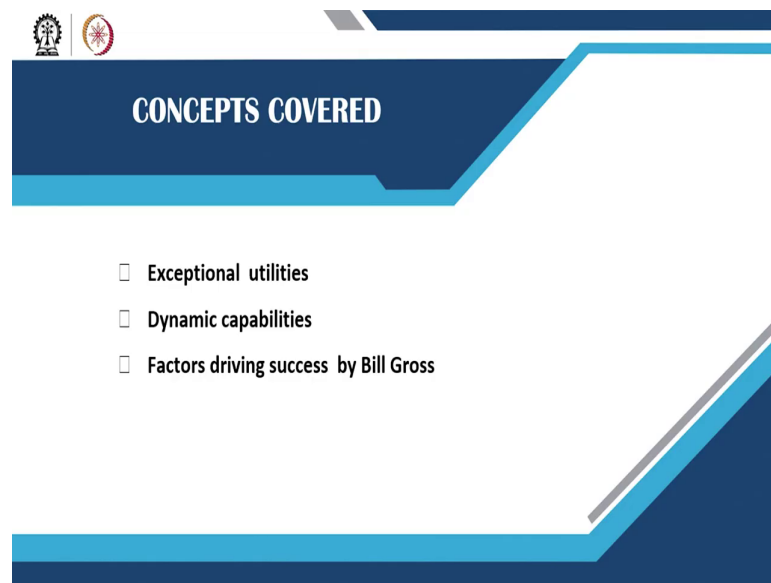


Entrepreneurship Essentials
Prof. Manoj Kumar Mandal
Rajendra Mishra School of Engineering Entrepreneurship
Indian Institute of Technology, Kharagpur

Module - 04
Lecture - 19
Features of Winning Business Models

(Refer Slide Time: 00:33)

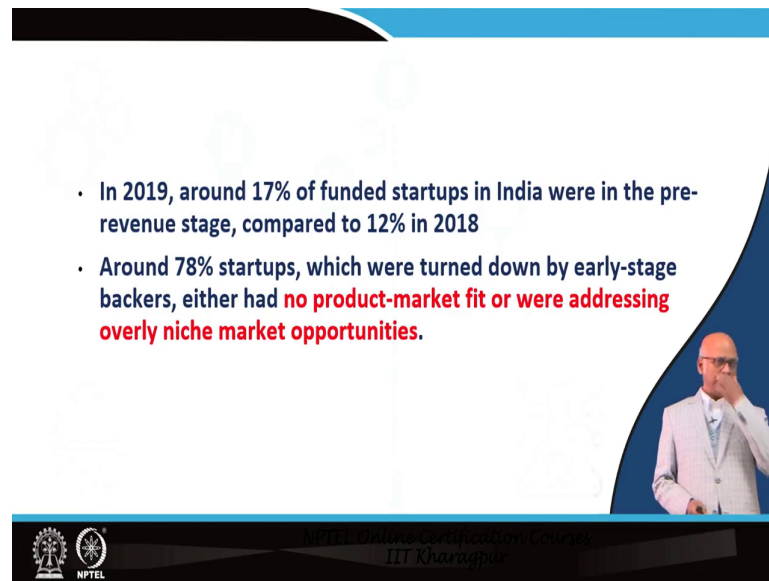


The slide features a dark blue header with the text 'CONCEPTS COVERED' in white. Below the header, there is a list of three items, each preceded by a small square icon. The background of the slide is decorated with light blue and dark blue geometric shapes, including a large light blue trapezoid on the left and a dark blue trapezoid on the right.

- Exceptional utilities
- Dynamic capabilities
- Factors driving success by Bill Gross

Hello and welcome, Topic of the session is Features of Winning Business Models. We are going to discuss about the various aspect of unique aspect of winning business models including exceptional utilities, dynamic capabilities particularly the factors that was a espoused by successful entrepreneur mister Bill Gross.

(Refer Slide Time: 00:50)



The slide features a white background with a blue curved border on the right side. A speaker in a white suit is visible in the bottom right corner. The text on the slide is as follows:

- In 2019, around 17% of funded startups in India were in the pre-revenue stage, compared to 12% in 2018
- Around 78% startups, which were turned down by early-stage backers, either had **no product-market fit or were addressing overly niche market opportunities.**

At the bottom left, there are logos for NPTEL and IIT Kharagpur. The text 'NPTEL Online Course on Entrepreneurship IIT Kharagpur' is visible at the bottom center.

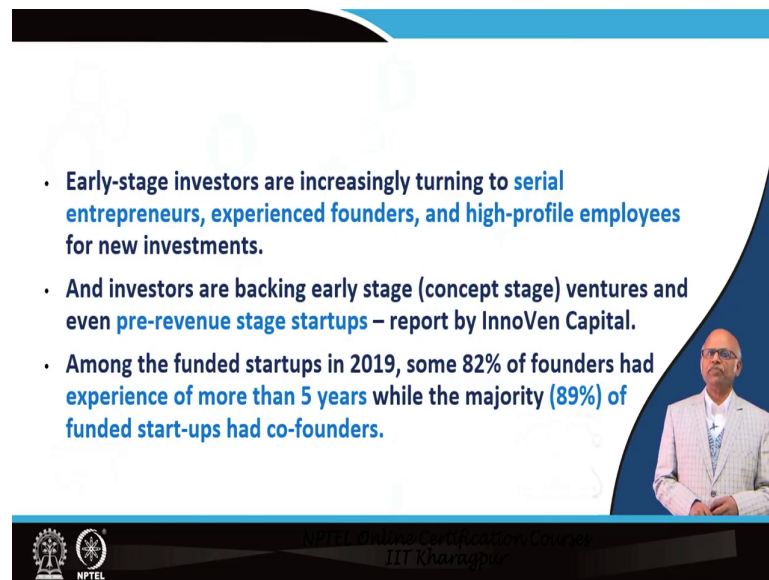
First off, let us see the events that were happening during the year gone by, this is going to give us a good insight about the kind of activities in the startup domain that has been happening and what to expect moving forward.

In 2019 around 17 percent of found funded startups were early stage pre revenue stage startups compared to 12 percent in 2018, showing that there was some amount of aggressiveness on the part of the investors who were investing in early stage startup pre revenue stage start-ups.

The same thing is driven by the next point around 78 percent startup which were turned down by early stage backers they were either they were either no product market fit or were

addressing a overly niche market opportunities, meaning their market is not well defined or maybe marketers so narrow that it did not offer in enormous opportunities.

(Refer Slide Time: 01:58)



The slide features a blue and white background with a curved design. It contains three bullet points in blue text. On the right side, there is a small inset image of a man in a suit and glasses. At the bottom left, there are logos for NPTEL and IIT Kharagpur.

- Early-stage investors are increasingly turning to **serial entrepreneurs, experienced founders, and high-profile employees** for new investments.
- And investors are backing early stage (concept stage) ventures and even **pre-revenue stage startups** – report by InnoVen Capital.
- Among the funded startups in 2019, some **82% of founders had experience of more than 5 years** while the majority (**89%**) of funded start-ups had co-founders.

Early stage investors are increasingly turning to serial entrepreneurs or experienced founders or high profile employees, meaning that they are now focusing more on experience. So, if you just think of becoming a college dropout and start something, perhaps you will struggle to find investor. And it also clearly says that experience matters as that is a view of the investor, that experienced founders are going to be more successful sort of.

Even VCs are now funding previous revenue stage startups that also shows that investors are trying to catch early stage of opportunities; that means, they are more aggressive whereas, opportunities are limited.

Again experience is given more importance by this point among the funded startups in 2019 some 82 percent founders had experience of more than 5 years, while about 89 percent of the funded startups had cofounders. So, experience is given importance at the same time cofounders also are given important, meaning that loan found is not so much preferable about 11 percent where loan founders that is a very a small number.

(Refer Slide Time: 03:21)

A presentation slide with a white background and a blue curved border on the right side. The slide contains three bullet points in black text with key terms highlighted in blue. On the right side of the slide, there is a small inset image of a man in a light-colored suit and glasses, standing and speaking. At the bottom left of the slide, there are logos for NPTEL and IIT Kharagpur. The text on the slide is as follows:

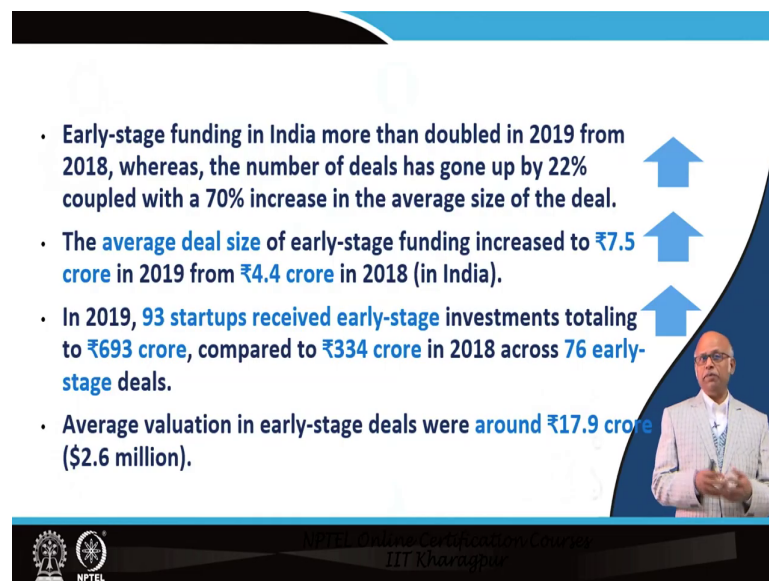
- most investors look for a clearly **defined addressable market**, **product-market fit**, and **room for scalability** of a product before making an investment.
- Around 78% of the startups that were turned down by early-stage backers either had **no product-market fit** or were addressing a narrow **niche market opportunity**.
- Earlier, the angel investors used to commit around **\$500k to \$1 million per startup**, which has gone up to **\$20 million** in some seed-stage investments.

So, investors are focused on a defined addressable market particularly product market fit, and what is the possibility of scalability of the business. We discussed this while discussing about competitive advantage scalability is a very important issue even product market fit one of our graduates started selling t shirts online, by printing the design that customers would be giving. So, he was doing wonderful business, his team was doing good business best business.

But then they were also growing; however, they could not get the scale that investors will be interested in it was growing something like 10 15 percent investors were not really so much enamoured about this growth because they were in the business for a couple of years and it was not catching up so well even though they were making profit. So, they had to really (Refer Time: 04:26) because there was no investment coming.

Around 78 percent of the startups that were turned down by early stage backers either had no product market fit or it is a narrow market. Earlier the angel investor used to commit around 500 to 1 million dollar 500000 to 1 million dollar, now they are ready to invest of a 20 million dollar. So, per unit investment or the investment size also has gone up significantly.

(Refer Slide Time: 04:54)



Early Stage Funding in India

- Early-stage funding in India more than doubled in 2019 from 2018, whereas, the number of deals has gone up by 22% coupled with a 70% increase in the average size of the deal.
- The average deal size of early-stage funding increased to ₹7.5 crore in 2019 from ₹4.4 crore in 2018 (in India).
- In 2019, 93 startups received early-stage investments totaling to ₹693 crore, compared to ₹334 crore in 2018 across 76 early-stage deals.
- Average valuation in early-stage deals were around ₹17.9 crore (\$2.6 million).

NPTEL Online Certification Course
IIT Kharagpur

Now, the total investment is all almost doubled in 1999 2019 because of number that is that has gone up only 22 percent, but the size has gone up by 70 percent so it has doubled.

The average deal size also has almost double from 4.4 crore to 7.5 crore. Even the number also is quite high so 93 startups received early stage investment totalling 693 crore whereas, in the previous year only 76 early stage deals were done.

(Refer Slide Time: 05:36)



"The startup ecosystem in India is now the **3rd largest** ecosystem after the US and China.


The pool of early-stage investors is now very deep with **local VCs, Global VCs, Chinese, Japanese** investors all looking to find the right opportunities"

The slide features a blue and white background with a speaker in a suit on the right side. At the bottom, there are logos for NPTEL and IIT Kharagpur.

And the average valuation also has gone up to 17.9 crore rupees, that is valuation at the time of investing. Most importantly the start of ecosystem in India is now 3 rd largest in the world after US and China, that shows our importance that is even though we are 5 th largest economy in the world, but our startup ecosystem is 3 rd. So, that shows the aggressiveness and the growth the interest of our young generation to become entrepreneur.

The pool of early stage investors is now very deep meaning that they are consists of local VCs, VCs from China, from Japan, from US and many more places, and all these VCs are actually helping our indigenous VCs with new knowledge with their expertise because they have already successfully funded other startups in elsewhere.

(Refer Slide Time: 06:36)

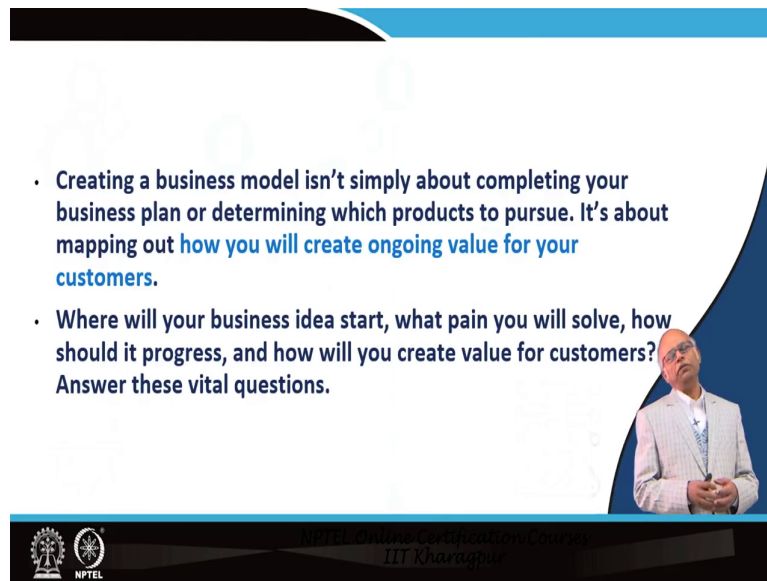


Business Model Innovation

- Features of Winning Business Model

The slide features a white background with a blue header and footer. A speaker in a light-colored suit is visible in the bottom right corner. The footer contains the NPTEL logo and the text 'NPTEL Online Course Content IIT Kharagpur'.

(Refer Slide Time: 06:40)



The slide features a white background with a blue curved border on the right side. A small inset image of a man in a light-colored suit and glasses is positioned on the right side of the slide. The text on the slide is as follows:

- Creating a business model isn't simply about completing your business plan or determining which products to pursue. It's about mapping out **how you will create ongoing value for your customers.**
- Where will your business idea start, what pain you will solve, how should it progress, and how will you create value for customers? **Answer these vital questions.**

At the bottom left of the slide, there are logos for NPTEL and IIT Kharagpur. The text 'NPTEL Online Course Catalogue' and 'IIT Kharagpur' is visible at the bottom of the slide.

Let us discuss about business model innovation and features of business model innovation. Business model is not just some business plan, it is much beyond that it is about mapping how you will create ongoing value for your customers, how you will increase the utility of yours product and services so that customers feel that there is every reason to buy your product or service rather than going to the competitors.

Now, where will your business idea started what point how to identify the pain and then how to identify a solution how should it progress and how will you create value for the customers, answer to all these vital questions are the starting point of the building blocks of your business model.

(Refer Slide Time: 07:24)



Business Model Innovation

- Since 2006, the IBM Institute for Business Value's biannual Global CEO Study has reported that senior executives across industries regard **developing innovative business models as a major priority.**
- A 2009 follow-up study reveals that seven out of 10 companies are engaging in business-model innovation, and an incredible 98% are modifying their business models to some extent.

NPTEL Online Course on Business Model Innovation
IIT Kharagpur

The slide features a blue and white color scheme with a curved design element on the right side. A small image of a man in a suit is visible in the bottom right corner of the slide content area.

Business model innovation actually is how your means it is to match strategies with changing business environment. It is to meet the changing interests of the customer or changing competitive landscape.

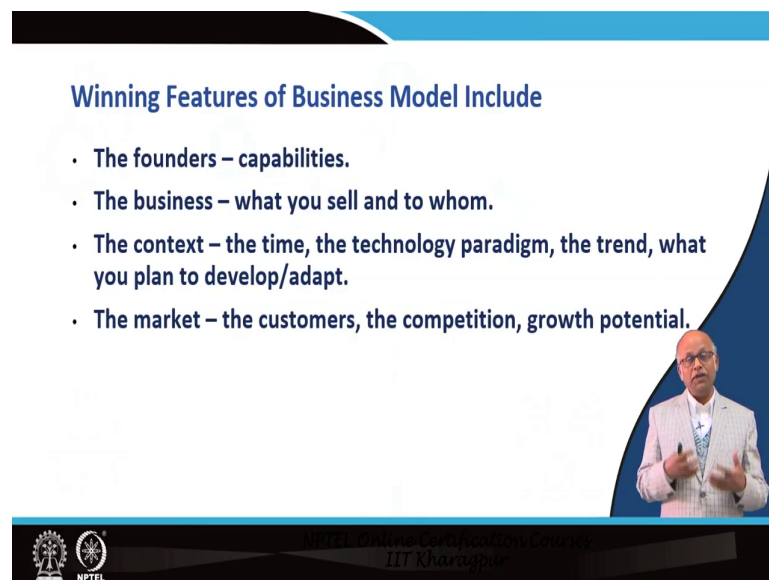
So, it is not just following the competitors, but pre emptying them and remaining ahead of competition. So, you have one has to really forecast or understand how technologies are changing, how fashion is changing, how the customers preferences will be changing moving forward so that they can prepare well in advance before competitors.

For example suppose you are building software you have a wonderful team, now software technologies are changing. So, fast for example, simple website new technologies are making the website faster and faster. Now if you have a team that can adopt new technologies before

competitors you will remain ahead of competition and that is what is business model innovation, you innovate your team innovate process of adopting new technologies.

IBM has some data about big CEOs from the world and found that majority of the CEOs are trying for business model innovation. Something like 98 percent of the business owners or CEOs are thinking in terms of; in terms of changing their business model frequently to meet changing demand or changing to meet changing challenges, evolving challenges.

(Refer Slide Time: 09:10)



Winning Features of Business Model Include

- The founders – capabilities.
- The business – what you sell and to whom.
- The context – the time, the technology paradigm, the trend, what you plan to develop/adapt.
- The market – the customers, the competition, growth potential.

NPTEL
IIT Kharagpur

Winning features include; obviously, the founders, founders capability in particular because given a particular business model to a set of founders maybe say 10 different teams. One of the teams will execute it so well so superior compared to other teams that they will win and others may not. Like Google came after much after Yahoo, but then their execution are so

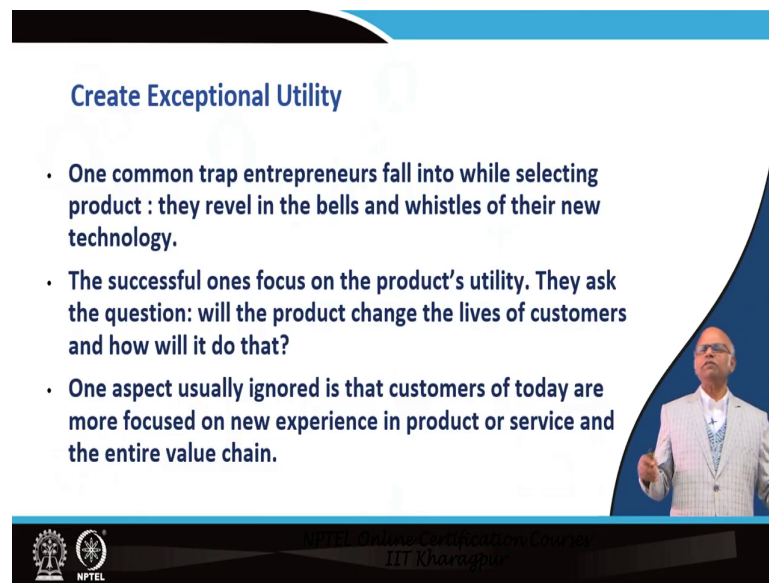
well that it left Yahoo far behind and Google's valuation has gone much much ahead more than Yahoo.

So, likewise founders makes a huge make a huge difference in competitive advantage and success of the business. The business per sale like the idea and then what you sell and to whom the whole business model, the context the particularly the timing technology is changing so fast that and many many times technologies are ahead of time. Some technologies are ahead of time because most of our technologies require other technologies and to create a synergy, synergy means the sum total of the parts is or the effect of the combined the combined effective is more than the sum total of the parts.

So, if you need three four technologies together to for a particular product and if one of the technology is ahead of time then you develop a product it may not sell. For example, Bill Gross promoted a video sharing company just like Yahoo, sorry just like YouTube, but then he was add of time because that time the technology was the video streaming technology has not so advanced and then Adobe came with new technology after above 2 years.

So, when Bill Gross stopped his company YouTube came into place and then they sold their company within a few months to Google for millions of dollars. So, timing is very important that what Bill Gross also highlight. The technology paradigm the trend what you plan to develop and how to adapt the market, the market is the whole competitive landscape. How the market is growing what the market size is etcetera etcetera.

(Refer Slide Time: 11:55)



Create Exceptional Utility

- One common trap entrepreneurs fall into while selecting product : they revel in the bells and whistles of their new technology.
- The successful ones focus on the product's utility. They ask the question: will the product change the lives of customers and how will it do that?
- One aspect usually ignored is that customers of today are more focused on new experience in product or service and the entire value chain.

NPTEL
IIT Kharagpur

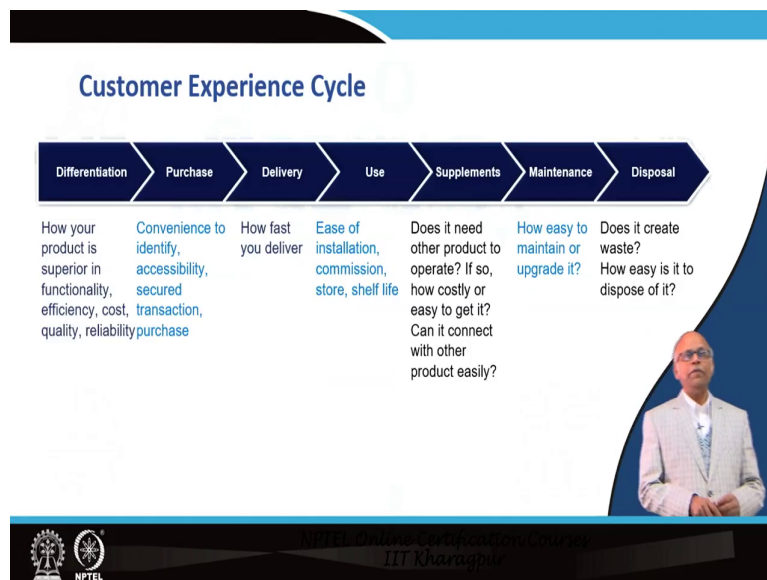
Most importantly you must be able to create exceptional utility to be sustainable to be profitable and then to be successful. So, one common trap entrepreneurs fall into is that they revel in the bells and whistles of their new technology they really lose focus on customers utility, you may have cutting edge technology you may have earth shattering ground breaking new technologies, but then is it going to change customers life, is it going to give them new benefit, new experience, new convenience only then this product has relevance.

But then it does not mean that technology is any less important technology and utility both should go together. If you use cutting edge technology and ensure utility you will be much ahead of competitors. The successful ones focus on products utility, they ask question when the product change customers life and how will you do it how will you implement. One

aspect usually ignored his customers of today are more focused on experience customers are spoiled to a choices.

So, they are spoiled with information they have information at their fingertips a particular product may have many variants produced by many companies. So, customers now by the press of a button understand what are the available variants and there are reviews also available. So, they are empowered. So, unless you give them better experience, experience in terms of say product differentiation, experience in terms of convenience, experience in terms of ease of purchasing I think I have a slide on that customer experience cycle.

(Refer Slide Time: 13:43)



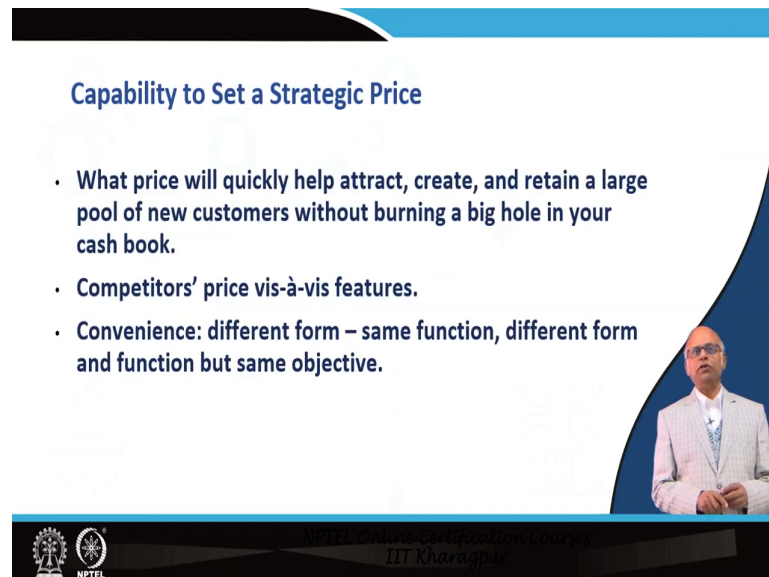
So, product differentiation how different means in terms of cost in terms of quality in terms of; in terms of reliability efficiency, efficacy then is it convenient to buy and then how easily you are delivering at doorstep or how quickly you are delivering do they have to wait for

maybe a week or are you delivering next day or same day. Then how easy it is to use commission install etcetera, and then if your product or service or whatever you are offering is dependent on another say attachment or another technology another utility then how are they connected to this is are they costly or are they available.

Like say when internet was not there for 3m actually launched iPad, but they did not sell because that time it had no utility because internet was not there, but when Apple introduced that time internet was all across and the product as a super hit. How easy it is to maintain then is it creating some kind of waste and how is it is to dispose?

So, everywhere you cannot take anything for granted customers will always Jazz all aspects of the business and then they will make a decision based on the sum total experience that your product or services offering.

(Refer Slide Time: 15:13)



Capability to Set a Strategic Price

- What price will quickly help attract, create, and retain a large pool of new customers without burning a big hole in your cash book.
- Competitors' price vis-à-vis features.
- Convenience: different form – same function, different form and function but same objective.

NPTEL
National Institute of Technology
Kharagpur

Capability to set a strategic price. If everything said and done price is a thing that customer that is the cost to the customer. So, customer has to bear that cost to buy this, is it is your product going to going to burn a huge hole big hole in the customers pocket, in that case customer will always compare with the competitors and then they will come back to you only if the features and the price together makes a superior value proposition to them. Give them convenience and then they will come.

(Refer Slide Time: 15:54)



Dynamic capabilities is one of the most important aspect today because of the changing business the, fast changing business environment everything is changing technology is changing people's aspirations are changing people's test is changing their fashion is changing. So, whatever business you would do you have to keep an eye a constant eye on change, whether it is technology whether it whatever that is. So, for example, now 5G is

coming 5G is going to throw open a wonderful business opportunities at the same time it is going to kill many businesses.

So, you have to now sit back and understand whether your business is affected by 5G, what kind of challenges it is going to throw and what kind of new businesses are going to come and then challenge your business. Preparing yourself for any such eventualities is dynamic capabilities, things are changing that is dynamism that is dynamic and capabilities means meeting the challenges that is thrown by this changes, and that is; obviously, going to drive sustainability profit survival of the business success of the business.

(Refer Slide Time: 17:12)



Dynamic Capabilities

- **Dynamic** – the capacity to dynamically match competencies for realigning strategies with changing business environment.
- **Capabilities** – the capacity to adapting, integrating and reconfiguring internal and external organizational skills, resources, functional competencies and addressing weaknesses to match the requirement of a changing environment.
- In the process, a firm achieves stronger competitive advantage and creates greater wealth.
- Building of **core competencies** that is difficult to imitate.



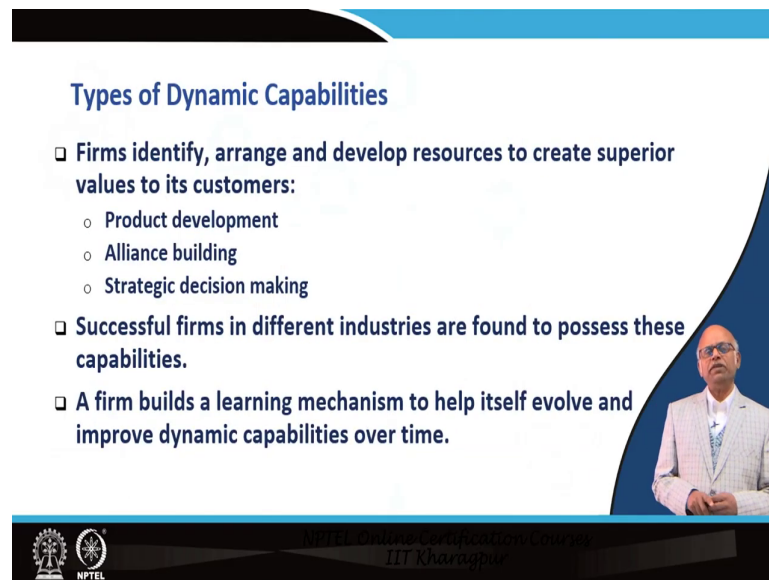
 NPTEL

 IIT Kharagpur

So, dynamic is you match competencies for realigning strategies with changing business environment, capabilities are various all section of sections of your business has separate

capabilities for business process and all the processes should meet the changing needs only then you can compete.

(Refer Slide Time: 17:40)



Types of Dynamic Capabilities

- Firms identify, arrange and develop resources to create superior values to its customers:
 - Product development
 - Alliance building
 - Strategic decision making
- Successful firms in different industries are found to possess these capabilities.
- A firm builds a learning mechanism to help itself evolve and improve dynamic capabilities over time.

NPTEL Online Course Content
IIT Kharagpur

Core competence is something which is not visible, but then you create some kind of expertise, superior expertise that is a sum total of several expertise that may lie within your employee within the whole systems. It is not visible from outside so people cannot copy that, but you can derive huge competitive advantage.

So, every company tries to acquire some kind of core competences that defines their capability. So, if that defines the capability it is not visible so people cannot copy, but then they are competitive. Now types of dynamic capabilities can be many in a nutshell your product may have capabilities like what kind of product superior product technology quality efficacy, you create some alliance in the process. You enlarge your domain like say investors

suppliers customers everything together, then a strategic decision making is the management innovation.

Successful firms in different industries are found to possess these capabilities, a firm builds a learning mechanism to help itself evolve and improve dynamic capabilities constantly.

(Refer Slide Time: 18:58)



Dynamic Capabilities and Resource Optimization

- **Using dynamic capabilities managers alter the resource base to create value**
 - Acquire and shed resources
 - Integrate disparate resources
 - Combine resources in new ways
 - Generate new value-creation strategies
- **Create New Competitive Advantages**
 - Relative to competition and substitutes
 - Creates new barriers to entry
 - Mirror the dynamism as they evolve

NPTEL Online Course on Strategic Management
IIT Kharagpur

You can acquire dynamic capabilities by say acquire and shared resources you acquire some resource you shared some resource. For example, Reliance Jio has acquired then network which is, whom makes content for television. Then they have acquired Hathway cable and data network there they are direct to home TV network.

So, Jio eventually wants to launch direct to home video streaming TV streaming and video streaming. So, they have acquired all this company. So, they are acquiring these and

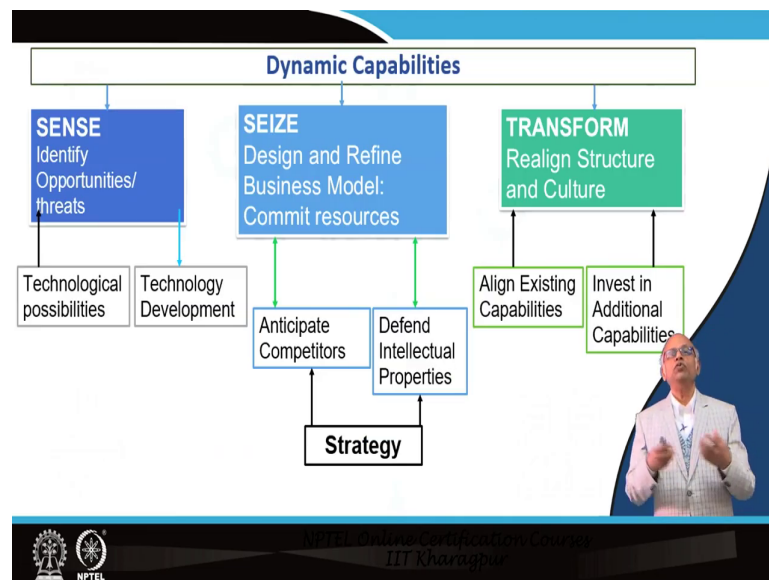
supplementing their capabilities, because they this is going to open new business opportunities for them they have already defined that they want to provide direct to home both internet and video television and all kinds of entertainment.

So, this capability is like Hathway network and DEN network they have different capabilities they are combining this resources into a new way and coming up with offering multiple services to customers. It generates new value creation strategies customer will be benefited because, now they do not have to go to different different organizations for different services, like internet like said Netflix is one. So, all those Netflix and say Videocon D2H or any other video streaming TV streaming companies all will be bundled together.

Create new competitive advantage in the process, relative to competition and substitutes. So, all substitution will not be able to compete because you are offering a bundled offer, meaning you are offering more to the company more to the customers. Creates new barrier for entry, now if another company wants to come into your businesses fear because you have integrated so much of things into one your capability is now multifaceted.

So, for any new entrant it is going to be a huge challenge unless this companies not like Reliance or something with billions of dollars at their disposal, and you mirror the dynamism as you evolve.

(Refer Slide Time: 21:40)



Dynamic capabilities can be understood through this in an image like this in a table or canvas. Like used that to sense the future or the emerging opportunity or emerging threats.

So, sensing the emerging threats in terms of technologies in terms of in terms of all aspects of the business and then you understand try to understand what are the technological possibilities, try to develop the technologies and then seize the opportunity by designing refining your business model you commit resources so that you can come up with new technology that match the futuristic requirement so, you anticipate competitors and only then you will be able to develop that.

So, your strategy will help you to anticipate competitors, different intellectual properties means you will create intellectual property and then eventually you will be able to match competition or maybe pre empt the competition and remain ahead of competition. Transform,

realign the structure and culture align existing capabilities so that there is a synergy like the combined effect is more than the sum total of individual jewels effect.

(Refer Slide Time: 23:11)



“Best Practices”

- **There are archetypical frameworks for dynamic capabilities across industry types.**
 - Irrespective of industries, investing in intellectual properties to build barriers to entry is highly effective.
 - Cross-functional teams for product development.
 - Increased access to information.
 - Exploit the advantages of open innovation.
 - Proactive leadership.

The slide features a blue and white color scheme. In the bottom right corner, there is a small inset image of a man in a light-colored suit and glasses, presumably the speaker. At the bottom of the slide, there are logos for NPTEL and IIT Kharagpur.

Invest in additional capabilities ok. Now, if there is a question has to is there a template about dynamic capabilities or how to acquire dynamic capabilities because it looks like its very thinly spread all across the business processes.

So, there are some kind of a template like say in producing intellectual property through R and D maybe one template that maybe one area where many people are trying to build competitive advantage, by pre empting the technology forecasting the technology changes that is that is likely to happen moving forward. And there many companies are trying to build a cross functional team so that they can always build a product that is if that is futuristic, meaning they can build tomorrows product today.

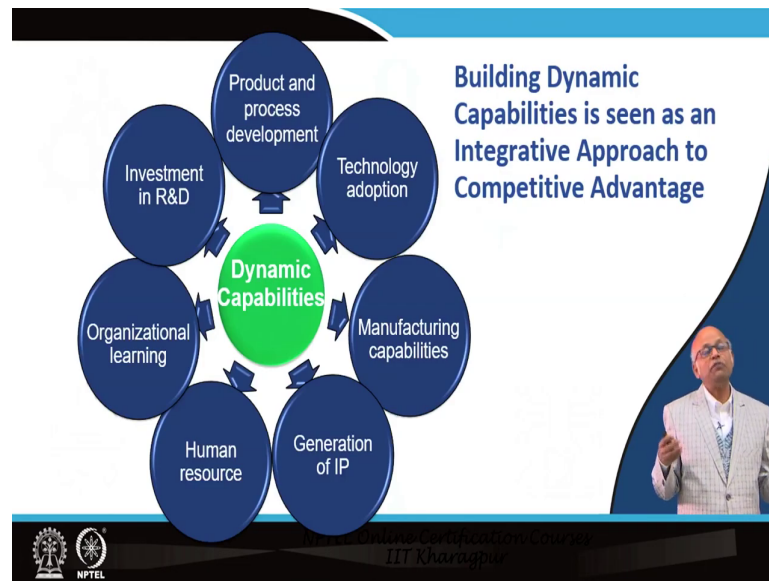
So, that even before competitors come to know about the product you have your product is ready. So, that you are always ahead and then customers will choose your product they will become loyal customers before competitors will launch a product. Increase access to information so you can actually empower customers with more information or you can empower your employee also so that they remain innovative.

Exploit the advantages of open innovation we will discuss open innovation during product development, but you know that open innovation means that you take a technology from outside many organizations like say research institute corporate houses they are building new technologies that they are not using, or they are mean has a single technology which is not complete.

So, you can borrow that technology you can have your little bit of own technology then combining together you can have a wonderful product. So, if you are allowing outside technology to come in and exploit that or you are helping others with your technology this two way flow of technology is open innovation. So, if you means innovation per sale is expensive and it is difficult because there are requirement of creativity that your team may not even have.

So, it is always better that you borrow something from outside you try to give something from you so, that you can monetize whatever is not useful for your own consumption. So, together you have a wonderful proposition and a winning proposition.

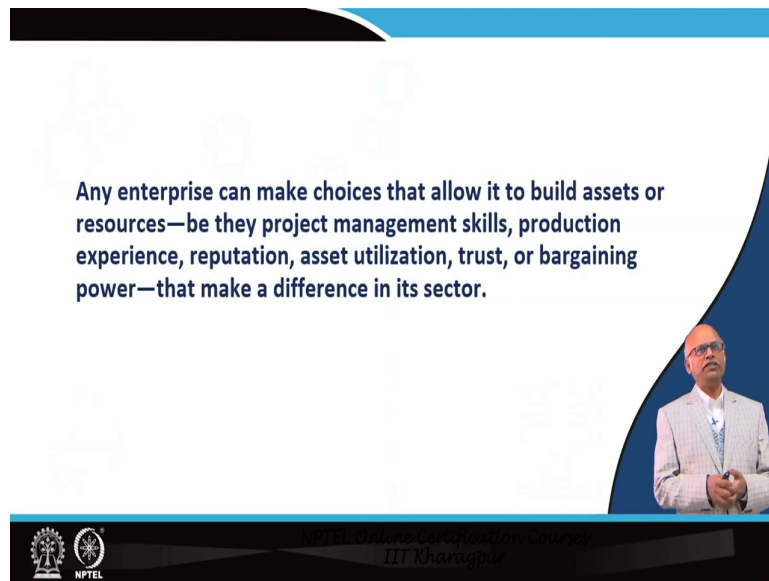
(Refer Slide Time: 25:47)



You have to be you have to have proactive leaders because things are changing so, unless you pre-empt unless you remain conscious you have a 360 degree view then it is going to be very difficult to sustain.

To build dynamic capabilities you have all these business processes that are involved product and process development technology adoption, manufacturing capabilities generation of IP R and D, connected to generation of IP human resource organizational learning investment in R and D everything together will give you capability that will help you to dynamically meet challenges.

(Refer Slide Time: 26:19)



Any enterprise can make choices that allow it to build assets or resources—be they project management skills, production experience, reputation, asset utilization, trust, or bargaining power—that make a difference in its sector.

NPTEL
IIT Kharagpur

The slide features a white background with a blue and black decorative border. A small inset image shows a man in a light-colored suit and glasses speaking. The NPTEL logo and IIT Kharagpur name are visible in the bottom left corner of the slide area.

Any enterprise can make choices that allow it to build assets or resources be that project management school product experience, reputation asset, utilization trust or bargaining power that make difference in its sector.

(Refer Slide Time: 26:43)



Bill Gross

- Idealab, the first business incubator in the world, was founded and mentored by Bill Gross.
- He started more than hundred startups and many of which became unicorns.



 NPTEL
National Institute of Technology
Kharagpur

Now, coming back to Bill Gross he started Idealab that was the first incubator in the world, that was that he founded and more than 200 successful entrepreneurs came out of that institute in a short span of time. He started more he himself bill gross himself started more than 100 startups and many of them were unicorn, meaning more than a billion dollar valuation.

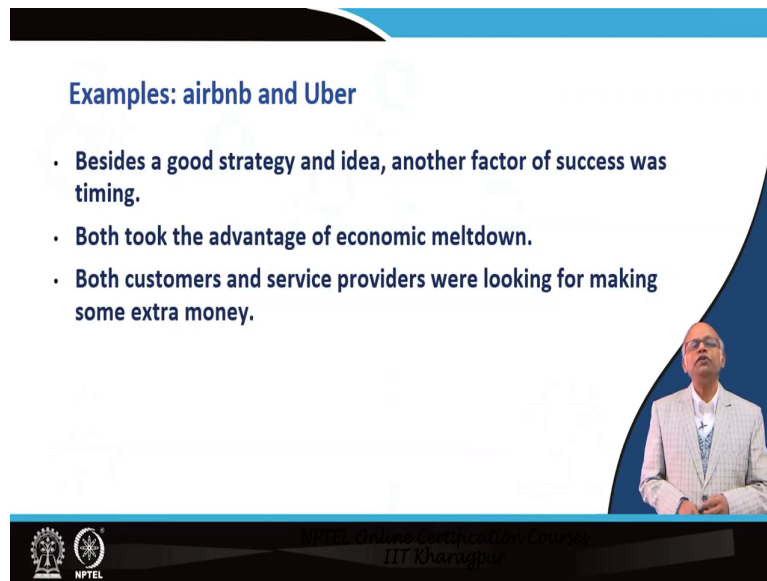
(Refer Slide Time: 27:09)



And he examined 200 companies that he incubated, and he found that 42 percent of the successful companies were successful because their timing was good, irrespective of other factors, means; meaning holding are other factors constant 42 percent success rate was responsible for starting the business on time on a suitable time opportunity time.

32 percent for 32 percent success it was the team and execution which was responsible, the idea was responsible for 28 percent of the success and the business model per se was responsible for 24 percent. Funding availability of fund in time was only 14 percent responsible.

(Refer Slide Time: 28:07)



Examples: airbnb and Uber

- Besides a good strategy and idea, another factor of success was timing.
- Both took the advantage of economic meltdown.
- Both customers and service providers were looking for making some extra money.

NPTEL
IIT Kharagpur

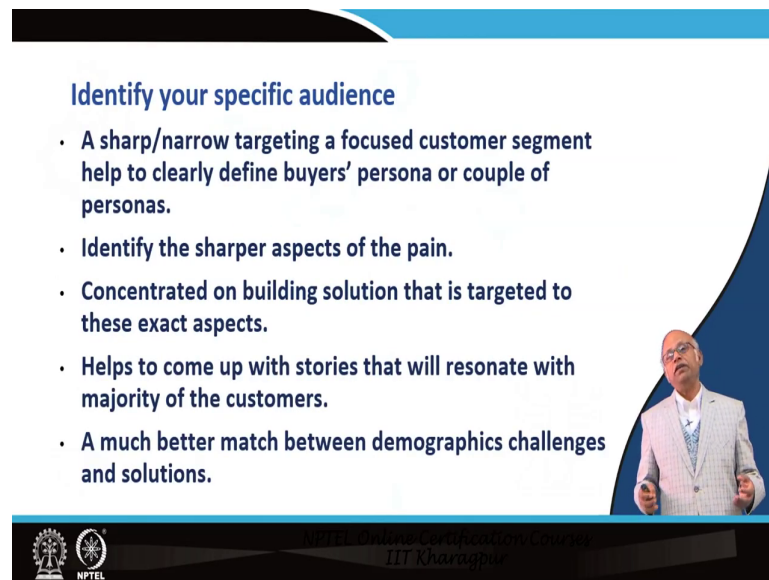
To give an example about business model innovation, timing and many other aspects of business model we have airbnb and Uber. Airbnb started when American economy had recession. People were looking for cheap accommodation on one hand on the other hand the home owners were looking for some extra money because of payment of mortgage etcetera which is difficult at that point of time.

So, both parties were looking for an opportunity and then airbnb came in between and they connected these two guys, some people are looking for cheaper accommodation whereas, home owners they could offer their houses for some extra money and there was huge synergy between these two parties and then airbnb are successful.

Similarly, Uber also came at a time when American economy was in recession and then people who are actually both drivers as well as passengers, they were looking for a win

proposition meaning it offered unique synergy that is very important, and that is how both were highly valuable companies.

(Refer Slide Time: 29:18)



Identify your specific audience

- A sharp/narrow targeting a focused customer segment help to clearly define buyers' persona or couple of personas.
- Identify the sharper aspects of the pain.
- Concentrated on building solution that is targeted to these exact aspects.
- Helps to come up with stories that will resonate with majority of the customers.
- A much better match between demographics challenges and solutions.

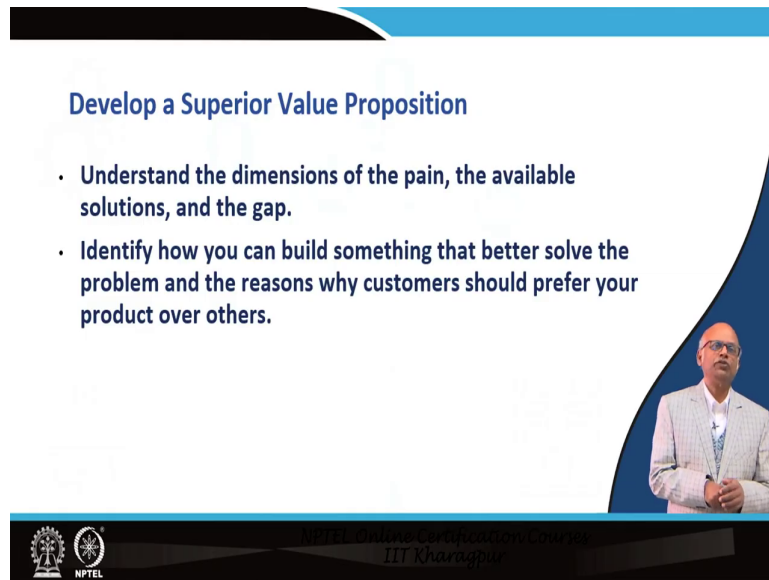
NPTEL IIT Kharagpur

So, eventually what you understand identify your specific audience, you have to narrow your focus and then identify the target audience. Identify customer segment define buyers persona I means what is there what are their aspiration like and disliking so that you can clearly define or you can have your product and a narrative that will resonate with their persona. Identify the sharper aspect of the pain because a pain will have many aspects so you should identify the most bothering part of the pain and try to address that.

So, you come up with stories that will resonate with customers and then they will buy your product products should be good enough so that they become your evangelists meaning that,

they should bring more customer through word of mouth they will bring more customers so your customer acquisition cost will be minimal.

(Refer Slide Time: 30:19)



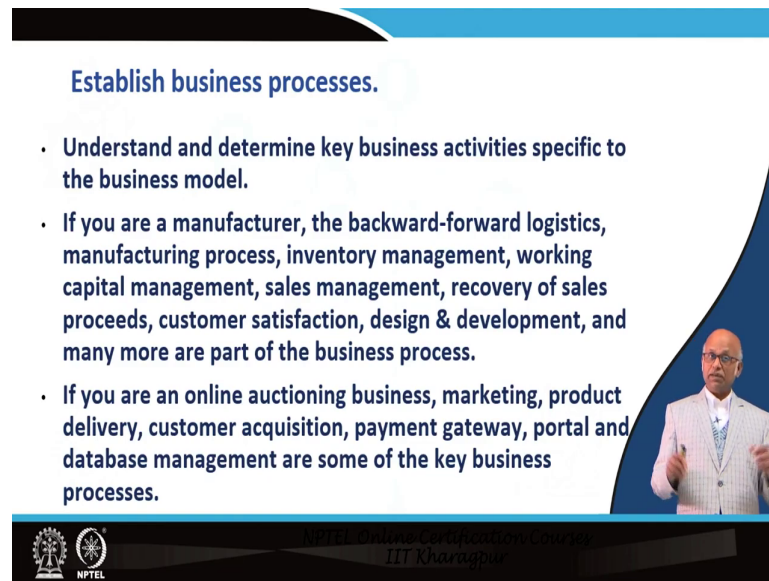
Develop a Superior Value Proposition

- Understand the dimensions of the pain, the available solutions, and the gap.
- Identify how you can build something that better solve the problem and the reasons why customers should prefer your product over others.

The slide features a blue and white background with a curved design. In the bottom right corner, there is a small inset image of a man in a light-colored suit and glasses, standing and speaking. At the bottom of the slide, there are logos for NPTEL and IIT Kharagpur.


Develop superior value proposition we have discussed this many at times, let us not repeat that you have to have a product that is superior in terms of quality, efficacy and then you should give it a almost like a competitive price compared to the competitors.


(Refer Slide Time: 30:41)



Establish business processes.

- Understand and determine key business activities specific to the business model.
- If you are a manufacturer, the backward-forward logistics, manufacturing process, inventory management, working capital management, sales management, recovery of sales proceeds, customer satisfaction, design & development, and many more are part of the business process.
- If you are an online auctioning business, marketing, product delivery, customer acquisition, payment gateway, portal and database management are some of the key business processes.



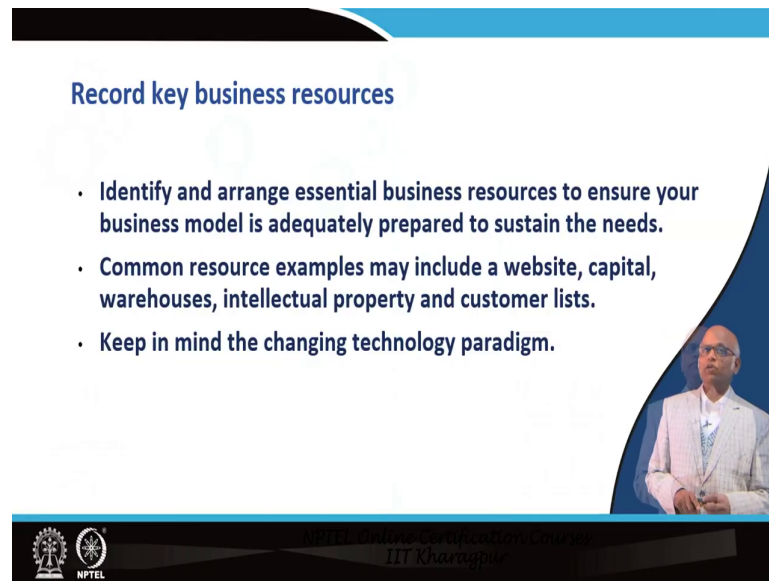
 NPTEL
NPTEL Online Course Catalogue
IIT Khharagpur

Establish business process, we have discussed business process is very important every aspect of the business is part of the business process be it procurement of raw material manufacturing be recruitment of staff be after sale service, everything is part of business process and everything can become a bottleneck or can facilitate your business.

So, seamless transformation from one space to the other is very important and if your system is geared up to meet changing, challenges it the your system should be so, aisle that anything that is coming up unexpected they should be able to troubleshoot only then your business will be sustainable.

If you for example, if you are an online say auctioning business marketing product delivery, customer acquisition, women gateway, portal and database management are some of the key business processes.

(Refer Slide Time: 31:44)



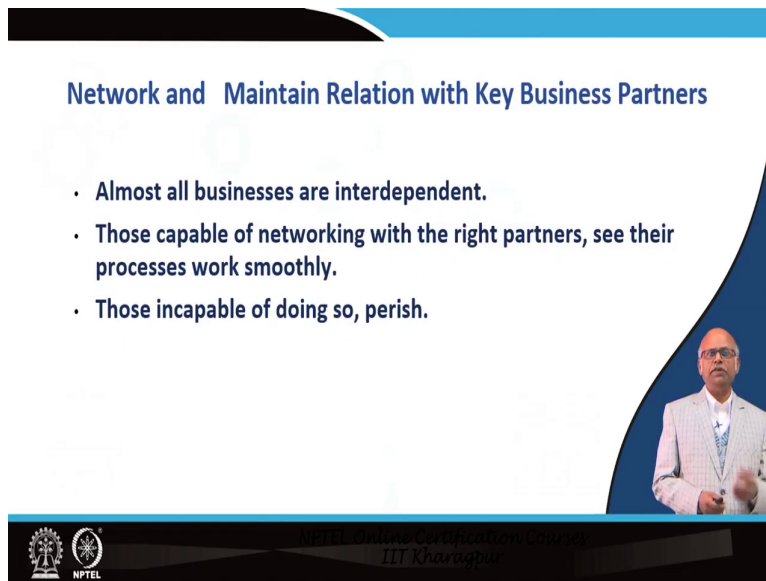
Record key business resources

- Identify and arrange essential business resources to ensure your business model is adequately prepared to sustain the needs.
- Common resource examples may include a website, capital, warehouses, intellectual property and customer lists.
- Keep in mind the changing technology paradigm.

NPTEL
National Institute of Technology
Kharagpur

Whereas manufacturing has so many other things record key business resources you have to really document them. Then identify and arrange essential business resources to ensure business model is adequately prepaid to sustain the need the changing needs. Common resource example may include website, portal, capital, so capital means resources warehouses, intellectual property customer least etcetera etcetera.

(Refer Slide Time: 32:12)



Network and Maintain Relation with Key Business Partners

- Almost all businesses are interdependent.
- Those capable of networking with the right partners, see their processes work smoothly.
- Those incapable of doing so, perish.

NPTEL
IIT Kharagpur

Logistics, keep in mind the changing technology paradigm is very important network in today's world network gives hugely leverage. So, if you are connected to many many people someone can recommend your name to an investor getting investment becomes easy, someone may connect you with a banker becomes easy, someone may help you in your technology domain which you will be struggling for 6 months whereas, a telephone call perhaps can sort it out so networking is very important.

(Refer Slide Time: 32:36)

Create a Story that Resonates with Customers Helping you to Build Loyal customer Base

- You need to radically launch your product and gain customers acceptance.
- A story that connects your customers' emotion, will help generate leads and close sales.
- Create a blueprint of the customer's journey from becoming aware to actually buying, spreading word of mouth and then coming back.

NPTEL
National Programme on Technology Enhanced Learning
IIT Kharagpur

Create a story like say, Huggies or save dollar shaving club and all that we will tell the story moving forward, but due to shortage of time is not possible at this point of time you must have a story that will resonate with customer. So, customer will come with that and then you must give them wonderful experience you must not oversell meaning that you must promise less than you deliver.

(Refer Slide Time: 33:10)



Keep Innovation as Part of Regular Business Process

- The many assumptions based on which you build your business model will change quickly.
- Until you begin to serve your paying customers, you really do not know if your product serves them well.
- Remain prepared to receive some nasty surprises both from customers and competitors.
- Keep innovation as a regular business process.
- Review your plan and the developments around your business segment preemptively.



NPTEL Online Course on Entrepreneurship
IIT Kharagpur



So, you over deliver and then customer will come repeatedly again and again. You have to continuously innovate so that you are always ahead of competition in terms of technology, in terms of customer satisfaction and then in terms of price.

(Refer Slide Time: 33:23)

REFERENCES

- Teece, D. J. (2018). Business models and dynamic capabilities. *Long Range Planning*, 51(1), 40-49.
- Casadesus-Masanell, R., & Ricart, J. E. (2011). How to design a winning business model. *Harvard business review*, 89(1/2), 100-107.
- Kim, W. C., & Mauborgne, R. (2000). Knowing a winning business idea when you see one. *Harvard business review*, 78(5), 129-138.
- Icons from <https://www.flaticon.com/>
- <https://www.livemint.com/companies/start-ups/majority-early-stage-startups-that-received-funding-in-2019-had-seasoned-founders-11577426546725.html>
- <https://unsplash.com/> -- source of some images

(Refer Slide Time: 33:26)

CONCLUSION

- Any firm in any industry must acquire dynamic capabilities to sustain and grow.
- Clear understanding of business model, exceptional utilities, dynamic capabilities, how satisfied the customers are, loyal and growing customers base, are critical for success of a business.

Some references and some comment on conclusion.

Thank you very much you.