

What Is a Business Model?

Worksheet

A business model outlines the company's core value proposition, revenue streams, cost structure, and customer relationships. It's how the business turns ideas into profit-the 'secret recipe' that defines competitive advantage and sustainability.

Questions

1. Which is a key component of any business model?
 - A) Cool office design
 - B) How you create and capture value
 - C) Number of employees
 - D) Best logo
2. Value proposition means
 - A) Your price
 - B) The unique problem you solve or benefit you offer
 - C) How many customers you have
 - D) Your marketing slogan
3. Subscription revenue model means
 - A) One-time purchase only
 - B) Recurring payment at regular intervals
 - C) No revenue
 - D) Customer pays once, owns forever
4. Freemium business model is
 - A) Always free
 - B) Free version + paid premium tier
 - C) No monetization
 - D) Only for startups
5. Amazon's business model: What's the value proposition and revenue streams?
6. Spotify's business model: How does it create and capture value?
7. A fitness startup's business model: subscription gym app with live classes.
8. Define: What is a business model?
9. Define: Four key components of a business model?
10. Define: What is value proposition?

Answer Key

1. B) How you create and capture value - A business model's core is how you solve customer problems, deliver value, and make money.
2. B) The unique problem you solve or benefit you offer - Value proposition is why a customer chooses you over competitors-the unique value you deliver.
3. B) Recurring payment at regular intervals - Subscriptions are recurring payments (monthly, yearly) for ongoing access or service (Netflix, Spotify, SaaS).
4. B) Free version + paid premium tier - Freemium offers basic free access (Spotify free, Slack free) and premium paid features (more storage, features, no ads).
5. Value: Fast, convenient, low-cost shopping + prime delivery Customer segments: Consumers, small businesses, enterprises Revenue: Product sales (margin), Prime memberships, AWS, advertising Cost: Logistics, warehouses, technology
6. Value: On-demand music access (convenience over ownership) Customer: Music lovers (free tier + premium) Revenue: Premium subscriptions, ad-supported free, artist royalties paid Cost: Music licensing, servers, app development
7. Value: Gym access + live classes from home (convenience, affordability vs. traditional gyms) Customer: Budget-conscious, time-strapped fitness enthusiasts Revenue: Monthly subscriptions (\$15-30), premium classes, instructor tips Cost: Trainer salaries, streaming tech, app development, marketing
8. The system by which a company creates, delivers, and captures value-how it makes money from customers.
9. 1. Value Proposition (what problem you solve), 2. Customers (who you serve), 3. Revenue (how you earn), 4. Costs (what you spend).
10. The unique benefit or solution you offer that solves a customer problem or fulfills a need better than competitors.

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