

## Module IV: Business Models, Entrepreneurship, and Blue Ocean Strategy

### 18. Business Model and Entrepreneur- Understanding Business Models

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#### Business Model

A business model describes how a business creates, delivers, and captures value. It explains how a company operates, serves customers, generates revenue, and earns profit.

A good business model helps an organization understand what it sells, who its customers are, how it reaches them, and how it makes money.

#### Components of a Business Model

##### Value Proposition

The unique value or benefit offered to customers.

**Example:** Netflix provides unlimited entertainment through online streaming.

##### Customer Segments

The specific groups of customers a business serves.

**Example:** A luxury car company targets high-income customers.

##### Revenue Streams

The sources from which a business earns income.

**Example:** Subscription fees, product sales, advertising revenue.

## Channels

Methods used to deliver products or services to customers.

**Example:** Physical stores, websites, mobile apps.

## Key Resources

Assets required for business operations.

**Example:** Technology, employees, patents, machinery.

## Key Activities

The major activities performed to create value.

**Example:** Manufacturing, marketing, software development.

## Cost Structure

The expenses involved in running the business.

**Example:** Employee salaries, raw materials, rent.

## Understanding Business Models

Different businesses use different business models depending on their products, services, and target customers.

## Common Business Models

### Product-Based Model

Revenue is earned through product sales.

**Example:** Samsung selling smartphones.

### Service-Based Model

Revenue comes from providing services.

**Example:** Consulting firms.

### Subscription Model

Customers pay regularly for continued access.

**Example:** Netflix and Spotify.

### Freemium Model

Basic services are free, while premium features require payment.

**Example:** Canva.

### Marketplace Model

The platform connects buyers and sellers.

**Example:** Amazon and Flipkart.

Business Model	Main Revenue Source
Product-Based	Product sales
Service-Based	Service fees
Subscription	Recurring payments
Freemium	Premium upgrades
Marketplace	Commissions and fees

## Entrepreneur

An entrepreneur is a person who identifies opportunities, takes risks, organizes resources, and starts a business to create value and earn profits.

Entrepreneurs play an important role in economic development by introducing innovation, creating employment, and driving growth.

### Characteristics of an Entrepreneur

- Creativity
- Innovation
- Risk-taking ability
- Leadership
- Decision-making skills

- Persistence
- Opportunity recognition

**Example:** An individual launching an online learning platform after identifying a growing demand for digital education.

## 19. Social Entrepreneurship and Introduction to Blue Ocean Strategy

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### Social Entrepreneurship

Social entrepreneurship involves using entrepreneurial principles to solve social, environmental, or community problems.

Unlike traditional entrepreneurs who primarily focus on profit, social entrepreneurs aim to create positive social impact while maintaining financial sustainability.

### Objectives of Social Entrepreneurship

- Solve social problems
- Improve community welfare
- Promote sustainable development
- Create social value
- Address environmental challenges

### Characteristics of Social Entrepreneurs

- Mission-driven
- Innovative
- Socially responsible
- Resourceful
- Community-focused

### Examples of Social Entrepreneurship

- Affordable healthcare initiatives
- Rural education programs
- Low-cost sanitation solutions
- Renewable energy projects

**Example:** An organization providing low-cost solar lamps to villages without electricity.

## Introduction to Blue Ocean Strategy

Blue Ocean Strategy is a business strategy that focuses on creating new market spaces instead of competing in existing crowded markets.

The concept was developed by W. Chan Kim and Renée Mauborgne.

The strategy encourages businesses to make competition irrelevant by offering unique value and creating new demand.

Red Ocean Strategy	Blue Ocean Strategy
Competes in existing markets	Creates new markets
Faces intense competition	Makes competition irrelevant
Focuses on existing demand	Creates new demand
Competes on price or features	Offers unique value
Limited growth opportunities	Greater growth opportunities

**Example:** Before streaming services existed, people relied mainly on television and DVD rentals. Netflix created a new market space through online streaming, representing a Blue Ocean Strategy.

## 20. Blue Ocean Strategy Implementation- Steps for Successful Implementation

### Blue Ocean Strategy Implementation

Implementing Blue Ocean Strategy requires businesses to identify opportunities for creating unique value while reducing competition.

The goal is to simultaneously achieve differentiation and low cost.

### Steps for Successful Implementation

#### Step 1: Analyze the Existing Market

Understand competitors, customer needs, and industry practices.

#### Step 2: Identify Customer Pain Points

Find problems that existing solutions fail to address.

### Step 3: Discover New Opportunities

Look for untapped customer groups and unmet needs.

### Step 4: Apply Value Innovation

Create superior value while controlling costs. Value innovation is the foundation of Blue Ocean Strategy.

### Step 5: Develop a Unique Offering

Design products or services that differ significantly from competitors.

### Step 6: Test and Validate

Gather customer feedback before large-scale implementation.

### Step 7: Execute and Monitor

Launch the innovation and continuously evaluate performance.

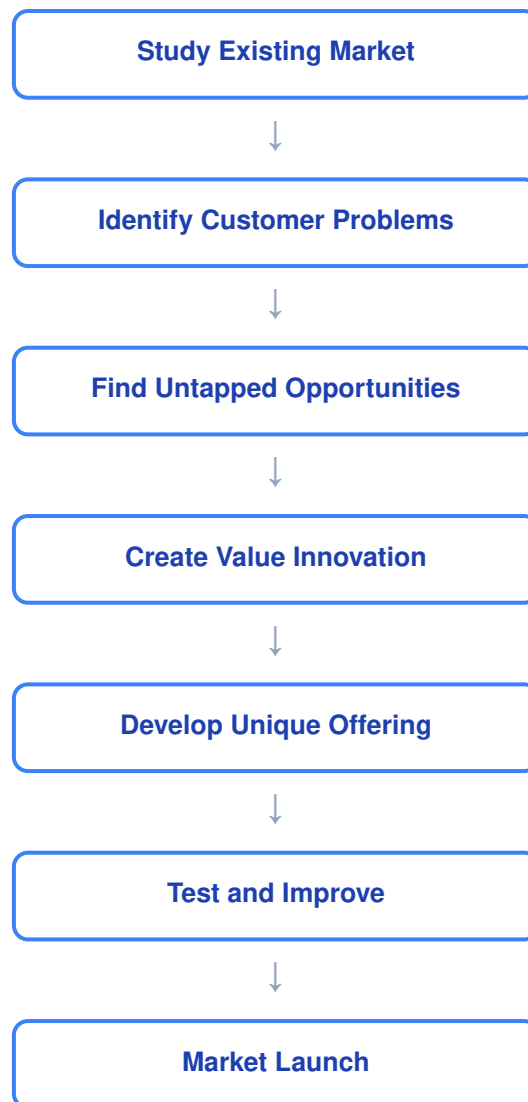
## Four Actions Framework

A key tool in Blue Ocean Strategy is the Four Actions Framework.

Action	Purpose
Eliminate	Remove factors that provide little value
Reduce	Decrease unnecessary features or costs
Raise	Improve factors valued by customers
Create	Introduce entirely new value elements

**Example:** Budget airlines eliminated free meals, reduced luxury services, raised affordability, and created convenient low-cost travel options.

## Blue Ocean Strategy Process



## 21. Business Model Failure-Reasons and Remedies

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### Business Model Failure

Business model failure occurs when a company's method of creating and capturing value becomes ineffective, resulting in poor performance or business decline.

Even innovative businesses can fail if their business models are not sustainable.

### Reasons for Business Model Failure

#### Poor Understanding of Customer Needs

Businesses fail when they do not understand what customers truly want.

**Example:** Launching a product without market research.

### **Lack of Revenue Generation**

A company may attract customers but fail to generate sufficient income.

### **High Operating Costs**

Costs may exceed revenues, making the business unsustainable.

### **Failure to Adapt**

Businesses that ignore technological and market changes often decline.

### **Weak Value Proposition**

The product or service may not offer meaningful benefits to customers.

### **Poor Management Decisions**

Ineffective leadership can lead to operational and strategic failures.

### **Intense Competition**

Strong competitors may capture market share and reduce profitability.

## **Remedies for Business Model Failure**

### **Regular Market Research**

Continuously understand customer needs and market trends.

### **Innovation and Adaptation**

Modify products, services, and business models when necessary.

### **Cost Management**

Control unnecessary expenses and improve efficiency.

### **Diversification of Revenue Sources**

Develop multiple income streams.

### **Customer-Centric Approach**

Focus on delivering superior customer value.

### **Strategic Planning**

Use long-term planning and risk management practices.

**Example:** Many companies shifted to digital platforms during the COVID-19 pandemic to adapt to changing customer behavior.

## 22. Future Markets and Innovation need for India

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### Future Markets

Future markets are emerging markets that are expected to experience significant growth due to technological advancements, changing consumer behavior, economic development, and global trends.

Businesses that identify future markets early can gain competitive advantages and growth opportunities.

### Characteristics of Future Markets

- Rapid growth potential
- Technology-driven
- Innovation-intensive
- Global opportunities
- Changing consumer demands

### Emerging Future Markets

#### Artificial Intelligence (AI)

AI is transforming industries such as healthcare, education, finance, and manufacturing.

#### Renewable Energy

Growing environmental concerns are increasing demand for clean energy solutions.

#### Electric Vehicles (EVs)

The shift away from fossil fuels is driving EV adoption.

#### Biotechnology

Advances in healthcare and genetics are creating new opportunities.

#### FinTech

Digital payment systems and financial technologies are rapidly expanding.

#### Space Technology

Private participation in space exploration is creating new business opportunities.

#### Smart Agriculture

Technology is improving agricultural productivity and sustainability.

### Innovation Need for India

India faces several social, economic, and environmental challenges that require innovative solutions.

Innovation is essential for achieving sustainable development, improving living standards, and enhancing global competitiveness.

## Why India Needs Innovation

### Economic Growth

Innovation increases productivity and supports industrial development.

### Employment Generation

New industries and startups create jobs.

### Solving Social Problems

Innovation can address challenges in healthcare, education, sanitation, and transportation.

### Global Competitiveness

Innovative businesses help India compete internationally.

### Sustainable Development

Innovation supports environmental protection and efficient resource utilization.

### Digital Transformation

Technology-driven innovation improves governance and public services.

## Priority Areas for Innovation in India

- Healthcare
- Education
- Agriculture
- Renewable Energy
- Water Management
- Artificial Intelligence
- Smart Cities
- Transportation
- Manufacturing

**Example:** India's digital payment ecosystem, particularly the adoption of the Unified Payments Interface (UPI), demonstrates how innovation can improve financial inclusion and economic efficiency.

## Conclusion

*Future markets will be shaped by technology, sustainability, and changing customer needs. For India, continuous innovation is necessary to achieve economic growth, social progress, global competitiveness, and long-term sustainable development.*

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