

## Adapt to Change by Refining Your Business Model and Get More Business

IMC Confab  
October 26, 2009



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## Why Care About Business Models?

- Find a new and innovative business model to carve out your space in the marketplace
- Find a new and innovative business model to make more money.



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## What Is A Business Model?

- A **business model** is a framework for creating economic, social, and/or other forms of value.
- In the most basic sense, a business model is the method of doing business by which a company can sustain itself -- that is, generate revenue.

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### Six Elements of A Business Model

- 1. **Value proposition** - a description of the customer problem, the service that addresses the problem, and the value of the service from the customer's perspective.
- 2. **Market segment** - the group of customers to target, recognizing that different market segments have different needs.

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- 3. **Value chain structure** - the firm's position and activities in the value chain and how the firm will capture part of the value that it creates in the chain.
- 4. **Revenue generation and margins** - how revenue is generated (sales, retainer, subscription, support, etc.), the cost structure, and target profit margins.

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- 5. **Position in value network** - identification of competitors and their value so you can deliver more value.
- 6. **Competitive strategy** - how the company will attempt to develop a sustainable competitive advantage, for example, by means of a cost, differentiation or niche strategy.

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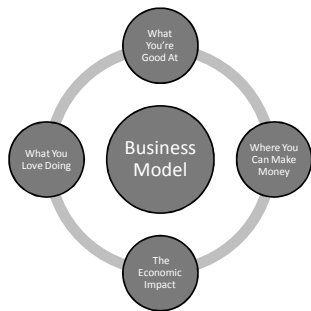
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### A Consultant's Business Model



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### The Economic Impact

Robert W. Baird & Co. Incorporated April, 2009

- Difficulty securing non-restructuring related work (strategy, business operational improvement and growth opportunities).
- Client driven delays are significant.

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- Bill rates are under pressure.
- Higher-than-normal management turnover leads to consultants having to "re-sell" their services and capabilities, slowing engagements.

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- Competition from laid off professionals
- True turnaround window narrowing. Weak financial results may lead to a number of companies needing restructuring advice.
- Current engagements (likely approved during past budget cycles) are still moving along.

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- New engagements and leads are very hard to come by outside the restructuring-related practices.

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## My Story



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### 1982-Denver

No Employees  
Hourly Rate  
Pay When Finished  
Focus: Sales and Marketing Planning  
Service Mix: Small to Medium, Seminars  
Strong Economy, Dominated by Oil and Gas  
Eager to Get My Business Going

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### 1988- Dallas

One and a half employees  
Day Rate; Deposit on Research  
Focus: Marketing Planning and Research  
Service Mix: Small Projects  
Down Economy, Impacted by Oil and Gas  
Overhead was growing  
Having Fun; Business Rolling In

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### 1992- Houston

No Employees  
Day Rate  
Focus: Marketing Planning  
Service Mix: Small Projects, Training  
Good Economy  
Not As Much Fun  
Back to Business building

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1994 - Calgary

No Employees  
Focus: Sales  
Project Rate  
Service Mix: Training  
Good Economy, Oil and Gas Dominated  
Having Fun  
Business Rolling In

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2001 - Houston

Set Up Associate Employees  
Project Rate  
Focus: Performance Improvement and Planning  
Service Mix: Large Projects  
Good Economy until Enron  
Having Lots of Fun  
Biggest Earning Years Ever

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2005 - Toronto/Dallas

No Employees  
Project Rate  
Focus: Performance Improvement  
Service Mix: Small Projects, On-line Coaching,  
Training  
Good Economy, Manufacturing and Financial  
Service Industry  
Having Fun With Dallas Clients  
Business Building Again in Toronto

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### 2009 - Dallas

Two Employees, Associate Employees  
Project Fee  
Focus: Business Development, Performance Improvement  
Service Mix: Large Projects, On-line Coaching  
Good Economy until Recession  
Having a Blast  
Really High Profits

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### What Changed?

- The business model.
- Targeted industries changed.
- Pricing: hourly rate to project rate.
- Distribution channel integrates offline and online.

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### What's Changed?

- Continually provide more value.
- Value Proposition.
- Constantly differentiating myself.
- The current model is one of stability and controlled growth.

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### What Didn't Change?

- Target client was the same.
- Focusing on current goals.
- Always looking at trends in the market.

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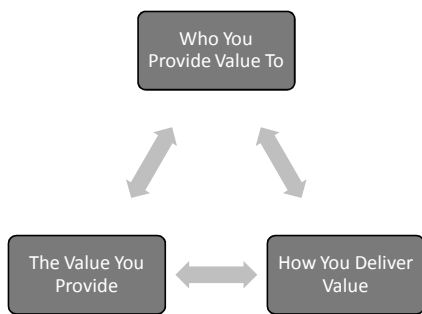
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### Revenue Comes From...



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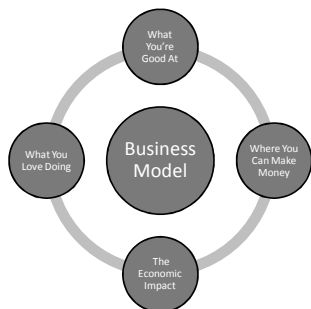
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### A Consultant's Business Model



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### Identify Your Current Model

- List all your business successes, including business assets.
- Identify your strengths and your passions from your business successes.
- What is your vision for the future?

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### Understanding Your Business Model

- What is already working in your business?
- What makes it work?
- What do you want to accomplish?
- What are the benefits?
- What can you do better, differently or provide more of to reach your objectives?

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### How To Adapt

- What do you like about your business model?
- What is important to you about it?
- What is the ideal business model for you?
- What would benefit your clients and stakeholders with a new model?

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**What can you start changing now?**

- To follow your passion
- To utilize your strengths
- To provide the best service
- To be financially strong
- To have fun

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- How can you modify your existing model and utilize your strengths and passions?
- What additional benefits would this bring to your clients?
- What actions can you take to start moving toward your new model?

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- How will you measure your success?
- Remember, this is a continuous process.

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# **Adapt to Change by Refining Your Business Model and Get More Business**

**Presented by  
Linda Hanson, CMC  
LLH Enterprises**

**IMC Confab  
October 26, 2009**

## Identifying Your Business Model

1. What are you good at?

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2. What do you like doing?

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3. Where can you make money?

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4. List all your business successes, including business assets.

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5. Identify your strengths and your passions from your business successes.

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6. What is your vision for the future?

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What is your current business model? (How do you intend to make money?)

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What is the value you currently add?

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What makes it work?

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What is not working?

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What additional value can you bring to your clients?

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How would this additional value benefit your clients?

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What can you begin to change right away?

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List actions you will take to change your business model to begin making more money:

<b>Action</b>	<b>Due Date</b>