

Seven Questions to Assess Your Business Model Design

Great value propositions should be embedded in great business models. Some are better than others by design and will produce better financial results, will be more difficult to copy, and will outperform competitors.

Assess your business model design. Circle how you perform on a scale from 0 to 10



1. Switching Costs

0 ————— 10

Nothing holds my customers back from leaving me My customers are locked in for several years



2. Recurring Revenues

0 ————— 10

100% of my sales are transactional 100% of my sales lead to automatically recurring revenues



3. Earning vs. Spending

0 ————— 10

I incur 100% of my costs of COGs before earning revenues I earn 100% of my revenues before incurring costs of goods & services sold (COGs)



4. Game-changing Cost Structure

0 ————— 10

My cost structure is at least 30% higher than my competitors My cost structure is at least 30% lower than my competitors



5. Others Who Do the Work

0 ————— 10

I incur costs for all the value created in my business model All the value created in my business model is created for free by external parties



6. Scalability

0 ————— 10

Growing my business model requires substantial resources and effort My business model has virtually no limits to growth



7. Protection from Competition

0 ————— 10

My business model has no moats, and I'm vulnerable to competition. My business model provides substantial moats that are hard to overcome