ON + INNOVATION

Observatory of new ways to innovate

#2 CASE

Is there an innovation periodic table?

DOBLIN ALGEBRA

A method for systematically inventing new business models

May 2021

INSTITUTE OF NEXT
BY INFONOMIA

On+innovation is a project to detect, analyze and synthetize new practices on innovation around the world, be it new models, methodologies, technologies or practices, which aim at improving the way now people or organizations innovate.

The analysis is presented in a descriptive manner in order to make it easy to understand. Its goal is to help organizations to be more efficient when they innovate.

ON + INNOVATION

ON A SNAPSHOT

WHY DOBLIN ALGEBRA IS A USEFUL TOOL

1

A large portion of what can be done to innovate in a value proposition consists of rethinking the **business model** surrounding it. Changing how it's produced (resources), how it's distributed (channels), how it's paid for (revenues), etc.

2

Often, this innovation within the business model takes place in a rather **artisan** way: someone comes up with a different way of doing something. If it proves to be successful, others will quickly copy it.

3

Could there be a way to devise new business models in a **more systematic way**? This is a question that many innovation professionals have asked themselves, and Doblin innovation firm answered it by presenting their model, which we have called ***Doblin Algebra***. Doblin launched their model through a book titled *Ten Types of Innovation*.

4

The main idea is to list the different ways to carry out each of the ten components of a business model. These methods were determined by analyzing **thousands of innovation examples** from around the world. The list can be considered **dynamic**, growing over time.

5

It proves that, even within the same product or service category and the same sector, there are **very different ways** of implementing a business model. And by using our imagination and this list, we can come up with new combinations of the model's components that no one else has ever thought of before. Many of these combinations will probably make no sense at all. But some will, and maybe we wouldn't have thought of them if we hadn't followed a systematic process using this tool.

6

The future of business model innovation may lie in **randomly generating combinations** and using an **artificial intelligence** tool so that millions of **digital human avatars** (with attributes of real people) can study them and determine which of the business models devised would make sense to test.

7

It's not an easy tool to use, although it may seem so. In order to find a new business model that could work and provide some **differentiation that will deliver results**, we need to invest quality time and a diverse team to discuss the millions of possibilities that can be explored. But despite its complexity, Doblin Algebra is a useful tool because it provides a **systematic exploration process**.

MAIN IDEA

Much of the innovation we are seeing nowadays consists of **changing** something from a business model, such as the channel, the customer segment, the payment method, partnerships with other players, etc.

For example, some industrial companies are exploring the subscription model to offer their machines, driven by the fact that many clients need to go from a CAPEX (investment) model to an OPEX (operating expense) model. In any sector we can find companies that stand out and seek to distinguish themselves from their competition by **modifying one or more components of their business model**.

Therefore, it would be interesting to have a sort of "periodic table" that classifies the different potential components of a business model. A list of the different ways of generating a business model, arranged in its ten basic "columns" (channels, customers, partners, etc.), so that we could devise new business model "equations" by combining these elements in new ways. This is why we named this tool Doblin Algebra, because it allows us to systematically devise new models based on combining its components.

This "periodic table" was first developed by **Doblin**, currently part of the **Deloitte** group, and it has become a very useful tool to **systematically devise** and come up with new business models.

Typically, this tool is used to make **changes in two or three** columns of an existing business model. For example, in the "Profit model" column we could go from "Paying for the producto" to "Advertising revenue", or in the "Channels" column we could go from "Direct sales" to "Flagship store".

Out of the thousands of potential models we could devise, many — perhaps most — will actually be absurd, but some of them might make a lot of sense. And it may be worth giving them a try. At the very least, we could discuss their real potential. Therefore, this tool allows us to systematically **explore** new potential business model options.

Perhaps in the future these random combinations will be produced by an **artificial intelligence** software, and by comparing them with millions of **digital avatars** that replicate real people's behavior, it might be possible to automatically discard the combinations that "people" wouldn't find interesting or that they would reject. It may well be that the future of business model innovation goes in this direction.

MODEL

The team that developed the model initially started by collecting more than 2,000 examples of innovations made by companies in multiple industries. They determined that **business models** consist of **10 components**, which are divided into three groups: **configuration** (how the value proposition is "manufactured"), **offering** (what is offered to the market — the product or service and its complements), and **experience** (how customers or users use and experience the value proposition).

By analyzing all of the examples they had collected, they discovered that innovating in the business model consisted of changing **some** of the components (e.g., the structure, process, or service). And that **"normal"** innovations consisted of changing around two components (e.g., something related to service and something related to process), while the most **"disruptive"** innovations (top innovations) tended to change an average of four components.

Finally, they arranged all the examples they collected under each of the ten columns that make up the figure above. That way we can picture the **different ways of completing a business model**. So, for example, under "Channels" we would see all the possible forms of channels.

From this point on, it is possible to create new "business equations" by changing one or more of the conventional examples. Having an example may help to understand it.

EXAMPLE OF THE MODEL

Let's take a razor as an example of a product. It's clear how it's manufactured and used. But in the market, there are different approaches on how to distribute and sell them.

For example, some companies use the *cost leadership* model, like **Gillette**. They take advantage of the efficiency of mass production processes so that unit costs are very low, and their value proposition is "many units for a lower price".

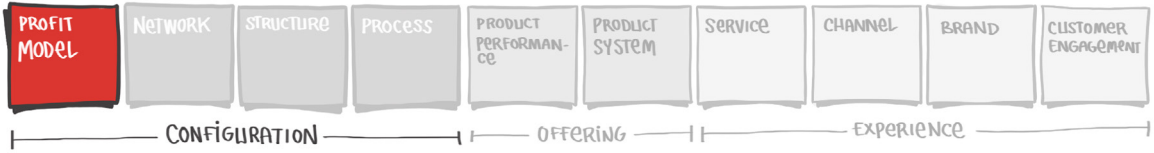
Others have successfully innovated on that model through a premium proposal, such as **The Art of Shaving**, which presents shaving as a "liturgy", a form of self-care, an indulgence for oneself, something to be pampered. And as such, the objects used are not only functional (they serve a purpose) but also emotional (their design and aesthetics bring back nostalgic memories). The result is a razor that costs hundreds of euros.

Lastly, other companies have suggested a subscription model, such as the **Dollar Shave Club**, that regularly ships to your home all the products you need to properly shave.

These are three different business models, three different ways of generating a profit for the company. In other words, they are three components that can be found under the first column of the chart ("Profit Model").

But we could also explore a model based on advertising, or one that is built on the *freemium* strategy (that is, almost everyone uses a product for free and a few people pay to have more services and a better product). We could also explore a model based on any of the other elements listed under that column. (To have access to the full list of **possible strategies** under each column it's necessary to purchase the book or the innovation workshop cards, available at **https://doblin.com/ten-types**.)

EXAMPLES: PROFIT MODEL



There are multiple ways to make a profit from selling a product. Even within the same product category, there are very different ways of generating a profit.

In ready-to-wear fashion, it is common to sell products at an affordable price, but some companies are exploring the possibility of selling more expensive clothes through a subscription model (*The Lauren Look*, by **Ralph Lauren**). In fact, the subscription model is becoming well established in many sectors, including the machinery and tools industry (such as **Hilti**'s *fleet management service*) and the digital printing sector (**Heidelberg**).

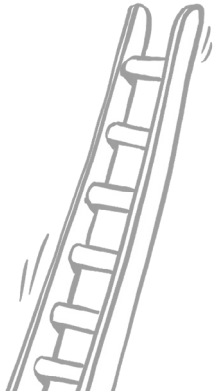
Within the same sector, some companies sell printers to make a profit from their sales and others sell them to have a solid base and establish their business model based on selling their components or *fungible goods* (**HP**). For many years, some companies based their model on receiving the payment as a guarantee before shipping the product and generating a *financial margin* (**DELL**).

Others work based on a *freemium* model, in which most customers pay little or nothing, but a few people actually pay to receive a better product or more services (**Mailchimp**). There are also businesses who present a *premium* product in a sector that is saturated with cheaper products (**Materia Bikes**' wooden bikes).

There is also the *unbundled pricing* model, where customers pay for exactly what they want to get, such as **Whimapp**'s mobility services offer in Helsinki (Mobility as a Service).

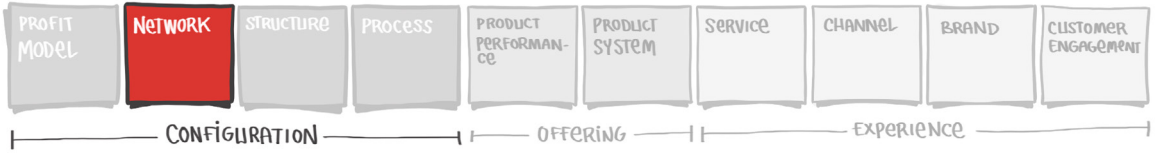
Or alternatively, customers only pay for what they consume, *measuring consumption* (which is what some gyms did during consumption crisis when customers were unwilling to pay fixed fees).

New models are constantly emerging. For example, if you want to purchase an electric car, you could buy the battery separately and replace the rest of the components over time (**Lupa Motors**)



EXAMPLES:

NETWORK - ECOSYSTEM



Another great potential for innovation lies in generating value together with other players, such as suppliers but also with companies with whom there is no previous business relationship. A new relationship can be built as an opportunity to add value to the customer segments that the two companies serve.

So, for instance, two companies can forge a ***partnership*** to explore a combination of their assets, like **Ikea** and **Amazon** did: the former knew about furniture and the latter knew about e-commerce, and their collaboration resulted in a relevant proposal for online furniture sales. However, the fact that this relationship only lasted for three years proves how difficult it is for these innovations to thrive.

Another type of relationship can be based on a ***collaboration*** where each party brings something different to the table, something they are very good at. A good example is the Illissimo project between **Illy** (a coffee company) and **Coca-Cola** (specialized in soft drinks), which consisted in launching a range of coffee-based soft drinks, with Illy providing the know-how about coffee and Coca-Cola offering their expertise on how to sell soft drinks. A similar case is the Jukari project, a partnership between **Reebok** (sports) and **Cirque du Soleil** (circus) offering a new and more fun work out program, modelled on Cirque du Soleil artists. This is a clear example of two companies ***complementing*** each other, serving similar audiences and each doing what they do best.

Some companies compete in certain fields but decide to work together in others, which is what is known as ***coopetition***. The **edX** initiative is a good example. It was founded by **Harvard University** and **MIT**, both in Boston, to collaboratively explore the opportunities presented by online university education.

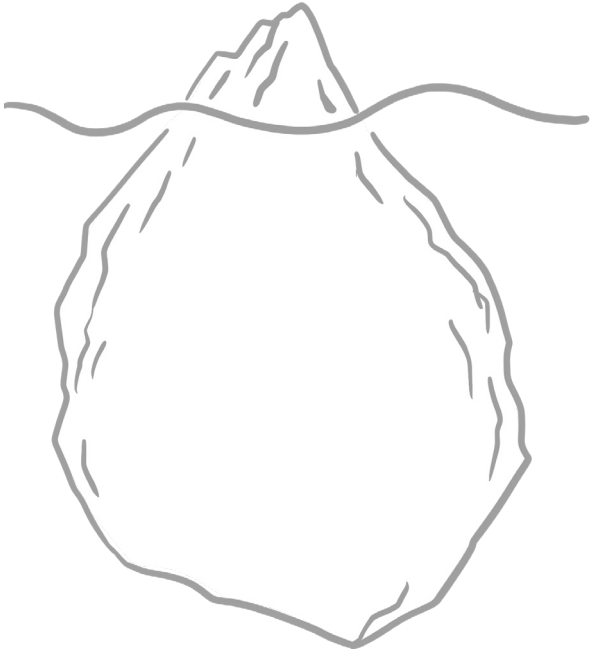
In other instances, the best way to combine skills is by ***merging or acquiring*** companies. A remarkable example is **Sculpteo**, one of Europe's leading 3D printers, with a Dutch parent company. It was acquired by the German multinational **BASF** to create the continent's leading 3D printing company.

Open innovation, i.e., leveraging knowledge and skills from smaller companies by larger companies, has been used for decades by large multinationals, such as **P&G**. More recently, we have seen value propositions that are built directly by combining the highly localized skills of the different partners involved, which is what happened with the Alice airplane.

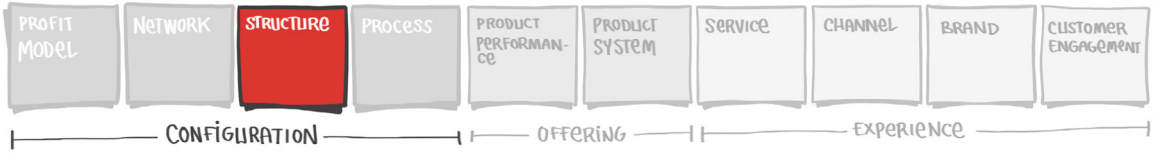
Another solution is to establish a ***marketplace*** where different players capitalize on their assets, for example sharing them to get the most out of their investment. We can find such exchanges in many sectors, but there's one that is especially unique: **Dozr** offers a marketplace for construction equipment, and by sharing these expensive machines, they maximize their usage.

Symbiosis between companies, i.e., when the waste generated by a company can be used by another business, is becoming more and more common. Many of these cases are clearly linked to circular economy methods. For example, **Honext** uses the waste from paper pulp production to create building panels that are an alternative to plasterboard. Alternatively, **Bcircular** recycles wind turbine blades and reuses their glass and carbon fibers, which would otherwise be unusable.

Lastly, there are companies that are leaders in innovation, such as the Chinese Haier, whose success is partly based on leveraging an ecosystem of suppliers and customers. Customers can engage in Haier's HOPE platform and as a result their needs can be detected and later solved thanks to the product and solution proposals that thousands of suppliers share on the platform. (As explained in more detail in the first case of the Observatory of new ways to innovate.)



EXAMPLES: STRUCTURE



Innovating in an organization's structure often leads to an increase in productivity and results.

Some companies focus their structure strategy on seeking efficiency. For example, a company might choose to ***standardize its assets***, thereby reducing maintenance costs (less variety means that they would be easier to repair). A good example is found in airlines such as **Ryanair**, which decided to only use Boeing 737-800 aircrafts.

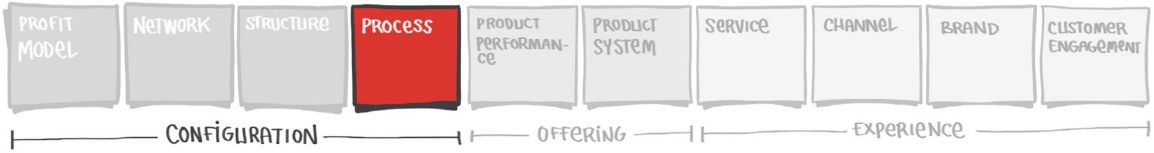
Others prefer a ***decentralized management***, giving teams autonomy in order to reduce response time to the market. **Haier** is once again a good example. They have a "Zero Distance to the Customer" model, using autonomous teams with a direct connection to their customer segment. Similarly, the way to **incentivize** the staff is also very important, because it can be shaped as a stimulus to capture the market's needs combined with a capacity to respond quickly. This model can be found in some major companies in the retail sector, where store managers can directly contribute to the profits generated thanks to their management.

Providing teams with the most efficient skills, techniques and processes leads to improved results, which is why training systems, such as ***corporate universities*** or ***knowledge management systems***, become an important tool in business models.

Beyond the conventional model, where a company completes all the components of their value chain, from product conception to customer service, nowadays the structure can be more flexible. For example, it is possible to serve the market through ***franchise*** networks. Or a portion of the work can be ***outsourced***, performed by other companies. Or even customers could ***DIY*** part of the work, as we increasingly see in many sectors. For instance, Dip UIT offers an at-home tool to check for UTIs.

Finally, ***users themselves*** could be the ones creating the product, as we are used to seeing in many social networks, where the content is created by the users themselves, adding value to the platforms that support the service.

EXAMPLES: PROCESO



We tend to think that innovation consists of creating a new product or applying a new technology. But in many cases, innovating means modifying and improving the ***process*** used in the value chain, i.e., how value is generated from the idea for the offer to the customer service. It can be done either through small incremental changes or by implementing radical transformations in the value generation process.

For instance, it's possible to innovate in the way problems are solved by incorporating external professionals or even customers into the product conception and ideation process. We can find a good example of this in the biopharmaceutical industry. The **InnoCentive** platform allows companies to submit "questions" and participating experts can answer them in exchange for money.

Customers can also participate in ***co-creation*** processes, sharing their perspective and how they would solve a problem. We could even have a process where value is generated by **users themselves**, because they produce the product. These could be purely digital products — such as **YouTube** or **TikTok** videos — or second-hand products sold on platforms like **Wallapop** or **Vinted**. Their engagement can also be used to establish which products are to be manufactured from a wide range of ideas that is digitally proposed to customers, based on an ***on-demand production*** system, as we find at Cutso. Other companies have a large portfolio of products, which they ***adapt to each market*** according to its social characteristics. This is what some of the largest consumer goods groups do, such as **P&G** or **Henkel**.

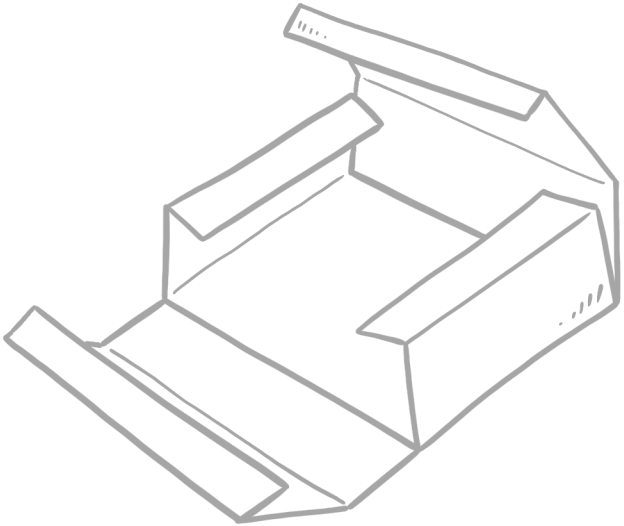
A company can also generate value without actually owning the assets. To do that, they focus on effectively managing those assets and their logistics, as is the case with transportation platforms such as **Uber**.

A company's value may also come from the way it manages its ***intellectual property***. Such is the case of large publishing companies, which manage the publishing rights to thousands of books, including best-sellers and long-sellers. Another scenario is ***industrial property*** managers, that is, companies that exploit their patents and focus their activity on developing new concepts, making R&D their main business, such as the company **Fractus**.

Obviously, it is precisely in the production, manufacturing and distribution processes that we find the greatest innovations. We can see it in ***process standardizations***, whether we are talking about com-

panies that offer services, such as **McDonald's**, or manufactured products, like **Ikea**. Another possibility is ***redefining the entire value chain***, for example to reduce industrial waste to a minimum by customizing the product to customers' strict requirements, as in the case of the U.S. construction company **DIRTT**, which has reinvented the way hotel and hospital rooms as well as apartments are prefabricated.

Finally, incorporating artificial intelligence into the innovation process is likely to have a major impact on the ***predictive analysis*** of demand. Based on the analysis of the data collected during the performance and use of their products or services, it will be possible to forecast what users will consume and that will allow companies to adapt their processes accordingly in order to optimize their efficiency. We are already seeing it in companies like **Netflix** or **TikTok**, which have sophisticated ***systems for recommending*** content.



EXAMPLES: PRODUCT PERFORMANCE

In many cases, the value proposition is focused on a **product** that customers purchase or use. There are many ways to innovate in this area as well.

For instance, innovation can focus on ***ease of use***, making the product simple and intuitive. An example of this are compact machines that simplify a process that used to be more complicated, such as **Nespresso** coffee makers. Another option is to ***simplify its performance*** in order to focus the value proposition on something very basic. This is what the **QB House** franchise does in some Asian countries, offering "a haircut for 10 dollars, in 10 minutes" for men with very little hair who are looking for a quick trim, for example, on a subway station.

Alternatively, innovating can also consist of ***customizing a product*** from a base option. For instance, **Amazon** offers their **Pillpack** service, which delivers your medicines to your home as often as you choose. **Nike** also allows you to customize your shoes in real time (in just 90 minutes) in stores designed for this purpose.

Another idea could be to ***add additional features*** to an already existing product. This is the case with many cell phones, which often add new features. For example, Chinese company **Eveloc**'s value proposition is to reduce background noise in phone calls.

Another example is when brands that specialize in different products work together to multiply their qualities and offer a superior, ***premium product***. This is what **Frit Ravich** and **Enrique Tomás** did when they created Iberian ham-flavored potato chips. This can also be done with services, such as **MD²**, which offers a medical assistance system where a physician commits to working with only 50 families.

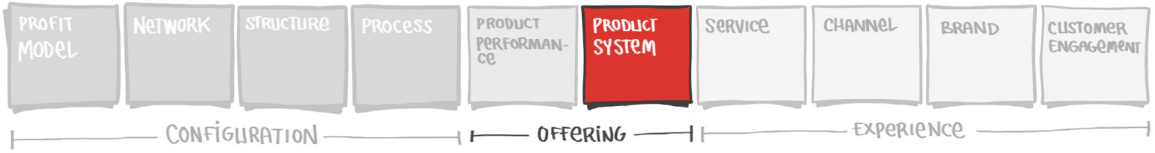
We can also take a product that works well in a category and ***apply the same idea to another category***. For example, we could adopt Nespresso's concept (mentioned earlier) and develop a similar machine but for wine (**Coravin**), herbal infusions (**Lify Wellness**), fruit juices (**Issimo**), vermouth (**Vermutissimo**), baby bottles (**Baby Barista**) or food for pets (**Kibus Petcare**).

Nowadays ***environmental sustainability*** is very relevant, and it will probably become even more so in the future. To name just two examples from different categories, we see this in products for personal use, such as clothing or shoes (**INDIANES' shoes** made from

banana fiber), and in construction materials (**Honext**'s building panels made from paper pulp to offer an alternative to plasterboard, as we already mentioned).

Finally, as in the other cases, there are value propositions that are a combination of different elements. For example, **Dyson** vacuum cleaners offer ***simplicity of use, more features*** than many competitors and a greater ***environmental sensitivity*** (it's more energy efficient).

EXAMPLES: PRODUCT SYSTEM

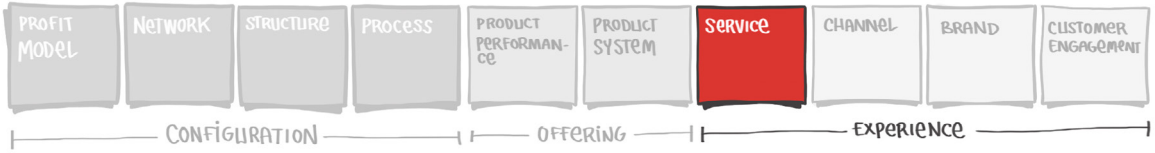


Much innovation can occur around a product, making it the center of a system. For instance, we could offer many add-ons, complementary products that add value to the original product. This can be seen in consumer electronics ***add-ons***, particularly with **GoPro** cameras.

In fact, an even more relevant example of an ***integrated offer*** are **cell phones**, which include many other products, such as a camera, a radio, a map, a compass, etc.

The diverse range offered by some manufacturers turns their products into true ***product platforms***, which can be used in combination with each other or with products from other companies, as is the case with **Lékué**'s silicone cooking products.

EXAMPLES: SERVICE



There are many possibilities to innovate in delivering a service, whether it's linked to a product or it's simply a service on its own.

We can ***add value*** to a proposition through a service; for example, we can offer Wi-Fi access in a coffee shop, which Starbucks pioneered back in the day.

The increase in customers as a result of this complementary value could lead to a ***loyalty program***, which provides some benefits (e.g., discounts) to its members, as **Starbucks** did as well.

We can also combine different experiences in an ***all-in-one package***, as is often done in holiday packages, for example. Theme parks, such as **Disney**'s, are well versed in this regard.

In terms of how the service is delivered, the possibilities are very broad. We could have the customers serve themselves, in a sort of **self-service** experience, for example at an ATM. We could have someone take care of the whole process, like a kind of **personal assistant** or a concierge who takes care of everything, which is what **Simplr** proposes. Between these two extremes, there are many possibilities.

We could use a product rather than purchase it: for example, bikes can be ***rented*** (hundreds of companies offer this service in tourist cities), we could use them through a ***subscription*** model (as suggested by the start-up **Kleta**) or we could opt for a ***leasing*** model (for very high-end bikes).

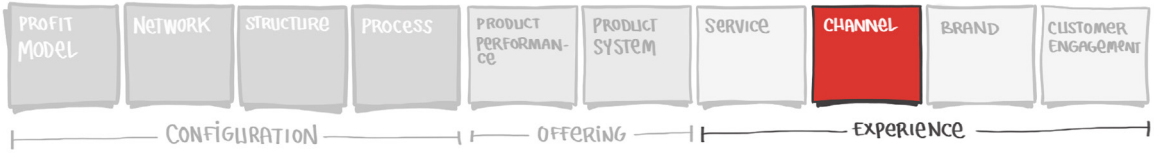
A product gains value for some users when it is ***customized***. Whether it's a tangible product, such as when we're able to 3D print a product we designed (which many companies offer, including **Sculpteo**), or it's purely a service, such as tailored life insurance (**Brokoli**) or healthcare, which can be offered at a lower price if customers meet and maintain certain conditions, such as taking care of their health (**Vivaz**).

The ***try-before-you-buy*** option can complement customization. This was offered by **Warby Parker** to transform an industry as conventional and seemingly unwilling to innovate as the consumer optics industry.

Having a ***community of users*** can also lead to multiplying your value proposition. For example, for 3D printing enthusiasts, models designed and shared by millions of other users on multiple platforms, such as **Thingiverse**, provide a differential value.

Finally, many conventional products or services can increase the value perceived by their customers by becoming more sophisticated and therefore ***superior***. For example, **Uber** may be perceived as more convenient than a conventional cab, and the same thing would happen with a cab company that only uses **Mercedes** or **Tesla** cars.

EXAMPLES: CHANNEL



We can also innovate by exploring new channels to bring our value proposition to customers.

This can be done through ***experiential sites***, such as stores designed to allow people to see, touch and experience their products. This is what **Apple** started doing in its stores, and later others tried to do the same thing, perhaps not so successfully. Similarly, it can be achieved with ***flagship stores***, which are used by brands to showcase new concepts, explore their customer perceived value, and so on. Many new ideas are often launched like this, as **Nespresso** did with its first ***premium stores***.

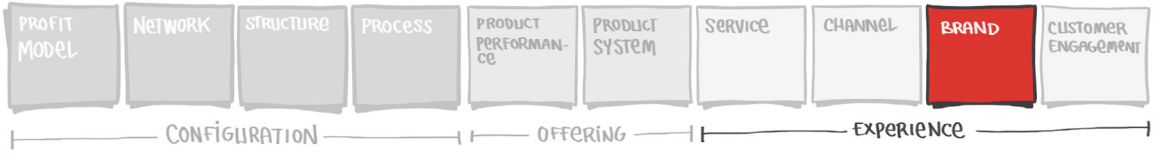
One of the most widely explored channels over the last few years is the ***direct channel***, usually online. That is, when products or services are provided directly to the customer through e-commerce. Some companies in more traditional industries use this innovation to set themselves apart. For example, this is what Basque furniture manufacturer **Lufe** (muebleslufe.com) has done. We can also find many examples in the jewelry industry, such as **PDPaola**.

The internet also allows for ***cross-selling***; customers visit a website looking for a specific product but might also receive offers for related products. For example, this happens when you go online to book a flight and you receive suggestions for hotels or car rentals. Or when you buy an exercise bike to work out at home and they also offer you customized workouts you can watch on your bike's screen, as proposed by **Volava**.

Non-traditional channels can also be used, like **Amazon's *lockers*** in laundromats. Or ***pop-up stores*** that show up and disappear within a few days in the city center, offering temporary sales in spaces usually reserved for other activities (such as art galleries). An example of this is *Maison Bouture*.

Finally, customers themselves can be explored as new channels. People tell others about the products they are interested in, either because they are ***influencers*** on social media or because they act as ***"endorsers"*** to their acquaintances. **Decathlon**'s affiliates program is a good example of this.

EXAMPLES: MARCA



Working on brand innovation is very common. For example, it is possible to do a ***brand extension***, that is, use a brand name that works in one product category and also apply it to another category. This is what the British company **Virgin** has been doing for decades.

Or you can develop a ***second brand*** to provide a simplified product experience, like **RENFE** has done with *Avlo*, its second brand offering a cheaper high-speed train experience. Or **Iberia** and LEVEL.

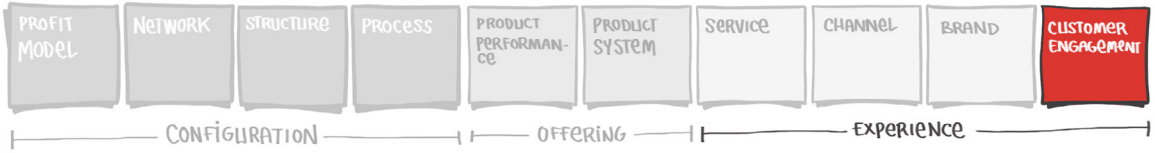
It's also possible to develop a ***cooperation between brands*** (co-branding) in order to benefit from each other's ability to attract customers. For example, Prada and LG working together to launch a high-end mobile phone. Ikea was also able to increase the perceived value of their toys thanks to a product development agreement with LEGO.

A company could also develop a ***private label***, like **Mercadona** has successfully done with its *Hacendado* products.

Brands can also be used as an instrument for ***certifying*** certain qualities or commitments. For instance, Bcorp certifies companies that balance their profit and purpose (by ensuring good environmental practices or implementing measures against racial discrimination, among others). It's also possible to certify a product's geographical proximity, which is what the kmCAT co-op does.

A brand can represent an entire ***value system***. For example, **Som Energia** is a cooperative initiative that guarantees that the energy their clients consume comes from a sustainable source. Another example is an association of over 4,000 families in northern Italy that produces the Melinda apple, and they support their brand with a series of qualities related to their social and sustainable project.

EXAMPLES: CUSTOMER ENGAGEMENT



We can also innovate by changing the role customers play in the value chain.

For example, they can become **co-creators of value**, participating in the process of designing the product, or selecting which of the designs make it to the manufacturing process. Such customer empowerment can be achieved through ***communities***, which **Munich** has successfully explored through their social media.

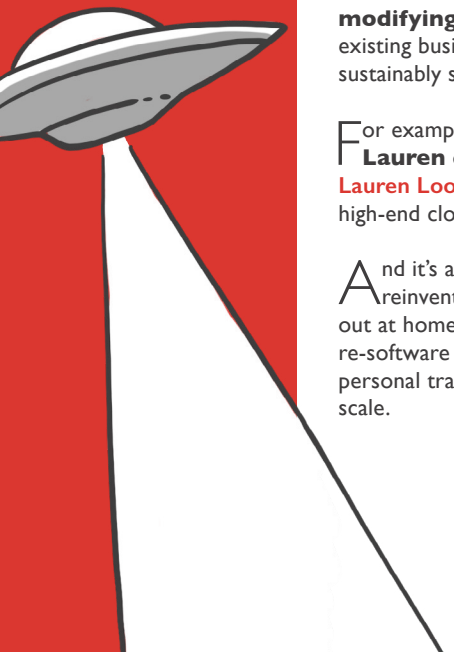
Sometimes, customers contribute to the value proposition of a product thanks to their actions and attitudes. An example of this is how **Harley-Davidson** riders confirm the **status** of the brand.

Clients can become part of the value creation process in many other ways. They can shape the product experience by customizing the product themselves. Or by creating value with other community members, which is what the "mature" leisure activity platform Vermut does.

Alternatively, a company can set up a platform with content that users can use to create value for themselves. This is, for example, the main proposition of online learning platforms such as **Coursera**. Major media outlets, like The New York Times or The Guardian, are also exploring it. The final value for the customers depends on themselves, and on the time they invest in this course.

Finally, customers can take part in the creation of the product by ***automating*** how it's generated. As an example, let's see Zozo's approach: a person takes their exact body measurements in order to be able to buy clothes online more accurately. And at I Love the Sea customers sail in an ***augmented reality experience*** that has been previously recorded.

BUSINESS LIES IN DEVISING NEW MODELS



Now that you are familiar with this tool, you are better prepared to assess the business model innovations you see around you. And it's easier to understand that the most widespread type of innovation nowadays consists precisely of **modifying** the components of an existing business model in order to sustainably set it apart from the rest.

For example, this is what **Ralph Lauren** did when it launched The Lauren Look, a subscription for its high-end clothing.

And it's also what Volava did by reinventing the way people work out at home, becoming a hardware-software platform and providing personal training solutions on a large scale.

We've also discussed **MD²** launching a premium healthcare system that guarantees that each of their physicians works only with 50 families as their family doctor.

Another example is Quality Espresso's professional coffee machines, which have gone from being hardware to being a service provided through the IoT connectivity of its machines.

In the coming years we will see many conventional sectors being "disrupted" by companies that change some components of their business equation.

As such, **Google** may well revolutionize the future of formal training (the best teachers worldwide could be accessible to millions of people from all around the world for an affordable price), drawing on its experience with Grow with Google.

Podshare might pave the way to fundamentally change our concept of housing based on very simple units, called Pods, aimed at young people with a near-nomadic behavior.

Or Lupa might change what we understand by "owning" a car. Their business model is based on purchasing a car battery, and later on we can change the rest of the model when we get tired of the way it looks.

HOW TO USE THIS TOOL TO DEVELOP MODELS

Let's say we want to **come up with some changes** for our business model.

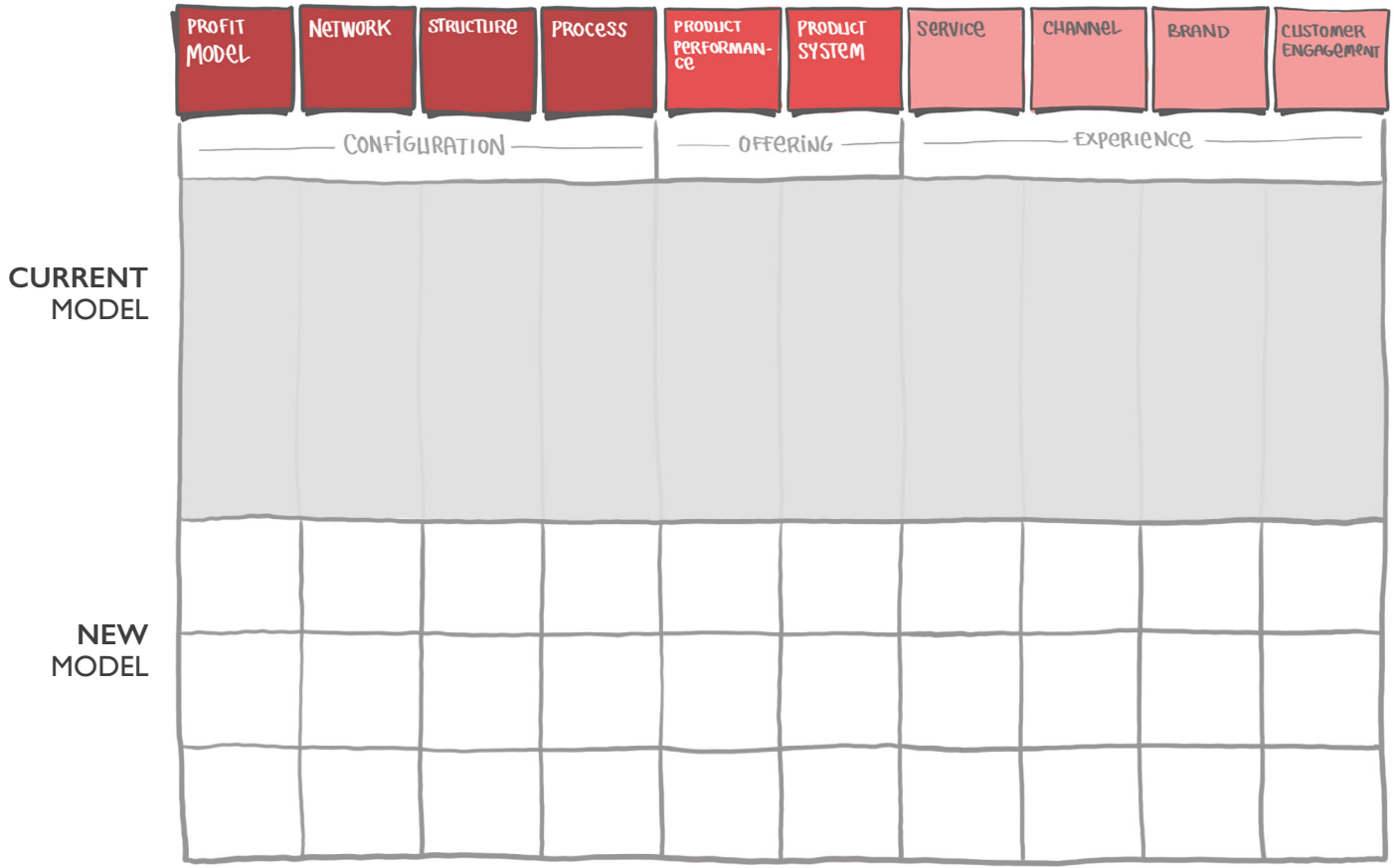
We'll start by describing our **current model**, that is, writing down the components of each of the 10 columns that are divided into three blocks: Configuration, Offering and Experience. To do this, it will be useful to have the list developed by **Doblin** (available here: https://doblin.com/ten-types).

Then we will make some **adjustments to our current composition**. For example, we can create a different page for each new model (in a PowerPoint presentation or using a **template**, like the one in the next slide).

New models are devised based on our current model through **five potential actions**: PRESERVING a component, REMOVING it, EXCHANGING it for another one, ADDING a new one, or COMBINING different components from the same column. For instance, we can change the channel, add another one, combine the current channel with a new one, etc.

Doing this exercise, we'll get a few **potential models**. The aim is to have as many as possible, because most of them will be discarded as they won't respond to market logic. In this case, we have to remember Linus Pauling's statement: "The best way to have a good idea is to have a lot of ideas, and throw away the bad ones".

A working group will discuss the resulting models, discard the ones that are most likely to fail, and then define a strategy to **test** the best ones, sharing them in a **co-creation process with other agents**, such as customers, in order to get their feedback. The models that successfully complete this process can then move on to a **pilot testing** phase (e.g., through a lean startup model).


PROFIT MODEL
NETWORK
STRUCTURE
PROCESS
PRODUCT PERFORMANCE
PRODUCT SYSTEM
SERVICE
CHANNEL
BRAND
CUSTOMER ENGAGEMENT
CONFIGURATION
OFFERING
EXPERIENCE
CURRENT MODEL
NEW MODEL

HOW TO RUN A WORKSHOP TO DEVELOP MODELS

1 The aim of the workshop is to understand the possibilities of **systematically devising new business models** using a list of the different "tactical options" for each of the typical components of a business model. To do so, we won't use the well-known Osterwalder Canvas template, but rather the Ten Types of Innovation model developed by the Doblin innovation firm (now part of the Deloitte group). The metaphor used during the workshop consists of combining existing options (elements) in multiple ways, as if it were a sort of "algebra" (hence the name of the workshop).

2 During the workshop, participants are arranged in groups of **7 people**. Each group receives a template (larger than a DIN A2 paper) with Doblin's Ten Types of Innovation system, including the 10 elements of a business model. They also receive over 100 cards with the elementary tactical options that Doblin's team identified as the most relevant.

3 Participants will learn more about the system as they use it, and they can find more materials, examples and explanations at www.doblin.com/ten-types.

4 Using the **template** displayed on the wall (or on a table) and the cards, the different groups will devise new product and service ideas and will create (structure) possible new business models, which they will arrange on the template.

5 When the different models are prepared, they will be presented to the audience. And once all the presentations are done, participants will individually vote for the most interesting ideas. To do so, they will use three Post-it notes, and they will have to write the numbers 1, 2 and 3 on each of them. The 3-point note should be assigned to the best idea (in their opinion), the 2-point note to the second best idea, and the 1-point note for the third best idea.

6 The workshop hosts will add up all the votes and announce the three winning proposals (those with the most points).

7 Once the workshop is over, participants can discuss their doubts as well as what they've learned.

8 The workshop lasts a minimum of one hour (for the interactive activity), although the introduction (explaining Doblin's Ten Types of Innovation model and offering examples) and the final discussion can usually take up to two hours.

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- The stimulation of management teams to think in the mid-long term,
- The development of practical tools and methodologies of innovation,
- The management of transformation projects in the organization based on systematic innovation
- The dissemination of a culture of innovation based on the publication of documents (articles and books) and materials, and the delivery of workshops and conferences about innovation and business transformation

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to explore and execute transformations in their "business operating system" that make them more efficient and resilient through a fastest and most effective response to the opportunities that emerge in the market **in the medium and long term**.

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