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وزارة التعليم العالي والبحث العلمي



How to build your startup The business model and innovation

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Introduction

The business model is the main part of the business plan. It is the basis of the company's overall strategy. It describes how the company will make money by defining what it will sell, how it will sell it and who it will target.

To create a business model, you must:

- conduct a market study.
- choose your target.
- determine its positioning.
- evaluate its profitability.
- define your strategy.

The business model can be improved in each step of the startup development, innovative parts can be added by using methods as :

- Innovation through epicenters.
- Innovation through questioning.
- Innovation through customer experience.
- Innovation through SWOT method

Innovation through epicenters

There are four epicenters of innovation:

- resources: These innovations originate in an organization's existing infrastructure or partnerships to extend or transform the Business Model.
- Supply: These innovations create new value propositions that impact the other blocks of the business model.
- Customers: These innovations are based on customer/consumer needs, improved accessibility or convenience.
- Finance: These innovations are based on new revenue streams, new pricing mechanisms or more efficient cost structures.
- Multiple innovations at the same time.

Innovation through questioning

The right questions should be asked as for example :

- How easy or difficult is it for customers to move to the competition? competition?
- Is every sale a new effort or is it an automatic renewal?
- Do you make money before you spend it?
- How fast and easy can you grow your business model without encountering obstacles in your way?

Innovation through customer experience

It is the sum of the interactions between a company and its customers. It is therefore a combination of physical performance, sensory stimulation, emotions and human interaction, each of which is unconsciously confronted by the consumer with his or her needs and expectations at each point of contact.

3 statistics to take into consideration :

- 50% of the decision comes from the emotions felt.
- 95% of people have decided to act after having had a bad customer service experience.
- 85% are willing to pay 25% more to ensure they get the best customer service.

Innovation through SWOT method

It consists in looking at each box of the business model and looking at its strengths, weaknesses, opportunities and threats by integrating a scale.

- strengths swot : To determine strengths or swot strengths, ask yourself the following questions:
 - What are our expertise and specialties when implementing the decision?
 - Is the proposed solution innovative or differentiated?
 - Does the solution fit into the quality approach?
 - What aspects add value to the solution?
- weaknesses swot : To assess the company's weaknesses or weaknesses swot, here are the questions that can guide you:
 - Where are our gaps in expertise or specialty when implementing the decision?
 - Is the proposed solution a duplicate solution?
 - Does the organization have the necessary resources to implement the solution?
- opportunities swot : Opportunities or swot opportunities are the result of current strengths and weaknesses:
 - Will the implementation of the solution open up new possibilities for us?
 - Do the consequences of implementing the solution offer us an advantage?
 - Does the proposed solution stand out?
- threats swot : Finally, the threats swot refers to the areas that can potentially cause problems:
 - How will the environment react to the implementation of the solution?

- What will be the resistance to change?
- What are the risks involved in implementing the solution?

Example : To better understand how SWOT matrices work, we will study an example case: the **Facebook** business case. To do so, we just need to find between 3 and 5 examples for: its strengths, its opportunities, its weaknesses and finally its threats.

- Its strengths: strong increase of the result, increasing cash flow and good profitability, Facebook users feel a strong sense of belonging to a community, good penetration of the international market (66% of Internet users in the United States, 46% in Europe and Asia).
- Its opportunities: advertising spending on the web is on the rise, forecasts on the activity of games hosted on Facebook are very positive.
- Its weaknesses: the mobile version of the application does not yet generate revenue from advertising, problems of legislation in relation to the private data of Internet users, the share of revenue from advertising is too low.
- Ses menaces : baisse de l'utilisation des PC au profit des mobiles, bannissement de Facebook par la Chine, forte concurrence de réseaux sociaux en Russie et en Chine.