

# 'GENERATE'

Investing in Australian music enterprise

## STAGE 2

### GENERATE INTENSIVE BUSINESS STRATEGY WORKSHOP



March 2012

# Background

- About **GENERATE**
- About Creative Industries Innovation Centre (CIIC)
- About Enterprise Connect
- About the presenters

*The need for innovative thinking in the music and creative industries has never been more important than now.*

Tim Levinson (The Herd)  
APRA Ambassador

# Why business models are important

- Describes the rationale of a how a business creates, delivers and captures value
- Describes the complexities of how a business functions
- Show the logic of how a business intends to make money
- It's the business model around the product and services that helps create a successful business

# Characteristics

- 9 Building Blocks
- Incorporates Business and Design Thinking
- Focuses on customers and delivery of value to customers
- Dynamic tool
- DIY tool

# Customer Segments

- Defines the different groups of people or organizations an enterprise aims to reach and serve
- Which customers and users are you serving
- Which jobs do they really want to get done
- What products do they really want
- Who are your listeners
- Examples: Mass Market, Niche Market, Segmented, Diversified.

# Value Proposition

- Describes the bundle of products and services that create value for a specific customer segment
- What are you offering your customers

# Customer Relationships

- Describes the types of relationships a business establishes with specific customer segments
- Examples: personal assistance, dedicated personal assistance, self-service, automated services, communities and co-creation

# Channels

- Describes how a business communicates with and reaches its Customer Segments to deliver a value proposition.



# Revenue Streams

- Represents the cash a company generates from its customer segments
- Two types of revenue streams:
  - Transactional revenues resulting from one-time customer payments
  - Recurring revenues resulting from ongoing payments to deliver a value proposition
- Revenue stream in the music industry: record royalties, mechanical royalties, licensing revenue, performance fees, merchandising fees

# Key Resources

- Describes the most important assets required to make a business model work
- Types of resources:
  - Physical
  - Intellectual
  - Human
  - Financial

# Key Activities

- Describes the most important things a business must do to make its business model work
- Examples:
  - Ebay – Maintain its web platform
  - McDonalds – Supply chain management
  - Coca-Cola - Marketing

# Key Partnerships

- Describes the network of suppliers and partners that make a business model work
- Partnership motivations:
  - Optimization and economy of scale
  - Reduction of risk and uncertainty
  - Acquisition of particular resources and activities

# Cost Structure

- Describes all costs incurred to operate a business model
- Cost-driven business models (e.g. Jetstar)
- Value-driven business models (e.g. premium products and offers)
- Cost structure characteristics: fixed costs, variable costs, economies of scale, economies of scope

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