



## Have you optimized your business model?

A [business plan](#) is essentially a more detailed version of your business model. A business plan has been traditionally understood as a physical document, although increasingly this view has changed as [business plans](#) have migrated online. The business plan format very much depends on the context and business plans are often verbalised via presentations where a presenter pitches their business plan to an audience. Business models are more likely to take the form of either simple verbal descriptions or one page visual representations which can either be produced before a business plan or as part of the same planning process.



Alexander Osterwalder, co-author of **Business Model Generation**, agrees with the link, arguing that:

*'..when you have designed and thought through your business model you have the perfect basis for writing a good business plan.'*

It is also worth noting that there are increasing numbers of business plan critics who argue that their composition is too time consuming and that people need 'to get building'. Some of this criticism has come from software developers (many of whom are proponents of the [Lean Start-up Methodology](#)). I personally feel their arguments are a little simplistic and that entrepreneurs need to map out a viable business model and a business plan in tandem. I also think that the arguments are more valid in an Internet business context, where it is relatively easy to [bootstrap](#) a low-cost website which can be used for feedback and constant iterative development.

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If you are looking to build a new business and are about to draft a business plan, you should also spend time working out your optimum business model as well as drafting a visual representation of it. You can use the following [framework](#) to map same. In recent years there has been significant innovation in the range of business models, and some of them may be of relevance to your offering. Finally, it is also worth noting that some business models such as the Internet bubble model have largely had their day. Very few investors will invest in businesses these days that have advertising at the heart of their business model.



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## Resources

### Articles

[Reinventing Your Business Model](#) (Harvard Business Review, December 2008) by Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann

[No Plan Survives First Contact With Customers - Business Plans versus Business Models](#) by Steve Blank

[Free Content as Marketing, Not Business Model](#) by Tim Berry

[How Business Models Help Generate Business Plans](#) by Alexander Osterwalder

[Virtual Goods: the next big business model](#) by Susan Wu

[A New Framework for Business Models](#) (Harvard Business Review) by Mark W. Johnson (2010)

[Business Model Innovation -the new route to competitive advantage](#) (IBM)

### Books

- *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (2010) by Alexander Osterwalder and Yves Pigneur.
- *Getting to Plan B: Breaking Through to a Better Business Model* (2010) by J. Mullins & R. Komisar
- *Business Models for Content Delivery: An Empirical Analysis of the Newspaper and Magazine Industry* by Marc Fetscherin and Gerhard Knolmayer (2004)
- *ReWork: Change the Way You Work Forever* (2010) by Jason Fried & David Heinemeier Hansson
- *Harvard Business Review on Business Model Innovation* by Harvard Business School Press
- *The Four Steps to the Epiphany* by Steve Blank (2005)
- *Free: The Future of a Radical Price* by Chris Anderson (2009)
- *Competitive Strategy* by Michael Porter (1980)
- [Seizing the White Space: Business Model Innovation for Growth and Renewal](#) by Mark W. Johnson (2010)

### Tools



Have you optimized your business model?

The [Business Model Canvas](#) is a great outline you can use to map your business model.

### Videos

[How to Choose a Business Model](#) by Roan Lavery

[The New Business Model](#) by Guy Kawasaki

### Websites

[The Business Model Innovation Hub](#) (Exchange knowledge on business model innovation)

[Trendwatching.com](#) (Stay abreast of business model innovations)

### This is the third of a three-part series

[Part I: Have you Optimised Your Business Model?](#)

[Part II: Examples of Well-Known Business Models](#)

[Next](#)

Tagged under [Business Model](#) [Business plan](#)

## About the Author



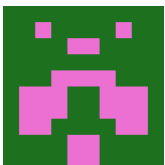
### Alan Gleeson

Alan Gleeson is the managing director of Palo Alto Ltd, the UK division of [Palo Alto Software](#).

Author

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