Book Review: Business Model Generation by Alexander Osterwalder and Yves Pigneur

Have you ever wanted to know how innovative new companies begin or reinvent themselves, or how people develop a new and unique market? With Business Model Generation, the authors describe for readers a process of innovating new businesses and creating market success. How well do they do, and is the book worth your time? Let’s take a look:

Overview

The main purpose of this book is to help the reader develop their thoughts for a business or concept using a single-sheet organizer. This sheet, the “business model canvas”, allows people to quickly sketch out the important elements of their business and see how different aspects of a business are interrelated. The book is built around this chart, with a good portion of the book describing how the chart works and giving examples. The nine areas are Value Proposition, Customer Segments, Channels, Customer Relationships, Revenue Streams, Key Partnerships, Key Activities, Key Resources, and Cost Structure. If you’re paying attention to how these elements work together, your business has a good chance of success.

Product Market Fit

Beyond just laying out these aspects of business, the book also does a good job of prioritizing certain aspects of the planning process, including product-market fit. The most important step is to really emphasize finding your Customer Segment and analyzing how your Value Proposition fits that group. Some other books call this “product-market fit”, and without it, it doesn’t really matter how good your partnerships are with suppliers or how good your cost structure is: first you need people to buy the product!

Examining Assumptions

Business Model Generation also stresses the process of drafting a business model, checking your assumptions, and then readjusting your model based on this new information. On the internet you can find many examples not just of companies using the canvas, but of them redrafting their canvases based on further research. In fact,
the emphasis on flexibility is a real strength of the canvas and the book in general.

**Flexibility**

By focusing on the fluid nature of planning and isolating factors that could ultimately lead to success or failure, BMC also proves to be useful not just for business owners, but for others who seek to match a product or service to a select group of people. As mentioned before, the business model canvas is available online through the book’s website, as are numerous examples and even a large portion of the book itself. In fact, it seems likely that the authors see direct sales of the book as one of several revenue streams based on this content.

**Should you read it?**

I think this book is incredibly useful for planning out a business proposition, before you’re ready to spend the time and energy to articulate a full business plan. Looking at the examples online is especially helpful for developing product-market fit.

But the website carries the bulk of this information already. If you find the ideas so useful that you want to use the process repeatedly, and with other groups of people, then I recommend finding a physical copy to read through and reference. Otherwise, get what you can online. Either way, though, this is a useful tool, and I recommend it for planning new ventures.