**Assessment Type 2 - Business Model Evaluation**

**2000 words**

**Part 1 – Approx 1000 words**

**The effectiveness of decision-making and project management tools and strategies**

These tools and strategies are what we have been collecting throughout the year. You should have this all in your portfolio. When you refer to these, they must be included in the appendix.  They include but are not limited to:

* Empathy Maps
* Value Proposition Canvases
* Validation board
* Test Cards and Learning Cards
* Your marketing strategies
* Market/competitor research
* Financial modelling

In this section, you should address the 2-3 most effective tools that you used. You should address the 3 broad areas of the BMC. You could use one tool for each section.

Desirability – Customer Segment, Customer relationships, Channels, Value Proposition

Feasibility – Key Activities, Key Resources, Key Partners

Viability – Cost structure, Revenue Structure

You could structure this section of the evaluation as follows:

**DATA > ANALYSIS > INSIGHTS > EFFECTIVENESS**

Customer Interviews (Customer Interviews, Appendix 1) were carried out to identify a customer problem across two different segments, which were A and B. Data was collected in the form of key words and was charted onto Empathy Maps ( Empathy Map: A, Appendix 2).

The key words indicated that A often felt \_\_\_\_, and had observed other A’s saying \_\_\_\_\_\_. A common identified was \_\_\_\_\_\_. This showed that there was a need for \_\_\_\_\_.

The identified needs led to us being able to develop “How Might We” questions (Questions,Appendix 3), which provided a clearer picture of what the value proposition design would look like.

Interviews and empathy maps were effective to start with, as they allowed the team to identify and define potential problems that we could solve. They could have been made more effective if we targeted similar segments from competitors, or added a third segment to interview.

You’ll essentially have three paragraphs of about 200 words each for this section – **Desirability, Feasibility, Viability**. It is crucial that any strategies or tools you have developed yourself are included in the appendix, and any information that isn’t yours is included as a reference.

**Part 2 – Risks and Opportunities in the current business model – approx. 600-700 words**

Here you will need to identify at least two risks and two opportunities currently present in the business model. Include supporting data to back up your claims and include these in the appendix. These could be:

* SWOT Analysis
* PESTLE Analysis
* Market forces

You could structure this section as follows:

Risk Type > Connection to Business Model > Potential Solution

Opportunity Type > Connection to Business Model > Potential Benefits

A financial risk that emerged when developing the Business Model was the break-even analysis. The business needed a high amount of funds to get started meaning the cost structure was heavy as multiple activities, resources and partners were needed to deliver the value proposition (SWOT Analysis, Appendix 4). This solution could be fixed by lowering the one-off costs involved with purchasing \_\_\_\_, and outsourcing this to a key partner instead. A potential partner might be \_\_\_\_.

Risks can include:

1. Strategic Risk – risk where the causes are external to the organisation that, if they were to occur, would be serious enough that a change in **strategic direction** may be required. Typically managed on board level in businesses structured as larger companies.

2. Operational Risk – risks where the causes are internal or external to the organisation that, if they were to occur, would impact the achievement of the current strategy. More to do with system processes e.g. what would a business do it one of its machine operators had an accident during work hours.

3. Financial Risk – about the financial health of the business. This is dependent on business factors such as competition, operational costs etc. the more debt, the more financial risk is involved. Can the business generate enough cash flow and income to pay their debts and meet their other financial obligations?

4. Compliance Risk – involves companies having to comply with new rules that are set by the government or regulatory body. For example, there may be a new minimum wage that must be implemented immediately. If compliance risks are not reduced, it could leave the business open to a breach of law, standards or regulations.

* Ask yourself, when, where, why and how are risks likely to happen within the business? Are the risks internal or external? Who might be involved or affected if an accident happens

Based on the analysis you have conducted, what are the opportunities for growth in the business and why are these important? How does this growth eliminate the current risks to the model? There should be a clear link between growth opportunities and risk elimination. What is the competition doing and what are they not doing that your business could?

1. Environmental Analysis – what technological developments could occur

2. Complementary Product Analysis – look at how other related products are performing. Consider how you could improve on these with your product

3. Indirect Competitive Analysis – look at different industries and indirect competitors to provide insight on additional opportunities for growth

4. Direct Competitive Analysis – look at brands that are direct competition to your chosen business and look at their value proposition

5. Purchase Situation Analysis – how can you offer a new shopping alternative or **experience**

**Recommendations to improve the business model (300-400 words)**

From the work that you have done all year, you have got an almost completed business model. Now, you will need to discuss any areas which, on reflection, you think still need changing.

Outline two recommendations.

Issue > Reason > Recommendation > Desired outcome

The value proposition currently targets too many customer segments. If it targeted less segments, it could focus on features that appeal to them more. By appealing to just one segment rather than three, there is potentially to increase revenue streams from one type of customer. This could be achieved by altering the current customer relationships, focusing instead on methods that will acquire and retain customers from this demographic. By boosting revenue from one segments rather than three smaller segments, advertising costs to diverse demographics could be decreased, lowering the cost structure of the business. This would also lead to fewer key activities, resources and partners, saving further costs.

**References**

Any information that you reference that isn’t your own belongs here. Use either footnotes or APA – your decision. References might include costs, rental sites, or demographic information from the government.

**Appendix** – NOT ASSESSED

Your own prepared materials go here. Attach an image of the whole picture. This will include empathy maps, SWOT analysis, Value Proposition Canvases, etc.

***Make sure that throughout the whole task you are incorporating the following:***

* ***How you developed the business model***
* ***How you gathered data and created business ‘intelligence’***
* ***How you used the data/intelligence to develop the business model and pivot etc…***