

Innovation and new business models in **SMEs and the self-employed**

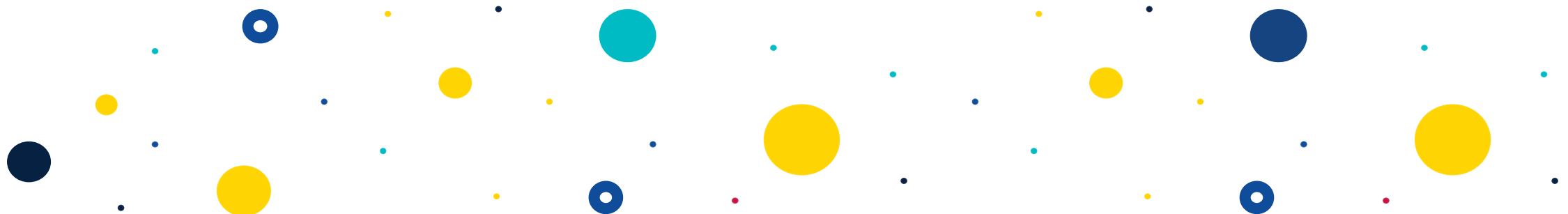


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Introduction

The transformation driven by the new digital economy, marked by **technological development**, is redefining interactions in business and society. This continuous change has diversified business models, generating opportunities for both **supply and demand**. According to McKinsey, **50%** of business revenues between 2021-2026 will come from **new products and business models**. This revolution not only affects large companies, but also SMEs, which must focus **on new opportunities**. Proximity to the customer in small businesses allows a better understanding of their needs, and it is essential to adopt a **customer-centric approach**. This monograph highlights the importance of designing **an adapted business model** from the outset, exploring a variety of current models and providing key guidelines for SMEs.



Business models: definition and importance for SMEs

- »» It is not a simple business plan; it includes **structural, operational and financial decisions** of an organization..
- »» It should be consider the **Customer Segment**, the **Value Proposition**, the **Channels** through which to reach the customer, as well as the **Business** and **Implementation Plan** that allows to make it happen.
- »» It is a matter of generating **New Territories of Opportunity**, and also of **Survival** of the current business model.
- »» Most of the start-up products and services that are successful in the market today have used **open access** New Business Model Design **methodologies**.



Innovation and entrepreneurial success in SMEs and the self-employed: Exploring business models



Marketplace:

- Online platform that connects buyers and sellers.
- » Low initial investment.
 - » High scalability.



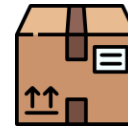
Freemium:

- Sale of a free basic service, with certain limitations with the possibility of contracting the full version.
- » Massive attraction of users
 - » .Generation of trust



Subscription model:

- Recurring sale of products or services for a fee.
- » Predictable revenue stream.
 - » Increased customer loyalty.



Packaging model:

- Wholesale of various products or services.
- » Greater stock rotation.
 - » Simplifies customer decision making.



Franchise:

- Granting of rights to exploit a product or service.
- » Reputation and Brand recognition.
 - » Lower risk (already validated in the market).



Peer to Peer (P2P):

- Sale of products or services between individuals or companies.
- » Low initial investment.
 - » High scalability.



Revenue for the usage:

- Sale of a product at a very low price so that it is financed by the subsequent sale of products necessary for its use.
- » Customer loyalty.
 - » Assured long-term profits.



Renting models:

- A company buys a product and then rents it to a customer in exchange for a periodic fee.
- » Capital savings (the product is financed through leasing).
 - » Allows flow planning.

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Lead generation:

A company or freelancer gets a commission in exchange for generating leads for a third party.

- » Low initial investment.
- » High scalability.



Crowdsourcing:

Model based on open collaboration between a wide network of talent without the need to hire them as internal employees.

- » Access to a wide network of talent.



Social Entrepreneurship:

Social entrepreneurship approach in which a company makes a donation to someone in need for each sale of its products or services..

- » High customer and employee loyalty. Very positive social perception.



Dropshipping:

Online sale of products that are not held in stock, the suppliers are the ones who send them directly to the end customer.

- » Low initial investment.
- » Absence of warehouse and shipping costs.
- » High scalability.



User-generated content:

Free provision of a website for users to generate content.

- » Brand authenticity (loyalty).
- » High scalability.



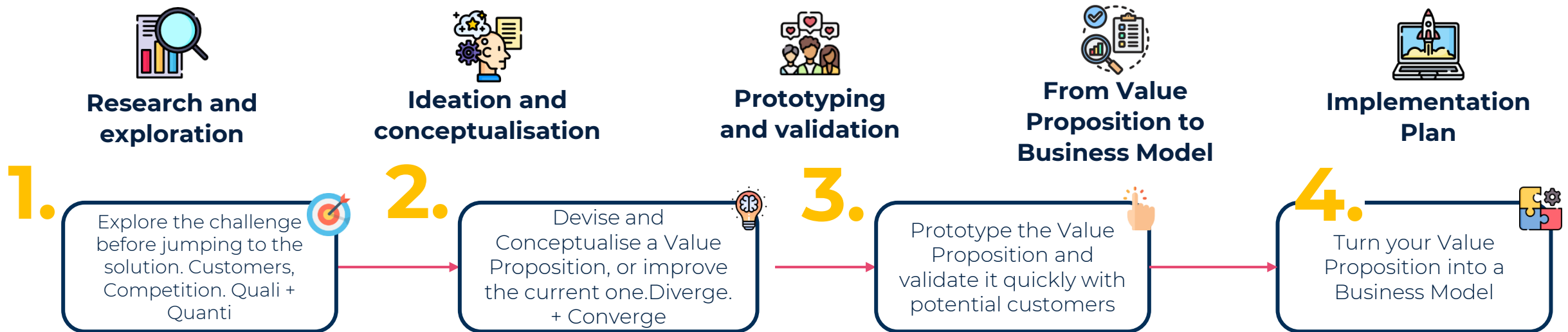
Blockchain-based models:

Modelo descentralizado de transacción basado en la Decentralised transaction model based on the absence of intermediaries. . Some types of blockchain-based models are: P2P blockchain, BaaS, Utility token economy, Software products or Development platforms.

- » Increases user trust.
- » Facilitates traceability.

The creation process: defining or re-defining your business model

The process of finding the right business model involves thoroughly **exploring** the problem **before proposing** a concrete solution. Whether for a **new business opportunity or adjustments to the current model**, the solution must be **desirable, viable** at the business level and **feasible** at the level of technological capabilities or other necessary resources. At the conceptual level, the steps to follow are:



Strengths of SMEs and the Self-Employed

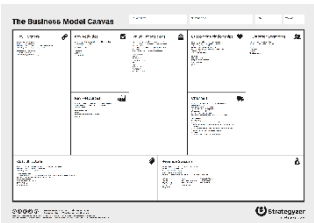


Flexibility



Customer proximity

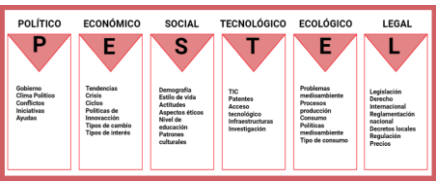
Free or low-cost tools



Business Model Canvas



Lean Canvas



PESTEL Analysis



Porter's 5 Forces



SWOT Analysis



CAME Analysis



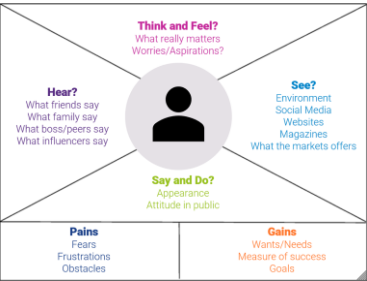
Stakeholders Map



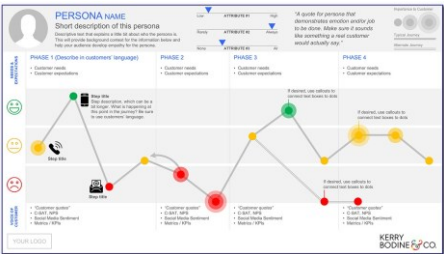
Stakeholders Matrix



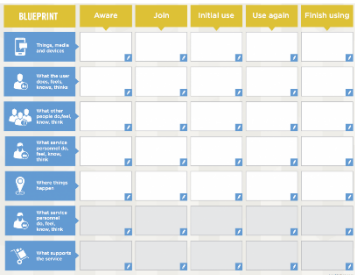
Customer Insights Matrix



Empathy map



Customer Journey Map



Blueprint

BUSINESS MODEL CANVAS

KEY PARTNERS Who are your key partners?	KEY ACTIVITIES What are the activities you perform every day to deliver your value proposition?	VALUE PROPOSITION What is the value you deliver to your customer? What is the customer need that your value proposition addresses?	CUSTOMER RELATIONSHIPS What relationship does each customer segment expect you to establish and maintain?	CUSTOMER SEGMENTS Who are your customers?
	KEY RESOURCES What are the resources you need to deliver your value proposition?		CHANNELS How do your customer segments want to be reached?	
COST STRUCTURE What are the important costs you make to deliver the value proposition?			REVENUE STREAMS How do customers reward you for the value you provide to them?	

Conclusions... Mythbusters

1

Why is it important to be prepared to Design a new business model or Re-Design the current one?

» **Growth and Survival**

2

What strengths do SMEs and the self-employed have to design a new business model?

» **Customer Centric**

» **Action - Reaction**

3

Where do I start and what methodology do I use to design a new business model?

» **Explore**

» **Ideate and Conceptualise**

» **Prototype**

» **Validate**

Business Model Canvas

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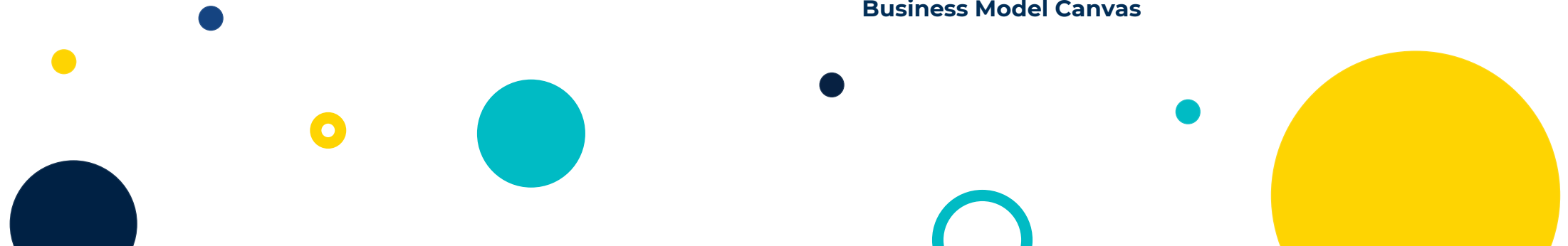
What if my idea doesn't work?

» **Congratulations, integrate your learning**

» **Share it**

» **Feel Enterprising**

"This is for B2C"
"This is for Big Business"
"My business is not digital and it doesn't apply to you"
"I'm not in the mood to invest now"
...



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