

**Osterwalder, Alexander & Pigneur, Yves - Business Model Generation***John Wiley & Sons, 2010, [Business] Grade ★★★★★*

After reading the terrific first chapter of this stylish book on understanding and developing innovative business models I was ready to give the book the highest grade. I changed my mind though. The text is something of a crowd-sourcing project with 470 co-authors but the foundation that the text stands on is a Ph.D.-dissertation that Alexander Osterwalder wrote with professor Yves Pigneur at HEC Lausanne. The book aims to give entrepreneurs and intrapreneurs tools to invent, design and implement visionary business models. By and large, it pulls off two out of three.

After listening to a business presentation from a company you don't previously know, it's all too common that you still have to ask them: "but what do you actually do?" The Business Model Canvas (BMC) presented by the authors is the best tool I've seen to answer this question. It's a visual nine building block model describing how a business model is constructed. It's lucid, innovative and fills a real need. The nine building blocks; customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure are hardly unique in themselves but the BMC forms a map that gives the user an excellent understanding of what is critical to make the company tick and what various interdependencies look like.

The BMC is by design relatively introvert and those using it to either understand or develop a business model are in need of further understanding of a company's environment. Hence, the book has three major blocks; first the presentation of the BMC and a chapter with case studies; second a section on tools meant to help the design work plus a separate short section on the management of a business model design project, and third a section on examining the environment of the company.

I think every business plan should include a BMC. Even though the first section could have benefited

from a more thorough handling of the financials of the chosen business model, it's still unique.

The two other sections of the book are adequate as they cover a lot of useful ground but they are also a quite mixed fodder; two pages on storytelling, two pages on scenario planning, a short text on innovation, some words on the Blue Ocean Strategy and so on. There is not always an apparent reason why a specific topic has been included instead of something else. Also, while the building blocks of the BMC to a large extent appear "mutually exclusive and collectively exhaustive", this is not the feel you get from the rest of the book. The model presented for analyzing the business environment for example, touches on quite a few of the questions already posed in the BMC. Further, the book is very thin on advice on how to execute the changes in real life, instead it focuses on idea generation and analysis with regards to business models. The aim to give implementations tools is hardly fulfilled.

You can't write a review of this book without commenting on the form. This is a pretty book in a copywriter kind of way. I always scribble without hesitation in my books. With this book it took a while until I could bring myself to start underlining and writing comments. The visual format will aid those who want to use it to develop new business models. However, the combination of the feeling that it's been written by a creative advertising agency and the fact that most of the examples discussed are very new economy, might put off the manager of a steel mill or those who do petroleum refining. This would be a shame as the BMC is applicable for most companies.

The Business Model Canvas will be a cornerstone in how I, as a fundamental investor, in the future analyse companies. If the rest of the book had lived up to the innovative level of first section, it would have been a complete knockout.

Mats Larsson, April 22, 2014