

PRE-PLANNING PROCESS WORKBOOK

Introduction to Business Model Development

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Welcome back to this third workbook in the Pre-Planning Process series! Congratulations on reaching this crucial milestone. Your journey thus far sets you apart, showcasing your dedication and resilience—qualities that are vital, considering that many businesses face significant challenges in their early years. In fact, it's probably why a significant number of startups don't make it to their fifth year. But here you are, ready to take the next big step towards turning your vision into reality.

Now, if you've jumped straight to this workbook, we're not here to shame. We get it; the entrepreneurial path is as unique as your business idea. However, to get the most out of this experience, we highly recommend circling back to the first two workbooks if you haven't already. You can find them here:

- [Competitor Customer Analysis](#) (Part of the Know Your Customer/Pre-Vision Interviews step, Step One)
- [Introduction to Core Cost Analysis](#) (Step Two)

Completing these workbooks will not only enhance your understanding but also enable you to leverage some of the innovative tools we're about to introduce more effectively. This workbook is designed to assist you in thinking more deeply about your business model and to utilize AI to help brainstorm and develop your unique business proposition.

Heads-Up: Navigating AI With Care:

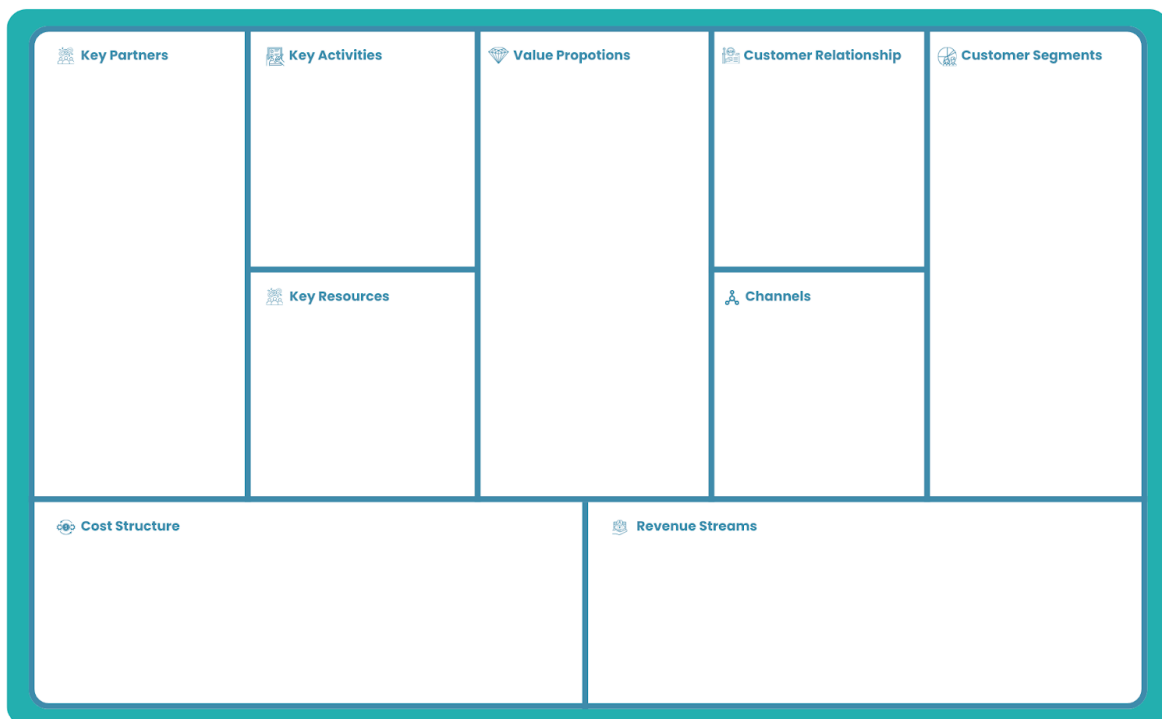
Venturing into AI's role in business planning? Hold up and hear us out first. There's a side of AI that doesn't always make it into the spotlight – its limitations. It's like a GPS; super helpful, but sometimes it doesn't know about the new roadblocks or the freshly paved streets. That's why we've crafted a no-nonsense guide on our [AI Essentials](#) section. It's your go-to for understanding how to use AI tools wisely without missing the human element—because when it comes to your business, the nuance and expertise you bring to the table are irreplaceable. Remember, AI is a tool in your entrepreneurial toolkit, not the craftsman. Use it to brainstorm and get the wheels turning, but when it comes to strategy and

final decisions, that's all you. Get the full picture of [AI's Limitations & Considerations](#) on our website.

Diving Into the Business Model Canvas

The Business Model Canvas is an essential tool for any entrepreneur. It allows you to visualize your business model in a structured, coherent manner, facilitating analysis and discussion. This strategic management tool, discussed in detail in the book [Business Model Generation](#) by Alexander Osterwalder & Yves Pigneur, will be our roadmap as we navigate the intricacies of building a robust, scalable business model.

BUSINESS MODEL CANVAS



The Importance of Hypothesizing Your Business Model Early On

Your journey through the Pre-Planning Process has prepared you for this moment. From understanding your customers through Pre-Vision Interviews and detailing your core costs with Core Cost Analysis, you've laid a solid foundation. These steps are critical as they feed directly into the development of your Business Model Canvas.

In this middle step of the Pre-Planning Process, creating your business model is about hypothesizing the real-world mechanics of your offering—how it creates value, delivers this value to customers, and captures sustainable profit. This phase is crucial for linking early insights on customers and core costs to the eventual operational details and startup and operational cost requirements essential for a proper start.

Embracing AI for Innovation and Creativity

In this workbook, we're also excited to introduce the role of ChatGPT Pro, especially the GPT-4 model, in your entrepreneurial toolkit. This cutting-edge AI technology is designed to facilitate brainstorming and decision-making processes, offering insights and suggestions that can help refine your business model. As we explore each component of the Business Model Canvas, we'll guide you on leveraging ChatGPT Pro to unlock new levels of creativity and innovation in your planning process.

As you brainstorm ideas for each section, you'll have the opportunity to lay them out on your own Business Model Canvas. Whether you prefer a digital layout via a Miro Board or the tactile sensation of sticky notes on a whiteboard, the choice is yours. This visual arrangement will not only assist in the organization of your thoughts but also in understanding the interconnections between the various components of your business model.

Let's Get Started!

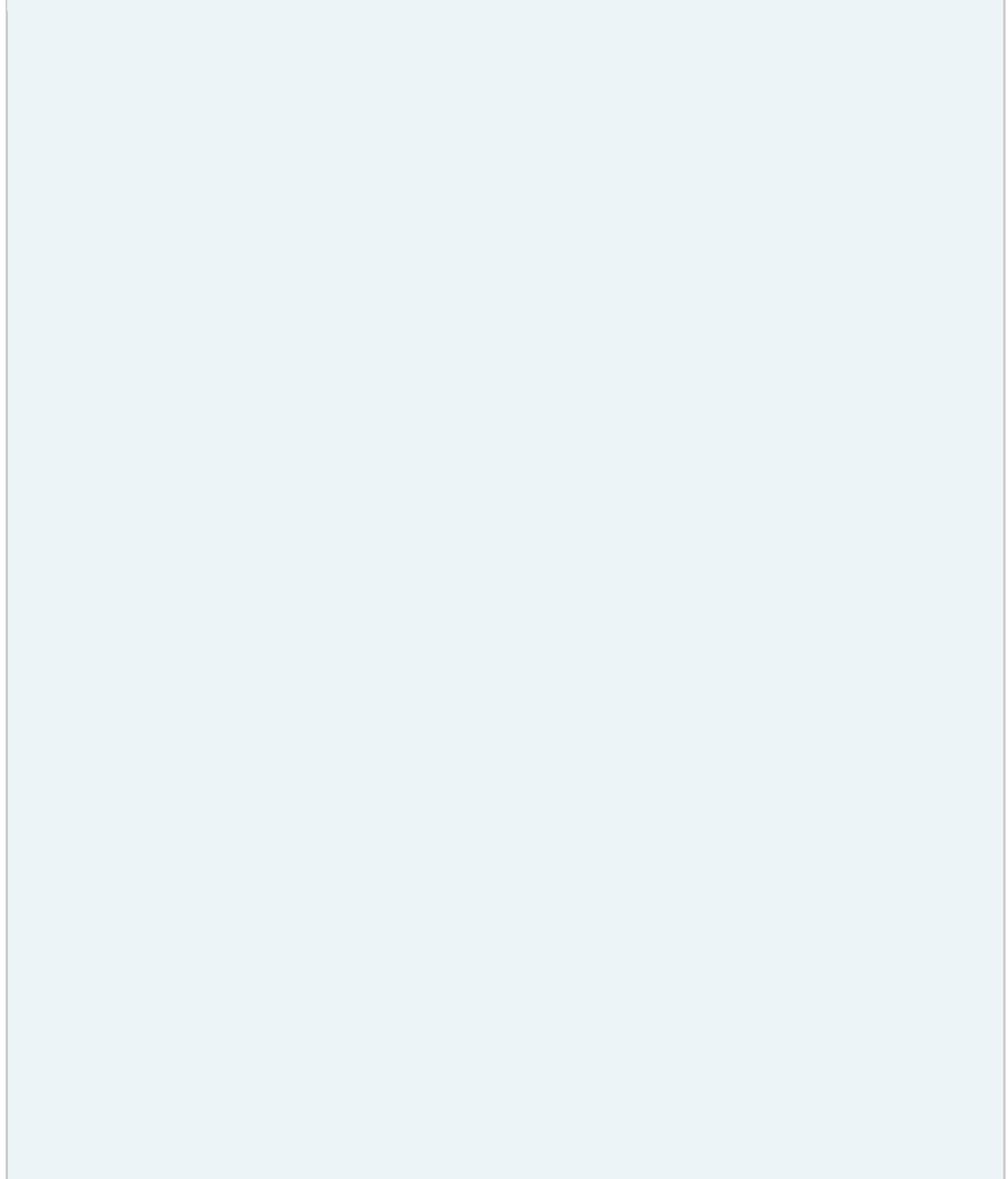
Module 1: Customer Segments

Understanding and identifying your customer segments are foundational steps in building a successful business model. This section draws heavily on the insights you've gathered from creating customer personas in the Competitor Customer Analysis workbook. These personas serve as a detailed blueprint of who your customers are, what they value, and how your product or service fits into their lives.

However, if you've bypassed that workbook or prefer a fresh start, fear not. You can still derive valuable insights about your customer segments by examining your direct and indirect competitors. But first, let's begin with some self-reflection to set the stage for identifying the customer segments you aim to serve.

Self-Reflection Questions for Identifying Customer Segments

- Who benefits most from my core offering? Consider the problems you solve or the desires you fulfill.
- What are the demographic characteristics (age, location, gender, income level) of my ideal customers? Consider how your core offering might resonate with distinct demographic groups of customers.
- What are the psychographic characteristics (interests, values, lifestyle) of my target customers?
- Are there distinct groups within my target market that have unique needs or ways they wish to use my core offering?
- How do my potential customers prefer to receive information and make purchases (online, in-person, social media)? This will help determine if there are segments that are unique in the place they purchase.
- What barriers might prevent customers from accessing my core offering, and which customer segments are most affected by these barriers?



Using GPT-4 to Identify Competitors' Customer Segments

Now, let's leverage the capabilities of GPT-4 to deepen our understanding of the customer segments our competitors target. This exercise will help us identify any segments we might have overlooked and inspire ideas for differentiation.

GPT-4 Prompt:

Here's how you'll structure your prompt:

"Given my core offering is [Briefly Describe Your Core Offering], and considering my direct and indirect competitors are [Competitor 1], [Competitor 2],... I'm using Strategyzer's Business Model Canvas as a framework to map out my business model. Identify potential customer segments targeted by these competitors, referencing the Business Model Canvas for context. Include demographic and psychographic characteristics, preferences, and behaviors that define each segment."

By combining insights from your self-reflection and the GPT-4 brainstorming exercise, you'll have a comprehensive view of the customer segments you wish to serve.

Customer Segments: A Practical Example

For those of you who have journeyed with us from the beginning, you'll recall our exploration into competitor customer personas in the first workbook. Continuing with the same core offering example and direct and indirect competitors, we delve deeper into identifying customer segments. If this is your first workbook in the series, no worries. This example will illustrate how to leverage insights from examining your competitors to identify and brainstorm potential customer segments for your business.

Example Prompt and Results:

"Given my core offering is a coffee ordering mobile app that allows office managers to order coffee for their team or individuals to order coffee for friends without interrupting social time, and considering my direct and indirect competitors are Starbucks Mobile & Online Ordering, Dunkin' Mobile App, and Canteen Office Coffee Service, we use Strategyzer's Business Model Canvas as a framework. The task was to identify potential customer segments targeted by these competitors, including demographic and psychographic characteristics, preferences, and behaviors."

Results from GPT-4:

Let's break down the potential customer segments targeted by your competitors, considering both demographic and psychographic characteristics, preferences, and behaviors.

Starbucks Mobile & Online Ordering

Customer Segments:

- **Professionals and Remote Workers:** Individuals who work in offices or remotely and prefer high-quality, customizable coffee options. They value convenience and often use mobile ordering to save time or to continue working without interruption.
 - » *Demographics:* Aged 25–50, both genders, employed, higher income brackets.
 - » *Psychographics:* Value efficiency, quality, and brand reputation. They are tech-savvy and seek premium experiences.
- **Students:** College or university students who use coffee shops as a place for study and social gatherings. They often order digitally for convenience or to avoid queues.
 - » *Demographics:* Aged 18–24, both genders, enrolled in higher education institutions.
 - » *Psychographics:* Seek convenience, moderate prices, and social environments. They are highly mobile and digital natives.
- **Loyalty Program Enthusiasts:** Customers attracted to the rewards and personalization offered through Starbucks' loyalty program. They prefer to order via the app to collect points and receive personalized offers.

- » *Demographics*: Broad age range, skewing towards individuals with disposable income.
- » *Psychographics*: Value savings, personalization, and are brand loyal. They are motivated by rewards and often make purchasing decisions based on points or special offers.

Dunkin' Mobile App

Customer Segments:

- **Commuters and Early Morning Workers**: Individuals who prefer quick, on-the-go options at competitive prices. Dunkin' appeals to those seeking convenience and speed during their morning routines.
 - » *Demographics*: Aged 25-55, both genders, early risers or shift workers, middle-income.
 - » *Psychographics*: Prioritize convenience, speed, and value for money. They are less concerned with customization and more focused on reliability and efficiency.
- **Value-Conscious Consumers**: Customers looking for affordable coffee and food options. They are attracted to Dunkin' for its competitive pricing and promotions.
 - » *Demographics*: Broad age range, often with a focus on middle-income families and individuals.
 - » *Psychographics*: Seek value, convenience, and are often swayed by promotions and discounts. They may be less brand loyal and more price-sensitive.

Canteen Office Coffee Service

Customer Segments:

- **Small to Large Businesses (B2B)**: Organizations looking to provide coffee services for their employees as a perk or to enhance productivity. This includes a range of businesses from startups to large corporations.
 - » *Demographics*: Business clients across various industries and sizes.
 - » *Psychographics*: Value efficiency, employee satisfaction, and productivity. They seek reliable and hassle-free services to support their teams.

- **Office Managers and HR Professionals:** Individuals responsible for managing office supplies and employee well-being. They look for convenient, quality coffee solutions that can be easily managed and cater to diverse tastes.
 - » *Demographics:* Aged 25–55, both genders, in roles related to office management or human resources.
 - » *Psychographics:* Seek to improve office morale and productivity, value convenience, and are decision-makers for office supplies and benefits.

How This Information Can Help You Brainstorm:

This detailed segmentation can significantly aid in brainstorming customer segments you may not have initially considered. Understanding the scope of your competitors' target markets allows you to spot opportunities for differentiation and niche targeting. For example, while competitors focus on broad categories like professionals and students, you might discover an untapped segment within these groups or a completely new segment overlooked by others.

Pro-Tip: Mastering Conversational Prompting

Diving into AI can feel like a one-way street, but the secret is—it's a dialogue. ChatGPT isn't just a fancy oracle spouting wisdom; it's a conversational partner waiting for your cues. If the responses are too wide of the mark, narrow the scope. Tell it, "Let's hone in on the specifics, could you detail the nitty-gritty of what makes my competitors' key activities stand out?" It's all about the back-and-forth, refining your questions to sharpen AI's responses.

Think of it as a tennis match where your prompts are serves, and AI's responses are volleys. The more precise your serve, the better your volley, leading you to game, set, and match. So go ahead, get into that rally with AI, and don't settle for the first answer—push for the ace.

Module 2: Value Propositions

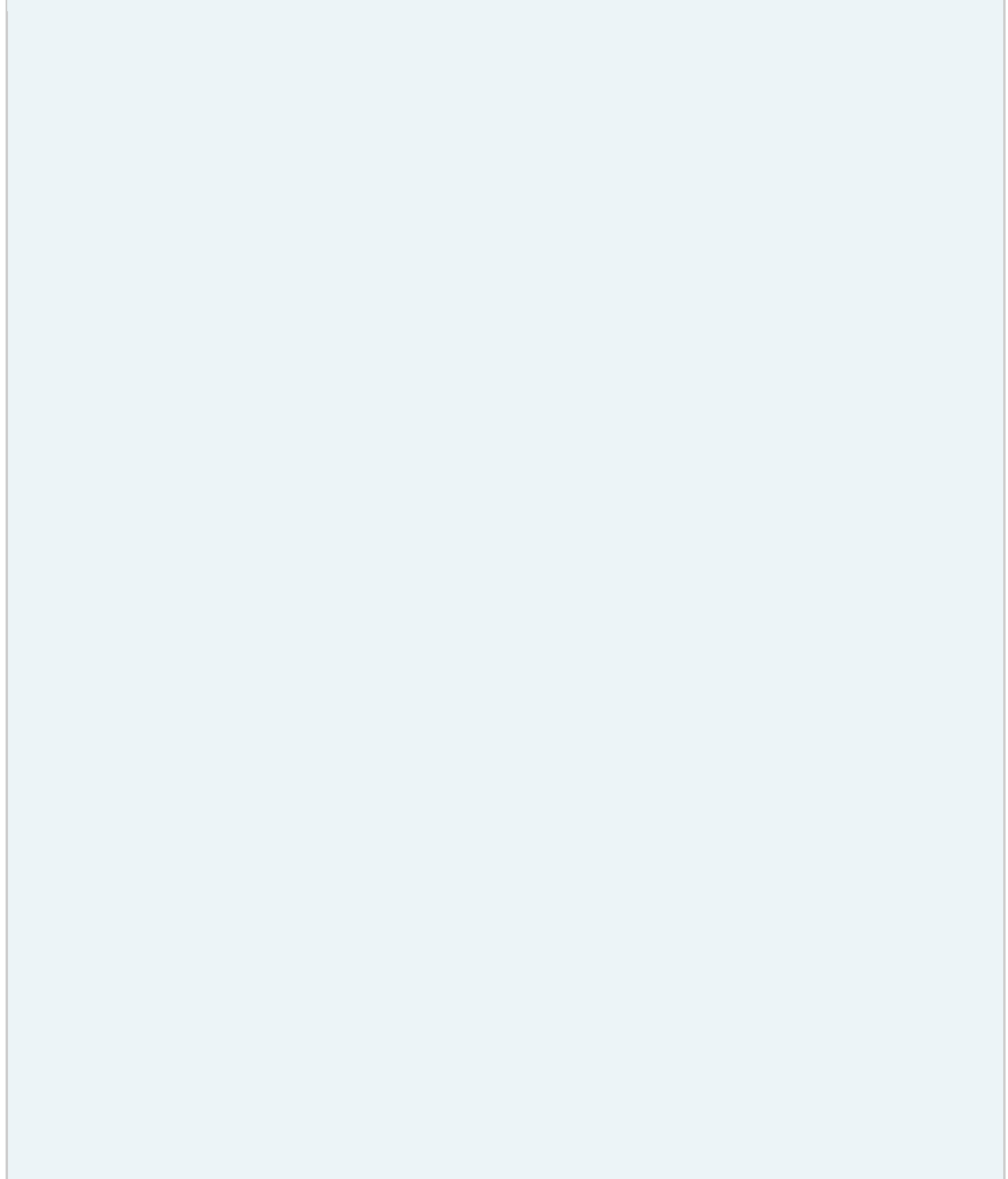
Now that we've laid the groundwork with a deep dive into identifying your customer segments, it's time to pivot towards one of the most critical, and central, components of your business model: the Value Propositions. This is where you articulate the unique value your business promises to deliver to those customer segments, distinguishing your offering from the competition and defining why customers should choose you.

Understanding Your Value Proposition

Your value proposition is the cornerstone of your business model, capturing the essence of what makes your offering unique and desirable. It answers the pivotal question: Why should your customers care about your product or service? This clarity is not just for your customers but also for your internal team to align around a singular vision.

Self-Reflection Questions for Identifying Unique Benefits

- What specific benefits does my core offering provide to my identified customer segments?
- How does my offering solve a problem or fulfill a need better than existing solutions?
- What aspects of my product or service are most appealing to my target customers?
- How can I articulate my offering's uniqueness in a simple, compelling way?
- Are there any emotional or social benefits associated with my offering that can enhance its value?



Leveraging GPT-4 to Analyze Competitors' Value Propositions

To refine and strengthen your value proposition, it's beneficial to understand how your direct and indirect competitors position themselves. This comparison can highlight areas for differentiation and opportunities to capture unmet customer needs.

GPT-4 Prompt:

"Given my core offering is [Briefly Describe Your Core Offering], analyze the value propositions of my direct and indirect competitors, such as [Competitor 1], [Competitor 2],... Highlight the key elements that make their offerings appealing to customers and identify any gaps or areas for improvement."

Module 3: Channels

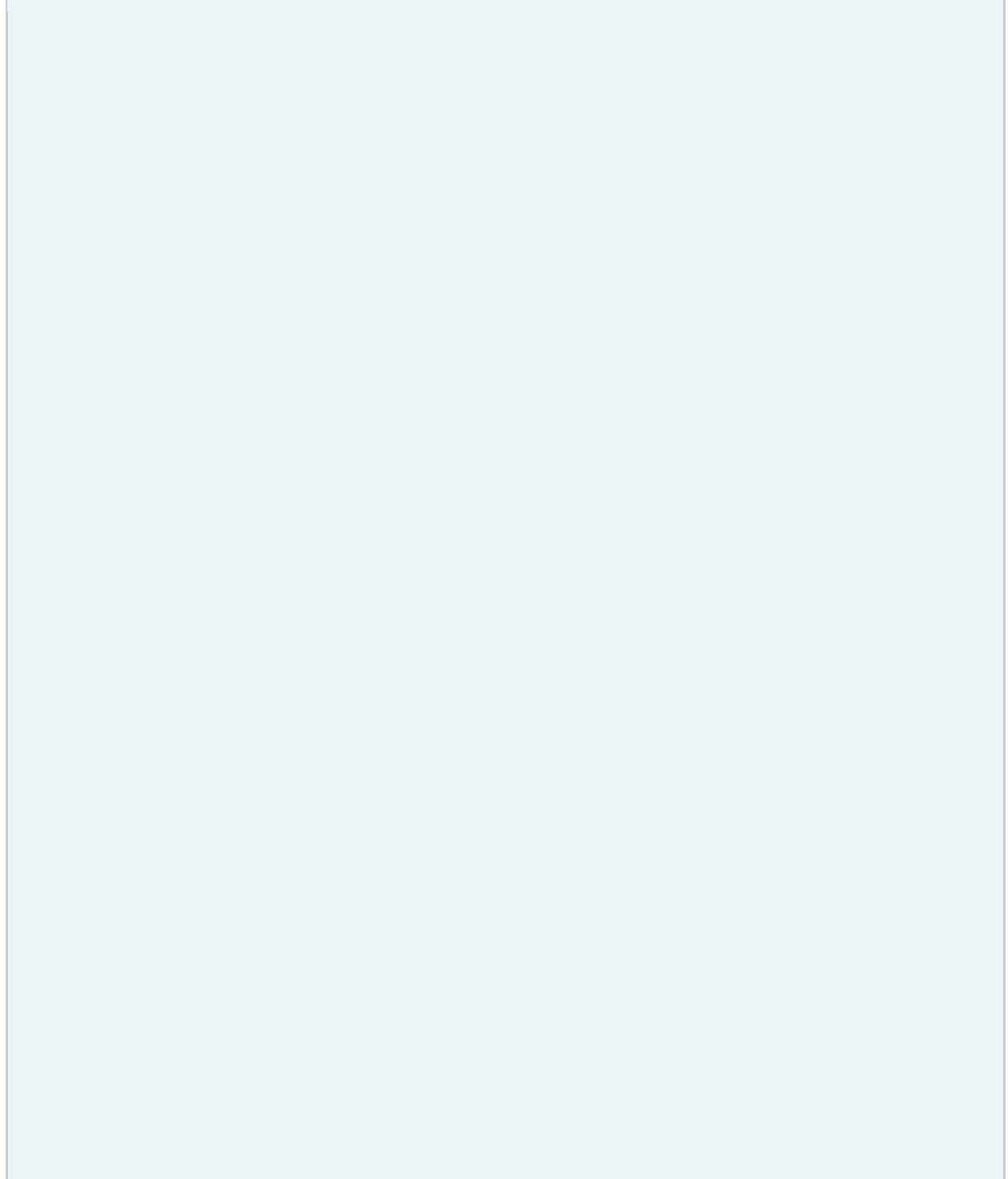
Following the articulation of your value proposition, the next step in refining your business model involves identifying and optimizing the channels through which your value proposition reaches your customer segments. Channels are the touchpoints that connect your business with its customers, playing a crucial role in the customer experience and the successful delivery of your value proposition.

The Role of Channels in Your Business Model

Channels serve multiple functions: they raise awareness among your customer segments about your company's products and services, allow customers to evaluate your value proposition, enable the purchase of products and services, deliver the value proposition to customers, and provide post-purchase support. Selecting the right channels is vital to ensuring your offering is accessible to your target customers in the most efficient and appealing manner.

Self-Reflection Questions for Channel Optimization

- Which channels do my customer segments currently use to discover, evaluate, purchase, and receive support for similar offerings?
- How do I prefer to interact with my customers at different stages of their journey, and how does this align with their preferences?
- What combination of channels can create a seamless and integrated customer experience?
- Which channels have been most effective for my competitors, and why?
- Are there underexploited channels that could serve as new avenues for reaching my customer segments or providing enhanced value?



Using GPT-4 to Explore and Evaluate Competitors' Channels

Understanding how your competitors use channels can provide insights into what works (or doesn't) within your market. This knowledge can help you to innovate or optimize your channel strategy to better meet the needs of your customers.

GPT-4 Prompt:

"Analyze the channels used by my direct and indirect competitors, such as [Competitor 1], [Competitor 2],..., to reach their customer segments. Consider how these channels contribute to the customer experience, and identify potential areas where my business could improve or differentiate."

Module 4: Customer Relationships

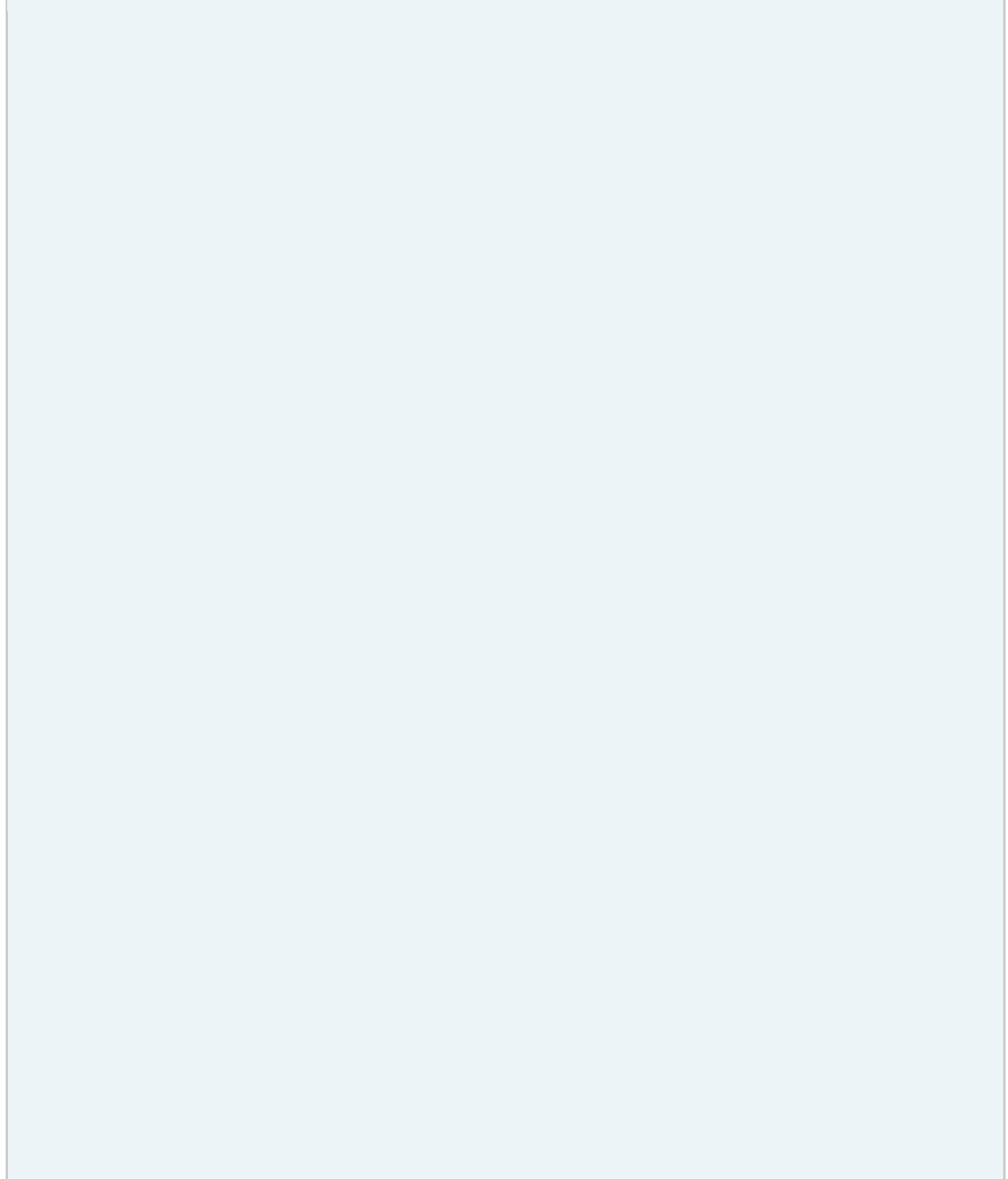
With your value propositions defined and channels identified, the next crucial component of your business model focuses on Customer Relationships. This element defines how you interact with customers through their journey, from initial contact, through the purchase process, and continuing post-purchase. Effective management of customer relationships enhances customer satisfaction, promotes loyalty, and increases retention.

Exploring Customer Relationship Strategies

The nature of your customer relationships should align with your business's overall objectives, value propositions, and customer segments' expectations. Whether you aim for personal assistance, self-service, automated services, or communities, choosing the right relationship strategies is key to fulfilling customer needs and preferences.

Self-Reflection Questions for Customer Relationships

- What kind of relationship does each of my customer segments expect to have with my business, and why?
- How can I manage and meet these expectations at a sustainable cost?
- What has been my competitors' approach to customer relationships, and how effective has it been?
- Are there innovative ways to enhance the customer experience that haven't been fully explored by my competitors?
- How can technology be leveraged to support and improve interactions with customers?



Using GPT-4 to Benchmark Competitors' Customer Relationships

To refine your approach, it's beneficial to examine how competitors manage their customer relationships and identify practices that lead to high customer satisfaction and loyalty.

GPT-4 Prompt:

"Assess the customer relationship strategies employed by [Competitor 1], [Competitor 2],... focusing on the effectiveness of these strategies across different customer segments. Highlight opportunities for differentiation or improvement in my business model."

Module 5: Revenue Streams

Having established your customer segments, value propositions, channels, and customer relationships, it's time to focus on Revenue Streams. This module will guide you through identifying and optimizing the ways in which your business will generate income. A deep understanding of your revenue streams is crucial for ensuring the financial viability and sustainability of your business model.

Understanding Revenue Streams

Revenue streams are the financial backbone of your business, representing the various sources from which money comes in. These can include sales of goods, subscription services, leasing, licensing, or any other means by which your business earns money from its customer segments.

Self-Reflection Questions for Revenue Streams

- For each customer segment identified, what are they truly willing to pay for, and why?
- What revenue models (e.g., subscription, transaction-based, licensing) align best with my value propositions and customer segments?
- How do my chosen channels influence the potential revenue streams?
- What are the pricing strategies employed by my competitors, and how can I differentiate my pricing to add real or perceived value?
- Are there untapped revenue opportunities that could be explored to diversify income sources?

Leveraging GPT-4 for Competitive Revenue Analysis

To further refine your revenue strategies, it's useful to analyze how your competitors generate their income and how effective these strategies are in attracting and retaining customers.

GPT-4 Prompt:

"Analyze the revenue streams of [Competitor 1], [Competitor 2],... including the effectiveness of these streams in engaging different customer segments. Identify any gaps in the market that my business model could exploit for competitive advantage."

Module 6: Key Resources

After aligning your customer relationship strategies, we move to another cornerstone of your business model: Key Resources. These are the assets critical to your business's ability to create and deliver value to your customers, sustain your operations, and achieve competitive advantage. Identifying these resources helps ensure that your business model is feasible and sustainable over the long term.

Identifying Your Business's Key Resources

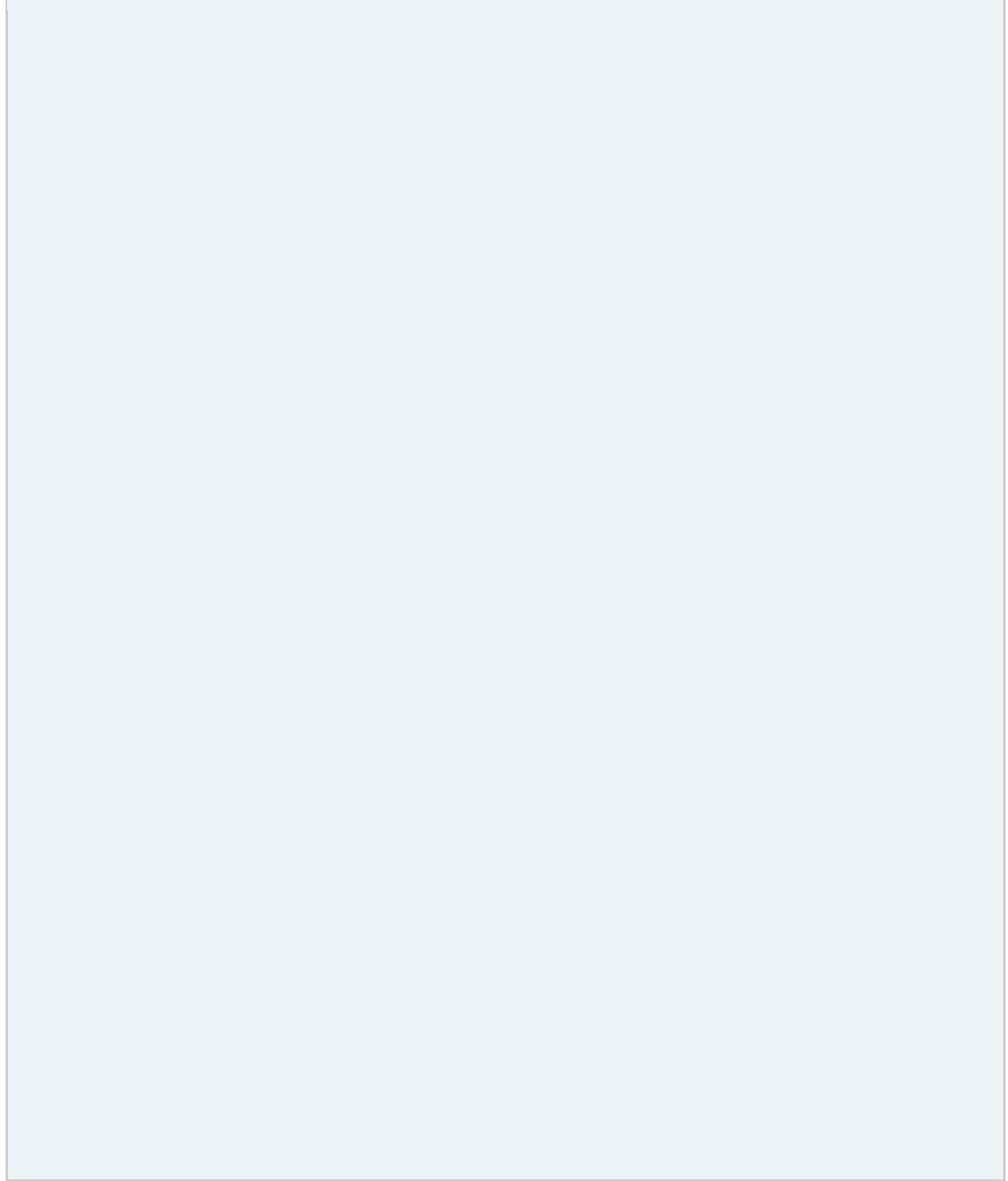
Key Resources can be physical, financial, intellectual, or human. The specific resources you need depend on the nature of your business, your value propositions, customer relationships, and the channels you utilize. This module helps you to identify and secure the assets that are essential for your business success.

Self-Reflection Questions for Key Resources

- What key resources are my value propositions built upon? This could be specialized knowledge, a skilled workforce, or a technological solution.
- Which resources are essential for maintaining my customer relationships and my distribution channels?
- How do my key resources compare with those of my competitors? Are there gaps or areas for improvement?
- What steps can I take to acquire, develop, or preserve these key resources?

Using GPT-4 to Analyze Competitors' Key Resources

To strengthen your understanding and strategic planning around key resources, it's insightful to examine how your competitors leverage their assets.



GPT-4 Prompt:

"Identify and analyze the specific and detailed key resources utilized by [Competitor 1], [Competitor 2],... for delivering their value propositions. How do these resources contribute to their competitive advantage, and what can I learn from this for my business model?"

Module 7: Key Activities

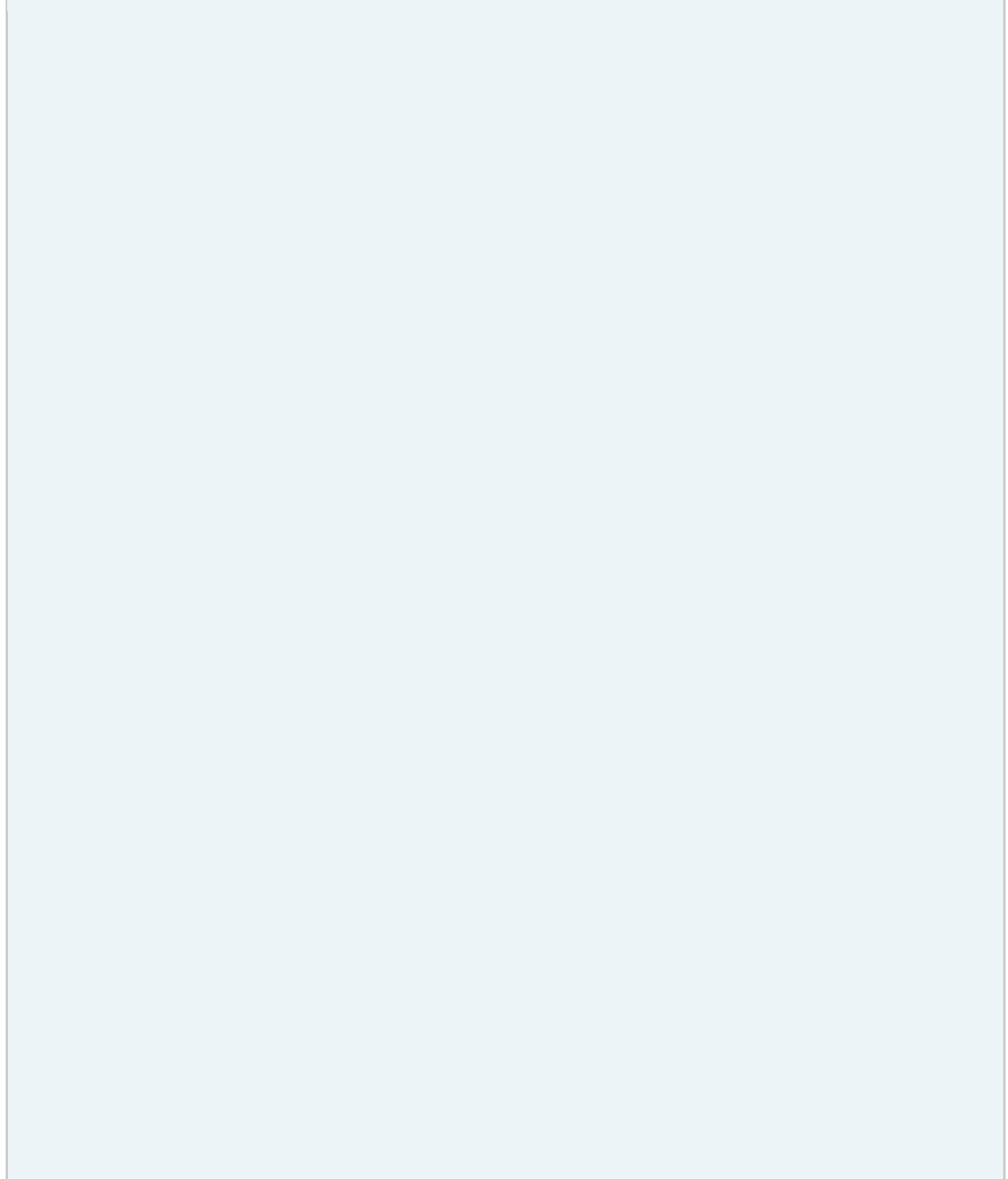
With a clear understanding of the key resources at your disposal, we transition to defining the Key Activities that underpin your business model. These are the most important actions your company must take to operate successfully, create and deliver your value proposition, reach markets, maintain customer relationships, and ultimately, generate revenue. Identifying these activities is vital for streamlining operations and focusing your efforts where they matter most.

The Essence of Key Activities

Key Activities vary significantly depending on the type of business model. They could range from production, problem-solving, platform/network management, to continuous innovation. This module helps you pinpoint exactly what your business must do to thrive.

Self-Reflection Questions for Key Activities

- What crucial actions are required to create and deliver my value proposition to my customer segments?
- Which activities are necessary for maintaining my distribution channels and customer relationships?
- What unique activities set my business apart from competitors and contribute to a competitive advantage?
- How do these activities align with my key resources?
- Are there ways to optimize or innovate these activities for better efficiency or effectiveness?



Leveraging GPT-4 for Insight into Competitors' Key Activities

Analyzing your competitors' key activities can offer insights into industry standards, innovation opportunities, and potential areas for differentiation.

GPT-4 Prompt:

"Examine the key activities of [Competitor 1], [Competitor 2],... in detail that support their value propositions and customer relationships. Identify areas where these activities contribute to their success or where there might be weaknesses. How can I apply these insights to enhance my business model?"

Module 8: Key Partnerships

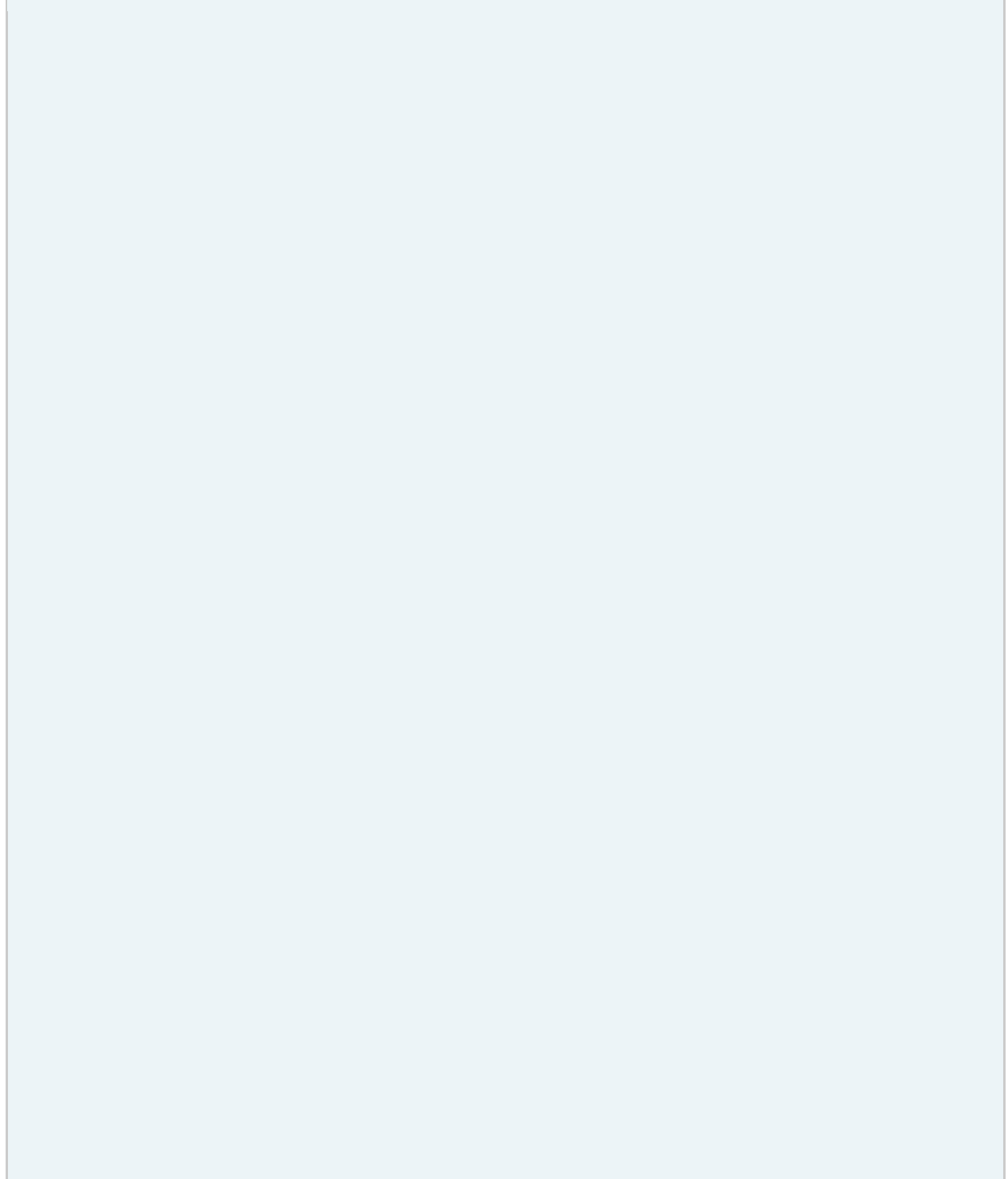
If you've previously navigated through the Core Cost Analysis workbook, you're already familiar with identifying vendors or partners linked to the costs of creating or delivering your core offering. In this module, we'll delve deeper into the ecosystem of your business, focusing on Key Partnerships. These partnerships encompass a wide range of collaborators, from vendors and suppliers to regulatory bodies and other entities essential for accessing key resources and performing key activities effectively.

Expanding Your Business Ecosystem

Key Partnerships are the relationships you establish that help optimize your operations, reduce risks, and access resources or markets that are otherwise out of reach. This module will guide you in identifying and evaluating these crucial relationships to fortify your business model.

Self-Reflection Questions for Identifying Key Partnerships

- Based on the key activities and key resources identified, what partnerships are essential to the success of my business?
- Which existing partners (identified in the Core Cost Analysis workbook) play a pivotal role, and how can these relationships be deepened?
- What gaps in resources or capabilities can be filled through strategic partnerships?
- How can partnerships with regulatory bodies or industry associations support my business in navigating legal and market challenges?
- Are there potential collaborations that could offer a competitive advantage or access to new markets?



Leveraging GPT-4 to Understand Competitors' Key Partnerships

Analyzing how your competitors utilize their partnerships can provide insights into effective collaboration strategies and highlight potential areas for innovation in your own partnership approach.

GPT-4 Prompt:

"Identify the key partnerships of [Competitor 1], [Competitor 2],... and evaluate how these collaborations contribute to their business models. Focus on the nature of these partnerships, their strategic importance, and any lessons that can be applied to improve or differentiate my business model."

Module 9: Cost Structures

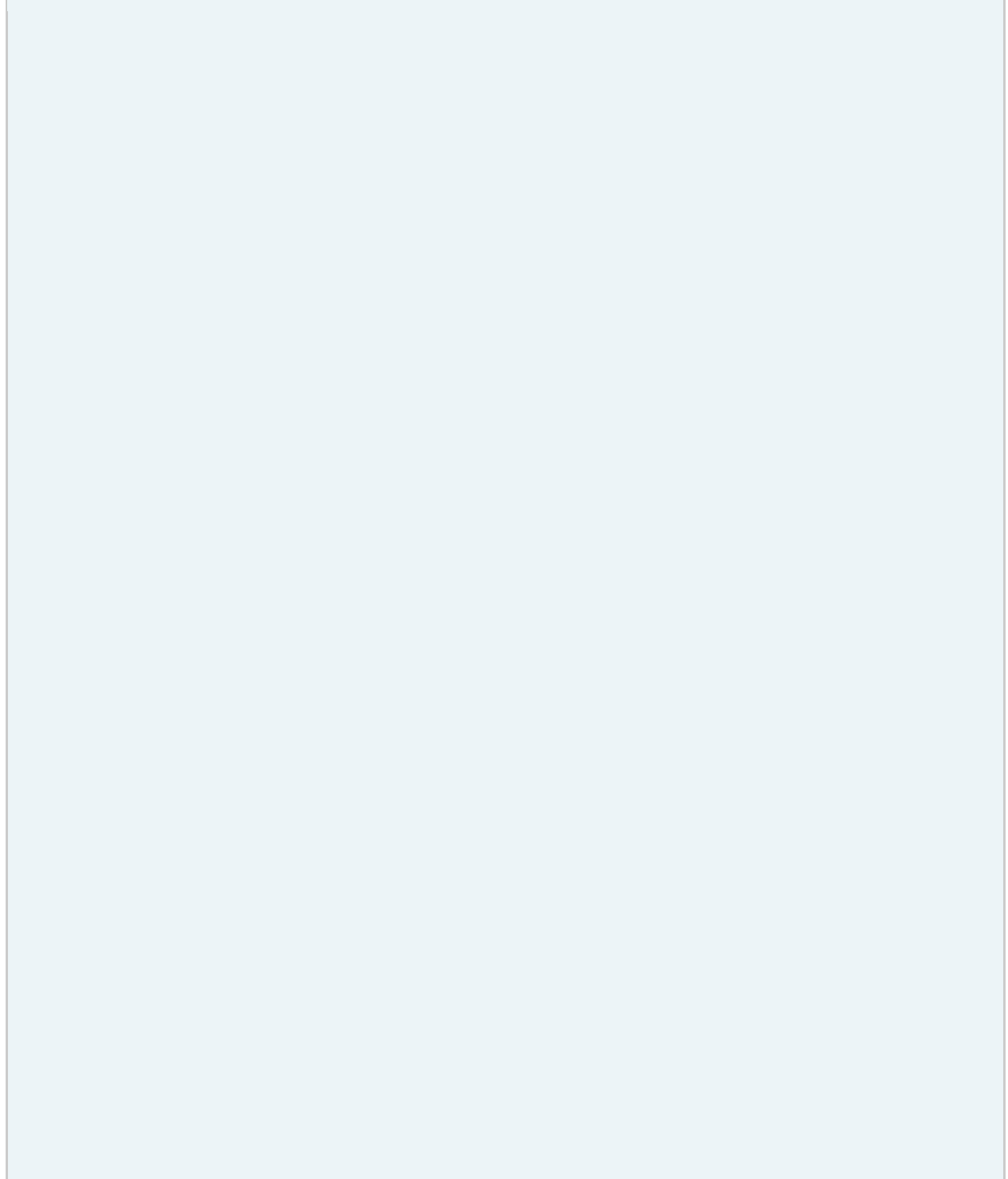
Building on the insights from the Core Cost Analysis workbook, where you likely identified various costs associated with producing or delivering your product or service, Cost Structures encourages you to cast a wider net. Here, we expand our focus to encompass the costs associated with working alongside key partners, supporting your key activities, and gaining access to key resources. The objective is to brainstorm and outline an overview of your business's cost structure.

Understanding Your Business's Cost Structure

Cost Structure is a critical component of your business model, outlining all the costs components needed to operate your business. It includes any fixed and variable costs you know you'll have but maybe haven't figured out the exact price yet, and it is essential for pricing strategy, maintaining profitability, and overall financial health. This module aims to help you identify and understand the broader scope of costs, beyond COGS and R&D, that impact your business.

Self-Reflection Questions for Cost Structure Analysis

- What are the costs involved in maintaining relationships with key partners, and how do these costs impact my overall cost structure?
- How do my key activities contribute to my total costs, including both direct and indirect costs?
- What resources represent the largest cost areas for my business, and are there strategies to manage these costs effectively?
- In light of my complete cost structure, how might pricing strategies need to be adjusted to ensure profitability?
- Are there potential cost-saving measures or efficiencies that can be realized without compromising on quality or value?



Using GPT-4 to Compare with Competitors' Cost Structures

A thorough analysis of your competitors' cost structures can reveal industry benchmarks and highlight areas where your business might achieve a competitive advantage through cost management or innovation.

GPT-4 Prompt:

"Analyze the cost structures of [Competitor 1], [Competitor 2],... focusing on how they manage the costs associated with their key partnerships, activities, and resources. Identify areas where they gain efficiencies or where there might be vulnerabilities. How can I leverage this knowledge to optimize my cost structure?"

Next Steps: Building Out Your Business Model Canvas

Having completed the modules, you've armed yourself with a wealth of information about each element of your business model. Now, it's time to take action and synthesize these insights into a coherent structure. This section guides you through analyzing your findings from all the modules and beginning the construction of your Business Model Canvas.



Analyzing Your Modules

Start by reviewing the notes and ideas you've generated from each module. Look for patterns, overlaps, and gaps. Think critically about how each element you've

identified fits within the broader picture of your business model. This analysis is a preparatory step for placing these elements onto your Business Model Canvas.

Visualizing on the Canvas

Grab your sticky notes—whether digital or physical—and begin to place each element you've identified onto the corresponding section of the Business Model Canvas. Don't hesitate to group similar ideas, reposition them, or even remove what no longer seems relevant. This is an iterative and creative process where flexibility is key.

Getting Creative with Your Canvas

Whether you're a digital native or prefer the tactile sensation of paper and pen, this is where your creativity comes into play. Doodle, sketch, or simply write down the elements, and then arrange them on the Business Model Canvas. The physical act of moving the sticky notes around can help solidify the structure of your business model in your mind.

Finalizing Your Overview

Once all elements are on your Business Model Canvas, take a step back. Look at the canvas in its entirety to ensure that each component is aligned with your overall business strategy. This overview is your hypothesis, a visual representation of your business that you will test and refine as you move forward.

Reflection and Preparation

This isn't the end, but the beginning of a cycle of iteration and refinement. The Business Model Canvas you've created serves as a living document that will evolve as your understanding deepens and your business grows. Prepare yourself for the next workbook, "Operations in Detail," where you will dissect these components to ensure comprehensive operational planning.

Now that your canvas is taking shape, remember that this is your blueprint for the future. It will guide you as you make the journey from concept to reality, from startup to successful enterprise.