Understanding Incubation and Entrepreneurship
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Module - 07
Innovation and Entrepreneurship
Lecture - 15
Business Model Canvas

So, like students let me you know formally welcome Kaustubh Dhargalkar, very very close friend and you know has been teaching at the Welingkar Institute when I was got first in touch with him. Now, he is an independent consultant, a design thinking, trainer, coach and an innovation and strategy consultant.

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Author of It's Logical: is a title Innovating Profitable Business Models, SAGE publication and serial entrepreneur since 1990, founded 4 companies and now on 2 more ventures.

In 2006 sold commercial interests in his first three companies and plunged into academics and research. Kaustubh relishes the challenge of enhancing the innovation quotient of an organization by helping, create new offerings, to tap existing as well as new markets, visualizing unique and sustainable business model. And some of the awards are honored as Entrepreneurship Educator and Mentor Awards by the Ministry of Skill Development.

Then worked in the field of Unconventional User Research, was acknowledged by the Wharton School of Business, awarded the runner up award in the Global Wharton Innovation Tournament and his proposal on clean energy integration with electric vehicles was adjudged as the top 7 in the world at the Smart City World Expo.

Kaustubh has been teaching at IDC along with me in some of our courses like business management and product planning. So, Kaustubh thank you so much and today you know you are the only one who is going to talk about the business model canvas as is you know, as a very important large domain you know requirement for us. We need to understand the business model as rightly said, it is a extremely important area for us alright.

So, broadly the agenda is these four points I am going to talk about. How the business model plays an extremely important role in taking a venture forward, keeping it sustainable, keeping it alive for a long time.

Understanding different
business models

And then I am going to try and share some interesting or unique business models which kind of I have come across over the last 10, 15 years.

And practical kind of framework, a six question framework which will help us look at our your own ventures and see if you can kind of create some unique business model, sustainable in the long run alright. And then we will touch upon the lead canvas and the business model canvas with all these inputs.

So, let me dive in with an example with a case of some of my students, this is way back in 2013; cusp of 2013-14.

Significance of **business models**

Example Overview :

Student project on speech and **hearing impaired** for **housewives.**

One bunch of students was working on some something for speech and hearing impaired people alright and the target segment, I had deliberately given them was very narrow speech and hearing impaired housewives, not working ladies alright.

So, and then they you know through their enquiry, visits to those their households and things like that, they observed some very peculiar things, very simple things on hindsight very simple things. They went into the house to study the issues that these women face when this lady was alone, deliberately chosen the time when alone because a lot of activities would be happening and there would be no help around.

So, her real problems would really surface out, days went on days even the housemaid was absent and this lady was alone managing her morning chores, 9:30 to 11 o'clock was the time that these students of mine went in to do this observational study.

And found very simple things, whenever the doorbell would ring this lady would not be able to hear. When she would put something in the microwave and would go into some other room to do something else, the microwave timer would time out and this lady would, it would keep beeping this lady would not be able to hear.

Another interesting thing [Laughter] that these kids noticed was whenever she put something in the pressure cooker she would not leave the kitchen, would pace around in the kitchen looking at the top of that cooker. Because [Laughter] if she thought, if she left the room she would not be able to hear the number of whistles and maybe was worried the food might stay undercooked or get overcooked. So, she was constantly pacing around in the kitchen looking at that.

AN AID FOR HEARING AND
SPEECH-IMPAIRED

Initial prototype
- Vibration &
- A couple of led's

Students wanted to then make
aproduct/venture out of this

Now, with these few findings these kids created, this is the picture of the first prototype that they created alright. It has a lot of nostalgia value for me, because it is a first prototype printed on the 3D printer in my lab, way back in 2013.

Operation was very simple, they inserted a Bluetooth module in this device and inserted corresponding Bluetooth mobiles, modules in the appliances in the house. So, that they could communicate with each other. In the sense that if the doorbell would ring the wrist band would vibrate and a red coloured led would blow on it corresponding to the doorbell.

If the microwave would time out, the wrist band would vibrate and a bluish green coloured led would blow on it. If the pressure cooker streamed out for the 4th time or 5th time as per

the program the wristband would vibrate in a blue coloured led would blow on it. So, this was a simple first prototype product alright.

Back in 2013-14 before wearables really became popular, interesting product created in 7, 8 days screwed, but serves the purpose alright. Now, 2 out of these 5 kids got excited about this idea, this concept, and they came to me one day saying sir we want to take it forward, product refine [FL] and we have to take it forward; that means, they wanted to create a product out of it. And possibly you know venture around it.

So, I told them guys take about 3, 4 weeks and look at the whole market, ecosystem check [FL] and see what is the potential and they and kind of create a broad road map that some milestones that you would like to meet in the next 6 months. And then we will get going with how what to do with it alright, 2 weeks went by, 3 weeks went by these kids did not come back to me. After about 5 weeks both of them came back one day with prettyunhappy with themselves.

Look at the whole market, check the ecosystem & create a broad roadmap, milestones..

Problems foreseen :

- Manufacturing startup in India earlier, needed 19 different licenses and 15-20 months to procure them
- Product was so simple that, it could easily be copied, Chinese were a threat could crash the price..

They said sir we have analyzed that whole ecosystem, market is good, numbers are good, though it is a niche market there is a, if we refine it in multiple ways the product will be able to capture some market share.

But two major problems; problem number 1 is back in 2013, if one had to start a manufacturing unit in India one needed something like 19 different licenses and it would take anywhere between 15 to 20 months to get there alright, problem number 1. Problem number 2: this product is so damn simple it can be copied very easily right, there is no great entry barrier in this.

And they said we might even get those 19 licenses, we might spend those 15, 20 months getting it, we might set up a unit, we might manufacture the first lot of say 1000 pieces maybe we will be able to sell it in Mumbai and around. But, maybe what if the Chinese come in 6

months or 7 months later with this product and they will come in with millions of pieces, at least 100000 pieces and crash the prize completely right, half to one-fourth the prize and then we will be left nowhere. Everybody agrees, two major issues?

Student: Yeah ok; yeah, yeah sir, yeah sir.

Now, I have a question for all of you. Now, knowing this; this is a product in front of your first prototype, first version and these two major hassles to take this product forward to the market. How many of you would go ahead with it, how many of you would not go ahead? Yes or no?

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Would you 'go ahead' or 'not' ?

If NO, why?
Easy to replicate, Chinese threat(lower price), too niche, not much scope in the future, not sure about margins, alternatives maybe there..

If YES, how?
Patent control costs, add features/aesthetics, aggressive marketing/promotion, finding the right networks, outsource the manufacturing, find influential early adopter (WOM will be good), identify more use cases, promote local use cases, Make in India narrative, reliability..

So, let us look at it from an entrepreneurial perspective and let us analyze the reasons why yes, why no.

Patents: patent I mean let us look at this product, I mean will we get a patent, a technology patent? Utility patent maximum it is very difficult for a start up to get into all these wrangles you know.

Look and feel, utility and design, the shape can be registered.

Exactly.

So, patent [FL].

So, patent [FL] right. Control costs: yes, doable. Can we really beat the Chinese in terms of cost control, tough, no? Guys you.

Student: Yeah probably not; probably not yeah [Laughter].

Right.

Student: But, I think there is you know with the costing and with the Chinese label, I think this has always been known that it is not durable or not reliable. So, for someone who is investing I think we do have a sort of leverage here because reliability and trust would be more as compared to Chinese products.

On reliably alright, cool, fair enough; doable, yes. But still that Chinese threat looms right, it is it might just throw you out of the market correct. So, that threat always exists. Aggressive marketing promotion: doable, what from a start-up perspective.

Right.

We do not have budgets to do that right.

Marketing aggressively needs a lot of money right, you do promos on digital media, television, [FL] it consumes a lot of money. From a startup perspective we do not have that, those kinds of resources correct, so doable but difficult. Finding the right networks for outsourcing etcetera, once again what is there in it?

What stops the outsourcer only to manufacture it, yeah you outsource it from China and IPR laws in China are even worse. So, there is a lot of iffiness about the whole thing right. So, you know these kids did not give up, 2 of them after about 6 7 weeks, they used to come, we used to meet a lot of times they came.

And after about 5 7 weeks they came jumping into my office, saying sir problem is not with the market, problem is at our end, we cannot manufacture it. So, what if we do not manufacture it at all? Let us completely open source this technology, anybody can manufacture [Laughter] it which is so simple anybody can manufacture it. Let us open source it, provided they have a they use a standard Bluetooth module embedded in it.
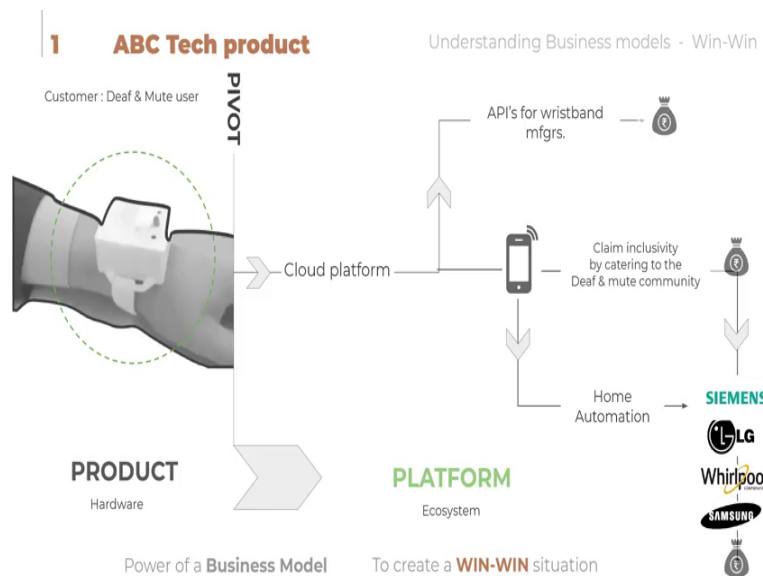
Then these guys came up with a brilliant idea. They said forget about manufacturing we will create a cloud platform. On one side we will give out APIs to all these wrist band [Laughter] manufacturers in the world.

And on the other side we will approach appliance manufacturers, like Siemens and LG and Whirlpool etcetera and tell them that if your appliance connects to our cloud platform through our API in the household, your electronic appliance can communicate with the wristband of any manufacturer and can solve the purpose for a deaf and mute individual everywhere in the world.
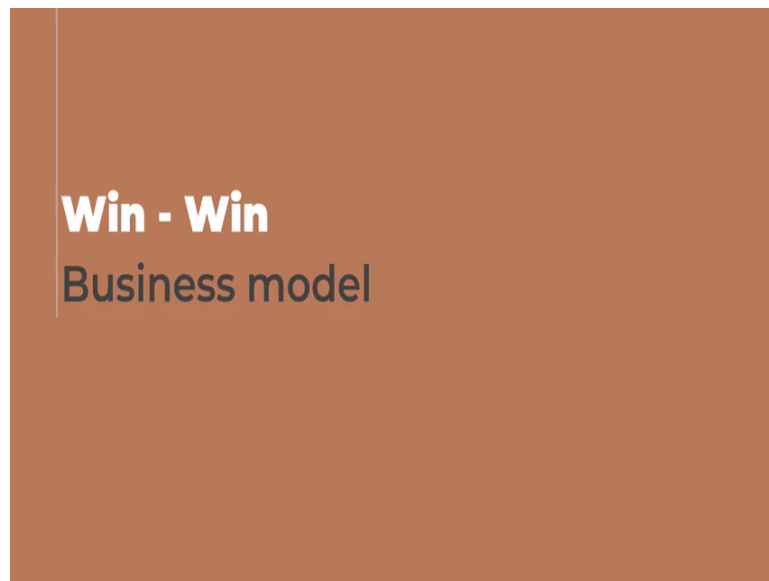
Now, that is the power of the business model and these guys created this cloud platform and now look at it from the business model. Now, let us analyze what happened? These guys went to these large corporations, first they cracked Siemen, they took them 6 7 months to do it. The proposition, value proposition that these large companies they proposed to us with this simple API, you can brand your product as an inclusive product deaf and mute friendly product.

Very true.

Analyse the Business Model

First approached Siemens ~

- Offered the Brand an inclusive product Api at 1.5 - 2 cents 12 paisa..
- Offering then became a global offering..
- On boarded Siemens and other players followed..
- Later they added modules for home automation..
- Acquired by Siemens Home Automation division for 32 crores..

CLOUD Model rather than a MFG model ~ WIN-WIN Situation

And at what cost? Per API they charge them something like 1.5 to 2 cents. Now, back in 2014-15 dollar was some 60 rupees. So, 2 cents is what? [Laughter] What are we talking about? 12 paisa get it? Now, at that 12 paisa this brand, big brand gets to call its product a physically challenged inclusive product.

Big value proposition and if you remember in 2015-16, there was a huge trend across the world to make products especially home appliances as inclusive as possible right. So, these guys very smartly wrote that curve and suddenly their offering became a global offering. Then what they did was even better, they first on boarded with Siemens took them 6 7 8 months to convince them, POC [FL], took them time.

But once Siemens got on boarded naturally Siemens is a big brand right, Samsung came became on board, Whirlpool came on board, LG came on board. And suddenly they became a

global player only through this cloud platform went away from their hassle of manufacturing completely. Later on they did not restrict themselves to just connecting with bands for deaf and mute speech and hearing impaired people. But once they had the cloud platform in place they added modules so that they got into home automation also.

I mean through your mobile phone you can switch the geyser on, air conditioner on, off whatever you want to do right. So, they kept on upgrading and in 2017, they were acquired by Siemens [FL] Home Automation division [Laughter] for a good valuation of about 30 32 crores, the whole platform that they developed.

And so, you get my point? So, that is the significance of the business model, their whole success journey began when they looked at the business model sharply by going the cloud model, rather than a manufacturing model right. And so this is I would say a classic case of what is typically called as a pivot or you know in startup jargon it is called as a pivot.

But classical case of how you pivot depending on market situation and how you create a win-win situation, it is a win-win situation for everybody right. So, if you see the successful companies of the last 10, 15 years most of them have created platforms around their product.

Creating a **WIN-WIN** situation

"They may have started with **hardware** but soon they created cloud **platforms**"

They may have started with hardware, but they have soon surrounded their hardware with products with a cloud platform where more and more services can be plugged; in get it?

So, and it is a classic case of thinking through the business model alright. So, this I just wanted to put it in perspective the significance of the business model alright.

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"Your **first idea** may not be **the best one**"

Shift the paradigm of your thinking :

~ A different way to reach the same consumer..

So, what happened? Let us look at I mean they completely shifted their paradigm of thinking, they figured out a different way to reach the same consumer and at a much higher scale right. So, that is one thing, I went from manufacturing to cloud.

Think platforms as I mentioned once you think about creating a platform around your project, around your product what happens is typically; now these guys entered that segment market segment with simple offering and they entered the household automation business right. And they kept on adding more and more features such that more and more revenue streams started coming in. But, if they had not created a platform that would not have been possible right.

"Don't think **product** think **platforms**"

Think beyond **hardware..** More avenues for **monetisation..**

So, think beyond just hardware think, what other things you can add and that you can add when you think in terms of platforms, get it. And when you create a platform what happens is when other manufacturers or other service providers want to reach the same market segment, they also join your platform and you get more avenues for monetization; get it.

Let me make it simpler with maybe another example, all of you are aware of Practo, Practo started with a simple application for fixing appointments with between doctors and patients right simple normal application.

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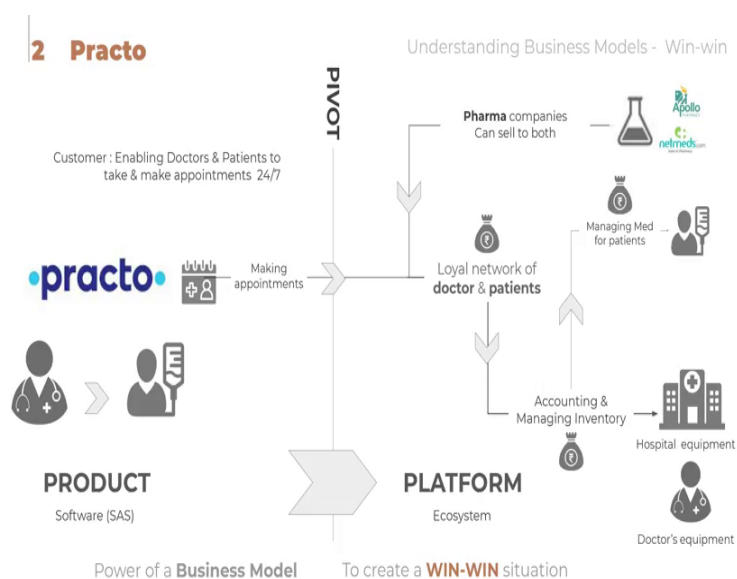
It benefited the doctor because the doctor could get appointments even when his office or dispensary was closed, 24 by 7 appointments could be booked. Patients could book appointments 24 by 7 not waiting for that 4 to 7 consulting time when the receptionist would pick up your call correct. So, total freedom.

Now, they entered the doctor market, then they kept on analyzing what else do doctors need and they came upon a need that especially dentists; dentists use a lot of material right. So, they carry a lot of inventory. They use different you know all those blades, rotors, buds and plus different materials for you know for filling, cavity filling etcetera.

So, and it is a nightmare for a doctor whether he or she will focus on his practice or her practice or manage inventory for his you know office, for his clinical practice.

So, they introduced an inventory management software onto the Practo platform correct. So, naturally loyalty of doctors they got, then they also realized that these small nursing homes you know 10 bedded or 15 bedded nursing homes which are run by surgeons they also carry a lot of inventory, which the doctor cannot possibly spend time managing inventory it is a specialized job.

So, they plugged in some inventory management software onto the Practo platform for these surgical homes. Then gradually naturally their traction from the doctor started increasing, then later on they also realized that doctors have a problem keeping accounts, managing their accounts. So, they added some accounts management software module onto their platform, see how they are gradually progressing. Now, with this they are capturing the loyalty of these doctors.

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Lessons ~ •practo•

- Created a **platform**
- Created a **loyal customer base**

Any other service providers which want to sell a service to doctors use this platform, avenues for monetesation keep on increasing so keep this in mind..

Now, once the doctors are on their platform, pharmaceutical companies who want to sell their medicines to doctors also became interested in promoting their products through Practo; get the point? Which means more avenues for monetization of that platform.

Now, today pharmacies are also there on the Practo platform, wanting to sell to patients directly. Apollo Pharmacy, Netmeds PharmEasy all of that they want to kind of there be there, plus today it is now thanks to the pandemic they have become a pretty much developed video consultation platform correct.

So, what is the lesson to learn from here? They created a platform, they created a loyal customer base and any other company or any other service providers which wants to sell their service to that customer segment doctors then use utilizes the Practo platform to reach the reach to them right. Because Practo has created a channel to reach to that market segment which other service providers also want to reach.

And naturally avenues for monetization keep on increasing. So, that is that is the duty of scale through platform creation.
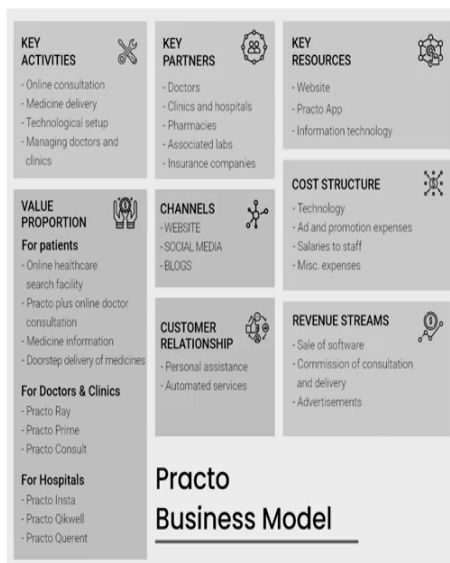
So, keep that in mind when you think about taking your products to market alright. Though right now they may be pure hardware, but think about it from the customer side what else what else can be done. And leave those you know modules open so that you can plug in more and more things on the platform, so think platforms.
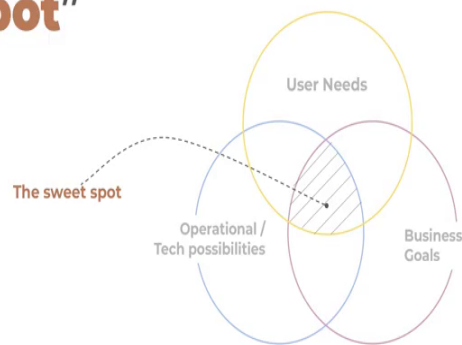
And of course, as design students you would all know this Venn diagram right, desirability, feasibility, viability. Successful you have took pivot till you are in the sweet spot. Now, the first wristband guys, when they had they were thinking of manufacturing the wristband they had captured the user needs well, they had figured out the operational and tech possibilities.

But if they had manufactured the wristband their business goals would not have been met right. The moment they tweaked with that cloud model, cloud platform model they came to the sweet spot. So, that is where that is how you should think about a business model, that how can you bring your venture into the sweet spot and keep it there.

What technological changes or what operational changes you need to bring about in the way you are going to market. That is where the business model plays a very important role right.

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Beating competition, not by a product or a technology

but by structuring their **business model**

Now, let me share with you as I mentioned some little bit of my research of the last 10 12 years of how some businesses have kind of beaten their competition not really on the product, not really on the tech, but on the structuring of their business model.

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1. Hair X'press

Javed Habib - Double Whammy

First one which I call as Double Whammy: Hair X'preso Javed Habib a lot of Bollywood celebrities were his customers, Sachin Tendulker was his customer and other sports people, etcetera. So, his claim to fame was hair stylist to the rich and famous alright. Now, if you were in Javed Habib's place probably by the end of the 90s that fellow realized that most of my business is restricted to my hand skills, if I am not present I do not get this rich and famous customers right correct.

My bandwidth is limited, how many hairstyles that I can do in a day. I have 24 hours, 7 days a week, I cannot expand beyond a certain point though large amount of brand equity goodwill was created in the 90s agreed. So, as a smart chap he thought in terms of scale, how can he now utilize his brand equity and create a scalable model.
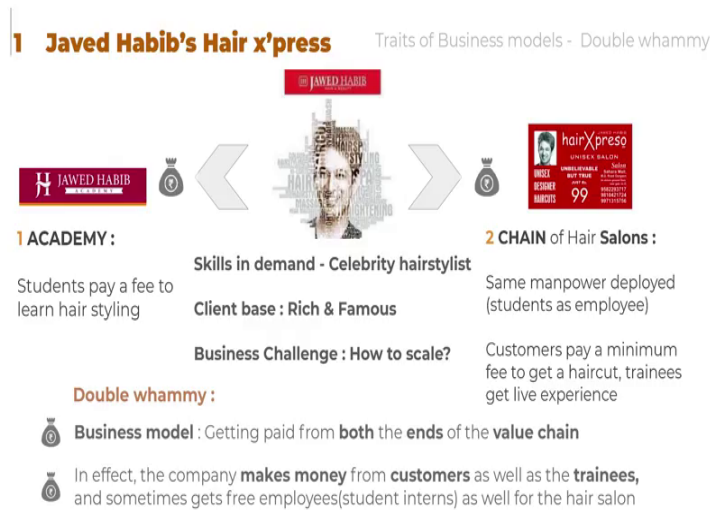
So, somewhere in 2001 or 2002, he started his hairstyling academy if you remember, Javed Habib's hairstyling academy or something he started. So, students would enroll to learn hairstyling, would pay a fee to enroll to learn hairstyling and couple of years later he started these Hair X'preso Salons, about a year and a half to 2 later, after he started his hair academy, training academy.

Javed Habib is in the middle, suppose I am Javed Habib, on my left side is my training academy where students pay money, get enrolled, learn hairstyling from my academy. And on the right side I have these chain of salons, where I deploy this same manpower, some student interns do free, do work for free.

So, I am in the middle, I am generating revenue from both sides of the value chain from my back end. That is who is my employee technically in that salon? Majority of the employees who are they?

Student: The students.

Students right.

Traits of Business models 1 - Double whammy

"Double Whammy means getting paid from **both ends** of the **value chain**"

That employee is actually paying me a fee to get trained, [Laughter] get my point that is what I call as Double Whammy. I am getting paid from both ends of the value chain. Interesting model know, it is a skill, it is a finger based personal skill, he cannot replicate it very easily

so, but with this he suddenly was able to scale up. So, getting paid from both ends of the value chain interesting model, think about it.

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Then let me give you another example slightly tech-based example Duolingo, everybody is familiar with Duolingo.

Student: yes, yes, yes.

Go to App Store, go to Google Play Store or wherever you can download it and learn some foreign languages alright.

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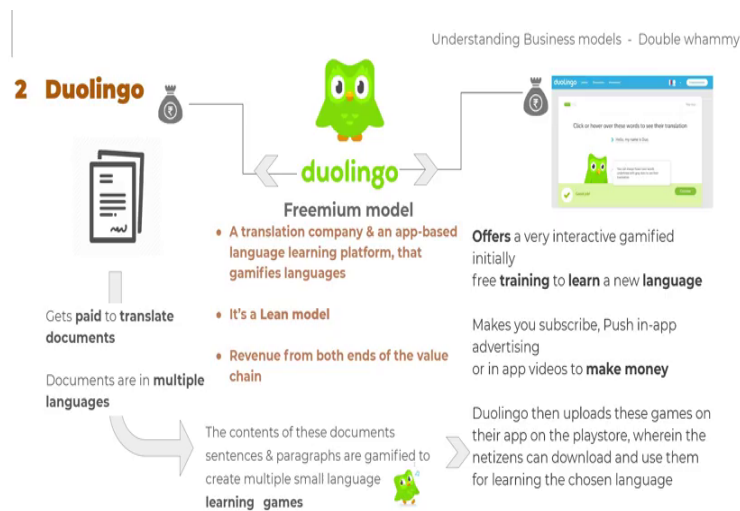
Now, Duolingo, what is Duolingo's business model? Duolingo is actually a translation company which takes jobs for translation. Suppose I am Duolingo and say one of you suppose she is a Japanese company wanting to enter India. So, what is one of the main tasks that our company would want to do? Would want to translate certain Japanese documents into Indian languages right.

In the English, whatever whatever whatever alright. So, I am Duolingo, I take up that job of translation I break down those documents into small little words, pieces, bit sense, you know small little sentences, disjoined everything is disjoined. And you know how Duolingo pushes the tutorial into our phone, it is a nice animated gamified kind of a tutorial right.

You all of you have seen it, it is fun to play with. Now, all these broken down words and sentences or whatever it is are kind of a fancy, nice, animation is created around it and is

pushed down through the App store where hundreds of thousands of people who want to learn the Japanese language download it and keep on playing with it.

Playing with it means what? What are you doing when you are learning a new language ,when all these words sentences are sent in, what are you doing actually?

Student: Training, translating, yeah.

You are translating and as you get better you climb up level 1, level 2, level 3, level 4 whatever whatever its a freemium model and Duolingo has an intelligent algorithm at the back, which picks up the best translations from the crowd, stitches that entire [Laughter] document together and gives it to Ananya's company who pays me, who pays Duolingo, once again.

Now, being a freemium model in front you get to download it free, first 7 8 levels you get to use it free, then I monetize your presence.

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Either I make you subscribe to my app or I push some in app advertising or in app videos through which I make money. And on the backend I make money from the company for whom the translation has been done.

Which means I can kind of run that whole company without employing a large amount of translators, I need moderators yes to check whether the algorithm is generating the best translation, but my staff is minimized correct. It is a very lean model once again revenue from both ends of the value chain Double Whammy.

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Where can you use a **Double Whammy**

If you are in a **business** and you have a **skillset** for which there's a **large demand** eg; **Hair styling, learning a new language..**

Don't mistake it with a trader's model this is not an aggregator model..

Eg: Zomato is a trader's model.. A real estate broker is not the double whammy.

Now, in what kind of situations can you use these? My learning from this is that if you are into some business which you have a certain skill set for which there is a large demand in the market, to learn that skill set, like hairstyling. There was a large demand to learn hairstyling, learning a new language there is a large demand to learn that new language right.

In that case you could possibly use some something like this, this kind of a business model.

Student: Yes.

Alright, cool.

Student: Yes.

Do not mistake it with a trader's kind of a model, this double whammy is different get it right. So, Zomato is like a traders model, you know even a real estate broker makes money from the buyer as well as this; this is different, this is where a specific skill is in demand and the guy is creating a training academy and at the same time creating a franchised outs store. So, that is not a typical trader's model get my point right yeah.

Student: Hm.

So, otherwise technically even a real estate broker is a double whammy right.

Student: Yeah.

I am not I am not talking about that, I am not. Javed Habib is outsourcing his labour from his own student's employees from his own student whereas, Duolingo is crowd sourcing the labour force from people like you and me.

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Now, this is also interesting. Netjets is a company based out of US, go back about 20 years, they sell private jets. Now, who buys private jets?

Rich and famous.

Oh, absolutely, I mean you know say for [Laughter] want of any nomenclature, let us call them 10 raise to 10 into super into rich.

Student: Yeah.

Being an engineer mathematical nomenclature [Laughter] right.

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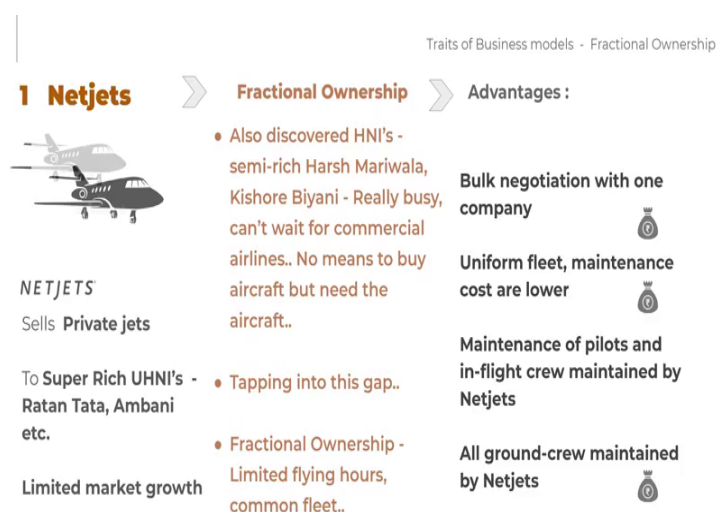
So, say Ratan Tata, Mukesh Ambani etcetera. Now, these guys somewhere in the late 90s, early 2000 realized that [FL] how many people exist who can afford to buy an aircraft on their own, not many. So, their revenues were not increasing as much as they would have liked to increase correct. It is a limited very small market and [FL], I mean you know it cannot expand beyond a certain point.

So, they said we need to relook at the way we operate. So, they kind of did some bit of research and discovered that this 10 raise to 10 into super rich [FL] there is a segment which is say 10 raise to 8 into rich, a very very affluent. Say 10 raise to 10 is say Mukesh Ambani and Ratan Tata, 10 rise to 8 into rich is maybe you know Harsh Mariwala of Marico industries or maybe a Kishore Biyani of Future Group or some people like that.

And now, why do people buy an aircraft? It is not just status right, it is because these guys are really busy and they cannot really afford to wait for the commercial airline [FL] timetable, they want to fly at their beckon call, agreed clear.

Student: Yeah.

So, even these 10 raise to 8 into rich varieties also equally busy, but they do not have the kind of cash flow in their business that they can you know suddenly pull out 300 crores from their business and buy an aircraft, but they need the aircraft get the get the understanding on the market, the need is there, but the means are not quite there.

So, these net jets fellows said that we are losing this market, can we tap this market in an interesting manner. So, they came up with a scheme of fractional ownership. In the sense that they would kind of approach say 5 people from that 10 raise to 8 into rich segment, I come to you and ask you, boss ok; you cannot sell out 300 crores in one go. How much can you?

Somebody says 65, somebody says 70, somebody says 55 and totally 300 crores over alright and I sell you that aircraft in that proportion, you own that aircraft in that proportion and the number of flying hours that you get per year are distributed according to your ownership alright, clear. And now is there a problem with this model?

Student: There could be overlaps.

Yeah, I have to find a solution for that, I have to give you another aircraft to fly so that your schedule does not get upset alright.

Student: Yeah.

Now, suppose now this fractional ownership model [FL], it is not only one group that I have sold one aircraft to, I have sold three 300 other aircraft to 300 other groups. Now, from a from an entrepreneur's perspective how can you simplify your operations? Instead of having 6 7

different types of aircrafts in that fleet of 300, what if I introduce a common aircraft [Laughter] across all the 300?

You want to minimize your hassle, but you want to give the best customer service correct.

That is what Indigo also did you know. Indigo bought the same type of aircraft. So, they got less maintenance, less inventory, less spares.

Absolutely yeah. So, now, with a common fleet first of all what is the benefit for you as net jets. Suppose I had a fleet of 300 which had 50 beach crafts and 70 Cessnas and some 100 Dorniers etcetera. So, I will be dealing with three companies for procuring my aircrafts right.

Instead of that if I am dealing with only one aircraft company, aircraft manufacturer and I am negotiating for 300 aircraft, where will I get a better deal?

Student: That will be the better deal.

Obviously bulk negotiation is much easier and 5 percent saved on aircraft purchase is huge right expensive asset so that is one benefit. Secondly, as Professor Chakravarthy mentioned maintenance costs when the fleet is uniform goes down, even cost of maintaining the pilots.

Now, these Netjet's fellows said that gave the offer to these fraction owners that, guys you do not worry about the pilots, you do not worry about inflight crew, you do not worry about any kinds of inventory or any kinds of maintenance of the aircraft, we will do the maintenance a group of pilots, we will maintain inflight crew. We will maintain your aircraft ground maintenance, everything we will do for which we will charge your service fee, fair model these guys do not have to maintain any pilots nothing.

Now, with this model they cracked open a market segment which was not looking at them earlier that 10 raised to 8 variety. So, if you are kind of introducing some expensive products in the market maybe fraction ownership can be looked at and it is not just fractional

ownership, but down the line the entire business model needs to be thought through right. All the operations etcetera everything needs to be thought through very clearly; got it?

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1. Xiaomi
Perceived Shortage
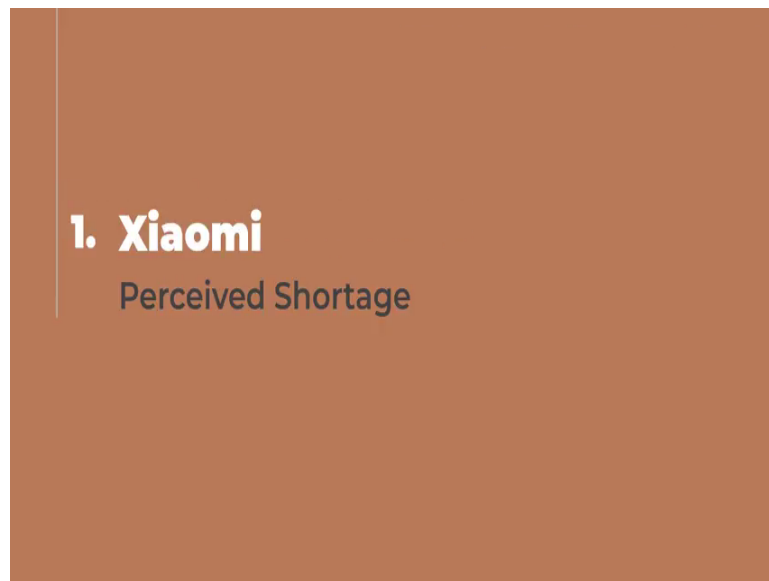
Another one this is interesting, Xiaomi phones, how did they launch in the market whenever, 7 8 years back; how did they launch? 100 percent online, no physical stores right.

Because physical stores means, you have to have wholesalers, distributors, retailers and at every place you have to maintain certain amount of stock.

Inventory
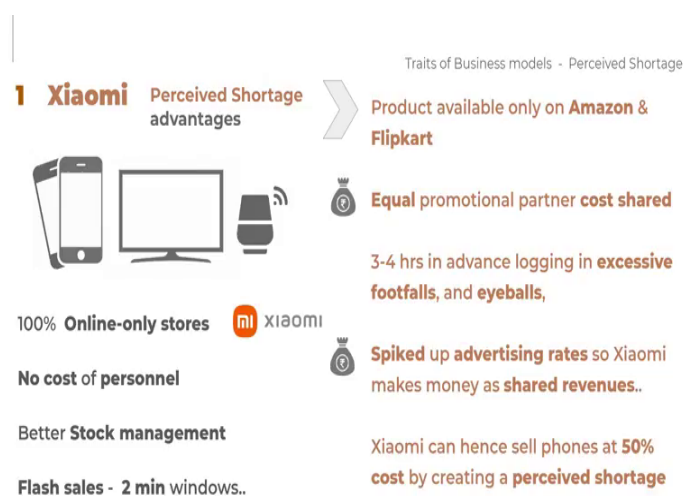
Wheras, 100 percent online your stocks can be managed better. Another thing they introduced was this flash sale business, flash sales 2 minute window, today they will announce on 31st December our new model will be launched at 12 O'clock and that sale will be over at 2 minutes past 12 correct. That is how they launch you know flash sales, yes?

Now, look at the advantages in terms of the business model so to say. When today I announce, suppose I am Xiaomi I announce, I will my product will be available on Amazon and Flipkart on 31st December between 12 O'clock and 12 2 past 12 which means I have made Amazon and Flipkart as my partners in the promotion, equal partners in the promotion correct.

So, naturally my promotional expenses of Xiaomi also get reduced to a certain extent correct, that is one. Then at the time of the sale to catch that 2 minute window a lot of people stay

logged in 3 4 hours in advance, to catch that 2 minute window. Now, that means, there are lot more eyeballs on that platform of Amazon and Flipkart in those 3 to 4 hours.

Because of excessive footfall and excessive eyeballs, their banner advertising rates on the platforms get spiked up tremendously. Why have the banner advertisement rates got spiked up? Because of Xiaomi's 2 minute flash sale. So, these spiked up or additional revenue streams which come because of the additional revenue that comes in because the bumped up advertising rates, gets shared with Xiaomi also, because Xiaomi is the cause for these rates getting spiked up agreed.

Student: Yes.

Which means Xiaomi has saved on their marketing promotion activity in the beginning by making them partners by Amazon, Flipkart partners plus this additional bumped up advertising revenue is also shared, because of which now you realize why Xiaomi is able to sell a equivalent android phone as a Samsung Galaxy whatever whatever at probably 60 percent 65 percent of the cost, get it.

So, what did Xiaomi do? They created a perceived shortage in the market know our goods are available only for 2 minutes. So, it is not just a marketing gimmick, it is a whole business model structured around creating a perceived shortage get it. Now, this is a tech company, let us look at some brick and mortar company like Zara.

2. Zara
Perceived Shortage

Zara has a 90 day fashion cycle, in 90 days the fashions change, correct. That is how they run.

Now, that is also creating a perceived shortage. There is a study by you know there is this agency called FITCH, F I T C H which publishes a lot of reports on the retail industry.

A couple of years back, I remember reading a report by FITCH which said, in Europe a loyal customer of Zara visits a Zara store 17 times in a year. 1 7; 17 times in a year and who is Zara's competition Marks and Spencer, H and M etcetera. Loyal customers of these Marks and Spencer or H and M etcetera, visit Marks and Spencer store and H and M store only 7 to 8 times in a year. As compared to a loyal customer of Zara visiting their store 17 times in a year.

Plus, when you and I go into a Zara store and we know that something that we like, suppose we like some piece of some T-shirt or something or a shirt or something like that and at the

back of the mind, I know that when I come later maybe 90 days later this may not be available.

So, I have a tendency to pick up maybe 2 in different colours instead of 1, get it. See how that perceive shortage thing creates a completely different revenue stream, a multiplied bumped up revenue etcetera etcetera and what they smartly do is the 90 day cycles are not matched everywhere in the world.

Whatever is kind of remaining unsold in Europe comes to Asia for the next 90 day cycle, then goes to Africa; get it. So, now, that is what that is what I am saying, it is only planned structured business at play, that is the significance of the business how we think through the business model and this is not just gimmickry. Zara has perfected this over the last 40 years of their operations, 90 day cash, 90 day fashion cycle is not easy to manage right. So, their whole business is based on that.

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"These examples explain how a **business model** can differentiate you from **competition**"

These were a few examples you will find more in my book..

So, that is how business models can differentiate you from competition alright. So, I have just shared 3, 4 traits of business models, more maybe you can read up I have listed out in that in my book also, if you get time maybe you can explore that.

"Any solution must satisfy"..

Traits of Business models

User Needs

The sweet spot

Operational / Tech possibilities

Business Goals
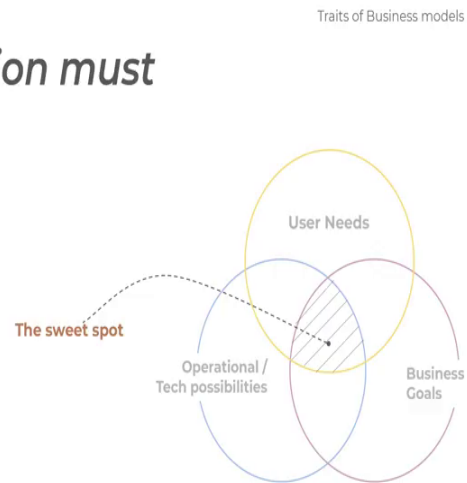
All these 3, 4 traits I said are about being here in the sweet spot. How to bring your venture at the sweet spot right and remain competitive, remain unique in the way you are operating and possibly beat competition alright. Competition is going to copy you, so you need to constantly struggle to reach to remain at a sweet spot.

But these are some of the traits that one can experiment to kind of be there alright. So, that is one thing.
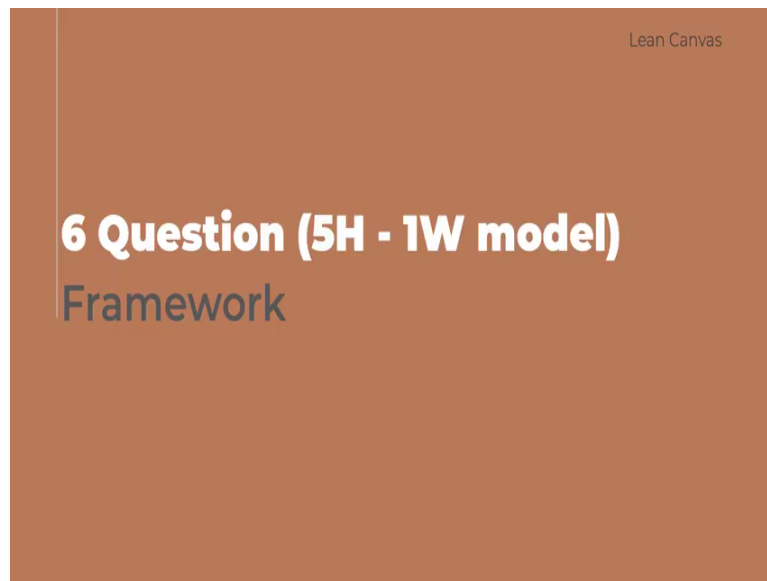
Now, as I said earlier, is there a framework. I told you these 4 5 stories examples fine, but is there a framework that one can ask oneself when you are trying to create a venture. How can you create a unique and a sustainable business model yourself?

Business model creation (5H-1W model)

1. How do we reach the customer?

6. How do we create an optimal product mix?

2. How do we optimize our operations?

BUSINESS MODEL INNOVATION FRAMEWORK

5. What kind of tie-ups should we seek?

3. How do we source our man-power?

4. How do we source our inputs?

Framework to create a unique and sustainable business model yourself
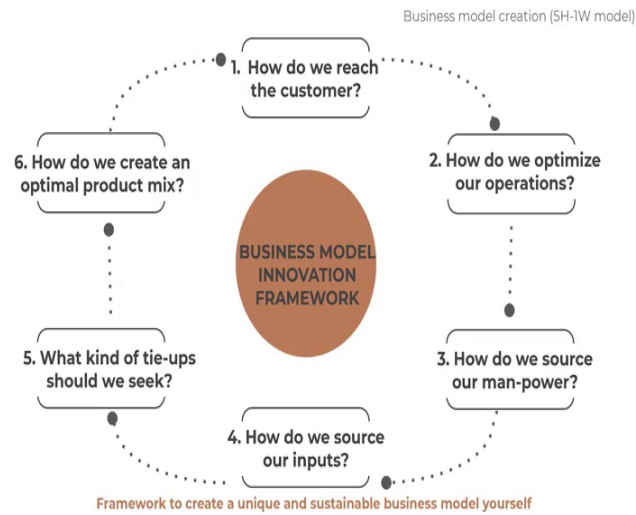
So, I have these six questions which if you constantly keep asking yourself, you can maybe differentiate yourself on the basis of a business model ok.

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Business model creation 6 Questions

1. How do we reach the customer?

Wrist-band group reached the same customer ~ product/vs platform

2. How do we optimize our operations?

JAVED HABIB - Created a double whammy business model to optimise his costs

Also **DUOLINGO** - By crowdsourcing their operations

NETJETS - Optimised their operations by optimizing their fleet

Let us look at question 1, how do we reach the customer? How do I reach the customer? Look at the wristband guys.

They reach the same customer in a completely different manner, instead of manufacturing they went the cloud platform model. So, that is the answer how can I reach the same customer I have identified customer discovery [FL] I have identified the need. Will I enter the market the same way that my competitors enter or should I try to do something else?

Can I use some different technology to reach the same customer? Can I use some different channel to reach the same customer got it. Next, question how do we optimize our operations? Let us look at Javed Habib, did he optimize his operations by creating that double sided double whammy business model? He was able to provide labour at practically zero cost.

It is a closed loop kind of a model right, no outsider can get entry there plus the employee is actually paying me a fee [Laughter] to get trained.

Yeah. So, it is quite optimized.

And so this fellow if you remember [Laughter] he entered the market in 2005 or 6 or sometime, other equivalent salons would charge something like 150 rupees a haircut whereas, this fellow entered the market at 99 rupees a haircut, better quality low price. That is; so you need to optimize your operations to be able to manage that.

Duolingo same thing by the crowd sourcing model, they were able to minimize their costs of translation to such a low price that nobody can really beat them at that cost right, plus smart use of technology also, intelligent algorithm to stitch up the document right. So, crowd sourcing is another way that you can optimize your operations, Netjet's by standardizing their fleet they optimize their operations get it.

Student: In the Javed Habib model when it was his skill set that he put across and he used his brand to kind of optimize his operations, he also in a way in the long run saturated the market in a way, because there were also people who copied his model and then it kind of made him go out of the limelight a little bit. So, as a business

Yeah.

Student: If I am looking at such optimizations and if there is a potential threat to my own business in a way, where it is getting copied and it is getting multiplied in ways that I cannot control.

Ok.

Student: Then how is it benefiting me in the long run?

Alright.

Traits of Business models - 3-4 Examples

"Remember one thing if you introduce something **good** in the market, **it's going to get copied**"

Now, first of all let us remember one thing, if you introduce something good in the market it is going to be copied, correct yes.

Student: Absolutely.

Why is it copied? Because it is doing well correct. Yes or no?

Student: Right.

"If the model is successful and not copied means, either you are **technologically very superior** or you are the **only fool to continue in the market**, even when the competition does not think there is a market"

If it is not copied then there are only two possibilities according to me, either you are technically technologically very very superior to everybody else or you are the only fool in the market who continues to be in the market where there is no market existing, where competition does not think there is a market, true.

So, competition is actually a good thing no. See, that is a classic case of not staying [Laughter] in a sweet spot and thinking that [FL] business model [FL] lifelong success is guaranteed, never happens like that; get it? So, you constantly have to explore to always remain in the sweet spot.

Business model creation (5H-1W model)

1. How do we reach the customer?

6. How do we create an optimal product mix?

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BUSINESS MODEL INNOVATION FRAMEWORK

5. What kind of tie-ups should we seek?

3. How do we source our man-power?

4. How do we source our inputs?

6 Questions that you need to ask constantly to remain in the sweet spot
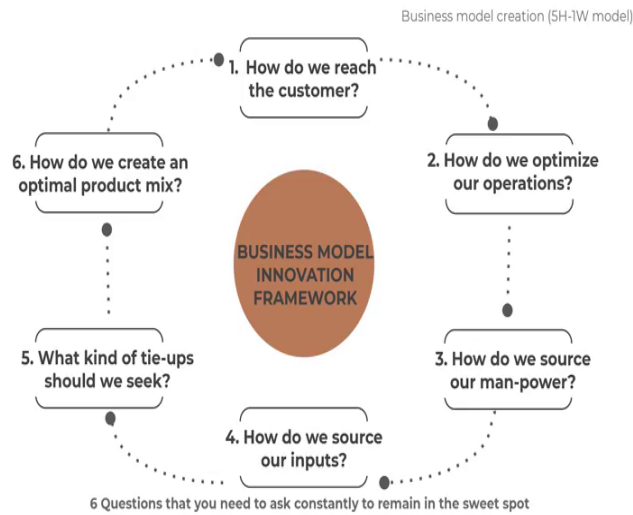
And what are the questions that you need to ask constantly? These are six questions that you need to ask constantly to remain in that sweet spot get it. So, shall I go to the next point? How do we source our manpower? Right.

Business model creation 6 Questions

3. How do we source our man-power?

DUOLINGO - crowdsourcing

JAVED HABIB - Training Academy

OLA/UBER - Engages freelancers, Zero fixed costs, purely variable costs

IKEA - Sources from designers all over the world, DIY model so limited manpower. Asset light model

4. How do we source our inputs?

UBER/OLA - Vehicle being an input, freelance manpower brings in their vehicle hence - Asset light model. Source assets and become an aggregator. So its a smart way to source inputs.

Ask yourself in how many creative ways can we source our inputs?

Let me again go back to Duolingo; how did they source their manpower? Crowdsourcing. How did Javed Habib source his manpower? Training academy right. How does an OLA or a UBER source their manpower? Freelance drivers right, freelancers. Now, because it is a freelance model their fixed costs are practically 0. It is purely a variable cost driver [FL]. So, it is linked to the revenue that is generated.

Smart way of sourcing manpower, crowdsourcing by Duolingo smart way of sourcing manpower. IKEA also, IKEA by the sheer number of designs that it comes out with, they must be having a solid big design team sitting in Sweden, that is the impression, yes. Now, the kind of designs the number of designs that IKEA churns out one can imagine they must be having a huge design team sitting in Sweden possibly.

Yeah, yeah.

That is the impression. Now, a designer in Sweden, Europe probably the 5th or the 4th most expensive country in the world Sweden. If you have a team of 200 designers sitting there it is going to be a big cost for IKEA correct. So, how does it source? It has a constant competition that is rolling on their website, for designers from the world to upload their designs right which means they are once again converting their fixed costs into variable costs [Laughter] yes or no.

Yeah.

Manpower, the designs which are coming in large numbers and anybody who wants to have his or her design in the IKEA catalogue, anybody and everybody wants. So, one of the designer would want it is a big thing on the CV of that designer right. So, they attract good folks around so that is the way they source their manpower, plus interestingly by the DIY model, Do It Yourself model what is IKEA done? They have been.

Student: (Refer Time: 46:25).

Able to eliminate a lot of their backend carpenters and fitters right, who is their labour?

Student: The customer customer itself.

We are their manpower. So, that is a smart way of sourcing manpower and that is also the power of design everything, is standardized any donkey can assemble an assembly IKEA furniture. So, they have simplified it dumbed it down to that thing right. How do we source our inputs?

What are the inputs required for the business? Say OLA, UBER what is the main input? Vehicle, vehicle is the main input for their business. Where do the vehicles come from? How do they source the vehicles? Freelance manpower brings in their vehicles. So, it becomes a

asset light model in normal terms, asset light means I do not invest in physical assets, I source assets and I kind of become an aggregator. So, that is smart way to source inputs right.

How many creative ways can you source your inputs? Ask yourself that question alright.

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Business model creation 6 Questions

5. What kind of tie-ups should we seek?

With Vendors, Customers, Suppliers -

UBER/OLA - Loose tie-up with drivers, uber n ola allowed to switch apps.

NETJETS - Service-level agreement, provide you ground maintenance, pilots, in-flight crew for a **service-fee**

What kinds of tie ups should we seek? What kinds of tie ups should we seek with the customers, with the vendors, with the suppliers? What kind of a tie up does UBER or an OLA have with the driver? It is a very loose tie up you know there is no binding.

You have to stay logged in for the whole day 24 hours, nothing like that whenever you feel tired you can log off. Plus it is so loose that if an UBER driver wants to shift to the OLA app that freedom is also there. Then what is the kind of tie up that Netjets sort with its customers, there is a service level agreement also, we will provide you the service of maintenance, we

will provide you pilots, we will provide you in flight crew, we will provide you ground maintenance all of that, for that you give us a service fee.

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So, that is a different kind of tie up. Then how do we create an optimal product mix? Optimal product mix means maybe at the beginning you are a single product company, but as you grow you have multiple products in your portfolio and all products will not sell equally, you there will be some products which will sell more, some products which will sell less or something like that. And you cannot take a decision purely on financial terms.

A very crude example; suppose you are running a restaurant your profit margins on butter chicken and paneer butter masala are high, your profit margins or roti are not as high suppose. Can you stop manufacturing roti? [Laughter] You cannot right.

You cannot.

So, the there are complementary products right. So, you have to think about your product mix in an optimal kind of a fashion. Now, let us go back to this IKEA thing, IKEA operates in some 50 60 countries in the world right, probably more alright and they are functioning across cultures correct, they are selling to different cultures.

Now, their designs also need to be kind of match the cultural choices preferences of various regions that they operate in. Now, because of this contest model naturally the cultural choices and preferences get embedded into their designs, because suppose now IKEA wants to say enter some new geography, it will pick up designs coming from designers from that region to be included in their catalogue right. So, naturally that optimal product mix kind of gets.

Done.

Embedded into their whole model.

Business model creation 6 Questions

"So these are the **6 questions** you need to ask while you are thinking about your business model, all through the life of your venture.
If you constantly ask these questions and get answers that are different from what your competition is doing, then you will be able to **create a differentiation** based on your business model in the market"

So.

Student: Yeah.

These are 6 very basic questions that you need to constantly ask, while you are thinking about your business model. In fact, not just while you are thinking about your business model, I think all through the life of the venture you should ask these questions. And if you constantly keep asking these questions if you can get answers which are different from what your competition is doing, then you will be able to create differentiation based on your business model in the market get it alright cool.

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Having said all this now let us come to your lean canvas. Now, just one or two subtleties that I want to bring into this lean canvas are customer segments, listing down your customer segments here, then identifying who the early adopter is.

(Refer Time: 50:46).

I just want to bring in one small nuances into the whole thing, when you are thinking about your early adopters; who are your early adopters? How have you determined your early adopters?

Student: People who are in dire need of the product and not they do not want it, but they need it.

Alright, dire need and who are willing to experiment with the new product correct.

(Refer Slide Time: 51:06)

Who is your early adopter?

Theoretically any customer who has a :
- a dire need and
- willingness to experiment

qualifies to be your early adopter..

That is a classical definition of any any marketing book will tell you, dire need and willingness to experiment correct. I am putting you all into a real situation, suppose I am manufacturing rainwater harvesting systems ok. Who is my who are my customer segments?

Households which where the little water very like, like Chennai; Chennai is desperate for water so.

Industry, manufacturing industry, especially.

Yeah, yeah who will pay huge amount of money water consumption industry (Refer Time: 51:37).

Huge consumption and they pay commercial rate for water. So, they face a lot of expense for water, manufacturing company right. By default I am saying housing complexes, then commercial institutions, hotels, hospitals blah blah blah yeah.

Student: Farmers who have tie ups with MNCs like McDonalds and are growing cash crops (Refer Time: 52:00).

Alright, alright. So, these are now my possible market segments right, out of them who will be my early adopters? Now, I have to narrow down between the two, as a startup I possibly cannot focus on all market segments. So, I have to determine my early adopter right. Now, out of manufacturing companies and house owners I have to decide you have to take a call right that is my early adapters.

I have to decide today, who I will focus my promotional marketing efforts on, who is more experimentative and who has the money to spare to experiment correct. Manufacturing companies possibly. Now, let me put a slight twist in the story. Suppose I live in a commercial complex with 8, 10 buildings.

Each building is probably about 15, 20 storeys high and my father sits on the Managing Committee of this housing complex and [Laughter] the housing complex is thinking of rain water harvesting system, as a startup who should be my earlier adopter manufacturing company or.

Student: I think housing complexes, because even if we take a little bit of money from everyone who is living in the building, it could generate large amount.

Plus, because I have a decision maker [Laughter] sitting on that Managing Committee there.

Student: Yeah.

Yeah, that is a low hanging fruit. So, from a startup perspective does not this become my or should this not be my early adopter, from a practical perspective?

Student: It would be easier to crack, when you are approaching the house owners.

So, if you think like a startup, I will go with housing complexes because getting that order might not be difficult and I also see that there are 10 other complexes around where I stay, each with 8, 10 buildings.

If I prove my concept in this that market is waiting for me. Now, if I were to go very theoretically I would say no no manufacturing companies is my early adopter. But to develop that market it will take me 6 months to a year, to be able to exploit that market correct.

So, in your ventures also please take a call based on your reach and the practicality of the situation.

Do not just go by theoretical definition alright. So, that is just one thing I want you to think about when you fill out your lean canvas, fair enough as a start-up you want to kind of encash or you want to generate cash flow soon enough. Because we are not sitting on piles of cash like an Ambani will sit probably, he will make losses for 5 years he will not care a damn about it, and later 6th year hence he will think of cash flow we are not in that position as a startup agree ok.

(Refer Slide Time: 54:50)

Then you have these three problems to be listed out [FL], then for those three problems what are the existing alternatives? Who is the competition? How are customers solving their these problems as of now? How are they solving it ok. Clear then solutions for those problems think, taking into account these existing alternatives also correct.

No need of going deeper in that right, already done. Now, comes the channels part. Now, here is somewhere I feel a little more of detailed attention should be given. What are channels?

(Refer Slide Time: 55:20)

What are channels?

There are **3** types of channels :

1. How will you take your product/survive to the customer?

2. What will be your marketing channels?

3. How will you make your customer pay?

"Don't think of channels just as a means of reaching out, but think of channels in these **3 perspectives** *and you'll be able to* **get deeper** *in your* **business model"**

According to me there are 3 types of channels, first type of channel is how will you take your product or service to the customer? That is what is your sales channel.

How will you ensure delivery to the customer? How will you ensure trials of your product before delivery? Important, you have to ensure trials.

Student: Yes.

Unless people are enable to try out your product they will not buy it and after having bought it, if they are not satisfied are there any channels that you are thinking about returning the product or service, correct. Second, what will be your marketing channels? That is how will

you generate awareness? How will you ensure discovery of your product? How will you ensure engagement of your customer segment with your product?

How will you capture feedback from them? How will you how will you enable them to evaluate your product? So, awareness means do I go via Instagram do I go via social media, search engine optimization SMO, SEO all that kind of stuff. Discovery also is a similar thing on what channels do I use to enable my customer to discover me.

Do I go print media? Do I go TV advertising? Blah blah blah all that kind of things. Engagement with the customer segment right, engagement can be created in interesting ways, in the sense that a Bullet Enfield they have these clubs of Enfield owners or Harley Davidson owners. Does the company spend any money on that?

Student: No sir, no, no.

That is a classic case of voluntary engagement with the brand because those groups actually do a lot of promotion for you. They will go to Ladakh and say oh proud owners of Bullet Enfield, they will flash pictures all along media etcetera free promotional activity, engagement that is how you create engagement.

You create competitions you know you create competitions for people to kind of participate free of cost publicity plus engagement with customers and virality assumed got it alright. How do you capture feedback from customers that also you have to think about the channels also.

Because feedback is very important and feedback channels where customers can give anonymous feedback, even better right get honest feedback right. Next third type of channels is how will you make your customer pay? Will you have a subscription model? Will you have a lease model? Will you have a pay as you use model? Will you have a pay per use model?

Pay as you use means as the customer is like a typical SAS model, software as a service cloud models. Pay per use is typically subscription model or pay per use is like a if you take public transport from A to B you are paying per use, you are not paying as you use. But if you take a taxi from A to B you are paying as you use the number of kilometers travel right.

So, how do you make your customer pay? You could have a combination of these channels. So, do not treat channels just as you know means of reaching out, but think of channels in these 3 perspectives, you will be able to get deeper into your business model alright.

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Lean canvas

What are key metrics?

They are your performance parameters that will help your track the success of your business

1. Revenue metrics

2. Customer acquisition metrics

3. Operational metrics

"You have to *constantly monitor* these *parameters* to remain in the *sweet spot*, be *sustainable* and on the *right track at all times*"

And then it is about the metrics, key metrics this also must have been discussed. Metrics are those performance parameters which will help you track your business, whether I am successful am I on the right track or not.

So, what are these types of metrics? One is your revenue metrics, am I meeting my revenue targets per month, per quarter or whatever. Then is customer acquisition metrics: how many customers that downloaded my app actually bought my services. So, that is acquisition right, this could be in terms of reach or conversions.

How many hits did my page get? How many comments or how many likes did my post get? So, these could be metrics to kind of check out customer acquisition right. And of course, there are operational metrics; that means, what is the level of inventory I am maintaining, am I maintaining my costs under 20 percent of the selling price or not.

So, these are basically parameters that you need to keep on monitoring to remain in that sweet spot, remember that sweet spot? So, what are the metrics that you need to constantly monitor to be able to remain sustainable at all times and be on the right track at all times right. These were some nuances would which I would like to add in the lean canvas.

Otherwise, revenue streams, cost structure, fixed cost, operational costs all that must be already clear to you guys right.

So, three I will just repeat, choose your early adopter properly. Think about channels in these 3 different channels, 3 different channels think about them in those ways.

And as far as metrics are concerned once again 3 types of metrics, revenue metrics customer acquisition metrics, operational efficiency and if there are any other metrics which are specific to your business alright. As far as the lean canvas is concerned these are my inputs and I am sure you know that the lean canvas is created only for one customer segment at a time right.

You will; that means, the number of customer segments that you are targeting those many lean canvases you will generate correct alright.

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Now, which means one lean canvas per customer segment right, Then combine all the lean canvases into one business model canvas which is this; this is the business model canvas alright.

Filling the Business Model Canvas

- List out all the customer segments from your various lean canvases

- What kind of relationships do you have with each of these customer segments?

- What is the value proposition for each customer segment, is it different for different customer segments?

- All the Channels for each customer segment to be picked up from the Lean Canvas, using the same annotations or colours so you can differentiate them

- Combine all revenue streams cost structure of different customer segments

Now, listing out all the customer segments from your various lean canvases. What kinds of relationships do you have with each of these customer segments? That means, maybe some customer segments you have a subscription model with, some customer segments you are have a pay per use model.

Student: Yes.

You have to combine all those lean canvases into this right. What is the value proposition for each customer? Is it different for different customer segments. So, list down all the valid propositions here, get it. The channels through which I take the value proposition to the customer segments once again to be picked up from these channels here, these channels yes and combined into this column here get it. So, if you have written down customer segments

using different colours, say customer segment 1 in red colour, customer segment 2 in green colour.

Corresponding entries for relationships, value propositions and channels green, red, blue, just use that kind of combinations alright. So, it helps you differentiate got it. Now, all this side is done, revenue streams again cost structure same combined from different customer segments right. Now, comes this side, to do all these things on the right side to create this value proposition what are the key activities that you need to perform?
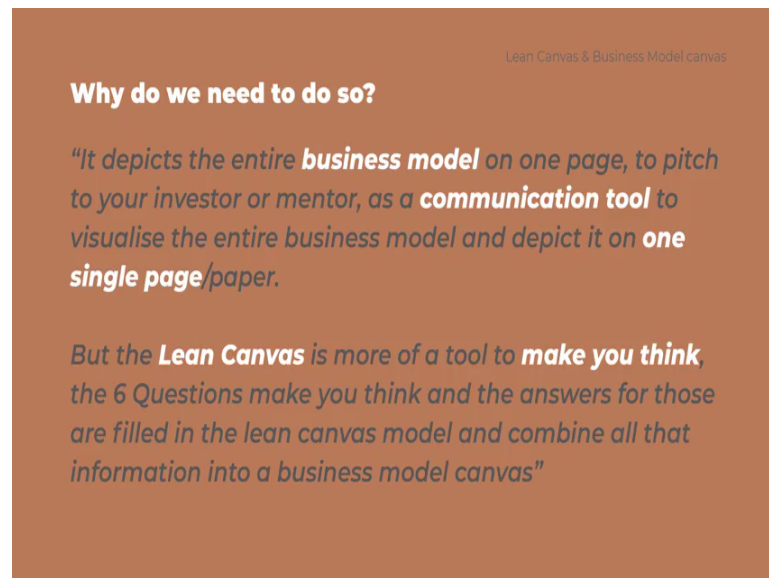
What are the key resources that you will need? And who are the key partners that you will need to tie up with? That has to be listed here. Key activities means to say manufacture x y z that is your key activity setting up a manufacturing plant or tying up with an x y z source to get it manufactured.

So, or I need to promote my product through these, these channels. So, a key activity is creating a proper media plan, social media plan, digital media plan etcetera. So, that is your key activity. Key resources that I need to make this happen. To distribute my product, do I need to tie up with retailers, wholesalers, distributors? To set up a manufacturing plant I need to identify certain resources, that I need to tie up with etcetera.

So, basically everything that is required to build this value proposition right. And key partners means who will you tie up with? Which are the distributors that I will tie up with? Which are the wholesalers that I will tie up with? Which are the E-commerce platforms that I will tie up with? Which are the payment gateways that I will tie up with to enable this payment? You know these things here yeah.

If it is a pay per use model, if it is a subscription model I will have to set up payment gateways and various mechanisms to make it happen. I will as we looked at you know Xiaomi tying up with Flipkart and Amazon. So, that Amazon Flipkart become a key partner here. So, all this these three blocks get dictated by what you do on the right side here; get it.

Now, the business model canvas [FL] use [FL]? It kind of depicts your business model on one page. Suppose you are pitching to an investor or pitching to your mentors or pitching to your bosses in a corporate environment, that person does not have time to go through multiple lean canvases right.

So, this is a tool to visualize your entire business model and depict it on one slide, one single page single paper. So, it is a communication tool, but the lean canvas is more of a tool that enables you to think right, get the point and these questions are really the ones that you make that make you think.

And those answers that you get that you can fill up the lean canvas with answers to these questions will dictate what you fill up on the lean canvas and you will combine all of that into a business model canvas, get it?

Student: Yes; yes sir.

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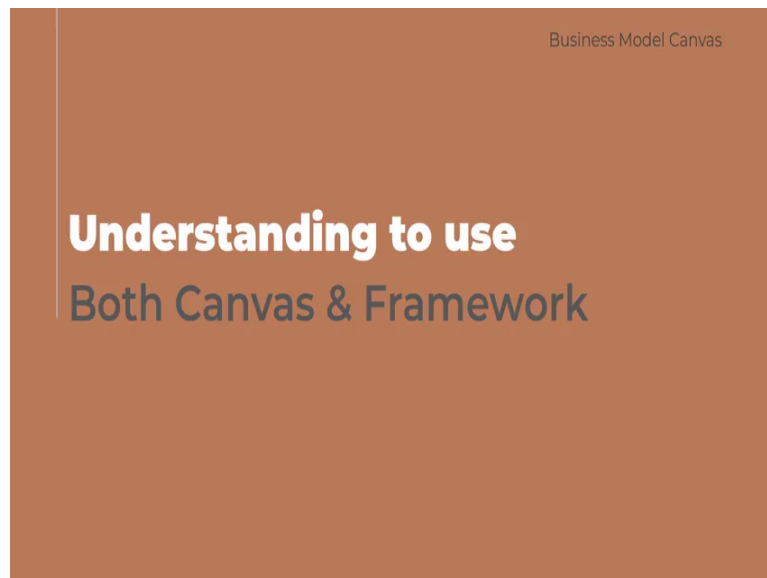
So, understand do not get scared about what is a business model canvas. According to me it is a simple tool which graphically puts your business model [Laughter] on one play, in on one page and enables the audience to understand it in one glimpse.
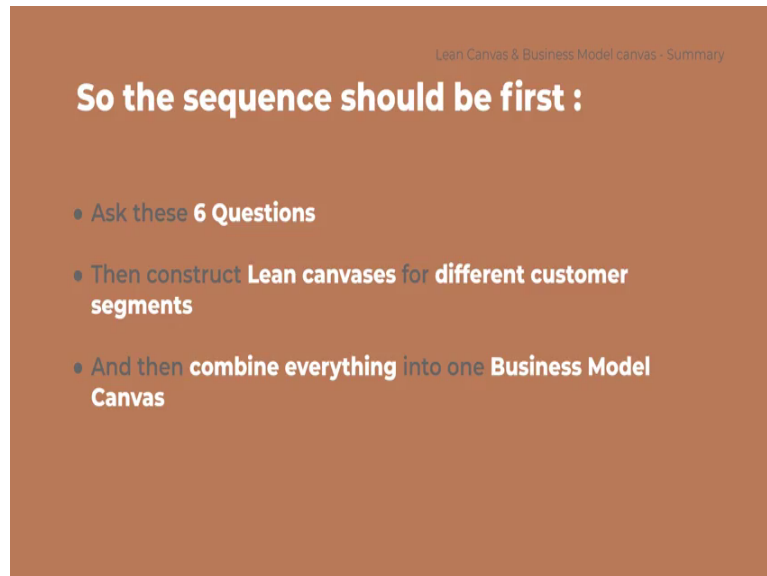
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These **6 Questions** make you think, how you should **structure your business**

Lean canvas helps you get into each customer segment deeply, and these questions really make you think about how you should structure your business.

So, sequence should be first ask these questions, then construct lean canvases for different customer segments and then combine it in to one business model canvas.

And Kaustubh when we do a startup we actually look at one customer segment very closely, do the startup and then go to the other customer segments right.

Yes.

So, then you at least get to know one very very closely.

Yeah and also we have limited resource as a startup right, we cannot carpet bomb.

Multiple customers we cannot handle yeah. Kaustubh do we see any one canvas from the students [Laughter] if they have made one lean canvas.
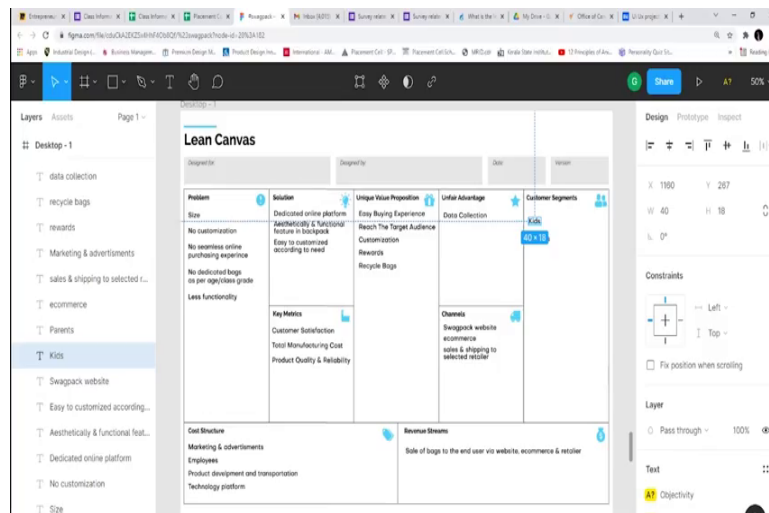
Yeah you (Refer Time: 67:04).

Any of you want your share your lean canvas with Kaustubh at least one you know only volunteer.

(Refer Slide Time: 67:07)

Business Model Canvas

Reviewing a Student Team's
Lean Canvas
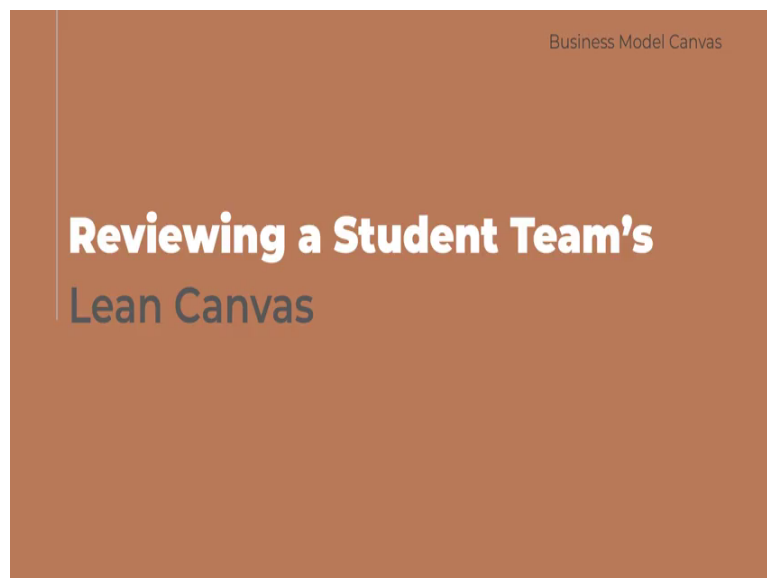
So, basically sir when we took this customer consumer feedback and also you know the target user feedback. So, we got to know [FL] the maximum of the buying of the backpacks for the kids are happening through a retail store only, [FL] not many people are going for a online thing and there are lot of reasons for it also. You know why they are not buying it through online platform and also there is lot of confusion regarding the size of the bag.

What is the size that actually you know fits the bag you know a child when he is carrying. So, what we did, we tried to you know focus on the consumer group that is from 3 to 12 years of age of a kid. [FL] that will include your play group to 5th class standard students that we are trying to target right now.

And then accordingly when we came to this level, we know consumers are not much aware you know [FL] what quality and what size is actually you know will go for the kid and then

mostly go for the aesthetic and the price of the bag. So, our problem statement was like you know [FL] making something because there is no such thing regarding a particular.

And what happens when you see when you see the online platform also like Amazon or a Flipkart. So, there is no particular dedicated platform where they can actually get the right information when they are buying the bag from online also. So, what happens if a bag is there. So, they cannot tell [FL] actually you can keep you know 5 to 10 notebooks into it.

There is no image such that they put any image they do not put any image like that which shows that you know they can carry, they can put that much number of books or it can be organized or what is the fit, you know. At least if you see if you see the height ratio of the height and the bag ratio of a kid.

So, that also that image is not there. So, it becomes very tough for a consumer to imagine that thing [FL] what will be the right size and what will the right bag for their kids and usually what happens most of the buying's are done by the mother itself, you know mothers are more involved in buying a bag.

So, our solution was you know making a dedicated platform that is actually dedicated for a bags only, you know bag packs only. And with the setting [FL] like a quiz like a filter, you know where if somebody enters into that website or a platform, they can actually it will go like a quiz you know how [FL] what is the age of a kid, is it male or female or what standard they are studying, what is the colour they like.

Like that when they will come to a conclusion when all the quiz, when all the answer when all the questions will be answered then at the end of the at the end of that quiz we will try to focus on that 4 or 5 bags that fulfils that you know customer [FL] need.

And accordingly, what we can do at the down at the down when you down when you go down in the website, we can show the competitive analysis you know what different bags are available in the market with the same price metrics and how when what there are certain

parameters. So, which you can decide you know there is a material, then there is size, then there is a functionality of the bag.

So, all these parameters can be set into it. So, they can see you know if you see Amazon pay when you go to buy a laptop. So, when you scroll down they show you know all different type of laptops are available in that range with the different brands and what features it contains and what feature it does not contain.

And also one thing is that came to our mind you know there is no end product of the bag. So, ultimately what happens when you when a bag life cycle gets over you tend to throw it. So, there is no recycling as such happening in it. So, we came with this thing you know [FL] you can give us a bag that you want to, do not that you do not want to you know throw it or something like that.

We will recycle the bag and with that thing we will give you a reward point accordingly, you know and with that reward point actually you can buy more bags from our platform or if you refer that thing at the same time you know you can get more reward points accordingly and you can buy more bags also.

So, that will also give a sense of you know of fulfilment that you know ok that bag has not some somebody has it has been recycled in that cycle and.
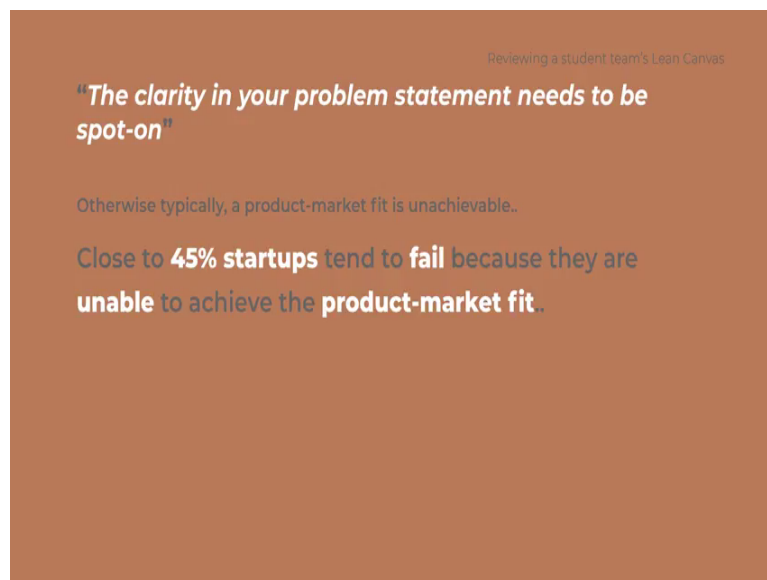
There are multiple problems you know Gaurav.

Student: Yeah.

What is your core problem you are solving, is it the buying experience you are solving or is it the.

Student: Sir buying experience.

If you are solving a buying experience, you are making a you know that is one story you know Kaustubh.

(Refer Slide Time: 71:46)

Yeah, yeah, yeah, it; I mean the problem statement [FL] clarity has to be [FL] spot on, otherwise many a time what happens is a typical product market fit we are not able to achieve. And close to I think some research I was reading some close to 40, 45 percent of the startups fail because they have not got the product market correct.

So, Kaustubh thank you so much for this very very wonderful.

[Laughter]

(Refer Slide Time: 72:14)

We thank **Dr Kaustubh Dhalgarkar** for his expertise and support in guiding us through this module.

Dr. Kaustubh Dhargalkar
Founder - Potential & possibilities
Author & design Thinking Coach

You know like you know with example, that was really nice and thanks for such a (Refer Time: 72:15).

Student: Thank you, thank you so much; good night.

Session also.

Thanks again bye.

Good night.

Bye all the best.

Take care all of you.