



## 3-PBM methodology Theory session

Lisbon 19.06.2019.  
Boris Golob

# Session 1 **Theory session**

## Introduction in 3-Pillar Business Model (3PBM) methodology

- Strategic importance of balanced business model
- Business model canvas
- Resources-processes-values framework
- Key 3PBM tools

# Session 2 Practice and case studies session

## Practical work and implementation of 3PBM first phase

- Initial business model analysis
- Business model impact analysis
- Identification of key trends and possibilities for company performance improvement

# What is 3-PBM?

*3-PBM means three pillars business model explaining three aspects of sustainability – economic, environmental and social aspect.*

# Why three pillars?

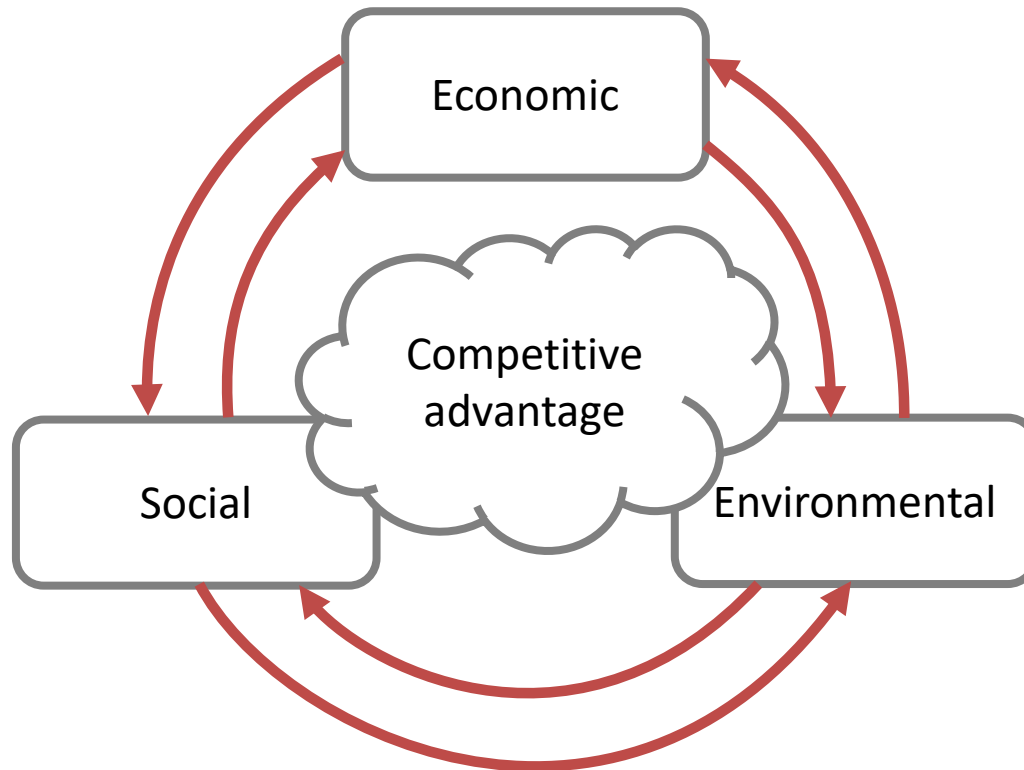


# 3-PBM Methodology

## Aims to help companies

- to get additional perspectives on their business,
- to deepen the understanding of business model mechanics,
- to holistically manage their impact (reduce negative impact, leverage positive impact)
- to improve the bottom line – overall economic performance and competitiveness.

# Reinforcement loop is 3-PBM rationale





“...superior  
business  
model.”



How do *you* make money?





Alphabet

Business model is  
the rationale of how an  
organization creates, delivers and  
captures value

  
= makes money



“Dollar down, dollar a week!”



Impact on  
environment?




Impact on society?

Business model is  
the rationale of how an  
organization creates, delivers and  
captures value

= makes money  
+ impacts  
society & environment

# Concepts integrated into 3-PBM methodology

Term	Definition	What to Look For
Resources	Things company has or has access to	<ul style="list-style-type: none"> <li>Tangible assets: Technology, equipment, distribution network</li> <li>Intangible assets: Human resources, accumulated skills, brand</li> </ul>
Processes	Ways of doing business (skills)	<ul style="list-style-type: none"> <li>Difficult problems we solved over time</li> <li>Typical processes: product development, market research</li> </ul>
Value	Prioritization determinant (motivation)	<ul style="list-style-type: none"> <li>Business model</li> <li>Way a company approaches to postsales</li> <li>Cost structure</li> <li>Size and scope</li> <li>History in the past</li> </ul>

**The Business Model Canvas**

Designed by: \_\_\_\_\_

Created by: \_\_\_\_\_

Date: \_\_\_\_\_

Version: \_\_\_\_\_

Key Partners

Key Activities

Value Propositions

Customer Relationships

Customer Segments

Key Resources

Channels

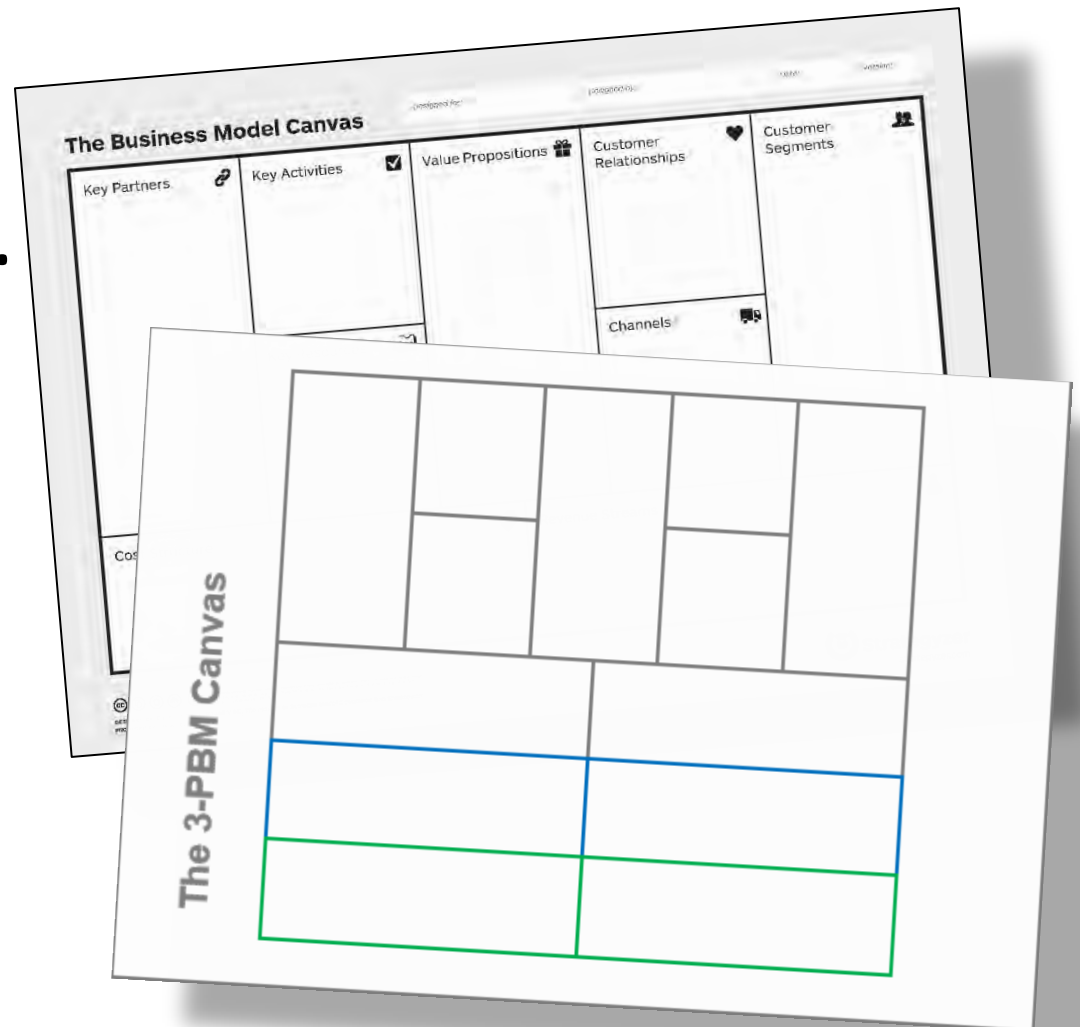
Cost Structure

Revenue Streams

Strategyzer  
strategyzer.com

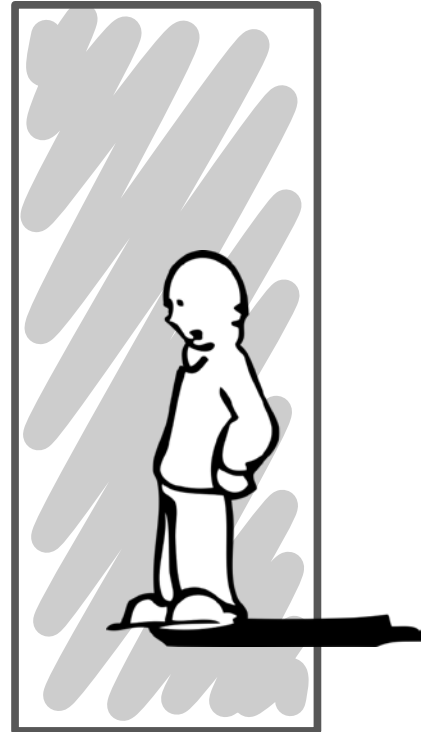
# The Business Model Canvas.

It allows you to describe, design, challenge, invent, and pivot your business model.

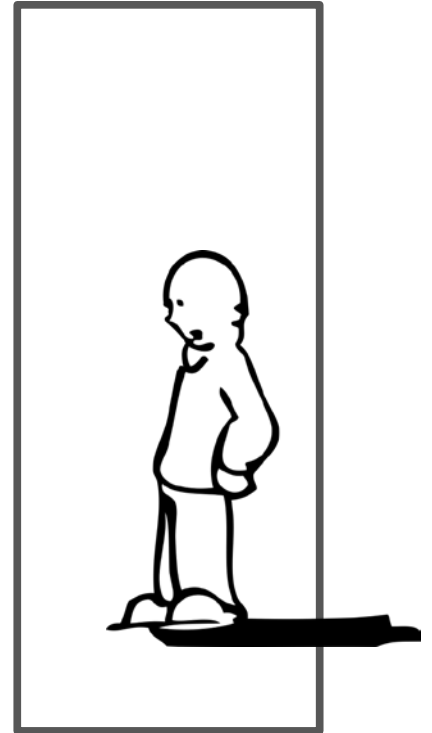




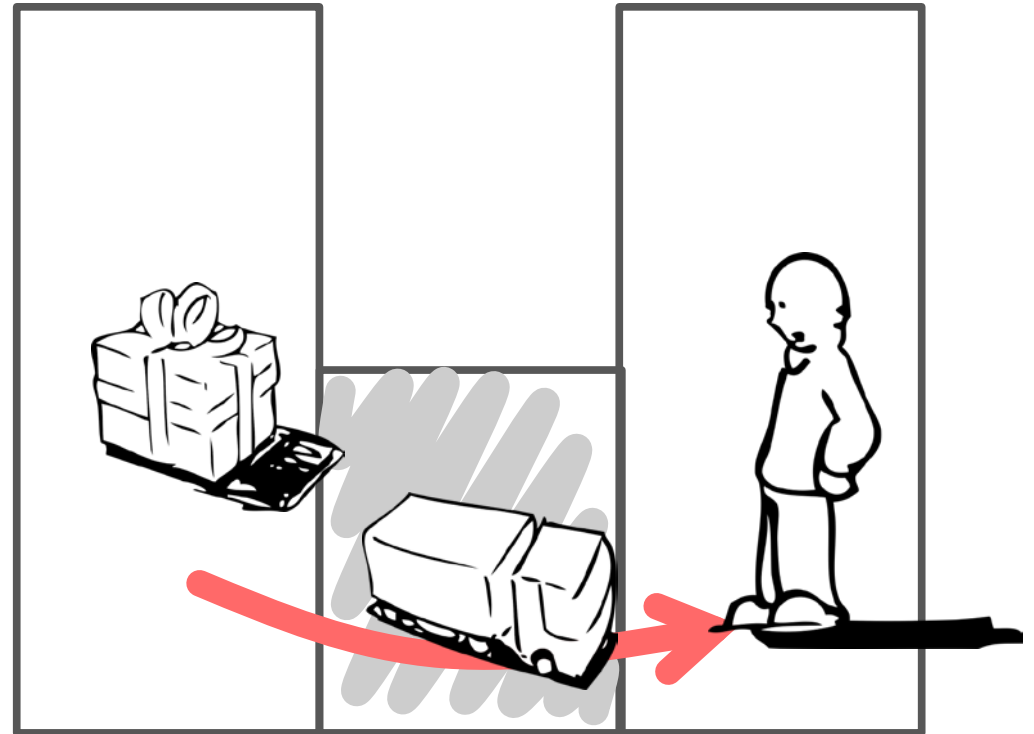
# Customer Segments



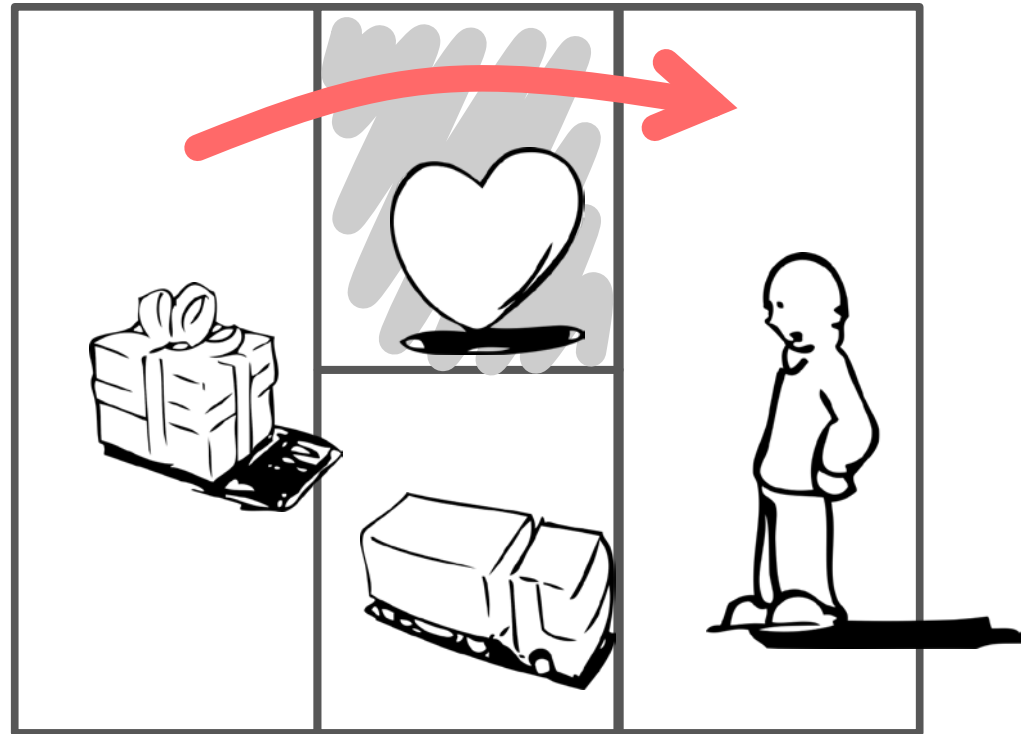
# Value Proposition



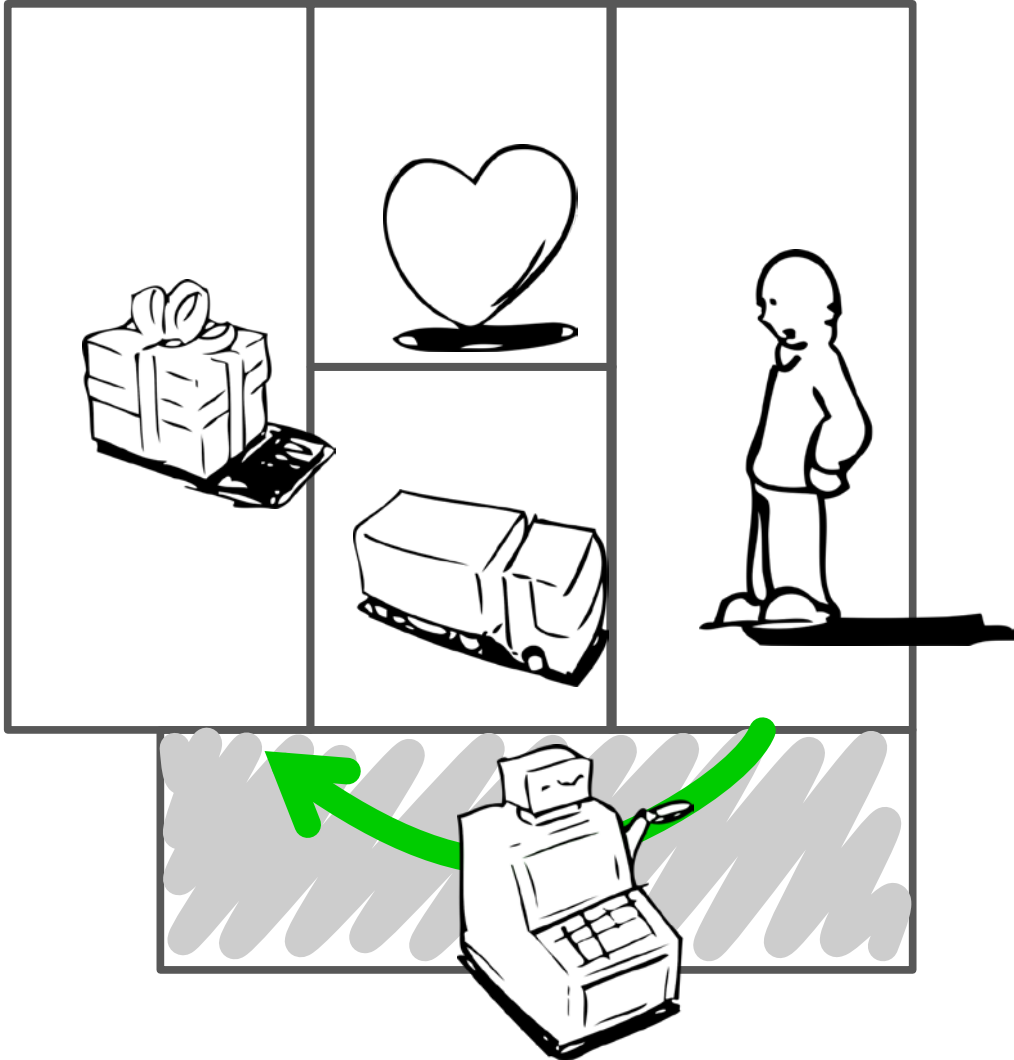
# Channels



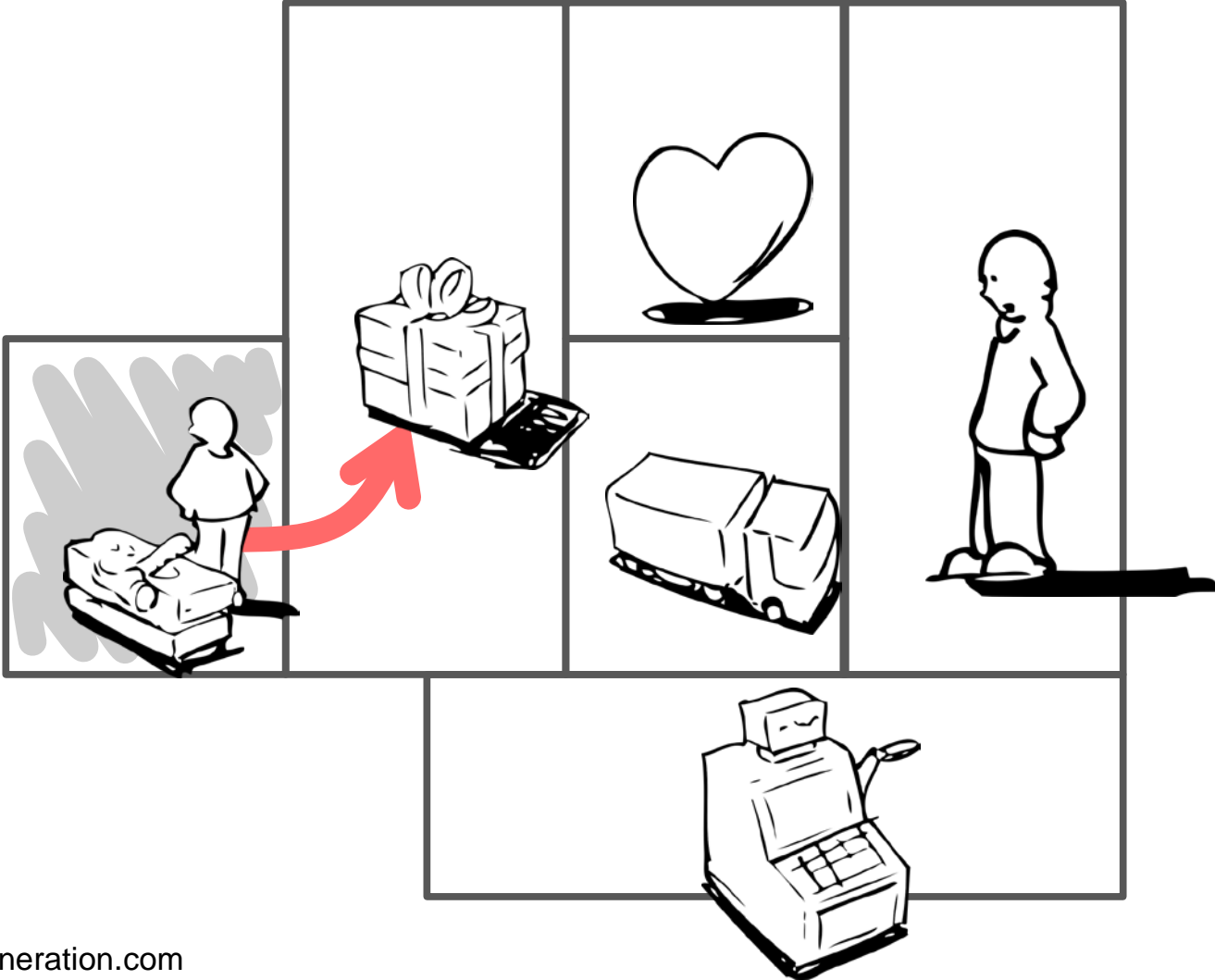
# Customer Relationships



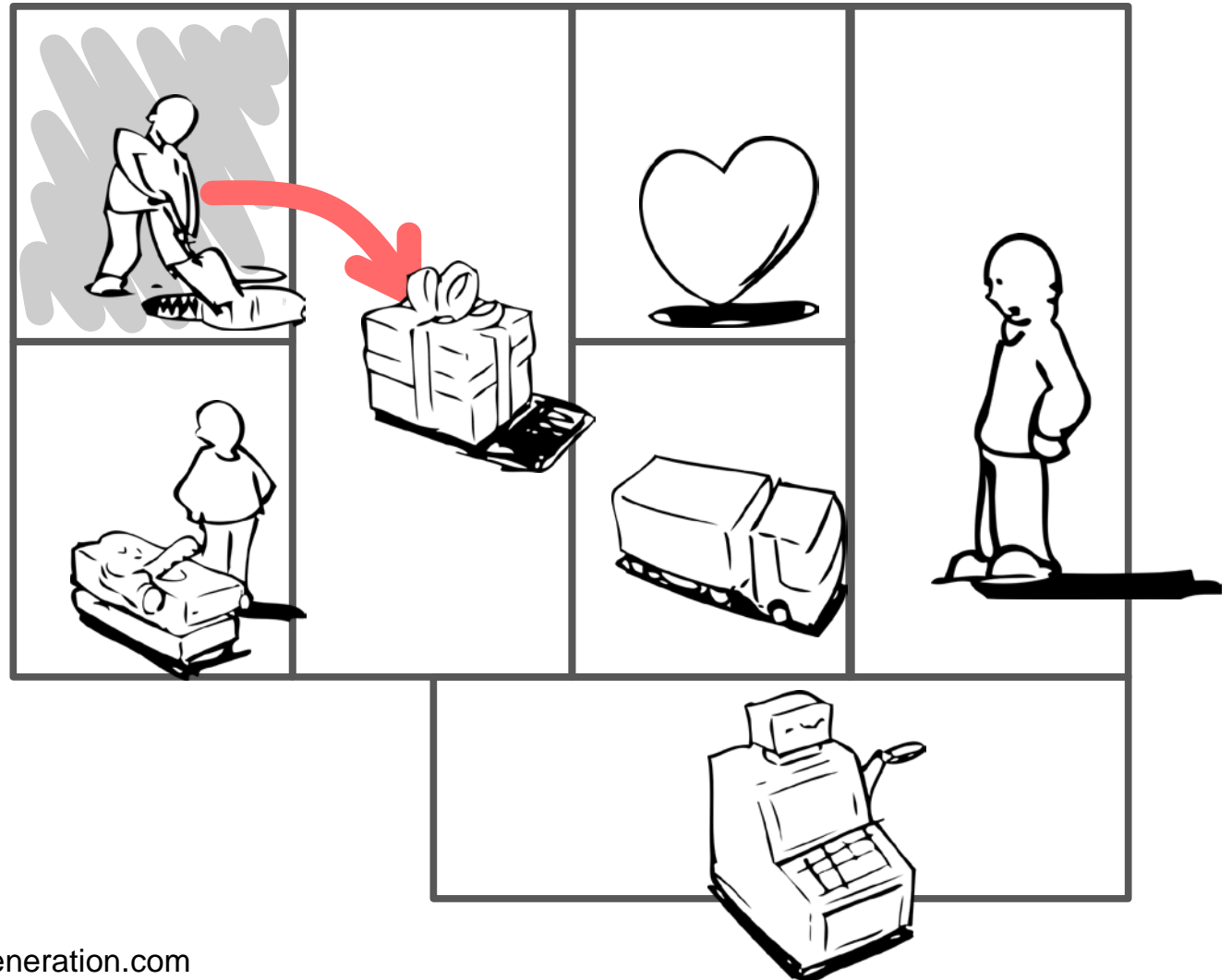
# Revenue Streams



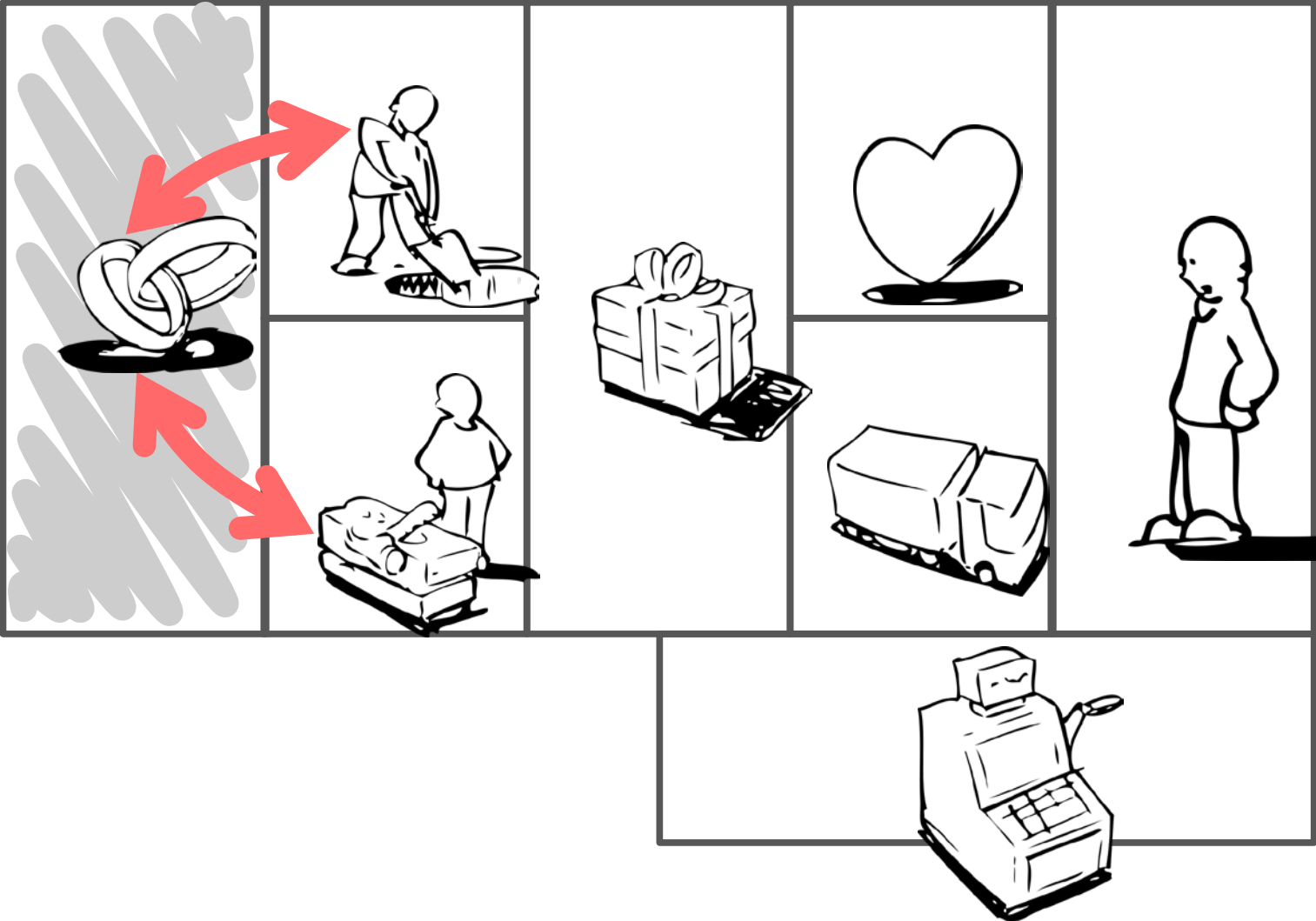
# Key Resources



# Key Activities

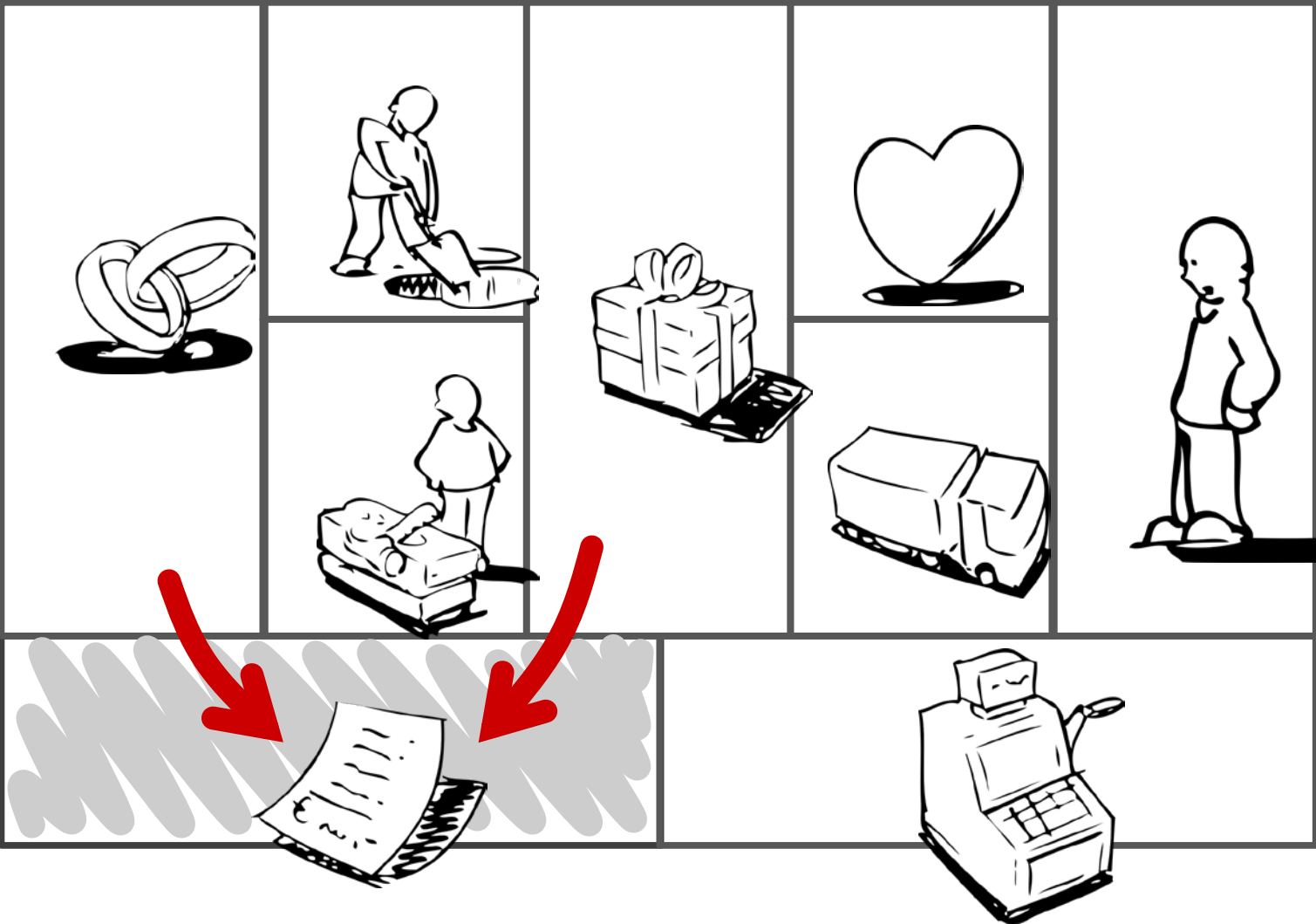


# Key Partners

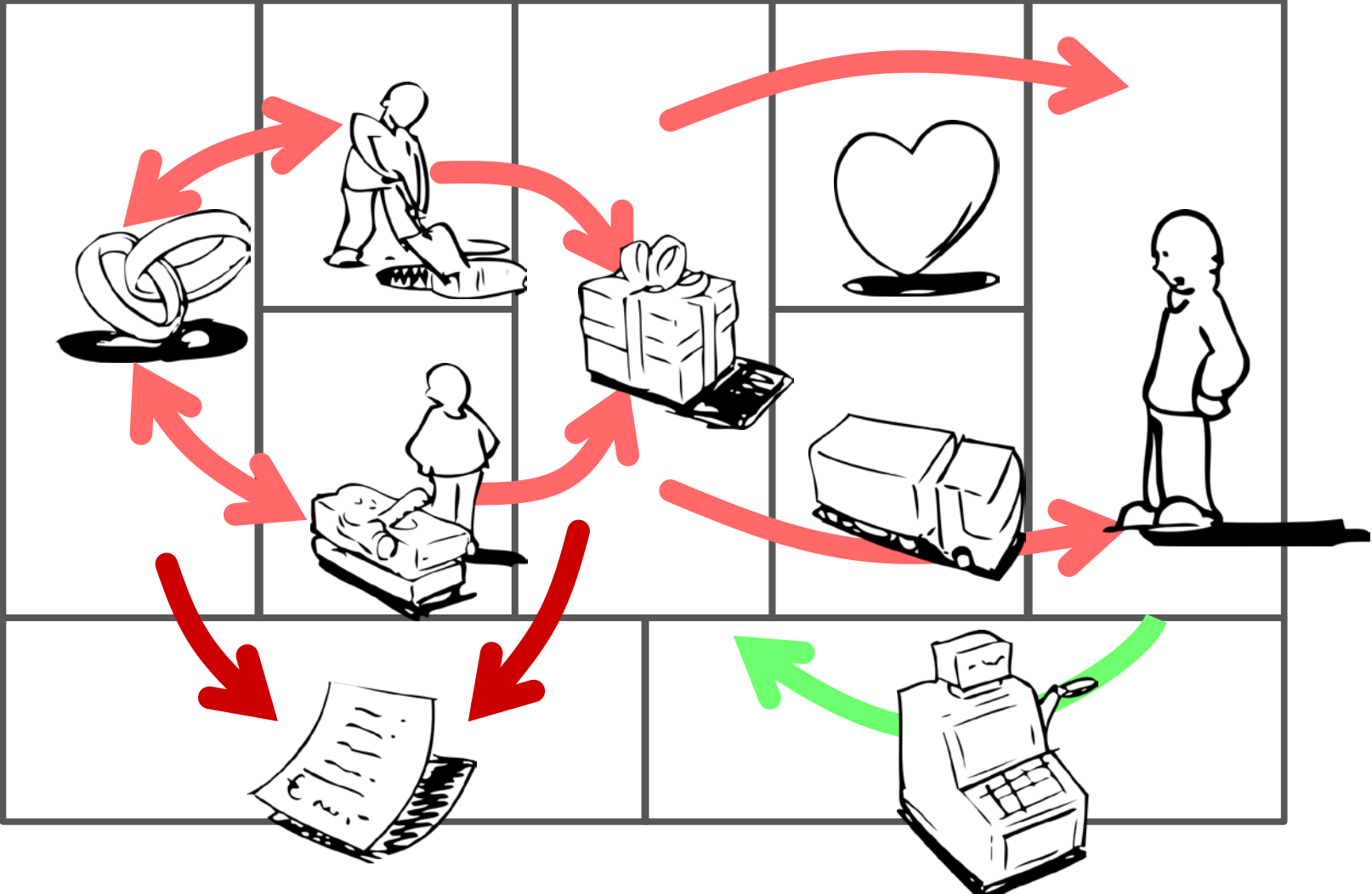




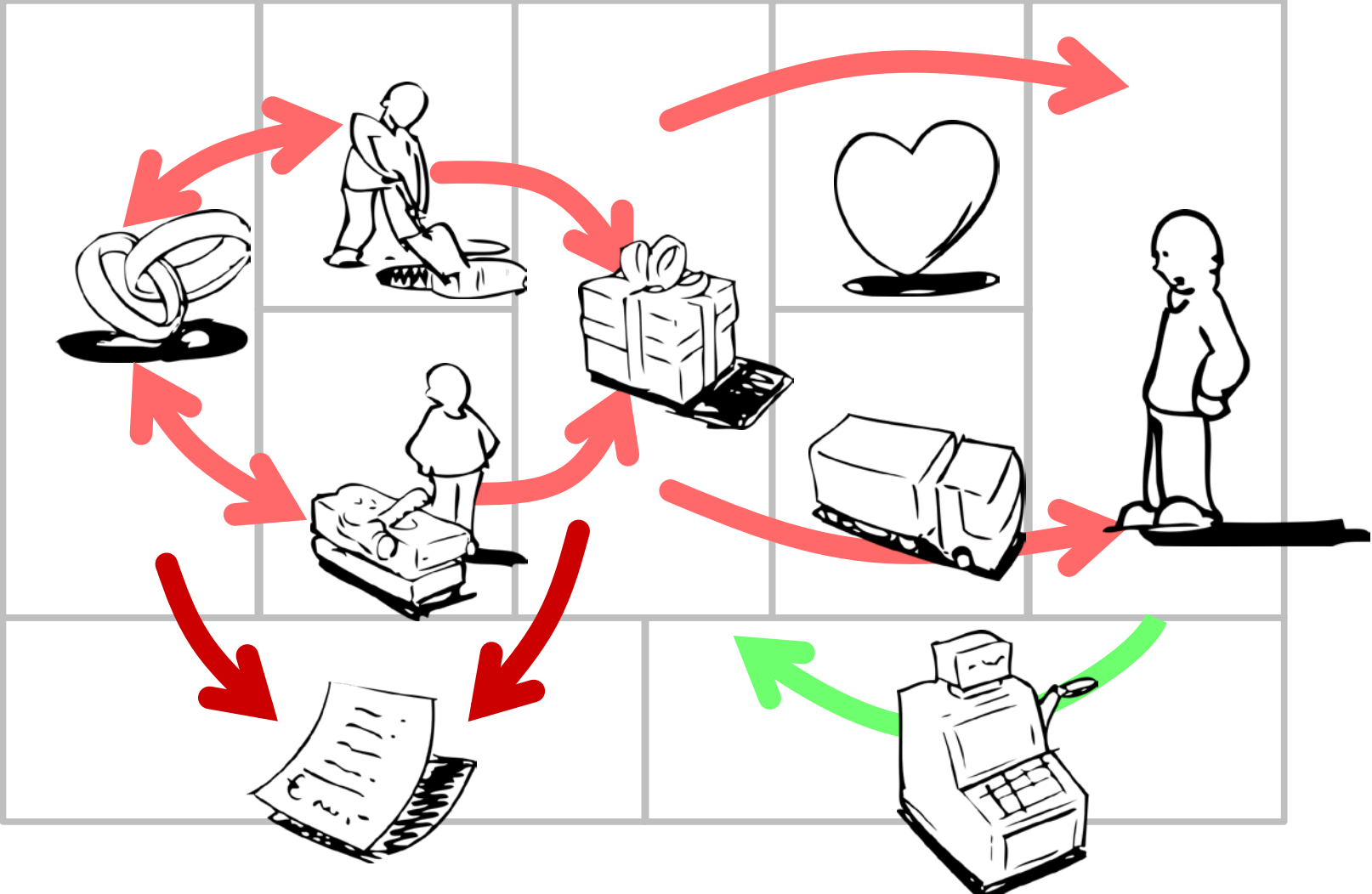
# Cost Structure



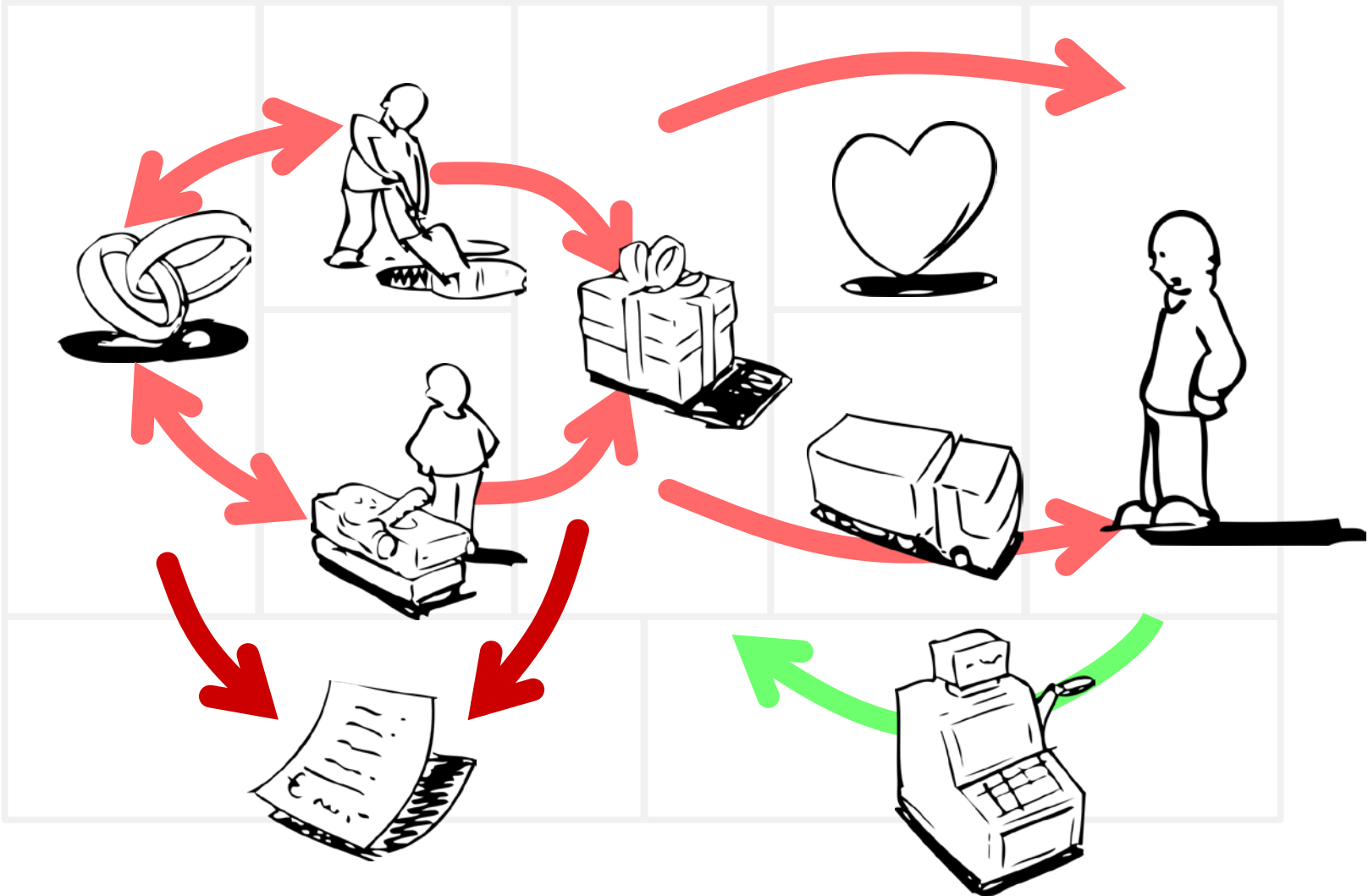
# Business Model Canvas



# Business Model Canvas

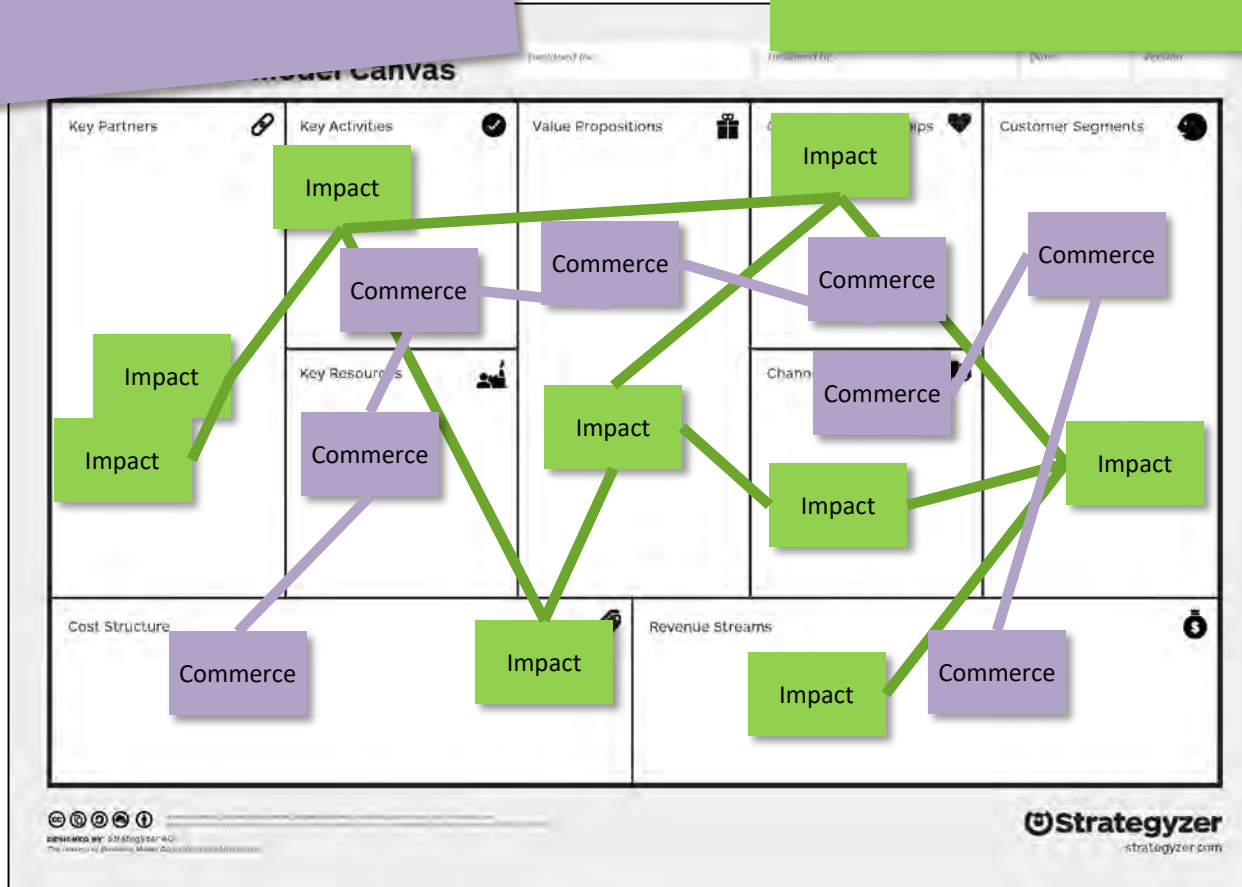


# Business Model Story



# Commerce

# Impact



# The Business Model Canvas

Designed by:

Designed by:

Date:

Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		



DESIGNED BY: STRATEGYZER AG  
THE UNIVERSITY OF BAVARIA, MUNICH SCHOOL OF MANAGEMENT

Key partners	Key Activities	Value propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost structure		Revenue streams		
Societal Costs		Societal Benefits		
Environmental Costs		Environmental Benefits		

# Ground Rules

## RULE #1

Avoid writing directly on a canvas



## RULE #2

Don't get stuck with *Blah Blah Blah*



## RULE #3

Start with any building block



## RULE #4

Never use bullet points

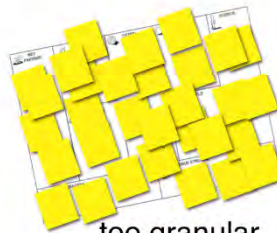


## RULE #5

Avoid too much detail



too much info



too granular

## RULE #6

Be precise for every building block





# Best Practices

## Practice #1

Use colour to separate segments



## Practice #2

Separate 'as-is' and 'to-be'



## Practice #3

Distinguish between fact and assumption



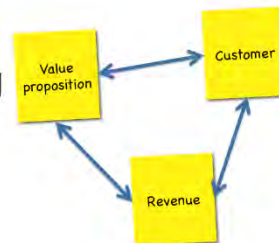
## Practice #4

Design a BM with a story



## Practice #5

Connect the building blocks

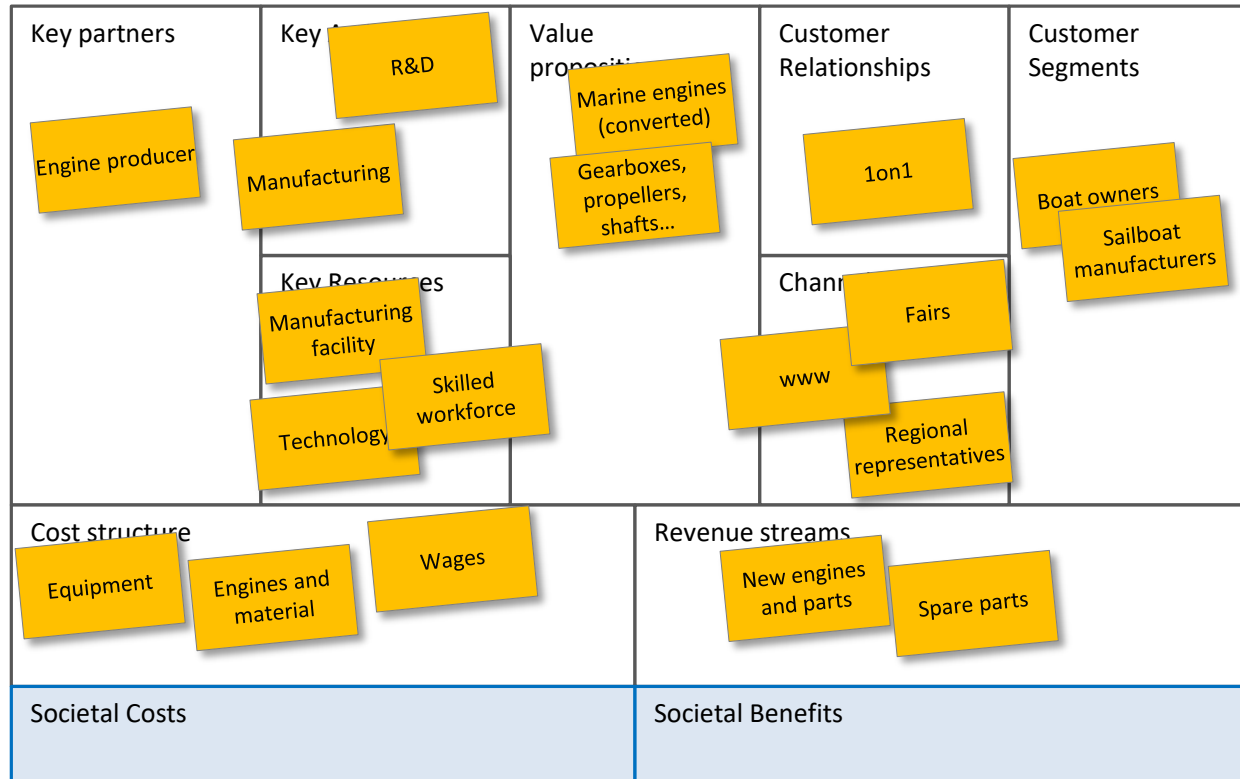


## Practice #6

Different ideas and stories in separate canvases



# Marine engine producer

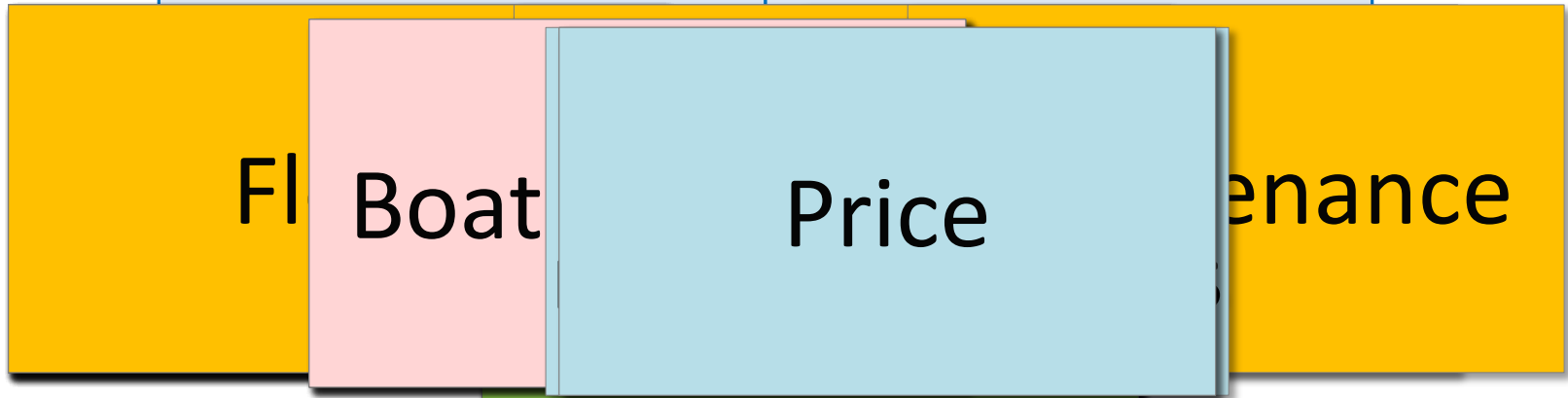
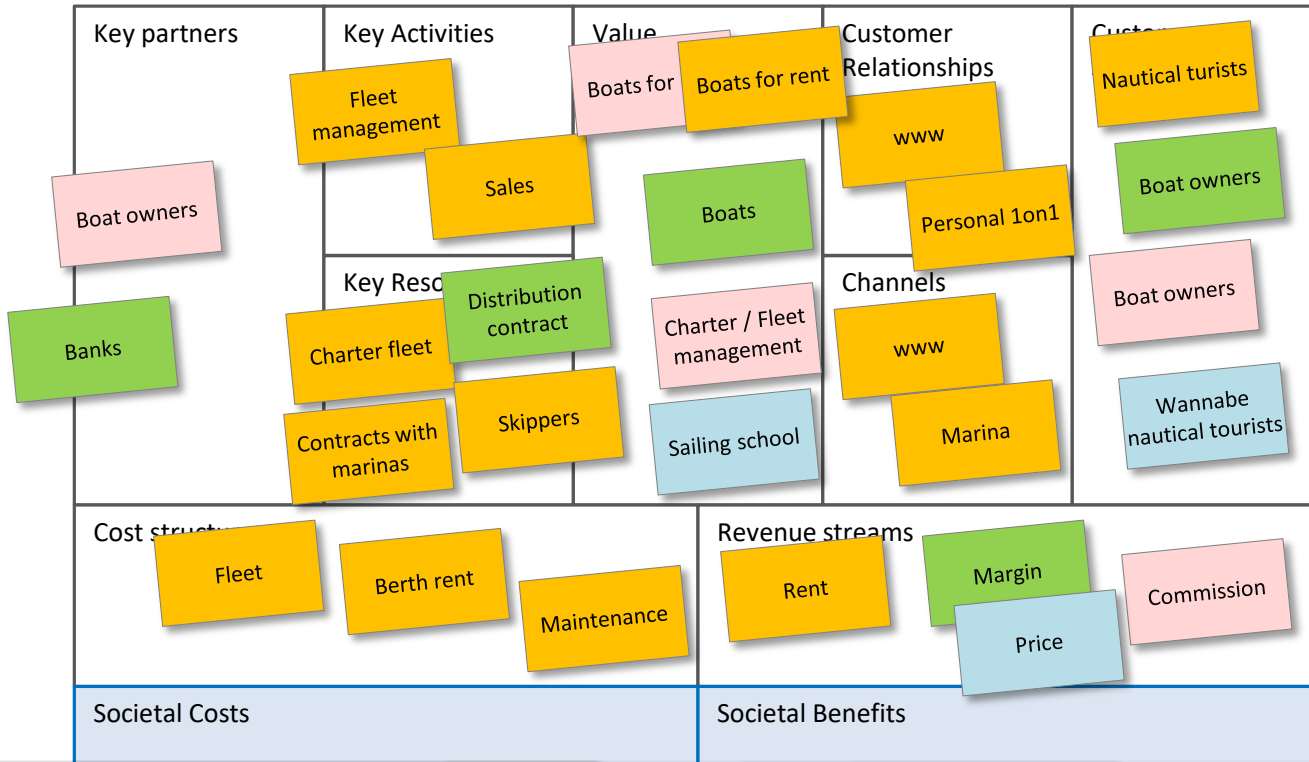


Equipment

Engines and material

Wages

# Charter



# The RPV framework

Three classes or sets of factors that define what an organization can and cannot accomplish.



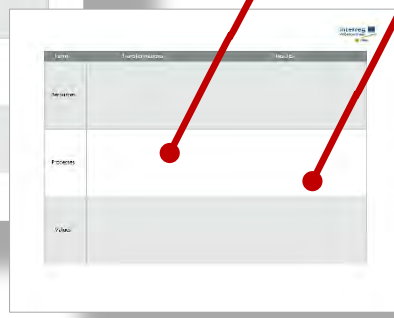
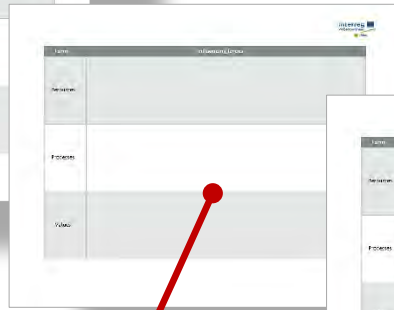
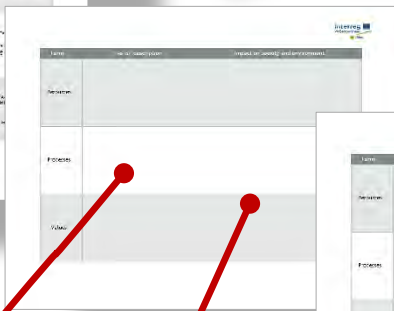
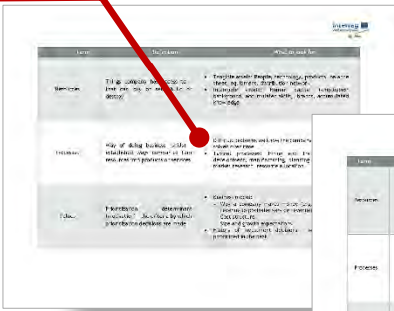
# The RPV framework

Term	Definition	What to Look For
Resources	Things company has or has access to	<ul style="list-style-type: none"><li>• Tangible assets: Technology, products, balance sheet, equipment, distribution network</li><li>• Intangible assets: Human capital (employees' backgrounds, accumulated skills), brands, accumulated knowledge</li></ul>
Processes	Ways of doing business (skills)	<ul style="list-style-type: none"><li>• Difficult problems we know the company has repeatedly solved over time</li><li>• Typical processes: Hiring and training, product development, manufacturing, planning and budgeting, market research, resource allocation</li></ul>
Value	Prioritization determinant (motivation)	<ul style="list-style-type: none"><li>• Business model:<ul style="list-style-type: none"><li>• Way a company makes money (e.g., mix of sales revenue to postsales service revenue)</li><li>• Cost structure/income statement</li><li>• Size and growth expectations</li></ul></li><li>• History of investment decisions – what has been prioritized in the past</li></ul>

# 3-PBM key forms



RPV explanation & examples



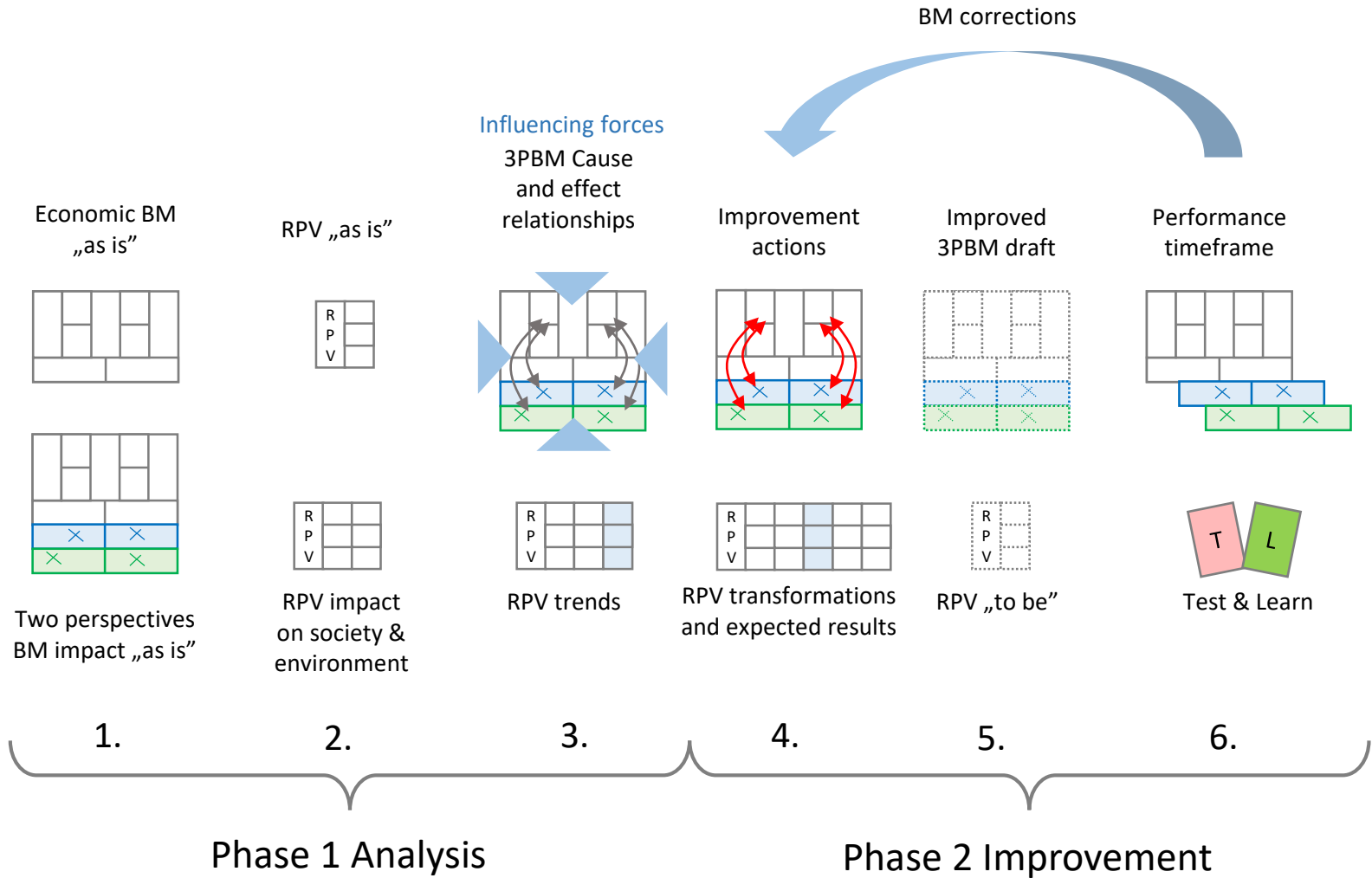
Transformations

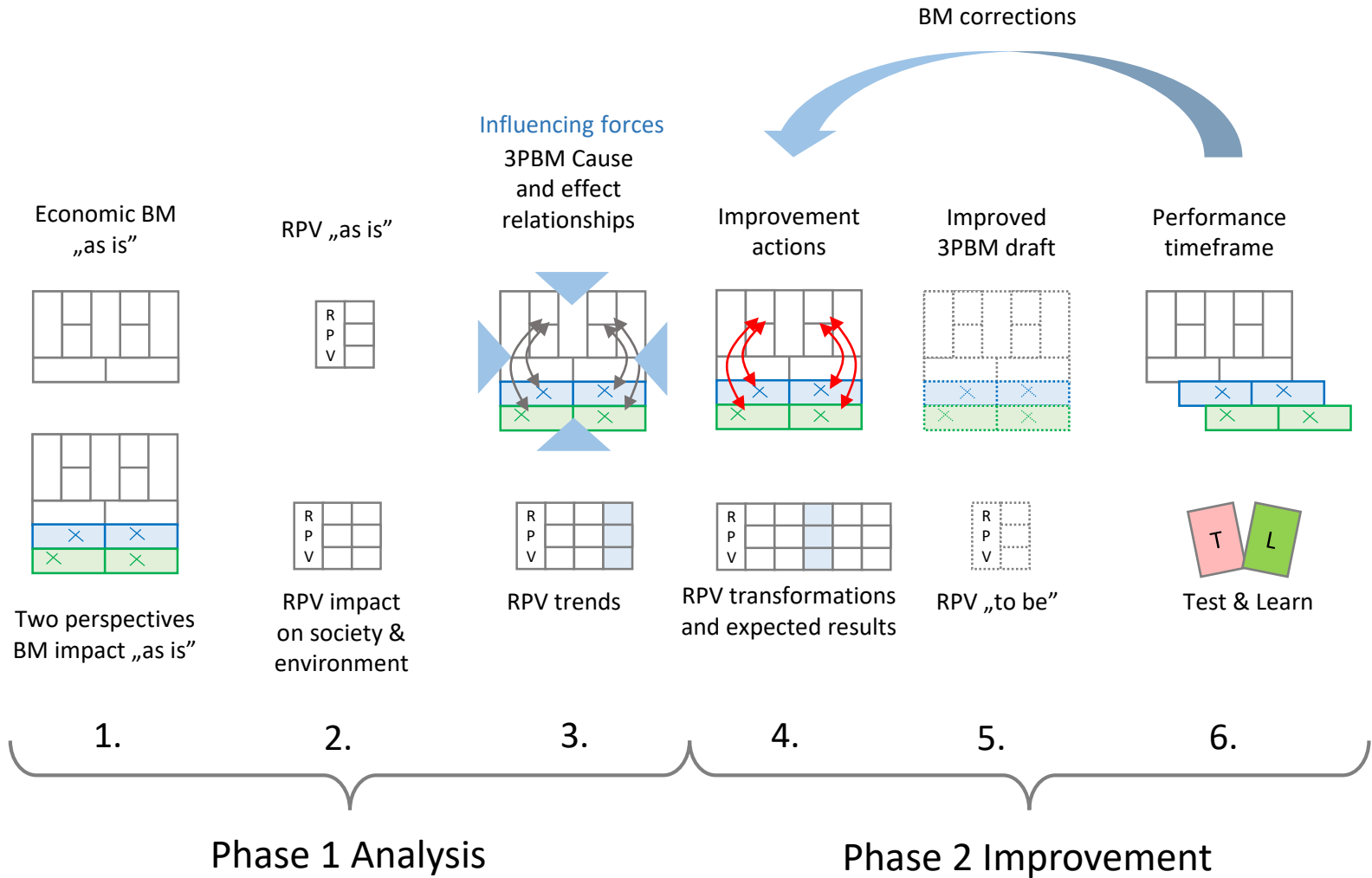
Results

RPV description "as is"

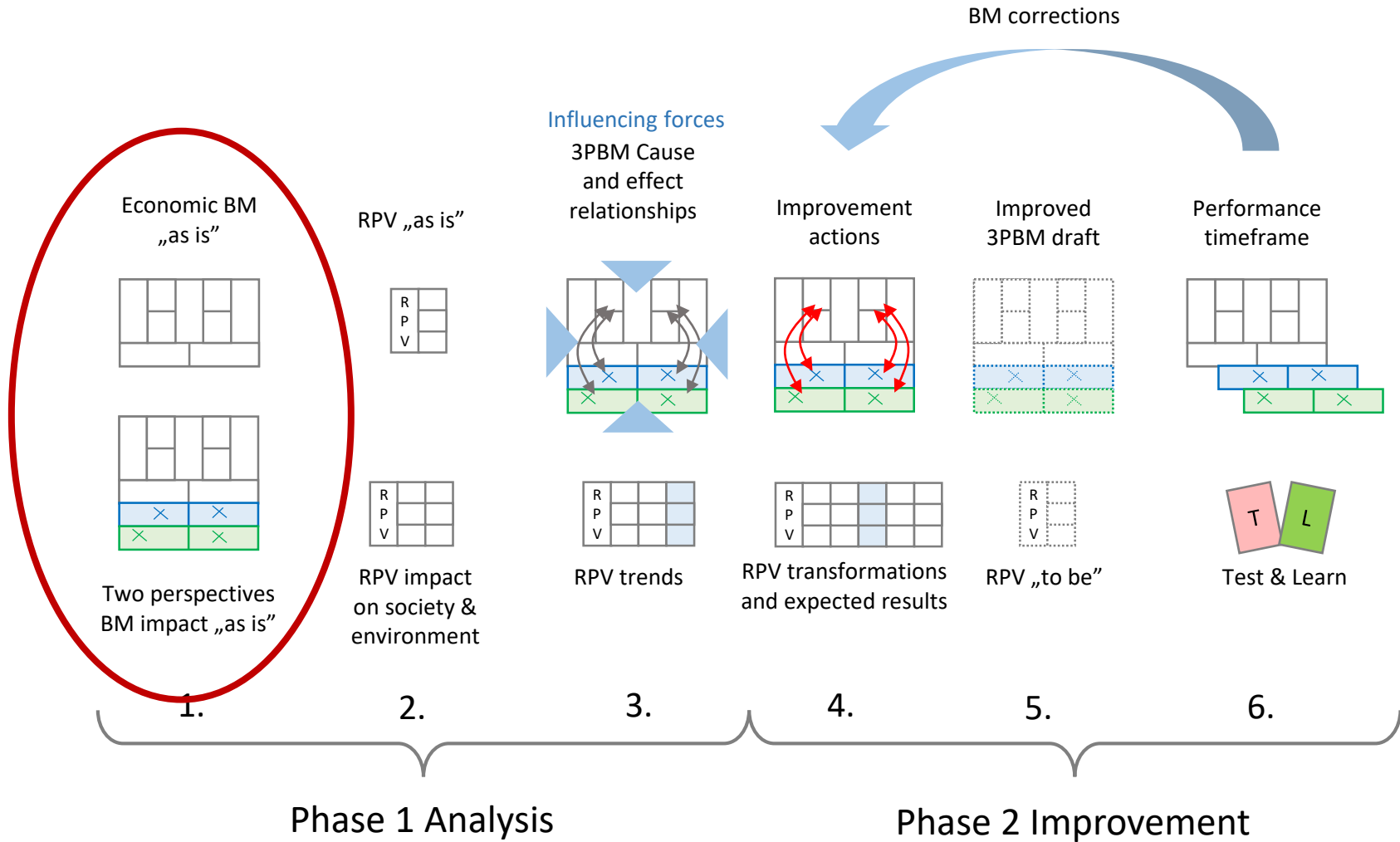
RPV impact on society and environment

Influencing forces



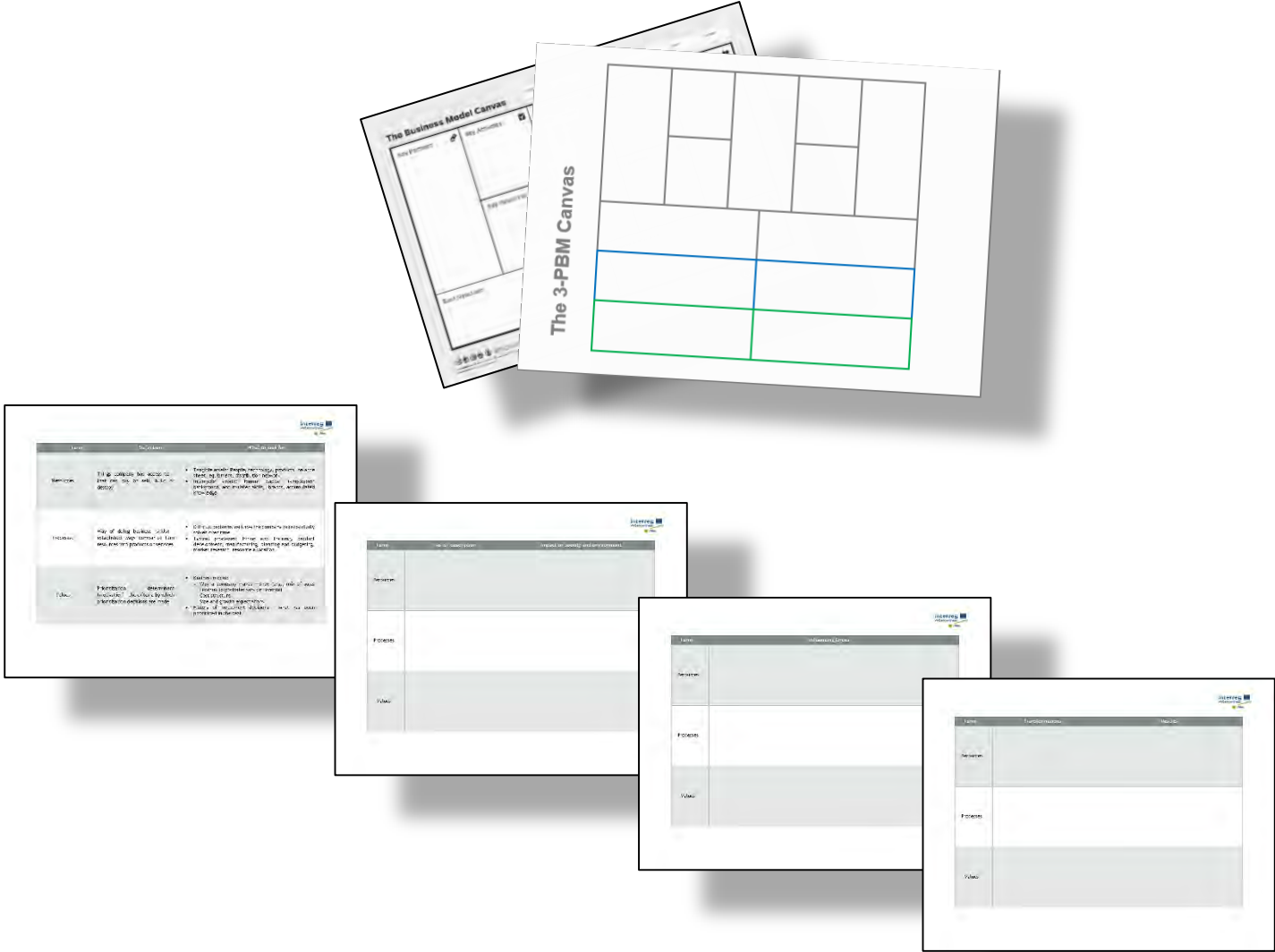




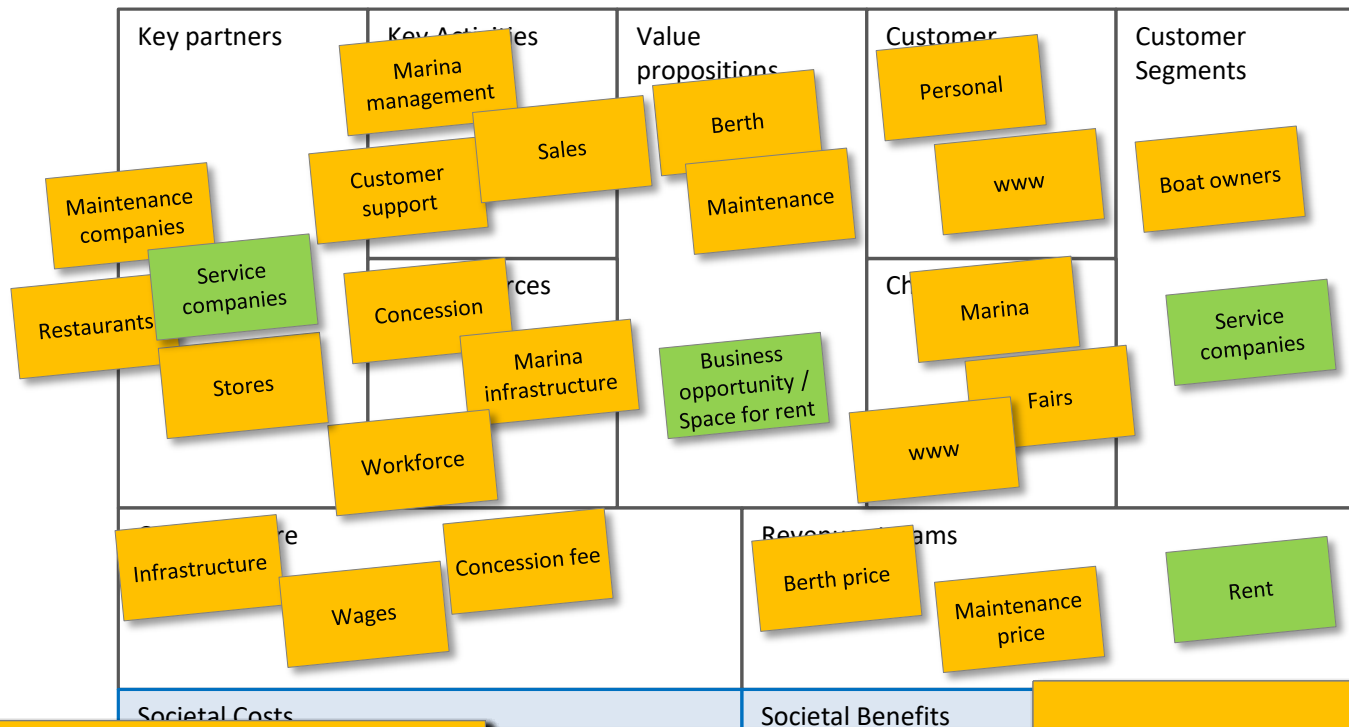


Key partners	Key Activities	Value propositions	Customer Relationships	Customer Segments
	Key Resources		Channels	
Cost structure			Revenue streams	
Societal Costs			Societal Benefits	
Environmental Costs			Environmental Benefits	

# 3-PBM key forms



# Marina



Service companies
Business opportunity / Space for rent
Rent

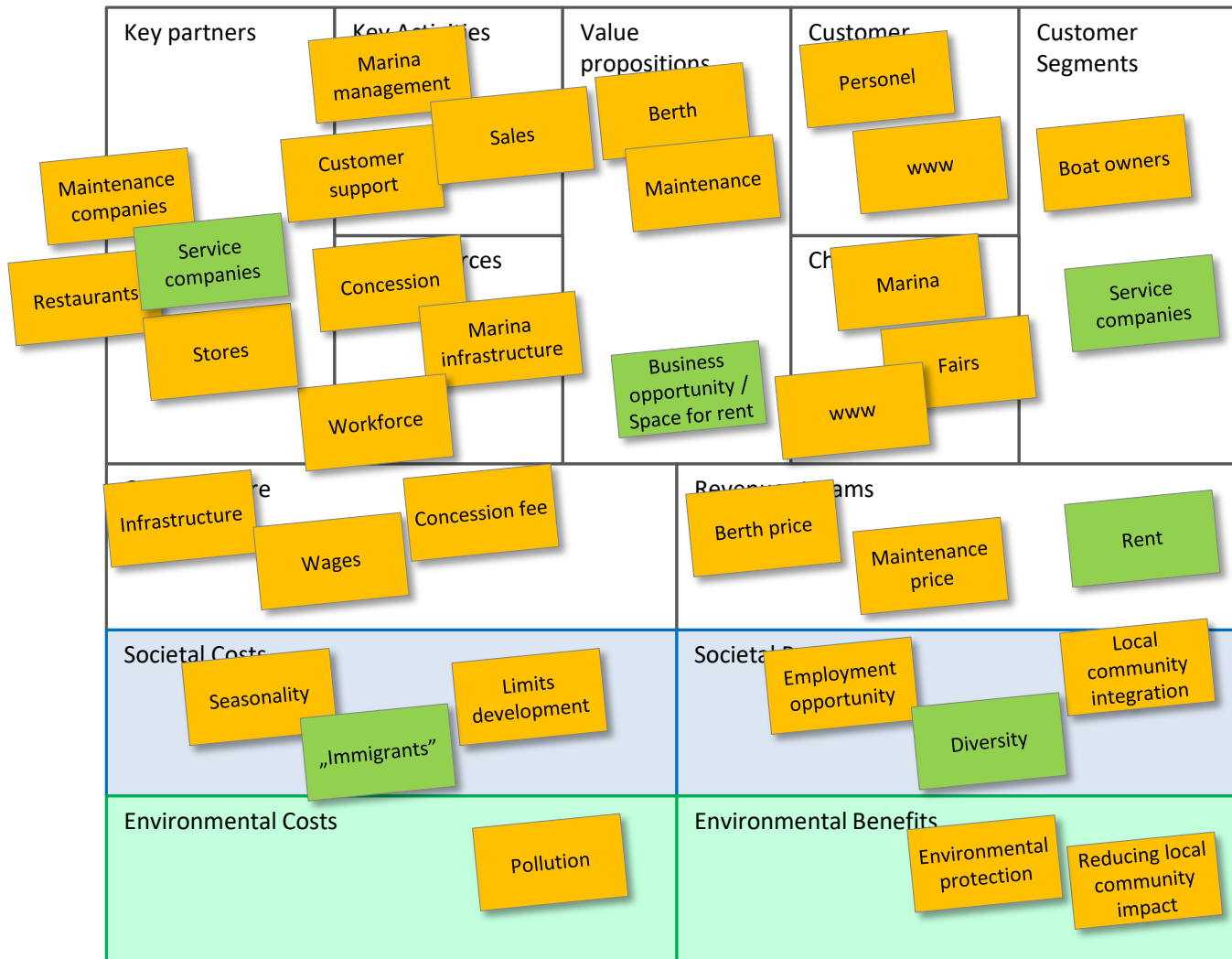
# 3-PBM initial steps

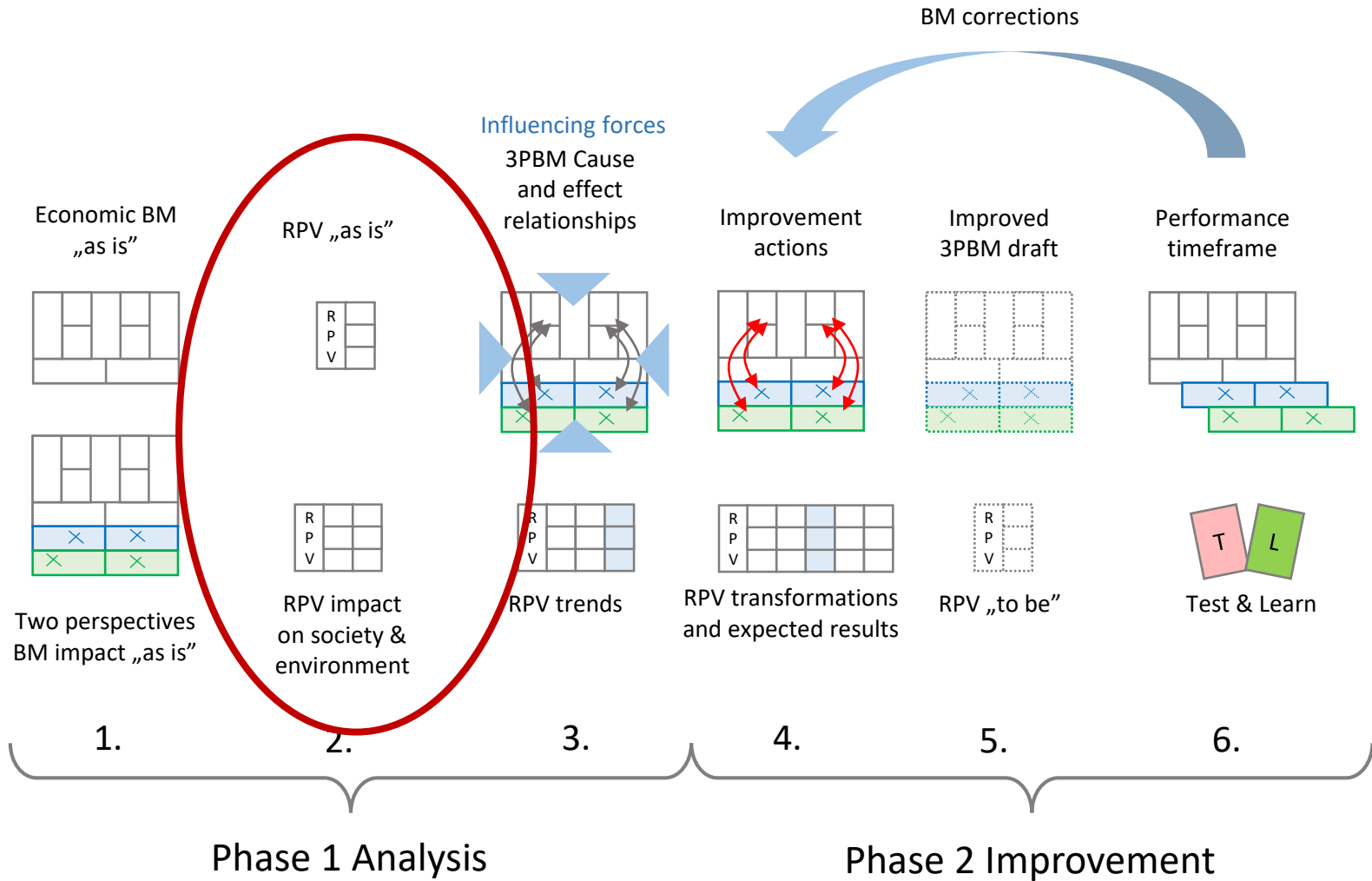
Which BM elements impact society perspective?

Which BM elements impact environment perspective?

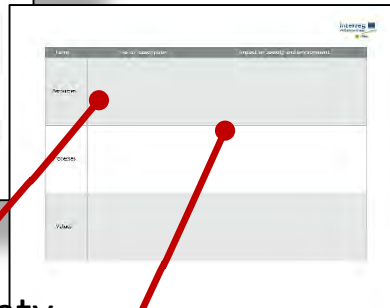
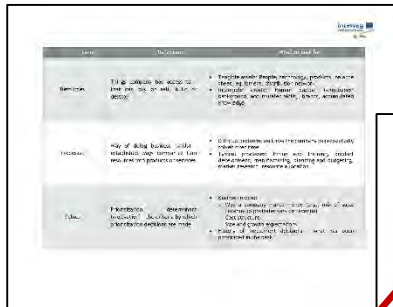
How? Why? – Speculate.

# Marina





# 3-PBM key forms



RPV description "as is"

RPV impact on society  
and environment



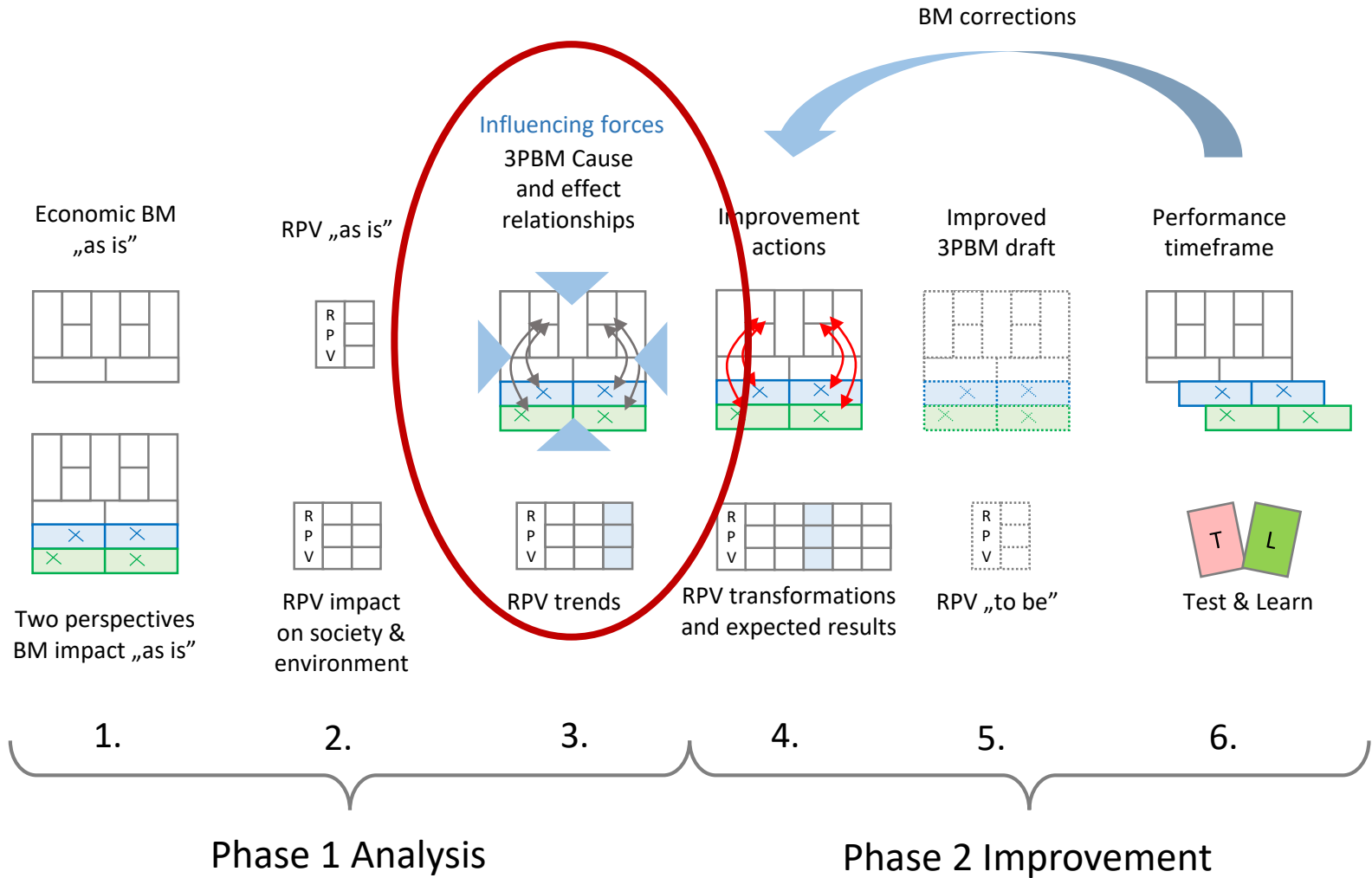
# What to ask to identify values?

**Without getting politically correct answers?**

Decision making criteria? ...procedures?

Attitudes toward customers, employees,  
environment?

Resource allocation criteria? Where do they  
invest, which areas?



# 3-PBM key forms



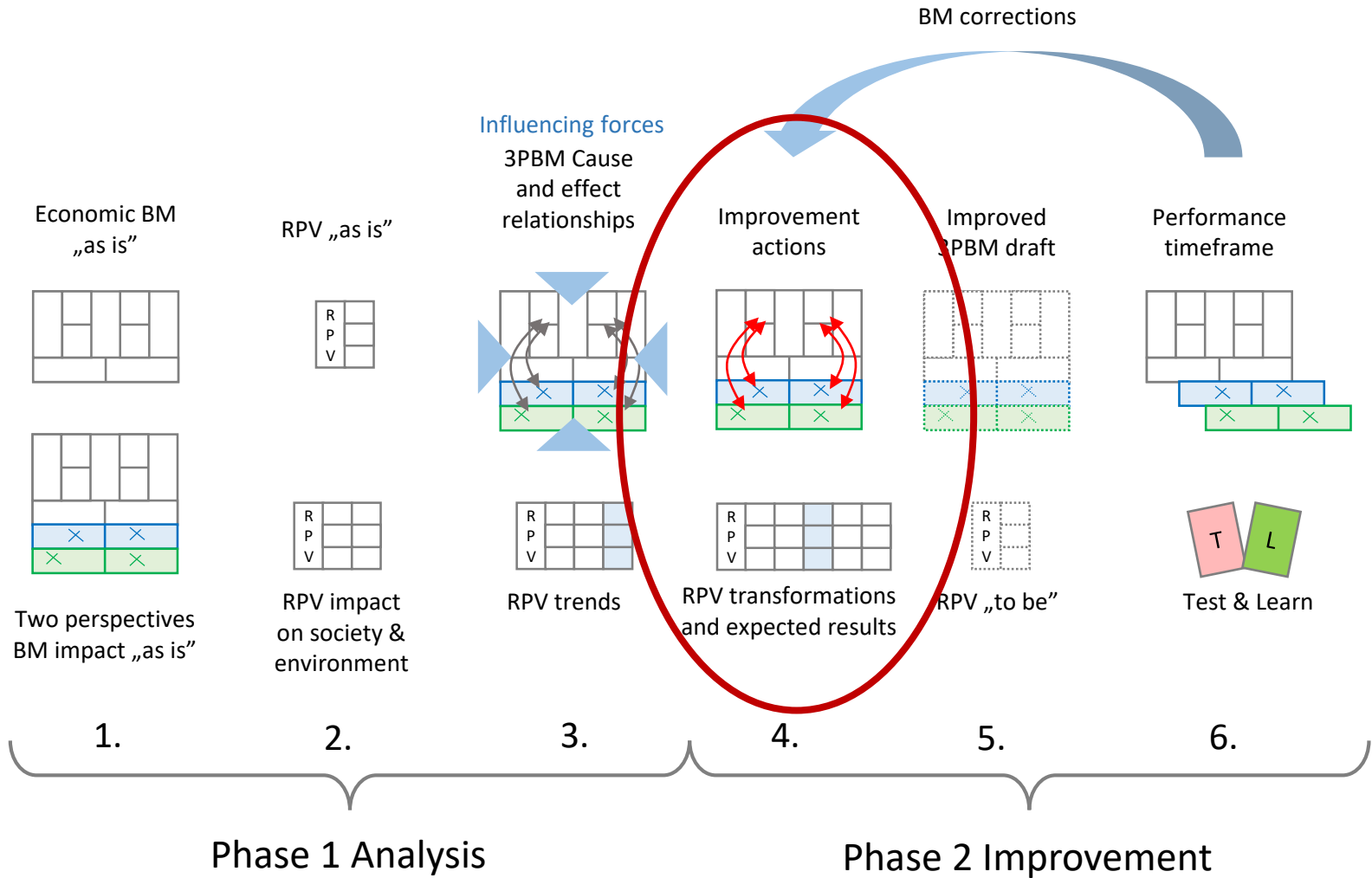
Influencing forces

# Rationale for forces and trends

Forces and trends affecting economic perspective?

Forces and trends affecting society perspective influencing economic performance?

Forces and trends affecting environmental perspective influencing economic performance?



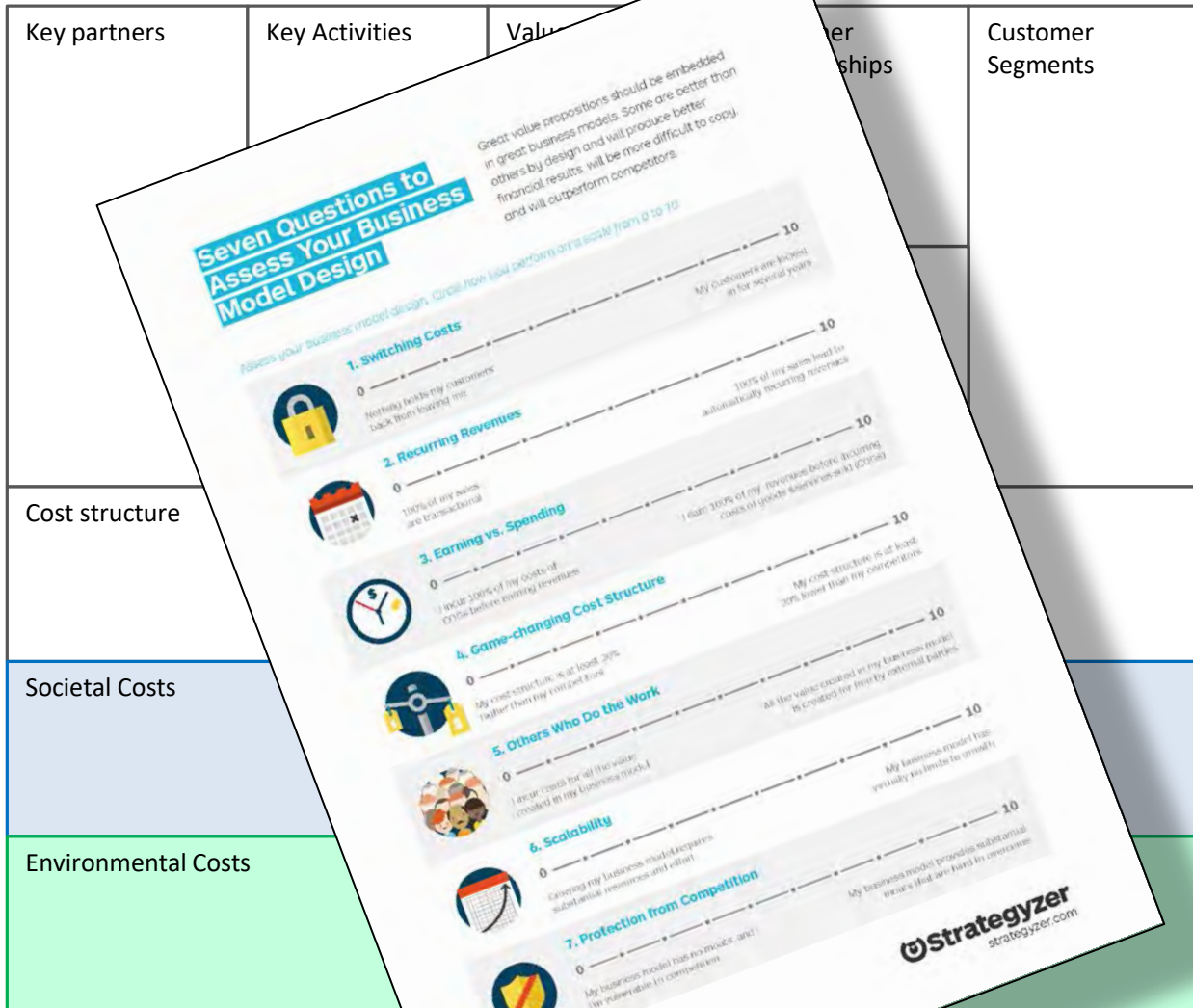
# Cause and effect relationships

## Speculate!

How BM/element change can improve society impact can improve economic impact?

How BM/element change can improve environmental impact can improve economic impact?

# 3-PBM patterns?





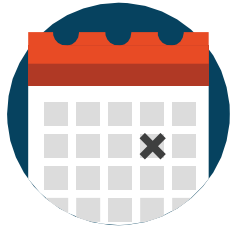
# Switching Costs



Nothing holds my customers back from leaving me

My customers are locked in for several years





# Recurring Revenues



100% of my sales  
are transactional

100% of my sales  
lead to automatically  
recurring revenues



# Earning vs. Spending

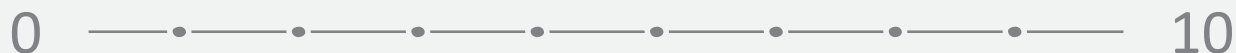


I incur 100% of my costs of COGs before earning revenues

I earn 100% of my revenues before incurring costs of goods & services sold (COGs)



# Game-changing Cost Structure



My cost structure is  
at least 30% higher  
than my competitors

My cost structure is  
at least 30% lower  
than my competitors

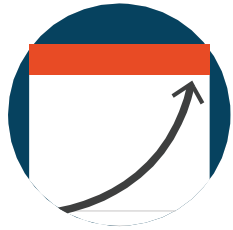


# Others Who Do the Work



I incur costs for all the value created in my business model

All the value created in my business model is created for free by external parties



# Scalability



Growing my business model requires substantial resources and effort

My business model has virtually no limits to growth

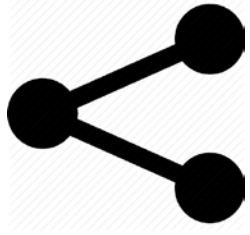


# Protection from Competition



My business model has no armor & moats, and I'm vulnerable to competition.

My business model provides substantial armor & moats that are hard to overcome

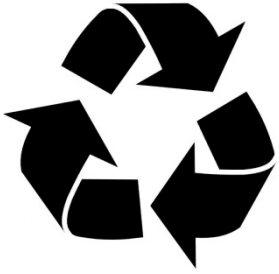


# Shared use of resources



My business model use  
own resources

My business model  
use someone else's  
resources



# Reuse and recycle



My business model do  
not recycle/reuse

My business model do  
not create any waste





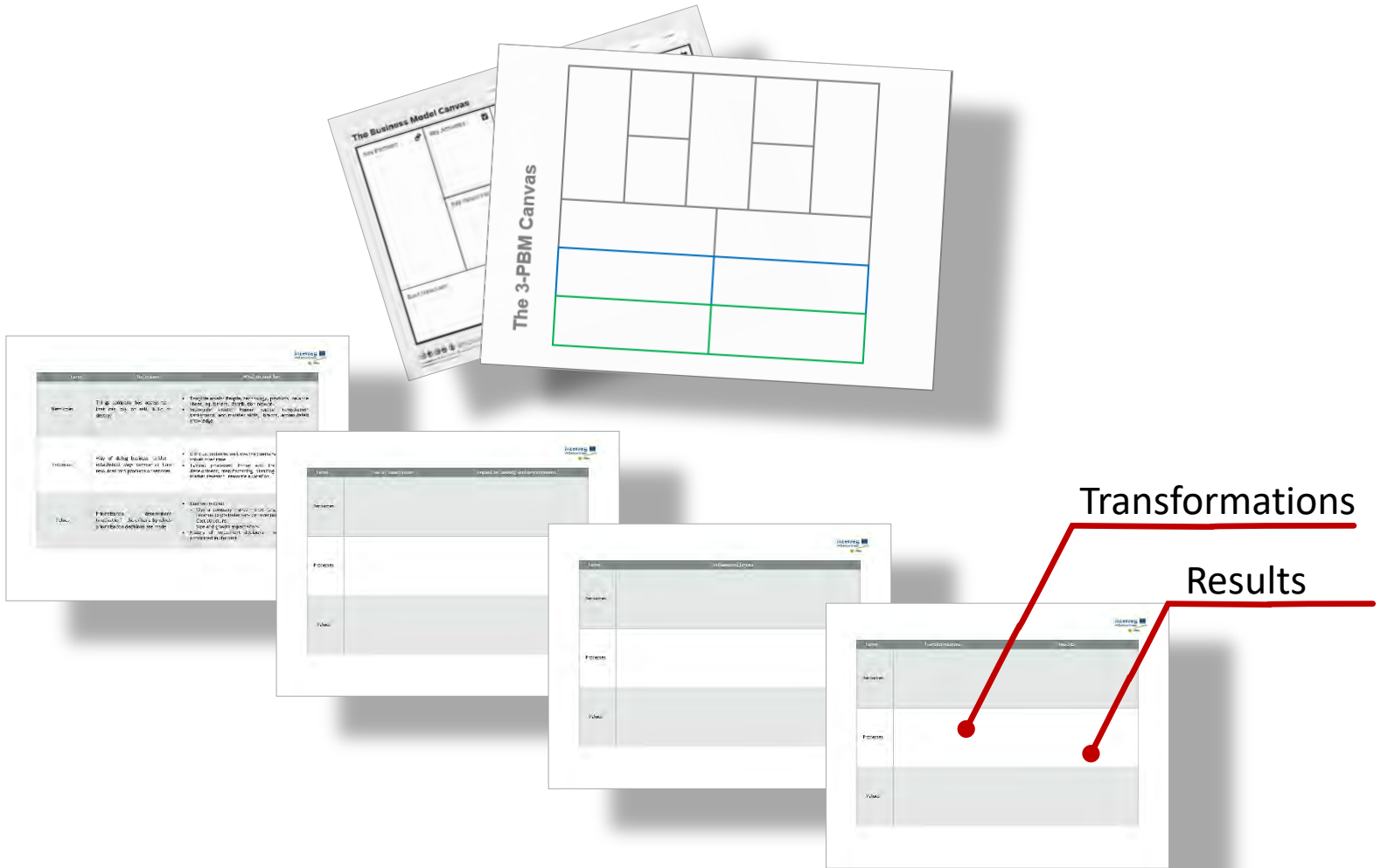
# Crowd&community gains



My business model is indifferent to society

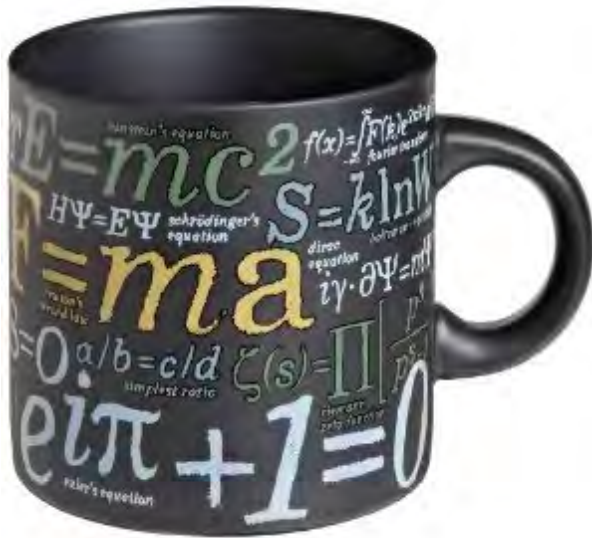
My business model create value for community and is crowd based

# 3-PBM key forms





Discussion



Thank you.

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