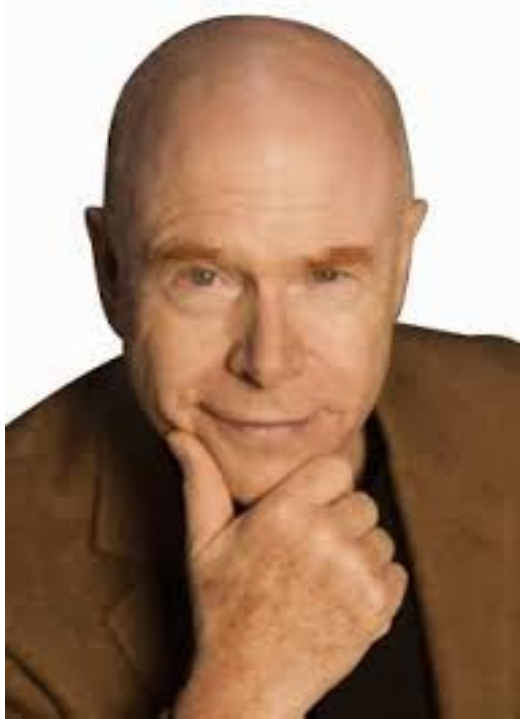




Strategy & business models

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The “Strategy kernel”

1. Diagnose
2. Guiding policy
3. A set of coherent actions

"You cannot run a normal business, in which customers pay for services according to how much they consume, if prices go negative"

– *Economist* (Oct 12th 2013)

“Conventional power generation,
quite frankly, as a business unit, is
fighting for its economic survival”

– *RWE's chief financial officer (2013)*

"If we don't start now already to deal with the issue of **which business model we should chose** to manage the **power-demand** in a **future, flexible energy system**, we'll get into a situation where we are forced into a regulated non-market based model to ensure that the lights won't go out"

- *Hans Kreisel, CEO Skellefteå Kraft*
(2015)

So what is the business model dilemma?

It is that the typical European energy power producer's business model has been based on

Selling electricity to the grid by
supplying large scale **baseload power**
with **coal** and **nuclear** and regulating
with **gas** (or hydro if available)

And this isn't working anymore!

Selling electricity to the grid by
supplying large scale **baseload**
power with **coal** and **nuclear** and
regulating with **gas** (or hydro if
available)

What is a business model?

Value Proposition

**Value to
customers/users**

Value Creation

**Value chain,
activities and
competences**

Value Capture

**Define how
value is being
captured**

BM Canvas of Nespresso

- <http://blogs.hbr.org/2013/05/a-better-way-to-think-about-yo/>



Business Model Canvas

KEY PARTNERS Who are our key partners? Who are our key suppliers? Which key resources are we acquiring from our partners? Which key activities do partners perform?	KEY ACTIVITIES What key activities do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?	VALUE PROPOSITIONS What value do we deliver to the customer? Which one of our customers' problems are we helping to solve? What bundles of products and services are we offering to each segment? Which customer needs are we satisfying? What is the minimum viable product?	CUSTOMER RELATIONSHIPS How do we get, keep, and grow customers? Which customer relationships have we established? How are they integrated with the rest of our business model? How costly are they?	CUSTOMER SEGMENTS For whom are we creating value? Who are our most important customers? What are the customer archetypes?
	KEY RESOURCES What key resources do our value propositions require? Our distribution channels? Customer relationships? Revenue streams?		CHANNELS Through which channels do our customer segments want to be reached? How do other companies reach them now? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer routines?	
COST STRUCTURE What are the most important costs inherent to our business model? Which key resources are most expensive? Which key activities are most expensive?			REVENUE STREAMS For what value are our customers really willing to pay? For what do they currently pay? What is the revenue model? What are the pricing tactics?	

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