



BUSINESS MODEL

Put it in writing to design it right

Produced by the GRP Team



grp-lab.com

Produced by the GRP Team

A GRP Lab project (Social Innovation Center of the University of Bordeaux IdEx)



With support from



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INTRODUCTION

This document contains mainly the content of the GRP Storyteller online software assistant (available for free at grp-lab.com), which is based on the GRP Business Model to encourage project leaders (individuals or teams) with a business creation project (or any entrepreneur more generally) to present their business story convincingly. The first person to convince is oneself, followed by all the partners who have the different types of resources required, whether for business design or sustainability. If the entrepreneur is bringing some of the resources to the project themselves (e.g. part of the funds for the corporate capital, skills, energy, materials etc.) they should specify the resources needed by the project.

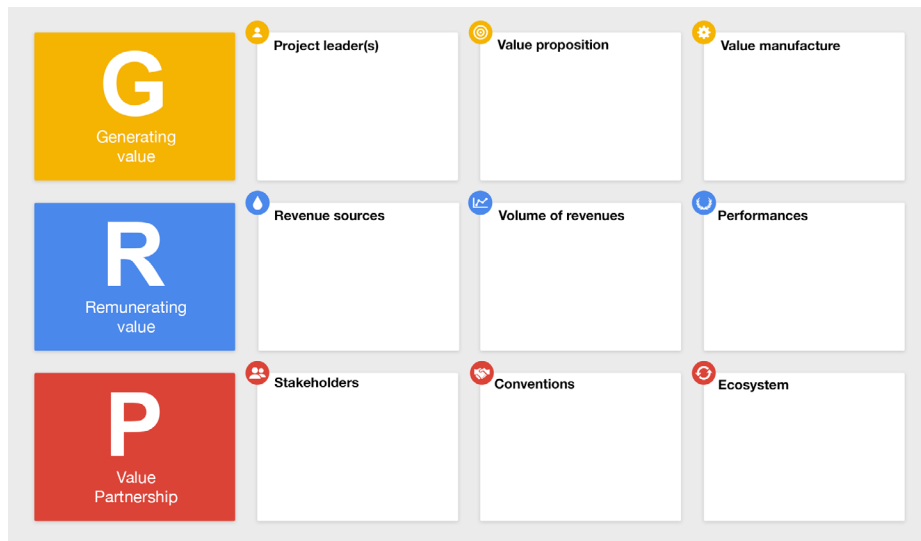
Storytelling is not about telling stories... It is not about bad faith or taking things lightly, but about how the business is being envisaged based on the design work carried out. This work is based on the research and encounters which have led the entrepreneur to build a representation of the business to be shared by the partners. We believe that this shared representation is the Business Model (BM hereafter).

In other words, before you can present a convincing BM, you first have to design it. This written presentation of the GRP Storyteller assistant offers a general explanation of each component in the GRP BM. A list of questions is then provided. This list is not exhaustive, obviously, and you may not always need to answer all the questions because some may not concern you, while others are more intended to prompt reflection to enable you to provide convincing answers to the partners.

The questions will help those with “writer’s block” to put their business into writing by using their answers. Your advisor will help you identify the questions that are relevant to your business and may also add to the proposed list.

In a way, this book is a guide to writing the BM. This formalization process (which may be requested by some partners) has what can be described as the emancipating effect of writing (and at the same time of reading), meaning that writing and reading can help the project leader think of aspects that might otherwise be overlooked.

Although the preparation of a spoken presentation (the pitch) can play the same role through its combined aim of conciseness and conviction, writing places the entrepreneur in front of the project in a reflexive exercise that reveals the work done, the work still to be carried out and any gaps that need to be filled. That is not to say, of course, that everything can be planned before the actual launch of the business. The implementation of the planned operation and its effective confrontation with the sector leads some companies to revise their road map, or to “re-route”. This eventuality by no means exempts the project leader from designing the project.



The dimensions and components of the GRP business model (available for download [here](#)).

If the Business Model is a shared representation, it is important to know what it is sharing. In our view, the Business Model is a shared representation of the generation, remuneration and sharing of value. This book is therefore divided into three main parts. Each of these dimensions has three components (Verstraete, Jouison-Laffitte, 2009, 2010, 2011a, 2011b).

Value generation means designing the offer and convincing people that it brings value (no one wants something that is worthless), as well as explaining how this value will be manufactured and presenting whoever is at the origin of the proposal, namely the project leader. As regards the Remuneration of value, the project leader presents the business model, including how the project generates turnover or other revenue (sources and volume) as well as the expected financial and non-financial performances. As regards this economic model, a passage has been included for non-profit organizations, in particular those which do not generate turnover and whose operating income comes from grants, contributions or

donations etc. Lastly, it is important that the partners share in the project's success for them to remain in the business relationship. To this end, the entrepreneur will implement win-win strategies with the stakeholders, without forgetting to consider the conventions relating to their practices (those relating to their business lines, among others), as well as to the geographic areas in question (culture, habits, customs etc.) and obligations (standards, collective agreements, contracts, legal statutes, shareholders' agreement etc.), while also understanding the project's place within a broader ecosystem.

To get an overall view of these three dimensions and understand the origin and nature of the BM before reading this book, we strongly encourage readers to watch the first three episodes of Season 1 of the GRP Lab web series ([click here to watch the first episodes](#)).

"The GRP business model can be used for all types of entrepreneurial projects, whether for profit or not."

Verstraete, T. Jouison-Laffitte, E. (2009). *Business Model pour entreprendre – Le modèle GRP : théorie et pratique*. Bruxelles, De Boeck.

Verstraete, T. Jouison-Laffitte, E. (2010), « Une théorie conventionnaliste du Business Model en contexte de création d'entreprise pour comprendre l'impulsion organisationnelle », Xe CIFEPME, (Congrès International Francophone sur l'entrepreneuriat et la PME), Bordeaux, octobre.

Verstraete, T. Jouison-Laffitte, E. (2011a). *A Business Model for Entrepreneurship*. Edward Elgar Publishing Limited.

Verstraete, T. et Jouison-Laffitte, E. (2011b). « A conventionalist theory of the Business Model in the context of business creation for understanding organizational impetus », *Management International*, 15(2), 109-124.

Episode 1 : « The Origin and Common Sense of the Business Model »

This episode reminds us that although “Business Model” became a buzzword with the advent of Internet start-ups, it did exist well before. This is not surprising because it is full of common sense. To make complex business cases intelligible, it was necessary to model the business.

[Click here to watch episode 1](#)

Episode 2 : « Nature of the Business Model according to GRP Lab »

GRP Lab speaks of a “shared representation” with the owners of the resources needed by the project. By injecting these resources, the owners become stakeholders. The BM is a representation shared by all the partners involved in the project.

[Click here to watch episode 2](#)

Episode 3 : « The GRP Business Model »

This episode presents the three dimensions of the GRP model (G, R and P) that define the BM as a shared representation concerning Generation of value, Remuneration of value and Participation in value exchanges. The concept of value is polysemous and central to the definition of the BM. Each dimension has 3 components, making the GRP BM a 9-component system with links between each one.

[Click here to watch episode 3](#)



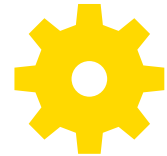
It is difficult to capture a partner's interest if they do not see the value of the business that is being imagined. Who would want something that is worthless? In other words, the proposal must have value, and more particularly for the market to which the promise is being made. This is called a value proposition and consists in clarifying the business idea and transforming it into an offer in order to reveal a business opportunity that has been detected and/or constructed. It is also necessary to know how to manufacture this promised value. The presentation of the manufacturing process (capturing resources, organizing them, delivering value) helps to understand the business. But, above all, it is important to present the legitimacy of the project leader (or that of the entrepreneurial team), which is unanimously recognized as the foundation without which no commitment can be considered (unless a proposal is made to change the team...)



Project
leader(s)



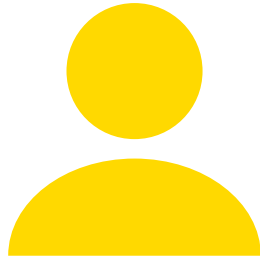
Value
proposition



Value
manufacture

GENERATING VALUE





PROJECT LEADER(S)

Partners of a project want to know who they are dealing with; they want to know who is telling the story. The project leader must therefore introduce themselves or the team if the project is led by several people. Here are some sections that you can fill out for this purpose. As you do so, you will undertake a process of introspection that will prepare you for negotiating with the partners, because they will not commit if they do not believe in you. We “sell ourselves better” when we know ourselves well. Sincerity and clarity are the key words here, and don’t worry if you find any weaknesses, it’s only human... no one is perfect!

It is also worth noting that during a verbal presentation, depending on the project leader, it may be advisable to present the details of this section when presenting the stakeholders, because the principal partner in any project is the project leader themselves.

[Click here to watch episode 4](#)





Previous experience and background

Tell your contacts briefly who you are, what your (personal, academic and professional) background is and how it relates to the project you are working on. Explain how this experience helps you lead the project.

Use your CV and professional or personal social media profiles (Viadeo, LinkedIn, etc.) and do a skills assessment if it might be relevant, etc. If it seems useful to you to include your full CV in one of the two pages, use the other page to comment on it, notably by focusing on any aspects that are likely to interest your partners.

- **Personal details of the project leader(s)**

It is important to inform your contacts about your family and employment situation and your leisure activities. Basically, anything that helps describe you and shows who you are.

Questions : Where do you come from? How old are you? What is your family situation? What is your personal background? What are your leisure activities? Your values? Are you an employee, job seeker, student, etc.?

- **Schooling / university record**

Using your CV, you can highlight the parts of your schooling/university education that will be useful to your project.

Questions : What is your academic background? Are your qualifications related to your project?

- **Professional experience**

Highlight the links between your professional experience and the project you are leading.

Questions : What are the key stages of your professional career? What experiences have played a decisive role in your project?





Profile

The profile does not refer only to psychological traits or characteristics. From the viewpoint of your potential partner, it also concerns your entrepreneurial skills and your skills in the fields you will be working in (or that you will acquire). Tell them about it.

- **Entrepreneurial skills**

If you feel that you have what it takes to be an entrepreneur (leadership, vision, creativity, perseverance, open-mindedness, conviction, ability to manage stress, ability to manage risk and ambiguity, a strong work ethic, self-confidence, integrity, sense of initiative, curiosity, sense of responsibility, commitment etc.) tell your audience about it. Although there is no typical entrepreneurial profile, certain characteristics can demonstrate your ability to start and then run a business (because starting a business is one thing, managing it is another...).

Questions : *Why might someone say that you are creative? That you have charisma? That you are a leader (what projects have you led in the past)? Are you perseverant? Are you fully committed? Do you have a sense of initiative and accept responsibilities? Are you self-confident? Can you provide proof of your integrity?*

Do you think you will be able to handle any ambiguous and new elements that come up? Do you make decisions quickly or do you need a lot of time? What is your attitude toward risk? Do you have a strong work ethic? How well do you deal with stress? Do people say you are convincing? Are you open-minded?

Faced with all these questions, can you give concrete and well-reasoned examples of situations in which you have demonstrated these abilities?

What are your strengths and weaknesses?

- **Skills**

Present the skills you have acquired through your past (personal, academic and professional) experiences that are likely to be useful to the project.

Questions : *Which of your skills are useful to your project? What is your reputation in the professional field?*

What skills might you lack in order to carry out your project? What could you do to fill this gap? (training, recruitment, partner, experience, etc.).



Motivations

Also with a view to understanding who they will be dealing with, your contacts will want to ascertain your motivations. This will also help you to think carefully about your desire to start a business. It is useful to ask yourself about factors that might discourage you, without necessarily discussing all of this with your potential partners. After all, the first person you tell your Business story to is yourself, because this will help you identify important elements that may otherwise be easily forgotten (especially if your narrative is not written down).

Factors that foster motivation: the entrepreneur is often driven by a set of motivations, rather than having one single motivation. A passion for the sector, profit, the desire for independence, the search for a different lifestyle, the quest for recognition etc. are some of the most frequently mentioned motivations.

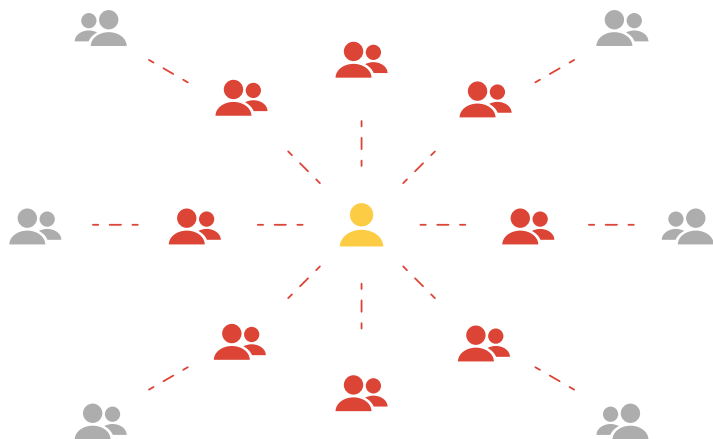
Factors that hinder motivation: without necessarily revealing everything, because these factors can be very personal, take time to identify the factors that demotivate you, so you can prepare your reaction if they occur.

Questions : *Why do you want to set up this business? What event(s) triggered this desire?*

What are your objectives? Concretely, what will you gain from launching this project?

Are you ready to be an entrepreneur? Do you have enough time to make this project a success? What are your current limits (professional, personal, financial, etc.)? What risks are you taking by starting your own business (professional, personal, financial, etc.)?





Entourage of family and friends

If you receive support from your entourage, mention it here, even if you give further detail in another section later on (such as the one on stakeholders). This support can be material and/or immaterial.

If you are in contact with other entrepreneurs (spouse, relatives, friends), it can sometimes be useful to tell the partner about it.

- **Family circle**

Talk about the support of the people closest to you (parents, spouse, children).

*Questions : Does your family support you in your undertaking?
What can they bring to your project?
Can you lead the project on your own? What would the risk be if the people close to you did not support you?*

- **Circle of friends**

Do the same for the people you know, whether through sport, music or clubs, etc., or friendships you have established with professionals following an internship or previous experience, and who are likely to support your project.

Questions : Does your private life bring you into contact with other people (through hobbies, clubs, children at school, doctors, neighbors, etc.)? Can any of them can help you and how? Of all the people in your professional environment, who could help you out (current or previous employers, colleagues, suppliers, clients, peers, former classmates, teachers, etc.) – and how?





Entrepreneurial team

If the project is led by a team, it is useful to describe how you first met and explain how the individuals and their different skills complement each other. It would also be useful, for example, to ensure that the motivations of the different team members are compatible. It is important to show that this collective aspect contributes to the project and demonstrate how it is genuinely enriching for the future business activity, as well as showing that the combination of motivations and skills of each of the team members will bring additional value to the project.

- **History of the team**

Describe how the team members met and what made them want to work on this project together.

Questions : How did the project team members first meet? What made you decide to carry out the project together?

- **Team objectives**

It is important to set one or more shared objectives so that the team can work in a coherent way. This does not mean that individual members cannot define and pursue objectives of their own, provided that they do not put the collaboration at risk.

Questions : Does everybody understand and agree with the targets you are aiming for? Are there any areas in which your various motivations are incompatible? Have you considered the risk of divergence?

- **Skills and roles within the team**

Each team member contributes differently to the project through the skills they bring and the role they play. These contributions should ideally be defined as clearly as possible for each person.

Questions : Are the key skills needed for success present within the team?

Is there complementarity between team members? Can each team member's experience be put to use?

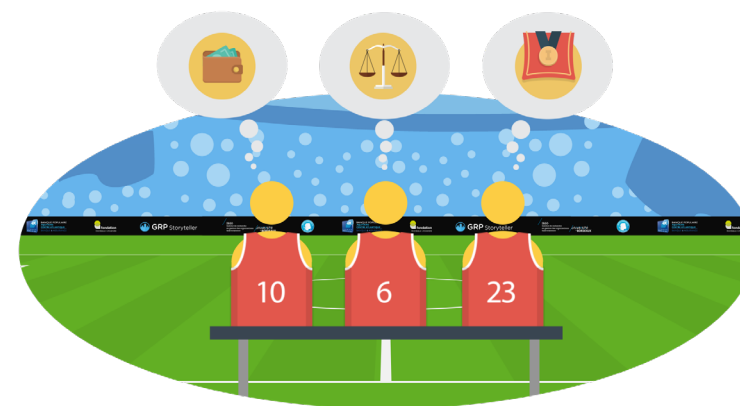
What added value does each member of the project team bring to the project?

How does working as a group contribute to the project?

Is there a clear leader in the team?

Has the breakdown of the shares been determined (what is the share and contribution of each person)?

Who had the business idea and does it belong to a member of the team?





VALUE PROPOSITION

Who would want something that's worthless? It is important to show that the product or service you are offering is actually worth something, primarily from the point of view of a client or user. You must carefully identify who the offer is targeting among all potential buyers or users. Although the value generated also benefits the partners (see the "Partnership" component of the GRP model), this section focuses on the value offered to those directly targeted by the offering (e.g. a customer, member or user). The value proposition is a promise made to the market, to provide it with something that will bring it value.

[Click here to watch episode 5](#)



Business idea

Once you have decided how to present your idea clearly in one or two sentences (the reader must immediately understand whether it refers to a service or a product or both, and understand the intended market), your work on the business idea and its presentation involves at least four stages.

- **Source and nature of the idea**

Describe how you had the idea and why. Explain whether the idea comes from your professional experience or if it was your contact with clients, suppliers (or even competitors) that inspired you. Or, in line with your motivations, it may have been a passion that led you to offer the product or service. Or perhaps it was a trip abroad, a visit to a trade show, a creative session etc. If the idea is innovative, explain why.

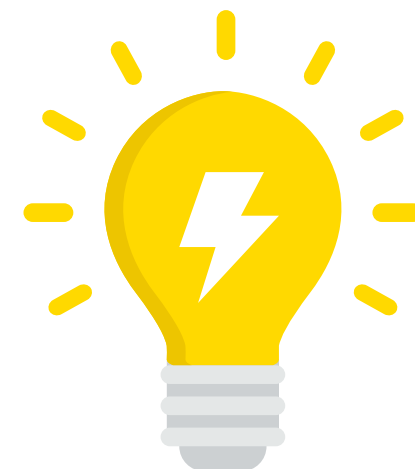
Questions : How did you have this idea? Who was involved in your having the idea? (potential clients, suppliers at your previous employment, competitors etc.) What makes it a "business" idea? Is the idea innovative? How is it innovative?

- **Developing the idea**

The fundamental idea will need to be developed and various methods can be used to clarify and criticize it, or seek judgment and analysis, etc. In the case of a technical project, describe any tests and the development of the prototype, for example. Describe any creativity methods you have used.

You should also mention who you have discussed it with, because although entrepreneurs are often afraid to talk about their idea for fear of it being "stolen", this is still one of the best ways to fine tune it through feedback. You should remember that we are never the only one to have an idea, no matter how innovative...

Questions : How have you worked on this idea? Has the idea evolved? Who have you talked to about it? (potential stakeholders, experts, etc.) What were their reactions (understanding, comments, etc.)? Have you examined other business ideas that are identical or similar to your own, and what have you learned from them? Can you present your idea using different media and materials (diagram, prototype, written document, etc.)? Which professionals have worked on the tests (laboratory, firm etc.)? Who has worked on the prototype (technical, design etc.)? What lessons were learned from the tests and prototype development? What remains to be done on this point?





- **Protecting the idea**

If it is not possible to protect an idea in itself, you will need to present your analysis of any precedent offers regarding any priority to the process, brand or model (is protection already in place?) Next, if possible, say whether you have filed a patent or other protection. Web domain names must also be registered rapidly. Depending on the nature of the project, the entrepreneur should also explain which organizations they are working with in this regard, such as, in France, the INPI (Institut National de la Propriété Industrielle), APP (Agence de Protection des Programmes) and SGDL (Société Des Gens de Lettres). Name any organizations that are supporting you on this point (lawyers, technology transfer unit or science and technology park etc.).

Questions : Can the idea, or rather the process, model or brand, etc. associated with it, be protected? Are they free of copyright? Has a web domain name been registered?
Is intellectual property protection a possibility ("Soleau" envelope, patent, license, trademark etc.)?
If none of these types of protection are possible, do you know how to protect your market (customer loyalty programs, exclusive contracts with a supplier or distributor etc.)? Is there any risk of seeing new products or services arrive on the market? Could these products and services replace existing ones? If so then how long would it take? How do you plan to react?

- **Transformation of the idea into an offer**

Once a business idea has been developed and its protection anticipated, it must be turned into an offer before it can be proposed to the market. This entails defining its characteristics, price and range if relevant etc.

Questions : Using your idea as a starting point, have you clearly defined the offer that you intend to propose?
What are the characteristics of your product or service? Have you thought about a range? Should your range consist of a selection of complementary products, or should you offer services that support your products? Do distribution channels play an essential role in the definition of your offer?



Business opportunity

It is not enough to have an idea that you believe you can turn into a business, it must be a genuine business opportunity. Estimating opportunity is a make-or-break part of the entrepreneurial process: it links potential customers to a definition of the value that will satisfy them. There are four points to bear in mind when considering your business opportunity.

- **Attractiveness of the market**

The aim of this stage is to ensure that the idea fits into a promising environment. While it is possible to make deals in a declining market, your partners will naturally be more likely to back you if the market is growing. It is important here to assemble qualitative and quantitative information that has already been analyzed and presented by others (consultants, trade union, public research institutions such as INSEE, the French National Institute for Statistics and Economic Studies, etc.) and which provide an overall assessment of the market. References to the information sources used to assess the market must be legitimate and cited. Among other things, your audience will want to know the size of the market (the number of sales and their value), its structure (the categories of products or services that constitute it) and its evolution (emerging, growing, mature or in decline etc.)

***Questions :** What is the volume of sales in the market by number (of units sold) and in value (financial terms)? What different categories of products or services are proposed in this market? What stage of evolution is the market at (emerging, growing, mature, in decline)? What are the consumption habits in this market? What general trends have you noticed which positively or negatively influence sales in this market? Is this market ready for your business idea? Is it the right moment?*

- **Target**

Within the generic market described above, which probably includes different types of businesses, you will need to provide a precise answer to the following question: why will my project interest a sufficient number of consumers or users? You must assess whether the project meets, or will meet, the needs of its future consumers. You should also estimate, as far as possible, the size of the target market and potential turnover (over several years). Although market attractiveness is often assessed through secondary data (information collated by others), you should define your target through market research that you carry out yourself (or outsource) among your consumers or user groups.

***Questions :** Does this market include different client segments? On the basis of which criteria can these segments be determined? Which ones will you target and why? What are the needs of your potential clients? What are the habits of your potential clients? How does your offer meet their needs and consumption habits? Why will consumers or users perceive value in your offer? What market surveys have you personally carried out to answer the previous questions and how did you conduct your research? What conclusions do you draw from it? Did you do the research yourself or did you outsource it (in which case, to whom)? If you outsourced your research, how do you interpret the results and analysis you have received? How did you set your prices? Can you say who your client is in a single phrase? Who else might be interested?*

• Competition

Il est rare d'être seul sur un marché. Dans un premier temps, l'évocation de la concurrence montre au lecteur qu'il y a bien un marché, surtout si ces concurrents sont profitables. La concurrence s'analyse en premier lieu selon cette perspective. Ensuite, expliquez comment ce que vous proposez se positionne par rapport à l'offre de vos concurrents (est-ce la même chose ou différent ?). Argumentez pour montrer qu'il y a de la place pour vous (peut-être parce que vous êtes moins cher à qualité égale, parce que vous vous focalisez sur une cible particulière, parce que la zone géographique n'est pas pourvue, etc.)

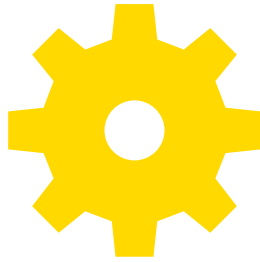
Questions : Which competitors propose an offer very similar to yours? Are they successful (for example technically or commercially, or in terms of their profit and loss, image or following etc.)? Is there less direct competition? What does it offer and is it successful? Is there strong rivalry between competitors? Have you explained in what way the existence of competitors confirms the attractiveness of the market? Are there many competitors? What distinguishes them or what do they have in common? Have you drawn up a table that compares your offer to that of your competitors (price, ergonomics, technique, quality, range, finish etc.)? Is there a threat of new players entering this market?

• Ambition

Let us take the example of a sandwich bar. The idea of "earning a living" by opening a point of sale and wanting to take on the leaders in the sector by setting up franchises all over the world do not stem from the same ambition, nor from the same type of project, even though the basic idea seems the same. Your partner deserves to be informed of your ambition and the development strategy that you envisage.

Questions : How do you position yourself with regard to the competition? Does your ambition target local, national or international scale? How do you plan to develop your project? Where do you see yourself (you and your project) in 3 or 5 years' time (or even in 10 or 15 years) and what are the different stages you have identified to reach that point?





VALUE MANUFACTURE

In the “value proposition” section, you make a promise to bring something to the market that will have value. Here, in the “value manufacture” section, you show that you will be able to keep this promise. In other words, you must reveal in concrete terms how you will manufacture the proposed value.

There are at least two ways of considering the corresponding cycle.

The first refers to a “purchase, manufacture, sales” cycle. If you opt for this way of explaining value manufacture then you must show your capacity to buy what you need, put in place a manufacturing process for the product or service and, lastly, show how you will go about distributing your offer and communicating on it.

But we advise you to opt for the second way of approaching this section. It may be a little harder to grasp at first, but it will help a great deal in the development of your project, because this is a tricky thing to get right. This second way relies, like the other one, on a three-stage process but the stages are conceptually broader: identify and capture the resources your project needs, use these resources, deliver the value. This is the process that we will expand on here.

[Click here to watch episode 6](#)





Identifying the resources

Racontez-nous quelles sont les ressources dont vous avez besoin (faire une liste) pour votre projet et la façon dont vous allez vous y prendre pour les obtenir.

- **Types of resources**

Resources can be placed into two categories. The first consists of “tangible” resources (premises, stock, raw materials, equipment and money, the latter being a unit of exchange that opens up access to other resources etc.) The second category concerns intangible resources (know-how, brand, notoriety etc.) Explain why you need each of your main resources in particular and not others. In other words, show that they are important because they contribute to the creation of value.

Questions : Which tangible resources (premises, machinery, money, manpower, etc.) do you need to build your value proposition?

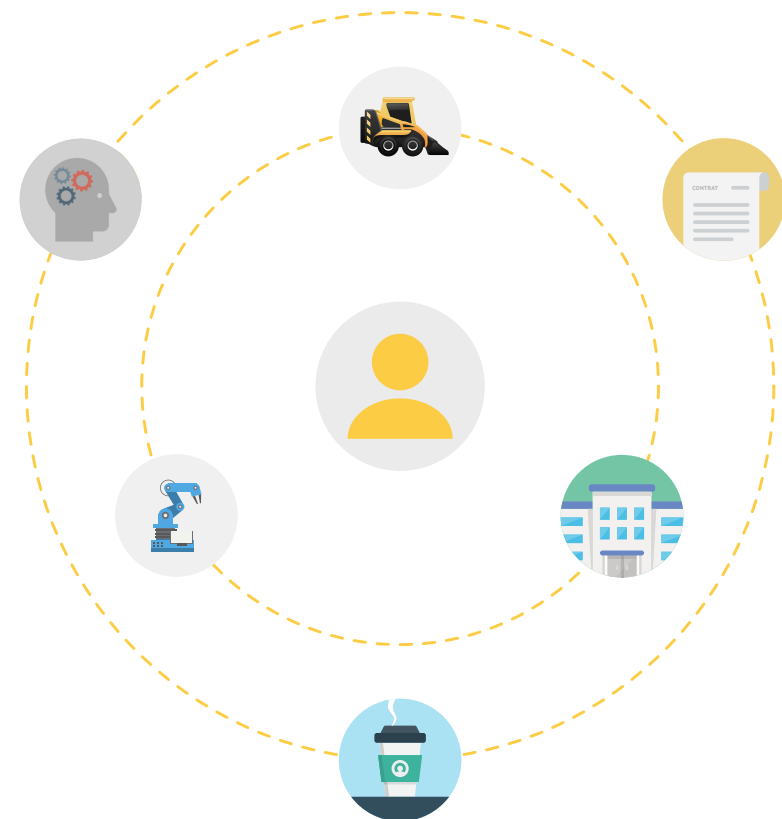
Which intangible resources (skills, notoriety, brand, etc.) do you need to build your value proposition?

Which are the most important out of all these resources? Which ones will contribute to your positioning? Which resources are specific to the project's launch and which will be used for running the organization?

- **Origins of resources**

It is also important to identify who owns the resources because it is very likely that you do not possess everything you need for your project.

Questions : How will you find these resources? What kind of people will you seek out (you can present the actors in more detail in the “Stakeholders” section of “Partnership”)? Are these resources easy or difficult to obtain?





Using the resources

In this section, explain how you intend to use the resources if you obtain them. Your audience should get the impression that you have thought through everything that needs to be done in the business, even though they know that only the launch itself will reveal what remains to be done in terms of organizing resources.

- **The offer manufacturing process**

It is essential to present the manufacturing process of the product or service by showing what you will do yourself and what you will outsource.

Questions : What stages are involved in value manufacture? How do the different tasks and activities combine? What organizational structure will you put in place (activities, functions, departments etc.)? Who are the actors? What are their roles? What is your supply chain? Which legal structure have you chosen?

- **Management system**

It is useful to have an overall view when evoking the management system (management team, accounts and in particular analytical accounting for calculating cost prices, your choice of legal structure if decided, a flowchart outlining how tasks will be delegated, etc.)

Questions : How will you ensure that your organization runs smoothly (quality control, management supervision, checking purchase prices and overseeing quotes, cost calculations etc.)?

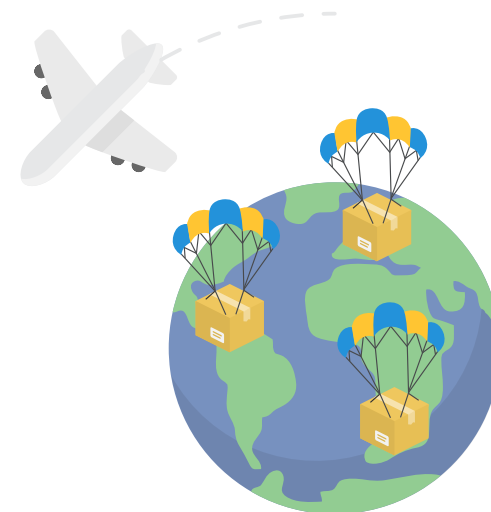
Delivering value

This is a matter of describing how the consumer will be informed that your offer is available, how they can get hold of it, and how you will deliver the offer they were promised.

- **Logistics and distribution**

It is important to explain how the offer will be made available for clients, by what logistical means it will be delivered and through which distribution channels it will be sold.

Questions : How and where will the consumer be able to get hold of your offer? What is your distribution policy? What are the stages and who are the players in your distribution chain (storage, logistics)? Will you use a sales force or external distributors? Will you run your own distribution?





- Controlling the perception of value

Once consumers have benefited from the offer, it is important to ensure that it fulfilled its promise in their eyes. In this respect, mention ways of assessing consumer or user satisfaction.

Questions : Are consumers satisfied with your offer? By what means can you verify this afterwards?

- Communication

Both at the launch and later on during the running of the organization, it is essential to ensure perfect communication about the offer to make it known and support the business activity.

Questions : How will you make your offer known at launch? What is your communication policy? Which channels, which media/ supports, what time period, which messages etc. will you use? How will you create notoriety for your offer over time? Have you considered setting up a website and developing your visibility on social media?



A company must get something out of what it offers to the market. Remunerating value does not only correspond to paying the business creator or its employees, even though it does allow for this. It corresponds to the remuneration that the firm pulls in from the value it proposes to its clients. In all cases, capturing revenue requires thought and agreement on three levels: sources of remuneration (i.e. the channels by which Turnover reaches the firm), volume of remuneration (an estimation of Turnover over the first few years) and lastly the firm's performances (both financial and non-financial). This "Remuneration" section can also be easily adapted to suit the particular nature of not-for-profit projects.



Revenue
sources

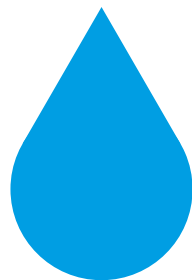


Volume of
revenues



Performances

REMUNERATING VALUE



REVENUS SOURCES

The remuneration that we cite in the “R” of the GRP model is not that of the employees or the directors, but that which the firm captures in exchange for generating value: it is the revenue. Partners who invest and those who lend funds like to know how a firm can pull in revenue. The entrepreneur must identify the sources of remuneration, because you must obviously be able to get something in return for what you bring to the market.

The financing of a project (investment or loan) is a source of a cash inflow, but it does not correspond to remuneration for the value of the offer proposed to the market, even though an investor will only release funds if they are convinced that the offer has potential.

To explain the business, the entrepreneur must combine all the categories presented below, using tables or illustrations to do so.

This point can be adapted for some non-profit businesses, in cases where the remuneration may be of a different nature and may not be expressed in terms of revenue. It might focus, for example, on the level of user satisfaction or the level of services delivered to the community.

It is therefore necessary to assess from which sources it is possible to receive remuneration, for example from subsidies directly linked to the volume of the organization’s activity (these are “operating” subsidies as opposed to “investment” subsidies which concern the “Performances” component).

The categories cited here as sources of potential turnover are illustrative. There are no doubt others; your advisor will help you identify them.

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Sources by sales channel

There may be different sources of remuneration for a single project. For example, imagine an entrepreneur who opens a store, but who also sells his products online via a website and sends out a sales force targeting businesses. His firm pulls in revenues from three different sales channels, and this means three sources of remuneration. Describe how your revenues will come in, whether through one sales channel or several.

For non-profit projects, there are certain sources of non-commercial revenue besides contributions from members, in the form of subsidies, such as those offered by local authorities (town council, regional council, State) to allow the entity to function. These operating subsidies can constitute a source of revenue in the case where they bring compensation to the volume of value generated for the user. For example, organizations offering advice on setting up a business often fix targets in terms of the number of projects they intend to support, and the amount of subsidy they receive is reduced if the target is not met. The project leader must identify all the potential sources for this kind of subsidy (e.g. European funding, regional authorities via a call for projects etc.)

On the other hand, a subsidy received by a firm to cover launch costs does not enter into this category (although the word 'subsidy' is the same, the meaning differs because here it refers to investment subsidies; we will address this point later in the "Performances" section.)

Questions in the case of for-profit companies: How will revenues be brought in? Is the target customer the person who pays? Is the offer free for the client but funded by a third party (advertising, subsidy, local community)?

Through which channel does payment reach the firm? If there are different sales channels, what are the specificities of each one (direct sales in a store, sales at trade shows or exhibitions, or via an intermediary such as an importer, broker or agent etc.)? Are these intermediaries billed (paying resellers) or commissioned? How does each channel make payment (cash, cashier's check, letter of credit etc.)? Is there a special rate for each channel (wholesale price, retail price, discounts, volume discounts, reductions, free on board)? Are there any contractual obligations (calls to tender, contracts, advances, reservations, consignment stores)? Are there any risks (insolvency, exchange rates, payment delays) and protection against these risks (insurance, bank guarantees)? Are there any operating subsidies? What requirements are there for obtaining them? What is the compensation? Will the subsidies last? What weight does each channel have in the distribution you anticipate? (your tables should express this as a % of turnover or in volumes) Why did you choose these channels?

Questions for non-profit businesses: Does revenue come from contributions from users or beneficiaries? Does it come from donations? Does it come from subsidies? If yes, then from which organizations? Are these revenues recurrent, will they last? What level of activity do they depend on? What other criteria do they depend on (votes, result, number of beneficiaries, number of service contracts etc.)? How often are the subsidies paid and in what form? If the subsidies are not linked to the volume of activity, do not include them here but keep them for the "Performances" section of "R".



Sources by product, service or activity category

The range of products or services has already been presented in the Value Proposition. We are concerned here with highlighting revenue sources by, for example, type of product, service or proposed activity (which can of course be mentioned rapidly if there is only one product). For instance, an entrepreneur winemaker may have one wine that is his brand product, but also some bulk wine. In both cases his sources of remuneration come from the sale of wine, but we can clearly identify two distinct sources of remuneration, notably because the commercial strategies are different. This same winemaker may also have a business as a trader and sell wines from other vineyards. It is therefore important to distinguish the revenues linked to his wine production from those linked to his trading business. Admittedly, a business that is starting out usually only has one activity, but it can sometimes offer a product and a service for which it is useful to differentiate between flows in terms of remuneration.

Questions : What activities, products and services are billed (highlight the most important ones)? What proportion of revenue does each one contribute (tables in %)? Is there a range effect between products? Between products and services? Are the products/services different according to the distribution channels? Are production or sales subject to seasonal fluctuations or particular hazards (climate conditions, global commodity prices, exchange rates, speculation) that might affect the availability of the offer, and therefore revenue in terms of turnover?

Sources by client segment

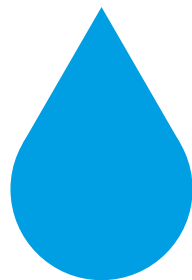
Distribution networks can be diversified. For instance, an entrepreneur can work with his own sales boutiques, hypermarkets and supermarkets or specialist stores etc.

The business can also distinguish customers in the same geographical region from customers in other regions (country, continent or any other are considered relevant) and explain how it intends to carry out a percentage of its business abroad.

Questions : What different types of clients contribute to your revenues (number, activity, size, generalists, specialists)? What countries or zones are you targeting (your own country, export zones and countries)? Do any of the zones have particular operational rules (customs duties, inspections, protectionism, monopolies, regulations etc.) which may affect cash inflow and revenues? Who are your key clients in terms of revenue (and also in terms of image etc.)? How stable are they (one off clients, regulars)?

How are sales distributed per channel and per client segment (tables in % by channel, client segment, country, depending on the case)? Are prospects/clients easy or difficult to reach?





VOLUME OF REVENUES

In addition to the sources or channels through which remuneration is captured, the financial backer of a project is very interested in the volume of revenue. For a company already in business, this is obviously the volume of turnover. The previous section (sources of remuneration) was concerned with explaining how turnover enters the firm (how it is captured). This section on volume or remuneration is concerned with explaining how much turnover will enter. Profit is an important notion, of course, but it cannot exist without turnover (it will be dealt with in the next section on "Performances").

You must therefore provide an estimation of turnover per source, often for the three years following business launch. It is also common practice to present three turnover hypotheses for the next three-year period: one which the entrepreneur believes to be most likely, one that is pessimistic, and finally an optimistic one that nevertheless remains realistic. Of course, this remains a gamble which must be considered on the basis of reasoned logic, itself based on methods of evaluation. Sometimes several methods can be combined. Your business development advisor can help you choose the method or combination of methods. For example, you can base your estimation on the turnover of competitors and/or similar firms, or expectations within the commercial zone, or the number of contracts necessary to cover operating costs, or production capacity etc.

Whether for a manufacturing business or a service business, the entrepreneur should evaluate what production capacity is needed to achieve turnover in line with the most likely hypothesis, by producing the required quantity of products or by achieving the corresponding number of contracts etc. The company must be able to produce what it intends to sell (this point links the volume of remuneration in "R" to the manufacturing of value in "G" because the right amount of resources will need to be brought together to allow for a manufacturing volume that corresponds to the anticipated turnover.)

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Expected turnover

Turnover is often referred to as theoretical turnover. If you have developed several hypotheses, explain the most probable one in more detail. When the company has several sources of remuneration, the total turnover is presented first and its calculation explained.

Questions : *What is the total turnover and the turnover by activity (primary activity, secondary activities) over the coming three years (for a new business)? Have you made pessimistic, probable and/or optimistic forecasts? Have you justified the method used to estimate turnover? Justify the plausibility of your forecast turnover (for a new business).*

Turnover by remuneration source

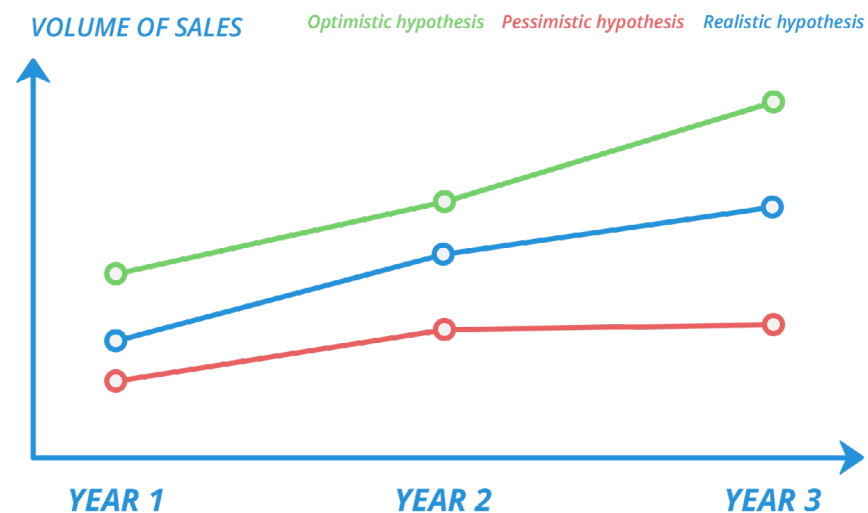
Each volume of remuneration by source is explained. The method (or methods) used is justified and the calculation method is shown. It is a good idea to use tables, graphs and diagrams (this applies to all sections of the GRP model).

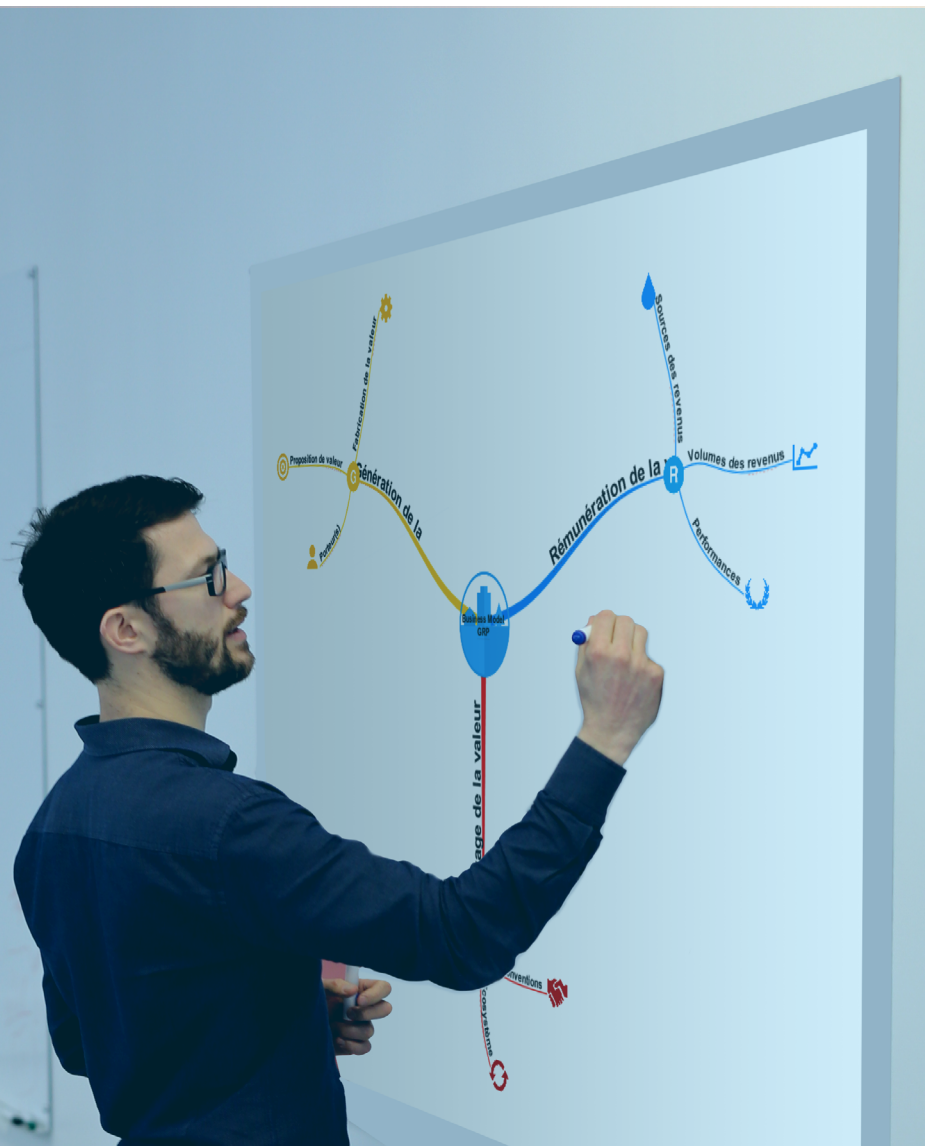
Questions : *Using tables and/or diagrams, have you broken down turnover by product/service category (quantity, unit price, amount), or by distribution channel (quantity, unit price, amount), or by client profile? Have you assessed the particular risks or advantages linked to your method of organizing the client base (concentration of sales on a small number of clients, scattering of sales over lots of clients, politically or economically risky channels or countries, channels in growth or slowing down etc.)?*

Capacity to produce turnover

This point is often forgotten, so we have dedicated a separate sub-section to it in order to emphasize the need to produce enough volume to achieve turnover targets (see production capacity). This links back to our previous point that the assembled resources and their organization (see Value manufacture in "G") must allow the production of the quantity to be sold (products or service agreements).

Questions : *Do you have the production capacity required to achieve your estimated turnover?*





Market share

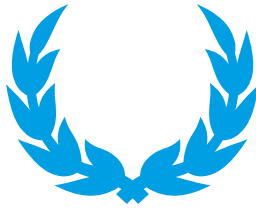
You may need to provide information on this item, in particular when the captured or expected market share is significant in the target area.

Questions : Have you carried out a study in terms of captured market share? Have you justified the relevance of your approach? How and why do you realistically think you can capture this share of the market? Have you thought in terms of sector, product, client segment or country?

Subsidies

This item concerns non-profit organizations in cases where a subsidy (or part of a subsidy) is directly linked to the service (or product) delivered or made available to users. This item must be detailed, for example, if a subsidy received from a public organization is proportionally linked to the number of users. Do not mention subsidies for launching business operations or for financing an investment. These will be dealt with in the “Performances” section.

Questions : Do you receive subsidies linked to your volume of activity? What amounts? Is this a potential idea or are you definitely eligible to receive subsidies linked to your volume of activity? What are the amounts of money involved? Who are the providers? Have you contacted the necessary people? How frequently is money received from these subsidies? Why might they be recurrent and stable? What are the eligibility criteria for these subsidies? What reporting system, if any, will you need to put in place in order to receive them? Will you need to be approved by a committee?



PERFORMANCES

Your advisor will be of valuable assistance here, because this section of the module requires certain knowledge of accounting and finance, which the entrepreneur will have to be trained in sooner or later. You do not need to become a specialist, but certain information must be provided and presented in accordance with current standards. For example, when the project arrives at maturity, a provisional profit and loss account and an initial financing plan must be established. It is of course possible to provide more information, but this does not really provide a better understanding of the Business Model at the time of launch. It is also possible to design a Business Model without going into the “Performances” section in detail, but for ambitious projects, raising funds will involve meeting players who will want to know how the firm is financed. This point is also linked to management (and therefore to the “project leaders” section of “G” and the “Stakeholders” section of “P”).

These players are usually bankers, business angels or capital risk investors, but can also be family members or any other actor who provides capital or lends money. Each one will analyze performance based on their own criteria. They want to make sure that the estimated costs (i.e. all expenses) incurred to carry out business are both detailed and controlled (this point links back to the notion of charges and cost structure).

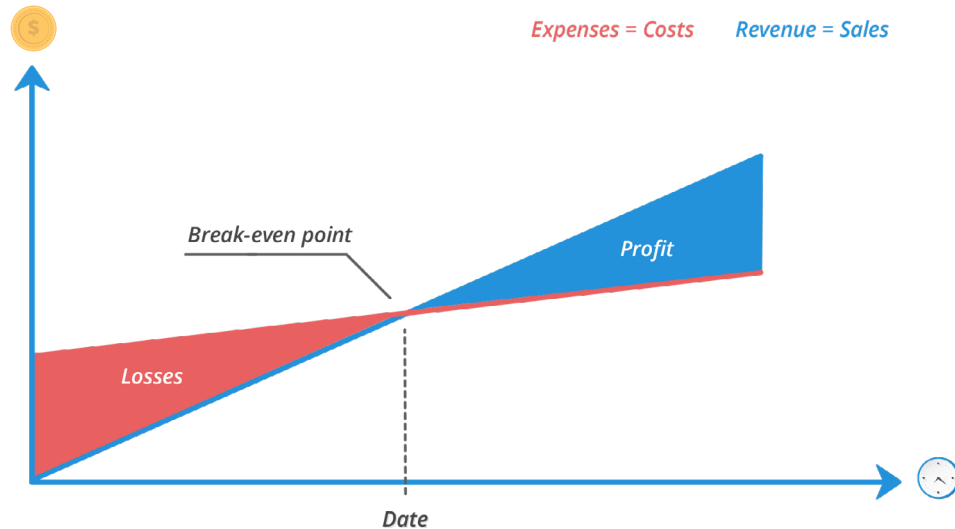
From a purely financial perspective, the entrepreneur will understand that

there are three main aims to making a profit: paying back borrowed funds (loans), remunerating capital investments (shareholder loans) and developing the business (or, at least, ensuring its continuity). Other possible uses of profit depend on attaining these three objectives.

Your advisor will help you complete this section and draw up the required tables as the project develops over time. The more mature your project, the more demanding your partners will be on this point.

Two kinds of performance are presented below: financial performance and non-financial performance (this is relevant to all businesses but is of particular importance for non-profit projects using Business Model concept). Financial performance essentially concerns, on the one hand, the profitability of the operation (notably expressed by the break-even point) and, on the other hand, the profitability of investments or invested capital (which requires, as a minimum, an initial financing plan, given that some partners may require a three-year plan accompanied by an assessment of the evolution of cash flow).

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Financial performance

Financial performance includes certain key milestones, but the subject is not exclusively quantitative and can include some qualitative elements. Readers interested in the financial aspects will want, for example, to see the anticipated result for the different aspects of profitability.

- **Operating profit**

This is a question of assessing the organization's ability to generate profit, i.e. to achieve turnover, upstream, that can at least cover costs (this is known as the break-even point), at which point the business is able to start making money (theoretical result equal to zero). Expenses are deducted from turnover to estimate the result (profit or loss).

In other words, the cost structure must be assessed. The reader will then want to consult an "income statement" presenting the income (mainly turnover), the expenses incurred to achieve them and the result (difference between income and expenses: profit or loss).

This table can initially be presented in a very simplified form. You will be able to tell the reader how you calculated your expenses (based on estimates or other documents provided by the actors contacted). The reader will also be reassured if you provide information about your accounting (if you outsource it, who to?) You accounting may at first be limited to being able to write a quote, but will become more complex later on.

Forecasts are generally expected for a period of 3 years following the launch of the company. The problem is that a business is often only profitable after this period.

In this case, you need to estimate when the break-even point will be reached and show that the firm is in control of its cash flow (the money in the bank and in the till). The following three pieces of advice will help you avoid serious cash-flow problems: manage your stock well, try to make your clients pay as early as possible and negotiate with your suppliers to pay them as late as possible. Leading on from this, your adviser will talk to you about a very important notion when managing a business: working capital requirements (WCR). These correspond to day-to-day needs to finance operations. Obviously, what is written here is generic and the particular nature of some projects makes it very difficult to produce and estimation. It would be unwise, however, to straight away consider that this is the case for you. Contact your advisor.



Questions : What activities, products and services are billed (highlight the most important ones)? What proportion of turnover does each one contribute (tables in %)? Is there a range effect between products? Between products and services? Are the products/services different according to the distribution channels?

Are production or sales subject to seasonal fluctuations or particular hazards (climate conditions, global commodity prices, exchange rates, speculation) that might affect the availability of the offer, and therefore revenue in terms of turnover? Have charges been estimated on the basis of real market figures (quotes, lease agreements, surveys etc.)? Have changes been anticipated (availability of resources, hazards affecting the price of resources, control capacity of the firm)?

Have you estimated expenses and have you organized them into categories (fixed and variable costs, or direct and indirect costs)? Does your turnover cover your expenses (including fixed costs)? When will this be the case (break-even point)? In other words, when will the company become profitable? If this break-even point is reached beyond a three-year period, have you shown the potential for the following years?

Is the level of stocks right? Have you calculated a minimum inventory (minimum stock necessary for correct functioning) of resources and finished products? Do you possess any "speculative stock" (in anticipation of the unavailability of resources, rise in prices, anticipated capital gains)?

How does your operational financing work? How do clients pay (cash, on credit, over what time period)? How are suppliers paid (cash or credit, what time period)? What are the resulting financing needs (working capital requirements, also called WCR)?

Does the firm have enough cash flow to finance the WCR? What will the volume of resources be in over a year's time (working capital, shareholder loans, bank loans)? What are the short-term financing arrangements (cash flow, discounts etc.)?

What is the cash flow forecast for the coming years (if the business is seasonal, the cash flow should be calculated on a monthly basis)? Are there any periods of the year when the cash flow will be insufficient? What are the temporary financing options? What is the cost of financing (financing expenses)? Are these acceptable (comparing them to others in the sector)?

Finally, what is the result? What is the net income to sales ratio? Is it in line with the sector?

Has cost accounting been envisaged, considered or sub-contracted or, likewise, budget management?

For any the above questions that you cannot answer, have you considered taking training? What structure (or which accountant) will help you? Depending on the maturity of your project, have you explained that over time you will be able to provide a more specific answer to these questions? When?



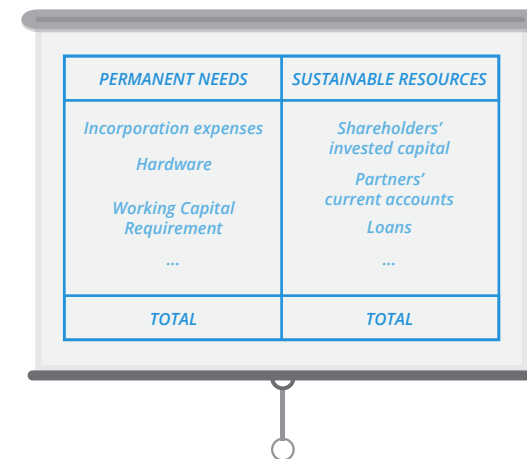
- Return on investment

Once you have analyzed the operating profit linked to your business activity, you need to evaluate, on the one hand, how you intend to finance your needs and, on the other hand, how you will remunerate the actors who have put money into the business capital. Financial backers want to know how long it will take them to recover capital invested in your firm (which is what you are asking them to do). This delay can of course be more than 3 years, but you must show your intentions on the basis of a reasonable forecast (even if it remains a wager, like the whole project...).

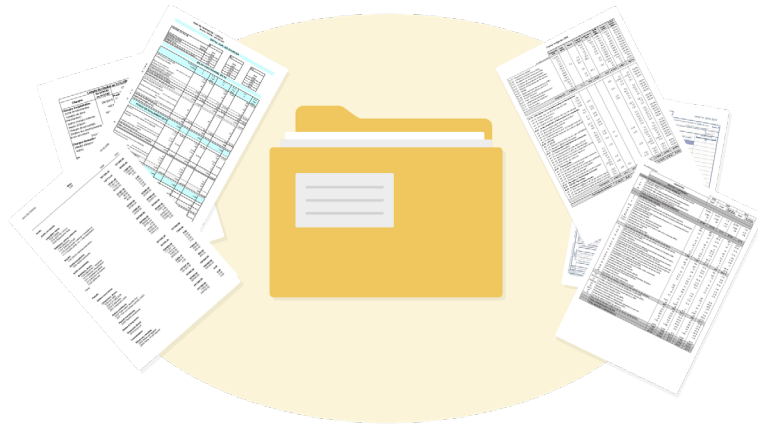
Here, and depending on the maturity of the project, you should also provide a table explaining how the launch requirements of the business (machinery, premises, personnel, stock etc.) can be financed (through a loan, capital investment, shareholder loan and potentially an investment subsidy). This table is called an "initial financing plan". Likewise depending on the maturity of the project, this initial financing plan, which concerns the business launch, may be accompanied by a financing plan for developing the business, which includes the business's capacity to generate surplus, i.e. Its self-financing capacity. Although this plan is not essential to understanding the Business Model, it becomes necessary to estimate the sustainability of the economic model (the "R"). On this basis, financial backers will assess how long it should take them to receive a return on their investment (through dividends or the sale of shares with added value) or repayment of their loans. Once again, your advisor will be of valuable assistance here.

Questions : What are your financing needs at launch (and for financing what: premises, equipment, patent, stock, etc.)? How will these needs be met (shareholders, banks, subsidies)? Have you presented an initial financing plan and have you anticipated the evolution of this plan over the coming years (3 years) as well as your self-financing capacity? Is the firm profitable for the capital invested in it? What is the rate: net income/ equity (over 3 years)? Is it enough to make the business attractive? Over the period studied does the business remunerate its shareholders and by how much?

Have you assessed the firm's level of dependency on banks? Is there enough equity in the business? Is there sufficient long-term financing and is there enough short-term cash flow to withstand operating contingencies (paying for stock, overdrafts, revenue that does not meet forecasts in terms of quantity and timing etc.)?



PERMANENT NEEDS	SUSTAINABLE RESOURCES
<i>Incorporation expenses</i>	<i>Shareholders' invested capital</i>
<i>Hardware</i>	<i>Partners' current accounts</i>
<i>Working Capital Requirement</i>	<i>Loans</i>
<i>...</i>	<i>...</i>
TOTAL	TOTAL



- **Sector performance**

Although not essential, a sector analysis will allow you to evaluate your business's performance compared with its competitors. Even though it might seem more pertinent to existing companies rather than those just starting out, you could make a projection based on the anticipated performance of your products or product lines (or services). It will also allow you to understand your competitive advantage and opportunities for acquiring market share.

You can also calculate intermediate balances of the profit and loss account. Although some partners do not require these calculations, others want to be able to assess the principal ratios cited (often in order to compare them to those of your competitors, but also to simply evaluate intrinsic business performance). These calculations reveal, in part, the different aspects of profitability discussed previously. These ratios are: margin, added-value, gross operating income, operating income, current income, any extraordinary income, net profit and loss result.

***Questions :** Have you compared your firm's figures to those of the sector, if available? Is your market share significant? How is it evolving? What factors differentiate your firm's offering from others in the same sector (quality, pricing, marketing, volume, originality, service, image etc.)? How are these factors key to commercial success? How does the economic and financial performance of the firm compare to others in the same sector (turnover, result, working capital, dividends, valuation, personnel, stocks and the ratios and the intermediate balances of the profit and loss account)? Does the firm have a competitive advantage (sale price, organization, cost control) that makes it more profitable than its competitors?*

- **Other revenue**

This sub-component allows you to mention any revenue that is not directly linked to the sale of products or services (e.g. dividends on shares held in other companies, income from rented land or buildings, financial products, extraordinary income etc.) These revenues are certainly not very frequent when a business is just starting out.

***Questions :** Mention any revenue not linked to business operations (dividends, rents, financial products, subsidies) Indicate how they are formed, their amount, their sustainability. Do they contribute significantly to the company's result? Does the company's performance depend on them?*

Non-financial performance

Non-financial performance can include the following elements: image and recognition, job creation, client or user satisfaction, the performance of products, services or the range, safety, ecological performance, human resource management and social climate etc. In the online economy, for example, name recognition was considered a valuable performance indicator and projects failing to achieve it saw clients rapidly moving to their competitors. New market entrants also obtained what was described as a “bonus” (in fact an advantage that was more or less sustainable over time) for being the first to propose a service. To take another example, job creation is considered a performance indicator by local authorities and can lead to the release of grants and sometimes exemption from certain taxes etc. Lastly, a firm that develops particular expertise or a brand generates non-financial performance that can allow it to protect either a market or product.

Non-financial performance often influences financial performance. In this section we will address business success independent of calculations to present financial performance. Your presentation will essentially be qualitative but can also draw on some quantitative elements. For example, you might obtain an indicator for non-financial performance from a questionnaire carried out among a significant number of people concerned by your business, but the resulting analysis could depend on statistical calculations (this approach will be of less interest to start-up projects).

Non-financial performance will be of particular interest to non-profit organizations, for example an association (evaluation of the level and quality of the services delivered, the number of projects accompanied, user satisfaction etc.)

Questions : Do you anticipate any particularly remarkable or identifiable actions or results in non-financial areas: environmental activity, fair trade, recognition, employment, human resource management, quality of marketing, products etc.?

In the case of non-profit organizations, how do you intend to measure performance in accordance with your statutory objectives (actions completed, people involved, projects financed, etc.)? Have any targets been set to this end (including to qualify for subsidies)?

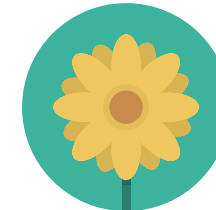
Product performance



Customers satisfaction



Respect of the environment



Security



Location





VALUE PARTNERSHIP

The notion of sharing emphasizes the partnership dimension of the entrepreneurship (in an economic world that nevertheless favors a shareholder perception of value). Without forgetting the business owners, of course, it is considered here that partnership value is generated by a network that extends beyond the shareholders alone. In addition, the GRP model is used to design business models for projects with no shareholding. A partner-based conception of value considers all the parties involved in a business. Business creators must consider the expectations of actors in possession of the resources needed to launch and then sustain their business. They must also take account of the fact that each participant will often behave in accordance with conventions. In simplified terms of the word "convention", these may include ways of doing things that respect shared representations of a specific profession, business sector, culture etc. Lastly, it is important to consider the wider environment and not restrict one's outlook to internal stakeholders. The company is launched in an ecosystem for which the architecture and major evolutionary trends must be understood ([chapter 9](#)).



Stakeholders



Conventions



Ecosystem



STAKEHOLDERS

Entrepreneurship is fundamentally partner-based, because without partners there can be no resources and hence no project.

Business creators (and project leaders more generally) will quickly become aware that they do not have all the resources they need (both tangible and intangible, see the “value manufacture” section of “G”) to launch and then develop their organization. They will need to approach owners of resources in the hope that they will agree to contribute to the project in return for what is offered them (e.g. an employee brings their work and skills in return for remuneration in the form of a salary and working conditions etc.; a supplier delivers merchandise in return for prompt payment; an investor will be influenced by what is known as return on investment, etc.). It is a principle of value exchange: the potential partner provides a resource that has value for the project, and in return the project must be able to provide him with something he values. By providing resources, partners are seen as parties holding a stake in the business, and are known as “stakeholders”.

As regards the number of potential stakeholders encountered (who are initially only resource owners to be brought on board), the shared representation that you establish with them allows the business to start and then grow.

More precisely, according to the GRP Lab team, the entrepreneur is the leader of a convention that puts the partners in agreement. Inevitably, this representation

will develop as it goes along. The shared representation is forged and evolves over the course of different encounters, propelling the organization into existence because the partners understand the exchange and provide resources. The organization of resources thus begins to “take shape”. Just as the number of partners can evolve, the shared representation can also change (after the “design” of the Business Model, there can also be a “redesign”).

It is important to remember that a competitor is not a stakeholder (with a few exceptions, for example in the case of a joint venture). A stakeholder brings resources to the organization (the entrepreneur, clients, employees, financiers, suppliers, institutions involved, chartered accountants and sometimes family or friends etc.)

For the different items presented below, the entrepreneur should identify the key partners among the stakeholders. In a story (in this case, the business you are describing), the reader is mainly interested in the key characters (a bit like in a movie, which has stars and the supporting actors). You can also distinguish the partners involved in launching the project from those needed for the functioning and sustainability of the organization. This part can be presented in a table or diagram, but it will nevertheless be useful to comment on it. Sometimes, project leaders include the tables in an appendix, preferring to keep this part for diagrams and the narrative.

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Identifying stakeholders

Depending on the resources you are looking for, describe who you would like to work with and name the partners. You may not be able to name your potential partners at first (a supplier for a certain product, a financial backer, etc.), but as the product matures, you can develop a profile for each one (without necessarily including it here). Highlight potential partners you have met, as well as those who have been transformed into stakeholders. Describe how you think they perceive the project. Present their opinion, if possible.

Questions : *Who are your possible partners for the different kinds of resources you need? For each one, ask yourself the following questions: who are they? What do you know about them (legal structure, managing director, turnover, staff etc.)? What reputation do they have? If you already have relations with them, who is your point of contact? How did the relationship come about? If the relationship is yet to be established, how will you go about meeting the partner (through which network, by which shared experience, or who can introduce you)?*

Stakeholder expectations

An initial way of preparing an interview or negotiation is to anticipate the expectations of the potential partner. Obviously, the business creator will often only truly understand what the other party wants as they go along. Besides natural or general expectations (e.g. a supplier expecting payment), it is useful to consider more specific or exceptional compensations that you can provide to the partner (in the case of a supplier, they might be interested by the regularity of your orders, your rapidity of payment, your contribution to their products' image etc.)

For each category of stakeholders, or even for each stakeholder as the Business Model becomes more defined, these details encourage partners do business with you.

Questions : *In your view and/or according to the information you have gathered, what does this stakeholder expect from their exchanges with your organization? What "generic" elements does your organization bring them? What is "unusual" about what your organization brings them? How will you ensure that exchanges with the stakeholder are sustainable? Is this return enough to make this stakeholder "loyal"?*

Stakeholders contributions

In view of their actual contribution, justify who you want to work with: why one particular supplier instead of another, why a certain employee, financial backer etc.

Questions : *What do you expect exchanges with this stakeholder to bring to your organization? What "generic" elements do they bring you? What is "unusual" about what they bring you? Is this contribution sufficient for you to maintain this relationship over time? Does this stakeholder play a role in establishing relationships with other stakeholders? If so, what?*



Stakeholder attitude

Here, you can describe your assessment of the stakeholder's attitude towards the project statement. You will need to do this for each stakeholder you meet. Describe how they have behaved afterwards, in other words since the relationship was established. If you have not yet exchanged with a stakeholder, it is useful to anticipate their potential attitude in order to negotiate better during the meeting and avoid any unpleasant surprises when the operations start.

Questions : Based on what you have learned or observed, how does this partner behave in a business environment? Does this fit with what you had imagined? Are they trustworthy? Are they tough in business? Is the stakeholder interested/not interested in exchanges with your organization? Why do you think that is? Are the exchanges you propose in line with what this stakeholder usually establishes? How are negotiations with this stakeholder going?

Stakeholders power

Given that stakeholders own the resources the firm needs or which lay be useful, they have a certain amount of power over your project. This section (like all the others) can help you choose your partners so that you are not (too) influenced by any one of them.

Questions : What power does this stakeholder have over your organization? What is the risk if they do not commit or if they back off once the relationship has been established? Is it possible to do without them or replace them? Is your organization in a position of strength in this exchange or is it dependent? What can you do to even out the weight of each party? Is this relationship likely to evolve over time, will it strengthen or weaken? How and why?





CONVENTIONS

Put simply, a convention concerns a certain behavior. This concept has a lot in common with “habits” and “customs”, i.e. ways of doing things. A convention can sometimes correspond to what one is allowed or not allowed to do (e.g. driving a car on the right or left-hand side of the road depending on the country). But conventional behavior is not necessarily defined by law. In fact, more broadly, a convention is what actors in any social system whether big or small (a sports club, branch of a professional activity etc.) share as an idea on how to do things in a given situation (or what not to do because “it’s just not done”, as they sometimes say). This idea, or rather this representation, influences behavioral choices. As such, a form of imitation can often be observed (people behave as they think others would in a certain situation, or at least as they think they would). Convention can be a bit of a complicated notion to understand, but once the entrepreneur has grasped it, it proves very useful in the construction of a project.

We are surrounded by a multitude of potential conventions with which we build our identity. They allow us to live in society by adopting behavior patterns that are considered correct or are at least accepted. The Business Model is one such convention. It leads the partners to behave in accordance with the business envisaged, at least as long as they remain effective partners. Although social spheres allow relationships between individuals

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based on codes, standards, customs and ways of thinking and doing things, this

does not mean that it is not possible to go against them. It is not rare for an entrepreneur to bend them to a greater or lesser extent and it is not unreasonable to consider that innovation arises from a certain change in the conventional register. But you cannot change everything... and the more you wish to change things (like in the case of an innovation), the more difficult it is to get actors on board because, as a general rule, they don’t like change.

But it is not impossible. You must show that both the system and the stakeholders will benefit (this links to the other two components of “P”).

Below are some examples of conventions. There are many others. The idea is to identify the main ones that apply to your project. You can adapt this section to the specificities of the conventions that you must build your project around. By presenting this, you show that you have understood how the situations you are about to face will work.

Each category of stakeholder, sometimes even each individual stakeholder, abides by one or several conventional registers that are linked to their situation, business sector, profession, organizational culture or geographic zone etc. It is easier to maintain good relations when you understand that, in some ways, the stakeholder also has a professional life beyond the relations they have with you and that they sometimes have their own ways of doing things.

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Conventions of the situation

Setting up a business is conducted in a different way to a business takeover. The nature of the project influences the choice of behavior, for example how the prospective buyer of a firm behaves towards the seller, and vice versa. The actors involved in a certain type of project have their own ways of carrying out their mission. It can be interesting to consider what expectations there are, seeing as it takes the creator and their advisor into a relatively intimate relationship in which behavior must comply with a conventional and sometimes procedural register (you must respect protocol, schedules, hierarchy etc.) For example, it is commonly accepted that a business creator must present a Business Plan. It is therefore useless to protest that the Business Model is more relevant and neglect to draw up the Business Plan if your partner has requested one. This will make it difficult to obtain the funds you are hoping to get from them. You can use the Business Model method to develop and fine-tune your project. Although it is appropriate to consider the conventions of the situation as you develop your project, it is not essential to include them in your story, though it can be useful and appreciated.

Questions : *In the context of business creation, have you understood the "rules of the game" explained by the advisors with whom you work? Do they require certain standards for the presentation of your project? Have you assessed the risk of not abiding by these conventions? (The same questions apply for business takeovers).*

Some fields sometimes explicitly state how things should be done, and behavior must comply with standards, for example to ensure a certain level of quality or for safety reasons. In some sectors, relations between groups can lead to formalized agreements. For example, employers' organizations and trade unions may agree on collective agreements defining, among other things, the status of employees in a professional sector. Experience, employment or internship in an organization in the sector is often useful. Obviously, the notion of sector is not limited solely to that of the branch of activity. For example, the associative field, or the field of social and solidarity economy, or more generally what some specialists classify as "social entrepreneurship", respects a certain number of conventions influenced by social values and the actors involved.

Questions : *Have you highlighted the specificities of the economic and social fields? Do these specificities concern relational aspects? Standards? Or customs? Have you been able to observe how your competitors or similar firms operate? Are you breaking these conventions, in part or entirely? If your response is positive then is this due to the innovative nature of your value proposition or is it more because your temperament makes you want to change the way business is done? In both cases, have you considered the risks of not following these conventions? What have you observed that seems to indicate that things can be changed?*

Conventions of the sector

In some business sectors, giving one's word is worth as much as a signed contract, whereas in other sectors everything must be formalized in writing. In any case, it is not unusual for sectors to have their own customs and conventions (the medical, construction, media sectors etc.).



Conventions of the partners' professions

Certain professions have their own way of doing things. For example, financiers, accountants, bankers etc. agree to use certain forms of representation of the economic feasibility of a project. It would be risky to forget this and present, for example, a set of financial statements without considering the presentation standards that these actors are used to.

Another example, in a different context, is the academic field. If your project leads you into relations with a research laboratory, it is useful to know how researchers think and behave, as they are often more interested in publication in a major international scientific journal than by the result of their work being transformed into a product.

Questions : Have you met with a chartered accountant? Have you taken any training, even if only as an introduction to accounting practices? Are you familiar with the forms of representation for the accounting and financial part of your project? Do you understand them? Do you know how a banker examines a project to accept or refuse the granting of a loan? Likewise for other financiers, including public ones? Do any of your suppliers operate according to specific conventions within their trade (e.g. artistic professions)? Have you considered whether your partners behave according to conventions inherent to their profession?

Conventions of the geographic zone

Similar to the previous example, accountancy standards in the USA are not the same as those in France or elsewhere in Europe. If your financier is American, you should use the appropriate forms of representation.

As well as economic considerations, however, cultural aspects also lead to conventions. Failing to prepare or not respecting them may be detrimental to business because the conventions inherent to the local culture define the way business is conducted.

Questions : Have you identified any specificities linked to the geographic zone of your business? Have you assessed the influence of local culture on how business is carried out?



Conventions relating to contracts (and standards)

Once an agreement is signed with a partner, the contract is a convention which must be strictly respected. The agreement becomes a reference document that can be called upon by the competent authorities to establish a right. This can concern all the stakeholders. It is here, for example, that a shareholders' agreement can be considered, and likewise in broader terms, the legal status of the organization and agreements to be signed, such as with a research laboratory etc. Contracts can be complex and entrepreneurs may wish to contact a specialist advisor in the field (choice of legal status, internationalization, supply of goods or materials, after-sales service in the case of a subcontractor or when subcontracting etc.) Contracts also cover compliance with any existing standards (technical, health and safety standards etc.)

***Questions :** Have you examined the different legal statuses possible (association, public limited company, joint stock company, limited liability company etc.)? Have you considered whether your choice is the most appropriate for both the company and your protection? Have you talked with a specialist about the type of contract key to your business success? Etc. There are many possible questions depending on the project.*





ECOSYSTEM

It is not possible to live in a vacuum with nothing but the project surrounded by enlisted or potential stakeholders, plus a few competitors. You are building something that is part of a broader society that extends beyond the strict perimeter of your activity. It is precisely because this society exists that your project can become a reality.

Society itself has also built many things, and has done so for a very long time, well before you first considered starting in business. Just like your firm that maintains relations with its partners, society is made up of actors who exchange value with each other, either directly or via the institutions they have built. One might speak of “value architecture” (construction of an entire system for exchanging value, be it quantitative or qualitative, rational or emotional etc.).

But despite the number of Business Models set up by firms all over the world, society is not purely linked to business. The employee of an organization is also a citizen exchanging with institutions that are designed to help improve living conditions, institutions for whom he elects the representatives. He is also a client of various sellers. He might be heavily involved in a sports club or a parents’ association, or be a reporter for a daily newspaper. Do you think it is wise to start a business without considering this broader societal construction?

One day or another, they may either: notice your presence and formulate expectations that you didn’t anticipate, or make decisions that could help or

hinder your business (such as a regional authority that decides to build a bypass or establish a new ecological standard etc.)

Your partners are part of this construction. They are also involved in other Business Models, and the whole can be described as a “value network” (this is the expression used by business model specialists). It is an interesting topic, but difficult to grasp. Your advisor can help you understand it, in particular to assess to what extent your Business Model may potentially change the distribution of value in part of the ecosystem. This also means that, as you go along, you may find you need to involve individuals or legal entities and institutions that, at first glance, have nothing to do with your business. However, in doing so, they become stakeholders. In this respect, you must use your creativity and network to anticipate relevant forms of value creation.

One other complementary way of seeing what we refer to here as an “ecosystem” is to consider it as being composed of several dimensions. These dimensions refer to a well-known analysis: PESTEL. These dimensions can certainly be useful in designing the value proposition by helping to assess demand. Here, we propose a broader use in order to understand the ecosystem (the sections of the GRP model are all closely related, as you will see when you tell your business story...). It is a matter of exploring the broad trends surrounding your business.

The entrepreneur must remain open to their environment and sometimes put in place observational tools in order to stay informed.

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Value architecture

This section aims to draw the entrepreneur's attention to that fact their business is not cut off from the rest of the world. It is important to show that the Business Model will not disrupt the company (other companies or any other part of the company not involved in business). If this is not the case, it is useful to explain why the system as a whole benefits in the end. It is a little as though you were to analyze the ecosystem as it is today to assess the value exchanges between its stakeholders, and then start the analysis again but this time imagining that your business had been launched and assessing its influence on previous value exchanges. By nature, individuals do not like change and will resist any modifications or potential modifications to their way of life (personal or professional). As the saying goes, "you can lead a horse to water but you can't make it drink".

***Questions :** Do you consider you have understood your ecosystem and can you describe it succinctly? Apart from your stakeholders and competitors, have you identified the actors likely to influence your business (positively or negatively)? Do you think you can interact with them to avoid negative influences? Will your business disrupt the ecosystem? If so, have you assessed how and why your business will influence value exchanges between the actors of the system? Have you devised strategies to convince the ecosystem that your business will benefit part of society? What might be the ecosystem's reactions to the launch of your business? Have you understood the existing links between actors, the game play or possible distribution of power? Does your analysis of the ecosystem make you to consider your firm differently? Have any of the stakeholders you have involved led to the emergence of a new Business Model?*



A few dimensions of the ecosystem

- The political dimension

This concerns the political decisions made in social and economic domains, on both large and small scales (regional, national, European, international). It affects monetary policy, trade between countries etc. It may be useful to identify influential actors, whether politicians, the media, an associative movement etc.

Questions : Do you follow current political events? Have you identified any positive trends for your business? How do you intend to take advantage of them? Have you identified any negative trends for your business? How do you plan to prevent them having too strong an impact and what is your recourse? At what political level are decisions made (municipal, regional, European etc.)? In what likely time frame could a political change impact your firm? Does the zone where you are setting up your business offer any support for new or existing firms? If so, what are they? Are you eligible?

- The economic dimension

The overall economic context may affect the buying power of consumers in the zone concerned, the conditions required by your suppliers, the subsidies you are hoping to obtain etc. This is not a neutral issue for your business.

Questions : Do you keep abreast of economic developments, particularly in the geographic zone that concerns you? Have you identified any positive trends for your business? How do you intend to take advantage of them? Have you identified any negative trends for your business? How do you plan to prevent them having too strong an impact? Are you setting up in a depressed zone? Or is it in growth? Do you benefit from local economic support? Have you met any business leaders based in the area and did they confirm your impression?





- **The social dimension**

This concerns the people living in the area where you set up your business. Among this population, you will capture clients, employees, etc. A socio-demographic perspective is therefore useful (type of population in terms of age, beliefs, socio-professional category, family structure, mobility, health, lifestyle, education etc.).

Questions : Will you recruit your employees from within the zone where you are setting up your firm? Have you checked that the employment pool in question can provide the expected job skills? If not, then are you based in an attractive location for employees? Are your suppliers close by? What about your clients? Do you intend to participate in the social life? How? What will you gain from it? Are there any cultural dimensions to consider? Have you shown that you have understood them?

- **The technological dimension**

Staying informed on what new technologies are in the pipeline is not only relevant for technology-based projects (for which it is essential). The Internet is a prime example. It can also concern new payment mechanisms or innovations in a business sector (as a whole or in part) etc.

Questions : Do you monitor technological development? In what way and with what means or which partners? Are there any technological changes that could influence the way in which you manufacture your products or provide your service? More broadly, can they influence your "value manufacture"? Are there any other technologies, not directly related to your service or product, that you need to consider? Are you sure you are investing in the right technology? Why? Have you identified the research laboratories or firms working on technologies that concern you?

- **The ecological dimension**

This aspect is becoming increasingly important. Respect for the environment (the ecosystem) takes many forms today. It is no longer just a question of condemning primary pollution (products polluting a water table, for example), but it now also concerns avoiding any disruption to the ecosystem (such as a noisy activity just a stone's throw from a retirement home).

Questions : Does your business respect the ecosystem in the broadest sense? Does it respect the environment in the strictest sense of the term? If it is a source of nuisance, have you taken the necessary precautions? Are there any environmental standards that apply to your business? Have you taken them on board?

- The legal dimension

Everyone must know the law. Although it is impossible to know everything in legal matters, at the same time, you cannot claim ignorance in order to be exempted from obligations imposed by the legal system.

Society is based on a principle of law that allows some practices and prohibits others. An entrepreneur must take account of labor law, industrial property law, business law etc.

The legal dimension can also generate business opportunities or threats. For example, in the case of a solar panel start-up, attractive tax incentives for installing panels help convince clients to invest in this power generation technique (opportunity), but the subsequent restriction of these incentives will cause orders to fall for some of the firms that set up in this sector (threat).

Questions : Do you have the help of a specialist in labor law (for hiring), taxation, business law and international law if necessary? Etc. Are there any legal elements likely to evolve positively or negatively for your business? Are there any elements concerning industrial or intellectual property (mentioned in the value proposition) that it could be useful to expand on here? Which advisor are you working on these questions with?



CONCLUSION

You can tell the story of your Business Model while it is still in the design phase. It is dynamic and constantly evolving. It is a little as though the story is forever changing, especially if the partners you are telling it to are influential and can modify it through their demands. Nevertheless, the Business Model becomes a narrative when the development of the components and their interactions take a coherent form (design), sometimes well before the project comes to completion. Even though a project may be detailed, the Business Model focuses on the essentials. The Business Model must be clearly relevant for its story to become intelligible.

Some projects may need to be told early to raise funds to carry out tests, and then require sustained support from the partners involved once the initial objectives have been achieved. In these cases, several "rounds of fund-raising" are carried out (funding is spread over time and depends on the achievement of staggered objectives).

A Business Model can therefore be presented at different stages of project maturity. If you are able to answer every question in this book, then your project is at a very advanced stage and your story may even be beyond the scope of the Business Model. Some say, "those who can do a lot can do a little", but that does not necessarily mean the Business Model is convincing. That said, if you have been accompanied by an advisor, and we strongly recommend that you are, then maturation contributes to conviction because the advisor, who is not a specialist in the project (that specialist is you), will guide you in fine-tuning the components and their interactions. The advisor will encourage you to mobilize the right methods and tools and to meet partners able to carry out parts of the design process which you cannot do yourself, such as if specific expertise is needed to make a prototype, for example.


The links between components are a very important point to work on. A Business Model is not a jumble of components, but a set of interrelated elements. What is more, the boundaries between components are not always clearly defined. For example, the GRP BM considers the project leader as an individual component of Value Generation, whereas they could be seen as the primary stakeholder in the component on the Value Partnership.

The systemic nature of a BM should lead the project leader to consider the links between the components early on. It may raise questions such as "does the manufacturing process allow for production of the number of products I intend to sell?" (Link between value manufacture and volume of turnover). Have I identified the partners who can provide the best resources to produce my offering (Link between value manufacture and the stakeholders) and can I name them exactly? Do I have experience in the sector? (Link between the project leader and conventions/the ecosystem.) Does the project have to meet any standards, such as ISO standards? (Link between conventions and value proposition/manufacture.) If this is not obligatory, is it likely to benefit the project if certain standards are met (or if these standards or labels are adhered to)? (Link between conventions and performances.) etc.

We have included four appendices in this book. The first three provide a summary of the questions to ask yourself for each component and dimension of the model. The fourth one presents the model in the form of a poster.

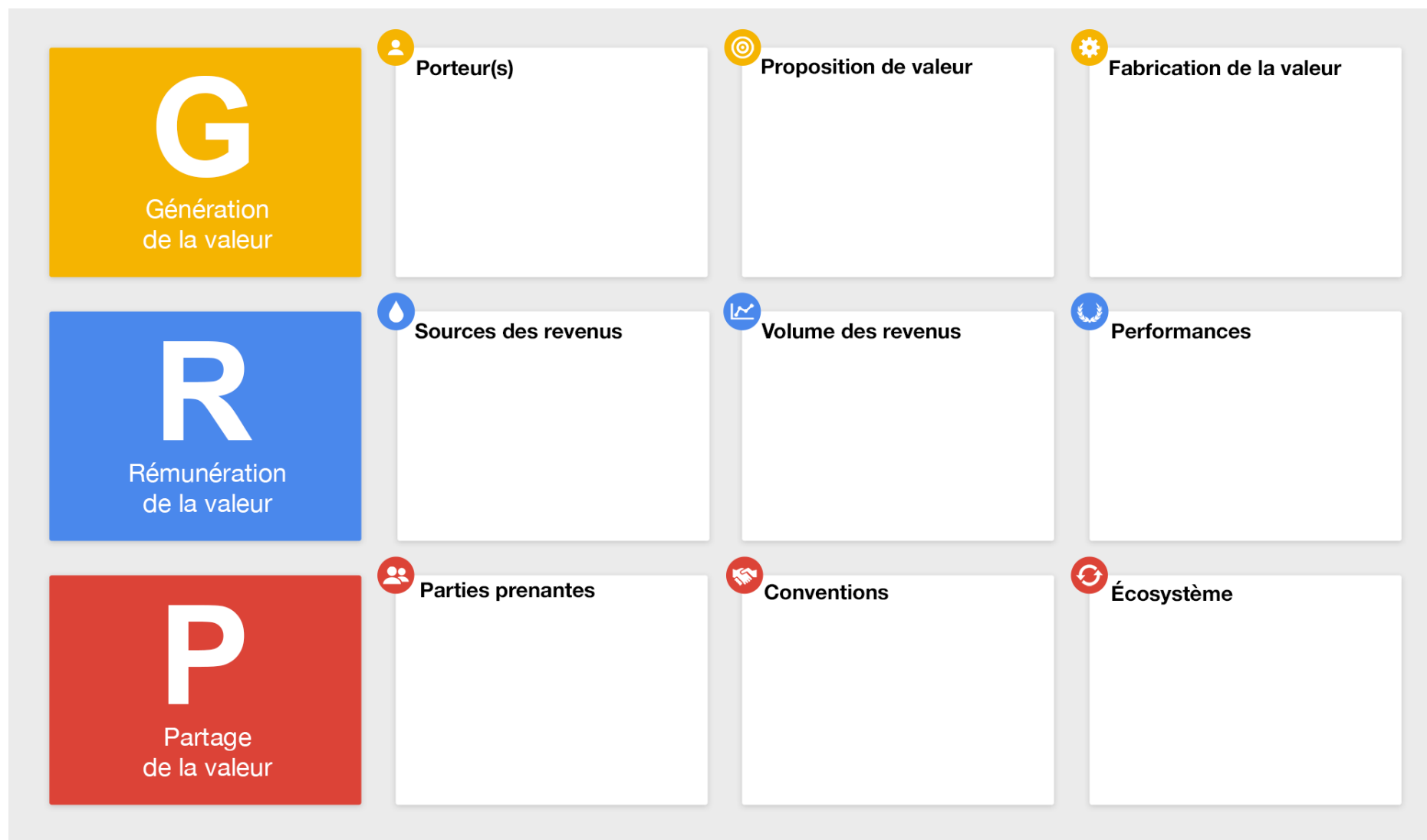
PROJECT LEADER(S) 	Previous experience and background		What previous experience will help you lead this project?	What links are there between this section and the others?
	Profile		What strengths do you have that will help you lead this project? What skills do you have that will help you lead this project?	
	Motivations		What motivates you to lead this project?	
	Entourage of family and friends		In what way are your family and friends supporting you?	
	The entrepreneurial team		If several people are leading the project, how is the team constructed? In what ways do you complement each other?	
VALUE PROPOSITION 	Business idea	Source and nature of the idea	What is the business idea, how did it come about and why is it suited to you?	What links are there between this section and the others?
		Developing the idea	How has the idea been developed, detailed and perfected?	
		Protecting the idea	Is the proposed business free of rights or is there any protection already in place? Have you considered protecting the right to use your idea?	
		Transforming the idea into an offer	How will the business idea be transformed into a concrete offering for your clients?	
	Business opportunity	Attractiveness of the market	Do you have any evidence, such as figures, that show there is an attractive market?	
		Target	Who does your offering target and why will they be interested?	
		Competition	Who are your competitors and how does your proposal compare to theirs?	
		Ambition	What are the project's ambitions? (geographical coverage, technology, notoriety etc.)?	
VALUE MANUFACTURE 	Identifying the resources		What resources are needed for the projects and do you know how to obtain them?	What links are there between this section and the others?
	Using the resources		How will you use these resources and how will you organize the "manufacturing" of your offering?	
	Delivering value		How will you raise awareness of your offering and make it accessible to your target market?	

Remunerating Value

SOURCES DES REVENUS 	Sources par canal		Par quels canaux les revenus de l'exploitation (chiffre d'affaires, subventions de fonctionnement, cotisations, etc.) parviennent-ils à l'organisation (Internet, boutique, zone géographique, etc.) ?	Quels sont les liens que vous pouvez établir entre cette rubrique et les autres ?
	Sources par catégories de produits/services/activités		Quels sont les activités, produits et services générant des revenus ?	
	Sources par catégories de clients		Qui paie (éventuelle différence entre utilisateurs et payeurs) ?	
VOLUMES DES REVENUS 	Chiffre d'affaires visé		Quel est le montant de chiffre d'affaires visé et comment l'avez-vous estimé ?	Quels sont les liens que vous pouvez établir entre cette rubrique et les autres ?
	Chiffre d'affaires par source		Comment se répartit le chiffre d'affaires entre les différentes sources de revenus ?	
	Capacité à produire le chiffre d'affaires		Avez-vous la capacité de production permettant de réaliser ce chiffre d'affaires ?	
	Part de marché		Pensez-vous raisonnablement pouvoir capter la part de marché visée ? Comment ?	
PERFORMANCES 	Performance financière	Rentabilité d'exploitation	Les ventes couvrent-elles les charges ? A partir de quel seuil l'affaire sera rentable (en durée, en volume, en euros...) ?	Quels sont les liens que vous pouvez établir entre cette rubrique et les autres ?
		Rentabilité de l'investissement	Quel est le besoin d'investissement au démarrage de l'activité et comment ce financement est-il envisagé (capital, subventions, prêts, ...) ?	
	Performance non financière		Prévoyez-vous des actions et résultats particulièrement remarquables et identifiables dans des domaines non financiers : actions environnementales, commerce équitable, notoriété, emploi, gestion du personnel, qualité du marketing, des produits, technologie, etc. ?	

Value Partnership

STAKEHOLDERS 	Identifying stakeholders	What business network (stakeholders) will you be working with?	What links are there between this section and the others?
	Stakeholders' expectations	What are the expectations of the project stakeholders? Will the project deliver what the partners expect?	
	Stakeholder contributions	What do the stakeholders bring to the project?	
	Stakeholder attitudes	What attitudes do the stakeholders have (expected or observed)?	
	Stakeholder power	What level of influence does each stakeholder have?	
CONVENTIONS 	Conventions of the situation	What inherent "rules of the game" (conventions, customs, standards etc.) are there for your type of project (start-up, takeover etc.)?	What links are there between this section and the others?
	Conventions of the sector	What "rules of the game" (conventions, customs, standards etc.) are there in the project's sector?	
	Conventions of the partners' professions	What specific "rules of the game" (conventions, customs, standards etc.) inherent to your partners' professions must you consider?	
	Conventions of the geographic zone	Are there any specific "rules of the game" belonging to the geographic zone covered by the project?	
ECOSYSTEM 	Value architecture	How will your project take its place in the ecosystem? Which actors (stakeholders, competitors or others) might have a positive or negative influence on your business, or are likely to be influenced by it?	What links are there between this section and the others?
	Trends within the ecosystem	What environmental trends are there (political, economic,; sociological, technological, ecological and judicial) that could affect the project? What threats or opportunities are linked to these trends?	



...control in an optimal way to do business, and will bet that the project (in other words the resources) among all the categories of stakeholders. A network is created around the proposed BM, now considered a convention, the entrepreneur being the one who impels the corresponding organization, which makes tangible the nascent company.

2.1.4 The Business Model: A Convention for the Generation, the Remuneration and the Sharing of Value

Figure 2.2 presents a conceptual representation of the BM. At the top, the RBV and stakeholder theory make it possible to identify the stakes linked to the BM. The RBV results in identifying and then joining together the resources essential for the project (the 'best' resources). The stakeholder theory requires prospecting their holders and then joining them together in order to demonstrate the value of the project.

Thierry Verstraete, Estèle Jouison-Laffitte,
A Business Model for Entrepreneurship, Edward Elgar, 2011, p.42

The business model is considered here as a representation shared by the partners in a project led by an entrepreneur or an entrepreneurial team. This representation concerns the Generation of value, Remuneration of value and value Partnership (GRP BM). It is very important for the BM to be coherent in order to be convincing.

There are at least two reasons for which entrepreneurs benefit from being able to “tell” the Business Model they are leading both verbally through the “pitch” and in writing. The first is that some actors who might provide necessary or useful resources for the project will require a document (although this may not necessarily be a Business Plan). The second reason lies in the fact that writing and reading helps anticipate or identify things that might otherwise be forgotten. It creates a sort of reflection between the project being described (verbally or in writing) and the entrepreneur.

The GRP Storyteller program has been designed to

encourage the entrepreneur to tell the story of their Business Model with the help of their advisor. This document contains, for the most part, the content of the program to allow users to have both digital and paper access. For each dimension of the BM (G,R and P) and each component (leader, value proposition, value manufacture, sources of revenue, volume of revenue, performances, stakeholders, conventions, ecosystem), this book reviews the content and asks relevant questions for which the answers will help build the Business Model.

The **GRP Team** has made every effort to draft content that is accessible and can be distributed.

GRP Storyteller is available for free at GRP-Lab.com