Creating a Business

Lecture Title: Opportunities Part 2

Lecturer: Angelito Sciberras

Date: 17 January 2026

Undergraduate Diploma in Business Administration

Applying SCAMPER

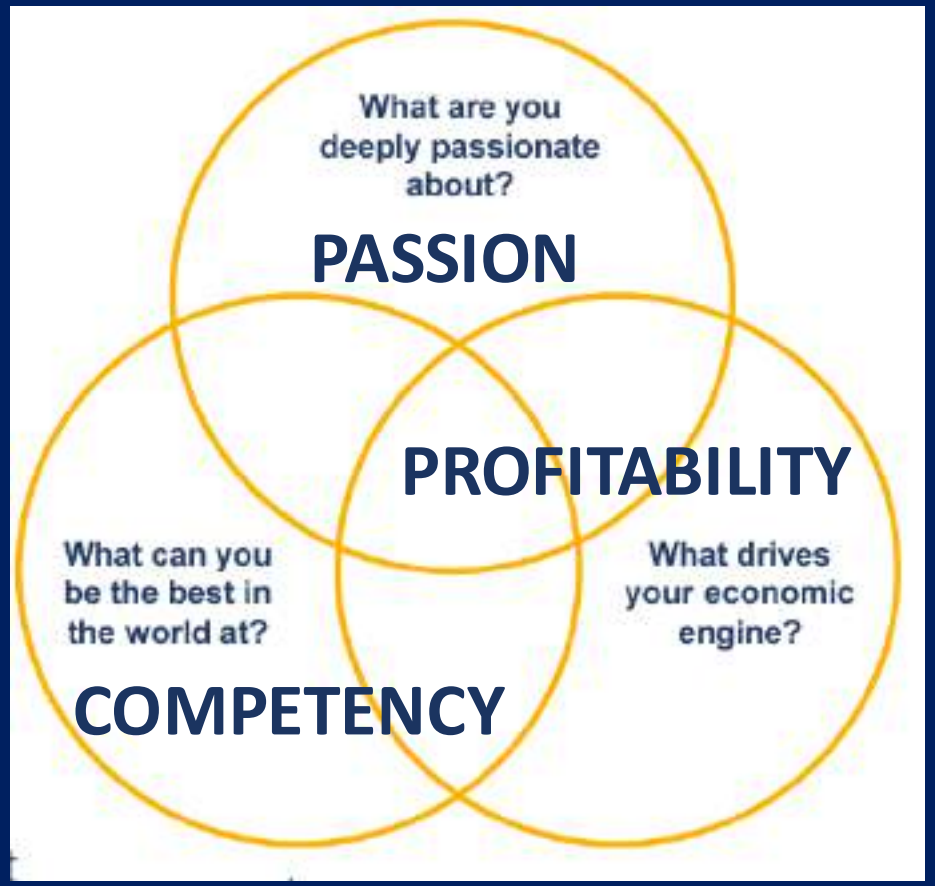
Applying SCAMPER

S	C	A	M	P	E	R
Substitute	**Combine**	**Adapt**	**Modify**	**Put** to Another Use	**Eliminate**	**Reverse**
Metal body with resin to make it lighter	A number together to form a tuk tuk train	Skis to go on water	Open air and with music	Food delivery service	The combustion engine	Make the custmers pedal

Practical Approaches to Opportunity Identification

Talent/Skills

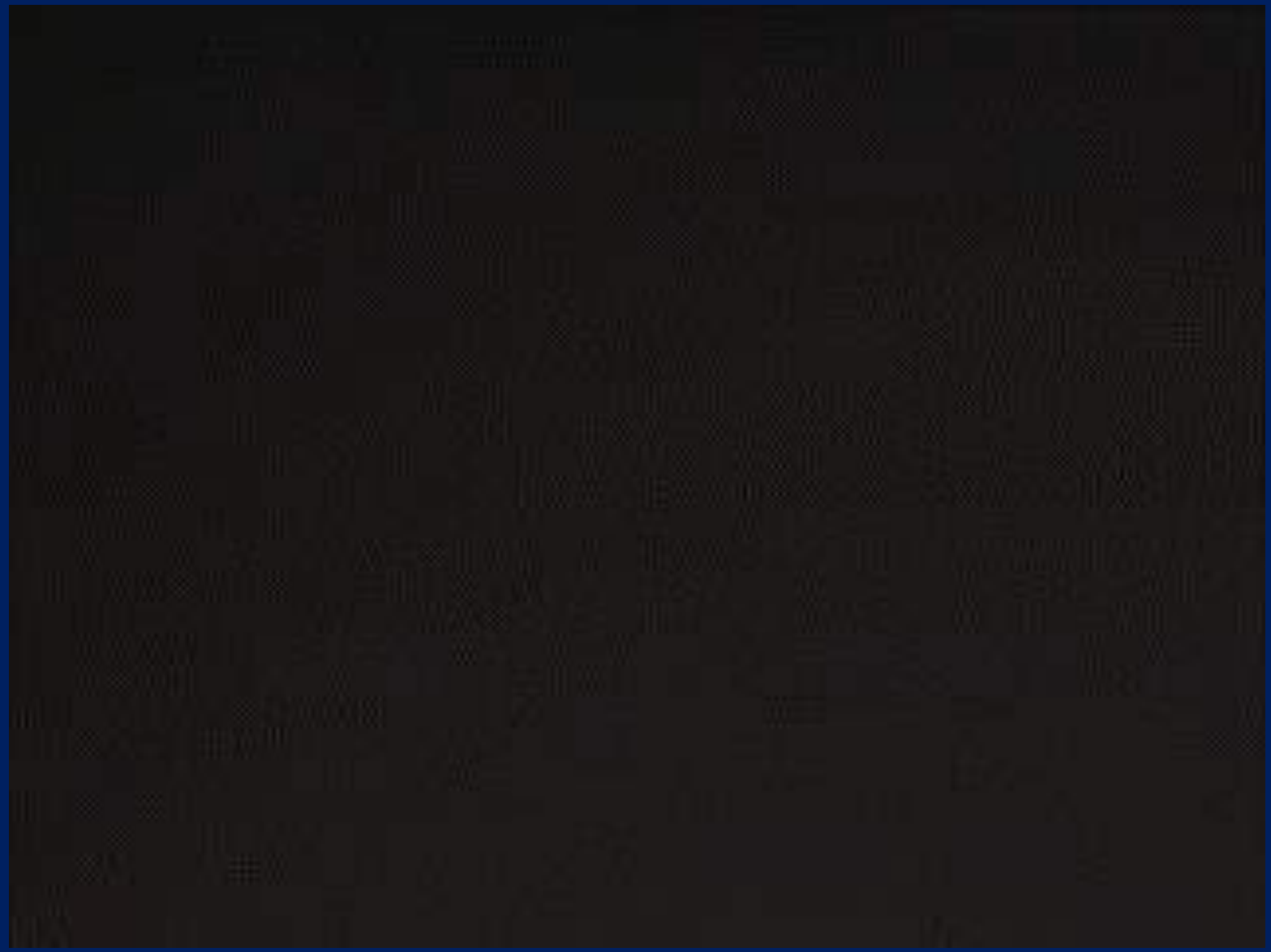
Hedgehog Model



- The Hedgehog Model is a corporate leadership concept outlined in Jim Collins' 2001 book called Good to Great.
- The idea stems from an ancient Greek poem in which a cunning fox tries and continually fails to eat a hedgehog who is always able to escape at the last moment by rolling into a ball.
- Collins describes how companies who are more like the hedgehog are more likely to succeed, because they focus on one thing and do that one thing well.

Talent/Skills

Do you have the **opportunity** to use your **talents** and pursue your **passions**?



"You've got to do what you love"

- Steve Jobs
  12 June2005

You've got to do what you love

- Dropped out of college - no interest in classes and only attended those he liked. Calligraphy class - what makes great typography - no practical application in life - 10 years later used in first Macintosh.

"You can't connect the dots looking forward, you can only connect them looking backward."

- "Follow your love and loss" - he got fired from the company he started - he loved what he did - started over and created Pixar and Apple bought Next which he created.

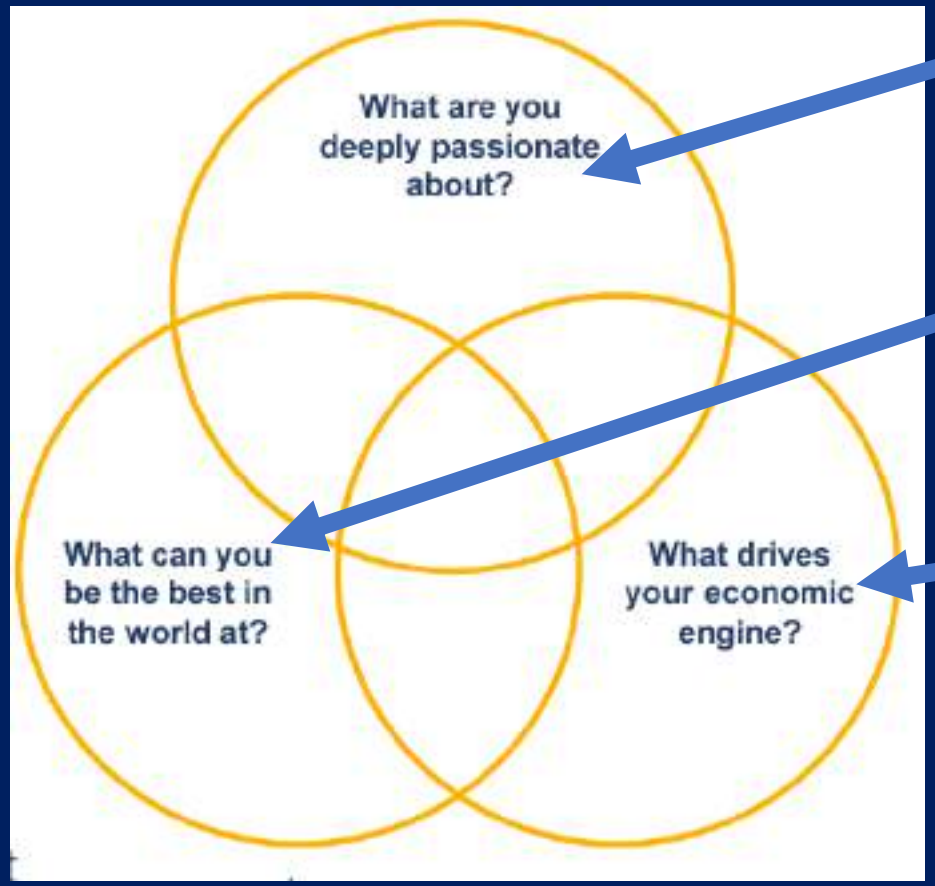
"The only thing that kept me going was that I loved what I did."

- "What is truly important is what counts." "Time is limited so do not waste it living someone else's life." "Do not be trapped by dogma which is living which is living with the results of other people's thinking"

"Have the courage to follow your heart and intuition. They somehow truly know what you want to become".

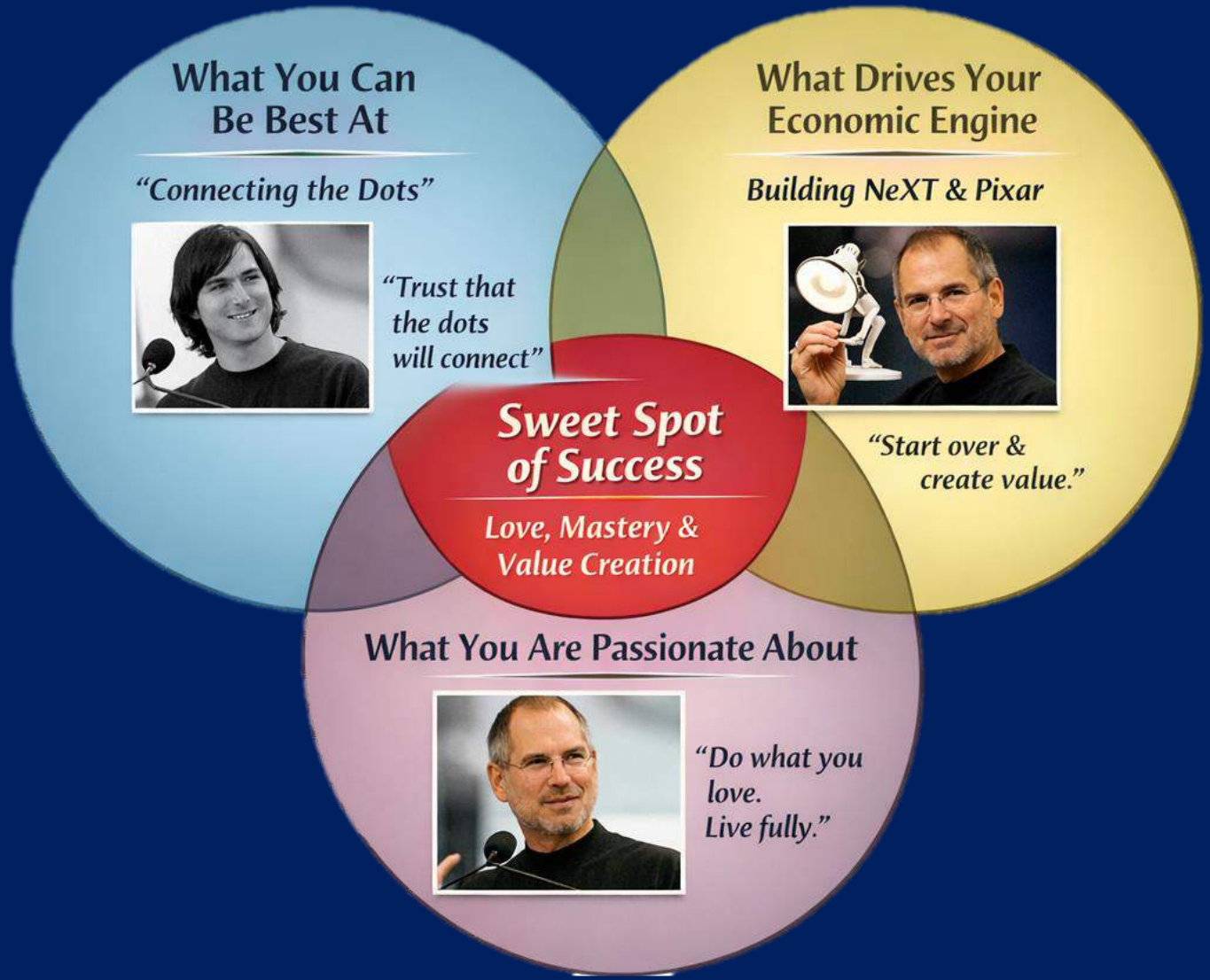
You've got to do what you love

Hedgehog Model



- "The only thing that kept me going was that I loved what I did."
- "Have the courage to follow your heart and intuition. They somehow truly know what you want to become".
- his emphasis on excellence in products and design, and Apple's success in producing products that people are willing to pay a premium for

The Hedgehog Model in Action



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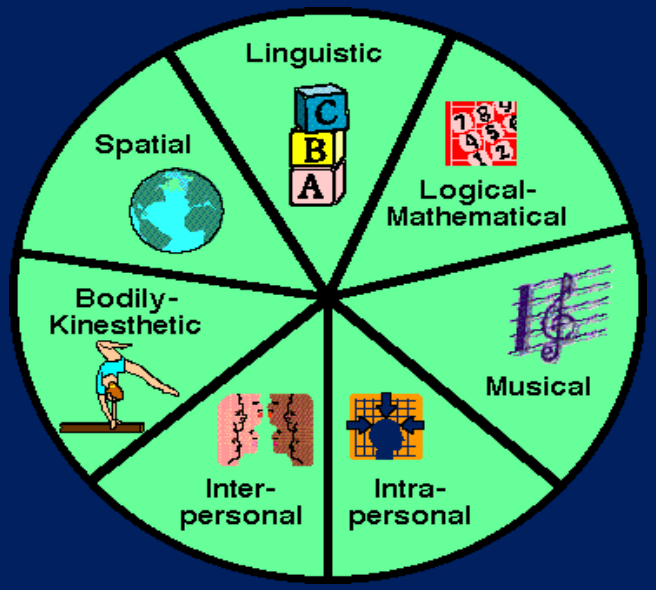
List your passions

- Passions are what you love and enjoy and will tend to be things that you are good at.

List your strengths

- Strengths are your preferred working styles, including the way you prefer to connect with people



Look for profitable combinations...

- Look for combinations which could work to produce an offering that people want or need, in a way that you can provide it enjoyably

- Combine your passions and your strengths

Look for profitable combinations...

Look for profitable combinations...

- Cross-fertilise with those of others...

Look for profitable combinations...

Practical Approaches to Opportunity Identification

Revisit your product/service...

- Are you sticking to the one from last session or coming up with a new one?

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Creating a Business

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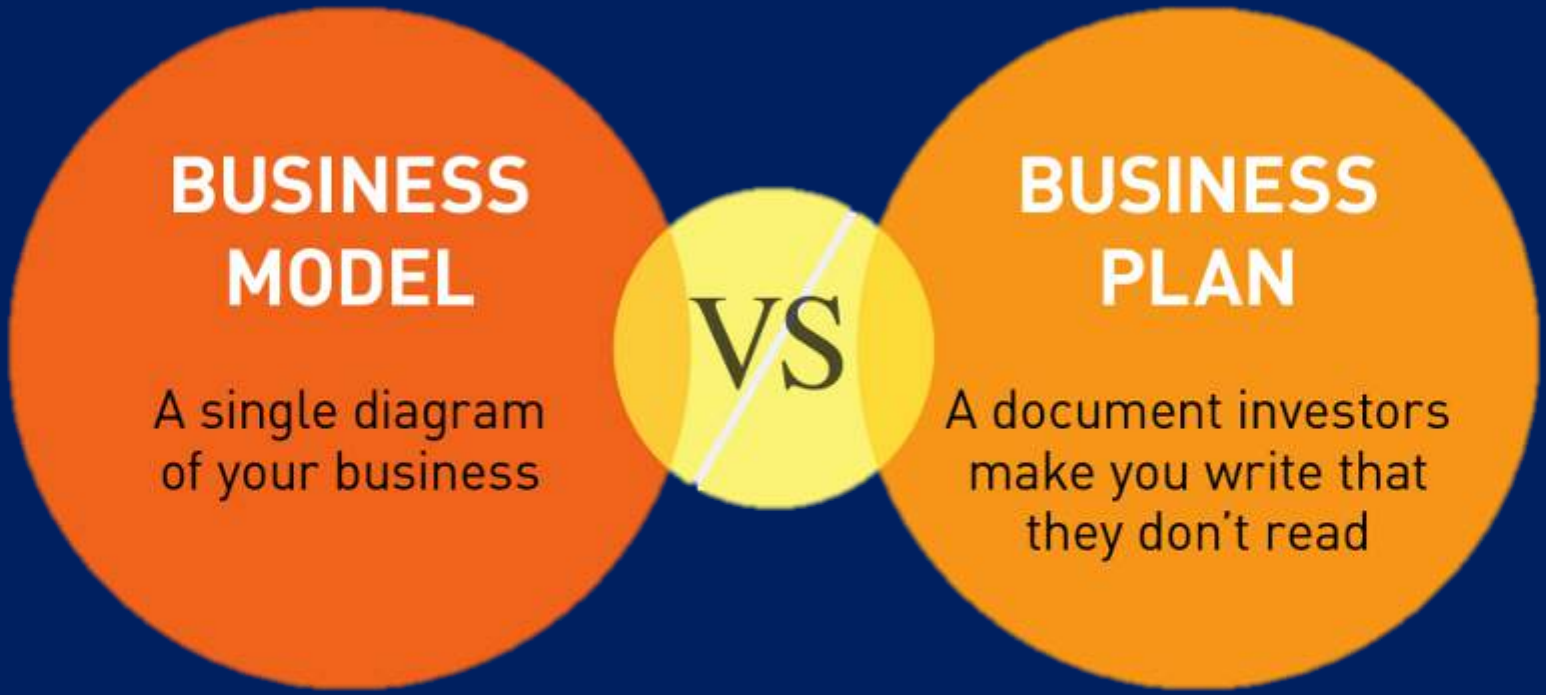
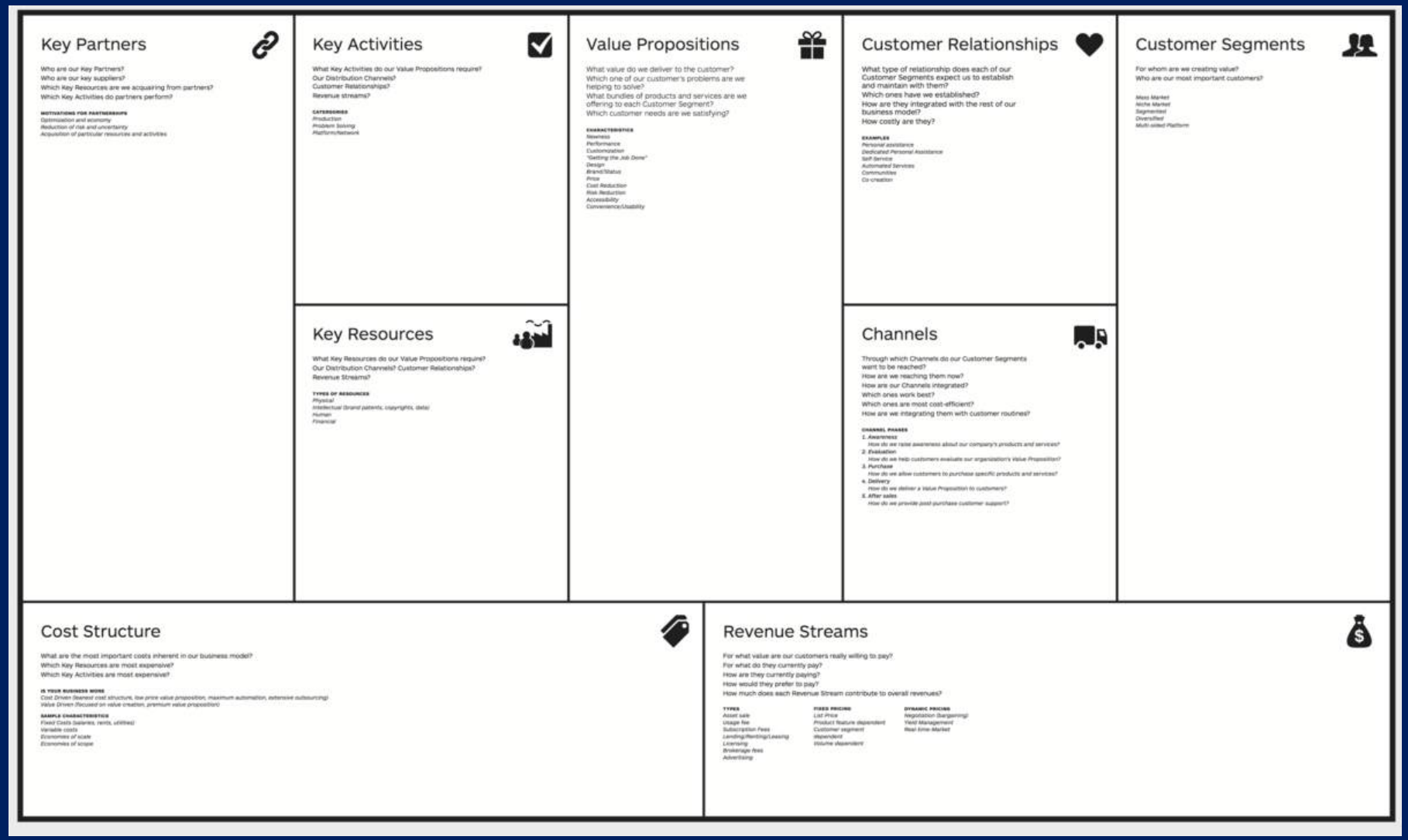
Business Model vs Business Plan



Business Model Canvass

- proposed in 2005 by Alexander Osterwalder.
- nine "building blocks" of the business model design template.
- new canvases for specific niches have appeared.

Business Model Canvass



STANFORD
TECHNOLOGY
VENTURES PROGRAM
Alexander Osterwalder
Entrepreneur & Author
January 25, 2012

In Practice

The Company

SAFE LIVING

The Product

SMART & SAFE GAS

THE PROBLEM

The safety of your home and/or establishment when storing gas cylinders

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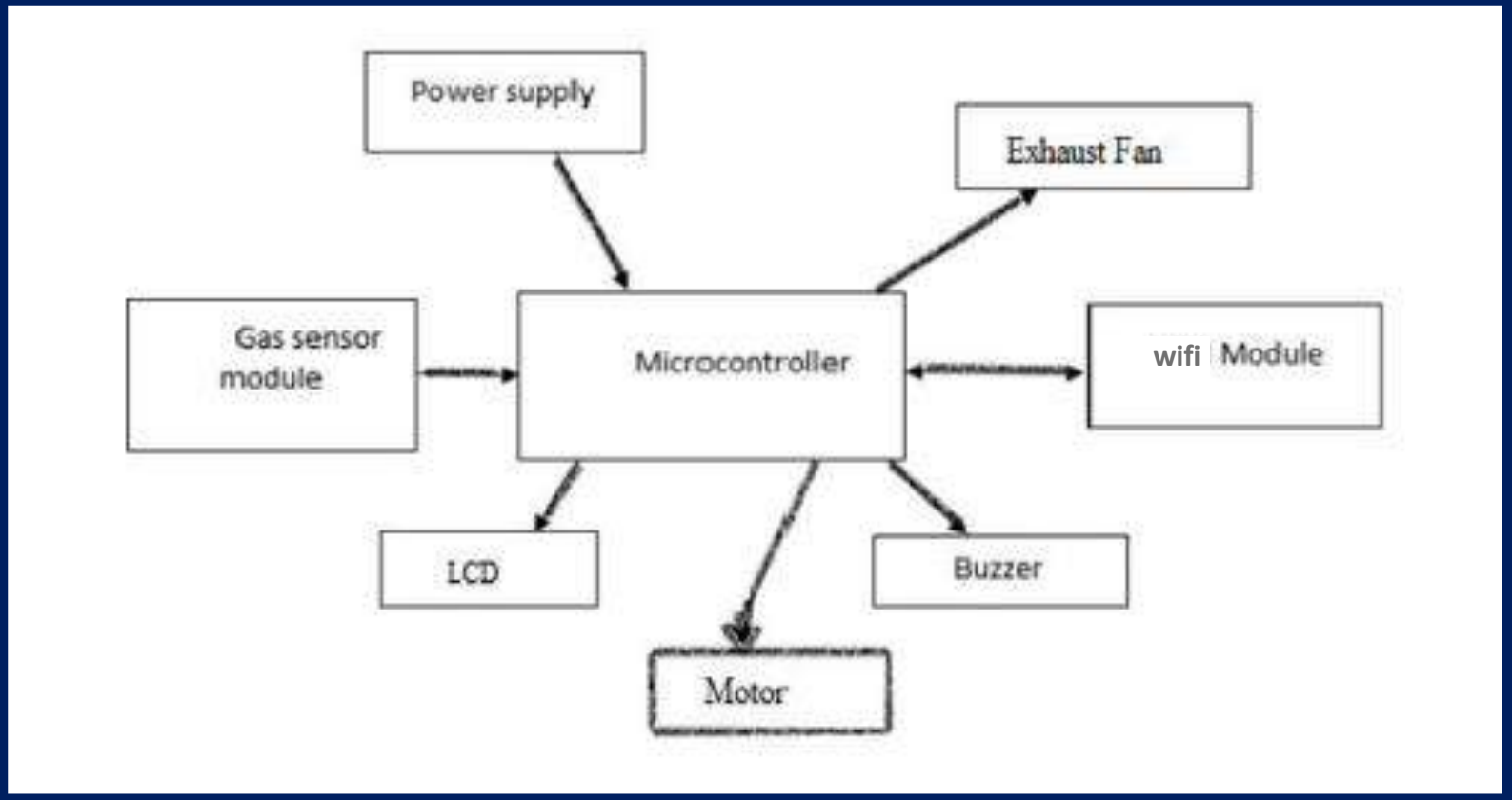
Elderly man fighting for his life after gas cylinder explosion in Swieqi

By **Monique Agius** - June 23, 2024 8:06 AM

THE SOLUTION


Power supply
Exhaust Fan
Gas sensor module
Microcontroller
wifi Module
LCD
Buzzer
Motor

PRODUCT

LPG leak detector

Send an alarm via wifi to the app that leak has been detected

Cylinder gas level indicator

Indicates level of LPG remaining in cylinder (eventual development to book cylinder via app)

Wifi enabled

Connects to wifi to send notifications on smart phone (eventual development wifi extender)

App Based

All parameterscan be read on a smart phone

Different Options

- Indoor (no wifi)
- Outdoor (Wifi enabled) weather resistant
- Indoor (Wifi enabled) - can be used outdoor if protected

SAFE LIVING

The Application

- Receives notifications from the device
- Connects end user (client) to Company
- Serves as a communication (marketing) tool between company and end user
- Permits a third-party notifications
- Eventual developments
  - Automated booking of cylinders
  - Potential marketing platform

THE BUSINESS MODEL CANVASS

THE BUSINESS MODEL CANVAS

Value Propositions

- The reason why customers would be interested in buying your product
- A product / service must be something to buy that the market is willing
- It should be designed to provide a solution to a customer problem fill some sort of market need , (present or future) ; and, for long term business viability, it should do so better than alternative or competing solutions

THE BUSINESS MODEL CANVAS

- Market Research module
- PESTEL Analysis - today week
  - Political, Economic, Social, Technological, Environmental and Legal
- SWOT Analysis - next session
  - Strength, Weaknesses, Opportunities and Threats

THE BUSINESS MODEL CANVAS

Value Propositions - ASK

- Why would people be interested in parting with their cash in exchange for your product?

- Which market / customer problems are you helping to solve?
- Which customer needs satisfying?
- What solution are you offering
- What other alternatives are there currently?
- What value do you deliver to the customer that they cannot get elsewhere?

THE BUSINESS MODEL CANVAS

Value Propositions

- **Innovation:**
  Unlike any other existing product on the Market

- **Convenience:**
  Notifications – no physical checking required
  Standard Battery
  Works with any smart devise
  Multiple devices in different households

- **Safety:**
  Avoidance of accidents
  Investment in safety - Peace of Mind

- **Customisation:**
  Choice of functionality
  Different alert options

- **Added Features:**
  WIFI extender option

- **Pricing:**
  Different pricing tiers

THE BUSINESS MODEL CANVAS

Customer Segments

- Customers are at the heart of any business concept
- No business can survive for long without (profitable) customers

- The different groups of people or organisations an enterprise aims to reach and serve, so as to solve their problems / satisfy their needs

THE BUSINESS MODEL CANVAS

Customer Segments - ASK

- **Who is/are your target customer/s?**
- **Who would be interested in purchasing your product?**
- **Do you aim to serve just one or more than one customer segment?**

THE BUSINESS MODEL CANVAS

Customer Segments

This BMC section requires research!

The better you understand your customers and the market, the faster your business will grow!

THE BUSINESS MODEL CANVAS

Customer Segments

1

End clients

- **Residents in Maltese homes**
- **Establishment/ restaurant owners**

2

Direct Clients

- **Ironmongeries**
- **White goods shops**
- **Gas distributors**
- **Supermarkets**
- **The Government**

(endorsement by the Civil Protection Department)

SAFE LIVING

THE BUSINESS MODEL CANVAS

Customer Relationships

- Customer relationships describe the types of relationships which you establish with specific customer segments
- Relationships can range from loyal to atomistic , personal to automated
- Relationships may be affected by competition (both actual and potential) and trends
- So you need to carry out a competitor analysis (and consequent SWOT analysis) and consider the trends emerging from the PESTEL analysis.

THE BUSINESS MODEL CANVAS

Customer Relationships - ASK

- What type of relationship do you need to have with your customers?
- How can you create “sticky” relationships with your customers?

- Who are your most important competitors? What customer relationships do they have?
- What are the trends in customer relationships?
- How can you / your product and overall offering be better than competition in the current context?

THE BUSINESS MODEL CANVAS

Customer Relationships

1

Retailers

- **Stock replenishment**
- **Special Offers to encourage promotion of products**

2

End Clients

- **Direct communication:**
  Application
  Website
- **Acquiring clients:**
  Advertising
- **Keeping Clients:**
  Updates
  Excellent Aftersales Service
- **Growing Client Base:**
  Testimonials
  New product adverti

THE BUSINESS MODEL CANVAS

Channels

- The Channels block describes how you communicate with and your customer segments to deliver your product

- There are 5 distinct channel phases:
  - Awareness
  - Evaluation
  - Purchase
  - Delivery
  - After Sales

THE BUSINESS MODEL CANVAS

Channels: Promotion

- Promotion is about communicating with customers to create awareness, shape evaluation and foster after reassurance
- There are various ways in which effective advertising campaigns can be carried out without spending too much money
- The key is CREATIVITY

THE BUSINESS MODEL CANVAS

Channels: Promotion - ASK

- Mass media?
- Traditional vs. online?
- Word of mouth? Multi-level marketing?
- Targeted advertising?
- Before and after- sale customer support and servicing?
- Which would work best?
- Which would be most cost effective?

THE BUSINESS MODEL CANVAS

Channels: Distribution

- Distribution refers to:
  - The means by which the product reaches the consumer
  - The place from where the product can be bought
- Distribution can be
  - Direct: you being directly involved in selling your products, e.g. from your own physical shop or from a fair, online shop , door-to-door, etc.
  - Indirect: through intermediaries e.g. wholesalers, retailers, etc.

THE BUSINESS MODEL CANVAS

Channels

1

Partner Channels

- **Retailers**
- **The Government**
- **Gas distributers (advert on gas cylinders)**

2

Own Channels

- **Our Salesforce (that will accomplish the acquisition of the Partner Channels)**
- **Digital Media:**
  - Website
  - Social Media
  - Google Adverts
  - Advertorials
  - The Application

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THE BUSINESS MODEL CANVAS

Key Activities

- The key activities are the most important things that you must do to develop, make and sell your product

- These may include:
  - Sourcing of facilities, equipment and materials, services
  - Recruiting staff
  - Coordinating tasks and activities
- R&D, Production , Promotion, Selling, Delivery

THE BUSINESS MODEL CANVAS

Key Activities - ASK

- **What key activities are required to make your product?**
- **What key activities are required to take your product to market?**

THE BUSINESS MODEL CANVAS

Key Activities

- **Design of Smart Metre**
- **Design and development of application**
- **Manufacturing**
- **Packaging & Instructions**
- **Marketing**
- **Problem Solving**
  - Training
  - Studying Metrics
  - Improvements
- **Website development and Updating**
- **Updates to Application**

THE BUSINESS MODEL CANVAS

Key Resources

- Key resources are the most important assets required to develop, make and sell a product

- Resources may be:
  - Tangible (physical objects that can be “dropped on your foot”)
  - Intangible (know-how, IP, knowledge, skills, reputation, brand, etc)

THE BUSINESS MODEL CANVAS

Key Resources - ASK

- What resources (e.g. facilities, equipment, human resources) do you need to make and sell your product?
- Re Human resources:
  - How many people are required?
  - What skills and qualifications they should possess?
- Which of these resources do you have? core team of company (at least the founders!)
- How do they add value?
- Which of these resources do you need to obtain?
- Can you think of ways in which you could obtain them?

THE BUSINESS MODEL CANVAS

Key Resources

- **Product Patent – Intellectual Property Rights**
- **Human Resources**
- **Credit Lines**
- **Physical Resources**
  - Store
  - Vehicle
- **Financial Resources**
  - Design investment
  - Prototype Creation
  - Manufacturing
  - Transport to Malta

THE BUSINESS MODEL CANVAS

Key Partnerships

- Companies forge partnerships for many reasons, including to acquire resources , or reduce risk optimise business model
- Key partnerships refer to the network of suppliers and partners that are required to develop, make and sell a product
- They can provide the resources that the company does or can not have internally.

THE BUSINESS MODEL CANVAS

Key Partnerships - ASK

- **What key relationships do you need to build to make and sell your product?**

- **Who are your key suppliers?**
- **Which key resources are you acquiring from partners?**
- **Which key activities do partners perform?**
- **How dependent are you on your relationships?**
- **How stable are these relationships?**

THE BUSINESS MODEL CANVAS

Key Partnerships

- **The Design Company**
- **Application Development Company**
- **Production Company**
- **Packaging Company**
- **International Transport Companies**

- **Local Gas Distributes**
  - Liquigas
  - Multigas

THE BUSINESS MODEL CANVAS

Cost Structure

- The cost structure describes all costs incurred to develop, make and sell a product
- Costs can be calculated once you have defined your key activities , resources needed key and key partnerships

- Costs can be:
  - **Fixed:** remain the same regardless of the number of products being made (e.g., salaries, rent, equipment, etc.)
  - **Variable:** vary proportionally with the number of products being made (e.g., raw materials)

THE BUSINESS MODEL CANVAS

Cost Structure - ASK

- What are the most important costs (fixed and variable) in your business model?
- Which key resources are most expensive?
- Which key activities are most expensive?
- How can you minimise costs?
- Would this lead to inferior quality?
- If so, is this a trade-off you are willing to make?

THE BUSINESS MODEL CANVAS

Cost Structure

- Patenting
- Production
- Packaging
- Transport to Malta
- Application Design &Development
- Research & Development
- Storage
- Vehicle costs
- Salaries
- Warranty costs
- Marketing costs
- Interest on Loans
- Website costs

THE BUSINESS MODEL CANVAS

Revenue Streams

- The revenue streams represent the cash which you must generate from each customer segment to create a profitable (or at least a sustainable) business
- There are various ways/models to generate revenue streams, including one time product/service sales, usage fees, subscription fees, etc.
- The choice of revenue stream would depend on the nature of your product /service and business model

THE BUSINESS MODEL CANVAS

Revenue Streams - Revenue Models

- **Paid products/services:**
  - **Single purchase model**
  - **Subscription model**
  - **Pay-per-use model**
  - **License fees**
  - **Add-ons/In-app purchases**
- **Broker/Matchmaking:**
  - **Commission based model**
  - **Auction model**
- **Free products/services for user:**
  - **Freemium model**
  - **Barter of the products/services**
  - **Pay what you want**
  - **Tip jar/donation**

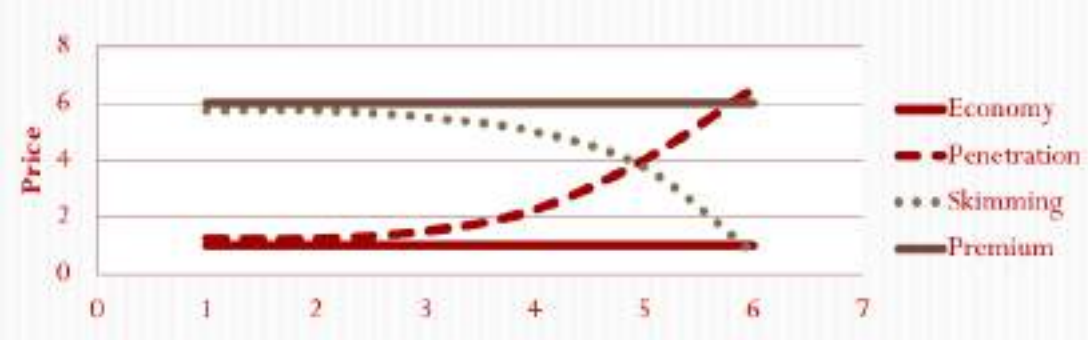
THE BUSINESS MODEL CANVAS

Revenue Streams - Revenue Models

- **Third Party payers options:**
  - **Ads based model**
  - **Get-one-give one model**
  - **Donors**
  - **Insurers**
- **Other mixed models:**
  - **Razor and blade model**
  - **Open source model**
  - **Crowdfunding**

THE BUSINESS MODEL CANVAS

Revenue Streams - four major pricing strategies



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Revenue Streams - ASK

- What are your customers paying for? (a single item, an ongoing service, etc.)
- Which pricing strategy is appropriate for your circumstances?
- How much are customers willing to pay?
- Will this cover your costs?
- How does it compare to your competitors' prices?

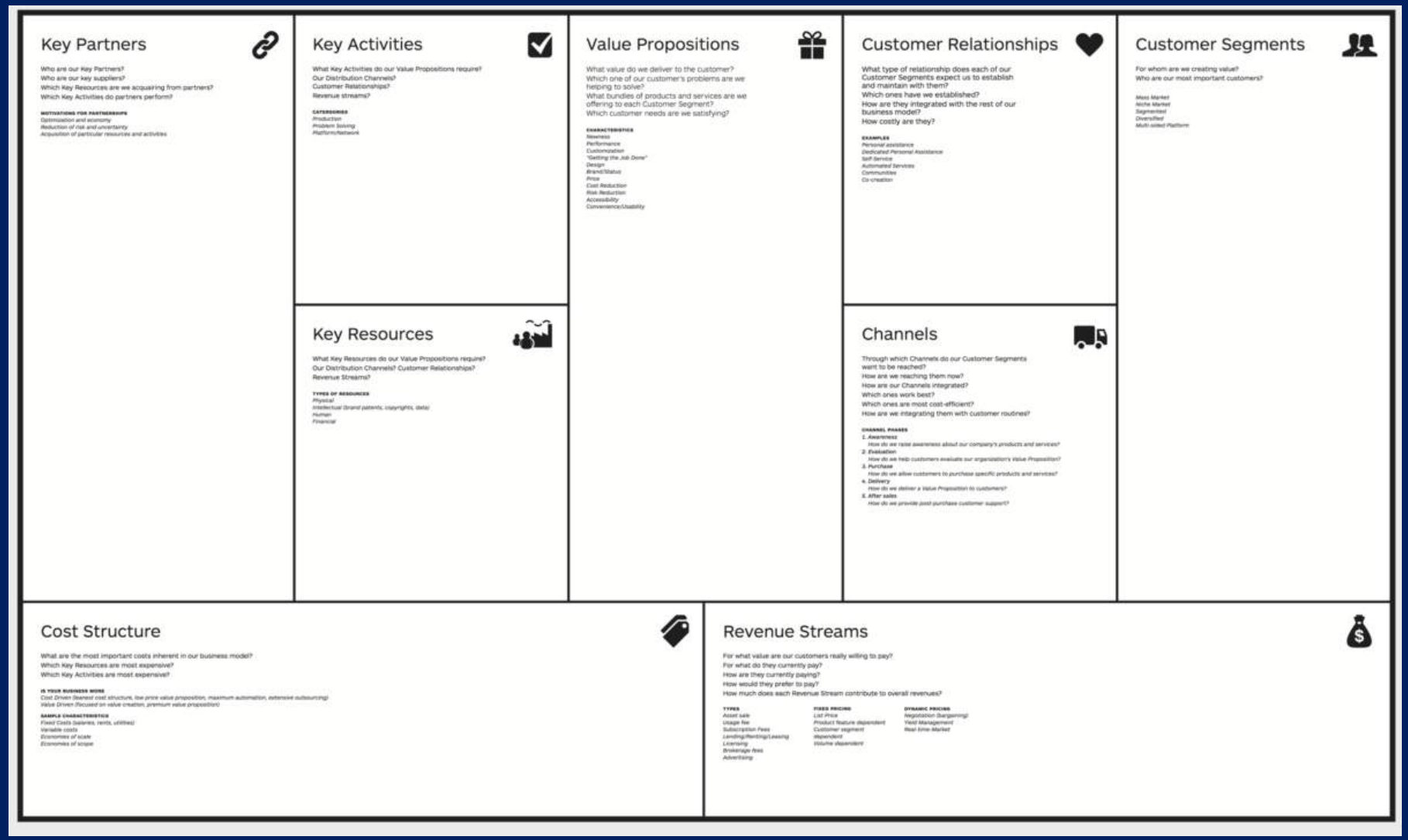
This BMC section requires research!

THE BUSINESS MODEL CANVAS

Revenue Streams

- One time fee according to list price of chosen model
- Future potential of
  - In-app purchases
  - Advertising through app
- Multiple units if customer is satisfied (different devices)

Business Model Canvass



Is your Idea an Opportunity?

Business Model Canvas

- Do all the nine blocks of your canvas fit together in a balanced, harmonious manner to create a feasible and sustainable business model?

- You may sometimes need to experiment with different options for each block . Iteration is key!

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Apply the BMC to your Product/Service?

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The Business Model Canvas

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. *Awareness*
   How do we raise awareness about our company's products and services?
2. *Evaluation*
   How do we help customers evaluate our organization's Value Proposition?
3. *Purchase*
   How do we allow customers to purchase specific products and services?
4. *Delivery*
   How do we deliver a Value Proposition to customers?
5. *After sales*
   How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

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