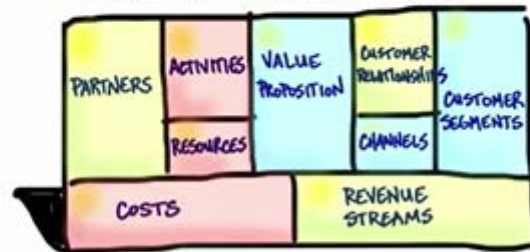


# The Business Model Comes into Focus

## Challenging the existing paradigms

**Business Architects  
Design the ....**

BUSINESS MODEL CANVAS



Paul Hobcraft



## Content Included in this additional short booklet

1. The Business Model, a Canvas for Innovation's Convergence
2. Juggling Innovation around Business Model Design
3. The (Re)birth of the Architect for the Business Model Design
4. The Understated Back-End of the Business Model Canvas.
5. The Age of Large Business Model and their Reinvention

These short articles have been taken from the blog [www.paul4innovating.com](http://www.paul4innovating.com) and offer a personal view of innovation and areas that need much deeper thinking through at all levels, especially the leadership level within organizations.

8<sup>th</sup> July 2013



# The Business Model, a Canvas for Innovation's Convergence

So where were you when this [Business Design Summit](#) was happening? Did you miss it? Well kick yourself if you are remotely interested in where innovation is evolving too. I missed going as it was a sell out fast but I watched the live streaming. So I had a more detached view but let me give you the flavor of what is bubbling up around the Business Model and its Canvas where a new (and older) generation of innovation 'tool-smiths' are all converging in a growing community.

In Berlin, held at the Classic Remise Berlin on 19<sup>th</sup> & 20<sup>th</sup> April 2013, around 250 people gathered around the Business Model and started to bring together the converging aspects required in any Business Models design in tools, concepts, and methodologies.

Lucky for many that were unable to attend, the wonderful thing was that the summit also was live streamed and had a dedicated hashtag of #bds Summit. I watched it and got very caught up in the event. They plan to release the presentations and I think a whole lot more from this summit in outcomes through most probably [the toolbox center to build better Business Models](#).

This summit became the place of the innovation 'tool-smiths' to meet and exchange so as to begin the forging and crafting of the new tools needed for innovation. These are aimed to help us in today's and tomorrow's world where innovation is more central within business strategic thinking.

## Firstly, the Business Model meets one of today's needs

Unless you have lived under a rock, in a hermit's cave or on a beach disconnected from the world, anyone remotely interested in innovation will have had business model innovation seared into their thinking. Then you would be aware of the [Business model canvas](#) and the book "[Business Model Generation](#)" by Alex Osterwalder and Yves Pigneur and a core team of leading exponents, that included Alan Smith, Patrick van der Pij and Tim Clark and co-authored by 470 Business Model Canvas practitioners from 45 countries.

## The Business Design Summits Objectives

The Business Design Summit had as its primary question: "Are the Business Tools you are using relevant for today's world? It went on to ask "If you want to teach people a new way of thinking, don't bother trying to teach them, instead, give them a tool, the use of which will lead to new ways of thinking".

So this was a summit of different concepts, tools and a host of the forward thinking people within the world of innovation offering the parts that are converging. The different speakers offered a rich diversity of ideas, suggestions and examples to stimulate your thinking. Each speaker contributed a tool and suddenly we had born a whole new community of “tool-smiths” crafting away within innovation.

## The speakers included at the Summit

These included [Alex Osterwalder](#), Yves Pigneur, [Patrick van der Pijl](#), Lisa Solomon, Lisa Chen, Luke Hohmann, Mark Johnson, Stefano Mastrogiacomo, Dave Grey, Karl Landart, Henry Chesbrough, Muki Hansteen-Izora, [Steve Blank](#) and [Rita McGrath](#). Regretfully I missed one or two of the speakers as I got side tracked within my day.

**The visuals produced as these sessions developed were stunning.**



Example of a visual recording, this is by @HolgerNilsPoh: A Business Opportunity Canvas by @mukiz from the #bdsummit

Apart from [Holger Nils Poh](#) working away, I think there were lots of visual and graphic recorders busy capturing what was presented in terrific event maps. Each of these contributed and made it a [visual feast](#). These visuals significantly improve ways to teach. More and more in our daily work, visual thinking will play an increasing part on the new tools needed in understanding increasing complexity and being quickly able to visualize it in today's world and become part of our tool box for determining the next steps.

**Some “stand outs” that I gained**

It is hard to suggest one part was better than another, it was this convergence that made the event come together but for me the timely reminder by [Mark Johnson](#) on the strategic importance of the jobs-to-be-done cannot be ever understated. Jobs-to-be-Done are central to arriving at the value proposition as they should “inform” on the needs of the customer that present the new innovation opportunities, perhaps also needing new business models.

The second was [Luke Hohmann](#) and his innovation games, something I will need to explore a whole lot more. His tag line of “The Seriously Fun Way to Do Work—Seriously”. This offers online and in-person games to help organizations to solve problems across the enterprise by using collaborative play to tap into true innovation.

[Lisa Solomon](#) who did such a fantastic job of being a main facilitator to much of the summit. She introduced her forthcoming book around Strategic Conversations and spoke about her work and teaching around innovation, leadership and design.

Of course, Alex Osterwalder had his usual high octane mix of presenting, tweeting, facilitating, just physically driving the summit along. He must be shattered after events like this, energized for what’s ahead but drained in the immediate aftermath. He was everywhere, the Innovation puppet master pulling all the strings of a well orchestrated summit.

[Yves Pigneur](#) did such a great job, introducing the BM Canvas but also in both wrap ups of “three minutes” to summarize each of the days sessions. The way he did this has some real lessons on how to recall and conclude succinctly.

[Dave Gray](#) and his evolving cultural mapping tool is yet another topic I need to climb into more following this appetite teaser “as a tool, the hammer sees everything as a nail... culture itself is a tool” where he introduces the tool steps of Evidence, Levers, Values & Assumptions. This seems a more diagnostic tool and I feel will develop the more this is progressed, improved and used.

Then the whole topic of where large corporations need to fit into this business model movement with the challenges and emerging issues discussed by Karl Landart and [Henry Chesbrough](#). This is where the Business model canvas has to deepen its presence. The Business Model Canvas has still not fully found its way into large corporate culture, certainly not easily into the boardrooms. Time, short attention span and limited patience are real constraints. Should it- certainly yes, how it is going to happen is a real challenge.

This whole area or corporate challenge needs some real intellectual capital in solving this as it is a necessity for BMC to really take hold in large corporations. By the way, this was the best presentation in my opinion I have heard from Henry Chesbrough and I was intrigued by his emerging thoughts on providing a Corporate Conflict Detector.

Muki Hansteen-Izora( @mukiz) [of Intel](#) talked through their internal tool, a first in a public forum, the Opportunity Identification Tool or Canvas- the opportunity space is bringing their perspective into a conversation, developing up the essential components, and getting these rooted and traceable.

The summit finished with a conversation between [Steve Blank](#) and [Rita McGrath](#) around “the end of competitive strategy” Both are real influences within innovation, firstly they talked through the new playbook for strategy and where so much is due to change. The sum of this was that Organizations are still awfully reluctant to give up power, we simply can't continue as we are, as all our ground is eroding and that long term quest for finding sustainable competitive advantage is rapidly disappearing .

**Transient short term competitive advantage** is taking the place of sustainable competitive advantage. This will become a “big idea” and influence our future in how we set about dealing with this. Rita is about to launch her book around this whole area in the coming weeks and I feel will “rattle a few cages” in a few boardrooms, when they read it I suspect.

Steve worked his usual magic of weaving both the start-up and established organization into much of this conversation. He provided numerous examples, spoke of the different “epiphanies” he has had on his customer process and where the link comes together in his work and the Business Model Canvas. Always throwing in the amusing story but always underscoring a powerful learning outcome.

Between Rita and Steve there was such a wonderful conversation between two deeply experienced people, full of knowledge to share, stories to tell and ways to bring these together in practical ways that you could relate too. A great, great finish.

### **Are tools or ideas enough? The world is moving really fast**

My growing concern is not the enormous energy being invested in new tools and methodologies; these are good, really good, my concern lies still in the iteration process. The issue is do we crowd source these more and more, with growing built in bias, to keep improving on them as soon as an idea hits us or do we slow them down from “just being put out there” (alpha versions) to being better “beta” versions? I'm not sure when the right time is to release tools.

We have to remember Alex's original foundation for his Business model canvas was a PhD and that was incredibly well-grounded and why it has taken hold to such a level. Steve Blank's customer work has integrated his enormous set of experiences and lots and lots of experimentation but that comes in a fairly unique package.

Just having tools for tools sake is not the ideal place to go but tools, well thought through, placed out in the broader community to be experimented with, reiterated and improved is highly valued and needed. Finding the balance is going to be the key from all these tool-smiths.

## **Congratulations to the organizers of this Summit**

The Business Design Summit brought together an enormously talented group- could it have looked out into the future more, could it have debated more instead of the “tried and tested” listen and group work? Perhaps not, the group needed to begin to work together, to find a greater common language. To have this streamed was incredible and valued by us that were not able to attend. I offered this tweet to Alex:



## **But I do have a “what if” as my wish?**

We do need to plot all the tools into the Business Model Map so we can have a more comprehensive roadmap of what tool or methodology fits where and why. I’ve love that to emerge from this summit. We really need a “live” mashup of all that is going on in a “dynamic” business model canvas environment so a growing community can all provide the next generation. I think this is where the summit has begun to provide a real momentum – the shifts we need to make “to teach people a new way of thinking.”

## Juggling Innovation around Business Model Design



Juggling Innovation Is Hard  
image via Michael Grills

There seems a lot at present going on around the Business Model and formulating its design. Following on from [the Business Design Summit](#) held in Berlin in April of this year there seems to be a gathering of momentum surrounding the Business model.

There is an awful lot of designing going on, actually it is hard to juggle with it all, even for me that has a 100% focus on innovation.

The Business Design Summit had as its primary question: *“Are the Business Tools you are using relevant for today’s world?”*

It went on to ask *“If you want to teach people a new way of thinking, don’t bother trying to teach them, instead, give them a tool, the use of which will lead to new ways of thinking”*.  
*“Your business ideas deserve better than PowerPoint and Excel”*

The momentum is specifically aimed at Business innovation design tools and how to manipulate them and this is giving rise to the ‘school’ of tool-smiths. I wrote about [the Business model canvas as set to explode](#) in 2012 and events this year are certainly ‘exploding’ in multiple ways. Let me give some examples:

The Business Model has become even more critical to create and relate too. Rita Gunther McGrath has just released her book [“The End of Competitive Advantage- how to keep your strategy as fast as your business”](#), published by Harvard Business Review Press. Her whole premise is that today *“Strategy is Stuck as most leaders are using frameworks that were designed for a different era of business”*.

Rita believes *“we require a new set of practices based on the transient competitive advantage”*. We are in a time of fast evaporating competitive advantage and we can’t spend months crafting a single strategy, we need to keep exploring and reiterating different initiatives that are more focused, leaner, more defined, more transient in their nature.



This needs more fluid, greater visualization and more customer-centric approaches and modular strategic design approaches.

## So what if?

What if you **prototyped business models** like architects sketch buildings this is one of the main appeals of the business model canvas, outlined in the book: [Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers](#), written by Alexander Osterwalder and Yves Pigneur, You can simply do that, sketch out new business ideas or quickly visualize existing businesses and the 'multiple' canvases can be used in teams as a sharing tool to structure the thinking.

What if you had a clear method to **uncover what customers want to get done**? How about a tool and methodology that will help you to identify and prioritize the jobs-to-be-done? Knowing these is clearly of high value and can lead to rapidly achieving growth segments that tap into this. [Jobs-to-be-done](#) is very fertile ground many are exploring including Clayton Christensen, Tony Ulwick and Strategyn, Mark Johnson and Innosight and plenty more. One of the best books outlining a well thought through approach to this JtbD is in Lance Bettencourts book "[Service Innovation: how to go from customer needs to breakthrough services](#)"

What if we learnt to talk always around **the Value Proposition**, not that difficult part of explaining 'our' (boring) business strategy? Recently we have been seeing the emergence of a [Value Proposition Canvas](#) from Yves Pigneur, Alex Osterwalder and Alan Smith. This will 'emerge' in a book "[the Value Proposition Design](#)" due to be published sometime soon. The VP canvas dovetails into the BM canvas. It takes the JtbD concept to achieve a greater fit between the value you intent to create and the expectations your customers have.

Part of the Business model canvas proposition is **extending tools to build better models** and through [www.strategyzer.com](http://www.strategyzer.com) this web site (at present) is dedicated to working away at different tools and becoming the official Alpha web-app from the makers of [Business Model Generation](#) developing **software solutions**.

Also expect to see further development through the Business Model Foundry and [the Strategyzer Academy](#) that will explore and educate upon all the emerging tools and techniques being 'crafted' away at present. I'd recommend joining the [Business model hub](#) by the way, another from this growing business enterprise, centred on [the Business Model Canvas](#).

## Juggling, juggling and juggling.

Have you thought about “*Pruning the product tree?*” Luke Hohmann and his company [The Innovation Games Company](#) are providing a range of serious but fun games that can produce concepts that shift your thinking. On his ‘pruning the product tree’ the focus is not on ‘cutting’ but ‘shaping’ to arrive at products that your customers desire more and so you eventually create a ‘new canopy’ of innovating options. They are developing a whole [range of innovation games](#)

Within organizations there needs to be greater, richer conversations – those **strategic conversations** that are more creative, collaborative and working more through adaptive challenges arising more constantly than ever. [Lisa Kay Solomon](#), who teaches Design Strategy at the California College of Arts is co-authoring a book due out next year “Moment of Impact: how to design strategic conversations that accelerate change”, published by Simon & Schuster.

Have you checked out Dave Gray, founder and CEO of Limini. Dave has authored two books [Gamestorming](#), a practical handbook for innovators and change agents and a second book, [the Connected Company](#), offering a **strategic blueprint and roadmap** for businesses who want to innovate. He is exploring a “culture map” approach to help teams understand their cultures as well.

I could go on, as there is an awful lot of fresh thinking emerging. Just take the ‘body of work’ that Steve Blank is producing centred around **a methodology for focusing around the customer**, take time out to get into his manual “[The Startup Owner’s Manual](#)” written with Bob Dorf. More and more entrepreneurs have discovered Eric Ries and his thoughts on **applying continuous innovation** in lean ways to create radically successful businesses which are outlined in his book “[The Lean Startup](#)”.

One could look towards “Design Thinking” with Tim Brown (CEO Ideo) traditionally leading this charge but take a look at a book written by Jeanne Liedtka and Tim Ogilvie “[Designing for Growth: A design thinking toolkit for managers](#)” where they lead you through the ability to **turn abstract ideas into practical applications** and cover the mind-set, techniques, and **vocabulary of design thinking**, so helping us to unpack the mysterious connection between design and growth

## So we have an awful lot of juggling taking place

Those who have not yet picked up on Gary Hamel’s quest for change through **the reinvention of management** and his [moonshots for management](#) should find the time- it sets the Business scene and future agenda. Then you have Steve Denning who writes about **radical management** over at Forbes and I’d certainly recommend reading his recent article

[“The Management Revolution That’s Already Happening”](#) where he is suggesting that today’s organizations represent a failure so deep and pervasive that there are hardly words to describe it.

## **A veritable revolution in management and its design is under way.**

Steve Denning argues we are fleshing out a “**new management canon**” – a huge paradigm shift. He believes we are in [a creative economy](#) that generates dramatic reductions in cost, size, and time, and improvements in convenience, of products and services with new systems of infrastructure, new ways of socializing, new meaning as to how time is spent, and new ways of living these possibilities

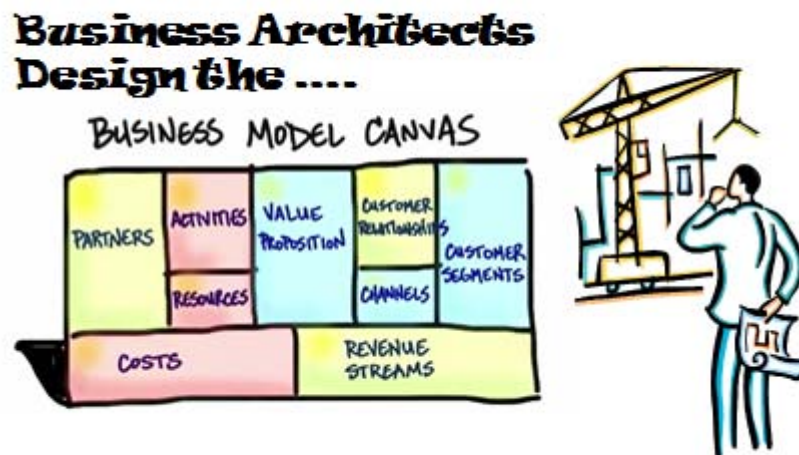
Those of you not yet ‘plugged in’ then I’d begin, the sooner the better, as there is **a whole new way of thinking going on** and any movement of this potential magnitude needs supporting and exploring, especially if you share in the belief that much is out of kilter within the business world. There is a ‘**certain business revolution in the air**’.

### **Something in the Air by Thunderclap Newman**

*“Call out the instigators  
Because there’s something in the air  
We’ve got to get together sooner or later  
Because the revolution’s here, and you know it’s right  
And you know that it’s right  
  
We have got to get it together  
We have got to get it together now”*

## The (Re)birth of the Architect for the Business Model Design

Business model both in new designs and its management have become centre stage in many of our existing organizations' thinking. The need is not just to simply find new growth through new business models but to 'react and adapt' those existing business model designs that are in place, to catch-all the emerging possibilities that are around, hopefully before others do. Are we doing a good job of this at present?



BMC- Osterwalder & Pigneur. BMC Visual source: Steve Blank

Those without a legacy or are really agile usually are in pole position to explore new opportunities quickly. Also to start with a blank business canvas is exhilarating. It seems we are in the era of the Entrepreneur or are we?

The entrepreneur has a great chance to pioneer, to quickly expand and seize those opportunities to disrupt those occupants serving a known market. The art of discovering the unmet needs of not just existing consumers but attracting in the ones presently outside the focus markets is such a valuable place to attack.

### **The constraints within the existing organizations**

Designing the new business model seems an awful lot easier than if you were involved within the 'poor old' established organization locked into its structures, systems, existing markets positions battling with satisfying existing shareholders. Just moving those conflict points along within the organization often seems certainly from the outside, in perpetual conflict. There is a real challenge to see things differently and design differently!

The established organization has to combat this increasing threat from all these “usurpers”. There is a strong call for change in existing organizations but there are often complex ecosystems to overcome and the demands for new structures and approaches to resolving these are increasing.

### **The ever increasing call for more C-EX’s of something**

It seems we are continually called upon to add more chief officers in innovation, in information, in knowledge, etc., etc. to address the constant gaps found within existing organizations inability to adapt, focus and design the business. Specialisation is needed but we seem to increasingly lack the function of pulling this all together. The Chief Executive seems to be so out on a limb defending, cajoling, managing and simply reacting to constant crises across their shortening tenure; we are losing the bigger picture perspective when it comes to designing the business to shape it towards the future.

We need to manage the cross-cutting concerns in functionality, in constraints, in unlocking the resources successfully. Yes you could argue this is the role of the Chief Operating Officer but they seem far more focused on squeezing every bit of juice they can find from the existing operations. I hated it when the COO came knocking, you knew it was going to hurt. So who is this person then?

### **This person, I call the Business Architect who designs and develops the business ecosystem.**

This person or function has to hold distinct views of the five essential aspects that impact across the organization. They are seeking out the unique ways for the internal competencies, processes and assets to combine and relate in seizing ‘breaking’ new business model design. They must have a comprehensive overview:

1. **They have the business strategy view** and then are capable to break these down into the essential parts to tackle and address the strategic needs. They provide the strands for traceability to make sure these components are being actively worked upon
2. **Check and test the business capabilities** and flag where gaps are found, assign the resource and focus to bridge these gaps and set about the building of the lasting capabilities needed to meet the business design needs
3. **Seek out and make sure the flow of business knowledge** is occurring by applying a clear absorptive capabilities structure that sets about capturing, facilitating, accelerating and diffusing knowledge for it to flow throughout the organization and to its partners.
4. **Possess the best business operational view** or be part of the inner team to support operational structures that cut across functional and organizational

boundaries. This includes working the boundaries to extend and push any key design parameters, such as open innovation, platform innovation, collaborative ventures that extend and build on the existing entity.

5. **Have a clear view on the operation**- perhaps not the responsible oversight but is able to capture, explain and link roles, capabilities and map these to the challenges being tackled today but designing those that need to be taken forward to build the future in more adaptive designs.

These five aspects have been discussed in numerous Business Architecture papers before and are suggested to provide the integrated view of the organization.

**The *absolute difference***, for me, is not having these buried within the IT department but given the critical centre piece role of being the Chief Business Model Design Architect across the organization with an essential seat within the C-level team. They are responsible for the value configuration, building the necessary capabilities and focusing on the key activities and resources that are needed to implement change for different business models. They are a real change maker.

### **So we need strong business model design architecture today.**

This person and his team design the business logic. It sets about to understand and describe the building blocks of business model design. It is the master of the Business model canvas, it understand the importance of the parts, their interlocking nature and can describe the rationale of how the organization creates, captures and delivers value for today's business and is constantly exploring the future alternatives and having these designed into the future considerations.

The Business Model Architect designs the different blueprints. They work out offering through all the means necessary the common understanding, facilitate the roadblocks and design constraints so as to align the strategic objectives with the demands placed on the design of the organization. They work the team, they cut across boundaries, they set about 'creating' the organizational framework and deliver the "*how we do it*", they are the business design translators.

They seek to design constantly what is needed, they look to instigate and demand changing capabilities to increase flexibility, to optimize and to adapt what is in place with what is needed to deliver the opportunities identified for giving new growth. They map, model and design. They make design more dynamic to adapt to change.

Maybe they are tasked with offsetting the entrepreneur out there, presently determined to disrupt their business. It is time for exploring all the value points of being the 'incumbent' and it needs this holistic business architecture approach.

**They have and own the Architecture mandate** for the organization for designing the architecture framework necessary for the business model and its design, not just for today but for the future.

The challenge is to provide them with all the tools and immense ingenuity available to them if they can harness it correctly, which I believe they can. 'Locked' within the organization is plenty of latent energy wanting to find new ways of working, new designs, structures and processes.

The design of new business models needs a clear focal point within established organizations. The very catalyst is that you need the Architect to orchestrate and completely manage this design process.

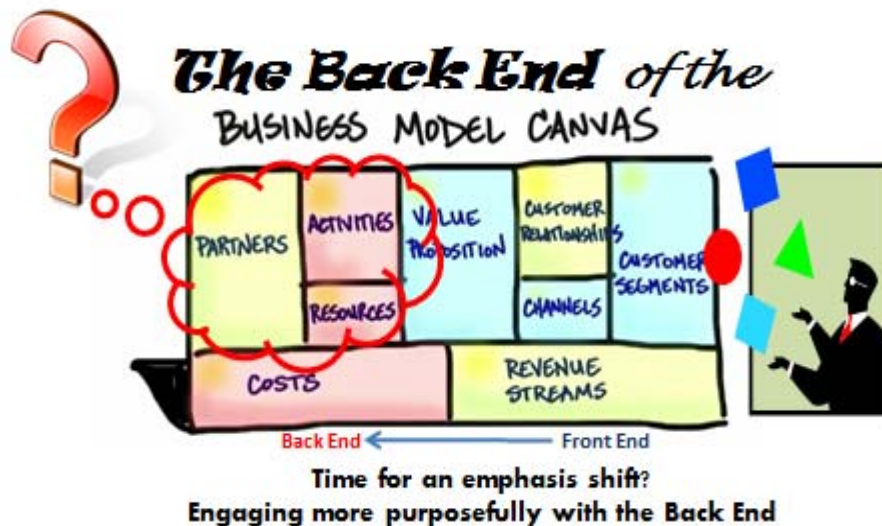
## The Understated Back-End of the Business Model Canvas.

So we all know a standard company balance sheet has three parts: assets, liabilities and ownership equity. The accounting equation states assets and liabilities are known as equity or net worth and this net worth must equal assets minus liabilities. The balance sheet summarizes the present position or last audited position.

**Well in the Business model canvas** we have the cost side, *the back-end*, made up of the activities, resources and partnership aspects and a revenue side, *the front end*, made up of customer segments, channels and customer relationships. It is the 'net worth' of all these blocks that makes up their contribution to the Value Proposition.

It is the nine building blocks when put them together tells the complete story, a little like a business model balance sheet. Balancing this out thoughtfully does needs bringing it all together, so as to give others the compelling story and begin to mobilize around and attract the necessary resources.

My question though is this: *"is the BMC understated at the back-end today and should we strike a different balance for more established organizations?"*



Balancing the BMC

BMC model is by Osterwalder & Pigneur. Visual source: Steve Blank



## **What happens when one side perhaps gets over emphasised?**

Very much the orientation of the business model canvas is presently skewed towards the front end – the market facing part and rightly so. You are in search of a new business model, you will never find it in the building. As Steve Blank rightly stated “you have to get out of the building” to validate your assumptions or hypothesis, to search for the value in the real market place.

The present BMC creative energy focuses are mostly placed on the front end as many of the emerging tools, methodologies and creative work seek to explain and explore this in novel ways, helping to work out if you do have a meaningful business emerging or not. You want to test your ideas or concept as soon as possible. As you learn, you pivot, learning what makes sense to customers, what might not, making continuous adjustments to confirm the business idea.

Now we need the same creative energy application channelled to the back-end to draw out the supporting aspects that underpin the new business model.

Today, the BMC is well accepted for start-up's, for entrepreneurs but still does struggle to gain the real momentum it deserves and can contribute within larger organizations. Why is this?

The back-end and its lack of real attention just might be holding the BMC back for large organizations. Now we need the back-end to have the same 'explosive' forces and focus as the front end. Let me explain why:

### **So for me the understated side of the BMC is the back-end.**

Here we are looking to 'plug in' the key partners, the key activities and the key resources. If you look at any introduction to the BMC you get these as short explanatory introductions to these three parts

**Key Partners** – what can partners do better than you at lower cost (and thus leverage your business model)

**Key Activities** – What activities do you need to perform in your business model and how easily?

**Key Resources** – What resources does your business model require? These are seen as the assets required offering and delivering the other described elements within the BMC.

Perhaps these are just not deep enough in explanations, even for a starting point for a new business model design. These prompters as they initially stand *inadequately address* the existing organizations deeper issues in my view.

## **The 'drag' in adoption performance might lie at the back end**

The Business model canvas and by extension BM design, struggles with the back-end, this tends to always 'lag' as we address 'breaking opportunity', especially in established organizations. There is too much invested legacy. This is the 'drag,' the anchor weight, that holds bigger businesses back in investing fully in (radical) business model design. We need to open this up, in finding solutions that resolve this back end of the BM canvas.

Originally when Alexander Osterwalder was working through his thesis that 'spawned' the BMC, he was talking far more of a multi-layer set of approaches where you had a more defined planning level – the strategic layer, following by the architectural level – the business model layer and then the third level, the implementation level for the process layer. He suggested (at the time) layers were acting like glue between strategy, business and processes. I think he was right. We need to layer and glue.

## **We need to 'layer and glue' at the back-end**

The BMC frame does not need to be changed as resources, partners and activities can be a sufficient 'catch all'. What we need to actually do is raise often the 'thorny' issues, of existing structures, conflicts and possible solutions to overcome these.

This time we don't get out of the building to learn, we 'work' the existing building (or organization) to begin to identify and test aspects of your emerging business model across all the internal 'touch points'.

We are equally looking to discover and validate in our initial explorations, to pivot and stay agile and aware. To 'flush out' roadblocks, internal barriers and search for novel solutions. To keep gaining acceptance and recognition.

Here we are exploring existing infrastructure and looking at what would be needed that would be different to support a new business model. To build anew or extend.

## **I think it is time to let the infrastructure skeleton out of the cupboard.**

We have to acknowledge and talk through the fact that big organizations have involved processes, they operate in complex ecosystems that are difficult to navigate, negotiate change with and seeing where you need to pick certain parts of the value system apart to accommodate the new. Perhaps it is easier to 'start anew' or spin out the new business as the [antibodies](#) can come rushing in to kill anything life threatening.

## **The other issue is the reputation risk.**

Can you accommodate a small, lean and light weight business in its early stages as it tries to sit alongside the big brothers of existing businesses? Many of the larger organizations have thresholds for revenue size that are telephone numbers to even think of creating something even more 'demanding,' a new business model.

You struggle everywhere within established organizations to make the necessary changes to adopt new business models, there is so much vested interest. Yet new business models are desperately needed. So lets address back-end constraints head on?

### **We need to tackle complexity far more and early on.**

Often the complexity within our organizations; the politics, the whole need to convince established positions & overcome legacies will hold most simply back from exploring business models, on a broad, bolder front. They don't want to acknowledge the necessary holistic fit of all nine building blocks. They attempt to retrofit what they see into the existing back ends, into their known and existing paradigms.

This limits the potential not just of the visionary power of the BMC but the whole design of any new business model. Often new BM's are squeezed into the existing: the push through existing channels, sold to existing customer segments, delivered within the existing supply chain, managed through the same resources and invoiced through the existing systems. We compromise, perhaps, the greater potential by not reflecting deep enough on what new BM's can give us.

There is nothing wrong with leveraging what you have, exploiting existing resources and structures but as you are drawing on what you know (exists) you can stay blind-sided to what it can potentially offer. If you don't 'opened up' your mind and thinking that little bit more you can constrain a new concepts real, *sometimes game changing*, potential.

### **We need to 'ratchet up' existing visual methods and tools.**

This is the exciting place to be, designing new tools and visualization but lets focus *fully* across the whole Business Model Canvas. We do need to talk more 'content,' more purposeful design at the back-end, if the bigger organization is going to sign up in the way it can, but equally make it creatively applied.

We need to think how architecture and agility can combine; an opening exploration of operations, systems, applications, and of thinking different ways to be agile thus providing a more transition planning approach to underpin the emerging business model's design.

Alex talks sometimes about a CAD equivalent for business model design in the future. Perhaps he has something there. We need to design the structure, work through

modification, analysis and search for optimization no different from the front end. This is why we need the [Business Model Design Architect](#) as central to this required repositioning, to manage the complete design of any business model's new blueprint.

### **My call here is that we need to broaden the back-end conversation.**

Let's get the conversation going on the back-end and then unleash the multiple designers within this part, not just the huge community of IT related architects already out there working on many of these internal problems. We need creative design, ingenuity and understanding, all combining in new ways.

We need to step up one big huge level within conversations around Business Model design in existing organizations. We need to seek creative, visually stimulating solutions to the complexity that lies within the four walls of organizations. Let's address the internal complexity and all learn by openly exploring this. We need to get the tool smiths working on forging the internal BMC foundry, block by block.

To play back to the team designing and orchestrating the BMC, we do need to create better conversation at the back-end of the BMC. We need a new depth in the visual tools needed to capture this side of the canvas.

Otherwise we don't stay at beginners level Alex, we stay locked into start-ups and entrepreneurial check lists as the use for the business model canvas and that would be such a pity. Addressing the architecture of the back-end is essential.

### **We need to address the existing organization far, far better in the back-end**

Until we address this back-end far more, then I think the BMC will stay considerably constrained, especially for established organizations. It might simply remain a check list, or as Steve Blank chose to depict it as the Business Model dashboard, or it is only a starting block A4 white board to begin to explore new ideas for start-ups and entrepreneurs.

It might not become the real 'catalyst' for exploring new business models as I believe it can be in established organizations. That would be a real shame, if the back-end stays a clear liability on the business model balance sheet. The back-end is hugely different within the established organization and the business model canvas needs to tackle this urgently, in a host of highly creative ways that we have seen so far applied to other parts of the BMC.

## **The Age of Large Business Model Reinvention**

Most of our existing organizations are searching for the mechanisms to reinvent their business models, through identifying, designing and executing differently from the existing ones, where they tend to simply be 'locking themselves into' repeating patterns, possibly opening themselves up to new forces of disruption.

There is a sense of urgency that is growing at the corporate level, to master this ability to design different business models and then set about executing them, to combat the multiple 'disruptive forces' swirling around in the present and near term business environment.

Reinventing the Business model is such a big ask in the complexities to overcome, the legacies, the vested interests, the distribution of created wealth (dividends, bonuses, performance) are all 'locked into' the existing business. Many of those necessary bolder decisions get caught up in horrible compromise. Parallel managing is both an art and a science but it always needs clarity.

### **Addressing the current dilemma within business models**

So we have a classic dilemma, we need to manage and extract as much as we can from the existing business but simultaneously begin to reinvent, to design something different.

Caught up in this dilemma, increasingly the large organization is questioning how it can use the Business model canvas in more effective ways. I believe there are many exciting options available.

Business models need a common language, they need to be easily described and here is the fundamental value of the BMC – it can set about supporting a common understanding, it can be used to describe in multiple ways.

### **Here is my view**

Move the thinking. Move the emphasis. Today the BMC is discussed more as the blank canvas to start new ideas and concepts and its present focus has been in its use for start-ups and entrepreneurs. From these opening sketches the canvas does a great initial job to describe these 'emerging' concepts. We need to change this emphasis point.

## **The possible new dimensional values of the Business model canvas.**

Make the Business model canvas as a multiple describing and communicating tool. We should shift our thinking and open our minds up to its (BMC) greater value within the larger organizations

### **These are clearly:**

- To simply explore new business models as the book, [the Business model generation](#), originally sets out, in the how, what and where of doing this through the business model canvas approach. To experiment with all the advice, tools and experiences that have been built up since this book first appeared.

### **The richer and perhaps broader dimensions that large organizations should explore:**

- To 'map' changes to existing business models as they evolve or need to pivot differently. Steve Blank has explained this in significant detail and terms as the BM dashboard that 'indicates' the important changes and these become the focal point of necessary discussion, knowing what is changing, to focus the thinking and see what changes need supporting differently.
- Then why not to sketch out competitors positions to explore possible opportunity gaps. This should become one of those consistent 'habits' that so many large organizations often have a real blind spot to undertake, they just keep assuming nothing has 'visibly' changed. Then they get caught out and surprised when they see their share slipping away as the competitor has made a directional change and this was not spotted and communicated to all parties who 'need' to know. The BM Canvas can spot and track competitors.
- Use it as a designing dashboard for innovations that have or could have an impact on existing business models. Whenever you have any major BM change you capture it on your BM Canvas so all above and below in the organization can picture this to see the possible risks this change might bring.
- Use it to compare business model components across each of the countries within the organization, where more often than not different models are being applied to build businesses in multiple ways. This enables all involved to quickly focus on the differences on these operating models and how the market formation is occurring to get quickly into the strategic discussions, implications and requirements this 'specific' approach takes.
- When you are pitching for internal funds having a clear BMC as the visual focal point provides the top picture that others can quickly see and appreciate the why and how – they 'see' the value and the \$\$ potential, . This can offer 'intelligent enquiry' not getting bogged down in detail and getting involved in the running of the business but supporting owners or business managers with different experiences and knowledge

to compliment theirs, so as to conduct the type of 'intelligent' and strategic conversation needed, instead of many that needlessly occur today.

- To have ready alternative scenario's for volatile business conditions as 'early warning scenarios' that have mapped out potential changing conditions showing where, why and how the business model might be adjusted or radically changed. The earlier 'warning system' pays in volatile times that we are all facing at present to be more aware and ready of rapidly changing conditions, possibly already 'worked up'.
- Managing multiple portfolios of business is a complex challenge to spot 'commonality,' to detect change, different opportunities or simply recognizing there is a growing 'drift' of direction that needs addressing. You can use the BMC as the detection kit, the reoccurring adopted format practice to capture these different portfolios.
- Rapid concept brainstorming to move into prototyping evaluation and market testing. Testing many different variations in small bite sized bets is rapid prototyping, do this through the effective use of the business model canvas. Testing fast in the actual market place new business models and then learning from them to improve the approach is absolutely critical. Get the customer involved and engaged, get your potential partners grouped around the BMC to build and extend out, the internal thinking.

The business model needs to be constantly tested for its potential in its recurring value, and it needs a canvas to constantly challenge its present position and worth.

There are multiple ways the business model canvas can be explored in exciting new visual ways so as to describe effectively in a common format and capture the wealth of different opportunities.

So it is to invent, to communicate and explore the 'richness' within the potential value that is simply laying underneath the different components that make up a business model.

Let's keep moving the conversation forward on where the business model can work in creative ways within large organizations. Do you have any further ideas?

# About Paul Hobcraft



I simply enjoy innovation. I got 'hooked' ten years ago and have increasingly focused upon it until it is 100% of my business thinking and activities. I research across innovation, look to develop novel innovation solutions and frameworks that have real potential value to apply to different problems we all face in managing innovation. I provide these through a range of solutions that underpin my advisory, coaching and consulting work at [www.agilityinnovation.com](http://www.agilityinnovation.com) on supporting innovation for individuals, teams and organizations.

For me, innovation needs to enter the DNA of our organizations and our own individual make-ups. Here on this site, I try to work across different aspects to offer thoughts, ideas, advice and concepts to help each of us to understand innovation that little bit more.

## My areas of focus

Through my business, **Agility Innovation Specialists**, we deliberately set out to help grow your body of knowledge on innovation. Having this 100% focus we believe does provide the necessary *additional* intensity of focus needed for innovation success that someone who specialises can provide.

We research topics that relate to innovation for the future, applying what we learn to further develop organizations core innovation activity, offer appropriate advice on tools, techniques and frameworks so clients can achieve positive and sustaining results from their innovating activities. Web site: [www.agilityinnovation.com](http://www.agilityinnovation.com)

Recently a dedicated site for exploring the components of our 'fitness' make-up for innovation, is outlining my working towards an approach that can model what is dynamic or not, that improves innovation performance. There are clearly dependencies and this evolving model attempts to provide answers to current performance gaps, to improve the innovation performance engine in capability and capacity building, to raise the game and align it more into the strategic needs. This dedicated site can be found at [www.innovationfitnessdynamics.com](http://www.innovationfitnessdynamics.com)

Finally [www.hocaconsulting.com](http://www.hocaconsulting.com) HOCA consulting contributes to those emerging areas of Corporate need to link the new approaches we need to have in place to meet the different challenges we are faced with today.



## The personal journey makes up a set of unique experiences and understanding

As for my personal journey of how I got to this point I can only say it has been varied, challenging but full of fun and learning. This has taken me to live and work in Saudi Arabia, Kenya, Malaysia, Switzerland, the Netherlands, USA, Australia, and recently eleven years in Singapore, starting up businesses, turning them around or simply accelerating them and achieving their footprint within the world.

In mid-2008 I moved back to Switzerland from Singapore and presently focus my time between Asia and Europe for this innovation practice and its **related sister company** ([www.hocaconsulting.com](http://www.hocaconsulting.com)) that focuses upon related subjects important to growing organisations capability in today's world. I work and move between my preferred bases of Switzerland and Singapore.

Innovation as a source for our growth fascinates me. I hope I can share some of this passion with you here on this site as I search for the DNA makeup of innovation.

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**Paul Hobcraft** was voted into the top three innovation bloggers for 2011 and also for 2012 on a leading Global Innovation Community- Innovation Excellence- , go to



<http://bit.ly/tWE1oX>

Also in 2012 Paul was voted as one of the top 50 tweeters on the subject of innovation [su.pr/4U9EBB](http://su.pr/4U9EBB) .

*“These accolades are highly appreciated and valued- they inspire me to keep innovating in my own unique way and style. These recognitions help me believe I can contribute to the wider innovation community we are all part of”*

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