

Business Strategy Canvas

Long-Term	Companies Guiding Statement Mission, Vision, Company Values				
	Long-term Stakeholder Value Creation Goal State The Goal				
	Top 3 Strategic Priorities List the top 3 priorities to achieving the goal				
Financial	Cost Improvement		Revenue Improvement		
	Improve Cost Structure What are you doing to reduce costs?	Increase Asset Utilization What are you doing to get more out of your assets?	Expand Revenue Opportunities What are you doing to expand revenue streams?	Enhance Customer Value What are you doing to increase value recieved?	
Customers	Product Performance What are you doing to improve product performance?	Product Customization What are you doing to improve product customization?	Customer Convenience What are you doing to improve product convenience?	Customer Intimacy How are you improving intimacy?	Brand Image What are you doing for brand image?
	Operations Processes What are you doing to improve your processes and efficiency?	Sales Process What are you doing to improve your sales process?	Innovation What are you doing to improve your innovation process?	Customer Management What are you doing to improve your customer management process?	
Learning & Growth	Culture What are you doing to improve the culture of the company?	Technology What are you doing to improve your technology?	Training What are you doing to train your staff?	Leadership What are you doing to improve your leadership?	

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Business Model Canvas - Current State

Key Allies

Who are your key allies and what do you acquire from them?

Key Resources

What are the key resources to delivering your value proposition?

Key Competitors

Who are our key competitors?

Strengths vs Competitors

What are our strengths vs each competitor?

Weakness vs Competitors

What are our weaknesses vs each competitor?

Key Suppliers

Who are your key suppliers and what do you acquire from them?

Key Activities

What activities does your value propositions require?

Value Propositions

What value do you offer, what problem do you solve for your customers?
Why do industry non-customer not buy?

Customer Relationships

What types of relationships does your product establish?

Customer Segments

Who are our most important customers?

Cost Structure

Which activities cost the most?
Which resources cost the most?
Key fixed costs?
Key Variable Costs?
Economies of scale or scope?

Revenue Streams

List all revenue streams here with % of revenue?

Revenue Model

State revenue model for each revenue stream?

Pricing Model

State pricing model for each revenue stream?

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Business Model Canvas - Desired State

Key Allies

Who are your key allies and what do you acquire from them?

Key Resources

What are the key resources to delivering your value proposition?

Key Competitors

Who are our key competitors?

Strengths vs Competitors

What are our strengths vs each competitor?

Weakness vs Competitors

What are our weaknesses vs each competitor?

Key Suppliers

Who are your key suppliers and what do you acquire from them?

Key Activities

What activities does your value propositions require?

Value Propositions

What value do you offer, what problem do you solve for your customers?

Customer Relationships

What types of relationships does your product establish?

Customer Segments

Who are our most important customers?

Cost Structure

Which activities cost the most?
Which resources cost the most?
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Economies of scale or scope?

Revenue Streams

List all revenue streams here with % of revenue?

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Business Model Canvas Ideas

Key Allies For Resources For Activities For Efficiency For Risk Reduction For Customers	Key Resources Physical Intellectual Human Financial	Key Competitors Direct In-Direct Substitutes Potential	Strengths vs Competitors Quality Service Price Technology Distribution	Weakness vs Competitors Quality Service Price Technology Distribution
Key Suppliers For Resources For Activities For Efficiency For Tools	Key Activities Production Problem Solving Offering A Platform Building A Network	Value Propositions Newness Performance Customization Executing Brand/Status/Image Price Increase Cost Reduction Risk Reduction Convenience	Customer Relationships What types of relationships does your product establish?	Customer Segments Mass Market Niche Market Related Markets Diversified Markets Buyer & Seller Platform
Cost Structure Cost Driven (Low Price Proposition) Value Driven (High Value Proposition)		Revenue Streams One Time Recurring	Revenue Model Asset Sales Usage Fee Subscription Fee Leasing/Rent Licensing Brokerage Fees	Pricing Model List Price Feature Dependent By Segment Volume Dependent Negotiated Commission Real-time-bidding

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Product Strategy Canvas

	Industry	Our Business Current	Our Business Future	
	Cable TV	Netflix	Netflix	
Action	Score	Score	Score	Factors
1 - Eliminate	8	0	0	Commercials
1 - Eliminate	10	0	0	Installation Process
2 - Reduce	6	1	1	Price
2 - Reduce	5	1	3	Tech Support Staff
2 - Reduce	9	3	1	Sign-up Process Complexity
3 - Raise	2	4	8	Parental Content Filtering
3 - Raise	2	5	9	Movie Selection
3 - Raise	3	8	10	Devices Can Watch On
4 - Create	0	10	10	Ability To View Full Seasons
4 - Create	0	9	10	Ability To Watch From Any Location

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Blue Ocean Product Strategy Instructions

Executive Summary

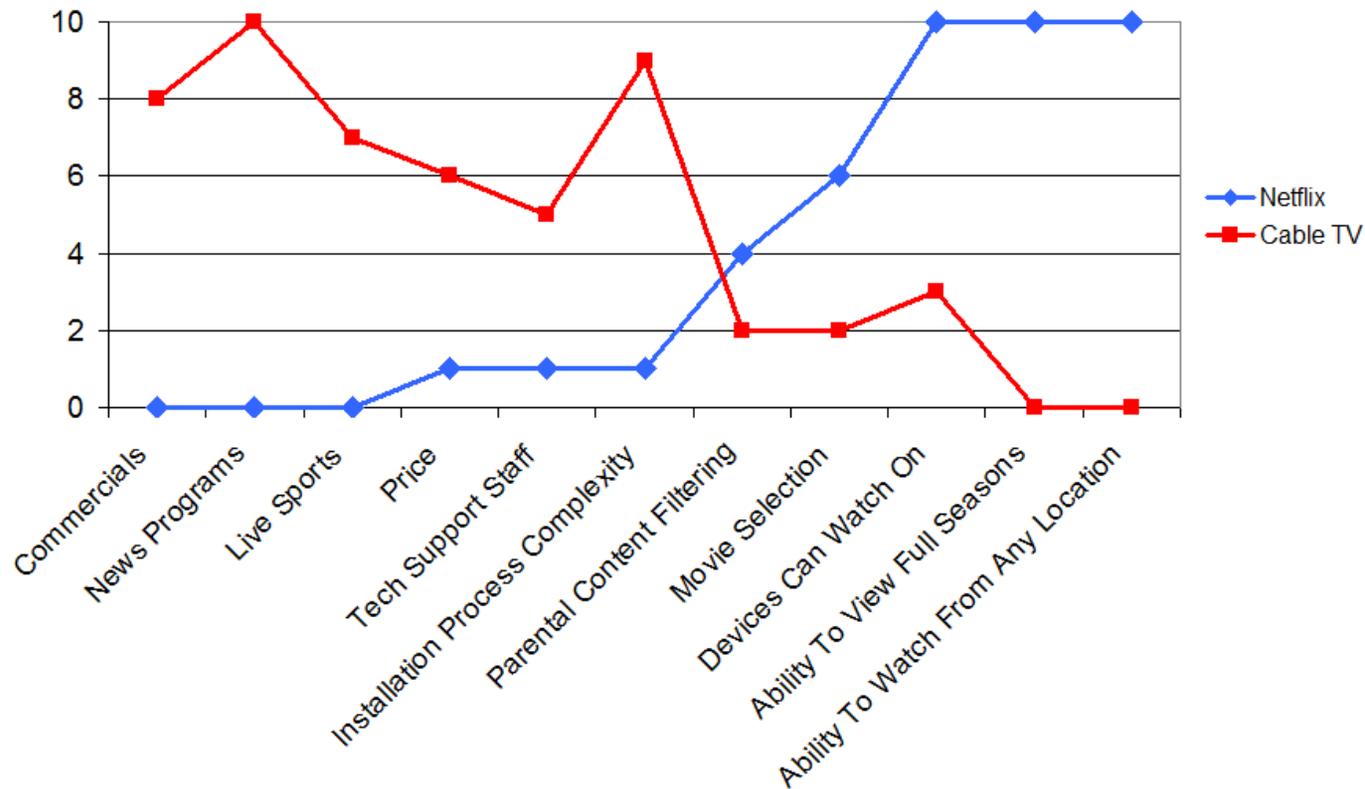
- companies should look to create new demand in uncontested market space (blue oceans) instead of competing head to head in an existing industry (red oceans)
- the strategy canvas is a tool that you can use to find a blue ocean for your business
- when creating the strategy canvas you should look to eliminate or reduce things customers place little to no value on, raise factors that customers value highly, add new factors that customers would want but are currently not offered by the market
- 6 ideas to help come up with ideas to for what factors to look at, add, raise, reduce or remove are to review alternative industries, the strategic buying groups within your industry, look at who is all involved in the buying chain, look at complimentary products, look at what functionally and emotionally appeals to buyers, and look across time

The Strategy Canvas

The strategy canvas outlined in the book is basically a tool to visually show how a company will or has created a blue ocean strategy. It is used to plot how the current competitors compete in a market space, what factors they compete on and how your company and the competition scores on each key factor. It is also used to show how a company can change its focus to separate itself from the competition and attract non customers currently to the industry to become customers.

It is a basic line chart with the competing factors along the x-axis and the offering level along the y-axis. See the chart below for an example. The example below shows how Netflix has created a Blue Ocean for them selves in the television program service market.

[Click Here To Enlarge Image](#)



Eliminate-Reduce-Raise-Create

Eliminate Factors Taken For Granted

In this section the authors say you want to look at what features the market assumes will be part of the product/service that are not necessary and do not deliver a lot of value. A good example here is that Cirque du Soleil took out animals in their circus service offering because they were targeting adults, which animals performances are not important to creating entertainment for adults (animals at circuses are mostly for the kids). By removing items from the service you can reduce cost. In the example of Cirque du Soleil they have reduced a large amount of costs of keeping, maintaining and transporting the animals.

Reduce Factors Below The Current Standard

In this step the book says you want to look to reduce features well below the industry standard to reduce cost that are still required by the market but not to the degree they are currently offered at. A great example of this is the Nintendo Wii, where they reduce the graphic processing power well below the other products on the market because for their target market (children and the elderly), top notch graphics are not important the satisfaction level of game play. Below average graphic processing with caricature images is much more appealing to that target.

Raise Factors That Are Currently Not Meeting Market Desires

In this step the book suggests that you want to raise factors well above the industry standard to remove compromises the existing options force customers to make. Apple is a great example of this as with the iPod they made it easier to have all your music on your computer and easily move it to your iPod if you wanted to take it on the go. All of the other options to do this at the time were very cumbersome to do this.

Create Factors Never Before Offered

In this step the authors say to operate in a blue ocean, companies should look to create features that have never been offered before that would add value. A great example of this the Cirque du Soleil which added dance, songs and an original music score to the traditional circus. As a result this added value for adult women, which was part of their new target.

The 6 Boundaries Of Competition

The book suggests that to come up with ideas for how to construct a compelling strategy canvas you should look at 6 different areas.

1. Look Across Alternative Industries

The book suggests to that to reconstruct market boundaries you should look at what alternative industries buyers choose to purchase from and why they choose to purchase from them. These alternative industries are substitutes. For example instead of buying a dish washer they may choose to purchase soap and a dish washing tray. The book suggest focusing on what causes buyers to switch between substitutes and reduce or eliminate everything else.

2. Look Across Strategic Groups Within Industries

The second boundary that should be analyzed is within an industry what are the different strategic buyer groups. They define the strategic buyer groups as products/services within an industry that pursue a similar strategy and compete to offer the same level of price and performance. For example a within the airfare market there would be the luxury airline travel, business level airline travel and economy airline travel. The book then suggests that you look to understand what factors (not related to price) cause people to trade up or down on the price/premium spectrum. By focusing on things that are not related to price you can understand what features to focus on for your product or service to get people to pay more for your product/service and maximize profits.

3. Look Across the Chain of Buyers

Look at who is all involved in the buying process and see if there is someone in the group that makes sense to focus on that the rest of the market is not. For example in the buying process there can be purchasers, end users, advisers and market influencers. Usually the market and all competitors in a market focus on one step of the buying chain that it has historically targeted. For example the pharmaceutical industry has historically targeted doctors. Picking a different buyer group than the rest of the market can lead to a blue ocean strategy. For example Aweber in the email marketing industry has focused its marketing on the market influencer (bloggers and affiliate marketers) by offering an affiliate program that offers commissions to those that promote their company. As a result Aweber has a leading market share at 38% of the market (Source)

4. Look Across Complementary Product and Service Offerings

The book says that most products or services require other products or services to be effective. Very rarely is any product or service used in a vacuum but they are other products used that affect their value. The book says that by looking at what happens, before, during and after the use of the products and offering these additional services with the primary product being sold to create a blue ocean. The example the book gives is that to go to the movies people also need get a babysitter. So movie theaters would have a blue ocean by offering both baby sitting services and the movie production. The book also gives the example of Barnes & Noble that started combining books and a comfy place to read books with warm drinks (cozy coffee cafes in the book store). As a result of this strategy they became the 2nd biggest book store chain in the US in 6 years.

5. Look Across Functional or Emotional Appeal to Buyers

The book suggests that markets choose to usually focus on either the emotional or functional appeal to buyers when marketing its products. There may be a blue ocean by taking an approach opposite of the rest of the industry. Often emotional markets have extras that add cost but not benefit, and in the functional markets the products are usually seen as commodities and can warrant higher prices by adding emotion. The book gives the example of swatch which took a functional market and went emotional by making it an emotional status symbol in the budget driven watch market. It also gives the example of the body shop that focused on functional appeal in cosmetic industry that is historically emotionally focused.

6. Look Across Time

This step involves looking at trends and capitalizing on them. The book says changing your product or service to line up with a trend can lead to a blue ocean. When doing this you just need to ensure that the trend is decisive to the business, irreversible and have a clear trajectory. The book gives the example of Apple in 2003 launching iTunes to take advantage of the trend of people downloading music on the internet, when everyone else was focused on selling CDs or devices that could play CDs. The key the books says is to focus on trends that are already happening and very present, not trying to predict the future and guess what trends will happen. For example when Apple launched iTunes downloading music from the internet was already very prominent.

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Blue Ocean Strategy ROI

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