The Magic of the Business Model

What does it take to succeed in business?
A great product? A great service? An untapped, niche market? If you have any of these, there's a high likelihood of business success, right?
What if you don't have any of these? Is your business doomed to fail? Conventional logic says, yes? However, I believe that's not necessarily true. If you have an ordinary product/service offering, you can still create a successful business. You could create unique ways of reaching out to your target group, you could figure out new and unique collaborative platforms which can be monetized.

Almost a decade back, Alex Osterwalder, with his Business Model Canvas, made the world realize the significance of thinking through the business model of an organization. The nine building blocks, suggested by him are so simple to understand at the first glimpse, that they sound like common sense. However, when you sit down to answer the questions that Osterwalder raises in each of those blocks, the profundity of it all strikes and you realize how little you have thought of your business model all these years that you have been in business. That's the time when you feel, 'How mindlessly I have been running my company? Had I thought of these simple-looking questions earlier, my company would have been in a different trajectory, five years back." Mind you, this feeling is not restricted to a start-up founder, it equally captures the thought process of honchos at large corporations too.

With this realization, about three years ago, I began to look at businesses (small and large) which DID NOT HAVE ANY BREAKTHROUGH TECHNOLOGIES OR PRODUCTS yet commanded good customer traction. As I came across more and more such businesses, I started seeing some typical traits that these businesses displayed. In this interesting exploration, I was joined by some **of my enthusiastic students viz. *Tanvi Raorane, Meet Ganatra, Priyal Kumar, Zoya Versey & Anirudh Naik*** who helped me identify more such companies. Tanvi helped lend a much deeper focus to the study with the analysis.
Our quest spanned ninety companies functioning across all continents. The focus, as mentioned earlier, was not on companies with blockbuster technology or products, but on companies that went around doing their business differently, i.e. companies offering regular products or services but doing so in extremely unique ways. We looked at companies from multiple sectors ranging from RETAIL, HOSPITALITY, FMCG, MOBILITY, EDUCATION, FASHION, RECRUTING, ENTRERTAINMENT to NGOs.

In this series, I will take the readers through some interesting business models that we came across. Here's the first one:

1. **Double Whammy**: Milking both ends of the value chain, i.e. making money from the consumers as well as the backend service vendors.

Hair styling salons, by Jawed Habib Hair & Beauty Ltd, with its brand of ***Hair Xpresso*** outlets, offer the Indian youth designer haircuts at an extremely affordable price (beginning as low as Rs.99). All the stylists employed at these outlets are trained at and certified by Jawed Habib's Hair Academy. The company charges these trainees a regular training fee and these trainees, in turn, get to hone their newly acquired skills on paying customers. In effect, the company makes money from consumers as well as the suppliers (in this case the trainees), i.e. from both ends of the value chain.

Duolingo, is a company that gamifies learning foreign languages. It follows a freemium model for the Language learning games that it makes. On closer study, we realized that duolingo is actually a company that offers 'translation services'. The way it has structured it's organization is very interesting. The documents that it receives for translation are broken down into small paragraphs. The contents of these paragraphs are gamified to create small language learning games. Duolingo, then uploads these games on the play store, wherefrom netizens can download and use them for learning the language. Imagine hundreds of thousands of individuals playing these games and attempting the translations. Duolingo, at the backend captures all these attempts, chooses the best translations from across the games created from the original document, stitches them together and voila, the entire is ready, translated, not just at zero cost, but, with its freemium model, Duolingo makes money from 'playing' users too. It not only makes money from fees charged for translating the document but also from the 'playing' users, who pay to learn a foreign language. This is another classical example of **Double Whammy** and my favourite.