

HACKTEX VIRTUAL TRAINING MATERIALS
VIRTUAL GUIDE ON ENTREPRENEURSHIP
Learning Unit 3
Lesson 1

Developing a business model

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Developing a business model. Part 1

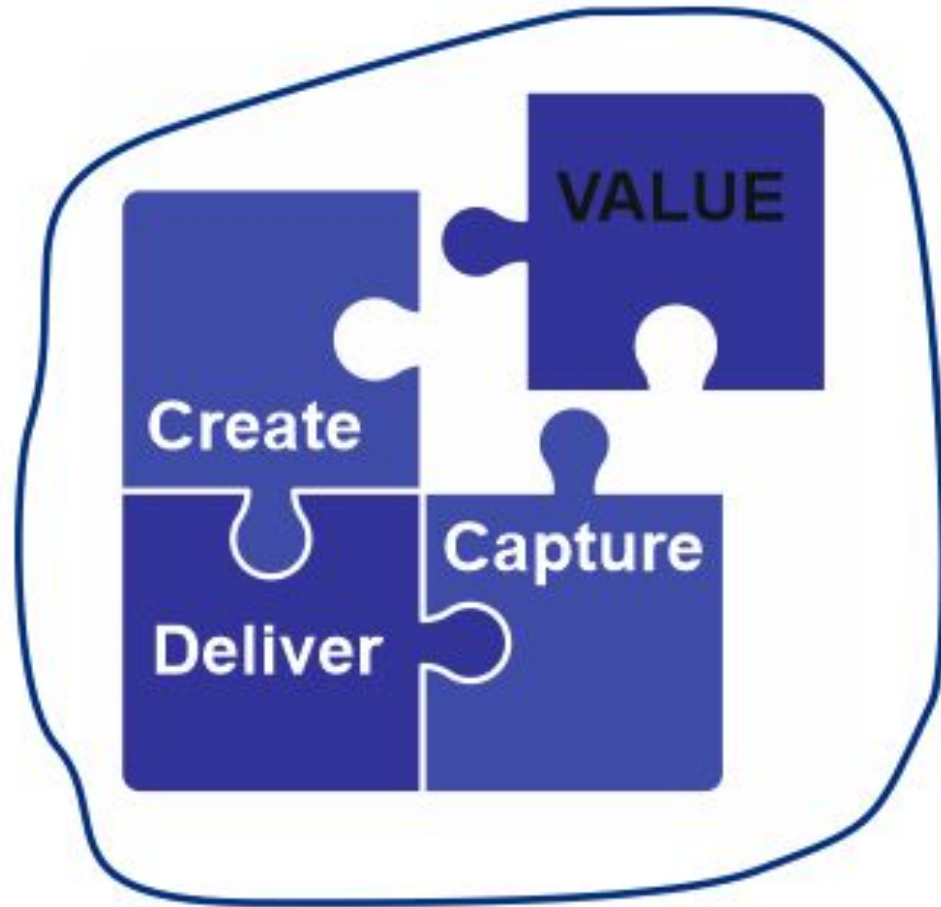
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Content

- 1. Business model definition and purpose**
- 2. Identifying the Problem or Opportunity**
- 3. Understanding the market and customers**

1. Business model - definition and purpose



Business model

Identify market problem
or opportunity

Understand the
customers' needs and
preferences

Develop a strategy

Significance of a well-defined business model

1. Clarity of Direction

- understand the purpose and goals of the business
- align efforts accordingly

2. Identifying Target Customers

- identify the specific customer segments
- tailor its products or services to meet demands

3. Value Proposition

- sets the company apart from its competitors
- forms the basis of the marketing and sales strategies

4. Revenue Generation

- setting appropriate pricing strategies
- identifying potential upselling or cross-selling opportunities

Significance of a well-defined business model

5. Resource Allocation

- identify the key resources required to deliver the value proposition
- allocate resources optimally

6. Risk Assessment

- helps the company develop contingency plans and mitigation strategies

7. Scalability and Growth

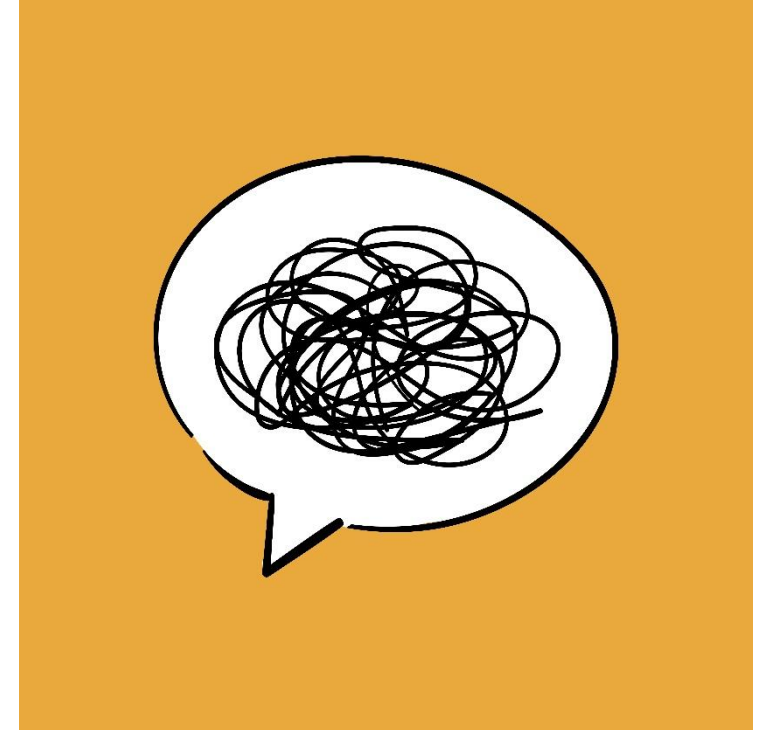
- scalable business model facilitates sustainable growth and maximizes opportunities in the market

8. Decision Making

- helps evaluate different options and assess their alignment with the overall business strategy

2. Identifying the Problem

- Identify a problem that can serve as the catalyst for a strong and profitable opportunity.
- If your product or service does not solve a problem and create value for your customers, you won't have any success.

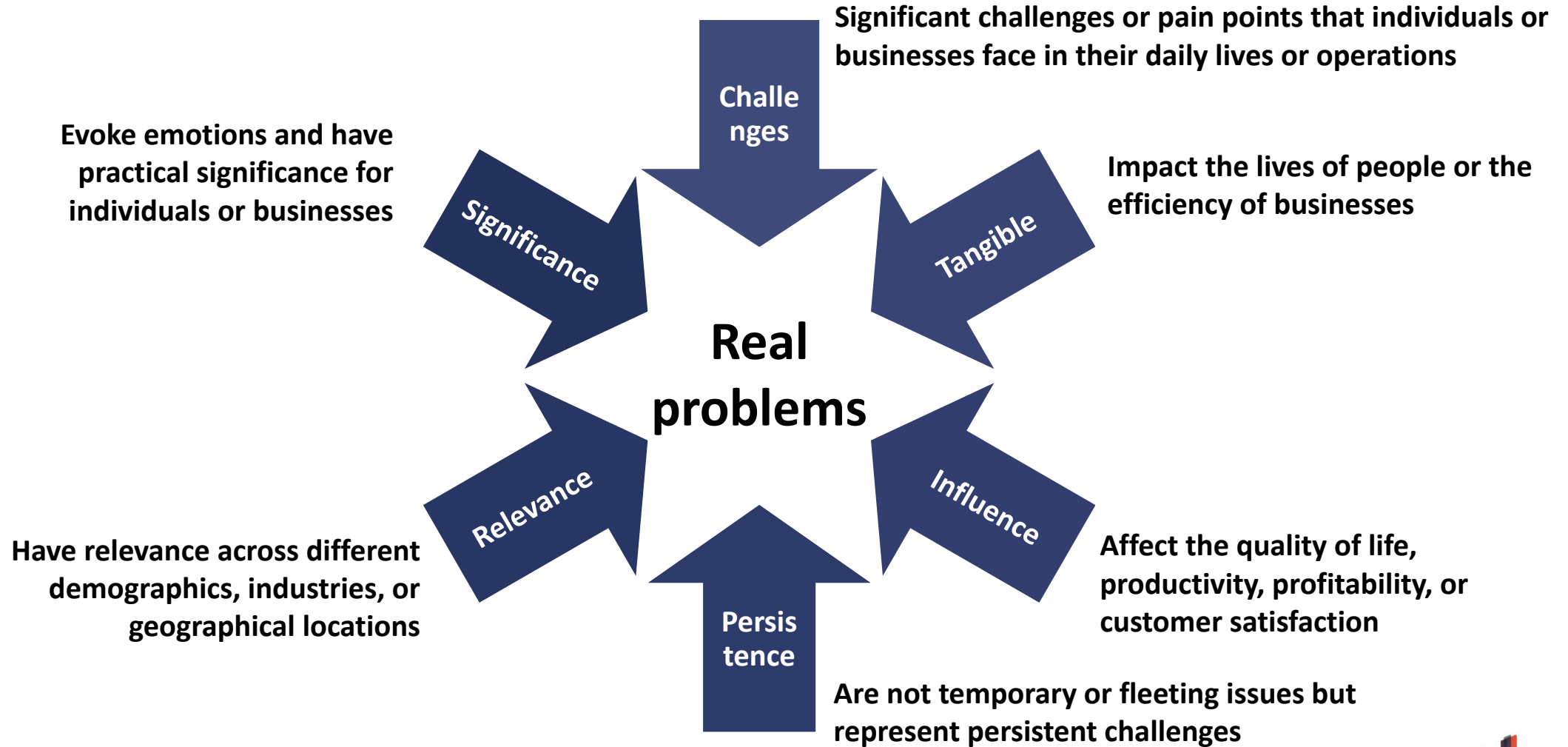


The importance of problem identification

Entrepreneurship = Solving problems + Creating value

- ✓ Demand & Business opportunities
- ✓ Meaningful and sustainable entrepreneurial solutions
- ✓ Value for customers
- ✓ Drives innovation
- ✓ Fosters long-term business growth

Characteristics of Real Problems



Steps to Identify Real Problems



**RESEARCH AND
OBSERVATIONS**



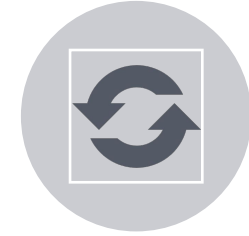
**EMPATHY AND
USER-CENTRIC
APPROACH**



**INDUSTRY AND
DOMAIN EXPERTISE**



**COLLABORATIONS
AND NETWORKING**



**ITERATIVE
PROBLEM
REFINEMENT**

Real problems – opportunity for smart textiles

Health monitoring



Credit Bbcrossword,
https://commons.wikimedia.org/wiki/File:The_Palarum_PUP_Smart_Sock_uses_eTextile_biosensors_woven_into_the_sock_sole.png

Sports performance



Credit: CSIRO,
<https://www.scienceimage.csiro.au/image/7664>

Real problems – opportunities for smart textiles

Safety and protection



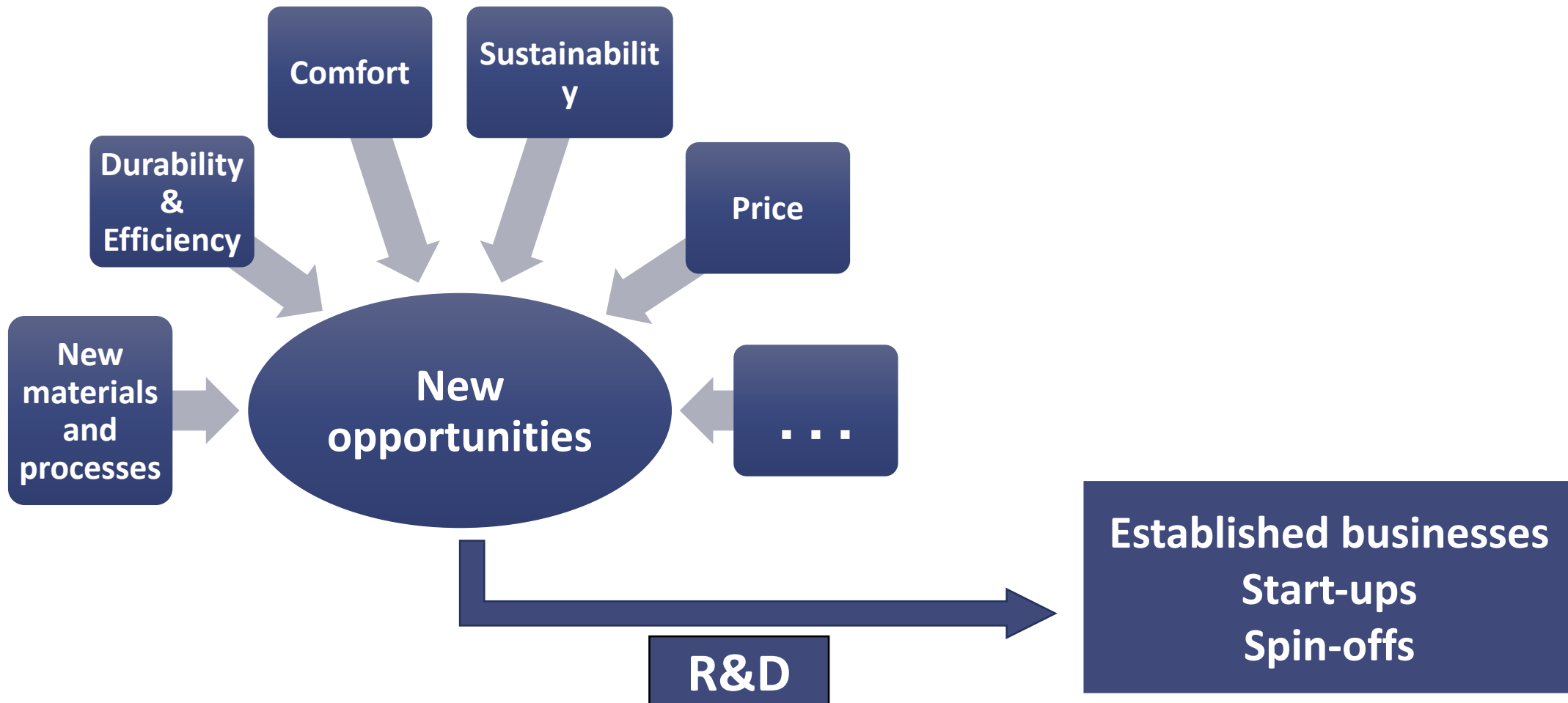
Credit: CEphoto, Uwe Aranas
https://commons.wikimedia.org/wiki/File:Cologne_Germany_Industrial-work-with-Personal-Protective-Equipment-03.jpg

Fashion

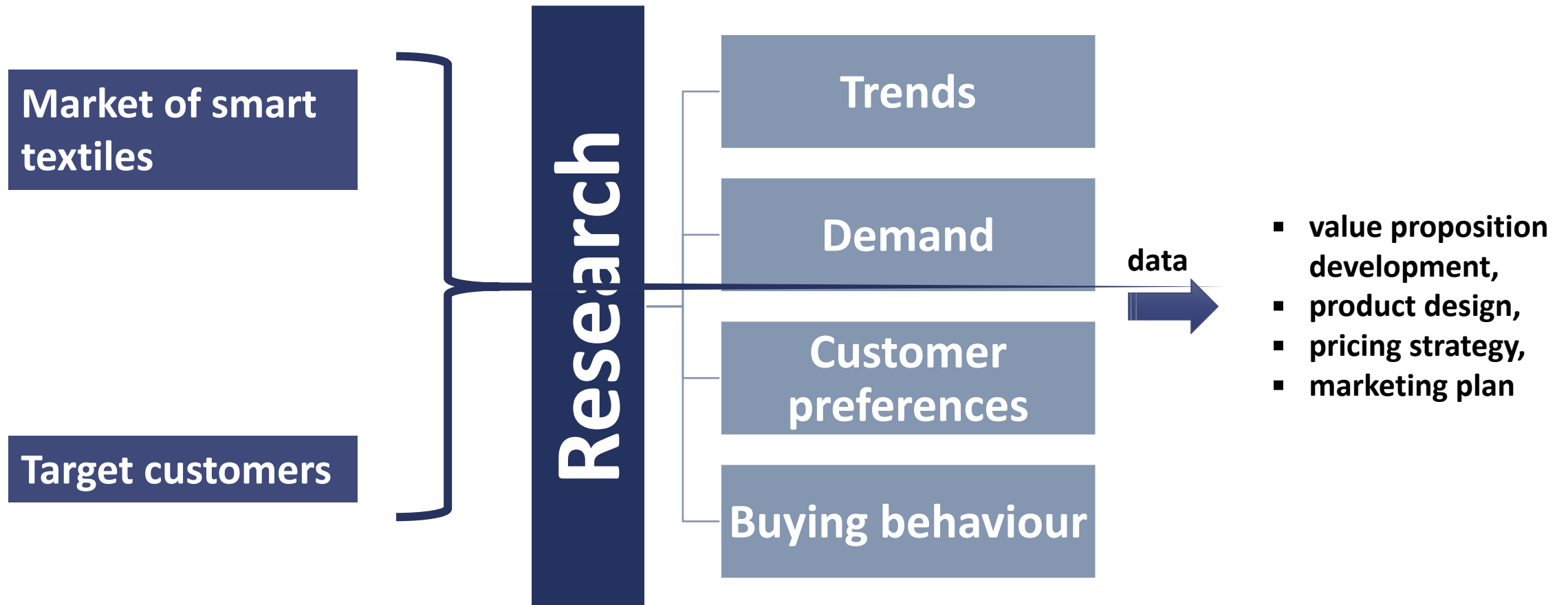


Credit: Frank Schwichtenberg
https://commons.wikimedia.org/wiki/File:Telekom_Smart_Fashion_Show_%E2%80%93_CeBIT_2016_11.jpg

Real problems – opportunities for smart textiles



3. Researching the Market and Customers



Researching the Market and Customers



Desk research: gather data from secondary sources such as market reports, academic publications, and industry statistics.



Surveys: gather data on customer needs, preferences, and buying behaviour.

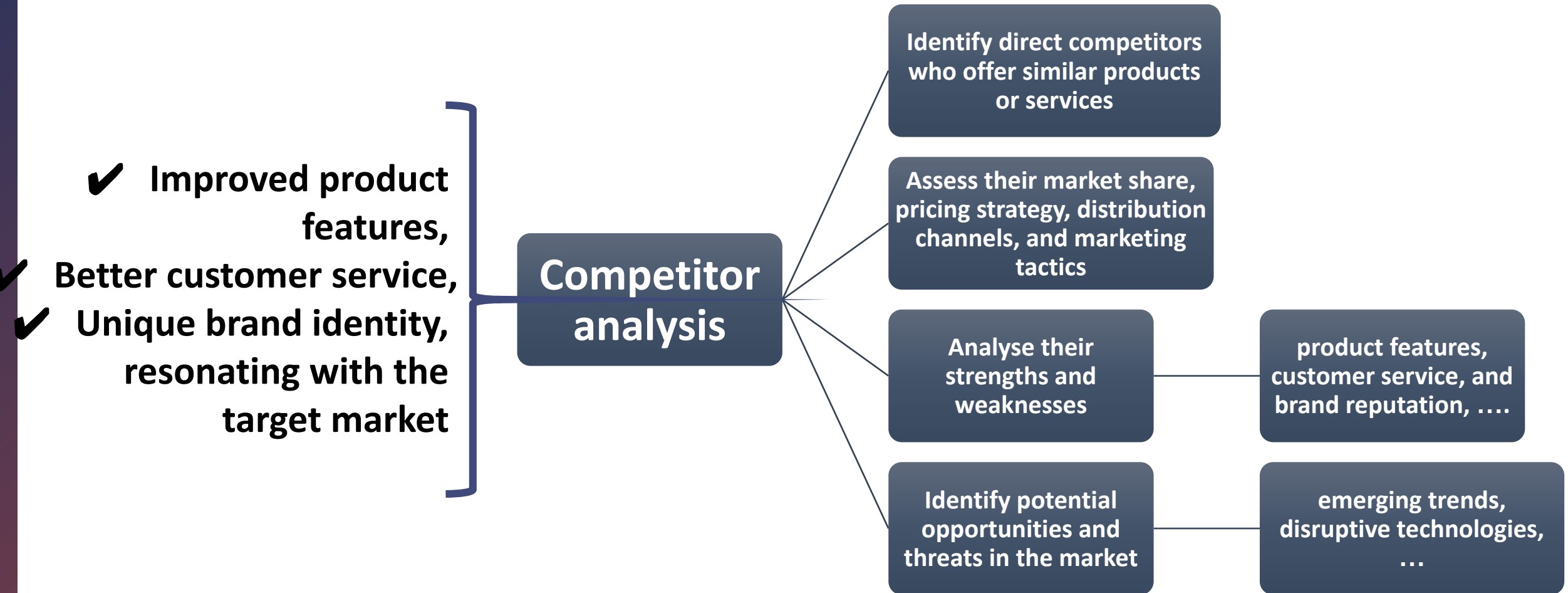


Focus groups: group discussions with potential customers to gather insights on product features, design, and pricing



Interviews: one-on-one interviews with customers to gather more detailed insights and feedback.

Conducting a Competitor Analysis



Analysing Competitors' Strategies

Product Analysis

- Evaluate competitors' product features, quality, and innovation
- Identify any unique selling propositions (USPs) or competitive differentiators

Market Share and Positioning

- Determine competitors' market share and market position
- Analyse their brand image, reputation, and customer perception

Pricing and Promotion

- Assess competitors' pricing strategies and pricing models
- Analyse their promotional activities, advertising campaigns, and online presence

Competitive Advantage

- Identify competitors' key strengths and weaknesses
- Determine how your business can differentiate and position itself in the market

Summary

- ✓ Understanding the market and customers is crucial for creating a strong value proposition.
- ✓ A product or service that doesn't solve a real problem will fail.
- ✓ Understanding market and customer needs prevents wasted efforts.
- ✓ Differentiating your product/service from competitors is the key to success.

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