

The 1-Page Business Model Handbook

THE SEVEN FACTORS FOR A SUCCESSFUL BUSINESS MODEL

F1 - A Job To Be Done

A Job To Be Done (as in "see a need, fill the need") exists.

The Job To Be Done is what you will fulfill 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 required and is provided to customers through a Distinctive Value Proposition (DVP).

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

Describe what is going to be distinctive about your value proposition.

F3 - Prospective Customers Agree

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

Ask your target customers if they accept that the job you have identified is important to them and whether your DVP both satisfies their needs and is appealing to them.

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 require (sale price = cost of making DVP + gross profit).

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 DVP enough to want to pay for it.

Try to sell your Minimum Viable Solution (sub-set of DVP), or if appropriate, the complete DVP.

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?

You have a Business Model sustainability issue if you get to this point, having satisfied all the previous factors, only to find that there aren't enough prospective and repeat customers to achieve the sales volume you require both now and in the future.

F6 - Customers Advocate

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

This is a longer-term goal, but the foundations for achieving it are laid when developing the solution and DVP.

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 are laid when developing the solution and DVP.

What are you doing to develop your replacement Business Model?

Glyn Davies

Version 4, November 2020

DTC Don't Think, Check!® Ltd.

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THE 1-PAGE BUSINESS MODEL

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](#). A Business Model is how a business *creates value for itself* (wealth) while *delivering value*¹, via a [Distinctive Value Proposition](#) (DVP), *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 have to understand to develop a successful Business Model.

The Seven Factors For Success were introduced in the eBook [Starting a Business - With Facts, Not Faith](#)². 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 DVP of this 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 requirement to find a [Job To Be Done](#) ("see a need, fill a need"³) followed by developing a [solution](#) in the form of a DVP 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 further increasing the distinctiveness of the value proposition, the DVP.

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

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

To use the 1-Page Business Model, print it out as large as you can. Then follow the instructions and answer the questions by either, writing 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](#)⁴ (guesses).

¹ <https://www.dontthinkcheck.co.nz/blog/customer-value/>

² [Starting a Business - With Facts, Not Faith](#), Third edition, 2020, Glyn Davies.

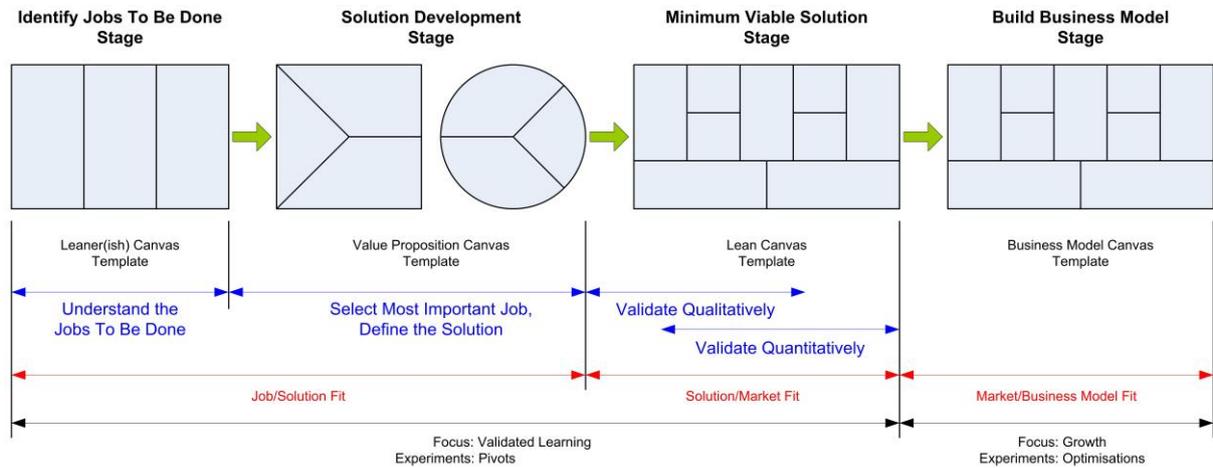
³ *Robots Movie*, 20th Century Fox, the character Bigweld. Maybe better as "see a need, fill the need."

⁴ <https://www.dontthinkcheck.co.nz/glossary/hypothesis/>

THE 1-PAGE BUSINESS MODEL

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
Break-even Analysis ⁵	An analysis to determine the sales revenue that completely covers all costs, both fixed and operational.
Business Model ⁶	There are different ways of defining what a Business Model is, with the customer's perspective being, 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.
Category Basics Category Benefits	<p><i>Generic Category Benefits</i> – those benefits most customers expect [from a solution] most of the time and for which, in practice, performance [and delivery] can vary.</p> <p>You have found the real category benefits sought by customers when you are clear about the category's boundaries. These boundaries define the upper limit of the customers' <i>consideration set</i> – the set of competing brands they actively consider when making a category purchase.</p> <p><i>Simply Better: Winning and Keeping Customers by Delivering What Matters Most</i>, Patrick Barwise and Seán Meehan.</p>
Customer ⁷	<p>A person (or organisation) who pays for your DVP.</p> <p>A customer may or may not use the solution in your DVP, for example, when a caregiver buys something for their child (the user).</p> <p>The context in which the term <i>customer</i> is used will make clear whether simply the buyer is being referred to or the customer is both the buyer and the user.</p> <p>The distinction between customer and user is important as they both likely have different needs.</p>
Distinctive Distinctive assets	Non-brand-name elements that are unique to the brand and can evoke the brand in the memory of many consumers, for example, Louie The Fly for Mortein insecticide spray. <i>Marketing: Theory, Evidence, Practice 2nd Edition</i> , Byron Sharp.
Distinctive Value Proposition ⁸ (DVP)	<p>The set of benefits that customers value that makes your <i>complete</i> solution distinctive, and therefore in the eyes of the customer, better than the competitors'.</p> <p>The benefits provided could be qualitative, such as design attributes or customer experiences, or quantitative, such as price, weight, and speed.</p>
Experience	"An event or occurrence which leaves an impression on someone." <i>en.oxforddictionaries.com</i> .

⁵ <https://www.dontthinkcheck.co.nz/glossary/break-even/>

⁶ <https://www.dontthinkcheck.co.nz/glossary/business-model/>

⁷ <http://www.dontthinkcheck.co.nz/glossary/customer/>

⁸ <https://www.dontthinkcheck.co.nz/glossary/distinctive-value-proposition/>

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Freemium	<p>“A business model, especially on the internet, whereby basic services are provided free of charge while more advanced features must be paid for.” <i>en.oxforddictionaries.com</i>.</p>
Innovating Innovation	<p>“Make changes in something established, especially by introducing new methods, ideas, or products.” <i>en.oxforddictionaries.com</i>.</p> <p>“The effort to create purposeful, focused change in an enterprise’s economic or social potential.” <i>Classic Drucker, Peter Drucker</i>.</p> <p>“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.</p>
Jobs To Be Done ⁹ (JTBD)	<p>The need a customer or prospective customer has, whether they are aware of that need or not.</p> <p>See explanation below.</p>
Minimum Viable Solution ¹⁰ (MVS)	<p>Also known as a Minimum Viable Product (MVP), but see term <i>solution</i> defined below.</p> <p>The minimum you can invest in revealing and demonstrating what a solution is and is capable of.</p> <p>The smallest solution-benefit-set (a subset of the DVP) that customers value and will pay for.</p>
Problem	<p>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.</p>
Product Products	<p>Tangible results such as <i>things made for you</i>.</p> <p>The generic term for “the result of an action or process.” <i>en.OxfordDictionaries.com</i></p> <p>Some authors use the term <i>product</i>; I have chosen to use the collective term <i>solution</i>.</p> <p>Please also refer to <i>services</i> below.</p>
Risk	<p>“The possibility that something unpleasant or unwelcome will happen.” <i>en.oxforddictionaries.com</i>.</p>
Service Services	<p>Intangible results such as <i>things done for you</i>.</p> <p>Some authors use the term <i>service</i>, I have chosen to use the collective term <i>solution</i>.</p> <p>Please also refer to <i>products</i> above.</p>
Solution ¹¹	<p>A solution is a bundle of ((Products and or Services) and Experiences).</p> <p>An essential component of a DVP.</p>

⁹ <https://www.dontthinkcheck.co.nz/glossary/jobs-to-be-done/>

¹⁰ <https://www.dontthinkcheck.co.nz/glossary/minimum-viable-solution-mvs/>

¹¹ <https://www.dontthinkcheck.co.nz/glossary/solution/>

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User	<p>A person (or organisation) who uses your solution without paying. For example, freemium users, or a child where the customer is a caregiver.</p> <p>The distinction between customer and user is important as they both likely have different needs.</p>
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Notes:

- 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 (as in “see a need, fill a need!”) exists.

A [Job To Be Done](#) (as in “see a need, fill a need!”¹²), that you will fulfil with your solution (a product, service, and experience bundle), has to first 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.¹³

Finding a job to be done 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 routine as to be unavailable to our everyday consciousness.

Whatever the genesis of the job, whether the job is implicit or explicit, and whether people are consciously aware of the job’s existence or not, a job (a 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.”¹⁴

F2 - A COMPLETE SOLUTION

A complete solution for a Job To Be Done is required and is provided to customers through a Distinctive Value Proposition (DVP).

The 4Cs Customer Marketing-Mix model is helpful when developing the DVP. The Cs represent Customers, Costs, Communications, and Convenience:

- **Customers** - find what customers want and need. Then create the solution and provide it via a DVP.
- **Costs** - consider all costs in satisfying the customer, including the costs that customers themselves will incur to find, purchase, use, and potentially dispose of your solution.

¹² *Robots Movie*, 20th Century Fox, the character Bigweld. Maybe better as “see a need, fill the need.”

¹³ *Competing Against Luck*, Clayton Christensen.

¹⁴ *The Four Steps to the Epiphany*, Steve Blank.

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- **Communication** - what are all the communications and touchpoints between the business and the customer. For instance, how is a prospective customer going to learn of your DVP's existence?
- **Convenience** - how and where does the customer want to purchase?

You have to provide a complete DVP to customers' Jobs To Be Done. Incomplete DVPs or poorly delivered complete DVPs will not be acceptable.

In the past, your DVP 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?" What makes your solution and value proposition distinctive and therefore more desirable than the competitors'?

If your competitors can copy any aspect of your solution or DVP, they probably will. However, your DVP is unlikely to possess a single benefit; it is more likely to be a bundle of category benefits *that matter to customers*. The bundle of benefits is likely to include, as applicable, ease of discovery, ease of evaluation, ease of procurement, ease of use (fit for purpose and expectations), delivery of all category benefits, excellence in 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 challenging to emulate consistently is *the whole bundle* of category benefits that Southwest Airlines provide.

On the path to providing the full DVP, it is common to provide a [Minimum Viable Solution](#) (MVS). The MVS is a minimum bundle of category 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 DVP 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 DVP hypothesis. As much as the MVS is a partial DVP, but still a bundle of category 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 DVP.

F3 - PROSPECTIVE CUSTOMERS AGREE

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

You require prospective customers to recognise that they have a Job To Be Done and agree that your DVP 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 requires 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 has to be done, they then have to be convinced that your DVP is the best alternative.

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

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F4 - PROSPECTIVE CUSTOMERS ARE PREPARED TO PAY

Prospective customers are prepared to pay the price that you require (sale price = cost of making DVP¹⁵ + gross profit¹⁶).

Prospective customers must be prepared to pay the price that you require 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 DVP enough to want to pay what you want for it.

Business people sometimes forget about the full cost of providing a DVP. 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 DVP? The sale price is irrelevant if you don't know what your costs are and are selling your DVP for less than what it cost to make. Insanity! Furthermore, how much do you require 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 require 100 customers per week but in all likelihood will only ever have 50 during a good week, you have a Business Model sustainability issue.

Details to address:

- **Market size** - determine or estimate the size of the market.
- **Market share** - if you are an existing business, what is your market share? If yours is a start-up, what market share are you aiming for?
- **Market growth:**
 - Historic growth - how has demand grown in the past?
 - Drivers past - what have been the drivers of past growth?
 - Drivers future - what is likely to drive future growth?
 - Forecast growth - what is the forecast growth?
- **Market share change** - for an existing business, are you able to estimate the changes to your market share?
- **Market demand** - the above may be difficult to answer if your solution and DVP is genuinely new. However, you're only going to be able to sell your solution to satisfy a need, whether that need is pre-existing or newly realised. Get out of the office and perform test marketing in whatever manner is appropriate for your solution and DVP. Find out what is real and extrapolate with up to date demographic information from there.

¹⁵ *Cost of making DVP* are the direct costs and does not take into account other costs such as overheads.

¹⁶ *Gross profit* contains overhead costs such as administration, sales, and operations, as well as a contribution towards innovation, interest on loans, ... taxes, with the remainder being the net profit.

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- **Market demand risks and opportunities** - what are factors that could make the market demand better or worse than estimated? For example, the coming winter is colder or hotter than forecast. For each risk and opportunity assess:
 - How likely are they to eventuate, low, medium, or high?
 - If they occur, what will their impact be, low, medium, or high?

For each risk and opportunity, which ones have medium or high likelihood of occurrence and medium or high impact? How are you going to mitigate the effects from these risks, or exploit the opportunities?

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 have to sell, and therefore how many customers you will require, 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 have to be able to sell?

For example, if you are making new-born baby products for instance and your break-even analysis suggests that you have 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 Zealand¹⁷. 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 DVP, they effectively sell your DVP for you.

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

Every aspect of the product, service, and experience bundle that goes into making your DVP should be deliberately designed to achieve the best impression on customers as possible; you have to have a value proposition that is distinctive; you require a DVP.

People are not impressed if you supposedly exceed expectations but fail to provide the basics, otherwise known as the category benefits.

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.

¹⁷ stats.govt.nz

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How many businesses treat their customers as if they were honoured guests into their home? 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? Why do petrol stations not have clean toilets?

F7 - ENDURING TRANSIENT COMPETITIVE ADVANTAGE

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

It is difficult to achieve and then hold onto a sustainable competitive advantage. Instead, Enduring Transient Competitive Advantage is probably the ultimate goal for a business, where you develop your next Business Model *before* your current one becomes obsolete, or someone obsoletes it for you.

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 have 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 have to be designed into a business, that is, baked in. Innovation activities should not be left to chance.

Sources of innovative opportunity include¹⁸:

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

¹⁸ 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 requirement 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 have 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?