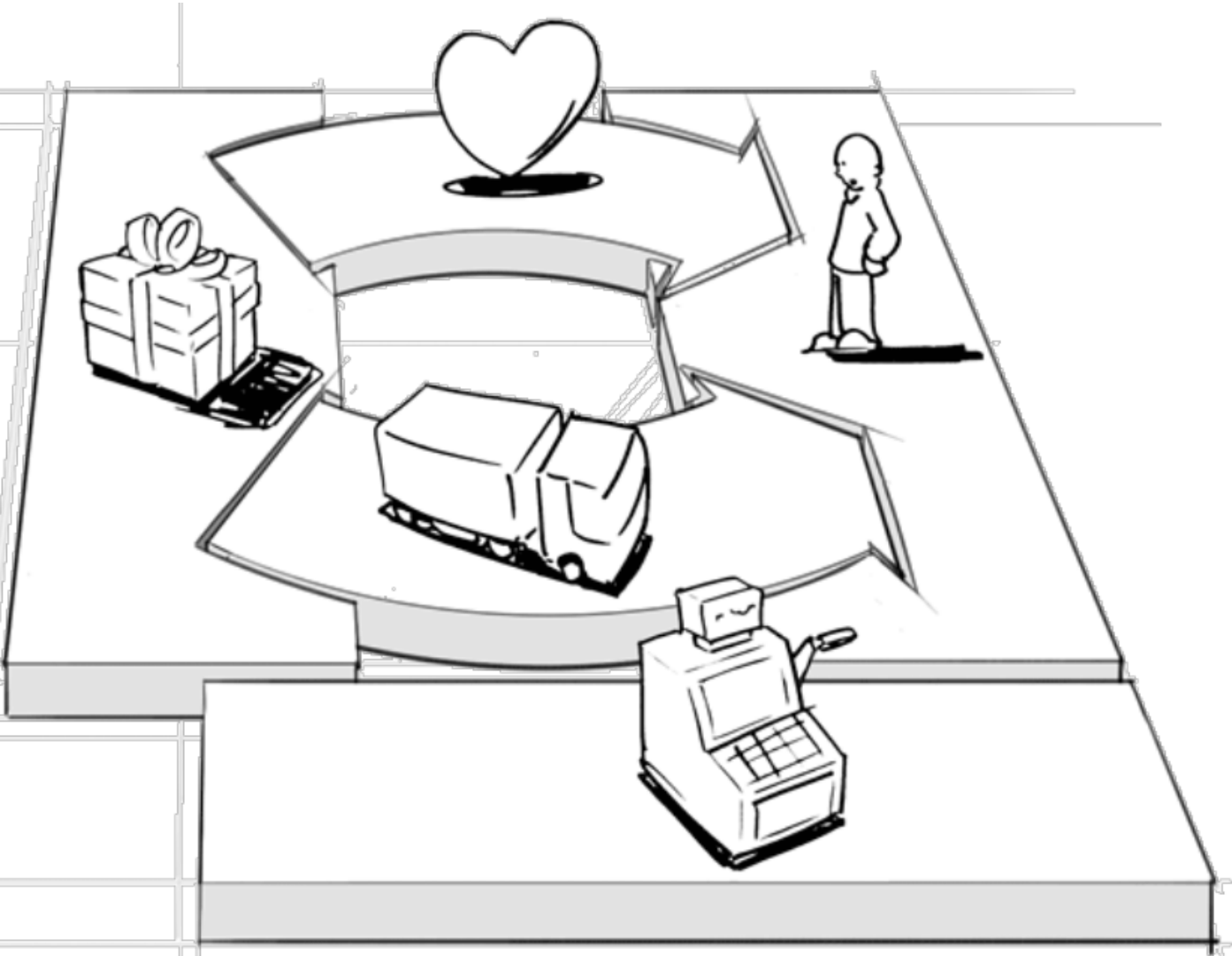
Customer Relationships

- 
1. CRM system.
 2. Monthly phone calls.

What relationships are you nurturing with each segment?

Relationships are created and established with each segment.

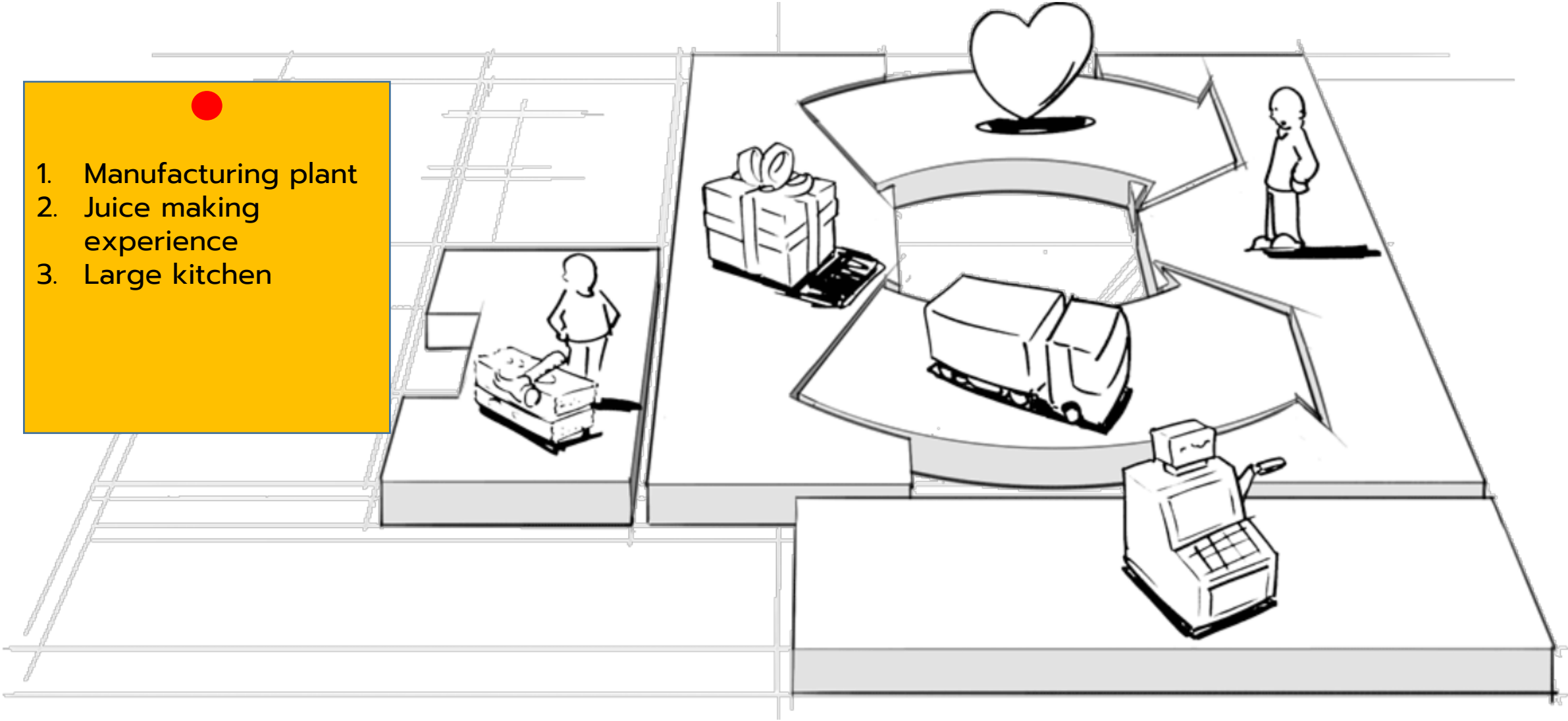
Revenue Streams

- 
1. \$2 per bottle
 2. \$5 per food delivery

What are your customers willing to pay and how?

Value offered to customers results in revenue streams

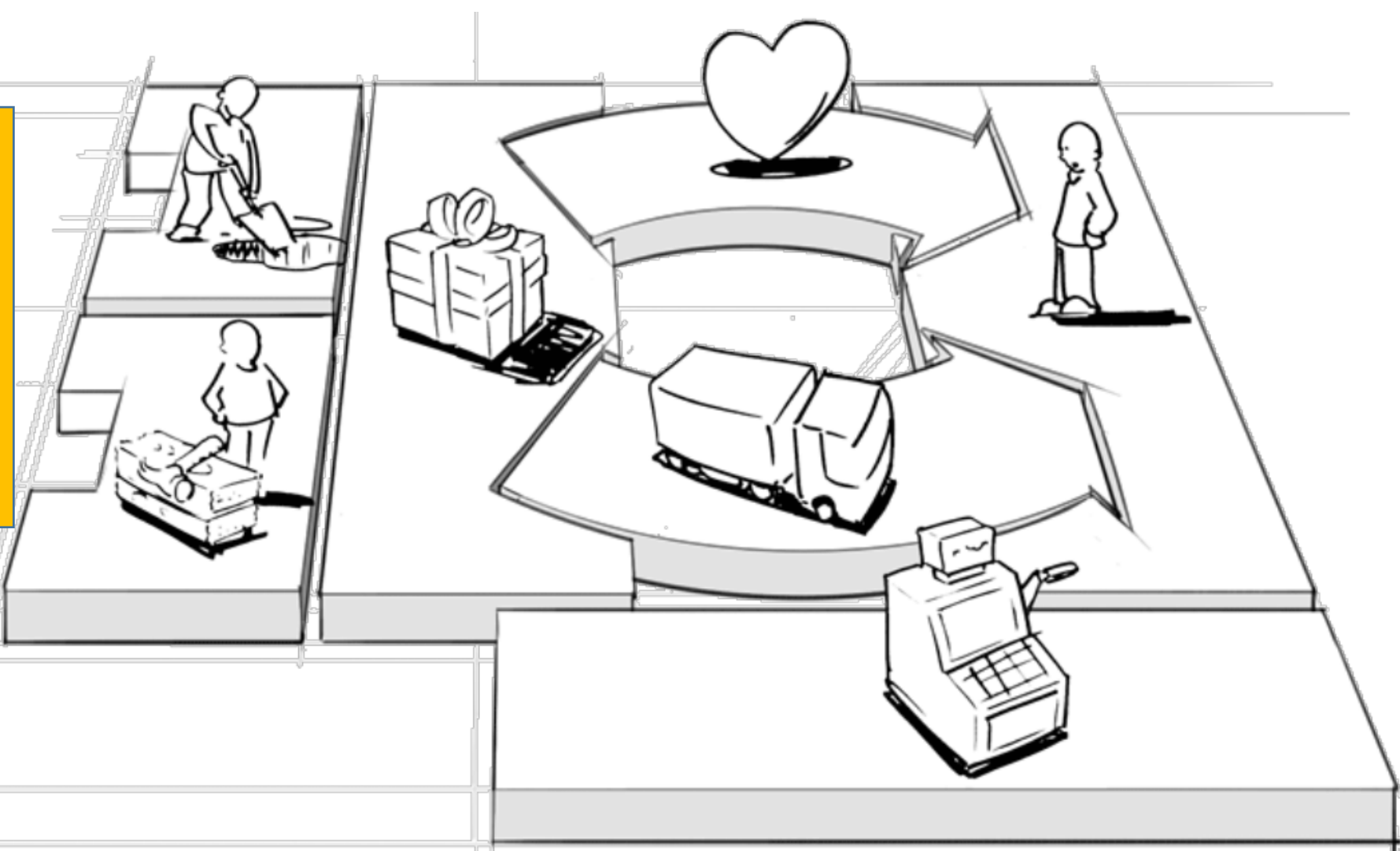
Key Resources

- 
1. Manufacturing plant
 2. Juice making experience
 3. Large kitchen

What Resources underpin your business model?

What assets are required to deliver previously described value?

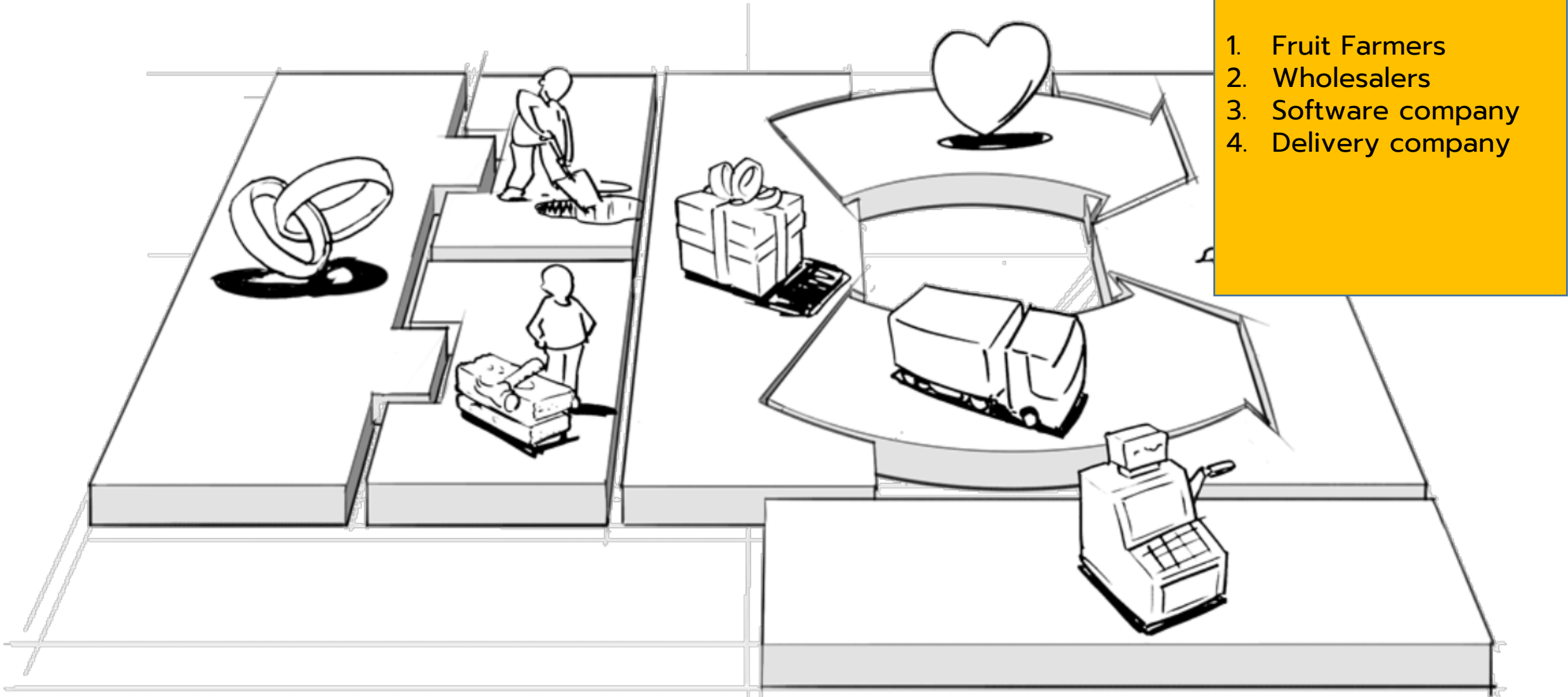
Key Activities

- 
1. Supplier engagement
 2. Acquire cold storage
 3. Juice production
 4. Engage distribution chain
 5. Brand development

What Activities must you implement for your model to succeed?

What are those key activities?

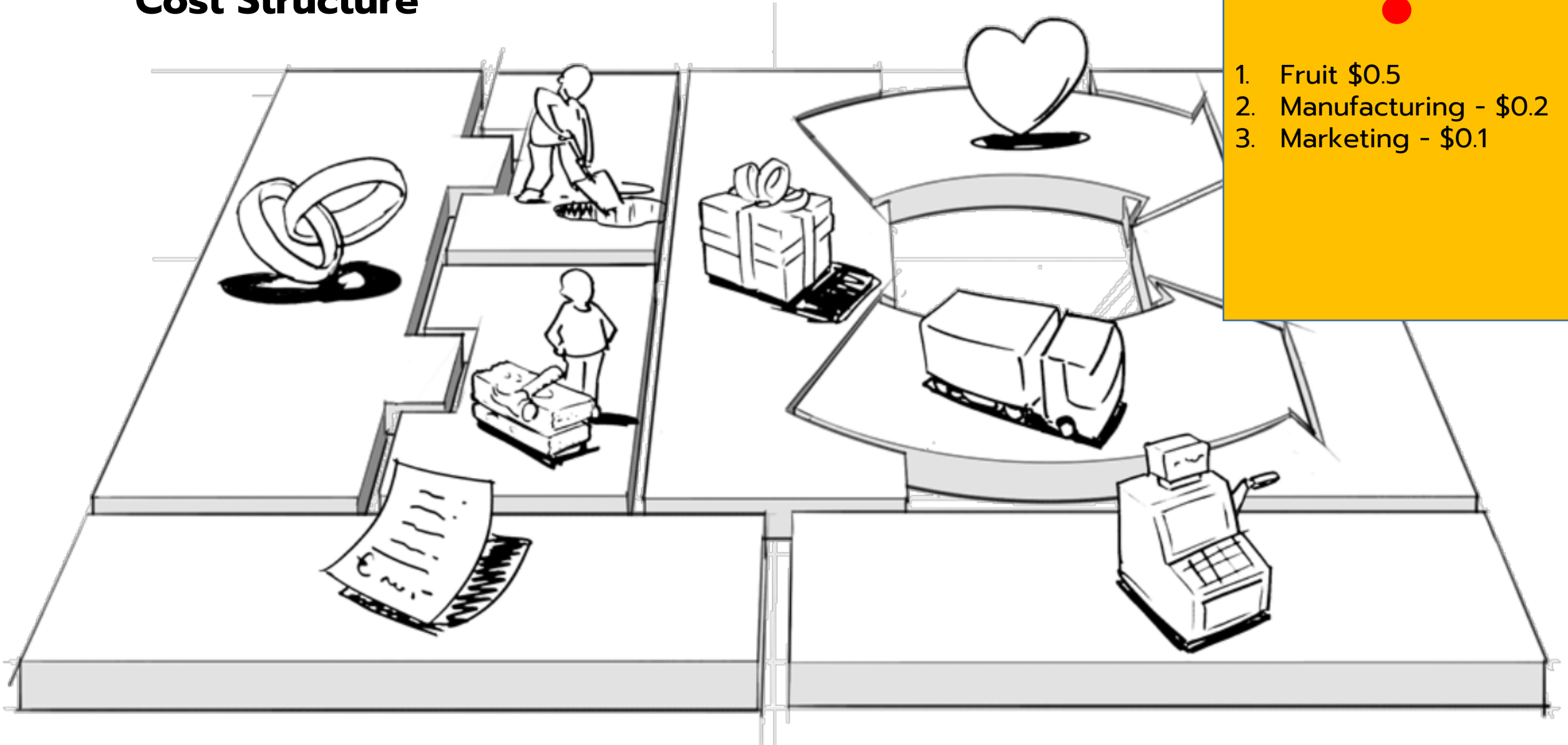
Key Partnerships



What partners/suppliers do you need to deliver value?

These may be outsourced services, input providers and others?

Cost Structure



What is the cost related to creating and delivering value?

Value Creation

Key Activities

Value Proposition

Customer Relationships

Value Delivery

Key Partnership

Key Resources

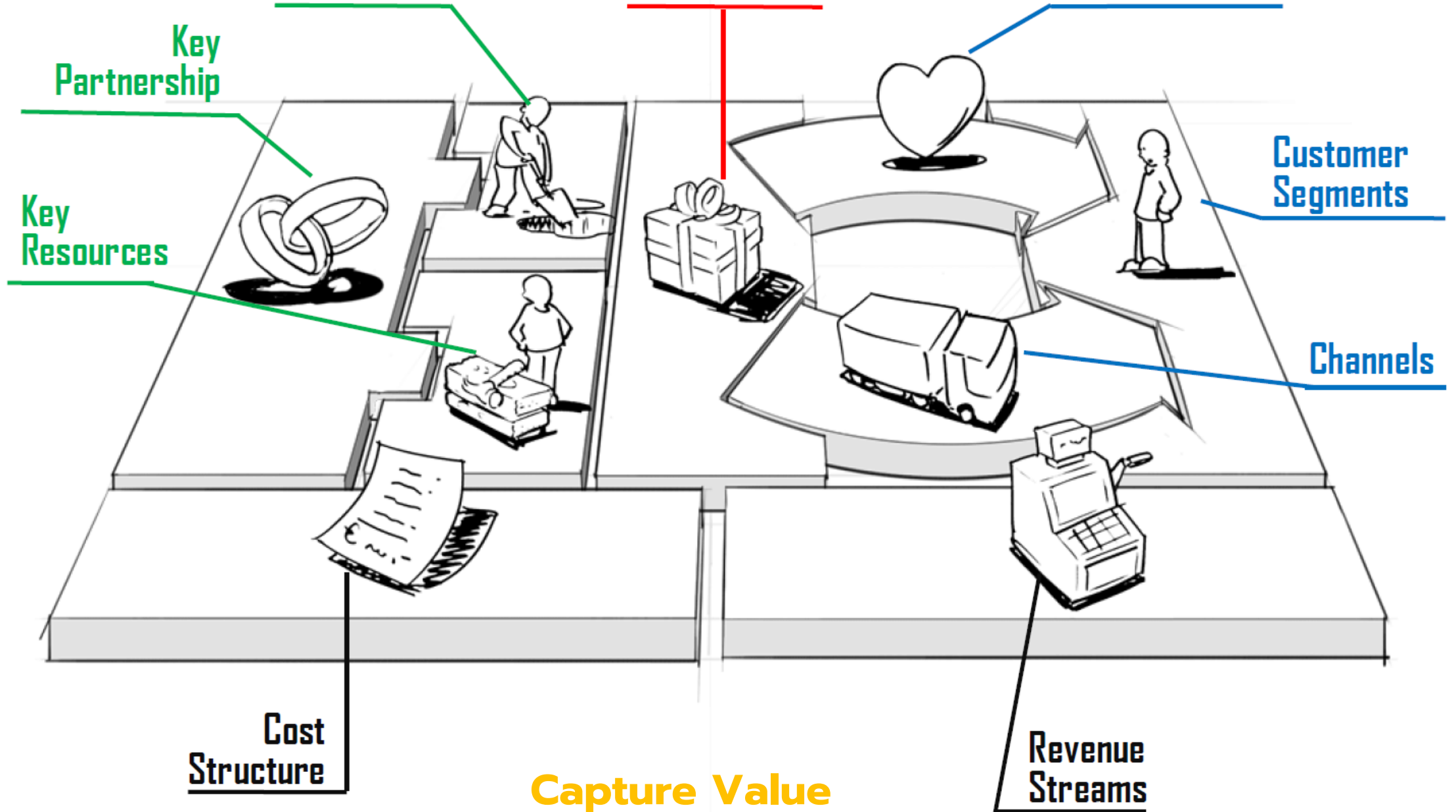
Customer Segments

Channels

Cost Structure

Capture Value

Revenue Streams



Task 1

Develop a Business Model Canvas for your business

Link to Canvas to be sent by email.

Key Partners



1. Fruit Farmers
2. Wholesalers
3. Software company
4. Delivery company

Key Activities



1. Supplier engagement
2. Acquire cold storage
3. Juice production
4. Engage distribution chain
5. Brand development

Key Resources



1. Manufacturing plant
2. Juice making experience
3. Large kitchen

Value Proposition



1. Refreshing healthy fruit juice
2. Convenient meal delivery

Customer Relationships



1. CRM
2. Monthly phone calls
3. Emailers.
4. Physical visits

Channels



1. Online
2. Wholesale
3. Physical outlet
4. Street vending outlets

Customer Segments



1. Urban middle class.
2. Rural farmers.
3. Slum dwellers.
4. Employed Individuals

Cost Structure

1. Fruit \$0.5
2. Manufacturing - \$0.2
3. Marketing - \$0.1



Revenue Streams

1. \$2 per bottle
2. \$5 per food delivery



The value Proposition and Product Market Fit

#1 STARTUP MISTAKE Building Something Nobody Wants

TOP 10 STARTUP MISTAKES



It is only considered value if it solves the customers problem.

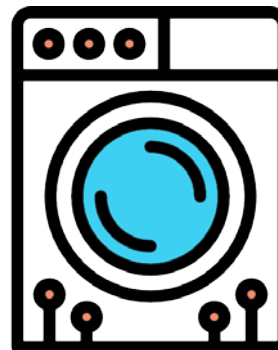
Value

- Price
- Taste
- Getting the job done
- Health

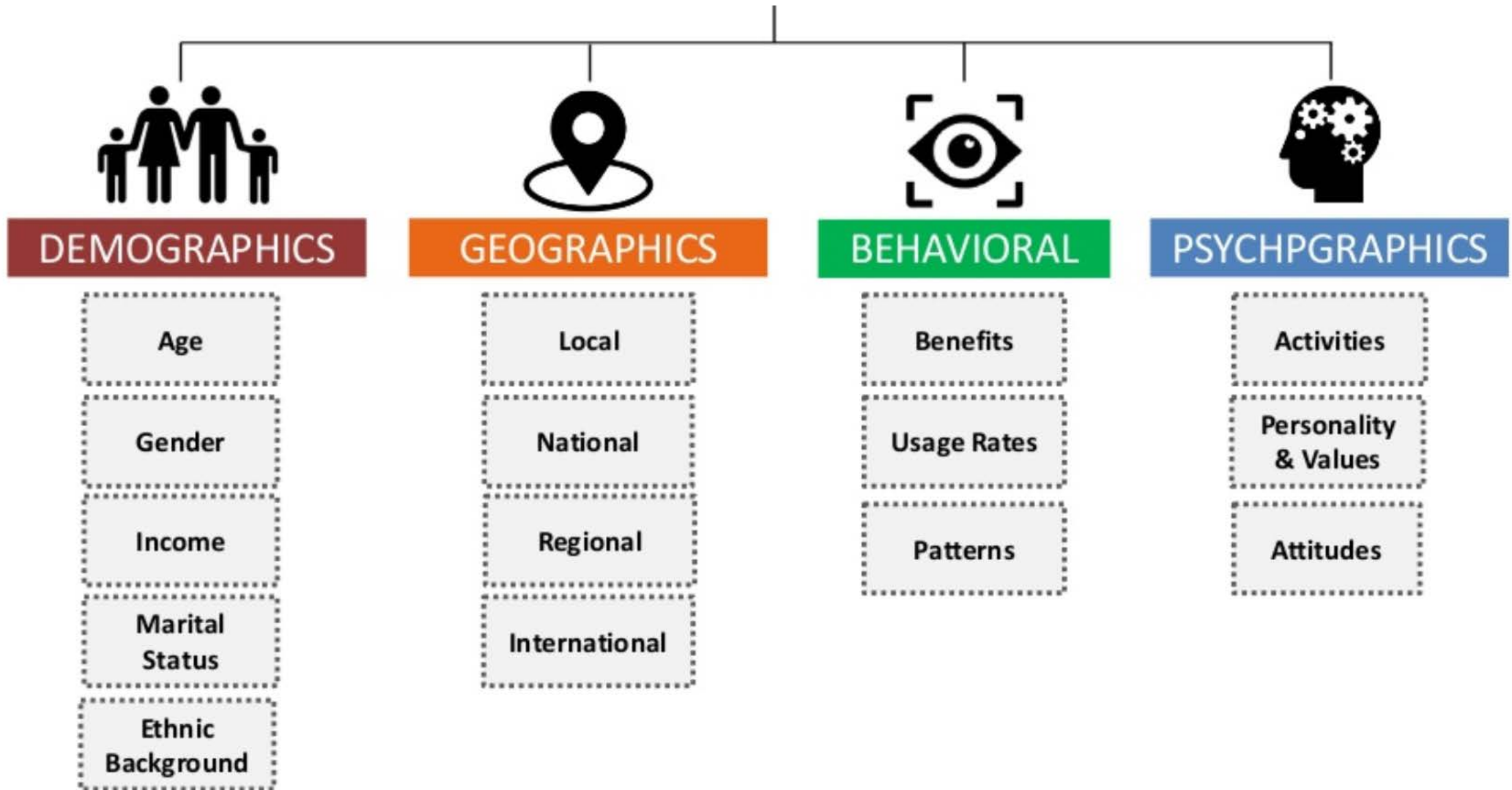


Customer problem

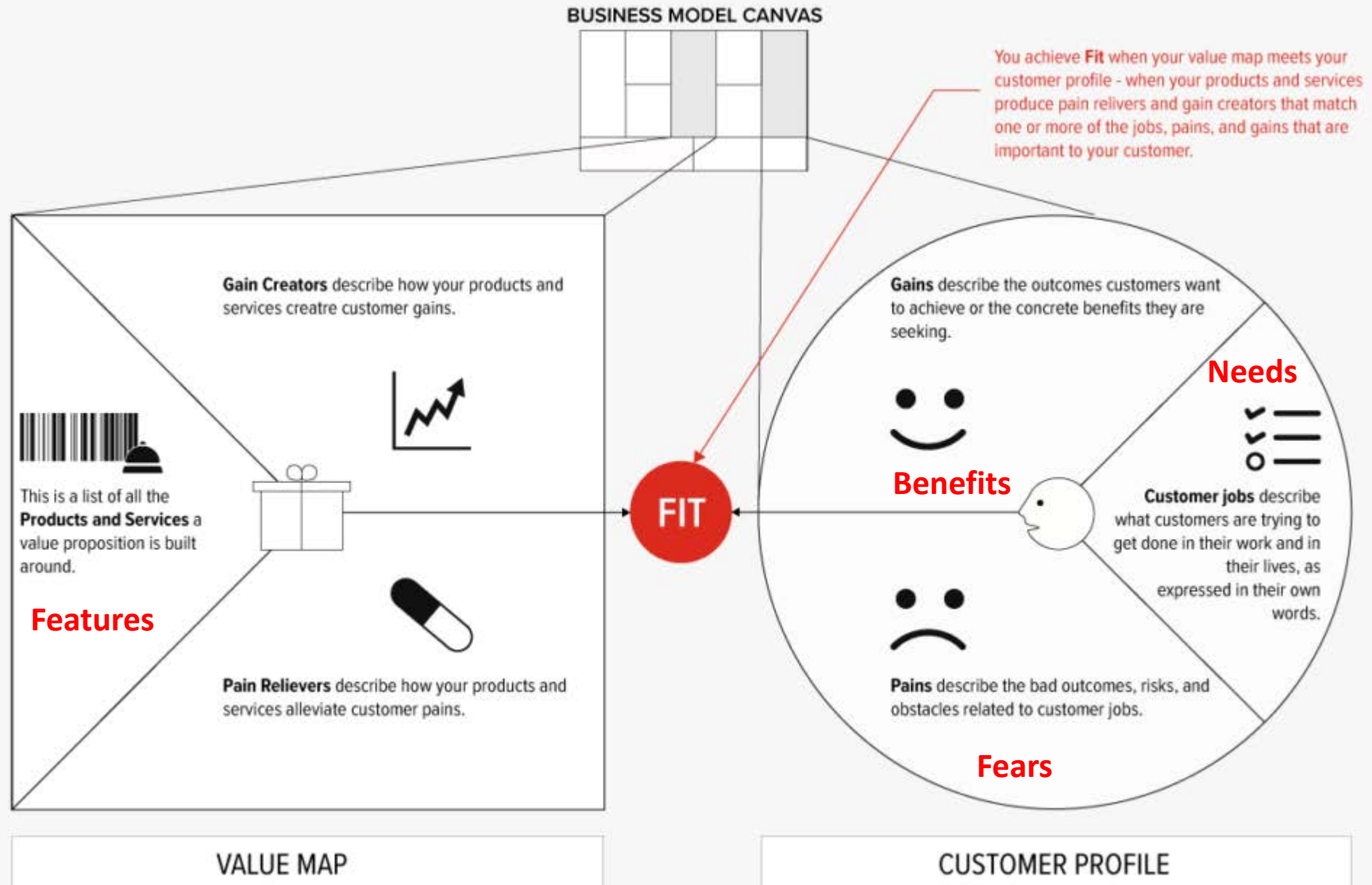
- Expensive alternatives.
- Farm wastage.
- Hunger
- Boredom



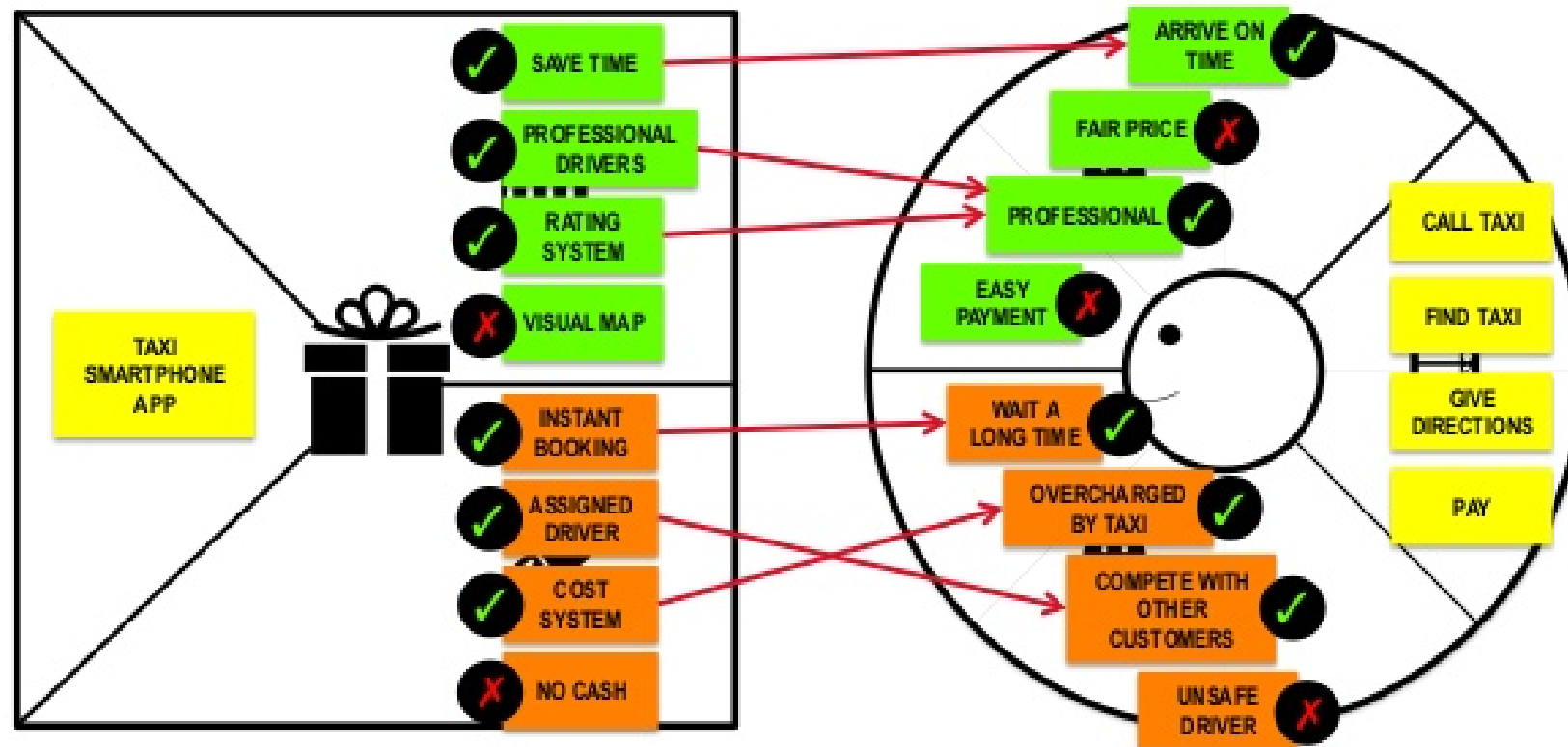
Market Segmentation.



The Value Proposition Canvas & Product market fit.



Taxi Smart phone application.



Check marks signify that products and services relieve pains or create gains and directly address one of the customer's jobs, pains or gains.



Cross marks show which jobs, pains and gains the value proposition does not address.

Task 2

Develop a Value proposition Canvas for your business

Template to be shared

Unit Economics

UNIT ECONOMICS. “direct revenues and costs associated with a particular business **model**, and are specifically expressed on a per **unit** basis”

Cost to produce 1 unit and what you will make off it.

Unit Economics for Pineapple Juice Brand

Revenue per unit sold	\$2
Cost per Unit Cost of Goods Sold Pineapple \$0.3 Bottle \$0.1, Branding \$0.1	\$0.5
Gross Profit	\$1.5
Fixed Costs Rent, Loan amortization for equipment, Salaries, Utilities	\$0.3
Selling General & Admin Expenses Marketing, Distribution, Merchandizing, Admin	\$.2
Net Profit	\$1

Task 3

Develop your unit economics

Recap

Business should always start with the customer, Are you efficiently creating and delivering value to a customer?

1. Business Model Canvas- Helps Define the who, what, how and how much of your business?
2. Value proposition Canvas helps you identify product market fit, by clearly understanding how your business solves customer pains.
3. Unit economics help you understand the viability of your business and better appreciate the numbers.