

BMC BASICS FOR MARKET DAY

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
7	8	1-2	4	1-2
	Key Resources 		Channels 	
	9		3	
Cost Structure 	5-6		Revenue Streams 	5-6

Using the BMC to design a business model for a Market Day business.

This guide shows how an educator can use the BMC as a tool for guiding students through designing their Market Day business. It does not address every element the entrepreneur may address in starting a business - it addresses the basics needed to plan for a successful Market Day experience. Please use this only as a guide, as every Market Day experience is unique to your circumstances. Note: For more information on the BMC, please go to www.YEacademy.org.

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STEP ONE

Step one will vary for students depending on which category they fall into.

Category A – Students who have an existing idea of what they want to sell for Market Days.

Category B – Students either do not have an idea of what they want to sell, or they have a defined market to sell to and want to focus on their customer first (students, staff, etc.).

Students in Category A can begin by addressing the following using Post-It notes in the Value Proposition block.

- > What product or service is being offering?
- > What pain is relieved, gain is created, need fulfilled, or problem solved?
- > What unique value is created for the market?
- > What are your businesses core values that will add value to the market?
- > What is your competitive advantage?

Students in Category B can begin by addressing the following in the Customer Segments block:

- > Who is their primary target market?
- > Who is their secondary target market?
- > What methods of market research can they use (and will I use) to gather knowledge about their market?
- > Are there any relevant demographics, geographics or psychographics to their market that will help them understand their market's needs?
- > What user experience(s) are their customers seeking?

STEP TWO

In this step, Category A will address their Customer Segments and Category B will address their Value Proposition. It is important that your students remember to take into consideration the knowledge gained from completing the previous step.

STEP THREE

In Step Three, students will address the Channels they will use to distribute their goods.

- > Will their business distribute their product through a storefront (table etc.), be mobile, online, digital etc.?
- > What form of payment will they accept (cash, check, credit)?

STEP FOUR

In Step Four students will address the Customer Relationships block of the business model:

- > What is their market strategy? How will they communicate their Value Proposition to their customer segments? (flyers, signage, social media)
- > What is their pricing strategy?

Note: When selecting forms of communication with Customer Segments, remind students the importance of compliance (i.e. school flyer policies etc.) and the importance of using sound judgment (i.e. best use of resources; time, money, etc.).

Beginning with Step Five, we will move from the Customer Focus segment to the Financials segment. The Financials Segments is made of two blocks: Cost Structure and Revenue Streams. Additionally, students will begin to move between the Cost Structure block and Revenue Streams block.

STEP FIVE

In Step Five, students will work between the Cost Structure and Revenue Streams blocks.

- > Have students identify their businesses Revenue Stream(s) by posting a separate Post-It note for each stream under the Revenue Streams block.
 - To identify each stream, students should define each stream. One way students can define each stream is to complete the following, "One average customer sale including _____."
- > Students will then calculate the COGS for each Revenue Stream. These should also be recorded on separate Post-It notes and posted under the Cost Structure block.

STEP SIX

In Step Six, students will continue working between the Cost Structure and Revenue Stream blocks.

- > Students will calculate their Pricing and Profit for each Revenue Stream.
 - In identifying their Pricing and Profit, students will pull the COGS for each Revenue Stream from the Post-Its in the Cost Structure block over to their Pricing and Profit Post-Its in the Revenue Streams block.
 - **Pro-tip:** It is important to discuss Knowledge and Sound Judgment in the pricing of each Revenue Stream.
- > If your class has completed the "Back of the Napkin" activity (found on www.YEacademy.org) for their Market Day products, you may wish to have them summarize their Back of the Napkin discoveries on a Post-It note and place it in the Revenue Streams block.

Pro-tip: Two good Revenue Streams block activities post-Market Days are to have students complete a Market Day Income Statement and calculate ROI for their business.

STEP SEVEN

In Step Seven, students will address the Key Partners block in the Operations segment.

- > What form of ownership will the business have? (sole proprietorship or partnership)
- > Pro-tip: Partnership Agreements can save students (and you) from a lot of unnecessary frustration and disputes.
- > Who are the key suppliers? Wholesalers?
- > Will the business use any independent contractors or outsourcing?
- > Is the business a franchise business? (for students operating and selling under the name of a local business)
- > Will the business use any professional services? (students can identify any loan sources such as the teacher-banker)

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STEP EIGHT

In Step Eight, students will address the Key Activities block in the Operations segment.

- > Students can create "To Do Lists", including but not limited to shopping lists and reminder lists.
- > What licenses or permits would the business need to open for business in your community?

Pro-tip: If time permits it can be valuable for students to complete a S.W.O.T. Analysis on both the business and themselves. Analyzing their Strengths and Weaknesses can help students examine their comparative advantage and use sound judgment in making partnership decisions. Analyzing Opportunities and Threats can help students consider risks that may impact their Market Day business, as well as market Opportunities.

STEP NINE

In Step Nine, students will address the Key Resources block in the Operations segment.

- > Human Resources - Will the business hire any employees?
- > **Pro-tip:** Employees may be family/friends or others performing work duties for the student business. As employees, they should receive some compensation for their services. The student business owner(s) should use sound judgment in making decisions regarding employees, independent contractors and outsourcing. Ask students "why" if they use any of these. Did they think about comparative advantage when making these decisions?
- > What are the owners or partners roles and responsibilities before, during and after selling? Considering this question helps students consider their comparative advantage and recognize the needs of the business.
- > Physical Resources - Does the business have any physical resources it will use?
- > Capital Resources - Does the business have any capital resources it will use?

Market Days are unique to every school and market. Youth Entrepreneurs encourages you to adapt this guide to meet your programs needs as you develop what Market Day(s) looks like for your students.

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