

**BUSINESS
MODEL
DEVELOPMENT**

SPEAKER

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General Manager - MPGroup Thailand

**Healthcare - Applied Statistics - Mathematical & Business
Modeling - Venture Capital Funding - Quantum Physics - AI &
Machine Learning**

DAILY

OBJECTIVE

- 1. Have a clear business concept, product, and short hook (cont from last week)**
- 2. Understand what business model is and how to develop one that is relevant to your business**
- 3. Applying the concept to your project and be able to pitch to the floor**

TODAY SCHEDULE

09:15 - 09:30 Group discussion

09:30 - 10:00 Quick pitch, explain what you think your business model is

10:00 - 11:00 Business Model: What it is, why it's important (to get right)

11:00 - 12:00 How to create quick logo, Case example

12:00 - 13:00 Lunch

13:00 - 13:15 Workshop briefing

13:15 - 14:45: Workshop time

14:45 - 15:00 Break

15:00 - 16:00 Quick pitch with updated business model

GROUP DISCUSSION

Continuing from last week's pitch, please gather into your group and prepare to answer:

“What is your business model and why do you think that it should be your model”

GROUP DISCUSSION

15 Mins

WHAT IS BUSINESS MODEL

To answer that question, we first answer: What is BUSINESS?

Business is a value generation vehicle. Through investment, business generate value for customer, and the customer in turn provide back to the company financial gain in exchange for that value. Those gains, deduct with the operating cost becomes a company's profit returned back to the investor.

Business is a money generating machine

WHAT IS BUSINESS MODEL

**But is it easy to have a successful
business?**

Why or why not?

WHAT IS BUSINESS MODEL

Creating a new venture, every company have to decide on it's business model. What kind of questions are asked during this process?

WHAT IS BUSINESS MODEL

Am I a B2B Company, B2C, or B2B2C?

Do I make a one time sell or recurring sales?

Do I sell online or offline

Do I have after sales service or not?

Do I sell into market directly or through distributor?

Do I absorb the cost of shipping or make customer pay?

Do I allow credit card or just debit?

Do I manufacture or do I buy?

WHAT IS BUSINESS MODEL

These questions are important because they all have impact on:

TARGET MARKET

BUSINESS DIRECTION

OPTIMIZING HOW YOU WANT TO SPEND YOUR COST

Good business model allows business to thrive, while a bad one makes business struggle.

WHAT IS BUSINESS MODEL

So how can we answer if a business model is good or bad?

Turns out, there isn't a simple answer for every business, but there are some that are simply more logically sound and those tend to work out better.

WHAT IS BUSINESS MODEL

So what is the core component of your business model:

- 1) Customer Segment (who are you targetting, from last week exercise)**
- 2) Value proposition (what value [todo, pain, gain] are you giving your customer)**
- 3) Channel (how are you reaching your customer? touch point of your customer)**

WHAT IS BUSINESS MODEL

So what is the core component of your business model:

- 4) Customer Relationship (what kind of relationship do you want to establish with your customer?)
- 5) Revenue Stream (how and at what price is your business generating money)
- 6) Key Resources (internal, what is being used for the business to generate the revenue [ie. bank / bankers])

WHAT IS BUSINESS MODEL

So what is the core component of your business model:

- 7) Key activities (what to focus in order to perform well)**
- 8) Key partners (partner to help leverage business)**
- 9) Cost structure (how is cost generated by design to maximize top line to bottom line)**

WHAT IS BUSINESS MODEL

The focus from last time

- 1) Customer Segment (who are you targeting, from last week exercise)**
- 2) Value proposition (what value [todo, pain, gain] are you giving your customer)**

WHAT IS BUSINESS MODEL

Our focus for today

3) Channel (how are you reaching your customer? touch point of your customer)

5) Revenue Stream (how and at what price is your business generating money)

9) Cost structure (how is cost generated by design to maximize top line to bottom line)

WHAT IS BUSINESS MODEL

WHY? (In the order of importance)

9) Cost structure

5) Revenue Stream

3) Channel

WHAT IS BUSINESS MODEL

WHY? (In the order of importance)

9) Cost structure - Can be designed to arrive at determined profit. Highly dependent on cashflow timing, ability to achieve top line target and ability to make accurate forecast.

WHAT IS BUSINESS MODEL

Arriving at profit?

Revenue (sales price x volume)

- Goods cost

= Gross Profit

WHAT IS BUSINESS MODEL

Arriving at profit?

Revenue (sales price x volume)

- COGS (cost of good sold)
- SGA (selling, goods, and administrative)

= EBIT

- Interest
- Tax

= Profit

WHAT IS BUSINESS MODEL

By design?

Revenue

- COGS [Fixed, but reduce with economy of scale]
- SGA [Fixed, but reduce with economy of scale]

= EBIT

- Interest [Dependent on amount of debt]
- Tax [Corporate tax, use interest as deductible]

= Profit

WHAT IS BUSINESS MODEL

Problem

Revenue

- COGS [Incur as inventory before receiving money]
- SGA [Pay every month regardless of performance]

= EBIT

- Interest

- Tax

= Profit

WHAT IS BUSINESS MODEL

OPTIMIZE

- 1) Ensure consistent forecast of top line (can lock profit by design)
- 2) Having some debt so that interest can be use at tax deductible but too much that they cannot be paid back

RESULT

Business with sustained profit can generate value for investors and in long term tends to survive better than those that dont.

WHAT IS BUSINESS MODEL

Revenue Stream - How many ways can your business generate money?

WHAT IS BUSINESS MODEL

Floor question:

Central group builds a mall. List potential revenue stream for 1 central mall.

WHAT IS BUSINESS MODEL

Too many?

Unfocused, unbalanced, too little of everything and not enough of anything.

Too little?

Loss out on potential income.

WHAT IS BUSINESS MODEL

How many is ideal?

Company should have 2-3 main CORE revenue stream, and few alternative in the pockets either as replacement, substitute, or supplement.

WHAT IS BUSINESS MODEL

Channel - how many touchpoint can you have to sell to a customer?

Online (facebook)

Online (instagram)

Online (website)

Online (email)

Online (ads)

Offline (shopping mall)

Offline (convenient store)

Offline (through distributor)

Offline (through warehouse sales)

WHAT IS BUSINESS MODEL

Channel - how many touchpoint can you have to sell to a customer?

Companies of options from hundred and hundreds of possible sales channel, but company cant work on all of them, why?

WHAT IS BUSINESS MODEL

Channel - how many touchpoint can you have to sell to a customer?

Decide: From your customer segment, list 2-3 best ways to reach them.

Go with 2-3 alternative, that can be use as replacement, substitute, or supplement.

WHAT IS BUSINESS MODEL

Whats a right (or sort of right) business model.

Work together:

WHAT IS BUSINESS MODEL

Case 1: Walking kane for senior citizen

COST STRUCTURE

REVENUE STREAM

CHANNEL

WHAT IS BUSINESS MODEL

Case 1: Walking kane for senior citizen

What could be a bad case?

COST STRUCTURE - Either very high COGS (allow no room for SGA) as products are not easily reached to customer and will bear high SGA in order to sell.

REVENUE STREAM - One time buy of kane.

CHANNEL - BTS station (direct customer not in proximity and secondary customer may not be interested to buy on the spot)

WHAT IS BUSINESS MODEL

Case 2: Gaming mobile phone

COST STRUCTURE

REVENUE STREAM

CHANNEL

WHAT IS BUSINESS MODEL

Case 2: To do list, Application

COST STRUCTURE

REVENUE STREAM

CHANNEL

WHAT IS BUSINESS MODEL

Conclusion: There isn't a one model fit all business deal, and all models need to be optimized and test, but they can be logically sound from day 1 with some careful planning.

Hence, development!

CREATING QUICK LOGO

Basic technique is just using a combination of font, color, and background



Service at Home



Service at Home



Service at Home



SERVICE AT HOME



Service at Home



Service at Home



Service at Home

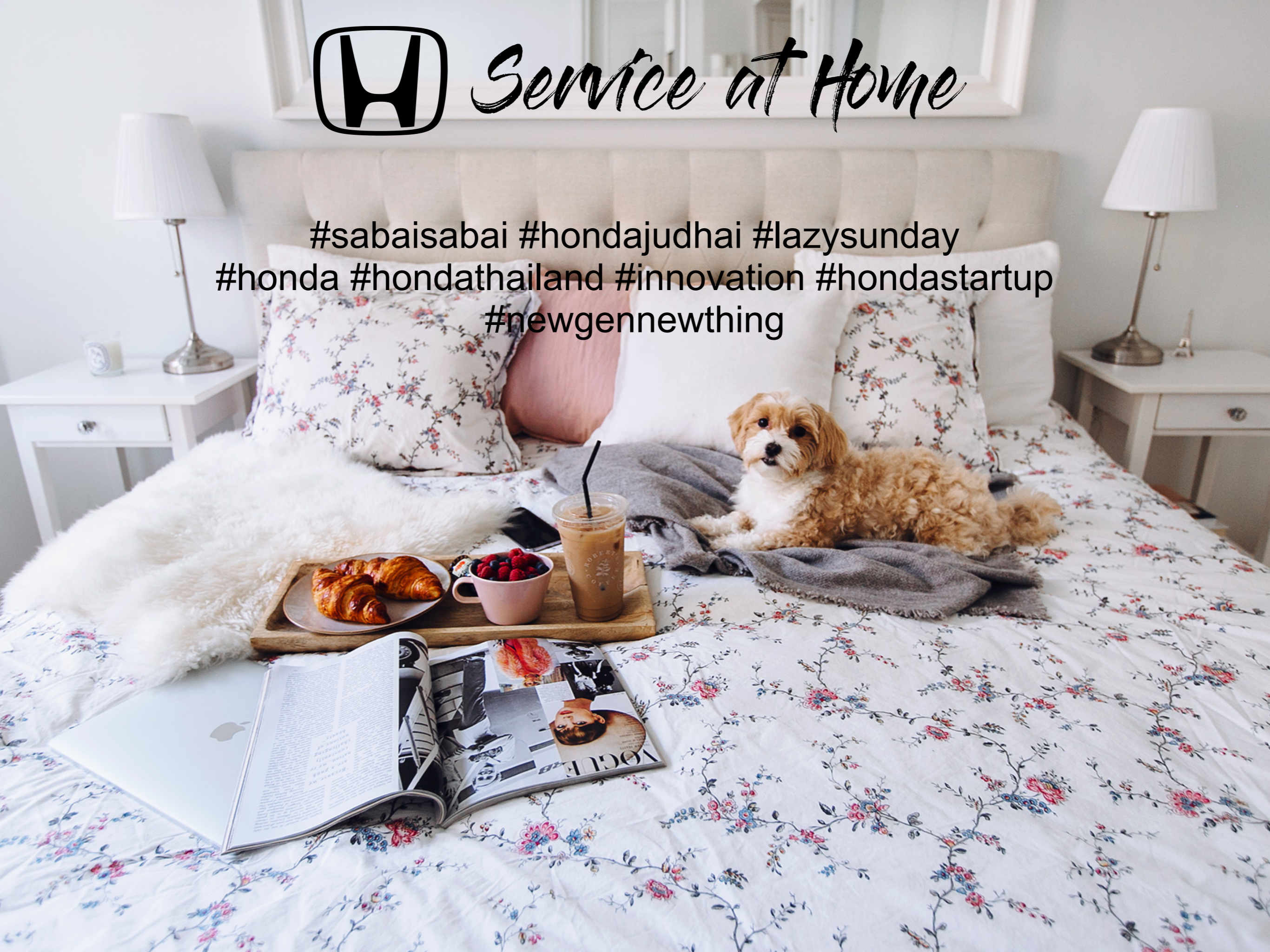


SERVICE AT HOME



Service at Home

#sabaisabai #hondajudhai #lazysunday
#honda #hondathailand #innovation #hondastartup
#newgennewthing



BUSINESS MODEL CASE (do together)



What is this company?

BUSINESS MODEL CASE (do together)



What is their business model?

1) Customer Segment

2) Value proposition

BUSINESS MODEL CASE (do together)



What is their business model?

COST STRUCTURE

REVENUE STREAM

CHANNEL

Notion of time

BUSINESS MODEL CASE (do together)

SCB
ไทยพาณิชย์



What is this company?

BUSINESS MODEL CASE (do together)

SCB
ไทยพาณิชย์



What is their business model?

1) Customer Segment (who are you targetting, from last week exercise)

2) Value proposition (what value [todo, pain, gain] are you giving your customer)

BUSINESS MODEL

CASE (do together)

What is their business model?

COST STRUCTURE



REVENUE STREAM

CHANNEL

Notion of time

BUSINESS MODEL CASE (do together)



What is this company?

BUSINESS MODEL CASE (do together)



What is their business model?

- 1) Customer Segment (who are you targeting, from last week exercise)**
- 2) Value proposition (what value [todo, pain, gain] are you giving your customer)**

BUSINESS MODEL

CASE (do together)



What is their business model?

COST STRUCTURE

REVENUE STREAM

CHANNEL

Notion of time

BUSINESS MODEL CASE (do together)



What is this company?

HONDA

BUSINESS MODEL CASE (do together)



HONDA

What is their business model?

- 1) Customer Segment (who are you targetting, from last week exercise)
- 2) Value proposition (what value [todo, pain, gain] are you giving your customer)

BUSINESS MODEL

CASE (do together)



What is their business model?

COST STRUCTURE

REVENUE STREAM

CHANNEL

Notion of time



Honda Motor Co. Ltd. ADR

HMC (U.S.: NYSE)

AT CLOSE 4:02 PM EDT 06/05/18

\$31.95 USD

-0.22 -0.68% ▼

AFTER HOURS 4:41 PM EDT 06/05/18

\$31.95 0.00 0.00%

AFTER HOURS VOL 70

Volume

338,428

65 Day Avg Vol

639,105

1 Day Range

31.82 - 32.00

52 Week Range

27.05 - 37.29

(07/11/17 - 02/02/18)



ADVANCED CHARTING

COMPARE ▼

Open **31.99** Prior Close **32.17** (06/04/18)

1 Day HMC -0.68% ▼ DJIA -0.06% ▼ S&P 500 0.07% ▲ Automotive 0.57% ▲

Fiscal year is April-March. All values JPY Millions.

	2018	2017	2016	2015	2014	5-year trend
Sales/Revenue	15,361,146	13,999,200	14,601,151	13,328,099	12,506,091	
Sales Growth	9.73%	-4.12%	9.55%	6.57%	-	
Cost of Goods Sold (COGS) incl. D&A	12,000,581	11,018,396	11,460,083	10,454,722	9,716,274	
COGS excluding D&A	11,287,488	9,681,986	10,179,353	9,361,592	8,761,092	
Depreciation & Amortization Expense	713,093	1,336,410	1,280,730	1,093,130	955,182	
COGS Growth	8.91%	-3.85%	9.62%	7.60%	-	
Gross Income	3,360,565	2,980,804	3,141,068	2,873,377	2,789,817	
Gross Income Growth	12.74%	-5.10%	9.32%	3.00%	-	
Gross Profit Margin	21.88%	-	-	-	-	
SG&A Expense	2,527,007	2,140,093	2,637,692	2,202,774	1,965,953	
Research & Development	751,856	538,881	528,818	482,224	472,655	
Other SG&A	1,775,151	1,601,212	2,108,874	1,720,550	1,493,298	
SGA Growth	18.08%	-18.86%	19.74%	12.05%	-	
EBIT	833,558	840,711	503,376	670,603	-	

WORKSHOP

Our focus for today, with post-it and your TA

Brainstorm your business idea to answer:

What is your cost structure and how do you optimize your cost structure so that it makes a lot of sense to your business?

What are your main revenue stream and what are your list of additional streams?

What are your main business channel and what are some other potential channels?

WORKSHOP

Objective of workshop:

Create a quick logo / image / hashtag (hook)

Pitch:

1) Who is your customer segment (customer persona)

2) Your business (answering todo / pain / gain)

3) Your business model / structure

- Cost Structure (how do you aim to make profit?)

- Revenue Stream (how many ways can you make money?)

- Whats your sales channel (whats the touch point with customer?)

WORKSHOP

Each team will get

5 Minutes to present

2 Minutes Q&A from floor, TA, and Professor.

15:00 - 16:00

Team will be assigned randomly for order of presentation

AND

The person presenting cannot be the same person as last time

GO!