Business Model Elements and Strategies

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In the business field, growth is paramount; otherwise, one will suffer losses and stiff competition from other entrepreneurs. A business's models should change with time to accommodate the current business's growth. Other factors that may lead to a change in the business model are changes in the business strategy.

A business model is a technique or method used by an organization to impress its clients while maximizing its profits (Pogrebova et al. 2017). The models comprise elements for delivering services and products to customers. These elements may include promotion methods, distribution methods, required resources, generating profits and revenues, types of clients served, and how the clients use the products.

The alternative is online delivery, the second is a collective business structure, and the third is service (Budzianowski, 2017).

Corporate Level Strategy

The corporate-level strategy involves decision-making that affects the whole organization (Wheelen et al. 2017). Online delivery is a model that has been in high use of late. Regarding growth, it reaches too many people globally. It is known that the world is becoming a global village. Everybody is connected to the World Wide Web or network. It is done through social media platforms like Facebook and LinkedIn. There are many online entrepreneurs in the current generation, and from the research, their online business is stable and has fewer threats. Regarding the cost analysis of the model, it is relatively cheap. The reasons are lump sums, but some include a smaller workforce, hence fewer employees, which results in fewer expenses. This model has no real marketing; it's through the Internet, which is cheaper.

The number two alternative is the collective business structure. This strategy involves bringing people who do similar businesses so that they can share information, have a pool of resources, and bring up some benefits like loans and credits. The notable companies based on these models include cooperatives, trade associations, and franchises. The unions, as an example, the members have shared, sell the same commodity, divide the dividends, have a common market, and are led by a committee. Regarding growth and stability, this model lasts for a long time since many people who have shared interests make decisions. The model always has got capital since this is not a one-person business.

The third alternative is the service model. It is one of the industries which has developed in the world. Some of the activities include banking, insurance, transportation, and others. It is a more complicated model since the business must satisfy the customer to retain him/her and maximize profits. If the company provides quality services, then its growth and stability increase, and vice versa is also true. The service industry gets higher profits because they don't deal with tangible products that have many limitations, like expiry dates.

Business Level Strategy

It is positioning the business in relation to the competition in the market. Areas of focus are cost and differentiation.

The online delivery model has its leadership cost management and service differentiation. In online delivery, there is less personnel work available. The people involved are the owner(s). The business is always easy to run since there is no direct contact between the customer and the business person. The customer orders through written text or a call pay for the agreed cost of the products and waits for the product to be shipped to his/her location. It shows that there are fewer costs since there will be fewer personnel being employed by the board of directors and other department managers. There are many online businesses, each business service should be unique and a bit different from others so that they can win the competition. In this business plan, the services to be delivered by this kind of model should be exceptional to reduce or eliminate competition. The focus is the act of finding a specific function to offer in a niche market. When the cost and differentiation of services are focused, chances are more significant of winning.

In the collection business structure, low-cost leadership implementation is one of the standard problems (Xue et al. 2017). In this model, there are very many levels of management. Familiar managers, experts in different fields, managing directors, and the board of directors. To make sure the profits are maximized, many positions should be changed, which is difficult according to the model. Product differentiation is common. There are many trade unions and cooperatives; hence, the business has to come up with a focused product to sell in the gap available in the market.

In the service model, both leadership costs and differentiation can never be ignored (Wheelen et al 2017). A service industry like a bank has got leaders from the top ranks to the lower levels. This model uses a lot of money in expenses to pay these employees. If the customers are not satisfied or happy with the service a business provides, they end up going to other providers, reducing profits. It means that differentiation is a must. The industry should offer services of high quality and the given time slice to win the other companies.

External Environmental Conditions

Any outside factor efficient business is an external environment.

The online delivery model has external factors that affect the business. The number of internet users and providers is the primary external factor concerning this model. The higher the number of people on social media, the higher the rate of sales and higher profit margins, and vice versa. Other factors include competition and the rate of growth in technology in different parts of the world.

The collective business structure doesn't have many external factors that affect it. The reason is that they mostly deal with unique products that are not available in other areas, have their market (no middlemen), and have a combination of business people that makes them compelling. There are some factors, though, like climatic weather conditions, that may be harmful to the raw materials the cooperatives use.

One of the primary external factors affecting the service industry is the technology growth rate. Banking, being one of the most significant trades in this group, offers ATMs, mobile and IOS applications to its users, and other technological advancements. Other external factors include a change in government policies and laws, inflation rates, etc.

Conditions Necessary for the Alternatives to Work

Online Delivery

Some circumstances need to be present in the industry to make the model a reality. The people behind the business should be informed about how all the processes work online, including how to host the websites, develop an application, manage money transfers, and set aside policies.

Collective Business Structure

One industry that needs a lot of paperwork to make the model work is the food industry (Xue et al. 2017). Other trade unions require many benchmarks to see how the management runs things. There are many policies governing cooperatives, the roles of the administration, how to find the market, and the raw materials.

Services

Services involve exchanging services with money. Everything that requires money transfers has many dangers; many government rules govern such institutions. The industry should find the gap in the market for the business to grow and be stable.

Pro-forma financial statements

Online delivery

If the model is used, the cost of expenses will be way lower since there are fewer personnel involved (Clauss, 2017).

Collective business structure

Adapting the business can incur many expenses. There are very many personnel involved in this kind of model; it is characterized by many losses in case the product lacks the right market, and the tax paid to the government is also part of the expenses.

Service

Any business related to the service industry is relatively not that costly nor that cheap. Some involve many employees, and some even have one employee; there are no costs of buying raw materials. The only requirement is personnel (Xue et al. 2017).

Intended pros

Online delivery

- Relatively cheaper
- Fast services
- Grow steady as the technology grows

Collective business structure

- Common market
- Better market prices
- Fewer risks

Services

- High-profit margins
- Relatively less expensive

Intended Cons

Online delivery

- Not safe at some points
- Many scums

Collective business structure

- Corruption
- Costly costs

Services

- Losses are real

Unintended pros and cons

Online delivery

Pros

- SEO Awards

cons

- Late delivery

Collective business structure

Pros

- Big profit margins

Cons

- Unexpected loss

Services

Pros

- Big profit margins

Cons

- Sudden loss

Implementation factors

Online delivery

1. Connected to the network
2. Skilled Personnel
3. Website and mobile applications
4. Collaboration with other online delivery services
5. Follow the rules and regulations

Collective business structure

1. Attached to the market
2. Skilled Personnel
3. Management Committee
4. Members who are the stakeholders
5. Follow the rules and regulations

Services

1. Connected to the network
2. Skilled Personnel
3. Website and mobile applications
4. Collaboration with other service lenders
5. Follow the rules and regulations

In online delivery, the owner (s) are responsible for the implementation, the members of collective business structures are the management, and the service is the management.

Policies

Online delivery

The owners make the procedures. The people employed here are IT specialists, marketers, and accountants. The business can thrive in any culture. Most of the decisions are made by the person in ownership.

Collective business structure

Decisions are made by stakeholders, but hiring decisions are made by management. There are AGMs where everything is discussed.

Services

Most of the decisions are determined by the management, which is the BOM. Skilled personnel are hired, which is determined by the type of service industry.

Roadblocks to Overcome so that the Business Can Be Successful

- Corruption
- Poor marketing strategies
- Poor managerial skills
- Funds mismanagement
- Poor communication

The people to overcome all these roadblocks are all people from the management to the lower-level employees.

General Policies Necessary to Eliminate Roadblocks

- Thorough auditing
- Hiring of skilled personnel
- Education on ethics
- Effective and proper communication

The people who implement these policies are the management and the stakeholders in the collective business structure.

Implications

Online delivery

This model is good for the organization since it has been used in the past years. The chief merit is that it has fewer expenses and more significant profit margins. The main and almost the only problem is the risk of being scammed.

Collective business structure

Cooperatives were there a long time ago; they are there, and they will always be there. The difference is they keep evolving to be in many ways. The merit is that many people come together in a way they can share resources and ideas. The demerit is that it has high rates of corruption (Wheelen et al 2017).

Services

Services like the banking industry have always existed, and they are known to be profitable. There are no risks related to products; hence, there are no goods-associated risks. The main disadvantage is that the business should provide excellent services to win customers (Pogrebova et al. 2017).

In conclusion, a business model should be evaluated thoroughly before implementation. Many factors must be considered while choosing a model. Every business can adapt its model differently. The better the study, the better the model, and the higher the rate of reasonable profits.

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