The Business Model Game
How To Re-Invent Your Organisation
Derived from: Alexander Osterwalder and Yves Pigneur; Business Model Generation
SPEED RAP
A visual frame for mapping and designing your business model. It comprises nine elements to build a snapshot of the value you provide to your customers. Play with the content to re-invent your future and disrupt your market.

THE BOOK
Business Model Generation

THE BIG IDEA
The DNA of business design has been laid bare. You now have the building blocks to create a business to lead your market.

AUTHORS
Alexander Osterwalder
Yves Pigneur

CO-CREATORS
470 practitioners from 45 countries.

PUBLISHER
John Wiley
Hoboken NJ
2010

YOUR CHALLENGE
Play the game! Design tomorrow today. Map your business. Map your competitors. Then switch. Switch your building blocks to prompt fresh opportunities worth pursuing.

The Business Model Game
How To Re-Invent Your Organisation
How To Use This RAP

The best way for you to learn about Business Models is to create them. Thus, this RAP has been designed as a game you can play. Here’s how...

- Flick through the document to see what’s here.
- The Review, Resources and Related RAPs can be read at any time. They’re useful background information.
- To familiarize yourself with the Business Model Canvas, read Page 7 and the Examples on Pages 8-9.
- Next, turn to How to Play the Game and read Level 1 only. Follow the instructions to play this level. And, Play! Create your business model!
- When you’re done with Level 1, play Level 2 then 3.

Note: This RAP and this game is intended as a simplified version of the fuller process which is presented in the book. If you want more, buy the book.

Contents

BR Review : Business Model Generation
Context : Core Innovation

RAP1 : How to Play the Game
RAP2 : The Business Model Canvas
RAP3 : Business Model Examples
RAP4 : Building Blocks
RAP5 : Process Tips

Resources
Related RAPs
CO-AUTHORS
Yves Pigneur (top) was Alexander’s PhD supervisor. And, this book was born out of that collaboration. Co-created with 470 practitioners from 45 countries.

WHO IS IT FOR?
To quote the book cover: “Visionaries, game-changers and challengers striving to defy outmoded business models and design tomorrow’s enterprises.”

VISUAL DELIGHT
Filled with diagrams and not pages of words.

PRACTICAL
One third of the book is design thinking techniques for you to create or re-invent your business model. Plus numerous examples.

BOOK RAPPER THINKS...
Been using this to re-invent Book Rapper. It works! The canvas makes it easy to visualize alternatives. And, my future is better because of it!

Business Model Generation
RAP1: How to Play The Game

PROFIT: Here’s your instructions for playing the Business Model Game. There’s three levels to play.

LEVEL 1: MAP IT!
Aim
The best way to learn about the Business Model Canvas is to use it to map your business model. If you run your own business then map this. If you work for an organisation, map this.

How to Play
• Print out a copy of the Business Model Canvas or draw one on a whiteboard or large sheet of paper.
• Read the section on Buildings Blocks. Just the ‘Examples’. You can read about ‘Switch’ later.
• Work out what goes in each Building Block for your business. Either, write on your Business Model Canvas or use Post-it notes.
• Review your responses. Update as needed.

Time
Allow 15-30 minutes.

How To Win
You win when you complete the nine building blocks in a map of your organisation.

Bonus Points
Add extra items to each square where applicable.

Download the Business Model Canvas (pdf):
BusinessModelGeneration.com/canvas

LEVEL 2: DISCUSS IT!
Aim
Deepen your understanding of your business through discussion with other people.

How to Play
• Share a copy of this Book Rapper issue with 4-5 colleagues. Ask them to undertake Level 1: Map It. If you run your own business, ask them to map your business. Think of it as 360° feedback for your business. If you’re part of an organisation, ask them to map that.
• When each person has completed their Business Model arrange to meet to discuss what they have created. Compare this with your map. Individual meetings will be useful, a group meeting better.
• Consolidate the results into one Business Model Canvas.

Time
Individual meetings - allow 15-30 minutes.
Group meeting - allow 1-2 hours.

How To Win
You win when you compile the various business models from your colleagues into a single map.

Bonus Points
Score more points for hanging the result in public and being open for discussion. Then, double your points by mapping and discussing your major competitor.

LEVEL 3: SWITCH IT!
Aim
Explore alternatives to your current business model by playing with your building block responses.

How to Play
• Print or draw an extra copy of the Business Model Canvas.
• Read the section on ‘Switch’ in the Buildings Blocks of this RAP.
• Work through each Buildings Blocks applying the ‘Switch’ prompts. Spend a minimum of 5-10 minutes on each building block to speculate as to how this might work in your business or organisation.
• As you work through this process some examples will make perfect sense, others may not. Keep the ones that work.
• You will also notice the Business Model is systemic. When you change one building block you may then need to adjust others.

Time
Allow 45-90 minutes.

How To Win
You win when you create at least one new opportunity for your business or organisation.

Bonus Points
Do this as a group!
RAP2: The Business Model Canvas

PROFIT: Here’s the key framework for business model generation. It has nine building blocks for compiling a snapshot of your organisation.

- **KEY PARTNERS**: Who are the key suppliers and partners that make our business work?
- **KEY ACTIVITIES**: What must we do to deliver value and make our business work?
- **VALUE PROPOSITIONS**: What value do you provide or problems do you solve? What products and services do you offer?
- **CUSTOMER RELATIONSHIPS**: What types of relationships do you forge?
- **KEY RESOURCES**: What are the vital assets needed to make our business model work?
- **CUSTOMER SEGMENTS**: Who do you serve? Which groups of people do you create value for? And, which groups are most important?
- **CHANNELS**: How you communicate with and reach your customers? How do you deliver your value?
- **COST STRUCTURE**: What costs are incurred by the business model?
- **REVENUE STREAMS**: For what value do your customers pay for? How do they pay?
# RAP3 : Business Model Examples

**PROFIT** : Here's two examples of how the Business Model Canvas looks in practice. It'll be of particular interest to authors wanting to create a book. (There are eight Business Model Prototypes for publishing a book on Pages 166-7.)

<table>
<thead>
<tr>
<th>Publisher (old style)</th>
<th>Co-Creation (how this book was created)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Partners</strong></td>
<td><strong>Key Partners</strong></td>
</tr>
<tr>
<td>GOOD PUBLISHER</td>
<td>CO-AUTHORS</td>
</tr>
<tr>
<td><strong>Key Activities</strong></td>
<td><strong>Key Activities</strong></td>
</tr>
<tr>
<td>WRITING</td>
<td>PROJECT MANAGE + PRODUCTION</td>
</tr>
<tr>
<td><strong>Key Resources</strong></td>
<td><strong>Key Resources</strong></td>
</tr>
<tr>
<td>CONTENT + PUBLISHER DEAL</td>
<td>WRITING PLATFORM</td>
</tr>
<tr>
<td>Channels</td>
<td><strong>Channels</strong></td>
</tr>
<tr>
<td>PUBLISHER + RETAIL</td>
<td>WRITING PLATFORM + SALES CHANNELS</td>
</tr>
<tr>
<td><strong>Customer Relationships</strong></td>
<td><strong>Customer Relationships</strong></td>
</tr>
<tr>
<td>SELFF-SERVICE</td>
<td>AUTHORS COMMUNITY</td>
</tr>
<tr>
<td><strong>Customer Segments</strong></td>
<td><strong>Customer Segments</strong></td>
</tr>
<tr>
<td>READERS</td>
<td>COMMUNITY AUTHORS</td>
</tr>
<tr>
<td><strong>Value Proposition</strong></td>
<td><strong>Value Proposition</strong></td>
</tr>
<tr>
<td>A BOOK</td>
<td>BOOK PROJECT</td>
</tr>
<tr>
<td><strong>Revenue Streams</strong></td>
<td><strong>Revenue Streams</strong></td>
</tr>
<tr>
<td>10% ROYALTIES FOR AUTHORS</td>
<td>PLATFORM COSTS BOOK PRODUCTION</td>
</tr>
<tr>
<td><strong>Cost Structure</strong></td>
<td><strong>Cost Structure</strong></td>
</tr>
<tr>
<td>WRITING TIME</td>
<td>PLATFORM COSTS</td>
</tr>
<tr>
<td><strong>Customer Relationships</strong></td>
<td><strong>Customer Relationships</strong></td>
</tr>
<tr>
<td>selFF-SERVICE</td>
<td>AUTHORS COMMUNITY</td>
</tr>
<tr>
<td><strong>Customer Segments</strong></td>
<td><strong>Customer Segments</strong></td>
</tr>
<tr>
<td>READERS</td>
<td>COMMUNITY AUTHORS</td>
</tr>
<tr>
<td><strong>Value Proposition</strong></td>
<td><strong>Value Proposition</strong></td>
</tr>
<tr>
<td>A BOOK</td>
<td>BOOK PROJECT</td>
</tr>
<tr>
<td><strong>Revenue Streams</strong></td>
<td><strong>Revenue Streams</strong></td>
</tr>
<tr>
<td>10% ROYALTIES FOR AUTHORS</td>
<td>PLATFORM COSTS BOOK PRODUCTION</td>
</tr>
<tr>
<td><strong>Cost Structure</strong></td>
<td><strong>Cost Structure</strong></td>
</tr>
<tr>
<td>WRITING TIME</td>
<td>PLATFORM COSTS</td>
</tr>
<tr>
<td><strong>Customer Relationships</strong></td>
<td><strong>Customer Relationships</strong></td>
</tr>
<tr>
<td>selFF-SERVICE</td>
<td>AUTHORS COMMUNITY</td>
</tr>
<tr>
<td><strong>Customer Segments</strong></td>
<td><strong>Customer Segments</strong></td>
</tr>
<tr>
<td>READERS</td>
<td>COMMUNITY AUTHORS</td>
</tr>
</tbody>
</table>

---

© Geoff McDonald 2012 • More? Click on these links • [Blog](#) • [Email Book Rapper](#) • [BookRapper.com](#) • Page 7
### Apple iPod/iTunes

**Key Partners**  
Record Companies, Equipment Makers

**Key Activities**  
Hardware Design, Marketing

**Value Proposition**  
Seamless Music Experience

**Customer Relationships**  
LoveMark

**Channels**  
Retail Stores, Apple Stores, Apple.com, iTunes Store

**Customer Segments**  
Mass Market

**Key Resources**  
Apple Brand, Hardware, Software

**Cost Structure**  
People, Manufacturing, Marketing and Sales

**Revenue Streams**  
Large Hardware Revenue, Some Music Revenue

---

### Skype

**Key Partners**  
Payment Providers, Distribution Partners, Telco Partners, Headset Suppliers

**Key Activities**  
Software Development

**Value Proposition**  
Free Internet Calls, Cheap Calls to Phones

**Customer Relationships**  
Mass Customised

**Channels**  
Direct Via Website

**Customer Segments**  
Web Users Globally, People Calling Phones

**Key Resources**  
Software, Developers

**Cost Structure**  
Software Development, Complaint Management

**Revenue Streams**  
Free Calls, Pre-Paid Calls, Hardware and Headset Sales

**Note:** Skype is a Freemium Model which means you get the basics for free and pay for a premium service. Therefore there are additional listings for some of the building blocks. You may find when you map your business or organisation the same applies.
RAP4 : Building Blocks

PROFIT : Here we describe each of the buildings with a core question, some examples and some prompts for innovating this area.

KEY PARTNERS
Who do you rely on to make your business work?

Examples
• Suppliers
• Alliance Partners
• Outsourced Partners
• Joint Ventures
• Mentors

Switch
• Who could you partner with?
• Who could you joint venture with?
• What could you outsource?
• What would happen if you partnered with your competitors?
• What would happen if you changed suppliers?
• Who could you use to advise you?

KEY ACTIVITIES
What must we do to deliver value and make our business work?

Examples
• Production
• Processing
• Problem Solving
• Promotion
• Sales
• Training
• Delivery
• Design
• Platform/Network
• Marketing
• Finance
• Maintenance

Switch
For your key activities ask:
• What if we made something else essential?
• What is another way of describing this activity?
• What is the essential part of this activity?
• What if we automated this activity?
• What if we outsourced this activity?
• What activities are we great at that we could charge others for?

CUSTOMER RELATIONSHIPS
What types of relationships do you create?

Examples
• Personal Assistance
• Dedicated Personal Assistance
• Self-service
• Automated Service
• User Communities
• Co-creation

Switch
If you provide:
• Personal assistance, add co-creation
• Self-service, switch to community service
• An automated service, switch to personal service
• Dedicated personal assistance, switch to self-service
• User communities, add co-creation
• Co-creation, add a user community
**COST STRUCTURE**

*What costs are incurred by the business model?*

**Examples**
- Cost Driven - focus on minimising costs, focus on lean operations
- Value Driven - focus on maximising value, less concerned with cost
- Fixed Costs - costs that remain the same despite volume
- Variable Costs - costs vary proportionally with the volume produced.
- Economies of Scale - cost advantages gained from increasing output
- Economies of Scope - cost advantages gained due to a broadening of scope, eg. a website with high volume traffic can sell multiple products

**Switch**

If you are/have:
- Cost driven, switch to value driven
- Value driven, switch to cost driven
- Fixed costs, switch to variable costs
- Variable costs, switch to fixed costs
- Economies of scale, switch to economies of scope
- Economies of scope, switch to economies of scale

**REVENUE STREAMS**

*For what value do your customers pay for? How do they pay?*

**Examples**
- Asset sales - customer purchase the product outright, eg. book
- Usage Fee - customer pays when they use the service, eg. hotel
- Subscription Fee - customer pays to access the service eg. gym
- Lending/Renting/Leasing - customer pays for temporary access eg. office space
- Licensing - customer pays for use of intellectual property
- Brokerage Fees - customer pays a commission when you match a buyer & seller
- Advertising - customer pays to promote a product or service

**Switch**

If you earn revenue from:
- Asset sales, switch to lending, renting or leasing.
- Usage fees, switch to subscriptions or advertising.
- Subscriptions, switch to licensing.
- Lending/renting/leasing, switch to usage fees.
- Licensing, switch to usage fees.
- Brokerage fees, switch to advertising.
- Advertising, switch to one of the other revenue sources.
VALUE PROPOSITION
What value do you provide or problems do you solve? What products and services do you offer?

Examples
- Responsiveness: speed, action and rapid response
- Consistency: reliability, standardisation and low cost
- Innovation: rapid change, creativity, low sensitivity to price and novel approaches
- Understanding: empathy, relationships, understanding and loyalty

Switch
- If your focus is responsiveness, switch to either consistency or innovation.
- If your focus is consistency, switch to either responsiveness or understanding.
- If your focus is understanding, switch to either consistency or innovation.
- If your focus is innovation, switch to either responsiveness or understanding.

Note: The four example types are from: Norman Chorn, Strategic Alignment.

CUSTOMER SEGMENTS
Which groups of people do you create value for? Which groups or segments are most important?

Examples
- Mass Market - Everyone!
- Niche Market - a specific and specialised segment
- Market Segments - different segments with different needs
- Mixed or Diversified Market - unrelated customer segments
- Multi-sided Platforms or Markets - interdependent customer segments. For example, a credit card company needs a large number of card holder plus a plentiful supply of merchants.

Switch
If you serve
- A mass market, switch to a single niche market
- A niche market, switch to a different niche or one of the other market segments.
- Different market segments, switch to one of them only.
- A diversified market, switch to a multi-sided market.
- A multi-sided market consider supporting one market only.
- A single market, add a diversified market based on your key resources and activities.
RAP4 : Building Blocks continued

CHANNELS
How do you communicate with and reach your customers? How do you deliver your value?

Examples
• Own customer channels Eg Sales force, website, retail stores
• Partner channels Eg Wholesaler, others retail stores
• Sell direct to customers Eg Sales force, website
• Sell indirectly to customers Eg Sales Agents, Licensees
• Also, consider the full Channel Phases from first contact through to fulfilment and follow-up service

Switch
• If you own your customer channels, switch to partner channels.
• If you use partner channels, create your own customer channels.
• If you sell direct to customers, switch to indirect.
• If you sell indirectly to customers, go direct.
• Which is your strongest Channels Phase? Create a new customer segment to create new value.
• Which is your weakest Channel Phase? Find a partner to improve it.

KEY RESOURCES
What are the vital assets needed to make our business work?

Examples
• Physical : Retail Stores, Buildings, Vehicles, Systems, Distribution Networks, Point of Sale Systems, Machines, IT systems, Website
• Intellectual : Brand Trust, Proprietary Knowledge, Patents and Copyrights, Partnerships, Customer Database,
• Human : Design Expertise, Scientific Knowledge, Industry Experience, Sales Force, Customer Base
• Financial : Cash Reserves, Cash Flow, Lines of Credit, Stock Options, Vendor Financing, Access to Venture Capital

Switch
• Which Physical resources could you shift online?
• Which Human resources could be outsourced?
• Which Intellectual resources could be sold or licensed?
• Which Financial resources could you use to fund new opportunities?
• Which is our least valuable resource? How could we improve this?
• Which is our most valuable resource? How can we protect and strengthen this?
**RAP6 : Design Thinking Tips**

**PROFIT :** Designing Business Models is not a simple linear process. You’ll need to have your design thinking hat on. Here’s nine tips to get you started.

<table>
<thead>
<tr>
<th>Post-It Notes</th>
<th>Tell a Story</th>
<th>Prototype It!</th>
<th>Diversify!</th>
<th>Up on the Wall</th>
</tr>
</thead>
<tbody>
<tr>
<td>Put the Business Model Canvas on your wall and start adding post-it notes to describe each of the nine elements.</td>
<td>Once upon a time it was all about the facts. Now, imagine you are pitching to investors or engaging employees. Tell that story...</td>
<td>Great designers don’t get it right the first time. They play and explore the alternatives. Think of your first versions as prototypes.</td>
<td>The more varied the team, the more varied the likely responses. Perfect for creative insights.</td>
<td>Having your Business Model Canvas on the wall allows you to stand back and look at a distance - a valuable alternative perspective.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Draw It!</th>
<th>Future Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step out of the word-head and into visual thinking. Neat, simple sketches are perfect.</td>
<td>Take a walk in the future of how things could be. Reflect back to the present and compare</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What if?</th>
<th>Customer Insights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ask what if questions to explore alternative scenarios for your business. Map these on the canvas to see what would need to happen to make them work.</td>
<td>Interview your customers directly. Ask: What are they really buying? Why are they buying that from you? How could you serve them better?</td>
</tr>
</tbody>
</table>
## Resources: Business Models

**PROFIT:** Here’s nine additional resources to ramp up your experience and expertise in creating your own Business Models.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Book Website</strong></td>
<td>The Business Model Generation Website. Download the first 70 pages of the book free! Plus you can buy the book from here. <a href="http://www.businessmodelgeneration.com">BusinessModelGeneration.com</a></td>
</tr>
<tr>
<td><strong>Book iPad App</strong></td>
<td>Business Model Generation iPad App. Looks like a really useful tool! Visit their website or here’s the link to iTunes <a href="http://www.businessmodelhub.com">BusinessModelHub.com</a></td>
</tr>
<tr>
<td><strong>Book Community</strong></td>
<td>The Business Model Hub Community has more than 7500 members. It’s Complimentary. And, there’s bountiful discussions from some wise owls. This is your big opportunity to learn, share and grow your expertise in Business Models. <a href="http://www.businessmodelhub.com">BusinessModelHub.com</a></td>
</tr>
<tr>
<td><strong>Business Model You</strong></td>
<td>A companion book that utilizes the same Business Model Canvas. Except this is directed at you and your professional career. <a href="http://www.businessmodelyou.com">BusinessModelYou.com</a></td>
</tr>
<tr>
<td><strong>Fast Video Overview</strong></td>
<td>A 2 Minute Video Overview of the Business Model Canvas. <a href="http://www.youtube.com/watch?v=QoAOzMTLP5">http://www.youtube.com/watch?v=QoAOzMTLP5</a></td>
</tr>
<tr>
<td><strong>Author’s Conference Presentation - The Full Story</strong></td>
<td>Alex Osterwalder - 90 minutes on Business Model Design. Includes a great case study on the revolutionary business model they used to create their best selling book <a href="http://www.youtube.com/watch?v=jMxHAp6cm0U&amp;feature=related">http://www.youtube.com/watch?v=jMxHAp6cm0U&amp;feature=related</a></td>
</tr>
<tr>
<td><strong>More from Alexander Osterwalder</strong></td>
<td>Authors Website: <a href="http://alexosterwalder.com/">http://alexosterwalder.com/</a> - Buy the book plus more... Alex on Slideshare: <a href="http://www.slideshare.net/Alex.Osterwalder">http://www.slideshare.net/Alex.Osterwalder</a> - more than 50 slideshows here Alex on Twitter: @business_design</td>
</tr>
</tbody>
</table>
Want More?

PROFIT: Here’s a couple more related Book Rapper issues to rap your head around...

**Design Advantage**
The business case for applying design thinking as a means to creating long-term business value. Derived from Roger Martin’s *The Design of Business.*

**The Bees Wees**
Explores various crowd sourcing and user community business models. Derived from: Barry Libert and Jon Spector and a cast of thousands, *We Are Smarter Than Me.*

**The Great Business Gestalt**
The key elements of Web 2.0 strategy with examples of new business models from Google, Flickr, IBM, Apple... Derived from Amy Shuen’s *Web 2.0: A Strategy Guide.*

**Make Money From Niches**
Explores niche business models. And, how Digital Economics has shifted the focus from mass blockbusters to niche markets. Derived from: Chris Anderson’s *The Long Tail.*

**Business Revolution: Free or Fee?**
A focus on the Free and Freemium business models. And, how digital economics is creating a business revolution. Derived from: Chris Anderson’s *Free.*
More from Book Rapper

PROFIT: Here's even more suggestions to deepen your thinking & sharpen your learning.

CREATOR
Who is the Book Rapper?
Geoff McDonald is a former architect who no longer designs buildings. Instead, as the Ideas Architect, he helps individuals and organisations to design, build and sell their ideas to develop a powerful brand presence and attract their ideal clients.

BE INFORMED!
Want to receive all our future issues? Plus more than 45 previous issues? Subscribe to Book Rapper More...

BE A LEADER!
Want to lead the way with best practice in leadership? Position your business as the leaders in your market by branding Book Rapper with your business details. Then with your distribution agreement you'll be free to share this valuable resource with your clients, customers and colleagues.

DESIGN YOUR OWN
Want a custom designed leadership program? Tailor the Book Rapper process of creating RAPs and running discussions in your organisation. More...

DISCUSS THIS
The best way to learn is through interacting with other people. Take this RAP and share it with a colleague. Then sit down together and discuss it. Even better play the game and map your business or organisation.

CONNECT

BLOG
GeoffMcDonald.com/blog
Fill in the gaps between our books... What else are we reading? Lessons learnt from running Book Rapper and more resources for these books. You can also add your thoughts and comments to discuss things further.

BUY THE BOOK
We only select one book each month to RAP so you know they're great! Business Model Generation