

# The Impact of the Corona Crisis on your Business Model Workbook

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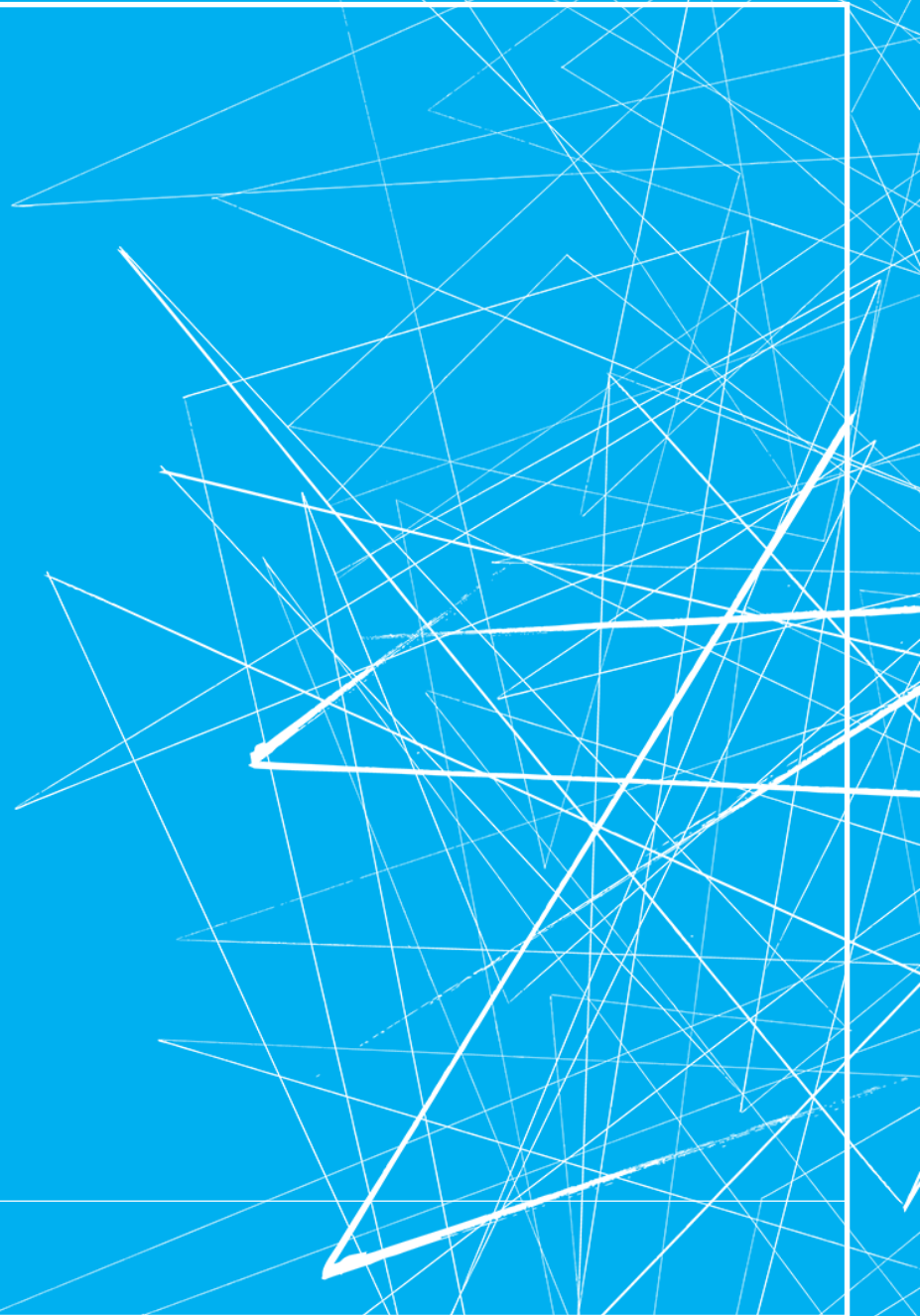
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# THE IMPACT OF THE CORONA CRISIS ON YOUR BUSINESS MODEL

*Workbook*

Thomas Ritter & Carsten Lund Pedersen



# Alignment Squared: A tool to understand your business model

In light of the current corona crisis, we have adapted the Alignment Squared model to develop an analysis tool for mapping the impact of the corona crisis on business models. The Alignment Squared model consists of five elements:

- 1) **Results**: Why are you running your business? Which kinds of results do you want to achieve?
- 2) **Customer**: Who are your customers? Who is affected by your business model?
- 3) **Value proposition**: What are you selling to your customers? What are your market offerings?
- 4) **Value demonstration**: How do you sell to your customers? How do you convince them to buy?
- 5) **Capability**: Which abilities do we need to run this business?

The Alignment Squared model has been developed to be applied for business development in general, not only in times of crisis. The model has for example been applied to explicate data-driven growth and digitization (Ritter & Pedersen, 2019). The model is described in the book Alignment Squared (Ritter, 2014).

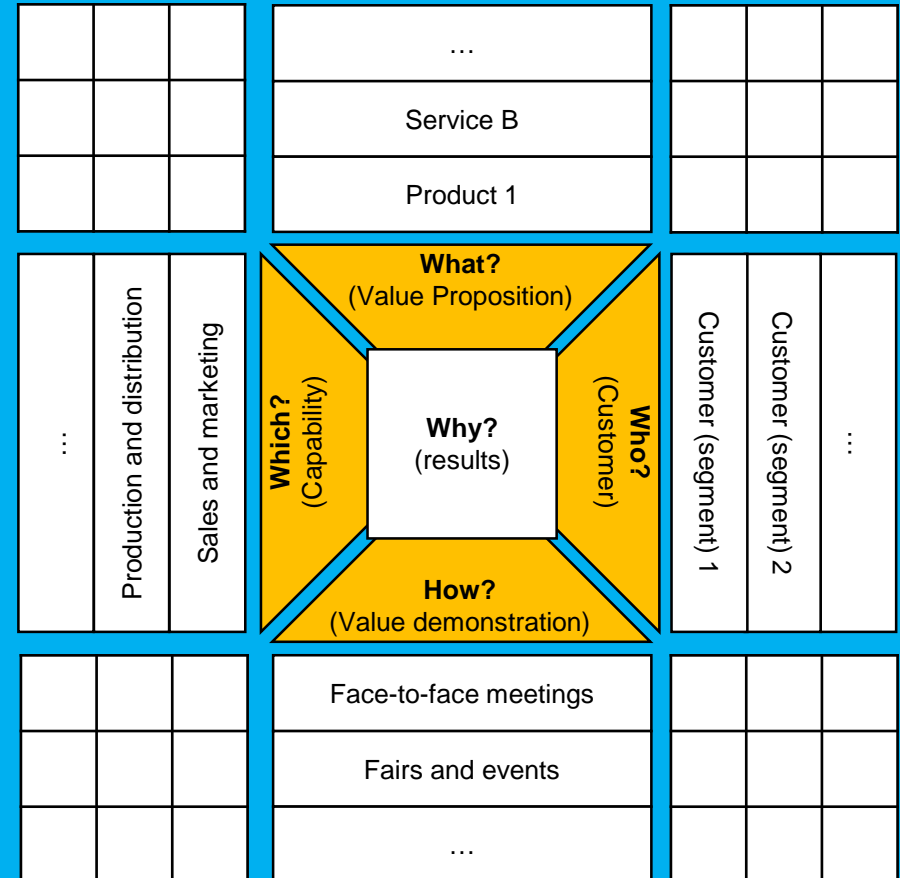
These two publications can be downloaded for free:

Ritter, Thomas (2014): Alignment Squared, CBS Competitiveness Platform, Copenhagen.

<https://research.cbs.dk/en/publications/alignment-alignment-squared-driving-competitiveness-and-growth-th>

Ritter, Thomas & Carsten Lund Pedersen (2019): Digitization Capability and the Digitalization of Business Models.

<https://www.sciencedirect.com/science/article/pii/S0019850119300999>



## HOW CAN YOU USE THIS WORKBOOK?

The analysis of a business model is a process—and this workbook offers guidance on the different questions which are important to address. The subsequent analysis offers an overview over the opportunities and threats that the corona crisis poses to your business model. The analysis should result in a portfolio of activities that will ensure that your organization gets through the crisis in the best possible way—and emerges strong and competitive after the crisis. The analysis in this workbook has **five steps**:

- 1 A short description of your "old" business model – where do we come from?
- 2 An analysis of turnover – the combination of customers and what they buy (value propositions)
- 3 An analysis of communication channels – the combination of customers and which value demonstration channels they use
- 4 An analysis of capabilities – what is changing and what is stable?
- 5 The development of an action plan

We encourage you to include people with different backgrounds and responsibilities in the organization to ensure that different perspectives are considered in the five steps.

## ONCE A CRISIS HAS HIT, THERE ARE ONLY THREE PHASES TO CONSIDER:

**During the crisis**

**Right after the crisis**

**New normal**

We will consider these three phases in our analyses. Do you have explicit discussions about how long your organization will be in these phases?

*“The Chinese use two brush strokes to write the word 'crisis.' One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger—but recognize the opportunity.”*

— John F. Kennedy

## Analysis 1:

What did your business model look like before the crisis?

1. Who were your **customers**?
2. What did you sell? Which kinds of **value propositions** did you offer?
3. How did you **demonstrate** your value propositions to convince customers to buy them?
4. Which **capabilities** did your organization have?
5. Which **results** did you achieve before the crisis (e.g., turnover, profits, social and climate contributions)?


**2** **What?**  
Value proposition

**1** **Who?**  
Customer

**5** **Why?**  
(Results)

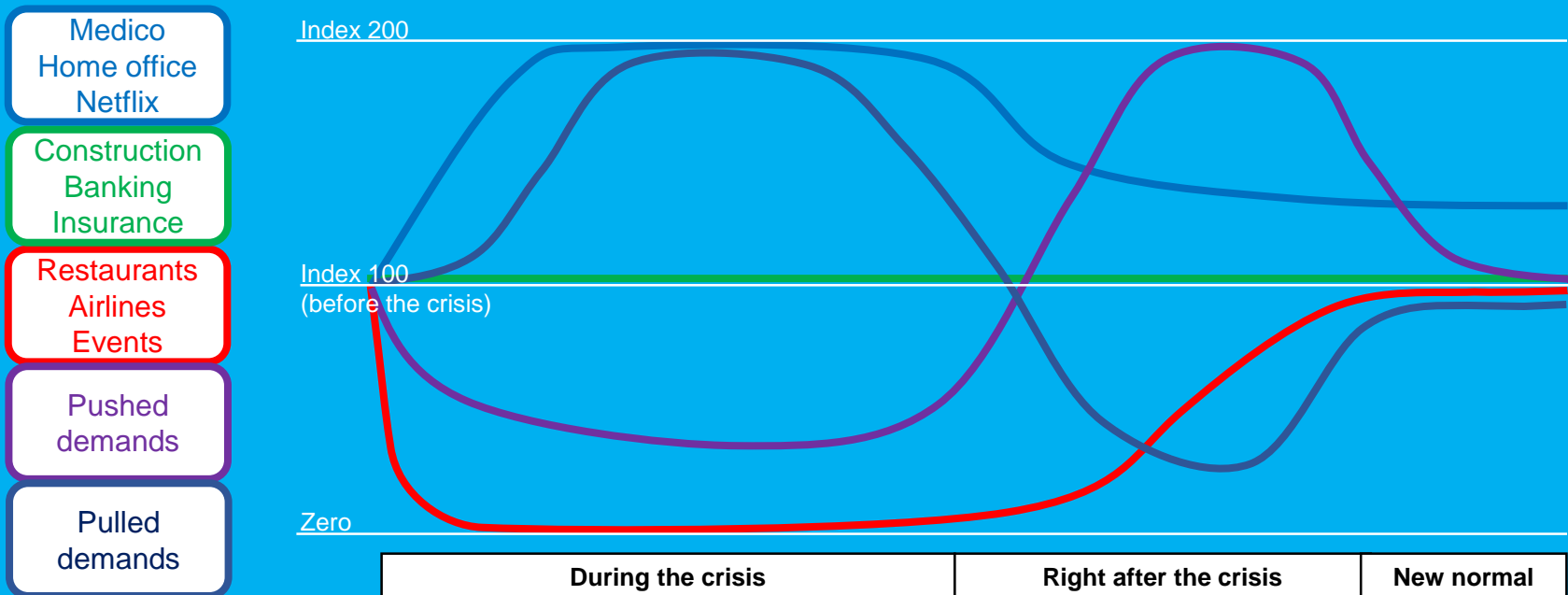
**3** **How?**  
(Value demonstrations)

**4** **Which?**  
(Capability)

## Corona-induced changes to your customer + value proposition alignment

As the crisis is emerging and influences most organizations, we can start our analysis by focusing on the upper right hand corner: the customer + value proposition square (Who-What-Square). All turnover of your organization is situated within this square, so how do customers' buying behavior change during the three phases?

Here are a few examples:



## Analysis 2:

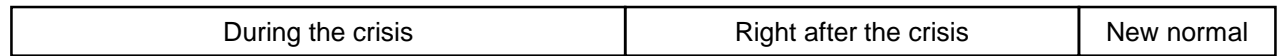
How will your turnover develop  
--for different customers and value propositions?

Five empty rounded rectangular boxes stacked vertically, colored blue, green, red, purple, and blue from top to bottom.

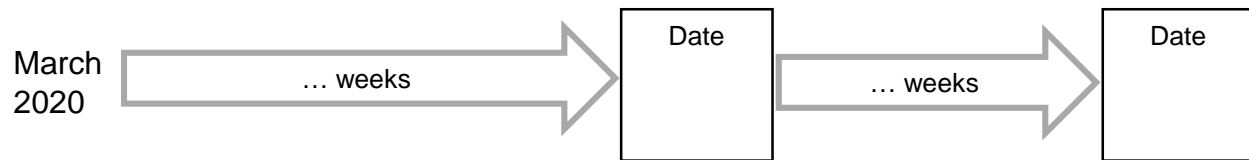
Index 200 \_\_\_\_\_

Index 100 (before the crisis) \_\_\_\_\_

Zero \_\_\_\_\_



Which time horizon do you work with?





## Corona-induced changes to your customer + value demonstration alignment

The way in which an organization presents and documents their value propositions is also evolving over the course of the three phases: face-to-face sales meetings are cancelled, trade shows and events are postponed, but video conferencing is currently experiencing a steep rise.

Below are a few examples:



## Analysis 3:

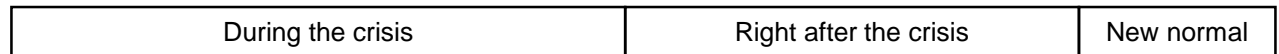
How will your value demonstration channels develop?

Five empty rounded rectangular boxes stacked vertically, colored blue, green, red, purple, and blue from top to bottom.

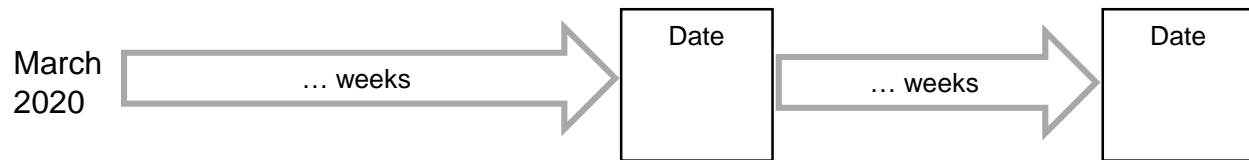
Index 200 \_\_\_\_\_

Index 100 (before the crisis) \_\_\_\_\_

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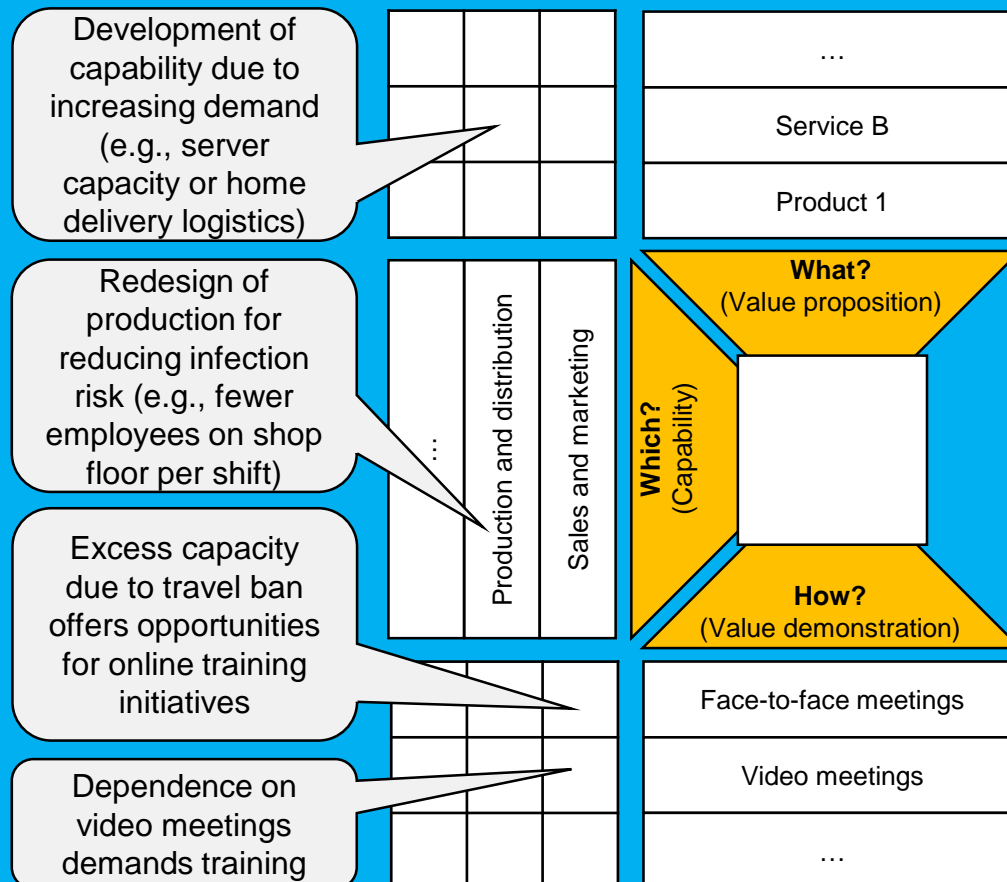


Which time horizon do you work with?



## Corona-induced changes to your capabilities

Changes in the two squares on the right hand side have an impact on your organization's capabilities because they are connected via the squares on the left hand side: some capabilities are fine as they are in terms of quality and quantity—but others may need to be reduced or new capabilities may need to be developed to keep up with demand in terms of volume and quality.



*Capabilities exist on three levels: In terms of the **operational level** (daily excellence), a crisis can change the quantity needed. In terms of firefighting capabilities, **ad hoc solutions** are often in high demand during times of crisis. And finally, **innovation and dynamic capabilities** ensure that an organization can continuously learn to be able to face new challenges and to strategically renew itself.*

## Analysis 4:

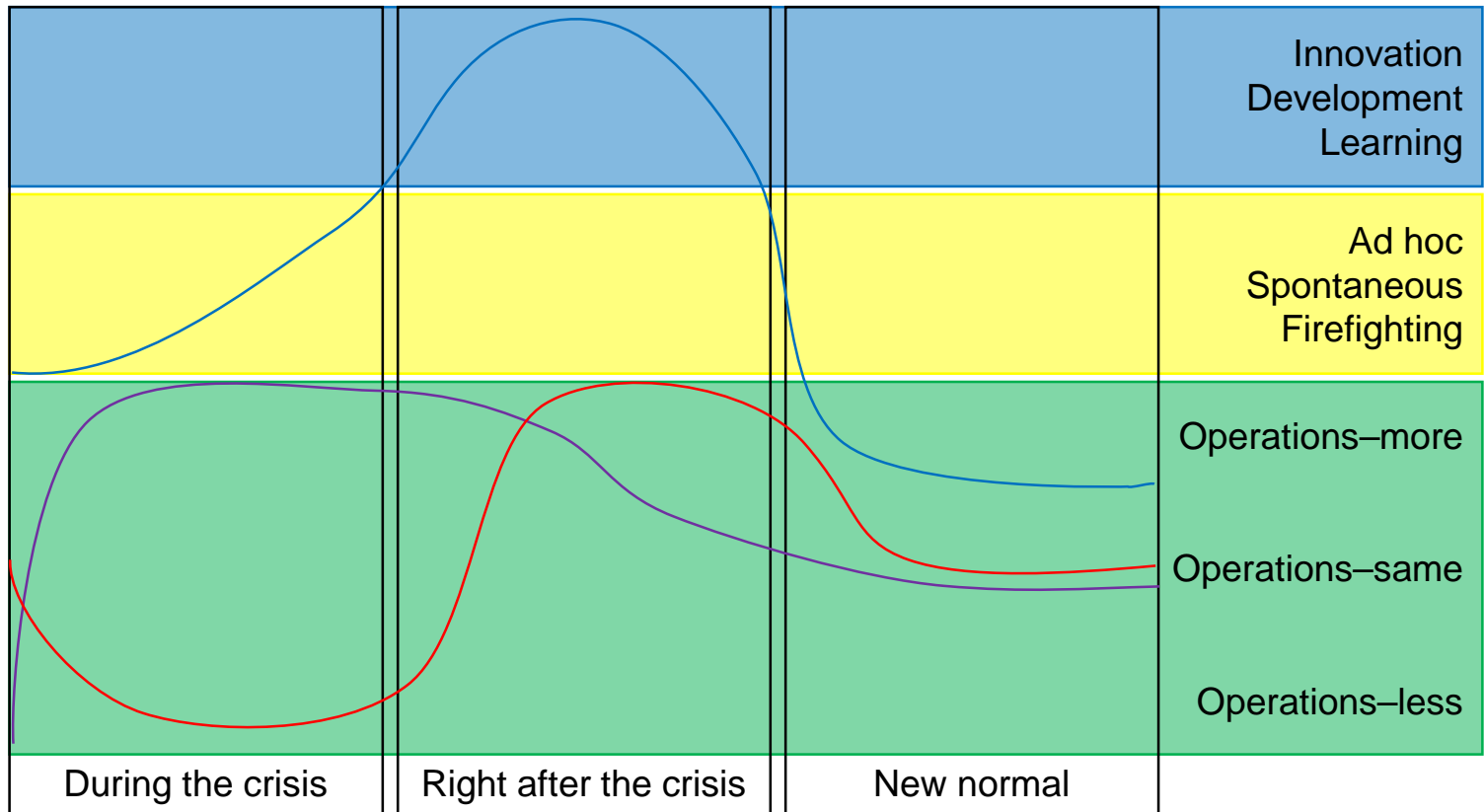
How will your capabilities develop?

List important capabilities

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Examples:

- Virtual meeting capability
- Service technicians
- Disinfection specialists



## Analysis 5:

An overview over activities:

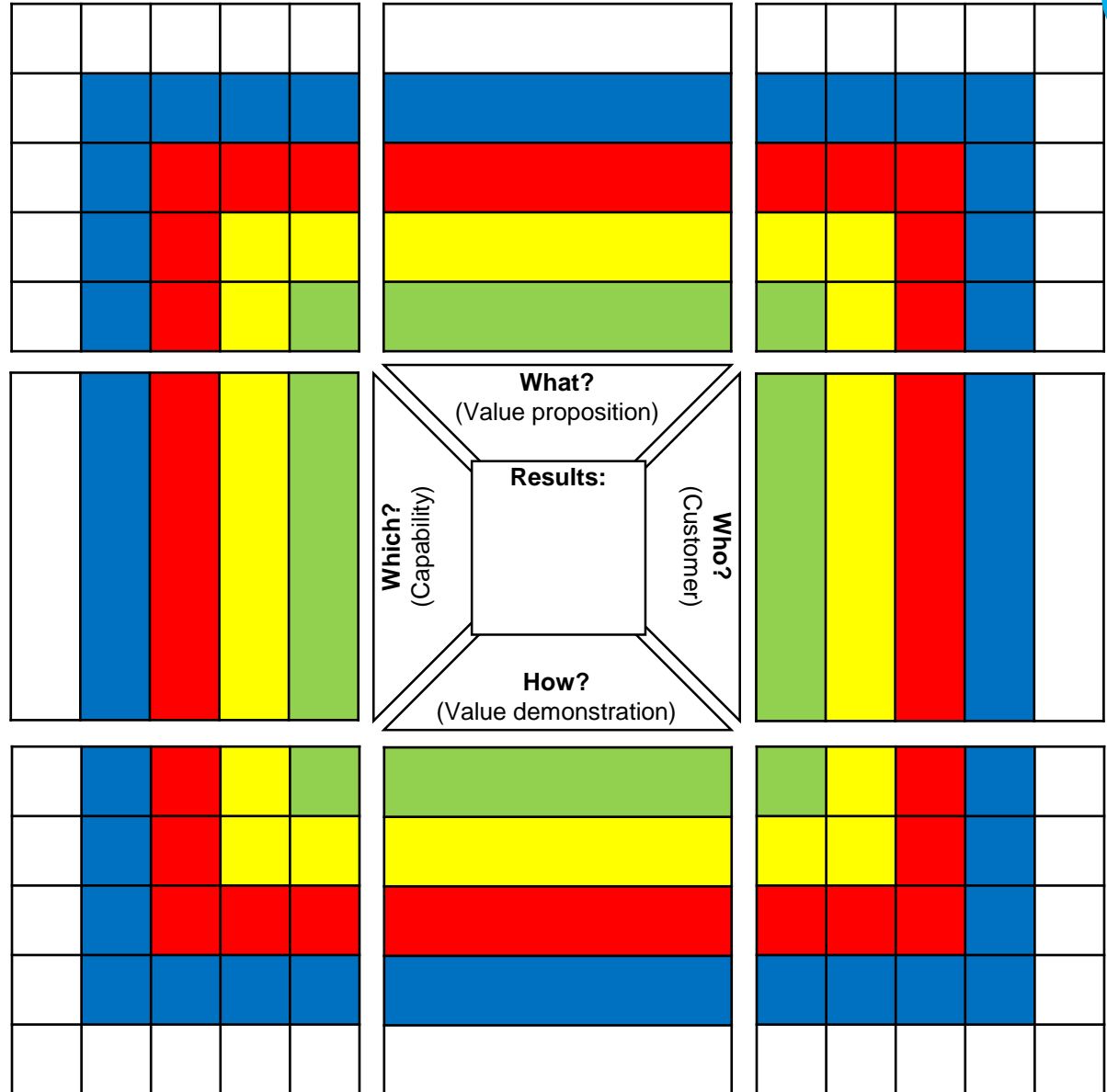
What to continue?  
= **GREEN**

What to postpone?  
= **YELLOW**

What to stop?  
= **RED**

What to start?  
= **BLUE**

What is unknown?  
= **WHITE**



What can you achieve with your business model? (e.g., in terms of turnover, earnings, number of employees)

During the crisis	Right after the crisis	New normal

Which kinds of activities should be performed?

Continue doing			
Postpone			
Stop doing			
Start doing			
	During the crisis	Right after the crisis	New normal

Which resources are necessary to perform these activities?



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