



**Social Enterprise  
in Secondary  
Schools Jamaica**

The graphic is a yellow rectangle with a black border. On the left, there is a circular flow diagram with icons for a banknote, a person, a globe, and a graduation cap. To the right of the diagram, the text "Social Enterprise in Secondary Schools Jamaica" is written in bold black font.

# Week 3: Make it Happen!

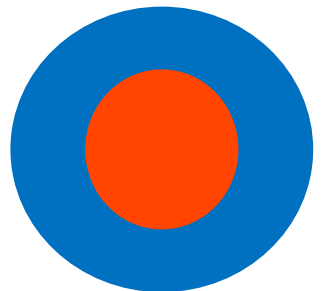
Value Chain, Cost Structure & Key Activities

Date: November 12, 2020

[Facilitator Name]

[Title] | [Company]

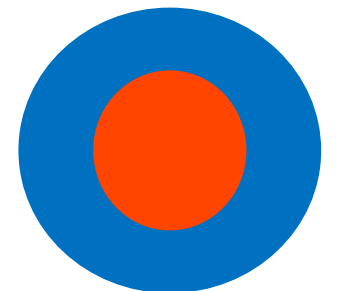
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# Social Enterprise Model: Integrating Social Initiatives & Business Model

## Workshop Outline

Topic	Notional Duration
Understanding your Value Chain (Process)	20 mins
Participants' Activity (Create your Value Chain)	15 mins
Organisational Structure & Your Team	15 mins
Participants' Activity (Discuss your team and organisational structure)	10 mins
Location, Information & Suppliers	20 mins
Participants' Activity (Discuss your location, ICT systems and Supplier relationships)	10 mins
Management System & Firm Infrastructure	10 mins
Cost Structure, Revenue Stream & Margins	20 mins
Participants' Activity (Discuss your cost structure, revenue stream, pricing strategy)	15 mins



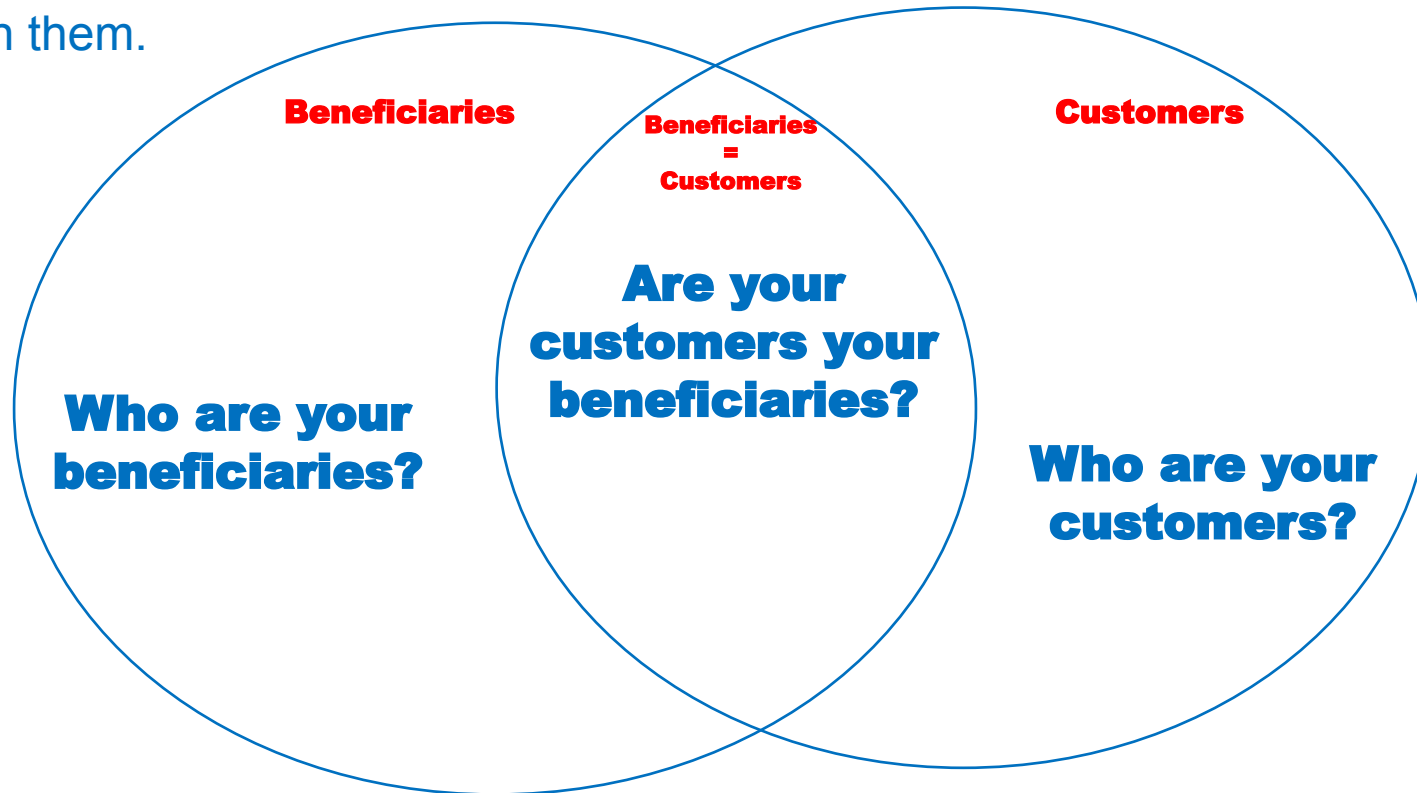
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# Understanding Customers & Beneficiaries

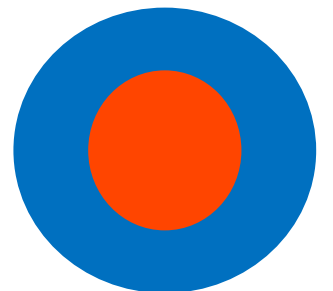


## Revision

- Revisit your **week 2** assignment.
- Lets look back at your named customer segment(s) and the channels you have developed to reach them.



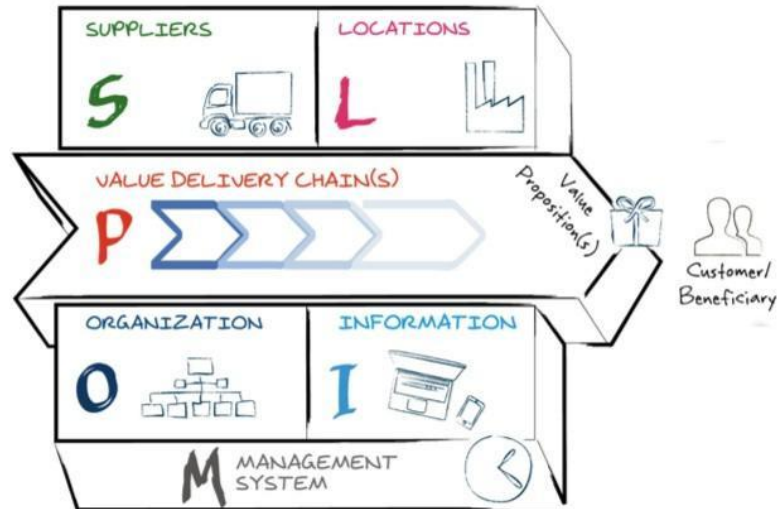
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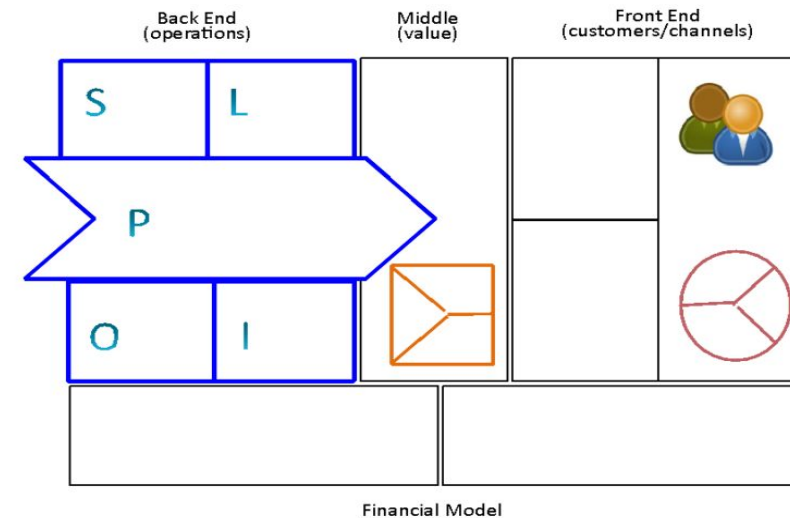
# Linking Operating Model to Business Model

This is how the operating model plugs into your overall business model.

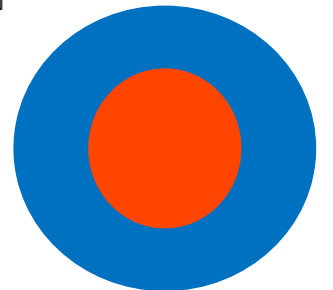
## Operating Model Canvas



## Enhanced Business Model Canvas



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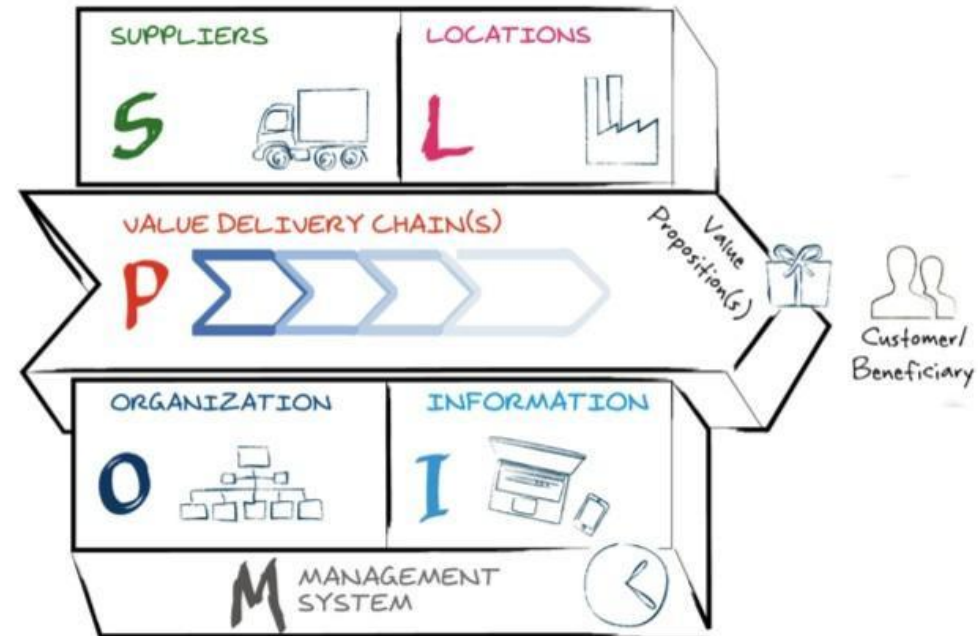


# Operating Model Canvas

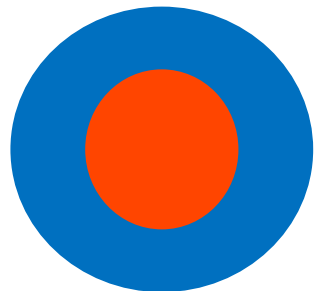
Outlines the interlinkages between the business model and the business processes.

The canvas has six (6) components:

- (1) Value chain (Process);
- (2) Organisational Structure;
- (3) Location;
- (4) Information Systems;
- (5) Suppliers; and
- (6) Management System.

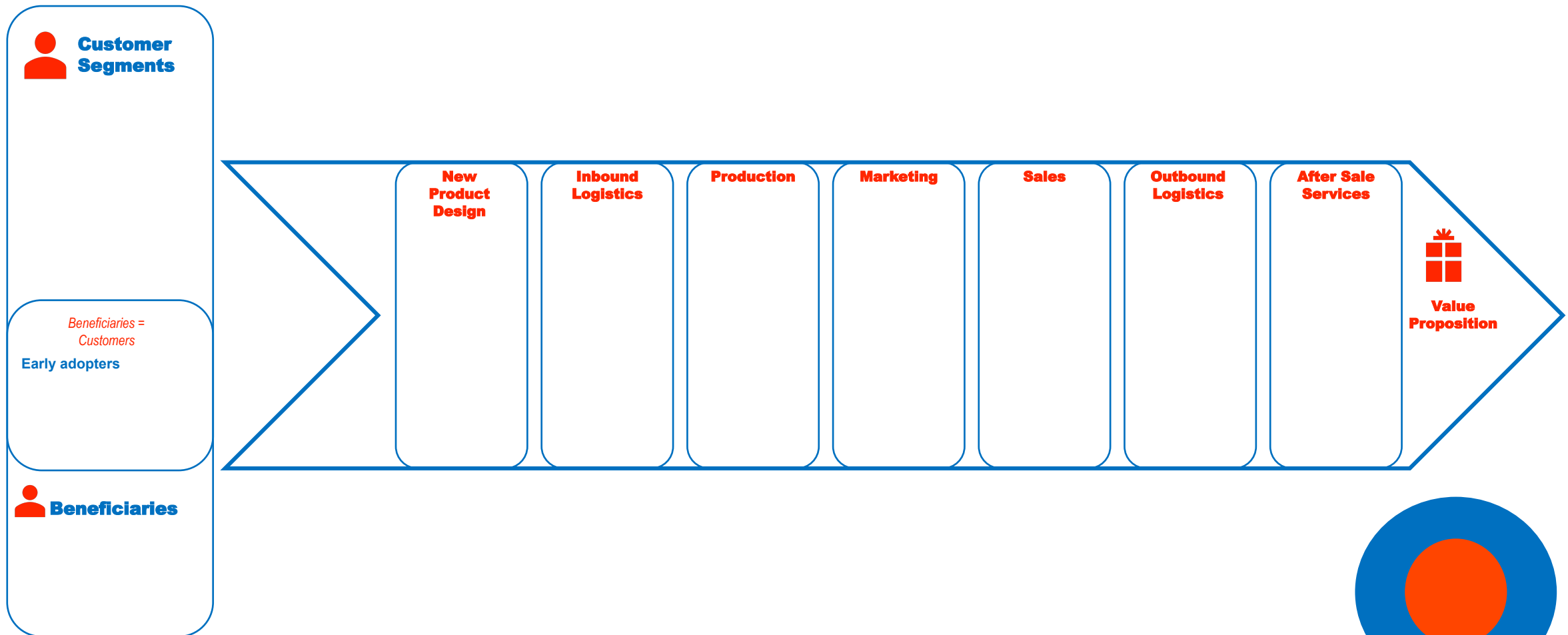


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# Value Chain (Process)

- Illustrates the operating process that creates and delivers value for each customer segment.



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# Let's Quickly Talk about the Minimum Viable Production

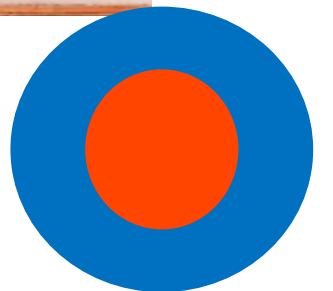
This is a version of a product or services with enough features to be usable by early customers who can then provide feedback for future product development.

Your **MVP** enables you to:

- See how people react to your product(s) or service(s);
- Get feedback from your early adopters and customers;
- Decide what your next steps are in your product development and business model.



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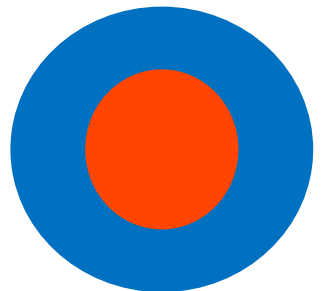
# Value Chain



## Activity 1

What is value chain model for your customer segments?

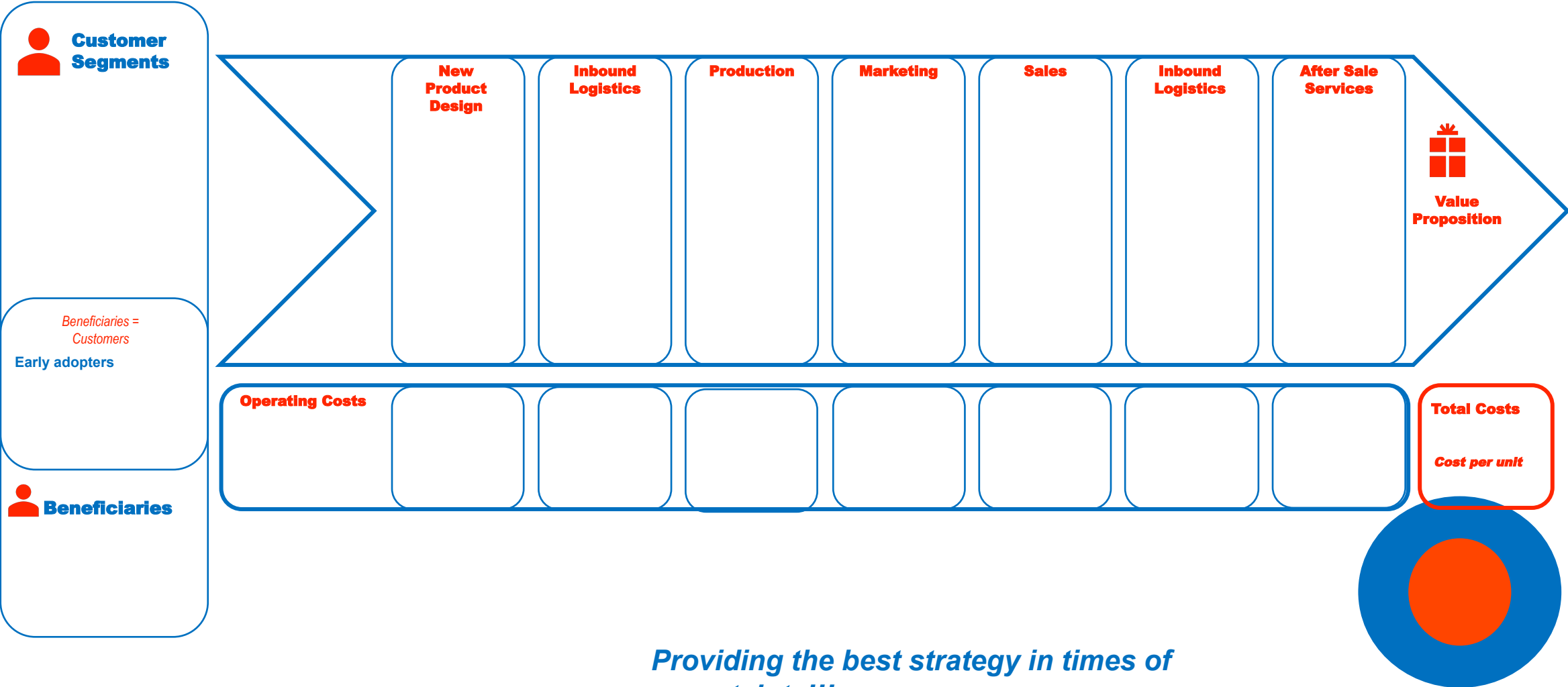
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# Operating Cost

- Illustrates the operating process that creates and delivers value for each customer segment.



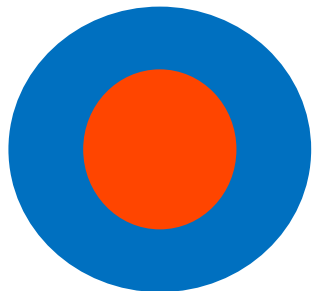
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# Operating Costs

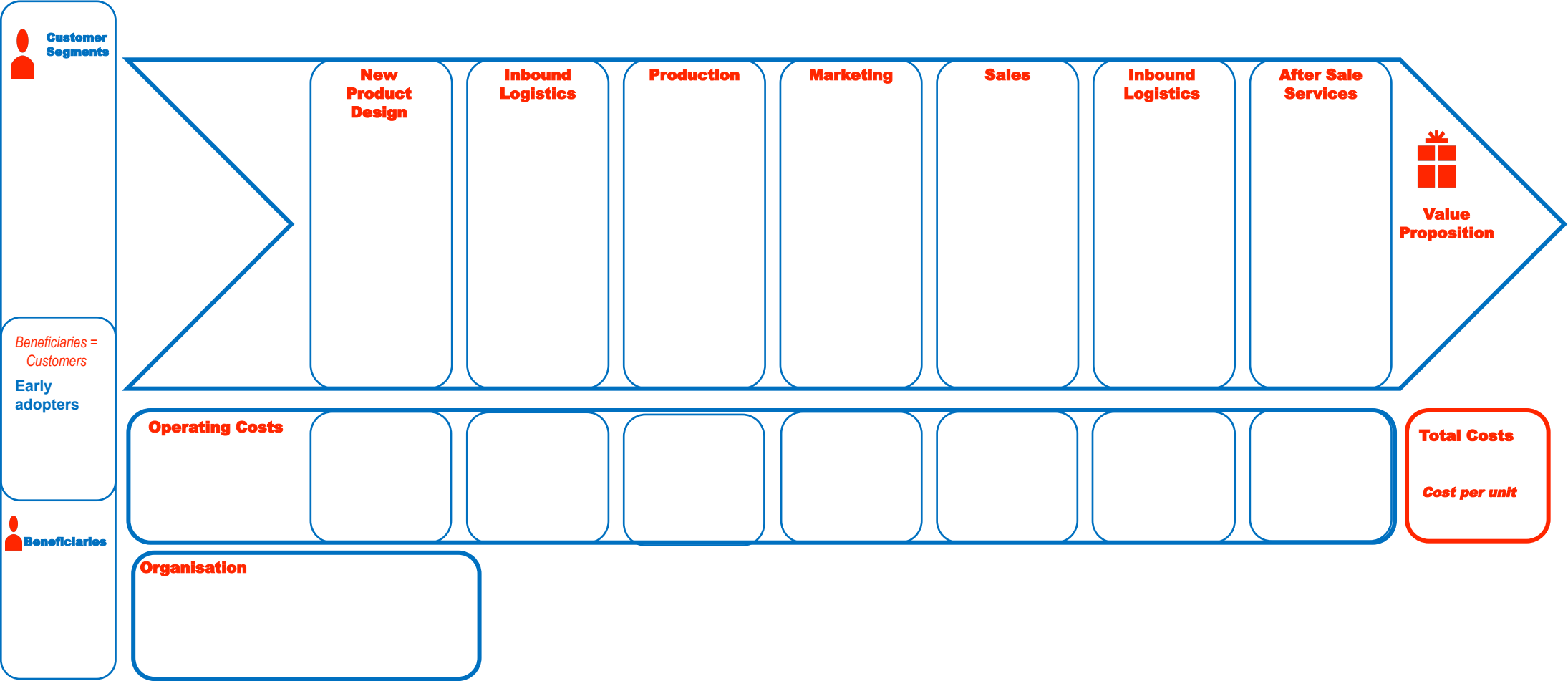
## Activity 2

What are the costs associated with your value chain?

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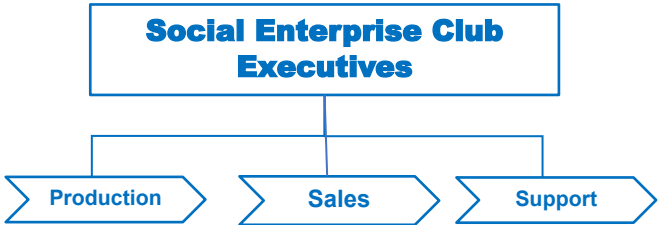
# Organisational Model



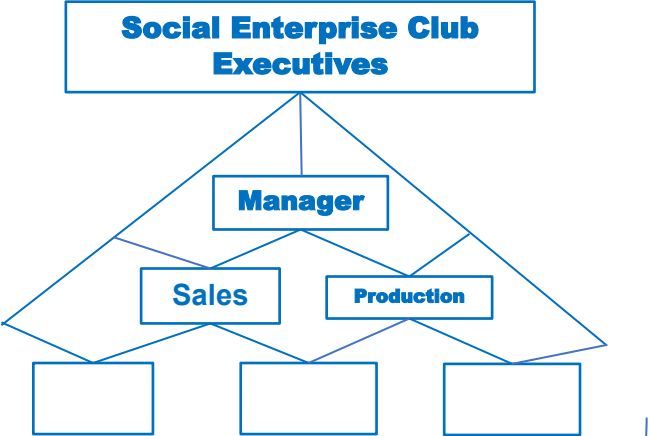
# Organisational Model

There are three ways to structure operating work.

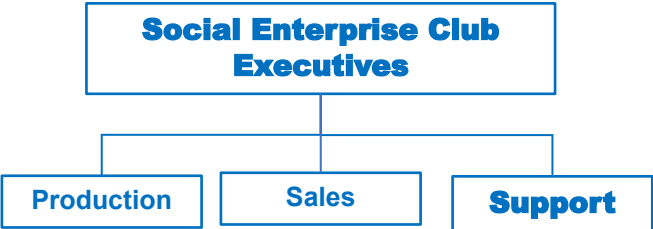
## Value Chain



## Matrix

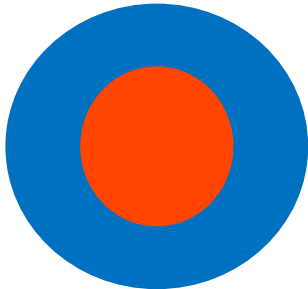


## Simple Units



**Better for Start-up Enterprises**

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# Core Team

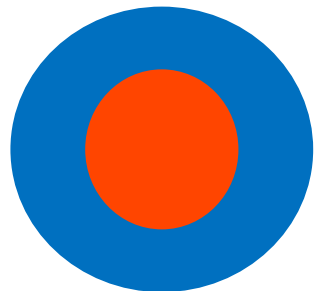
Sales:	Production:
Marketing:	Accounting:
Product Design:	
Knowledge of Technology:	
Specialised processes:	
Data & Research:	Legal:

A cross-functional team has all the core abilities need to conceptualise, produce and deliver a product as well as learn from your customers.

Here we consider the minimum required skills needed in a start-up.

Entrepreneurial experience, leadership and attitude is also important. Team behaviour is also critical.

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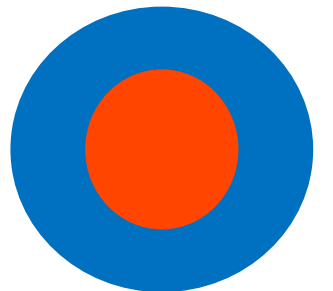


# Organisation Model

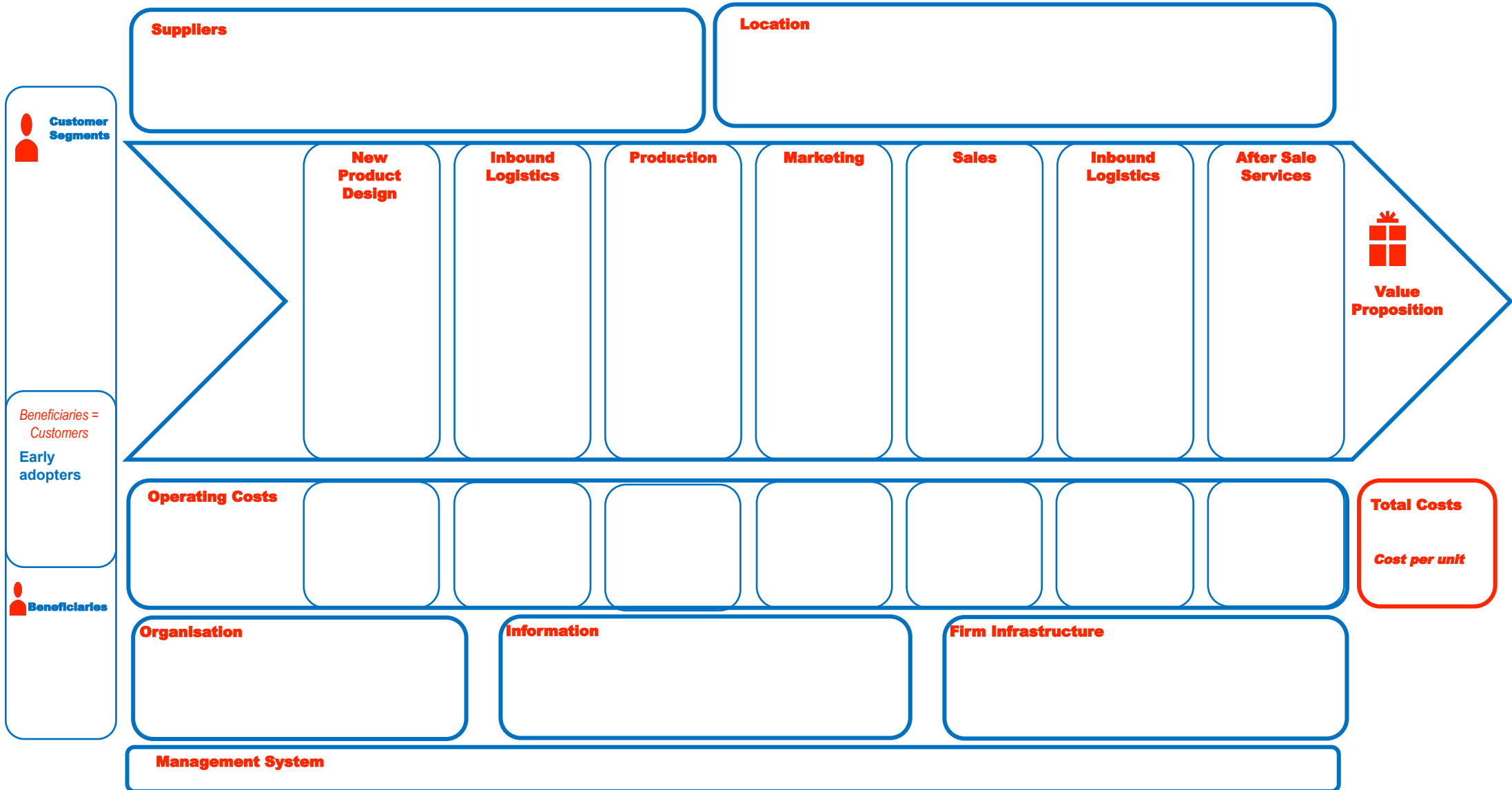
## Activity 3

What does your  
organisational  
model look like?

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# Location



# Stakeholder Framework for Selecting Location

## Beneficiaries

- Consider a location convenient for beneficiaries to participate in social value creation initiative.

## Customers

- Consider a location convenient for you to reach your SOM.

## Employees

- Consider a location:
- Where person with the skills you need are located;
  - Transportation (particularly if beneficiaries are employees).

## Suppliers

- Consider a location:
- Where person with the skills you need are located;
  - Transportation (particularly if beneficiaries are employees).

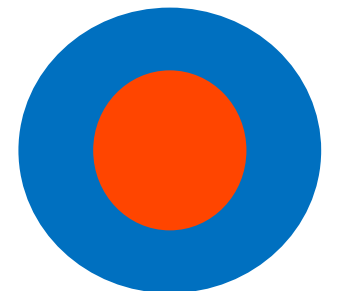
## Other Considerations

### Government:

- Consider a location:
- Laws/Constraints;
  - Subsidies.

### Owner/ Investors

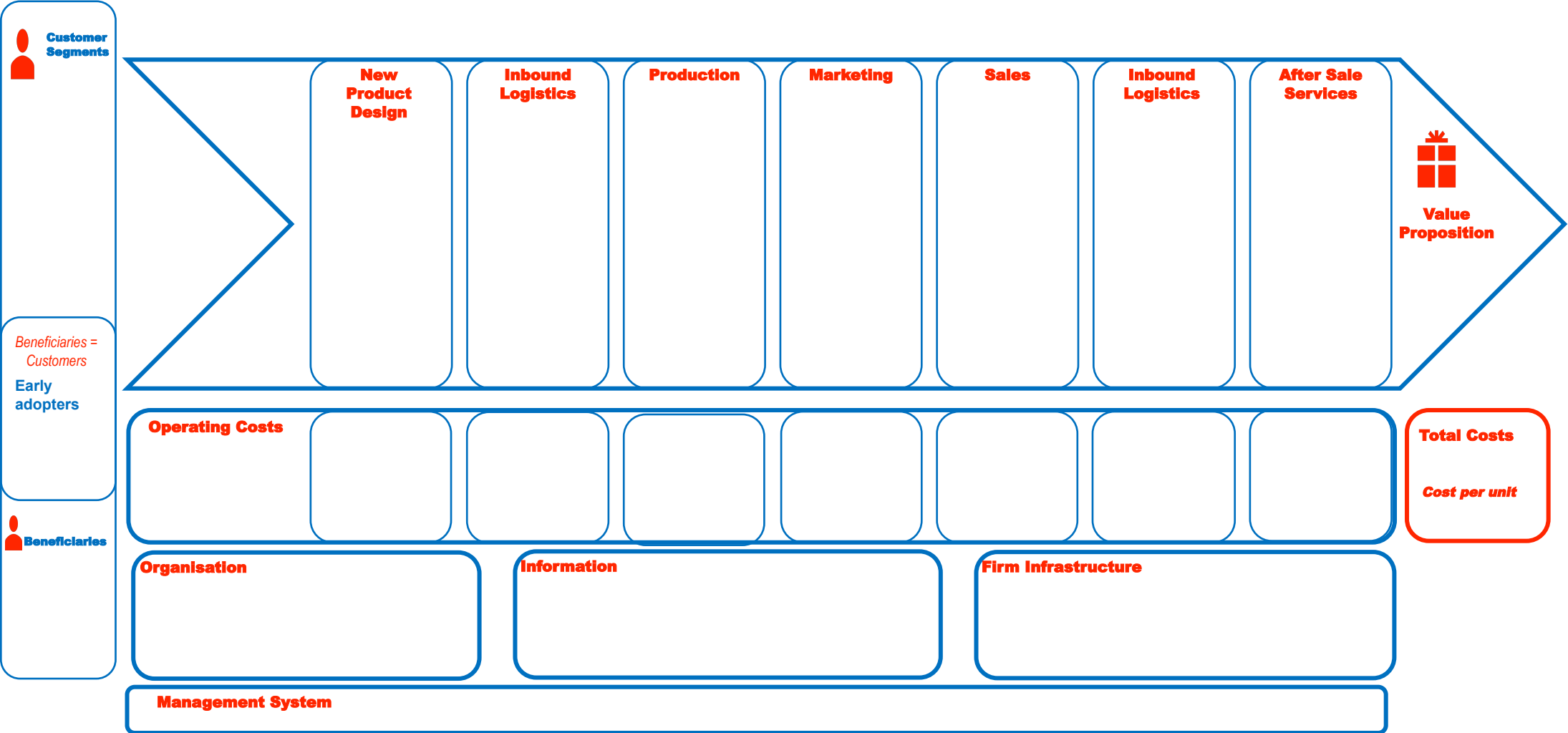
- Owner Preferences;
- Laws/ Constraints;
- Favourable tax treatments.



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# Information, Firm Infrastructure and Management Systems



Customer Segments

New Product Design

Inbound Logistics

Production

Marketing

Sales

Inbound Logistics

After Sale Services



Value Proposition

Beneficiaries = Customers

Early adopters

Operating Costs

Total Costs

Cost per unit



Beneficiaries

Organisation

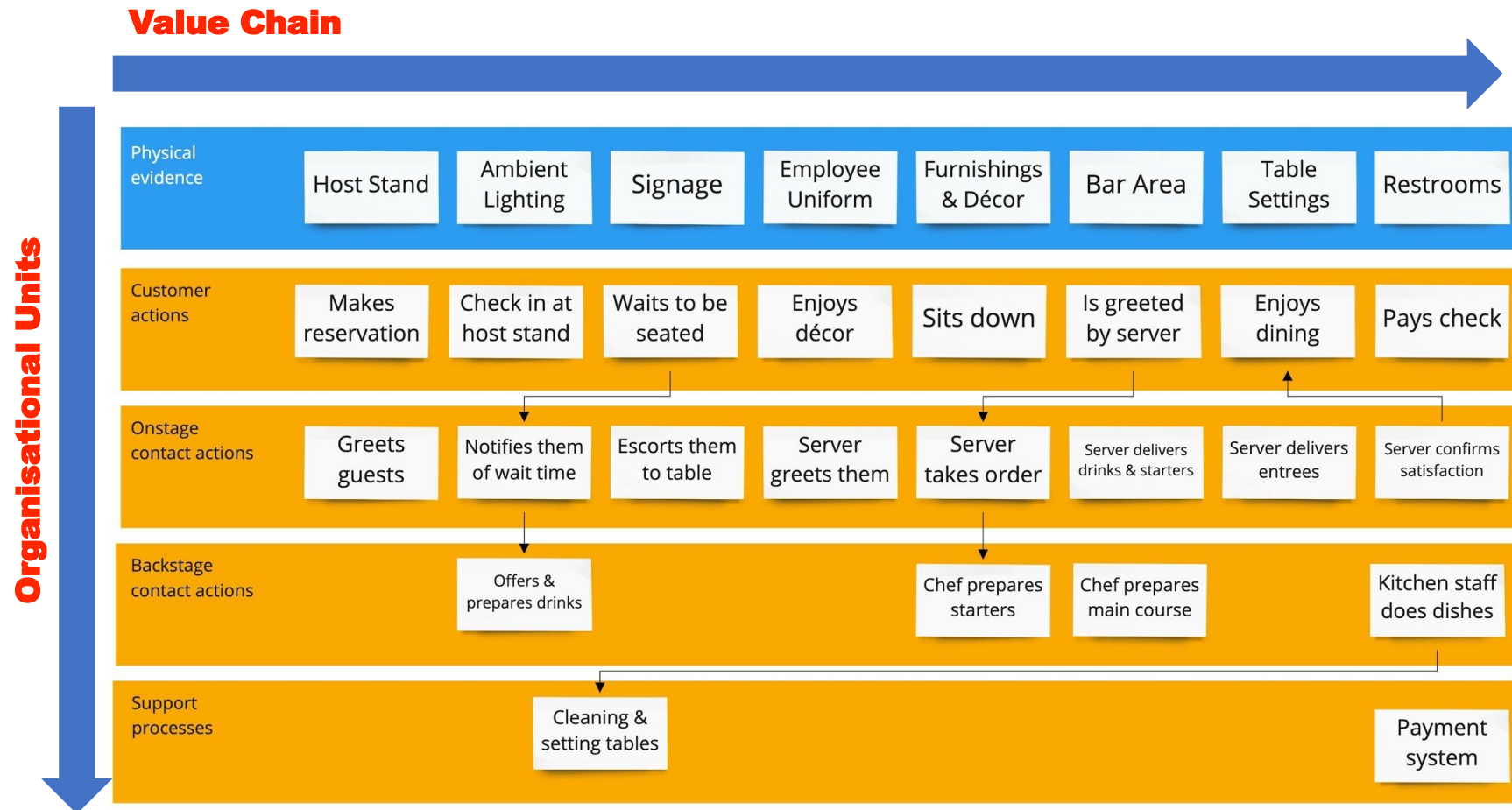
Information

Firm Infrastructure

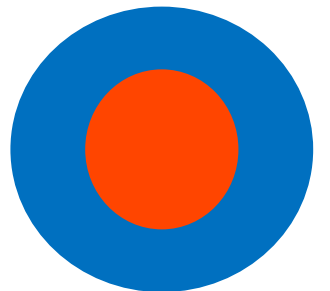
Management System

# Information: IT Blueprint Tool

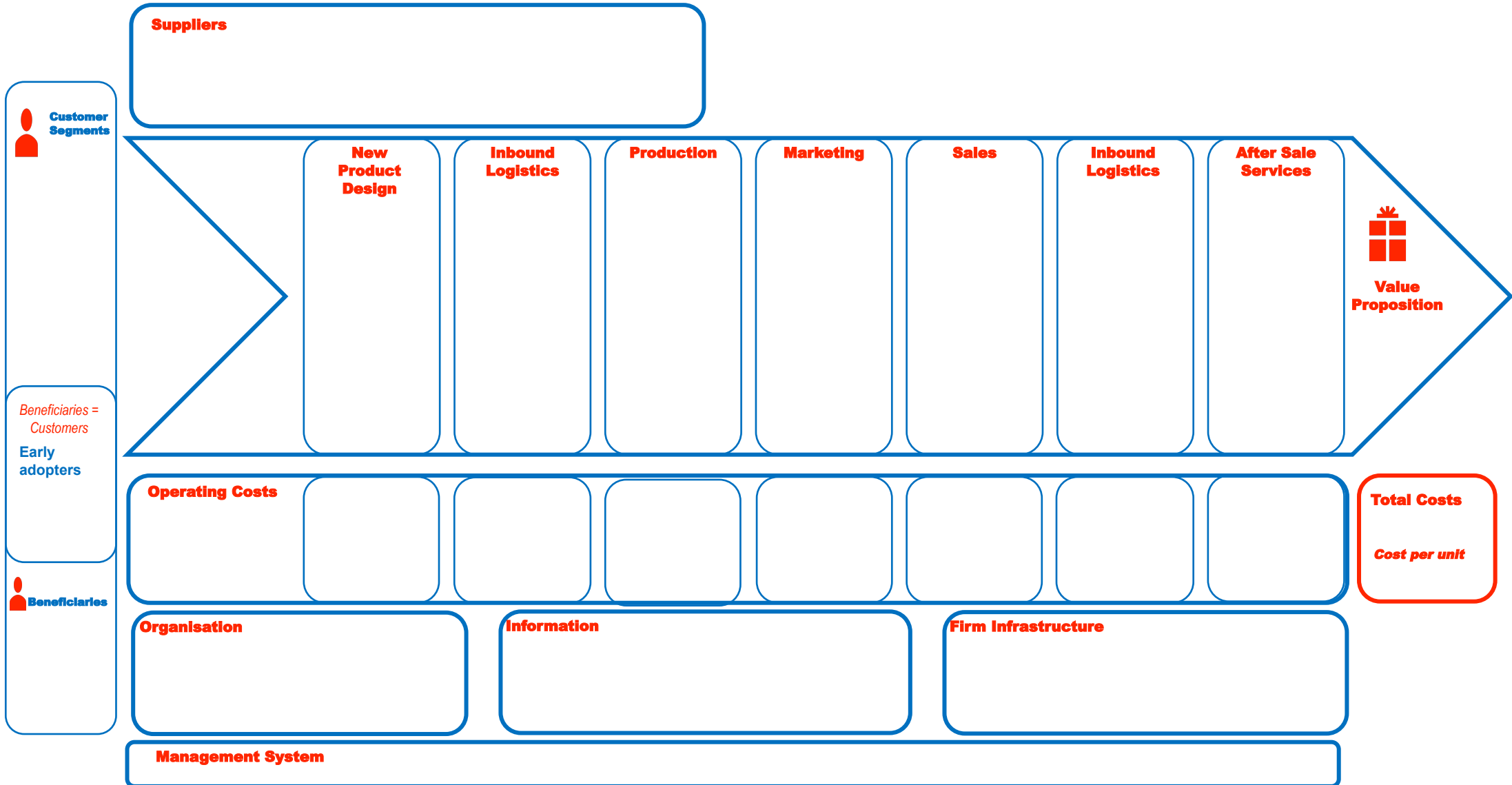
Look at this example of a fine dining restaurant.



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# Suppliers

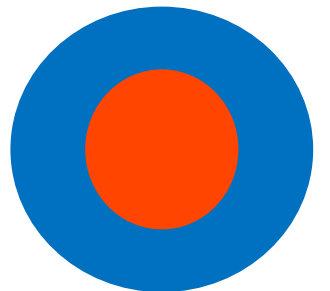


# Suppliers Matrix

Is this a key activity in delivering value?

		No	Yes
How good are we compared to others?	Better	We do if to does not distract	We do <b>Keep in-house</b>
	Worse	<b>Transactional Partnership</b> Outsource	<b>Business/ Strategic Partnership</b> Design a collaborative agreement

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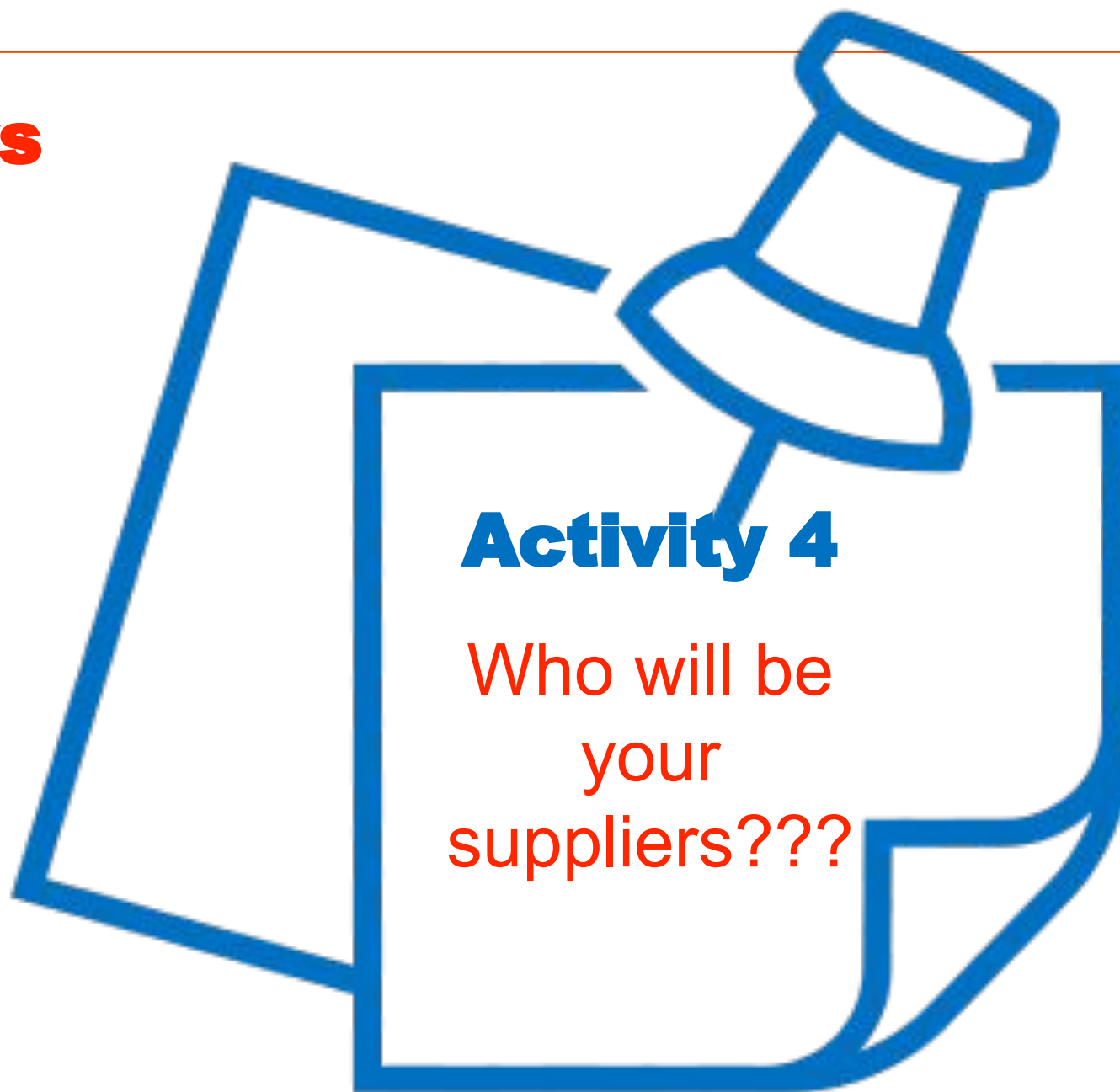


# Suppliers Matrix

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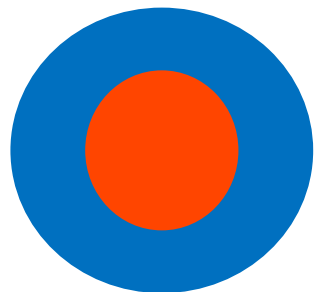
# Suppliers



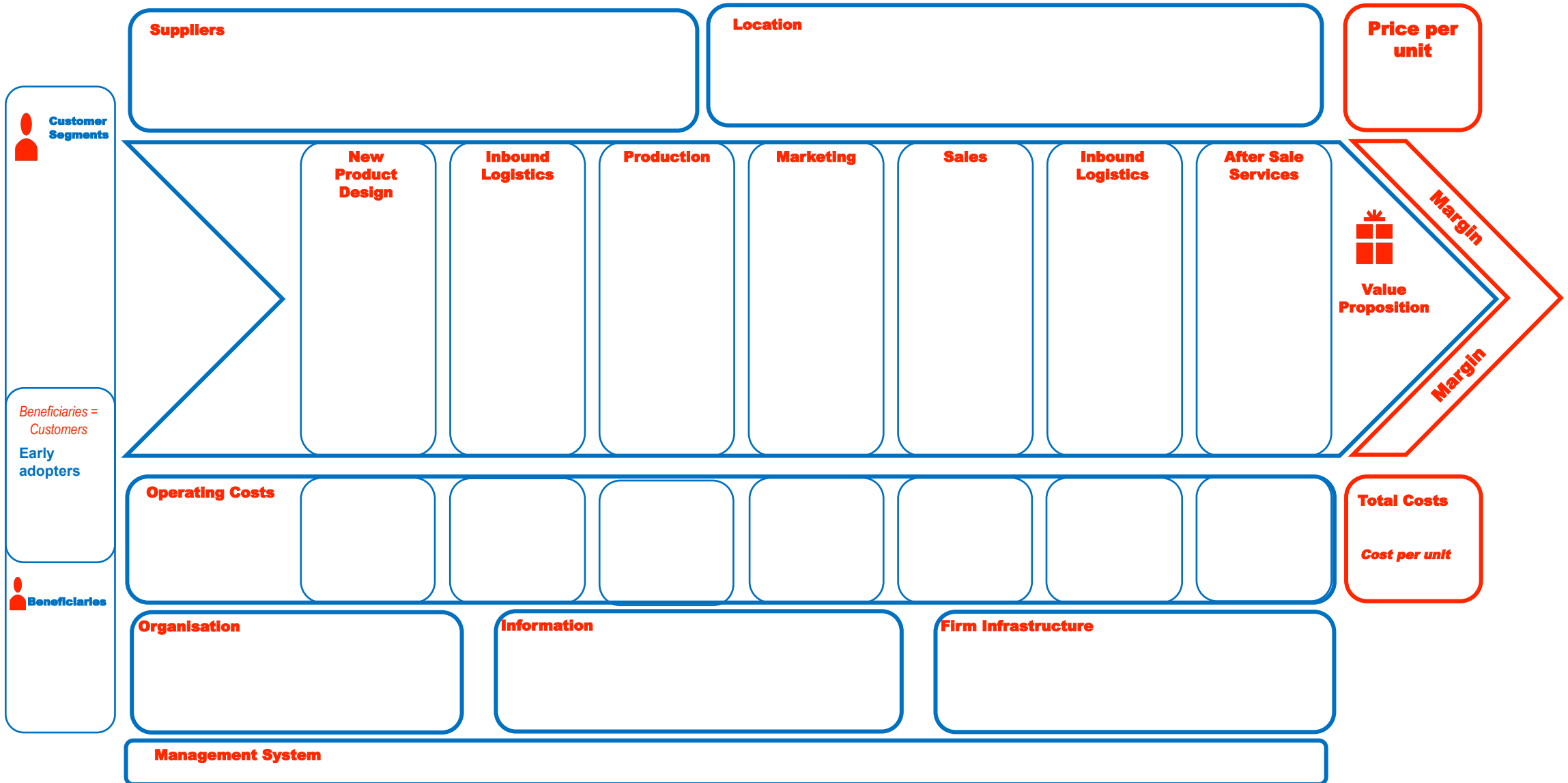
## Activity 4

Who will be  
your  
suppliers???

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# Price & Margins



# Operating Model

 **Customer Segments**

*Beneficiaries = Customers*  
Early adopters

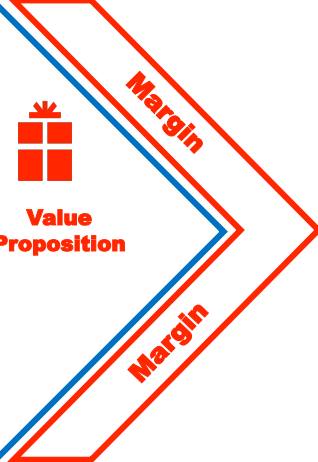
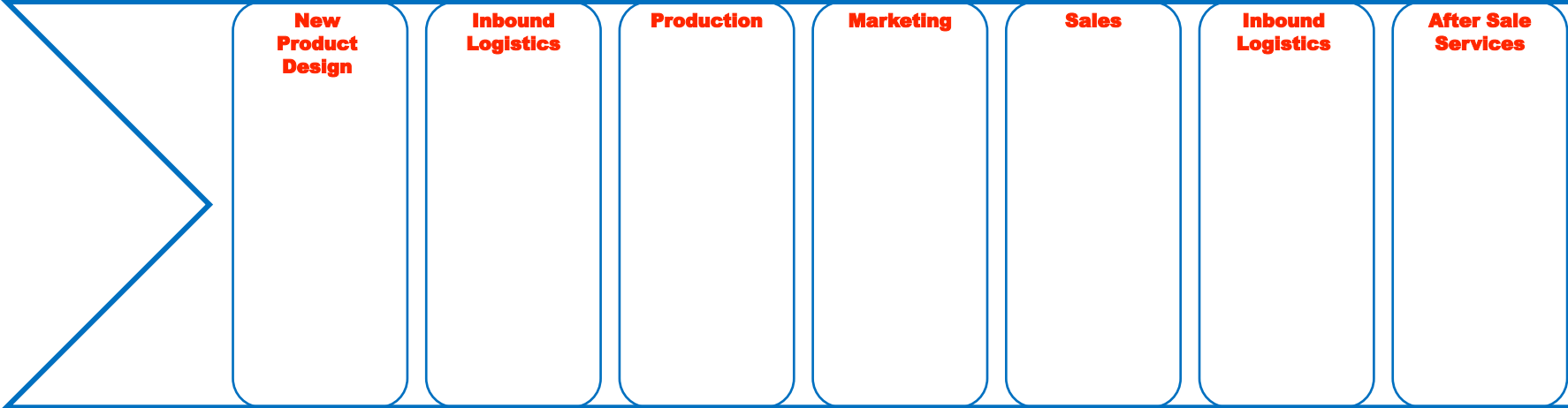
 **Customer Segments**

*Beneficiaries = Customers*  
Early adopters

**Suppliers**

**Location**

**Price per unit**



**Total Costs**

*Cost per unit*

**Organisation**

**Information**

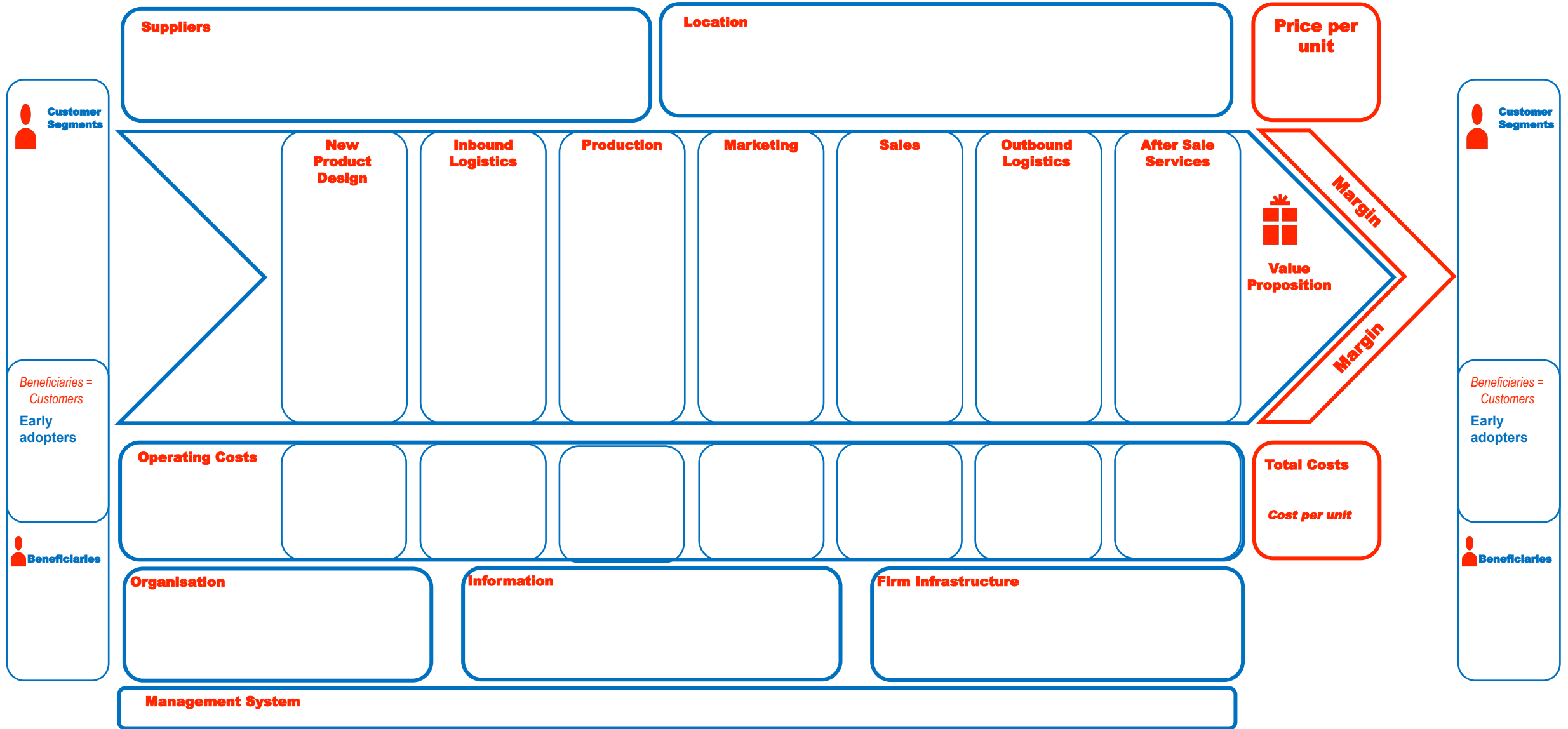
**Firm Infrastructure**

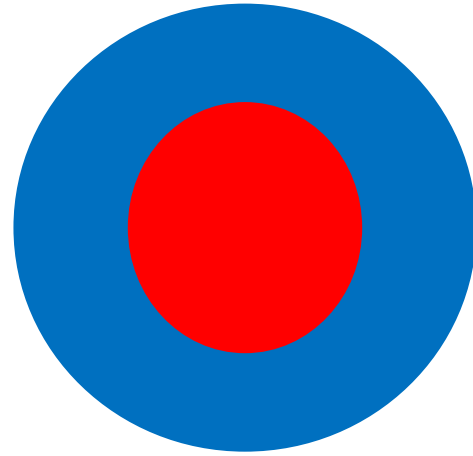
**Management System**

 **Beneficiaries**



# Operating Model





**Break**  
**30 minutes**



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# Cost Structure

## Cost Strategies

### Cost Driven

A cost structure that focuses on minimising the production cost of their products or services as much as possible.

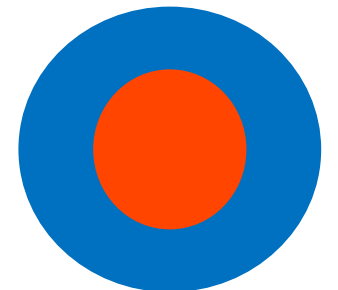


### Value Driven

A cost structure focused on creating more value in the product itself, and not necessarily on producing the product at the lowest possible cost.



Mercedes-Benz



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# Cost Structure

## Categories of Cost

### Fixed Cost

Expenses that remain unchanged regardless of the amount of product or services that your enterprise produces or your level of business activity.

Examples:

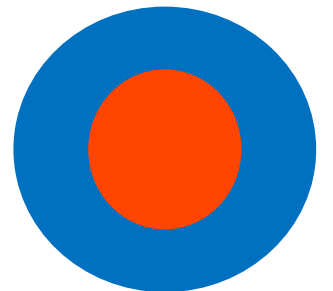
- Rental payments;
- Salaries;
- Etc.

### Variable Cost

Expenses that increase when an enterprise increases its business activities or with the sale one more unit of your product or service.

Examples:

- raw materials;
- electricity bill;
- transportation costs;
- Etc.



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# Revenue Stream

## Categories of Revenue Streams

### Direct

This is revenue earned from routine activities of the business such as the revenue generated from the sale proceeds of goods and rendering services to customers.

### Indirect

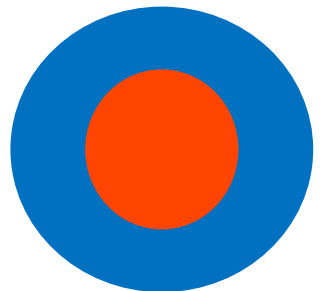
This is revenues earned from activities outside of the direct sale of your products or services.

Examples:

- Interest earned;
- Rental Income (if your enterprise is not in the business of property rental);
- Commission;
- Royalties;
- Etc.

## Types of Revenue

- Asset sale;
- Usage fee;
- Subscription fees;
- Lending/Renting/Leasing;
- Licensing;
- Brokerage fees;
- Advertising.



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# Revenue Stream

## Psychology of Pricing



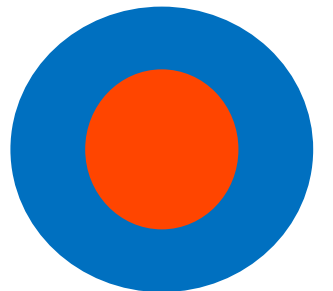
### Profit Margin:

Profit Margin = value created –  
cost of creating that value

## Pricing Strategies

Pricing Strategies:

1. Penetration pricing;
2. Price elasticity;
3. Cost-oriented pricing;
4. Competitor-oriented or Market-Oriented pricing;
5. Skimming;
6. Premium pricing;
7. Product line pricing;
8. A Bundling price;
9. Strategic objectives;
10. Market Characteristics.



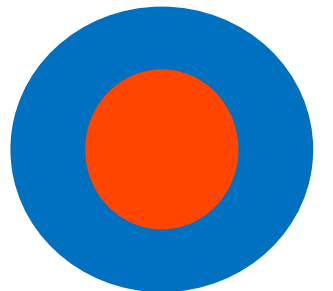
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# Cost Structure, Revenue Stream & Pricing Strategy

## Activity 5

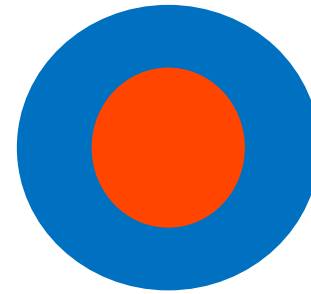
What will be your cost strategy, revenue model and pricing strategy???

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# Thank You Questions?



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