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## Never heard of a business model? It may be your secret sauce ...

As one of the key leaders in your business, regardless of your role, it's important to understand the value of a strong business model. A business model defines how your company generates revenue, creates and delivers value, and maintains a sustainable competitive advantage. In this blog post, we'll share how you can improve your business model and why it matters to your competitive strategy.

### Why Business Models Matter to Competitive Strategy

A business model defines “where to play” and “how to win”. In today's competitive business landscape, it's essential to have a well-defined and robust business model that aligns with your overall strategy. A strong business model can help you achieve the following:

1. **Differentiation:** A unique business model can help your company stand out from the competition and attract more customers.
2. **Innovation:** A strong business model can encourage innovation within your organisation and help you stay ahead of the competition.
3. **Growth:** An effective business model can help you expand your customer base and increase revenue.
4. **Cost Control:** A well-structured business model can help you control costs and improve profitability.

### How to Improve Your Business Model

#### 1. Understand Your Customers

The first step in improving your business model is to understand your customers' needs. You can do this by conducting market research, analysing customer data, and gathering feedback from your existing customers. This information will help you identify areas where you can improve your product or service to better meet your customers' needs. This will also help you build brand equity.

#### 2. Define Your Value Proposition

Your value proposition is the unique benefit that your product or service provides to your customers. It's essential to have a clear and compelling value proposition that sets you apart from the competition. Communicating your value proposition throughout all aspects of your business, including marketing, sales, culture and customer service will help you drive brand awareness and lower your cost of acquisition.

#### 3. Evaluate Your Revenue Streams

Reviewing your current revenue streams and evaluating these against forecast demand is an important step

before you explore new opportunities for growth. Growth opportunities include expanding into new markets, introducing new products or services, or developing new pricing strategies. Strong business models describe future revenue streams and step out a plan to achieve these.

#### 4. Streamline Your Operations

A streamlined and efficient operation can be critical to the success of your business model. You can achieve this by identifying and eliminating any inefficiencies in your processes and systems. This will not only help you reduce costs but also improve the quality of your product or service. Ultimately, success of your business model depends on great people and a strong and streamlined operating model. (Link this to Operating Model article and People article.)

#### 5. Build Strategic Channels to Market

Strategic channels to market can help you expand your reach and access new markets. When you have better market access than your competitors, you gain a competitive edge. Start by identifying potential channel partners who share your values and can help you achieve your business goals. This could include suppliers, distributors, or other companies in complementary industries who serve your customer too.

#### Making it happen:

A small boutique clothing store improved its business model by understanding its customers' preferences for unique and personalised fashion items. The business defined its value proposition as offering high-quality, one-of-a-kind clothing items that were not available in larger retail stores, to over 50s women in affluent suburbs. After evaluating their revenue streams, the business trialled fitting and stylist services, post-purchase tailoring services and seasonal champagne events for loyal customers. After market research on customer demand they decided to trial a second pop-up store and added a member-only online shopping channel. The business then reviewed its operating model and saw gaps lined up against the business model. They invested in sales and service roles and integrated their backend digital processes to focus effort more fully on customer service. Finally, in setting up exclusive partnerships with

local designers and boutique fashion labels, the business generated revenue growth from unique clothing and home items, aligned to their brand, that customers loved.