

FROM TWEAKS TO TRANSFORMATION

BUSINESS MODEL DESIGN

TRANSFORMER
WORKBOOK

2018 AFIT Summer Institute
Transforming the Higher Education Business Model

6-WORD STORIES

Using only 6 words to create a story helps distill the most essential elements of what you are trying to communicate.

Exercise 1

In 6 words, describe your dinner experience last night.

Exercise 2

In 6 words, write a story about your learning intentions for the 2018 AFIT Summer Institute.

DISRUPTUS

Disruptus is a brainstorming tool to help you think of new ways to approach a design challenge. Disruptus helps you think about small changes and big changes.



Tweak

Make the object better with the same use in mind



Transform

Use the object or idea for a different purpose

Exercise

Spend a few minutes tweaking or transforming the provided scenario.

PLAYING IN METAPHORS

A metaphor is a comparison between two unrelated things with common characteristics. In this exercise, we will use descriptive metaphors to elaborate on your current and desired future state.

In metaphor, describe where you feel your organization or sector is today and where you feel it could be.

Examples:

Currently: Today, we are a band of ingenuitive pirates with a compass, but our ship is leaking and we have no oars.

Future: We would like to be a healthy, sturdy tree with roots in the ground and limbs stretching and exploring.

As a team, create a metaphor for the current and future state of the student experience at your institution.

Exercise

1) Where are we now:

Today, the student experience at _____ is like...

2) Where we want to be:

Tomorrow, the student experience at _____ could be like...

BUCKET OF BUSINESS MODELS

Putting yourself in the shoes of another person or organization can help you think outside the box.

Exercise

Using the lens of the business on your table, imagine how your organization could work differently to get to your ideal future state.

If my organization was _____ we could achieve our ideal future state by:

YOUR ICONIC BRAND

As a member of the AFIT network, how will your organization remember to stay transformative in times of unprecedented change? Creating your 'Iconic Brand' will help align your team on what you want your organization to be known for. What characteristics does your organization need to have? What distinguishes you from others? All of these will help inform your 'iconic brand' and hold your team accountable to staying transformative.

Exercise

In words, pictures, or a physical model, create a representation of your iconic brand. Don't be afraid to think outside the box. You might not be able to express your brand using only words, so think of how icons, images, or a physical representation could help focus your team on staying transformative.

LISTENING TO THE STUDENT VOICE

Remember that the key here is to **listen**. Don't overthink what the students are saying. Avoid thinking of solutions to their problems just yet. Hear their stories in their own words.

Exercise

Listen deeply to what the students have to say about their experience. Use the following framework to take notes.

 Pains Obstacles, difficulties, fears, anxieties	 Gains Motivators, wants, needs, hopes, and dreams	 Hopes for the future Specific mentions of how things could be different in the future; potential solutions
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STUDENT VOICES

You may refer to these student quotes from the video.

Elsa *Undergraduate level psych classes don't really go into the realistic job-related aspects of the job—it's all theory... so I didn't realize what it would actually be like on the job.*

A lot of my friends changed their major or even dropped out of college because they realized half way through—when it was too late—that they didn't really want to do what they thought they wanted to do.

Jose *They give you that stare, like: "Why are you here? Why bother?"*

Being in this community here, and going somewhere else like Lincoln... it's a big step, and I got nervous.

Janelle *(To college advisors) I understand that this is a job that you have, but at least give some good advice. You were in the same position a long time ago. You need to give the next generation that same type of "Hey, think about this beforehand."*

Now you can look on the internet and you can pretty much just Google anything—scholarships, financial aid—but... I didn't start learning about the FAFSA and things like that until after I graduated.

James *She encouraged me. I didn't have a whole lot of money, so she said "You can sign up for financial aid, take your GED classes, decide on a major..."*

(On returning to college) I'd like to think I would, but I don't know. No one else lent that kind of support to me, so it would have took something major from someone else.

LISTENING REFLECTION AND DEBRIEF

Now that you have heard students' voices, reflect on the following questions with your team.

1) What did you hear?

2) What do you relate to?

3) What surprised you?

4) What stands out to you?

JOB-TO-BE-DONE

A *Job-to-be-Done (JTBD)* is a description of what the customer is trying to do or the fundamental problem a customer is trying to solve. Jobs can be:

- *Functional: a specific task or problem (e.g. eating healthy meals)*
- *Social: relating to how they are perceived by others (e.g. being seen as trendy)*
- *Emotional: seeking a specific state (e.g. feeling secure in their job)*

Customers may have several jobs that your organization could address. Determine one key job that has the biggest impact in customer's lives, is feasible for your organization, and is broad enough to allow for various solutions. A JTBD provides a foundation to create transformative opportunities to solve for this job.

Job-to-be-Done Examples

- Facebook: "I want to stay in touch with people I like even though our in-person lives don't currently intersect"
- Lawnmower Company: "I want to maintain my home's curb appeal"
- Milkshake Company: "On a long boring commute, I want something to keep my extra hand busy and to make the commute more interesting" - Clayton Christensen

Exercise

Revisit the pain points you discussed for the students. What jobs are they trying to accomplish?

Your team's final Job-to-be-Done

CREATE VALUE A New Customer Experience

Business models are designed to create value for the customer. The first place to start is to articulate how the model creates value and for whom. Creating new value opens up opportunities for transformation.

Exercise 1

Value Proposition

Value Proposition - a promise to the customer that describes how an organization creates value for customers by solving their job-to-be-done.

We _____ promise to:

Exercise 2

Concept Summary

Your concept summary is a brief description of what the concept is and how it will work. It's the "how" of fulfilling your value proposition. Try to think from the customer's perspective.

THREE-STAGE EXPERIENCE MAP

Depicting the new customer experience helps deepen your understanding of a concept. Remember to convey in all stages: Who is your customer/customers? What are they doing? What does the customer feel? What/who are they interacting with?

Enter

How do people hear about the experience? How do they become involved?
What brings them into the experience? How do they become excited about it?

Engage

What is engaging people? What is the main event?
What happens once someone is in the experience? What are their options?
What is the primary action or interaction? What do they do?

Exit

How does their experience conclude? What is the residual impact of the experience?
What happens after the experience to keep customers engaged? How do they stay involved?

LEMONADE STAND CAPABILITIES

Capabilities are the ability to do something that enables you to deliver the desired customer experience. Capabilities are composed of people, process, and technology.

Lynchpin Capabilities are the capabilities critical to delivering the new customer experience and fulfilling the value proposition. Without these, you no longer have the customer experience you imagined.

Exercise

Lynchpin Capabilities of a Lemonade Stand

Determine which of these lemonade stand capabilities are lynchpin.

Keep the sidewalk clean	Make ice	Create demand
Scale your operations	Gain parents' permission	Measure sugar
Peel stickers off of lemons	Purchase lemons	Procure ingredients
Sell food & other beverages	Make lemonade	Be friendly to customers
Continually improve	Maintain staff relations	Develop new lemonade flavors

IDENTIFY LYNCHPIN CAPABILITIES

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Capabilities are made of up people/roles, processes and technologies that enable the capability to fulfill its purpose.

We need a

Director of Marketing or Advertising →
Customer Relationship Management (CRM) System →

These are not capabilities, they are part of capabilities. The top one is a person or role and the bottom one is a technology.

We need the ability to...

Attract Customers
Track Customers along their Paths

These are capabilities. They are at the correct level to be made up of people/roles, processes and technologies.

Exercise

Identify the top 5 lynchpin capabilities central to your customer experience.

CAPTURE VALUE Revenue Streams and Cost Drivers

Financial sustainability is the third element of a business model, in which you consider what will cost money and how you could make money in the new experience. Determine the revenue streams and major cost drivers that you could test in a prototype.

Revenue Streams:

- Who pays in the model and what value they are paying for.
- May come from diverse funding streams
- Does not always come directly from the customer.
- May be different from your current model & other models in the market
- Consider several types of revenue such as asset sale, usage fee, subscription fee, lending, renting, leasing, licensing, brokerage fees, advertising, and pricing mechanisms.

Cost Drivers

- The new customer experience may have different cost drivers than your current model and even other models in the market.
- Some costs may be fixed (infrastructure or human capital), while others may be variable (directly tied to sales or revenue).

Exercise

Identify the Revenue Streams

Identify the Cost Drivers

PROTOTYPE PLAN

A prototype plan will help you build a low-fidelity prototype of your entire conceptual business model that customers and other stakeholders can interact with. Based on the business model you imagined, determine how you would take your idea off of the whiteboard and into the real world.

Exercise

How are you going to simulate the entire model (Create, Deliver & Capture Value) in a real world environment?

What do you want to learn about the customer experience, lynchpin capabilities, and economics?

Who will you engage in your prototype? What kind of behaviors will they need?

How will you know the impact of your prototype?

How are you going to know which components of the prototype work and which don't?
How will you measure these elements?

WHAT NOW?

Revisit the 6-Word Story and reflect on your Summer Institute experience

Exercise 1

Write down a new 6-Word Story describing what you have learned in the past three days.

How did this change from your original story about your learning intentions?

Exercise 2

Team reflection: What are you going to do differently when you return to your organization?

How has your view of transformation shifted?

How are you going to maintain your transformation momentum?

What are you excited to tackle when you return?