**Stage 2 Business Innovation**

**Assessment Type 2: Business Model**

**Weighting: 30%**

**Purpose**

This task enables you to demonstrate you understanding of:

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| * Innovation
* Decision Making and Project Management
 | * Financial Literacy and Information Management
* Global, Local and Digital Perspectives
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by working collaboratively to develop a viable business model accompanied by an individual evaluation of the overall model and your specific contribution to it.

**Task Description**

1. **Business Model**

For this task, you will be creating a Business Model, which you will further use in your external Business Plan & Pitch.

As part of this task, work collaboratively with stakeholders (business people etc) to develop a business model that represents the core aspects of a new or existing business. Your Business Model needs to address the key elements of the [Business Model Canvas](https://strategyzer.com/canvas/business-model-canvas).

It is comfortable to look at an existing business – but I want you to think about creating your own business model for a new business venture.

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| **Element** | **Description** |
| **Customer Segments & Value Proposition** | Who are the customers? What is the need being addressed and value delivered? |
| **Customer and stakeholder engagement and retention** | What physical and digital strategies does the business use to build and maintain relationships with customers and stakeholders? |
| **Distribution Channels** | How does the product or service reach the customer? |
| **Revenue streams** | How does the business earn money from delivering the value proposition? |
| **Key stakeholders**  | Who are the most important partners that can provide resources and perform key activities? |
| **Key resources**  | What resources are needed to create and deliver the value proposition? |
| **Key activities**  | What are the core activities performed to create and deliver the value proposition? |

In addition to the points above, your business model needs to be supported by appropriate supporting documents including:

|  |  |  |
| --- | --- | --- |
| * Lean Validation Board
 | * Value Proposition Canvas
 | * Customer Archetypes
* Any other documents
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| * Market Analysis
 | * Get/Keep/Grow Cycle
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1. **Portfolio**

During the development of the business model, you will need to maintain an individual portfolio that includes evidence of:

* The decision-making and project management tools and strategies that you used to develop the business model.
* Your use of business intelligence to develop the business model.
* The pivots that you made in response to validated and invalidated assumptions.
* The different tools and strategies that you used to collaborate with your team members and other stakeholders.
* Peer and self-assessment of your contribution to the effective functioning of the team.

You must submit this as a separate document. This does not go in to an appendix. Anything you refer to in the evaluation can be integrated into this.

**Assessment**

**Business Model Evaluation:**

On completion of the development of your business model and completion of your individual portfolio of evidence, you develop and present an individual evaluation of the business model. This evaluation should incorporate evidence of the development of the business model such as photographs, video clips, reflective podcasts and provide commentary on:

* the effectiveness of the decision-making and project management tools and strategies used to develop the Business Model
* risks and opportunities, including those posed by digital technologies, and recommendations to improve the business model

The business model evaluation may be presented in multimodal, oral, or written form. It should include reference to your portfolio artefacts and BMC

**Assessment Conditions**

**Format:**

Presentation on a website platform; PDF; Word document; PowerPoint

**Word Count:**

A maximum of 12 minutes if oral, 2000 words if written, or the equivalent if multimodal.

**Submission:**

Submission will be to SOCS.

**Assessment Design Criteria**

**Contextual Application**

CA1 Contextual application of decision-making and project management tools and strategies

CA2 Create and apply business intelligence to iteratively develop business models and plans

CA3 Contextual application of communication and/or collaborative skills.

**Analysis and Evaluation**

AE1 Evaluate business models and plans

AE2 Analyse and evaluate opportunities and challenges for business in the digital age

AE3 Analyse and evaluate social, economic, environmental, and/or ethical impacts of global and local business.

|  | **Finding and Solving Problems** | Contextual Application | Analysis and Evaluation |
| --- | --- | --- | --- |
| A | Insightful identification and exploration of problems and/or needs using customer-focused approachesHighly creative generation of innovative and viable solutions to problems and/or needs using customer-focused approaches | Perceptive and highly effective contextual application of decision-making and project management tools and strategiesAstute and highly strategic creation and application of business intelligence to iteratively develop business models and plansAstute and perceptive contextual application of communication and/or collaborative skills. | Discerning evaluation of business models and plansCritical analysis and perceptive evaluation of opportunities and challenges for business in the digital ageInsightful analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business.  |
| B | Well-considered identification and exploration of problems and/or needs using customer-focused approachesCreative generation of viable solutions with some innovation to problems and/or needs using customer-focused approaches | Well-considered and mostly effective contextual application of decision-making, project management and change management tools and strategiesStrategic creation and application of business intelligence to iteratively develop business models and plansMostly perceptive contextual application of communication and/or collaborative skills. | Mostly discerning evaluation of business models and plansMostly critical analysis and evaluation of opportunities and challenges for business in the digital ageWell-considered analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business.  |
| C | Considered identification and exploration of problems and/or needs using customer-focused approachesMostly creative generation of viable solutions to problems and/or needs using customer-focused approaches | Considered contextual application of decision-making, project management and change management tools and strategiesCompetent creation and application of business intelligence to iteratively develop business models and plans Effective contextual application of communication and/or collaborative skills. | Considered evaluation of business models and plansSome critical analysis and evaluation of opportunities and challenges for business in the digital ageConsidered analysis and evaluation of social, economic, environmental, and/or ethical impacts of global and local business.  |
| D | Some identification and exploration of problems and/or needs using customer-focused approachesSome generation of solutions to problems and/or needs using customer-focused approaches | Some application of decision-making, project management and change management tools and strategiesSome creation and application of business intelligence to iteratively develop business models and plansSome contextual application of communication and/or collaborative skills.  | Some analysis and description of business models and plansSome analysis and description of opportunities and challenges for business in the digital ageSome analysis and description of social, economic, environmental, and/or ethical impacts of global and local business.  |
| E | Attempted identification and exploration of problems and/or needs using customer-focused approachesAttempted generation of solutions to problems and/or needs using customer-focused approaches | Attempted application of decision-making, project management and change management tools and strategiesAttempted creation and application of business intelligence to iteratively develop business models and plansAttempted application of communication and/or collaborative skills. | Attempted description of business models and plansDescription of opportunities and challenges for business in the digital ageDescription of social, economic, environmental, and/or ethical impacts of global and local business.  |

**Extra Guidelines – Task Process**

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| You will use the same business for your business model as for your business plan. So be prepared to work with your chosen business for the next term and a half.  |  |
| Start by creating your BMC with secondary research.  |  |
| Decide upon project management tools and business intelligence you will use to gather primary market research to complete filling in your BMC. You should be using multiple project management tools and business intelligence documents.**Remember, this task is worth 30% overall and should reflect significant depth.**  |  |
| All project management tools and business intelligence documents will form part of your portfolio. You will refer to these throughout your evaluation and evaluate their effectiveness (or lack thereof). You must also refer to collaboration with people! |  |
| The Business Model Evaluation is a maximum of 2000 words and is much like the research project. We are looking for quality over quantity, and it means you must be critical with what you choose to evaluate. We will be breaking down the evaluation into 3 sections1. AE12. AE23. AE3Each will be Approx 700 words total!You will integrate CA1, CA2, CA3 into each paragraph.  |  |
| **AE1 Evaluate business models + CA1, CA2, CA3**In this section, you will need to select 2-3 sections of the business model that you would like to evaluate. Think about:What was effective in my BM? Why is this so? Was there a process that was less effective? Why? What impact did this have on any other aspect of my BM?For example:*Interviewing parents from X College, as developed in business intelligence, was the most effective process in providing a detailed value proposition segment within the Business Model. As parents are considered one of the most important customers to the business, it was crucial that I understood the driving factors behind why they chose to send their child to X. One parent said that ‘X provides opportunities to students that other schools do not’, with another parent going further saying ‘the Cambodia trip was a defining reason to sending my child to X as it taught them service to others’ (as shown in figure 1 \*\*a project management tool). This reflects that the value proposition of academic schooling is not the only factor customers are led to X College, but that providing opportunities to grow within oneself, was a crucial value proposition. The interview further highlighted channels that were not previously thought of, and therefore, became an invaluable process to further link value proposition with customer gains and pains…***DATA > ANALYSIS > INSIGHTS > EFFECTIVENESS** Customer Interviews (Customer Interviews, Appendix 1) were carried out to identify a customer problem across two different segments, which were A and B. Data was collected in the form of key words and was charted onto Empathy Maps (Empathy Map: A, Appendix 2).  The key words indicated that A often felt \_\_\_\_ and had observed other A’s saying \_\_\_\_\_\_. A common identified was \_\_\_\_\_\_. This showed that there was a need for \_\_\_\_\_.  The identified needs led to us being able to develop “How Might We” questions (Questions, Appendix 3), which provided a clearer picture of what the value proposition design would look like. Interviews and empathy maps were effective to start with, as they allowed the team to identify and define potential problems that we could solve. They could have been made more effective if we targeted similar segments from competitors or added a third segment to interview.  |  |
| **AE2 Analyse and evaluate opportunities and challenges for business in the digital age + CA1, CA2, CA3**It is important in this section that you refer to business intelligence and/or project management tools e.g. a SWOT, six thinking hats or PESTLE could be a visual for your risks and opportunities. Select 2-3 challenges and/or opportunities the business faces in the **digital age**. They must relate to the **digital age!****You may have completed some of these for your business plan & pitch, but never refer to your plan. If you did not create any, you will need to for this assessment.** For example:*Interestingly, one of the biggest opportunities for X College to survive in the digital age has arisen from a significantly unexpected threat. Covid-19 meant that the business needed to pivot quickly and create an online learning model to keep its core value proposition of education alive. As reflected in the SWOT analysis, the opportunity of moving to a more online model was achieved and shows that should the emphasis of online learning for schools increase, which schools like X can adapt well. However, the challenge for X in the digital age could be loss of revenue. One interviewed parent stated that a reduction on fees should occur for online learning as face-to-face teaching provides a different experience to online….*Risk Type > Connection to Business Model > Potential Solution Opportunity Type > Connection to Business Model > Potential Benefits A financial risk that emerged when developing the Business Model was the break-even analysis. The business needed a high amount of funds to get started meaning the cost structure was heavy as multiple activities, resources and partners were needed to deliver the value proposition (SWOT Analysis, Appendix 4). This solution could be fixed by lowering the one-off costs involved with purchasing \_\_\_\_ and outsourcing this to a key partner instead. A potential partner might be \_\_\_\_.  |  |
| **AE3 Analyse and evaluate social, economic, environmental, and/or ethical impacts of global and local business + CA1, CA2, CA3**For this section, you will need to have conducted analyses such as the STEEP, MOST, 5 forces, PESTLE or any other tools that evaluates social, economic and environmental factors impacting the business. It is not enough to just tell me what these factors are, you must also evaluate them.What are the social impacts of the business e.g. relationships with stakeholders, customers, partners etc and how do these impact upon the business?What are the economic impacts on the business e.g. COVID-19 closures and how do these impact the business e.g. loss of employees, suppliers etc?What are the environmental impacts on the business e.g. bushfires? Climate change? Food supply? Inflation? Is there a way that your business can reduce energy, water, waste and help save money and the environment? Evaluate if this is achievable for the business.Evaluate \_? weighting – which factor has the most. least impact – time frame, long term short termIs there any overlap – interrelated impact – is the source of the effect impacting the internal or external environment in which the business operates – to what extent does the business have direct or indirect control over the impacts?What recommendations do you have to improve the business?The business model is completed and (hypothetically) ready to go. This is where you can discuss what you would change, why you would change it, and your recommendation to the business. Outline two recommendations. Issue > Reason > Recommendation > Desired outcome The value proposition currently targets too many customer segments. If it targeted less segments, it could focus on features that appeal to them more. By appealing to just one segment rather than three, there is potentially to increase revenue streams from one type of customer. This could be achieved by altering the current customer relationships, focusing instead on methods that will acquire and retain customers from this demographic. By boosting revenue from one segment rather than three smaller segments, advertising costs to diverse demographics could be decreased, lowering the cost structure of the business. This would also lead to fewer key activities, resources and partners, saving further costs.  |  |
| Reference ListNO APPENDICES – Anything you discuss, must be integrated into the evaluation |  |

