

CHOOSING A BUSINESS PLAN / MODEL



Let's recap: we started with an idea, honed in on our target market then mapped out our business development strategy. So what's left...**MONEY**. How are you going to turn that idea into a thriving business and begin to generate income? The answer is a business plan/model. As we discussed in December a **business model** is a combination of: how your company will make money; an overview of the operations; who are your targeted customers (market); and finally strategy in selling to your market.

Below is a short list of both tried & true models as well as business models new(ish) on the scene. Review all the homeworks leading up to this as it will help you determine which model/plan to select. There is grace here, meaning if your model of choice doesn't work after getting started – toss it and choose a different plan.

Your homework is selecting your model/plan and on our next Zoom explain how you see this can work for your business (or 'trial run' business if you have not currently launched).

1. **Manufacturer** – Taking raw materials and use them to create a product in-house. (Ex. Dell Computers, Boeing airplanes, Lulu Lemon clothing)
2. **Direct Sales** – Salespeople generate your revenue working on behalf of the parent company. (ex. Beachbody, Scentsy, Avon, Ambit Energy)
3. **Retailer** – Buys from a wholesaler/distributor and sells direct to consumer (Ex. Target, Walmart, Ulta, Best Buy)
4. **Distributor** – Sells to other business instead of direct to consumer (Ex. Nestle, 4imprint, HALO, Sysco)
5. **Advertising** – Any business who gets people's attention can sell space, virtual or real, to other businesses to advertise. (Ex. Facebook, YouTube, Insta, Google, Digital Billboards)
6. **Razorblade** – Disposable product that has a short shelf life that requires the customer to repurchase regularly at a lower price point on initial sale but the refills or replacements generate income at a minimal cost. (Ex. Gillette, Xerox, Charmin, Disposable Face Masks & Gloves, E-Cigarettes)
7. ****Subscription** - Subscriptions of ongoing payments at an affordable price point for continual access or delivery of goods/services. (Ex. Netflix, Hulu, Amazon Prime, Adobe, Allure Beauty Box, Birchbox, StitchFix)
8. **Franchise** – Buy in to an existing established business with minimal risk. All the branding, business planning and operations have already been established in return for a fee. This allows for rapid growth in size while rewarding the franchisee. You are buying the brand. (Ex. Chick-Fil-A, Starbucks, McDonalds)
9. ****Freemium** – Free products/service with the paid upgrades for benefits of removal of ads or greater access. (Ex. LinkedIn, Wix, any mobile game)
10. **Bricks & Clicks** – Physical and online store giving more opportunity for market penetration and flexibility of shopping for the customer. (Ex. Nike, Ugg, Dell.... almost any product found in a department store)
11. **Service(s)** – Composed of a number of self-organizing, collaborative components "services". You sell services vs. product. (Ex. American Airlines, Instacart, Uber, Fiverr, business coach, personal trainers, drycleaners, lawn services, editors)

****Denotes a newer business model/plan to the business mountain.**