

# Agenda

## What is a business model? (SP1)

### Topics:

- **Change**
- **Strategy vs. Tactics**
- **What is "strategic thinking"?**
- **What exactly is a "business model"?**

# Learning Objectives

1. Clear up terminology. At its core, a Business Model is describes how a firm creates and captures value.
2. Provide participants with a common language to describe the Building Blocks of a Business Model.
3. Getting to this level of detail is important, otherwise the Business Plan (Key Activities) tends to be more aspirational -- and less likely to be put into action.



# BUSINESS MODELS

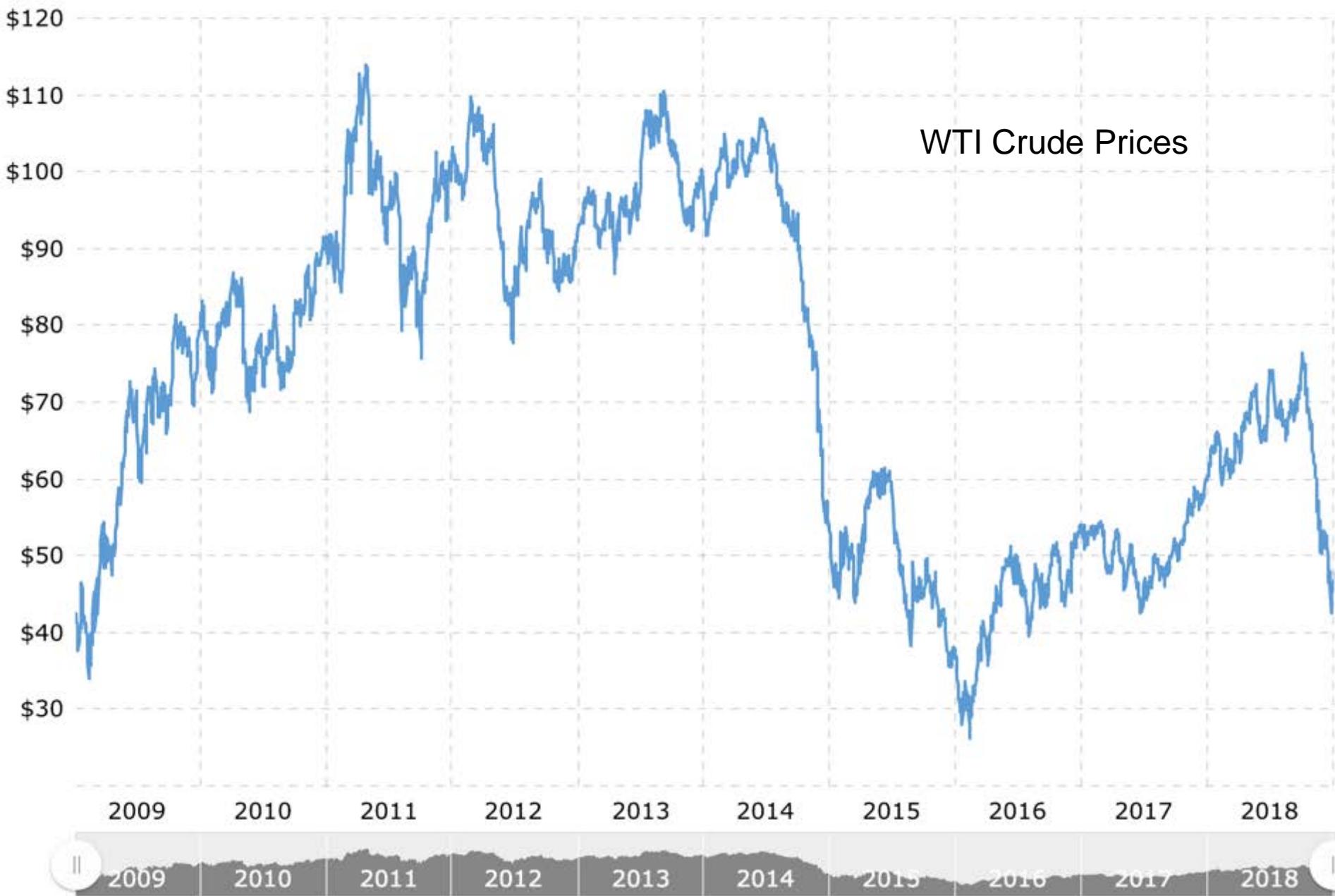


# Definition

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

**VALUE.**

CHANGE



WTI Crude Prices





Fire Stations Open  
Their Doors to  
Addicts



Justice Department  
Gave High Court  
Incorrect Data in  
Case



New York Court  
Redefines  
Parenthood to  
Protect Gay Couples

TRI-STATE AREA  
N.J. Gov. Chris Christie Vetoes  
Minimum-Wage Bill



U.S. Oil  
Continues  
Taxes



U.S.

## Which State Is a Big Renewable Energy Pioneer? Texas

The Lone Star state has added more wind-based capacity than any other, as part of an aggressive energy diversification that seeks to skirt ideological land mines



A truck rolls past a wind farm in Colorado City, Texas. PHOTO: SPENCER PLATT/GETTY IMAGES



**NJ customers  
saved \$384**  
on avg. in their  
first year with solar.

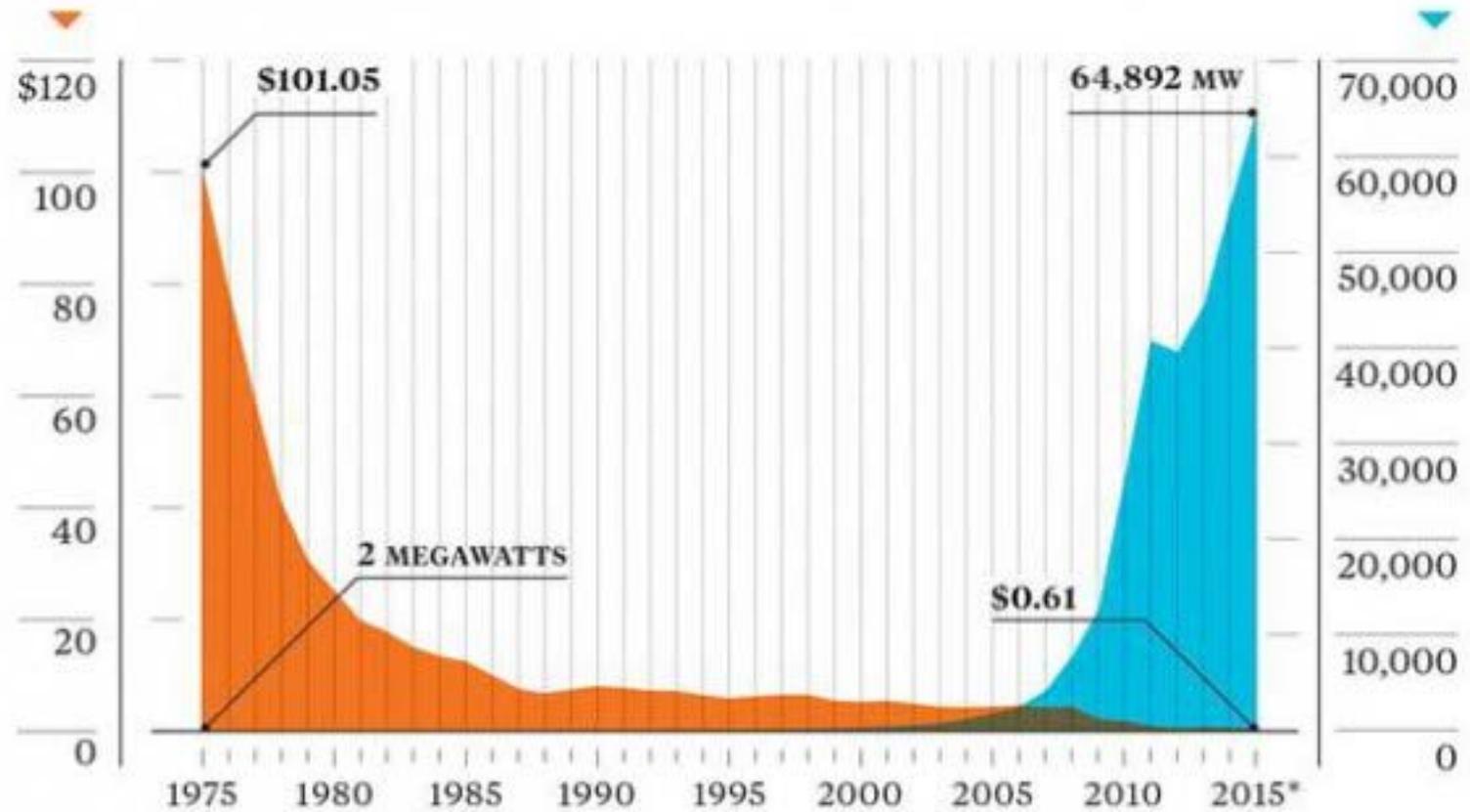
VISIT [SOLARCITY.COM](https://www.solarcity.com) >

**SolarCity**<sup>9</sup>



### Price of a solar panel per watt

### Global solar panel installations



Source: [http://sustainnovate.ae/resources/others/\\_pageimage/solar-price-installation-chart.jpg](http://sustainnovate.ae/resources/others/_pageimage/solar-price-installation-chart.jpg)

# America's Electric Grid Has a Vulnerable Back Door—and Russia Walked Through It

A Wall Street Journal reconstruction of the worst known hack into the nation's power system reveals attacks on hundreds of small contractors

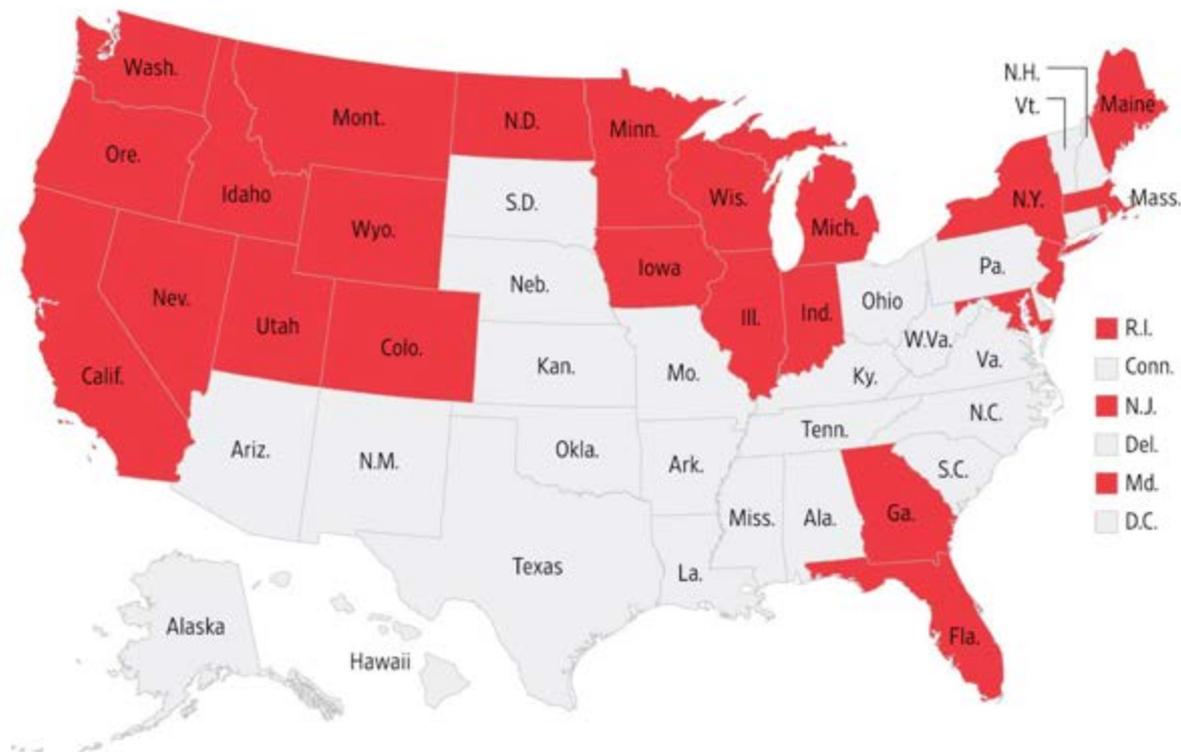
By [Rebecca Smith](#) and [Rob Barry](#)

Jan. 10, 2019 11:18 a.m. ET

497 COMMENTS

## IN THE CROSSHAIRS

Russian hackers seeking to infiltrate the power grid targeted companies operating in at least 24 states, Canada and the U.K.



Source: documents; interviews with people at the affected companies, government officials and security-industry investigators



PHARMA & HEALTHCARE | 1/06/2015 @ 9:58AM | 21,243 views

## Surprise! With \$60 Million Genentech Deal, 23andMe Has A Business Plan



genomeweb

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SEPT 13 | 1:00 PM ET | REGISTER HERE >



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Home » Tools & Technology » Microarrays & Multiplexing » Major Depressive Disorder Loci Discovered in Large GWAS Enabled by 23andMe Participants' Data



# Major Depressive Disorder Loci Discovered in Large GWAS Enabled by 23andMe Participants' Data

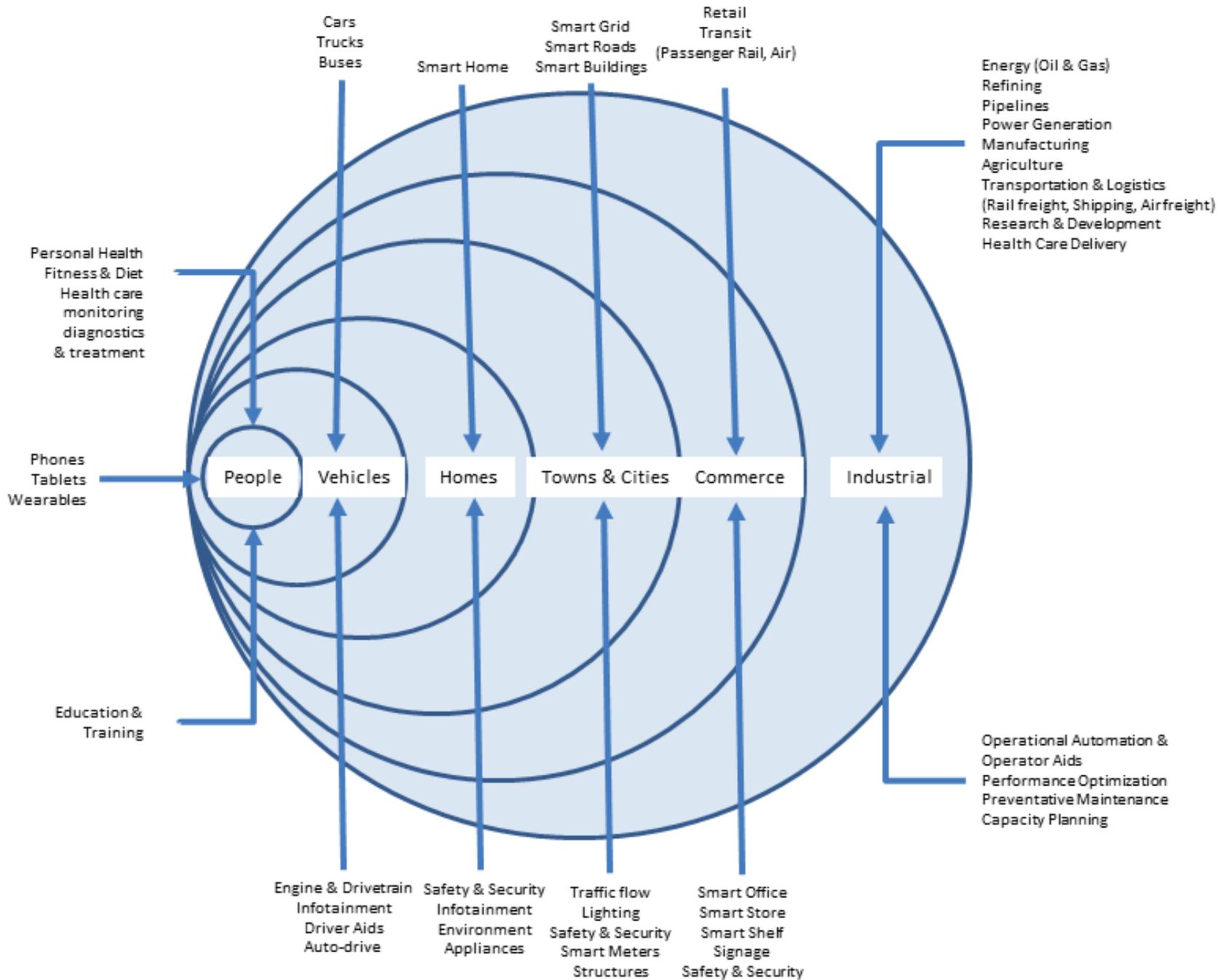
Aug 01, 2016 | a GenomeWeb staff reporter

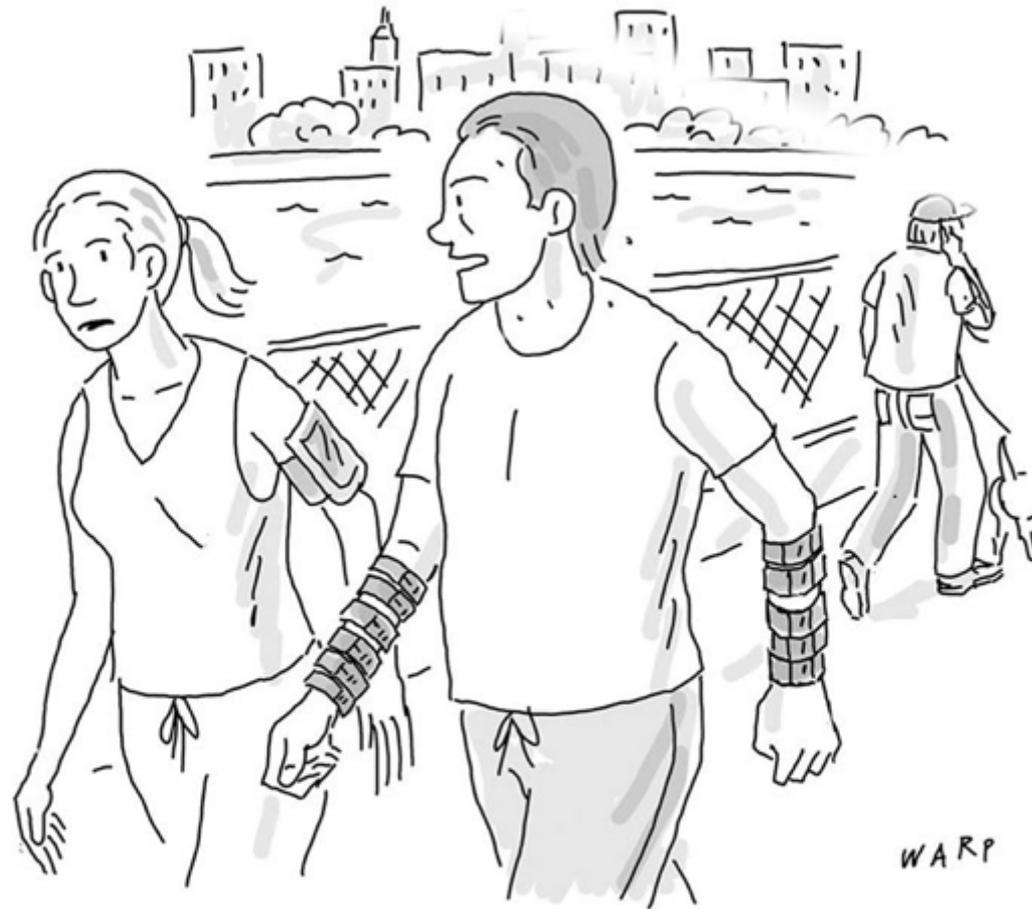
NEW YORK (GenomeWeb) – In a study published online today in *Nature Genetics*, researchers from Pfizer Global Research and Development, 23andMe, and Massachusetts General Hospital described 15 genetic loci linked to the risk of major depressive disorder in individuals of European descent.

Using data from hundreds of thousands of 23andMe customers who agreed to participate in research, coupled with data for participants in published MDD studies, the team narrowed in on MDD-associated variants at 15 sites in the genome, including loci already implicated in other psychiatric traits.

### Breaking News

- Susan G. Komen Awards \$375K to Metastatic Breast Cancer Project
- Schizophrenia Study Shows Colocalization of Differential Methylation Sites, Disease-Linked Genes
- Biocept Signs Canada Distribution Deal with Teneovita Medical
- Metamark Secures Medicare Coverage

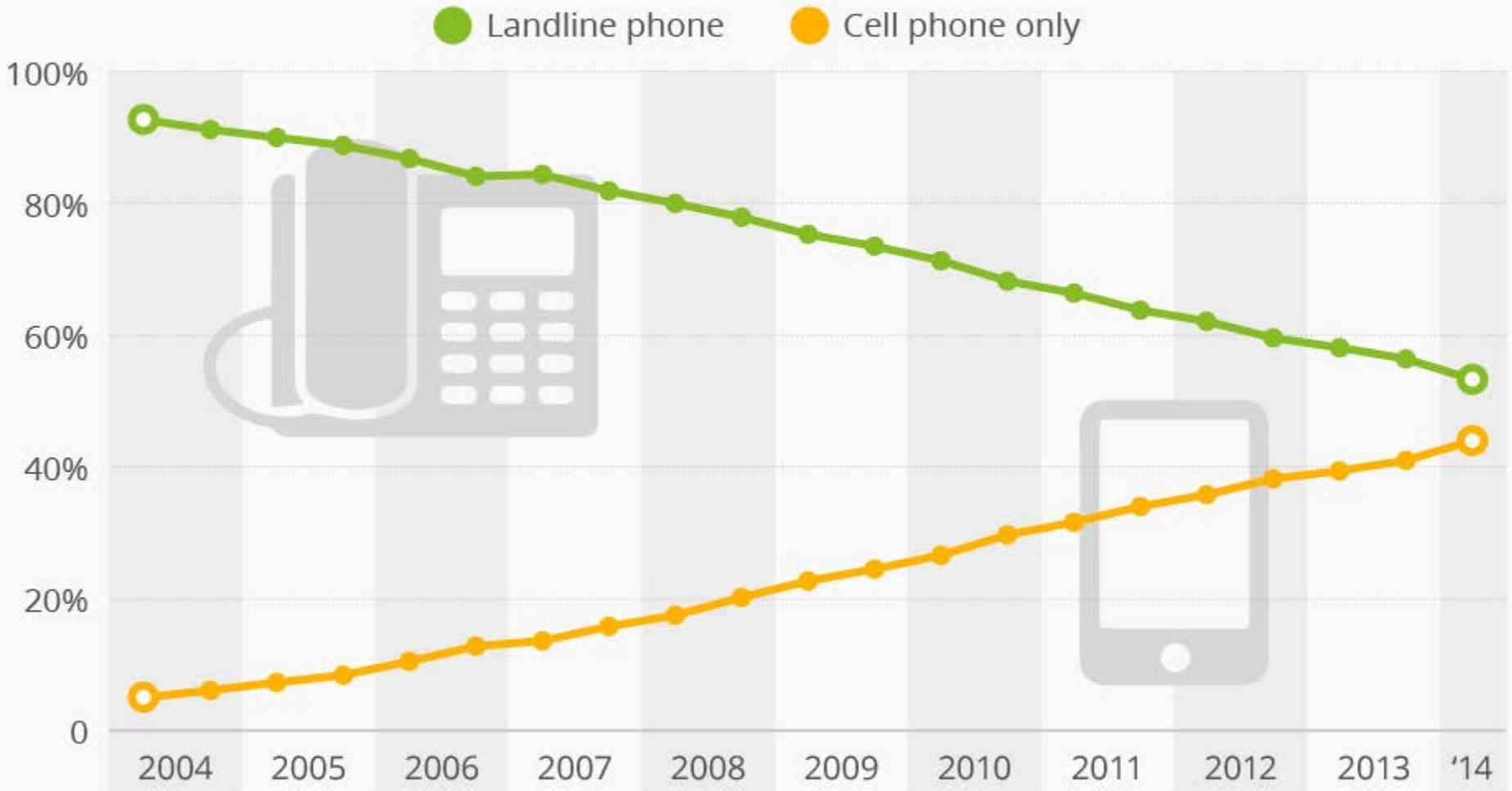




*“People pay me to put steps on their Fitbits.”*

# Landline Phones Are a Dying Breed

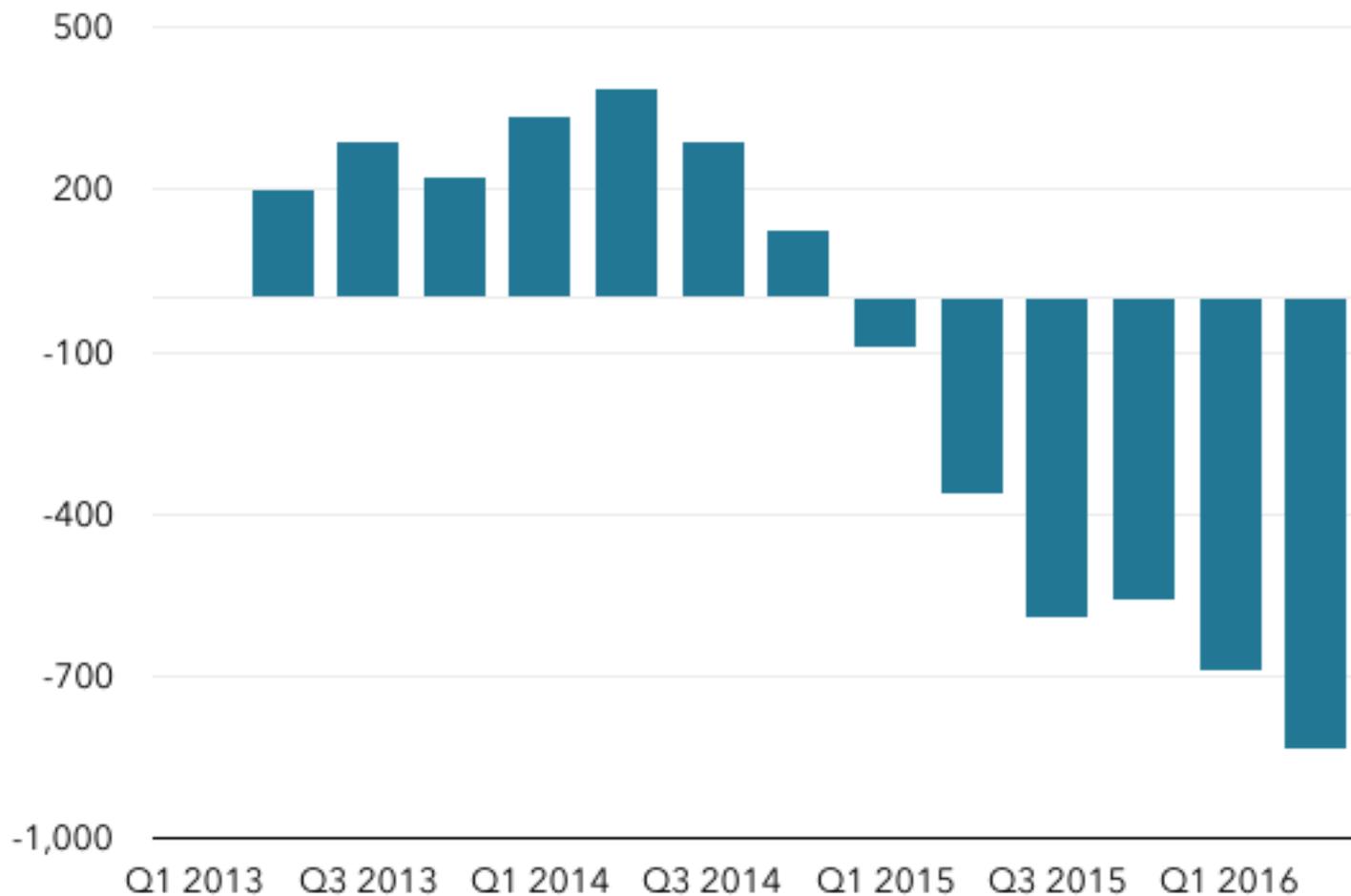
% of U.S. household with and without a working landline telephone\*



\* based on the CDC's biannual National Health Interview Survey of ~20,000 U.S. households

Source: CDC

Year on year video net adds, all public players, 000s



Source: company reporting, Jackdaw Research analysis

**“What’s on TV tonight?”**

**became**

**“What do you want to watch tonight?”**

**sling**  
TELEVISION



**NETFLIX**

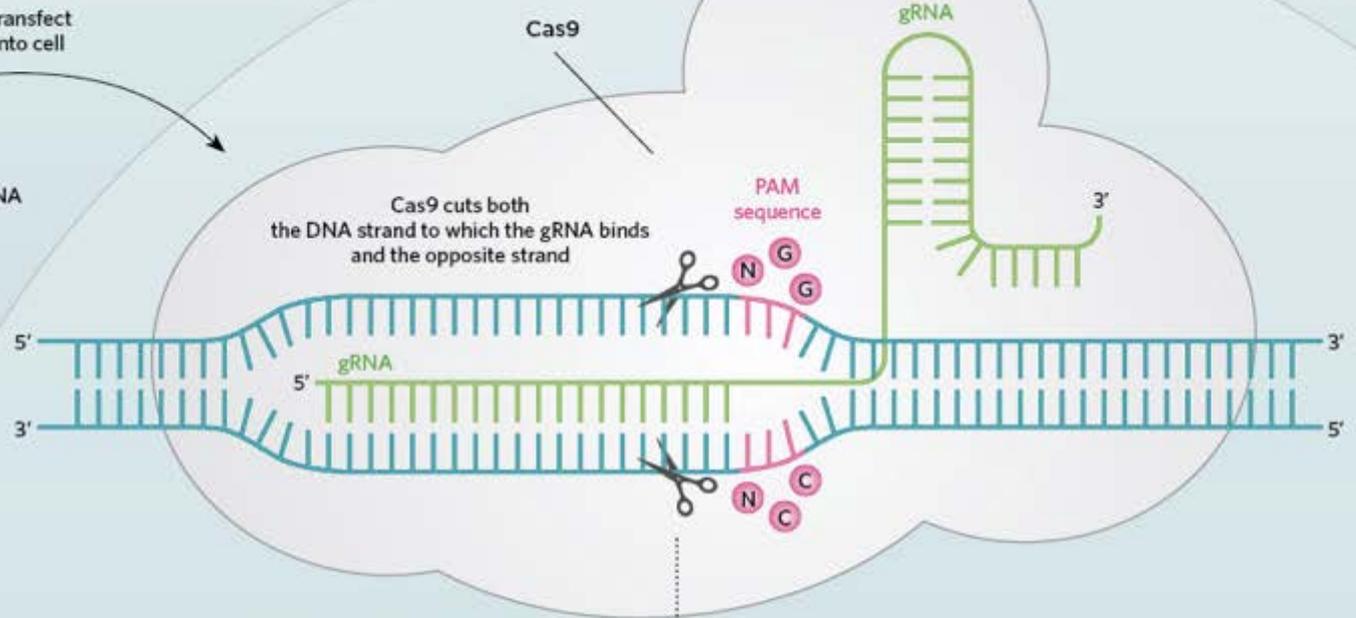
**HBO NOW**<sup>SM</sup>



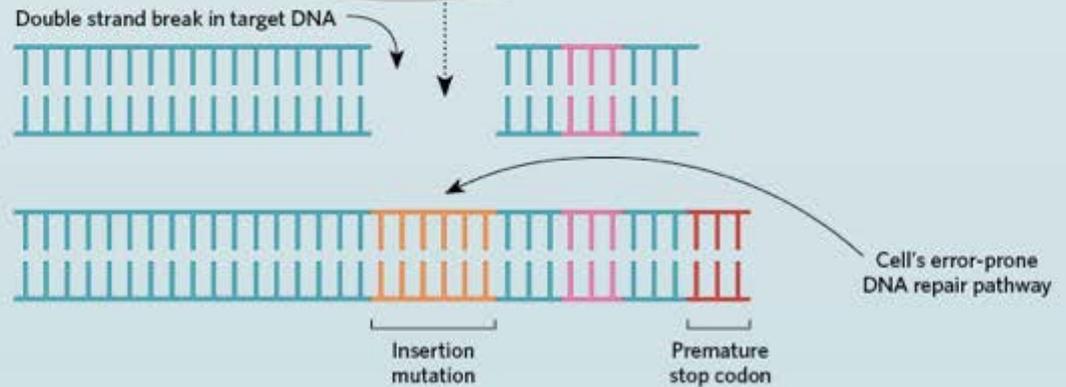
**hulu**



Transfect into cell



**A CRISPR CUT:** The guide RNA (gRNA) forms a complex with Cas and directs the enzyme to cleave the target DNA to which the gRNA binds through complementary sequence. The cell tries to repair the DNA break, which often results in the insertion (as shown) or deletion of nucleotides that changes the reading frame of the gene and creates a premature stop codon.





**Somewhere in  
the world  
right now,  
someone is  
complaining  
that GMOs  
are  
"unnatural"  
while eating  
seedless  
grapes.**

[/u/FleaBargain](#)

# U.S. Cannabis Laws

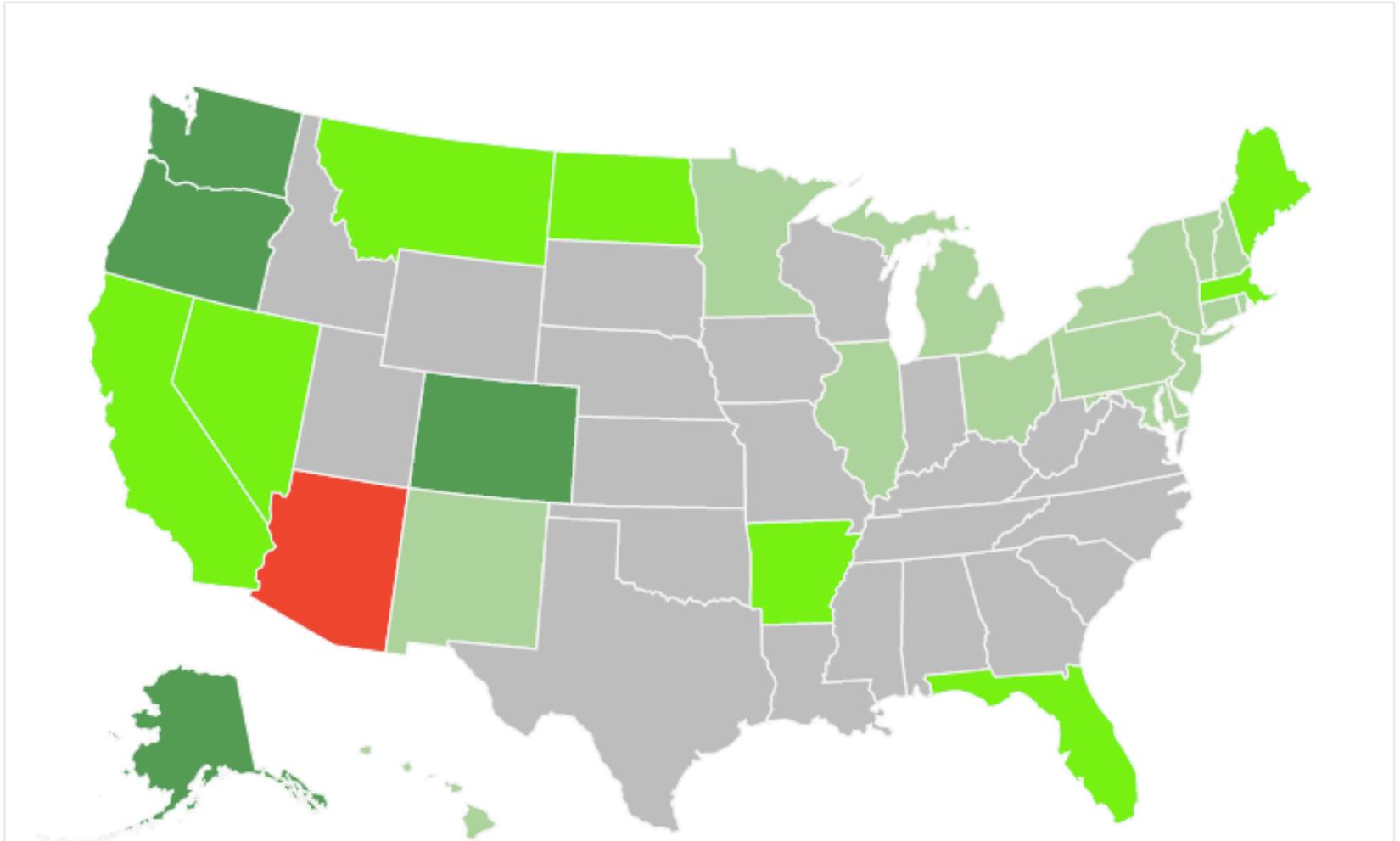
Recreational marijuana states

Medical marijuana states

Marijuana prohibition states

2016 ballot measure passed

2016 ballot measure failed



Home > All Products > DIY Bacterial Gene Engineering CRISPR Kit

# DIY Bacterial Gene Engineering CRISPR Kit

★★★★★ (2 reviews)

\$150.00

Shipping:  
Calculated at checkout

Sharing  
f e p t in p





## Self-driving trucks to be used for highway construction in Florida

by Mariella Moon | @mariella\_moon | August 26th 2015 At 3:11am







Hyperdrive

# Ford Retreats From American Car Business in Penny-Pinching Push

By [Keith Naughton](#)

April 25, 2018, 4:27 PM EDT *Updated on April 26, 2018, 8:30 AM EDT*


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[BUY](#)
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[VIDEOS](#)

**BREAKING**

## GM to cut production at 5 plants in North America, kill several models

Production to be halted at Oshawa, Lordstown, Hamtramck, elsewhere

 REUTERS  
Nov 26th 2018 at 8:55AM

91  
comments

# GM is transforming Cadillac into an electric brand



Kirsten Korosec @kirstenkorosec / 3 days ago

Comment

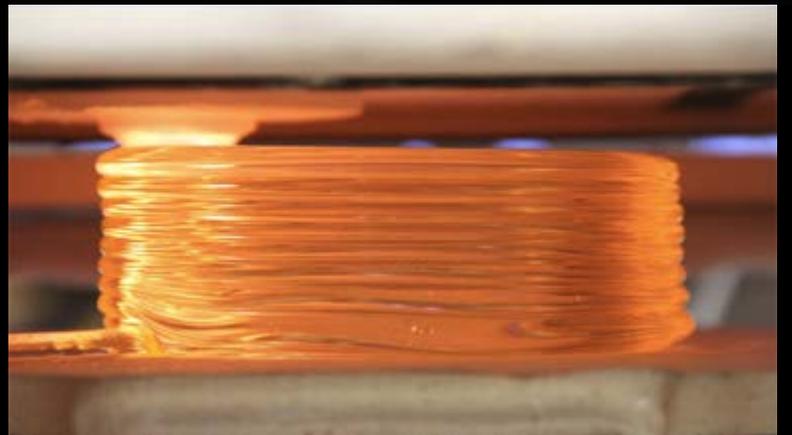




# New MakerBot 3D printing materials imitate stone, wood and metal

by [Rajiv Dinesh](#) Jan. 6, 2015 - 10:20 AM PST

Comment



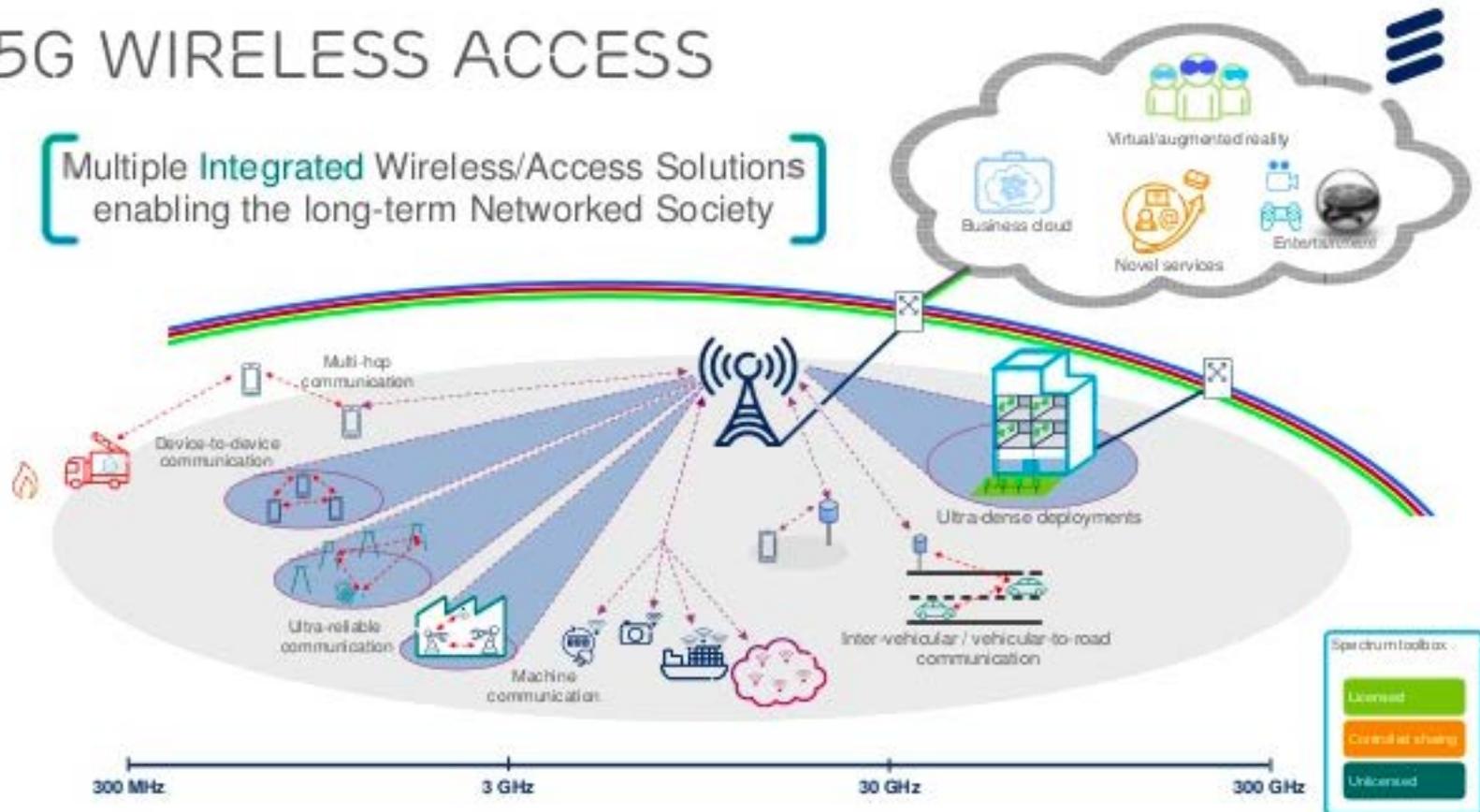
**iTotal®**  
achieves optimal femoral and tibial fit

**Off-the-shelf**  
force compromises between sizing and coverage

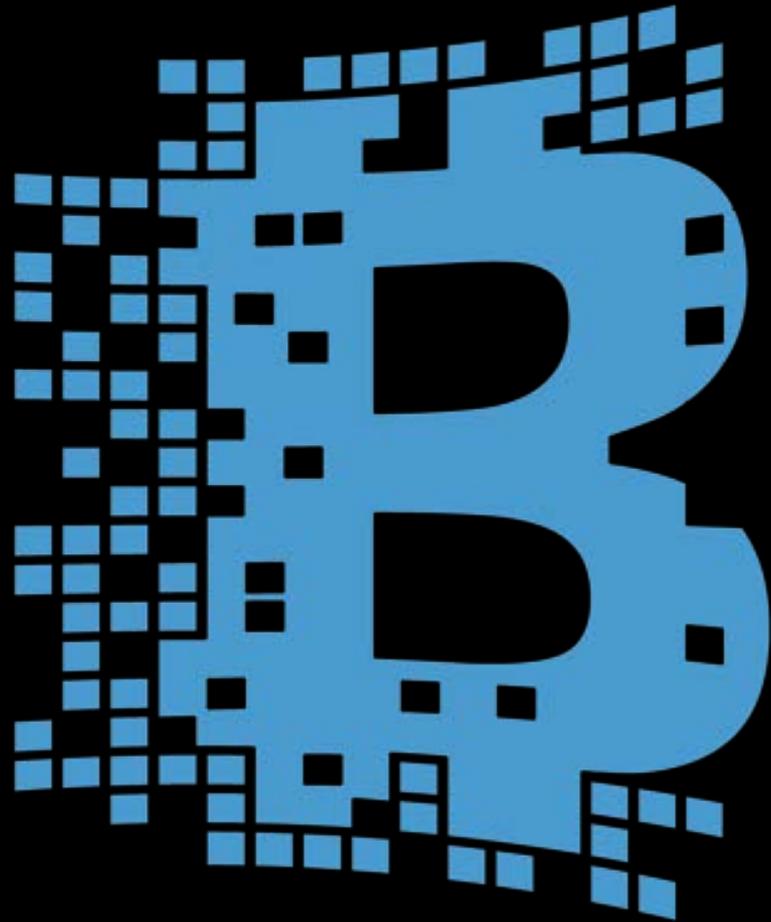


# 5G WIRELESS ACCESS

Multiple **Integrated** Wireless/Access Solutions  
enabling the long-term Networked Society

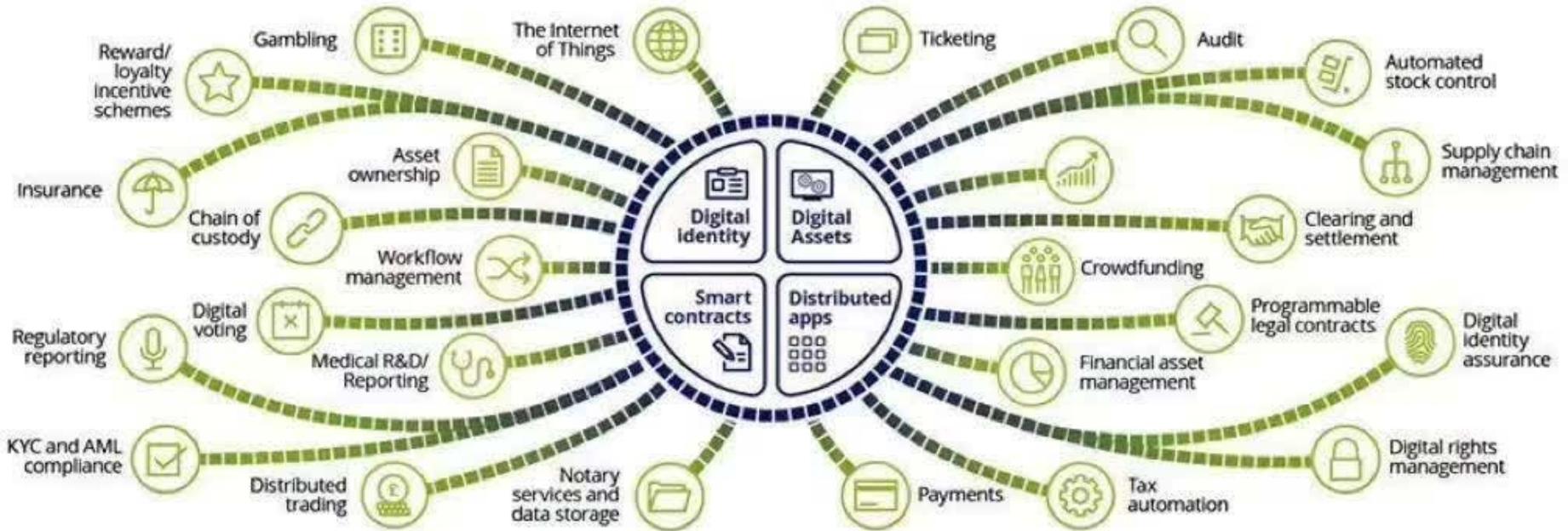






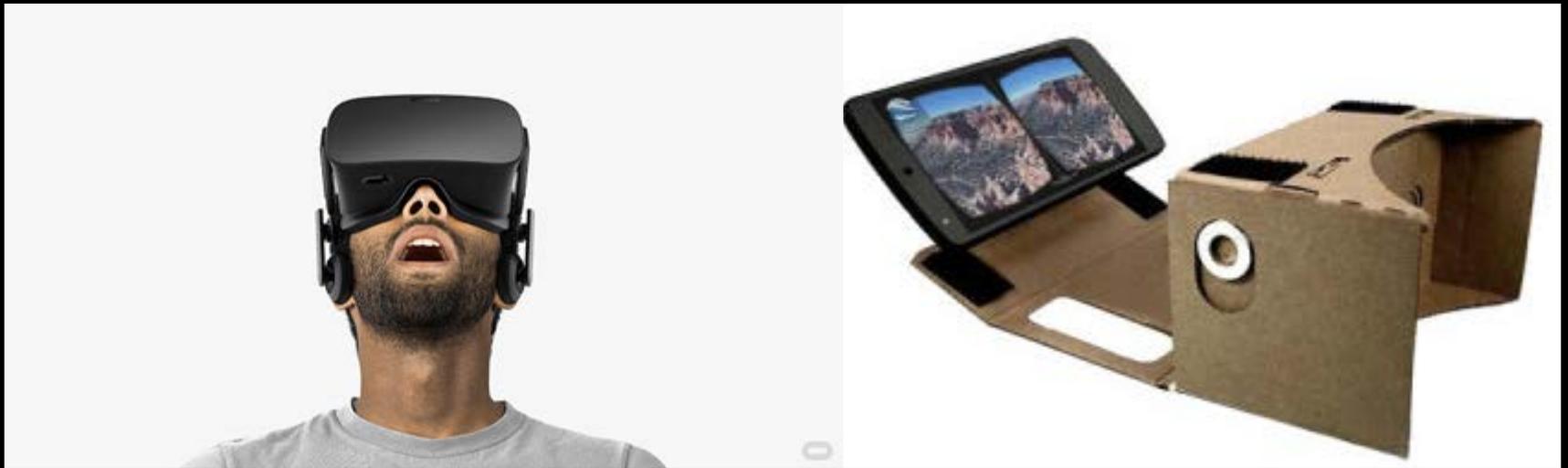
# What can you do with a blockchain?

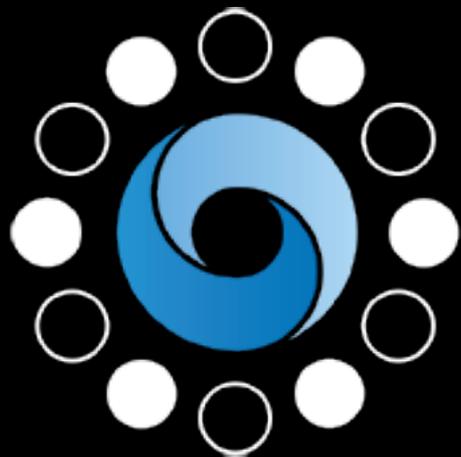
KYC - Know Your Customer  
AML - Anti-Money Laundering



**Deloitte.**

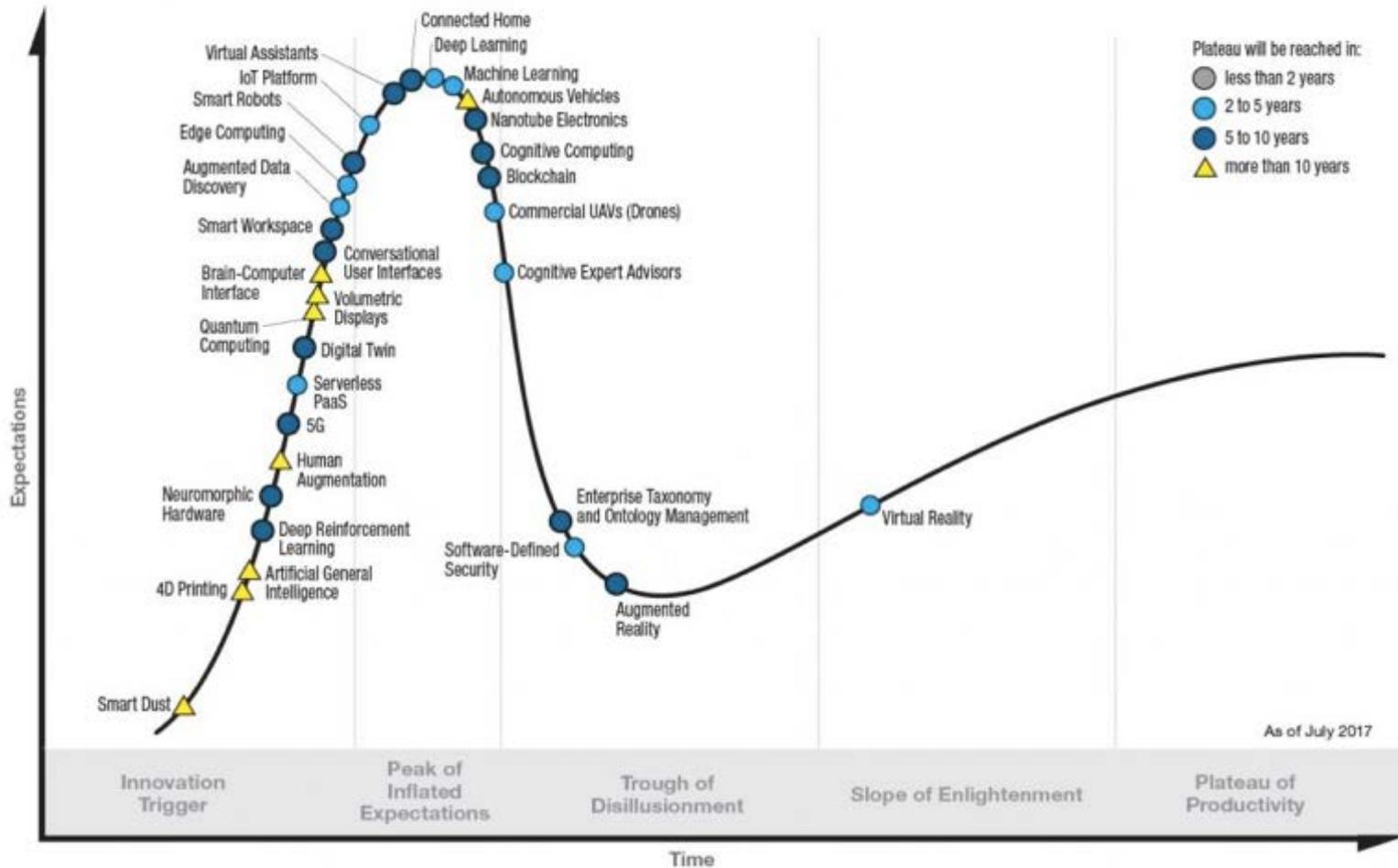
[www.deloitte.co.uk/blockchain](http://www.deloitte.co.uk/blockchain)





AlphaGo

# Gartner Hype Cycle for Emerging Technologies, 2017



[gartner.com/SmarterWithGartner](http://gartner.com/SmarterWithGartner)

Source: Gartner (July 2017)  
 © 2017 Gartner, Inc. and/or its affiliates. All rights reserved.

**Gartner.**

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## World's Largest Indoor Farm is 100 Times More Productive



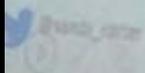
Walmart  jet

amazon



# The Digital Disruption Has Already Happened

- World's largest taxi company owns no taxis (Uber)
- Largest accommodation provider owns no real estate (Airbnb)
- Largest phone companies own no telco infra (Skype, WeChat)
- World's most valuable retailer has no inventory (Alibaba)
- Most popular media owner creates no content (Facebook)
- Fastest growing banks have no actual money (SocietyOne)
- World's largest movie house owns no cinemas (Netflix)
- Largest software vendors don't write the apps (Apple & Google)

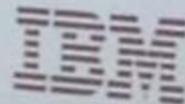


@ibmge

[www.ibmforentrepreneurs.com](http://www.ibmforentrepreneurs.com)



@ibmge





# What does the world look like in 2024?





What does **entrepreneurship**  
mean to you?

**“Someone who moves resources from areas of lower productivity and yield to areas of higher productivity and yield.”**

— *J.B. Say, French economist, circa 1800*

**“The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”**

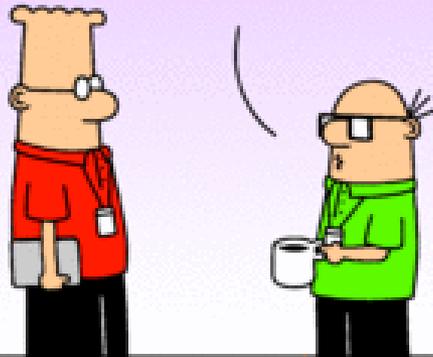
— *Peter Drucker, “Innovation and Entrepreneurship”, 1985*

**Are you entrepreneurial?**



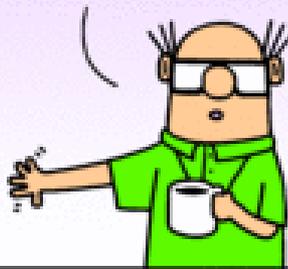
# STRATEGY

I'M THINKING OF  
GETTING INTO THE  
STRATEGIC PLANNING  
GAME.



Dilbert.com DilbertCartoonist@gmail.com

IF I UNDERSTAND THE  
JOB DESCRIPTION, YOU  
BASICALLY HALLUCINATE  
ABOUT THE FUTURE AND  
THEN SOMETHING  
DIFFERENT HAPPENS.



12-17-14 ©2014 Scott Adams, Inc. /Dist. by Universal Uclick

YOU ALSO  
HAVE TO  
PRETEND  
IT'S USEFUL.



REALLY?  
THAT  
SOUNDS  
HARD.



# Strategy 101

**Sell more stuff.**

**Make the stuff cheaper.**

**Get more stuff to sell.**

Thank you!

END OF PROGRAM

# HOW

# WHAT

Drive revenues up

Drive COGS down

New products  
New markets  
New VALUE

# Tactics (Operations)

# Strategy

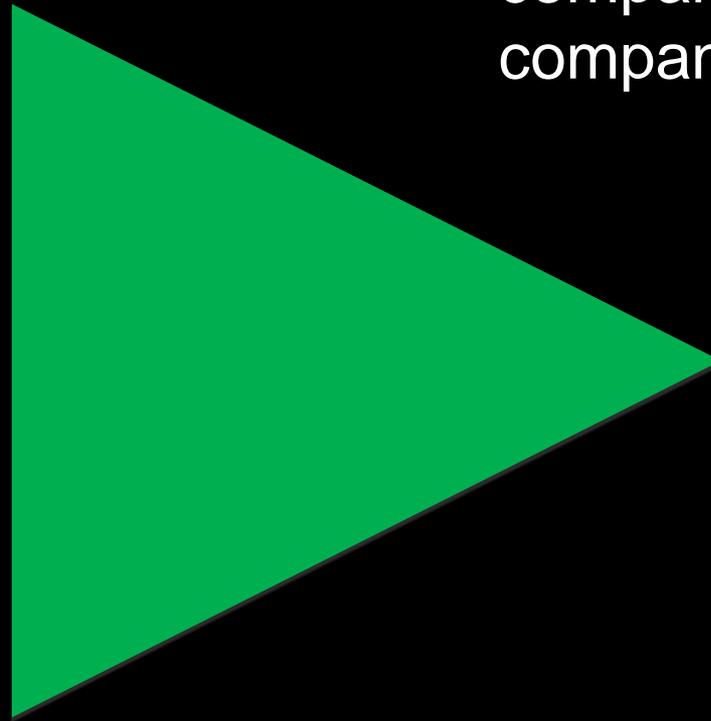
Drive revenues up

Drive COGS down

New products  
New markets  
New VALUE

All of these are reasons why companies acquire other companies or merge.

Drive revenues up

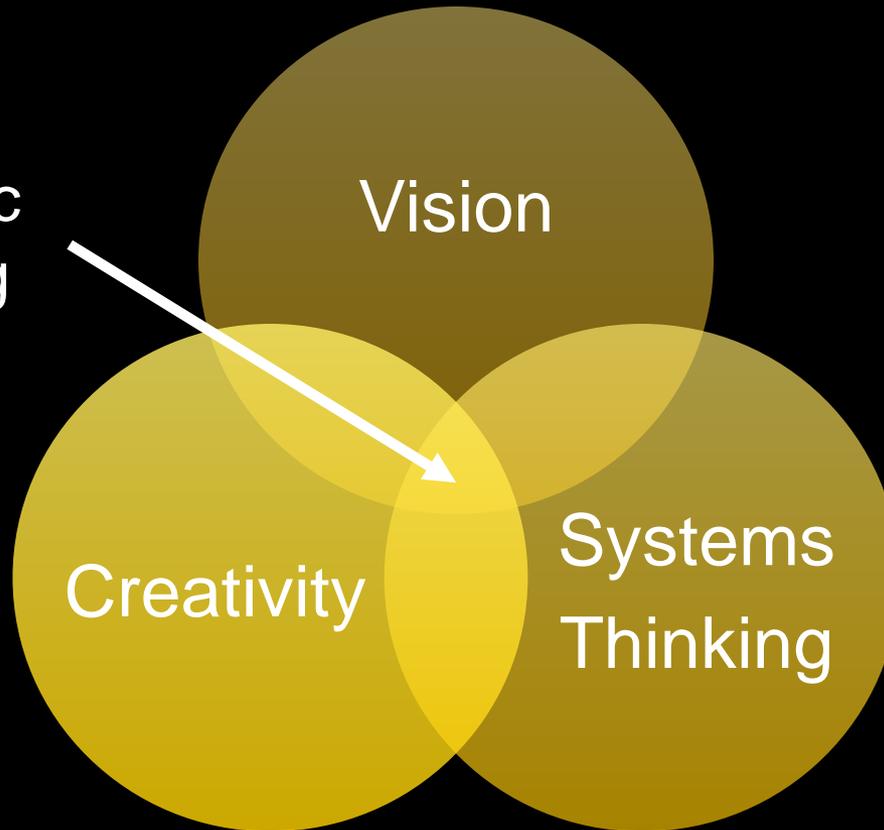


New products  
New markets  
New VALUE

Drive COGS down

**“The ability to think strategically  
is crucial to remaining competitive in  
an increasingly  
turbulent and global environment.”**

Strategic  
Thinking



# Vision

5 year+ time horizon

Aspirational & Inspirational

**“a calling rather than simply a good idea”**

*-- Peter Senge, "The Fifth Discipline"*

# BUSINESS MODELS

# Recall: Definition

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

**VALUE.**

# Business Model Generation

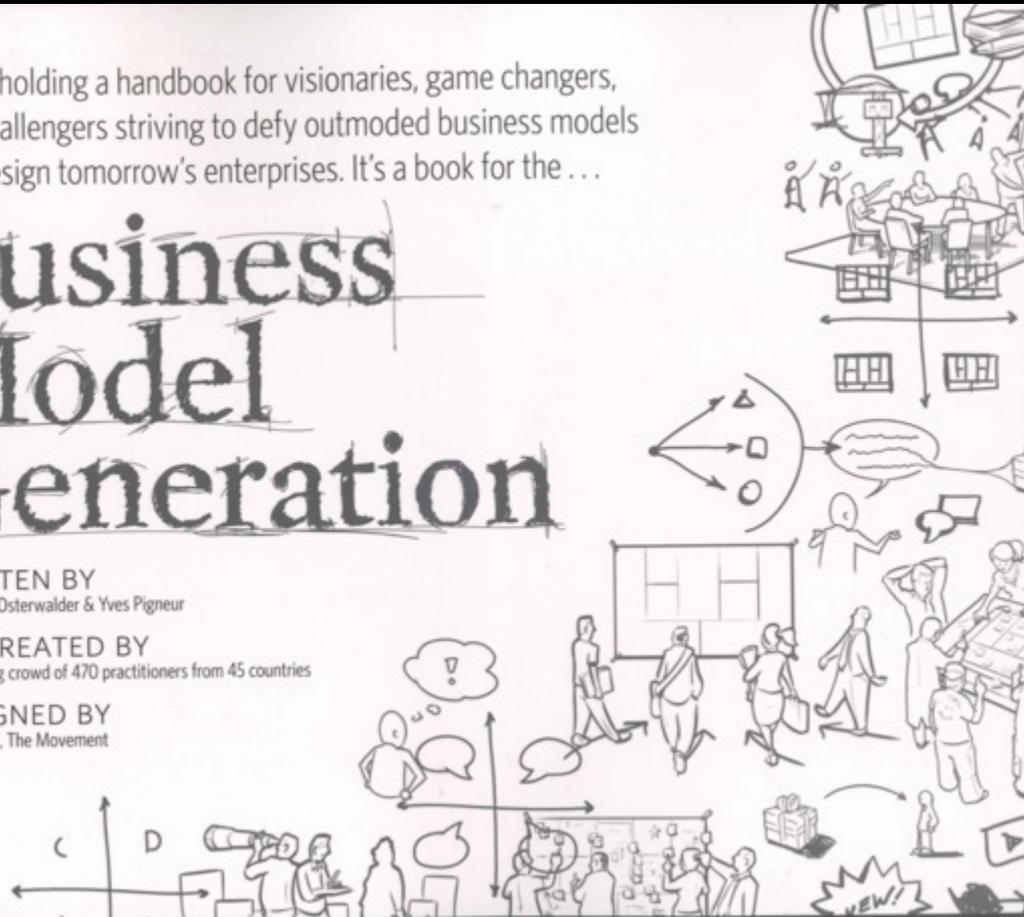
You're holding a handbook for visionaries, game changers, and challengers striving to defy outmoded business models and design tomorrow's enterprises. It's a book for the ...

## Business Model Generation

WRITTEN BY  
Alexander Osterwalder & Yves Pigneur

CO-CREATED BY  
An amazing crowd of 470 practitioners from 45 countries

DESIGNED BY  
Alan Smith, The Movement

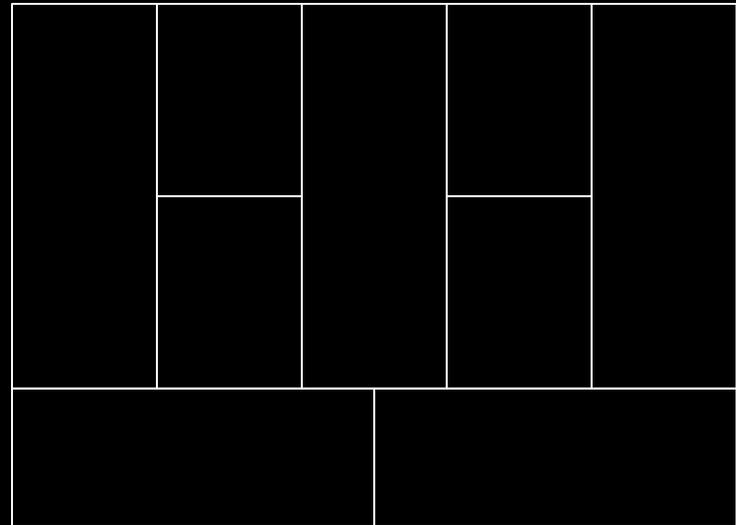




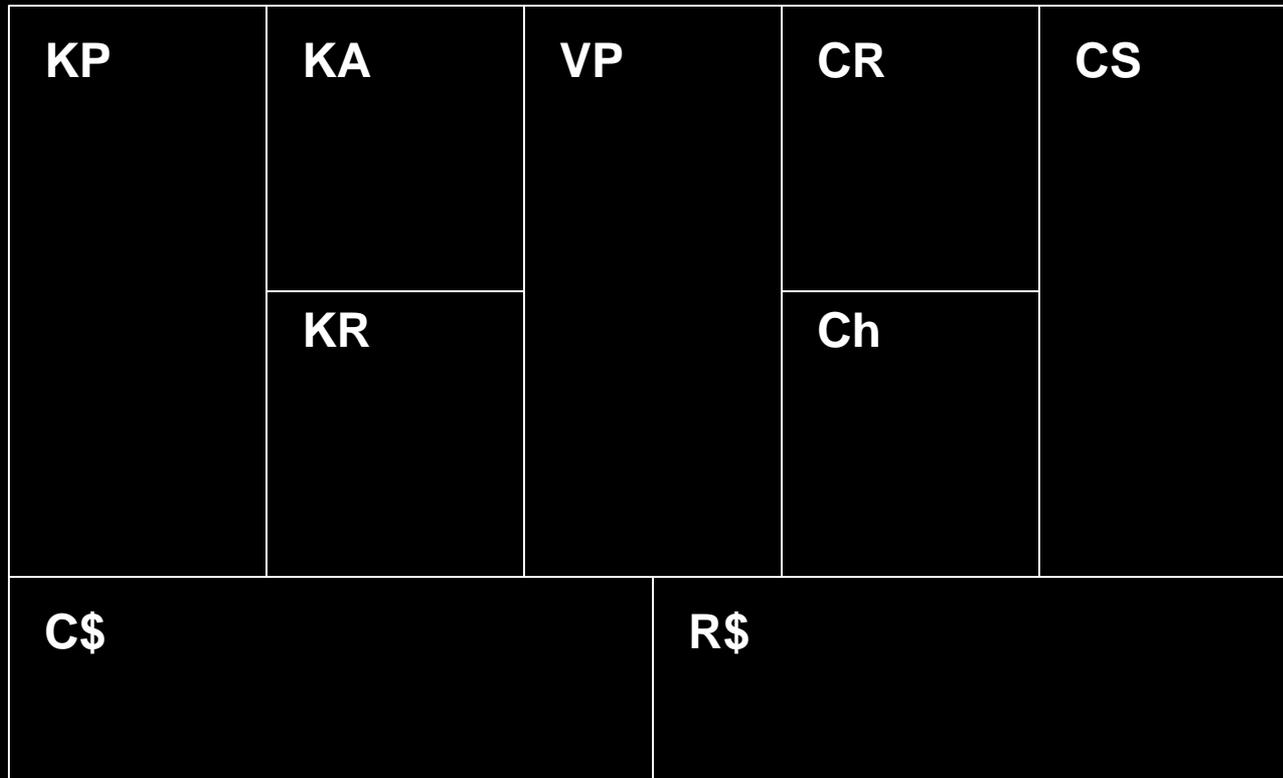
# Canvas Components

## Nine building blocks

1. Customer Segments
2. Value Proposition
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partnerships
9. Cost Structure

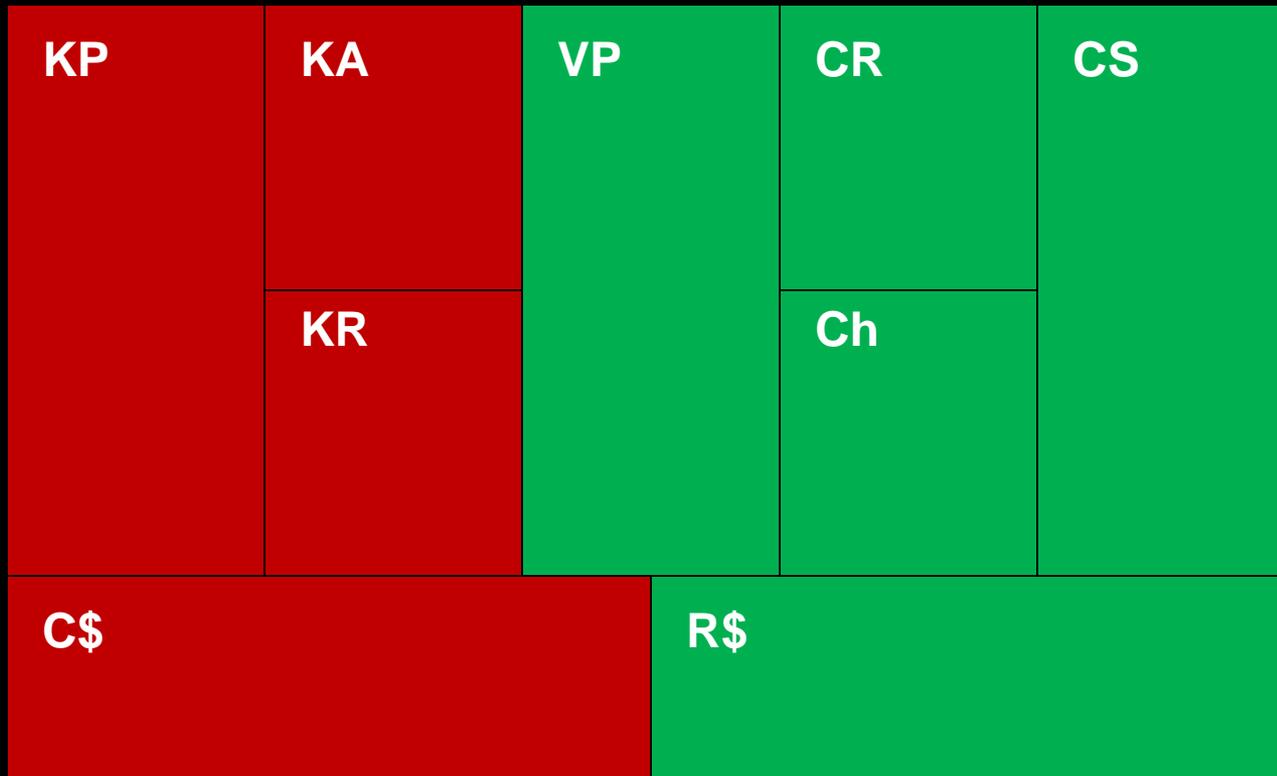


# Graphical Model of a Business



**EFFICIENCY**

**VALUE**



**NC STATE**

Executive Education



NC STATE UNIVERSITY

**POOLE** COLLEGE OF  
MANAGEMENT

**CIMS**

Executive Farm  
Management  
Program

Brown Family Farm  
Scenario

February 6-10, 2017

# EXERCISE

Talk through (in your seats) a rudimentary Brown Family Farm BMC (work from left to right)

(Point: You can renovate a business model)

Rely on the case study that you have already read and absorbed 😊

# Brown Family Farm BMC

<b>KP</b>	<b>KA</b>	<b>VP</b>	<b>CR</b>	<b>CS</b>
	<b>KR</b>		<b>Ch</b>	
<b>C\$</b>		<b>R\$</b>		

# Learning Objectives

1. Clear up terminology. At its core, a Business Model is describes how a firm creates and captures value.
2. Provide participants with a common language to describe the Building Blocks of a Business Model.
3. Getting to this level of detail is important, otherwise the Business Plan (Key Activities) tends to be more aspirational -- and less likely to be put into action.

