



## IT'S ALL ABOUT YOUR BUSINESS MODEL

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Elena arrived to our meeting with a huge black notebook. Her notebook was so huge and loaded with papers that I could not hold myself from asking – “What’s in the book?” It seems Elena was only waiting for this question to come, so her answer was direct: “In this book, I have millions of thoughts, questions and ideas...it’s all about the new business that I want to start soon. The only problem is that I have so many directions, unsolved loops, I simply don’t know what to choose, what is right and what is wrong...so for now I’m simply writing all in the notebook, hoping that soon I will be able to take some decisions”.

I understood very well how Elena was feeling. In any entrepreneur’s life, there is a “special” moment where a dream becomes reality. But a little while before that special moment, the moment of starting to actually write my ideas marks also a step towards a big move that is about to happen - opening a new company, starting a new business and create a success story out of it. For many of us, it is also a confusing period. Even though it is full with excitement and creation, a lot of hard decisions are about to be taken. For Elena, the main one was about her business model, the one that will determine whether her business will be a successful one (or not).

### What is a business model?

Business model, as a title, might sound complex, but it is really all about how you intend to add value, and on top of that – how you actually intend to **MAKE MONEY** and above all - **WHO** will pay for it?

***“Whenever you see a successful business, someone once made a courageous decision “***

Peter Drucker

There are 4 main business models which you can encounter when choosing or developing the ones that fit your business:

### **Business model # 1: Services or Products**

The simple and basic business model is based on developing either a product you produce (like – clothes), or services (like - PR services).

Selling your products / services can be done by using a digital format (online), physical format (shop or meeting), subscriptions, single purchasing, etc.

### **Business model # 2: Broker**

The main role of a broker is to bring buyers and sellers together, therefore, instead of taking care of the production of the product or the quality of service, the broker is simply (or not so simply...) in charge of creating the opportunity, manage the transaction and ensure the actual exchange of money.

Booking.com business model is based on a broker business model, by creating a friendly marketplace, encourage the client to book with the seller (the hotel) and make sure the payment is done (by securing it with a credit card), in exchange of a brokering fee of approx. 15%. Booking.com has currently 100,000 transactions per day, without any need to own any hotels and carry any kind of operational costs...

### **Business model # 3: Reseller / affiliate**

The reseller model is based on allocating a service or products, which they do not produce/ provide and make a profit by selling it to their client. Actually, most of the retail industry works based on reselling models – whenever you see existing brands in any supermarket, the model is based on a reselling model. However, most of the supermarkets carry on very high operational costs, therefore they mix their own

brand (usually white labels) and with the reselling of other brands. This means that – yes, you can also mix several business models under one company!

#### **Business model # 4: Aggregator**

Another format which is common online is based on an entity that develops a community and charges a fee for their access to this community. The aggregator may chose not to charge their community, but to charge the advertiser when placing an ad and get exposure within their community.

Most of the new websites act as aggregator, as they collect online news, create active audience and communities and charge their advertisers to create profit.

#### **Choosing my business model**

The next step for Elena is to analyze all the options and choose the right business model for her. Indeed, not an easy step ...in order to ease it a little bit for her, it would be advisable to continue with a market research (that she can buy or perform alone), by checking similar companies to the one that she intends to start and to make a deep analysis of their business model.

***Do you feel like Elena? Join our workshop – “My path – Business models”.***

***If you own a business and feel the need to be inspired or to gather entrepreneurial know-how, join Business Women Forum Romania, the largest business women community in Romania (2600 members), with the great support of Femeia.ro .***

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**Osnat Peled, BWFR president and Managing Partner of EVO MCBA (Mentor Capital & Business Advisory),** having over 20 years of entrepreneurial experience and advising top companies in Romania and abroad.