



## **Module 2: Create a Red Hot Business Model: Wild Abundance from Work You Love**



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## *Introduction*

We are getting into the nitty gritty business stuff now, and I want to acknowledge that you may be feeling a mixture of emotions. Perhaps you are scared, anxious, even excited to really dive into the hard core business stuff. I warn you that some of it will be quite dry. I will do my best to infuse even those portions with juiciness and take things step-by-step.

We are going to begin this Module by looking at some crucial factors to consider as you create your business and business model. We will also be diving into some definitions of business model so that we answer the questions spinning in your mind about what a business model really is, and how you will develop one.

After that, we will have lots of fun posing some questions about creating your business model, so you can choose the right one. Then, we will dive into some fabulous home play which will crystalize it all even more. Get ready for really diving in to the new vibration of business ... another step towards becoming unrecognizable as you engage this work! Woo hoo! Here we go!

### *Crucial Factors to Consider as you Create Your Business and Business Model*

There are a lot of important factors to think about as you feel and think into the kind of business model that is right for you.

#### **What size of business do you want to have?**

I'm guessing that most of you want to have micro business. Still, this is a very important factor to think about as you create your business model and plan. After you work through these materials, you may even want to go back and make some revisions to your dream vision. By the way, it is a great idea to regularly update your dream vision as you learn new information in this class and in your life.

- Big Business – Like Trader Joe's, Whole Foods, department stores etc.
- Small Business - Usually defined by having less than 100 employees and less than \$50 million in revenue.
- Micro Business - I think of this as a solopreneur with some independent contractors and maybe having five employees or less.

I'd love for you to feel into the the size and scope of the business that is right for you, and beware of your fears and doubts getting in the way. If you want a bigger business, don't be afraid to say it. That said, there is no shame in wanting a Micro business.

Ask yourself how big you want your business to be, how much money you want to make, how much time you want to put into the business, and how much free time you want and need to have for yourself and your family. This is about creating freedom and business on your terms. The awesome thing about being an entrepreneur is that YOU get to choose the size of business you want to build.

Once you know the size of business you want to build, it helps you know what kind of research you want to do, which mentors you want to connect with, and what kinds of actions you will be taking to build your business.

*Homeplay: What size of business do you want?*

When you feel into the question about size of business, what does your body wisdom tell you about:

1. The size of business you want to have?
2. The number of employees?
3. Where you want to run your business from?
4. Whether you want to keep your business and run it yourself for the long-term, or whether you want to sell it at some point?
5. What kind of life do you really want? You must make sure that your business idea is aligns with your dream ... if you want to make a billion dollars with your micro business, then your business idea isn't aligned with the life you want ... this is a crazy example, but it does illustrate the point.

## *Business Model Basics*

On a very simple level, **your business model is a detailed description of how your business makes money.** As we have talked about before, if you aren't getting paid, you have a hobby and you don't have a business.

The business model conversation can get pretty complex, and we will look at some of the complexities in more depth later. For now, let's keep it simple.

Let's look at what you are selling. Most of you are selling services, some of you are selling products, and some of you are selling a combination of both.

If you're a coach, you have a service-based business model. You deliver your services and you get paid for them. You could also be selling some information products that are based out of your services, which would then mean you have a combination of a product and service-based model.

If you sell jewelry, clothing, food, or make up, you have a product based business model. You deliver your products and you get paid for them.

### *Stage of Life*

What stage of life you are in determines how much time, energy and money you can devote or are willing to devote to testing out your passions to see if they can be turned into a viable business.

Deeply think about the responsibilities you have so that you can create a business you love while still taking care of yourself and anyone else you might be responsible for.

When we are younger, we have fewer responsibilities, and can take more risks. We can even pursue multiple business we love, test out what works, and pay the bills by waitressing, bartending or some other way to pay the rent.

As we grow older, we may sometimes have other responsibilities. Some of you may have a full-time job and/or kids to take care of. What this means is that you have less time available to create the business you love, and also, less time to try out multiple businesses at once.

Many of the people I attract are rainbow people, which means they have many

interests. Another way of saying this is multi-passionate. It can be really hard to narrow down to just one business to pursue, and some of you may not have to. It all depends on your life stage and other time constraints.

If you do decide that you want to lead in an industry, then it is very important to focus your energy on one business. And, there isn't a right answer – there is YOUR answer.

I have many different areas of passion and interest. The way I chose was to look at the intersection of what I love, what the world needs, what my gifts and talents are, and what the world will pay for. I came up with my current business as the one I knew I wanted to pursue first. My other items are still on my list though! And, I will pursue them when it feels like the right time.

### **Is your business idea viable, and how will you know?**

Many of you have asked how will I know what the world will pay for ... well, you **do all your work in this course, and then you test things out in the marketplace** ... there is no guarantee, and this is the only real way to know. And, if the world doesn't pay for it this time around, then you take a deep look at what didn't work, integrate learnings and try again!

For my first group course offering, only 3 people enrolled. That was very painful. As I took a deeper look at what went wrong, I could see that what I had presented was what I thought my people needed. What they actually needed was very different than what I thought they needed. We will take a deeper look at this concept and example later on in the course.

*Homeplay suggestion* - Other important things to do include:

- Research on your industry
- Testing with a target market or within your industry
- Connecting to industry experts and interviewing them could greatly shorten your learning curve

## *Business Model – More Complex Definitions*

There are many different and very dry definitions of business model. Why am I sharing this information with you? Some of you are already considering sharing your business plans with the outside world to get funding or to win contests etc. I want to share the traditional information and concepts alongside the new paradigm pieces so you have both kinds of information. I promise you that we will also be working to create a definition that we really get in our being and doesn't seem like some complex and hard to figure out jumble of words.

Just to give you a look at some of the standard definitions I found on my search, so you know what I mean ...

Here is wikipedia's definition:

A **business model** describes the [rationale](#) of how an [organization](#) creates, delivers, and captures value<sup>[1]</sup> (economic, social, or other forms of value). The process of business model construction is part of [business strategy](#).

In theory and practice the term business model is used for a broad range of informal and formal descriptions to represent core aspects of a [business](#), including purpose, offerings, strategies, infrastructure, organizational structures, trading practices, and operational processes and policies. The literature has provided very diverse interpretations and definitions of a business model. A systematic review and analysis of manager responses to a survey defines business models as the design of organizational structures to enact a commercial opportunity.<sup>[2]</sup> Further extensions to this design logic emphasize the use of narrative or coherence in business model descriptions as mechanisms by which entrepreneurs create extraordinarily successful growth firms.<sup>[3]</sup>

Whenever a business is established, it either explicitly or implicitly employs a particular business model that describes the architecture of the value creation, delivery, and capture mechanisms employed by the business enterprise. The essence of a business model is that it defines the manner by which the business enterprise delivers value to customers, entices customers to pay for value, and converts those payments to profit: it thus reflects management's hypothesis about what customers want, how they want it, and how an enterprise can organize to best meet those needs, get paid for doing so, and make a profit.<sup>[4]</sup>

Business models are used to describe and classify businesses (especially in an entrepreneurial setting), but they are also used by managers inside companies to explore possibilities for future development. Also, well known business models operate as recipes for creative managers.<sup>[5]</sup> Business models are also referred to in some instances within the context of accounting for purposes of public reporting.

We are not going to use this as a working definition, and are instead going to work with something more practical I found, and then infuse it with vibrance.

I am including much of this description here for those of you who are wanting to create a more traditional business model, and who need to know this information for purposes of sharing with banks, creditors or other mainstream, current

paradigm business people. For those of you who are building this for the purposes of yourselves, read over the information, and then skip to my version of what you really need on a practical level to make these pieces work.

I have excerpted the following from a valuable article by Vivek Wadwa which can be found here: <http://techcrunch.com/2011/01/08/business-models-and-teenage-sex/>

“Step one in building a successful business is to learn what services, products or technologies your customers really need and are willing to buy ...

Fortunately, there’s nothing magical about a business model. It’s simply the nuts and bolts of how a business plans to generate revenue and profits. It details your long-term strategy and day-to-day operations.

...Wishful thinking is great, but when it comes time to create your business model, you need to be realistic. The challenges differ from industry to industry, but here are seven basic components of a business model ...”

We will look at the seven components together in a moment. First, I want to slow down and really dissect these paragraphs together.

Let’s pause here and take a deep breath. What is shared here is very dense, and it may be overwhelming. No worries. We are going to take all this apart now, and we are going to do it together. We will make this digestible for you.

**“Step one in building a successful business is to learn what services, products or technologies your customers really need and are willing to buy.”** ... let’s take this apart.

- We will be delving more deeply into the minds and hearts of your customers, what you want to offer them, and do an examination of the market in some of the homeplay so you can really start thinking through this issue as it applies to your market.
- I am not promising you answers here ... it is the beginning of you thinking deeply about the most important issue to a successful business – providing something your clients want and are happy to pay for.

- Then, when we go into the marketing module, we will learn how you need to speak to those customers so they hear what you are saying about the wonderful offering you are developing.

**“Fortunately, there’s nothing magical about a business model. It’s simply the nuts and bolts of how a business plans to generate revenue and profits. It details your long-term strategy and day-to-day operations.”**

- There you have it ... this is basically what a business model is! To boil it down into simpler terms, it’s how your business makes money.
- In Module 5, we will look at your long-term strategy and day-to-day operations

**“...Wishful thinking is great, but when it comes time to create your business model, you need to be realistic. The challenges differ from industry to industry, but here are seven basic components of a business model ...”**

- I want to focus on the word realistic
  - In the current paradigm, realistic can feel restrictive because the current reality wouldn’t necessarily allow for the idea of a course like the one we are in together, let alone the idea that it could actually succeed ... so there are ways in which the word realistic can be a turn off and can also be incorrect and not apply to the new paradigm of business
  - However, once you have your new paradigm idea, it is really important to create a realistic business model. This is actually where many emerging entrepreneurs fail. They never move from their amazing idea to how to practically land it in reality and be realistic about it.

Now, let’s look together at the seven basic components of a business model – one warning before we delve in ... if you go back and read the article, you will notice that I have kept his seven components, but am sharing some of details of those components with you in my own words because the author’s words don’t match the new vibration of business we are bringing.

At the same time, I am keeping key aspects of what he originally wrote because it is important for you to know how more traditional investors and banks think about these issues, in the case that you need to share your plan externally.

You could also have 2 versions of your plan, one that is more mainstream, and one that is just for you!

## *7 key components of a solid business model:*

**1. Knowing how you will reach customers.** I'm going to read you the following from the original article, and then comment on it, because I don't quite agree with it: *“Ralph Waldo Emerson famously said, “Build a better mousetrap, and the world will beat a path to your door.” The reality is that even if you did, no one would find you. Even when you know who your prospects are, it's usually difficult and costly to reach them. You have to find them via the Internet and e-mail, or the old-fashioned way—through broadcast media, print ads, direct mail, telemarketing, or references or by cold-calling. And these potential customers are not likely to be waiting to hear from you and may not respond to you. So be sure you know how you are going to find and reach them.”*

- When I read these words I feel deflated. I have left them in so you can get a sense of the kind of material that is out there. And, you have probably heard this kind of thing and have been scared yourself.
- But, this author isn't integrating principles of radiance and magnetism into his concepts of reaching customers.
- This is how I thought about reaching customers before I discovered the new way ... and, it almost scared me off from becoming an entrepreneur.
- We will get more deeply into “How” you will magnetize your clients in the marketing module; I am addressing the idea here because it is an important part of the business model to identify how you will reach your potential customers.

**2. Differentiating your product.** Again, I'm going to read to you from the original article, and then comment on it, because I don't quite agree with it: *“You think you've got the very best solution, but so does the other gal (or guy). There's always competition, whether you realize it or not. Smart marketing executives know how to develop unique product-positioning strategies that highlight a product's true value. You need to thoroughly understand the competition and effectively communicate the unique advantages of your product.”*

- Again, this is an old paradigm view of competition, and I want to share it so you know what a more traditional biz plan and model will need to include.
- I will get into the details of your differentiation later in the module, and also how to look at competition

**3. Pricing.** Again, I'm going to read you the following from the original article, and then comment on it: *“One of the most basic decisions you have to make is how much you're going to charge for your product or service. Giving your stuff away is the way to go on the web, but remember that you still need to figure out how you are eventually going to make money—you can't make it up on volume. Start by understanding how much customers value what they're gaining from you. Then you need to estimate your total costs, analyze the competitive landscape, and map out your long-term strategy. For your company to survive, your product's price must be greater than its overall cost.”*

- The key parts to pick up here is that you will need to develop a pricing model that includes the following components:
  - You are standing in the truth of your own value as you create the price
  - You are factoring in your costs into the pricing to ensure that the pricing you are choosing actually creates profit for you
- The secrets to standing in the truth of your own value when you create pricing are:
  - Do your radiance practices – when you have integrity with yourself, you feel better about yourself, and it is easier to stand in your value
  - Think about what the transformation or product you offer is actually worth in the person's life
    - If you are a health coach, I want you to stand in the feeling that the value of the person's health is high, even priceless
    - If you are a relationship coach, I want you to stand in the feeling that the value of the person's relationships is high, even priceless
  - People actually get more value out of what you offer when they pay for it; and, the more they pay, the more value they get because they devote themselves to getting their money's worth and really creating the transformation for themselves

- Tiered pricing – it is a good idea to have:
  - A free offering
  - A lower-priced offering
  - A middle-tier offering
  - A high-end offering
- In the financial abundance module, we will create your magnetic, sizzling hot offers and translate them into your tiered pricing

**4. Selling.** Persuading customers to buy a product that they need is one of the most important skills an entrepreneur must learn.

- In the new paradigm, it's not as much about persuasion ... it is about magnetizing the right people to your community, and sharing your product or service with them to see if it resonates.
- If you want to feel the difference in the new paradigm and the old paradigm, feel into the sales process I used with you.
- While there will be a part of you that wants to persuade, the more you can stay away from that energy, the better.
- We will touch on this in the sales and marketing module more deeply

**5. Delivery/distribution.** This is easy on the Internet.

- Most of you are in the services industry, so this is not a big issue.
- For those of you who are distributing physical products, this is very important to figure out.

**6. Supporting Customers.** In addition to teaching customers how to use your product or services, you need to ensure that you can deal with defects and returns, answer product questions, and listen to and incorporate valuable suggestions for improvement.

- In the beginning, this will just be you!
- As you grow, you get some assistance from a team
- Responsive customer service is key to your customer's feeling cared for and valued.

**7. Achieving customer satisfaction.** *“The ultimate success or failure of a business depends on how much it helps customers achieve their objectives. Happy customers will become your best sales people and buy more from you. Unhappy customers will become your biggest liability.”*

- As you develop your offerings, think deeply about how your products and services will create satisfaction.
- Under promising and over delivering works well, but don't over deliver too much ... I have to tell myself this too, because I have a tendency to over deliver.

These components are the most important aspects of your business model, and they will be covered in the various parts of your business plan.

## *Your Business Environment*

In a traditional business plan, this would be called market and competitive landscape. I have renamed this business environment. You can also think of it as a business landscape.

So we've taken a look at your Dream Vision and Business Model. Now let's look at how you and your vision fit in the larger business landscape. I am so excited for you to navigate this homeplay so you can take your place on the amazing landscape of spiritual, visionary and creative entrepreneurship.

### **What Makes Up Your Business Environment?**

#### **Your business**

The internal elements are things that are under your control. These include your:

- **Strengths** – what makes me stand out, what do I do really well?
- **Challenges** – What are my barriers to success - what are the barriers you perceive to your entry into this market and/or to your business success?
- **Opportunities** – Focus on the opportunities from a place grounded in your purpose, mission, dream vision and big why

#### **Your outer/external parts of the business landscape**

- **Colleagues** – (traditionally called competition)
- **Customers**
  - Describe who your customers are
  - Describe your customers needs as best you can
    - What do you think they are wanting from you?
    - What do they need from you?
    - What do they wish, more than anything you would provide for them?
- **Trends** – Research some trends in your industry.
- **Competition** – If there were people who you didn't list under colleagues and you do currently feel like there are competitors, list them here

## *Homeplay*

1. Take each of the areas above and write out as much information as you can come up with on each category.
2. Do research: for the areas in which you don't have enough information, start doing some research. Have fun with it. Use Google, use Facebook etc. and get creative with your tools. It is especially useful to do research on the outer/external parts of the landscape
3. For your enjoyment: Create a Business Landscape in any format you'd like. A mind map, a collage, a drawing, a written narrative. Have fun and unleash your creativity.

### **Wildly Abundant Business Tips:**

1. Doing research will help you feel into and see potential opportunities in the market for you to step into. You might have an a ha moment as you realize something really important that you can provide isn't yet being provided in the market!
2. Here are some places you can do some research on trends:

<http://www.trendwatching.com/briefing/>

<http://www.fastcompany.com/most-creative-people/2011>

<http://www.springwise.com><http://www.ted.com/themes>