

Is Your Business Model Preventing You From Achieving Your Business Goals?

If you've ever pondered why one business succeeds and another with similar products fails, may I offer this: a better business model. Having a well-planned, strategic model can make all the difference in the success of your business.

I have had the opportunity of consulting two distinctly different businesses in the past few months with the sole purpose of examining and structuring their business plan to meet the requirements of delivering specially engineered services.

These two projects offer great examples of the importance of why the business model is so prevalent in delivering a consistent value proposition. One business provides critical management of information technology systems, the other, lifesaving health care imaging services.

The health care provider has engaged a proposition that combines its customer service with state-of-the-art high definition, scanning technology. The physician's brand promise is based on a positive response to the question, "What if we could not only see and detect possible suspicious tissues, but we could also simultaneously validate patient disease states - right there, right then - based on in vivo histology? Can you imagine the decrease in the number of useless biopsies? Can you imagine the possible improvement of patient care?"

The technology company offers a unique outsourcing information technology systems consulting service. A proposed brand promise proclaims, "Experience the benefits of balance as Business and IT finally align." This includes aligning a client's IT with business objectives, reducing IT costs by 15%, creating operational efficiencies, securing IT data, and providing risk reduction and peace of mind. The service is delivered with a skilled IT specialist with the ability to manage the most difficult of situations. The benefit, none of the traditional employee costs.

Both of these businesses require a carefully planned and tested business model that challenges the business owner to consider nine individual building blocks. Each block has the responsibility for producing value on a consistent level for the life of the service. These same blocks are loaded with issues that can either make or break the business.

A **business model** describes the rationale of how an organization creates, delivers, and captures value. There is no one business model that is a panacea. In fact, the epicenters of business model innovation

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Final Touch Marketing has built a solid reputation by providing its clients results-oriented brand marketing services. Our focus is on establishing and implementing powerful, cohesive brand strategies enabling you to introduce, revitalize and support business growth.

Clients most often call upon us when they:

- **Need design and printing services** to produce marketing materials; brochures, direct mail, trade shows, web sites and more
- **Require business growth** to achieve organization vitality and to realize the objectives of investors
- **Lack differentiation** and need creative brand energizing
- **Desire a fresh approach** to remain relevant to its clients
- Lose **brand energy**, perhaps evolving into a mature category
- Engage in an **acquisition or merger**
- **Cannot cope with the complexities of the marketplace** because of multiple products, segments, geographies and distribution channels

If you would like a copy of FTM Brand Connection sent to a friend, contact me at kdodd@finaltouchmarketing.com. I have also listed past newsletters on my website. I am always open to discuss your brand marketing concerns.



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can be described as resource-driven, offer-driven, customer-driven, finance-driven, and multiple-epicenter driven. The fact is, the innovation behind the model can come from anywhere within the nine blocks. How much effort you place into each of these blocks is time well spent.

The nine building blocks as seen in Illustration A, provide the foundation for a business model. You don't have to be a seasoned business expert to be able to examine your own company when breaking it down to these nine blocks.

Not only is it important to examine each block from within,



(Illustration A

Business Model

it's also important to consider the business environment, such as key trends, industry forces, market forces, and macro-economic forces. Developing a model with a sound understanding of your organization's environment will help you conceive a stronger, more competitive business model.

Our two businesses described above, took this into account. The IT provider looked closely at its key partnerships for collaborated expertise, key resources for technical personnel, channel for delivery of services and customer segments for correctly matching its customer base with its value proposition. The physician paid close attention to key resources as it needed state-of-the-art high definition equipment, key partnerships with key talent and expertise, and customer segments as it targets both primary care physicians and patients.

Every business model design is unique and presents its own challenges, obstacles and critical success factors. It can be manipulated to reduce cost, raise value, and create an entirely unique business methodology.

There is often one of four motivations for restructuring your business model: (1) a crisis with the existing business model,

The Nine Building Blocks of a Business Model

Customer Segments - an organization serves one or several customer segments.

Value Proposition - it seeks to solve customer problems and satisfy customer needs with value propositions.

Channels - value propositions are delivered to customers through communication, distribution, and sales Channels.

Customer Relationships - customer relationships are established and maintained with each Customer Segment.

Revenue Streams - revenue streams result from value propositions successfully offered to customers.

Key Resources - key resources are the assets required to offer and deliver the previously described elements.

Key Activities - by performing a number of Key Activities.

Key Partnerships - some activities are outsourced and some resources are acquired outside the enterprise.

Cost Structure - the business model elements result in the cost structure.

(2) adjusting, improving, or defending the existing model to adapt to a changing environment, (3) bringing new technologies, products, or services to market, or (4) preparing for the future by exploring and testing completely new business models that might eventually replace existing ones.

Implementing your business model requires each block to be strategically aligned with your desired outcome.

To ensure you achieve this alignment dictates the proper balance of (1) your strategy, as it drives the business model, (2) its structure, as this determines the organization's optimal strength, (3) the demand for different processes, (4) different reward systems and most importantly, (5) people with the right mind set.

If you're looking for a fresh approach to generating brand differentiation, uniqueness and competitive clout, it may be time to re-engineer your business model with the desired value your clients are seeking. To discuss this matter further contact me at Final Touch Marketing, (951) 676-6112 or visit www.ftmbrandconnect.com.