

THE 1-PAGE BUSINESS MODEL

THE SEVEN FACTORS FOR A SUCCESSFUL BUSINESS MODEL

F1 - A Job To Be Done

A Job To Be Done (see a need, fill the need) exists that you will fulfil with your solution (a product, service, and experience bundle).

Write down here all the Jobs To Be Done that you have identified.

Choose the most important job to work on.

F2 - A Complete Solution

A complete solution for a Job To Be Done is needed and is provided to customers through a Unique Value Proposition (UVP).

Develop and describe here a complete solution for the chosen Job To Be Done.

F3 - Prospective Customers Agree

Prospective customers agree that their Job To Be Done is best satisfied with your solution.

Ask your target customers if they accept that the job you have identified is important to them and whether your solution satisfies that need.

What percentage of the total customer segment agree?

F4 - Prospective Customers Are Prepared To Pay

Prospective customers are prepared to pay the price that you need (sell price greater than *all* costs, and then some).

You have a Business Model viability issue if you get to this point having satisfied all the previous factors only to find that prospective customers don't value your solution enough to want to pay for it.

Try to sell your Minimum Viable Solution (or complete solution).

How many sales did you get? What did you learn?

F5 - Prospective Customers Exist

Prospective customers exist in enough numbers for growth and sustainability.

Are there enough prospective and repeat customers?

F6 - Customers Advocate

Customers advocate because they are so pleased with your solution, they effectively sell your solution for you.

This is a longer-term goal, but the foundations for achieving it must be laid when developing the solution.

Do your customers advocate?

F7 - Enduring Transient Competitive Advantage

Enduring Transient Competitive Advantage is the ultimate goal, as a sustainable competitive advantage is rare long-term.

What are you doing to create the capability to exploit enduring transient competitive advantage?

This is a longer-term goal, but the foundations for achieving it must be laid when developing the solution.

What are you doing to develop your replacement Business Model?

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HANDBOOK

INTRODUCTION

There are many *things* to get right to build, to grow, and then to run a successful business, and the foundation for business success is the [Business Model](#); where a Business Model is how a business *creates value for itself* while *delivering value, via solutions, to its customers*.

Before we get overwhelmed with the enormity of the task ahead, we can start by looking first at the *Seven Factors For Success* we need to understand to develop a successful Business Model.

The Seven Factors For Success were introduced in the eBook [Starting a Business - With Facts, Not Faith¹](#). Without a viable and sustainable Business Model, you won't be able to create a successful business, or if you have already started a business, you won't have one for long, and those, right there, are the inconvenient facts.

To assist aspiring and existing business people, this *1-Page Business Model* was developed. The [Unique Value Proposition](#) (UVP) of the 1-Page Business Model is that it condenses onto one page the Seven Factors For Success, and it comes with this short handbook that describes how to use it. The Seven Factors For Success are the consecutive foundations required for a successful Business Model and therefore a successful business; they begin with the need to find a [Job To Be Done](#) ("see a need, fill a need"²) followed by developing a solution for that job. From the initial requirement for a Job To Be Done, the Seven Factors For Success build sequentially on top of each other, that for a startup is like escalating commitment and investment, and for an existing business is similar to cascading nuance and solution differentiation.

The 1-Page Business Model can be used in two ways:

1. **Aspiring business people** - can use it as a checklist before they commit more than is appropriate to their venture.
2. **Existing business people** - can use it as an audit and diagnostic tool to determine if what they are doing aligns with what is needed for a successful Business Model.

To use the 1-Page Business Model, print it out as large as you can. Then either, write directly onto it, or preferably use Post-it®-type sticky notes to make your entries. With Post-it® notes, changes are easy to achieve - simply move them or rewrite them.

Even though the 1-Page Business Model looks and is conceptually simple, it is unlikely that you will be able to complete it in *one go* sitting behind your desk in your office - you're going to have to get out of the office to test and prove your [hypotheses](#) (guesses).

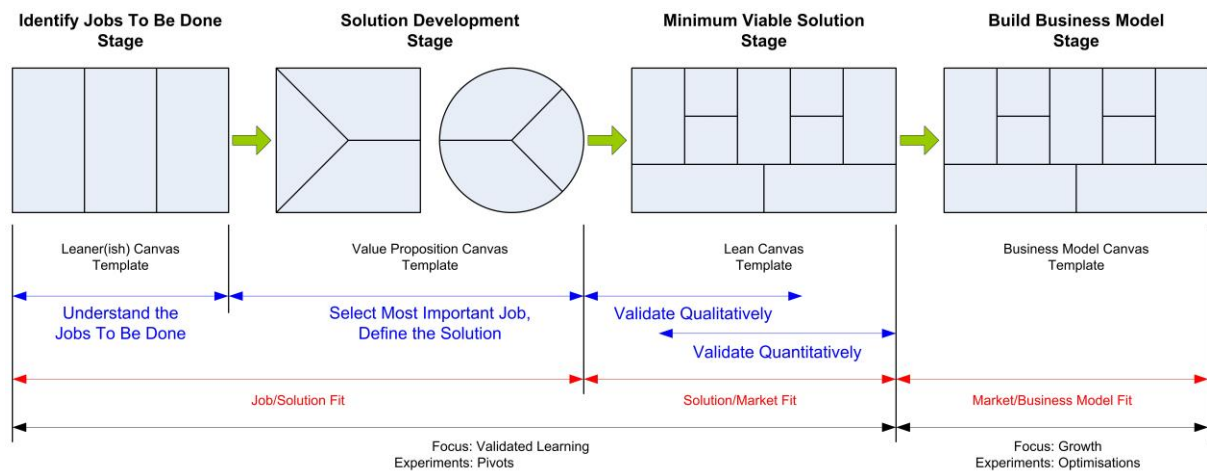
¹ [Starting a Business - With Facts, Not Faith](#), Third edition, 2020, Glyn Davies.

² *Robots Movie*, 20th Century Fox, the character Bigweld. Maybe better as "see a need, fill the need."

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The 1-page Business Model, from factors 1-5 inclusive, is essentially a high-level summary in words of the journey represented by the following diagram that was presented in the book *Starting a Business - With Facts, Not Faith*.

Starting a Business Journey Map



From: *Starting a Business – With Facts, Not Faith*, Glyn Davies, Don't Think, Check!® Limited, Third edition, 2020.

The remainder of this handbook discusses the Seven Factors For Success in more detail.

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TERMINOLOGY

Terms	Definitions
Business Model	How a company creates value for itself while delivering products and services for customers. Steve Blank. A Business Model consists of the value a business creates for me, what it charges me in exchange for that value, and what value it erodes for me. <i>Unlocking the Customer Value Chain</i> , Thales S. Teixeira.
Customer	Someone who pays to use your solution .
Experience	"An event or occurrence which leaves an impression on someone." en.oxforddictionaries.com .
Innovating Innovation	"The effort to create purposeful, focused change in an enterprise's economic or social potential." <i>Classic Drucker</i> , Peter Drucker. "Innovation is the creation, development, and implementation of a new product, process, or service, with the aim of improving efficiency, effectiveness, or competitive advantage." Government of New Zealand
Jobs To Be Done (JTBD)	See explanation below.
Problem	I consistently refer instead to Jobs To Be Done, whereas some authors write about a <i>problem</i> or <i>challenge</i> to be solved.
Product	Tangible results such as <i>things made for you</i> . In addition, where some authors use the term <i>product</i> , I have chosen to use the term <i>solution</i> . Please also refer to <i>services</i> below.
Minimum Viable Solution (MVS)	The minimum you can invest in revealing and demonstrating what a solution is and is capable of.
Risk	"The possibility that something unpleasant or unwelcome will happen." en.oxforddictionaries.com .
Services	Intangible results such as <i>things done for you</i> . In addition, where some authors use the term <i>service</i> , I have chosen to use the term <i>solution</i> . Please also refer to <i>products</i> above.
Solution	A solution is a bundle of ((Products and or Services) and Experiences).
User	Someone who uses your solution without paying.
Unique Value Proposition (UVP)	The set of customer benefits, that is, value, that makes your solution different from and better than the competition's.

Notes:

- Often there are several definitions for terms, with the variations based on the context of their use, the interests of the author, and or the perspective of the user or subject, for example, the customer versus the business.
- Throughout this handbook, selected terms are hyperlinks to more detailed definitions or explanations.
- On the website DontThinkCheck.co.nz, you can search for terms. Glossary items and posts will provide more detail.

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F1 - A JOB TO BE DONE

A [Job To Be Done](#) (“see a need, fill a need!”³), that you will fulfil with your [solution](#), needs to exist.

The late Clayton Christensen explains Jobs To Be Done in this [video](#) and provides this definition:

A job is defined as the progress that a customer desires to make in a particular circumstance.

The theory of Jobs to Be Done requires that we:

- Focus on deeply understanding the customers’ *struggle for progress, in specific contexts*.
- Understand the trade-offs the customers’ are willing to make, the set of competing solutions that must be beaten, and the anxieties that must be overcome.
- Create the right solution system with an attendant set of experiences, that satisfies the customers’ functional, social, and emotional requirements, that solves the customers’ jobs well, every time.

It is not about products [or services] as such.⁴

Finding jobs that need doing is an integral component of being an entrepreneur. Entrepreneurs will:

- Be observant and notice that people are trying to make progress in certain circumstances.
- They may see jobs that are not being done.
- They may struggle themselves in trying to make progress and are frustrated by the lack of tools or facilities to achieve progress easily or at all.
- They may *dream up* a solution for a job that no one thought could be improved on, where the job is so accepted that it has become *invisible* to our everyday consciousness.

Whatever the genesis of the job that needs doing, whether the job is implicit or explicit, and whether people are consciously aware of the job’s existence or not, a job (need) must first exist.

Again, my often-repeated quote:

“Build it and they will buy is not a strategy, it is a prayer,” “you cannot create a market or customer demand where there isn’t customer interest.”⁵

F2 - A COMPLETE SOLUTION

A complete solution for a Job To Be Done is needed and is provided to customers through a Unique Value Proposition (UVP).

You need to provide a complete solution to customers’ Jobs To Be Done. Incomplete solutions or poorly delivered complete solutions will not be acceptable.

As an integral component of your solution, you need a UVP. A UVP, also known as a Unique Selling Proposition/Point (USP), is a solution that is to some degree unique to you and what you alone can provide. It is the *set of customer benefits (value)*, that makes your solution different from and better than the

³ *Robots Movie*, 20th Century Fox, the character Bigweld. Maybe better as “see a need, fill the need.”

⁴ *Competing Against Luck*, Clayton Christensen.

⁵ *The Four Steps to the Epiphany*, Steve Blank.

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competitions'. The value provided could be qualitative, such as design attributes or customer experiences, or quantitative, such as price, weight, and speed.

In the past, your UVP might have been that your solution was the only one in the market. These days, even if your solution is the only one *currently* in the market, it isn't likely to be so for long. So, assuming that your solution isn't alone in the market, how are you going to answer the questions "why you?" and "why your solution?"

If any aspect of your solution or UVP can be copied by your competitors, it probably will be. However, your UVP need not be a single benefit, it could be a *bundle* of benefits, such as, ease of solution discovery, ease of solution evaluation, ease of solution procurement, ease of solution use (fit for purpose and expectations), excellence in solution servicing and maintenance, and ease of disposal after use. There are many examples, such as Southwest Airlines, where everything that they do, such as on-time departure and friendly staff, can be copied by its competitors, but what its competitors find difficult to consistently emulate is *the whole bundle* of benefits that they provide.

On the path to providing the full solution, it is common to provide a [Minimum Viable Solution](#) (MVS). The MVS is a minimum bundle of benefits worth paying for, which customers buy, and from whom you gain valuable feedback. The MVS is a low-risk mechanism to get customer feedback compared to the high-risk approach of waiting until the solution is complete before unleashing it on customers; only to find it is not what they wanted. The MVS is a mechanism to validate the Job To Be Done and solution hypothesis. As much as the MVS is a partial solution, but still a bundle of benefits worth paying for, it must within its *minimal* functional scope be complete, working, well delivered, and serviced. You can't simply *throw an MVS over the fence and hope for the best*, and neither should you give the MVS away, as the price is an important component of the solution.

F3 - PROSPECTIVE CUSTOMERS AGREE

Prospective customers agree that their Job To Be Done is best satisfied with your solution.

You need prospective customers to recognise that they have a Job To Be Done and agree that your solution is the best alternative that they are aware of (doing nothing is an alternative).

It's one thing to identify a Job To Be Done, or at least a job that *you* think needs doing, it's quite another to have prospective customers agree with you. Sometimes customers may be oblivious to their needs because they have perhaps not thought deeply about what they are doing or about alternatives or they may have gotten used to coping with the resources that they have.

Having gotten prospective customers to agree that they indeed have a job that needs doing, they then need to be convinced that your solution is the best alternative.

The business environment is very competitive, so your solution must as a whole, be more attractive, meaning more valuable, than the competitions'; see the previous section about your UVP.

F4 - PROSPECTIVE CUSTOMERS ARE PREPARED TO PAY

Prospective customers are prepared to pay the price that you need, (sell price greater than *all* costs, and then some), if not, you have a Business Model viability issue.

Prospective customers must be prepared to pay the price that you need to both ensure your business's success and to achieve your goals. You have a Business Model viability issue if you get to this point having satisfied all the above only to find that prospective customers don't value your solution enough to want to pay what you want for it.

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Business people sometimes forget about the full cost of providing solutions. It's easy to go to the shops and view competitors' offerings and then match them on price. But sale price is only part of the question, the other is, what are all the costs, both fixed and variable, that you incur when making, supplying, and servicing your solution? The sale price is irrelevant if you don't know what your costs are and are selling your solutions for less than what they cost to make. Insanity! Furthermore, how much do you need from each sale to provide for your income, for reinvestment, and for innovation (research and development)?

I had a client ask me, "my engineering workshop's standard hourly charge out rate is \$75 per hour, do you think it is enough? I know other workshops are charging the same." I answered, "well I don't know, what are your costs?" The reply was, "I don't know, but do you think \$75 is enough?"

F5 - PROSPECTIVE CUSTOMERS EXIST

Prospective customers exist in enough numbers for growth and sustainability. If you need 100 customers per week but in all likelihood will only ever have 50 during a good week, you have a Business Model sustainability issue.

With factors F3 and F4 you are likely working with a sample of the target customer segment population. The number of customers who agree in F3 is going to be less than the population and in F4, the number is going to reduce again, and reduce again even further in F5. Are there enough customers left for your business?

You might have identified an important Job To Be Done, and made it to this stage of your analysis, but a big question is, are there enough prospective customers, both first-time and repeat customers (depending on the solution)? Customer numbers must be sufficient to allow you to grow your business to break even (profitability), to sustain your Business Model as well as to support your growth objectives. Of the total population of prospective customers in the market segment, how many can you realistically capture?

To estimate how many units you will need to sell, and therefore how many customers you will need, you can perform a [Break-even](#) Analysis. You *break even* when your level of sales just covers your costs. See [this post](#) for a discussion of Break-even Analysis, a worked example, and links to a couple of Break-even Calculators.

Have you performed a Break-even Analysis? How many units do you need to sell?

For example, if you are making new-born baby products for instance and your break-even analysis suggests that you need to sell 60,000 units every year, then you may have a challenge, as in 2017 there were only 59,610 live births in New Zealand⁶. And what is the probability that you can capture and then retain the whole market for yourself?

F6 - CUSTOMERS ADVOCATE

Customers advocate because they are so pleased with your solution, they effectively sell your solution for you.

Customers must be so pleased with your solution, that they are prepared to advocate on your behalf – satisfied customers are not necessarily loyal and nor are they sufficient, you need advocates. This is all about once having made initial sales (gained traction), you maintain and grow that traction with word-of-mouth evangelism.

Every aspect of the product, service, and experience bundle that goes into making your solution should be deliberately designed to achieve the best impression on customers as possible.

⁶ stats.govt.nz

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People are not impressed if you supposedly exceed expectations but fail to provide the basics.

Exceeding expectations is a fraught concept because with regular customers, based on this concept, they will have escalating expectations with no end in sight. The intent behind the concept is fine but one has to be careful as to what is implied or what the result could be.

How many businesses treat their customers as if they were honoured guests into their house? Why are customers not treated like you would those guests? Do you cheerfully greet your customers as the important people who put *bread on your plate for you and your family*? How differently would you treat people if their custom was literally the difference between you and your family eating or not?

F7 - ENDURING TRANSIENT COMPETITIVE ADVANTAGE

Enduring Transient Competitive Advantage is the ultimate goal, as a sustainable competitive advantage is rare long-term - you need to develop your next Business Model *before* your current one becomes obsolete.

The name of this factor contains a contradiction; how can something be both enduring and transient? What if however, your business operations were perpetually taking advantage of endless waves of transient advantage? For a fuller discussion, see [Enduring Transient Competitive Advantage](#).

As the world is in perpetual change, it is a trap to achieve and then rely on *Sustainable Competitive Advantage*. Instead, you should be thinking and working towards *enduring transient competitive advantage* and building your ability to be agile and perpetually able to recognise, catch, and then ride successive waves of innovation.

There is a persistent implicit assumption in business, at least as evidenced by people's behaviours, though not necessarily by what they espouse. The assumption (or hope) is that their business, market, or industry is static or is mostly unchanging.

Designing a business is a significant undertaking, involving developing a Business Model, establishing a structure, obtaining assets, and hiring employees, to list a few. Once we have invested time, effort, and money, we are reluctant to change anything, especially if the business is running well enough and the flexibility to change things was not baked in at the outset.

When we build a business to take advantage of a Business Model opportunity, we need to build it in such a way that while exploiting the opportunity, resources are also being invested in searching for, proving, and preparing for the next opportunity. This means that part of the current Business Model must be dedicated to developing the replacement Business Model.

A helpful metaphor is surfing, as in surfing *waves of opportunity*. The looking for, catching, and riding the waves of opportunity are what is known as business innovation. Innovating is hard. The act of innovating successfully, that is, deliberately and repeatedly catching and riding waves of opportunity, cannot be left to executive pronouncement alone. The will and capability to innovate need to be designed into a business, that is, baked in. Innovation activities should not be left to chance.

Sources of innovative opportunity include⁷:

The unexpected - unexpected successes, failures, and outside events should be investigated and their causes understood.

⁷ Seven sources of innovation adapted from *Innovation and Entrepreneurship*, Peter F. Drucker.

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Incongruities - an incongruity exists if there is a difference between what a business thinks *ought to be*, and *what is*, that is, what manifests in the industry, market, or process.

Process needs - the need for process innovation starts with the Job To Be Done and requires the presence of five criteria:

1. A self-contained process.
2. A weak or missing link.
3. A clear definition of the objectives.
4. Clearly defined specifications for the solution.
5. The widespread realisation that there ought to be a better way.

Changes in industry or market structure - market and industry structures appear to be strong, permanent, and even preordained. But they are often brittle to change. Prior success often leads incumbents to be arrogant and dismissive of change.

Demographic changes - of all the changes, changes in demographics such as births, deaths, income, disease, age structure, employment, and education are the most distinct and unambiguous. Such changes have predictable consequences regarding what is bought by whom and in what quantities.

Changes in perception, mood, and meaning - despite the underlying facts not changing, these changes can be an opportunity. Such changes can be like seeing the metaphorical glass as half empty instead of half full.

New knowledge - exemplifies the qualities of ingenuity, initiative, and ambition that society needs, but the journey and timeline of new knowledge from its emergence, to transfer into useful technology, and then into products and services in the marketplace is long and tortuous. As such, new knowledge should not be relied upon as a predictable source of innovations.

What are areas of your business most likely in need of innovation? Is it in the areas of seeking new opportunities, exploiting existing opportunities, improving efficiency, creating growth, or transformation? An essential aspect of innovating is that it should not be random, but instead, innovating should be guided, as many unguided efforts end up down avenues that can't be economically monetised. Furthermore, change can originate within an industry such as the impact of colour pictures within the film photography industry, or from another industry, such as digital information storage and its effect on the invention of digital photography.

Markets and industries are rarely static for long. Opportunities come, opportunities have their run, and then they diminish and often peter out altogether. Any current competitive advantage is likely to be unsustainable in the long-term. The question business people need to ask is, how quickly is my market or industry changing or likely to change? What ripples of change are on the horizon in my industry or other industries that may create waves of opportunity for me? And what can I do to prepare for the next wave?