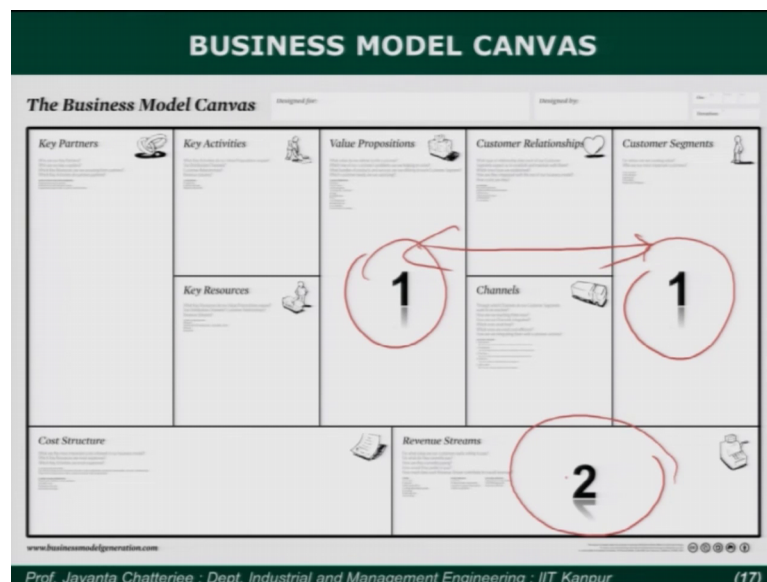


Management of New Products and Services (MNPS)
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Lecture - 20
NPNSM -The Business Model Canvas

Hello I am Jayanta Chatterjee, and we are discussing new products new service management. In the last few sessions, we have looked at the new product new service management strategies in large organizations. And we have looked at new product new service management in startups and the concept of lean start up.

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Today, I am going to put together in short session, presenting to you this business model canvas. Part of it, that is this value proposition and customer segment. This relationship I have discussed in detail in an earlier session.

At that time itself I had presented to you this canvas, but I want go into detail of this in today's session, because you have now put the perspective in terms of the entire business to clearly understand; that this, value proposition development in response to customers' needs and pains and gains does not stand in isolation.

Because after this activity after you know whether you have come come through the stage gate or you have come through the lean start up method and the pivoting etcetera.

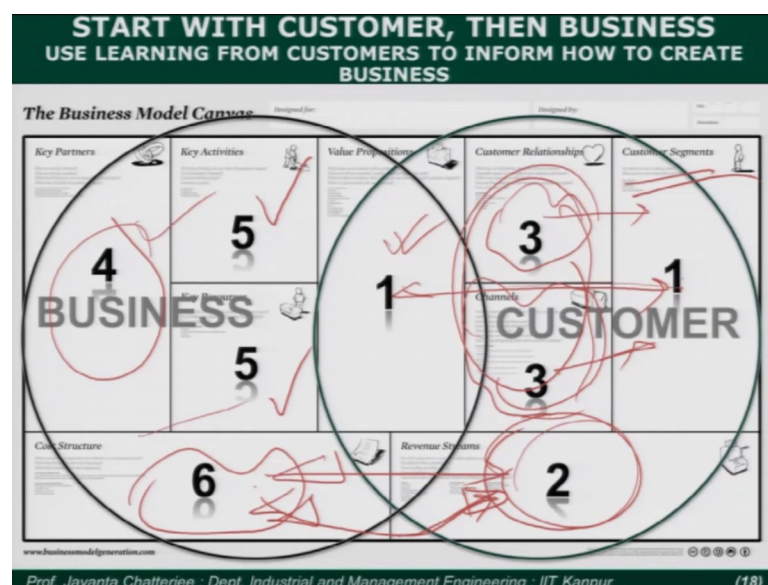
Once you have something to offer to the market. You are in the commercialization stage. You have to think of these issues. Like, channels to the market, right. What and you can see this side, if you kind of draw like this.

So, the value proposition is in the center. This is actually the customer facing side, and this is the internal operation facing side right. So, you have to now think in terms of that what activities I need to perform inside the organization to make this new product happen. What resources key resources I need, what key partners I must have whether as an out-sourcing partner or as a supply chain partner, or as a co-developer what kind of, and then what will be my co structure, right? These are all internal operations-oriented considerations that you must have must go through to make the new product happen successfully.

On the other side, you need to look at therefore, that what customer segments you are offering how what channels will take you to that segments, right? What kind of revenue streams you are therefore, planning for period 1, period 2, period 3, you know, how you are market is going to grow? And that also we will need a your understanding a product life cycle etcetera.

But this business model canvas, as you can see here, this is one, this is one, this is the beginning of the journey. Next is 2, this is the revenue stream, right?

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Then are all these. So, this is one and one, begging, then this is 2 the revenue stream. Then this is 3, that how what channel you are going to follow and construct and use and what customer relationship strategies you are going to follow. Remember that those 4 questions that I placed to you, right? In the begging that any new product you have to always answer those 4 fundamental questions, that why will anybody buy this product, that is the value proposition, why will they buy from us that question you are going to answer by again the matching of the value proposition with the customer segment.

Who are those buyers? That is the customer segment. Why will anybody buy this product? That is the value proposition. Who are my likely buyers? That is the, my customer segment identification. And why will they buy from us? That will depend on my customer relationship strategy. That will depend on my channel strategy, why will they continue to buy from us? That is those answers will come from your operational excellence, your operational preparedness.

So, this is one/, this is 2,, this is 3, and then is 4. These are the your partners. You know, what kind of inputs you will create to make that business successful, your supply chain partners your developers, your designers from outside if you are bringing them in sub system developers, if you are going to use them and so on. And then key activities and key resources, and lastly all that will lead to certain kind of co structure, which must be related to this revenue structure ok.

This is what we call business model. Because this on one canvas, tells you that what is the business, what is it is score value proposition? Who are the major buyers? How are they being reached and what is happening inside the organization to make that value proposition happened, who are the partners in that process, what kind of resources are being deployed what activities need to be done, and finally, what kind of cost structure we have so that we are gain offering a certain cost benefit ratio, this cost relating to this revenue. So, as you know, a model shows input output. Here actually it shows how the flow of activities we lead to flow of money ultimately into your business for commercial success.

So, there is if you just search for business model canvas ah, then you will find their web site, and lots of again very helpful charge which will be free for downloading, and also lot of power point presentations videos, YouTube presentations are available, for you to

understand. So, Osterwalder and others who wrote that particular book, they have written 2 very useful books in the context of new products development. One is the book called strategic value proposition, and the other is called this business model canvas. Both use this single page format to understand see it is here actually this [www business model generation dot com](http://www.businessmodelgeneration.com).

That is the website. And if you go to that website it will also take you to the website of strategic value proposition canvas, and there are many other very interesting small small chats and tools that you can very gainfully used in running that process that we discussed in the earlier session which was regarding the lean start up. So, that kind of completes our journey of new product development in large organizations in small organizations, and putting it all together as a plan as a plan of action as a plan for implementation.

Thank you.