

# Business models and planning

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Question Difference between a broad business model definition and a narrow business model definition A business model is the technique of undertaking a business venture by which an establishment can sustain and maintain itself thus generate proceeds. The business model influences how a company generates money by stipulating the position of the company in the value chain.

#### A Broad Business Model Definition

A broad business model incorporates exact proposals with high opinion to the elements and relationships that facilitate value conception (Altmann, Jörn, Dirk, and Thomas 142). The business model is broad since it focuses on the unabridged enterprise system. That is it includes in what manner the firm positions itself conferring to its associates in the value assemblage. Archetypally, a value chain viewpoint is embraced, and affiliations to dealers and clientele and other peripheral forces are put into consideration. For instance, corporation 'fundamentals', put emphasis on the "information most pertinent to decision making in the contemporary economic setting concern the enterprise's value chain (business model, in analysts' parlance)". In addition, this technique of theorizing the business model focuses on outlining the company's manner of undertaking business.

#### A Narrow Business Model Definition

On the other hand, a narrow business model entails a business model that bases solitary on in-house aspects in the organization. A business model should not be a depiction of a multifarious social system with entirely its actors, dealings and practices. As a replacement for, they argue that, it ought to designate a company's significance thus creating logic, the processes that enable this, i. e. the groundwork for generating worth and set <https://assignbuster.com/business-models-and-planning-essay-samples-3/>

up the foundation for hypothesizing the strategy of the business.

## Question 2

Which overall characteristics of business model can be identified?

### The Business Model Offers a Unique Value

Occasionally, it propagates in the form of an innovative idea. More often, it encompasses amalgamation of merchandise and service features that offers more quality value. For instance, a cheaper price for the equivalent advantage or supplementary benefit for the equal price. In due course, the aforementioned move achieves its key objective of safeguarding loyal customers along with anticipated sales.

### The Business Model is hard to Mimic

Business models incorporate strategies that identify and establishing a significant differentiator. For instance, it comes up with a strategic move to attract attention of the customer or superb performance and customer care. Rationally, these models figure out unique barriers to entry that protect their profit streams. In the long run, this strategy ensures that the business continues to control a desirable market share as well as enjoy healthy profits.

### The Business Model is tangible

The business model bases on precise assumptions about behavior of the customer. The cost structures of the business model fit their proceeds streams, day in and day out. Justifiably, countless firms, newfangled and deep-rooted, lack a precise understanding of how and where their money comes. Besides, they cannot substantiate why clienteles have a preference for their contributions and how many clienteles in reality sap proceeds.

## Question 3

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What are the interrelations between business model characteristics and business model building blocks?

A business model is a conceptual contrivance that encompasses a set of elements and their dealings and consents articulating the business lucidity of a detailed firm. On the other hand, a business model building block is a graphic representation with fundamentals describing a business value proposition, customers, infrastructure, and investments. Therefore, characteristics of business model give an insight on how to come up with strategies on how to combat problems that may come along with a business model building blocks. In addition, idea behind ascertaining the domains, perceptions and dealings addressed in the business model, is to enhance a conjoint language. That is crafting a reference model shared amid a community of practice or creating a further prescribed ontology of the business model purview. In this milieu, an ontology can be understood as a categorical design of a conceptualization and would delineate the concepts, terms and dealings of business models

Works cited

Altmann, Jörn, Dirk Neumann, and Thomas Fahringer. Grid Economics and Business Models: 5th International Workshop, Gecon 2008, Las Palmas De Gran Canaria, Spain, August 26, 2008 ; Proceedings. Berlin: Springer, 2008. Print.