



9 Conversations

Tell the story of your new business

SESSION GUIDANCE NOTES

Step 7: Costs and income

Guiding questions

What will be my costs?

What will be my revenue streams?

Objectives

The main aim of this session is to fill in the BMC sectors on costs and income streams.

Aims

- Be able to describe my costs (one-off, fixed and recurring)
- Be able to explain what types of revenue I will have
- Be able to explain how all the BMC sectors interact
- Be able to present or critique the BMC of two participants

Agenda in minutes

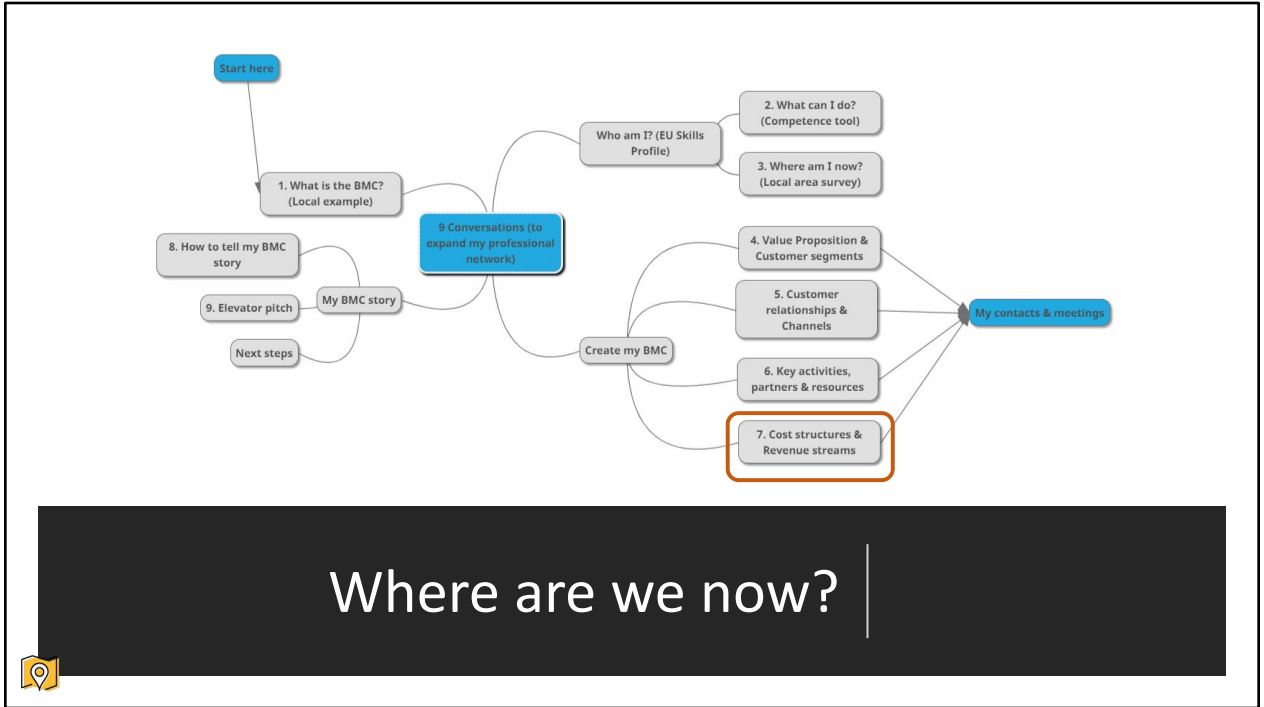
Where we are now	5	Contacts and meetings	10
Expectations	5	Wrap up (diary etc)	5
Cost structures	35		
Revenue streams	35		
Add these to BMC	15		
Review the BMC	10		



SESSION GUIDANCE NOTES

The group may decide to spend more time in some areas and less time on other areas.

The green highlight is the participant led discussion part of the session.



Where are we now?

SESSION GUIDANCE NOTES

5 minutes:

Confirm the 9-week programme using the diagram and offer flexibility of the steps.

Add expectations from last week here.

My contributions



A 3D white figure holding a blank white sign. The figure is standing and facing forward, holding the sign with both hands. The sign is rectangular and blank. The figure is positioned on the right side of the slide, next to the text 'Add expectations from last week here.' and below the title 'My contributions'. There is a small icon in the bottom left corner of the slide.

SESSION GUIDANCE NOTES

5 minutes

Preparation

Replace the image on the right with a copy of the expectations agreed by the group.

Activity

Remember your agreed expectations and contributions.

Are we on the right track to meet these?

Do the expectations need to be amended?

Cost structures

Cost structure

What are the most important costs involved in your business model? Which key resources are the most expensive?

Which key activities are the most expensive?

Is your business mostly...

Cost based

(lowest cost structure, low price VPC, maximum automation, much outsourcing)

OR

Value based

(focused on values, luxury VPC)?

Examples

Fixed costs (salaries, rent, production equipment)

Variable costs

Economies of scale (for larger quantities)

Synergy advantages (with broader reach)



SESSION GUIDANCE NOTES

35 minutes

Key slide

This is the time for each participant to think in detail about their expenses by answering the questions on the slide.

You can get more ideas from page 40-41 in the free sample of the Business Model Generation book preview

Income streams

What features are our customers really willing to pay for?

What do they pay for now?

How do they pay?

How do they prefer to pay?

How much does each income stream contribute to the total income?



SESSION GUIDANCE NOTES

35 minutes (together with next slide)

Key slide

This is the time for each participant to think deeply about what their customers are paying for and to explore unusual solutions such as renting rather than buying washing machines.

You can get more ideas from page 30-33 in the free sample of the Business Model Generation book preview

If there is time you could watch this video <https://youtu.be/pnKgFIEQxMc>

Income

Types

Sale of assets
Use fees
Subscriptions
Loan/hire/Leasing/ Licencing
Brokerage fees
Advertising income

Fixed prices?

List prices
Production process dependent
Customer segment dependent
Volume dependent

Dynamic pricing?

Negotiation
Income optimisation
Real time markets
Auctions



SESSION GUIDANCE NOTES

35 minutes (together with previous slide)

Key slide

Page 30-33 in the free sample of the Business Model Generation book preview

Business Model Canvas example



SESSION GUIDANCE NOTES

15 minutes

Preparation

Remember to replace the video with a local example.

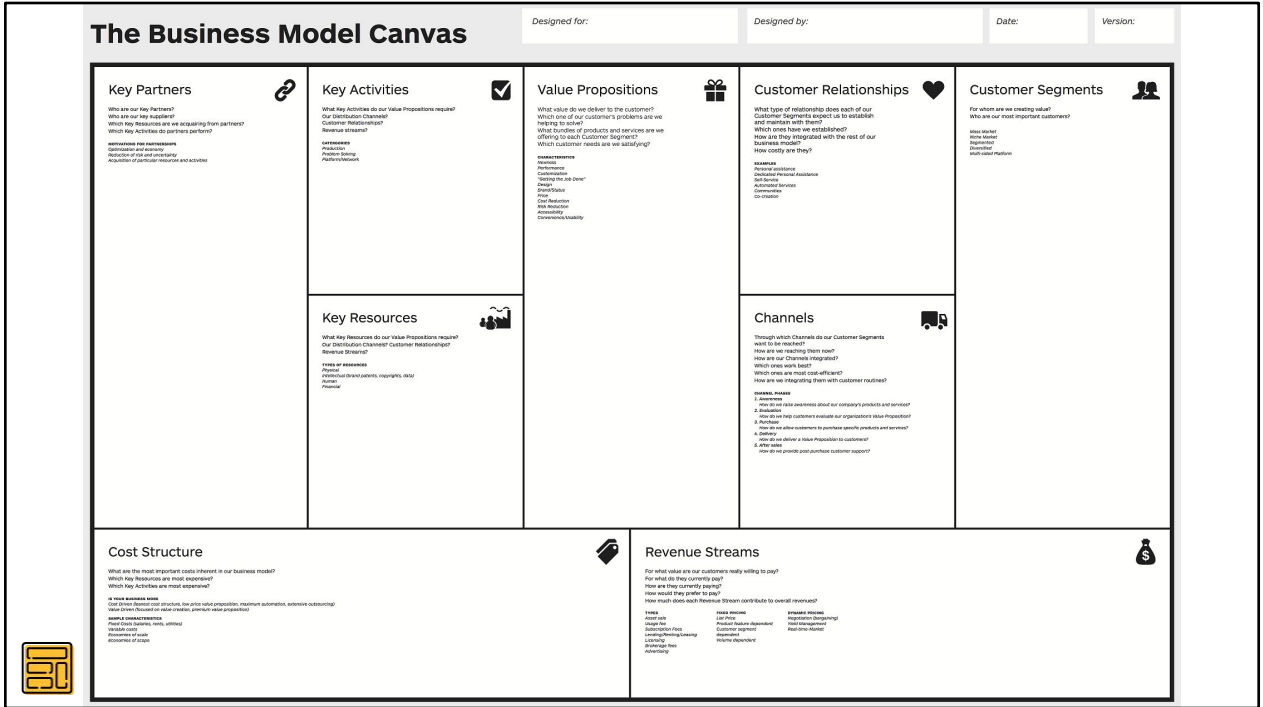
Activity

Can we add some post-its to a BMC template?

The video may not contain much detail but participants can speculate as to the costs and incomes involved in the case study.

Add ideas for cost structures and income streams to your BMC

Discuss with colleagues what you have added.



SESSION GUIDANCE NOTES

10 minutes

Review the experience of completing the BMC up to now.
Note links between the sectors.

Contact and meetings

- Meetings
- Email
- Phone



SESSION GUIDANCE NOTES

10 minutes

How are you going to find out more about your costs and income streams?

Share challenges in making contacts eg language challenges, cultural differences

Share advice on how to find useful information and how to make contacts

Report back on useful local sources of information, meetings or phone calls completed.

Standard prompts for expanding your network

Think about who might be able to help you add details to your BMC.

Time to talk about contacts and meetings that need to be set up before next week.

Talk about how to find out about relevant people and organisations to contact about your business idea.

Exchange ideas about how to find out about local information eg libraries, online portals and so on.

How will you keep records of who you have contacted and what the result was.

This is important to set up from the beginning.

More advice on networking here:

<https://www.popupbusinessschool.co.uk/popup-online-course/step-19-networking-making-connections-that-will-pay-off>

Report back on useful local sources of information, meetings or phone calls

completed.

Check that record keeping of contacts is working.

This is linked to the main 9 Conversations badge as participants must be able to document at least three new useful contacts in order to get the overall programme badge.



SESSION GUIDANCE NOTES

5 minutes

Quick round in the group using the prompt questions below.

You can also make your own notes about each session in your learning diary, at the bottom of this page or some other way.

Prompt questions

Describe something you learned in this session.

Describe something that puzzled you in this session.

Describe something that one of your group colleagues did or said that you found helpful.

Describe something you want to find out more about as a result of today's session.

How could the session be improved? Consider telling the facilitator.

What progress have you made on your personal BMC?

How are you meeting your SMART goal?

Future meetings

We will be meeting at [location, date and time]

- Date, location



SESSION GUIDANCE NOTES

Ensure you are clear on the details of the next meeting.
Share contact info?
Pool transport?

Get the Badge

To complete this step you must:

- add cost structure and revenue streams to your BMC template
- engage with the group either to describe their BMC in detail or to give feedback on someone else's BMC.
- add a reflective entry to the learning diary that addresses at least one of the prompt questions

Complete this step by posting to [link]



SESSION GUIDANCE NOTES

This is to be completed outside the session.
Facilitator collects evidence to support awarding the badge.

Info and links

- These slides

XXX

Available from the app

- Williams Skrædderi <https://youtu.be/GuVI4L2t-gE>
- Self-evaluation rubric <https://9conversations.no/self-evaluation/>
- Video on cost structure <https://www.coursera.org/lecture/business-model-canvas/cost-structure-presentation-wmm4l>
- Video on revenue streams <https://youtu.be/pnKqFIEQxMc>

Extra info

- First part of the Business Model Canvas book (see pages 30-32 and 40-42) <https://www.strategyzer.com/books/business-model-generation>
- <https://www.designabetterbusiness.tools/tools/business-model-canvas>
- 9 Conversations FAQ here <https://9conversations.no/faq-prototype/>



Take it further

Watch the video on why you have to be smart about costs and revenue streams.

Complete the badge for this session.

Add costs and income streams to your BMC in more detail.

Why do I have to be smart about costs and revenue streams?

- A start-up company will usually have "to little money!"
- It is important to get control over the costs.
- The costs coming from key activities are often the ones that should be prioritized on a tight budget.
- You will often discover or identify many of the costs if you look at the key resources, the key activities and the key partnerships.
- At least in the beginning, a start-up company should focus on only spending money on things that will increase sale and deliver the most important values to the customer.
- Will we sell or get more jobs in the minivan transportation company if we have a nice office in the city centre, drive a new car, have brand new computers and have business meetings at a fancy hotel?

MASTERING CONVERSATIONS



SESSION GUIDANCE

Participants wishing to achieve Level 2 certification should complete the following assignment in their e-portfolio.

Reflect on the most important VPs that you are going to give to the customer, what the costs are connected to each VP, and if the customers are willing to pay for it? Aim to write 300-750 words.

Video: <https://youtu.be/sxepXG9-REM>