CHEAT SHEET

Business Model Cheat Sheet

Can't think of a new business model? Try adapting one of these basic forms.

Source: SEIZING THE WHITE SPACE BY MARK JOHNSON (HBR.ORG)

Affinity Club
Pay royalties to some large organization for the right to sell your product exclusively to their customers

EG. MBNA

Subscription
Charge a subscription fee to gain access to a service

EG. NETFLIX

Bundling
Package related goods and services together.

EG. FAST-FOOD VALUE MEALS, IPOD/ ITUNES

Cell phone
Charge different rates for discrete levels of a service

EG. SPRINT, BETTER PLACE

Crowdsourcing
Get a large group of people to contribute content for free in exchange for access to other people's content

EG. WIKIPEDIA, YOUTUBE

Brokerage
Bring together buyers and sellers, charging a fee per transaction to one or another party

EG. CENTURY 21, ORBITS

Fractionalization
Sell partial use of something

EG. NETJETS, TIME-SHARES

Disintermediation
Sell direct, sidestepping traditional middlemen

EG. DELL, WEBMD

Leasing
Rent, rather than sell, high-margin, high-priced products

EG. CARS, MACHINERYLINK

Freemium
Offer basic services for free, charge for premium service

EG. LINKEDIN

Negative operating cycle
Lower prices by receiving payment before delivering the offering

EG. AMAZON

Low-touch
Lower prices by decreasing service

EG. WALMART, IKEA

Reverse auction
Set a ceiling price and have participants bid as the price drops

EG. ELANCE.COM

Pay as you go
Charge for actual, metered usage

EG. ELECTRIC COMPANIES

Razor/blades
Offer the high-margin razor below cost to increase volume sales of the low-margin razor blades

EG. PRINTERS AND INK

Reverse razor/blades
Offer the low-margin item below cost to encourage sales of the high-margin companion product

EG. KINDLE, IPOD/ ITUNES

Standardization
Standardize a previously personalised service to lower costs

EG. MINUTECLINIC

Product to service
Rather than sell a product, sell the service the product performs

EG. ZIPCAR

User Communities
Grant members access to a network, charging both membership fees and advertising

EG. ANGIE'S LIST

add another BM