

## **Week 2 Business Vulnerabilities (business model canvas story):**

risk factors can be found in the macro environment, industry, and within the firm itself

1. macro environment

-government, political conflict, revolution, war(regulatory risk)

-economic risk

-society(socio-cultural risk)

-environment (environmental risk)

-advancement in technology( technological risk)

2. industry-specific risk

-competition among rivalries and entrants (change rules of the game-create uncertainties)

-relationship with business partners, suppliers(supplier risk)

-customers(industry/market risk)

3. firm-specific risk:the way it manages employees, operation designs, how to manage money

-operational risk

-financial risk

-human resource/management risk

-inherent risk: risk that expose to just by being yourself, we are naturally exposed to this risk

-risk companies are exposed to simply because of the way they were built

-risk is only a risk if it potentially put us in danger that's important to us

Drucker: who is the customer? what does the customer value?

Magretta: need to spend less than sales-to get profit

Richardson: need to spend money in order to to create value and deliver in order to capture value

osterwalder:

-money earning logic of a company

a business model describes how organisation creates, delivers and captures value

1. value proposition: what value does the company create? What products and services that a company provide?

2. customer segments: To whom does the company sell to? Who pays for the value that the company creates?

3. customer relationships: How does the customer lock in with the company? (eg. mobile phone plan/customer contract)

4. channels: Where can customers go to buy the value created by the company?

5. key partners(external parties), key activities, key resources(the asset company owns and maintains to create value) and cost structure(need to spend) are all value creation; Revenue-capture value

story logic of business model: how a company leverages key activities, key resources, key partners in order to create value which is then delivered through customers through specific channel, the company locked in these customers to ensure the revenue consistently flow into the company; what company spends on and earn to capture ;keep costs low; how the different elements fit together and affect each other.

risk measurement

Risk function: Probability of negative occurrence x consequences(amount of money)