

business model
example

97

Meridian Consulting

Business Model
LaChelle Barnett | The Reset Room

Alexis Langlois and Uriel Galace
SBEAP

Introduction

The Reset Room, a registered LLC, is a consulting firm started in 2018 by LaChelle Barnett that teaches clients how to be successful business coaches. The business uses tech tools to deliver live sessions and online courses to clients, helping them establish or improve their operating approaches/systems. These are small businesses that are usually in their early stages. The company can also help more established firms make the transition to doing more of their service provision online.

From discussions with Ms. Barnett, it is apparent that the company aspires to improve its time allocation by identifying the ideal client. Through the active Facebook page, *Black Female Coaches*, and advertisements, The Reset Room attracts numerous leads but experiences inconsistent success with closing deals. Our assessment of Ms. Barnett's current responsibilities tells us that she allocates her time among four key areas of the business: sales calls and marketing, program content, administrative tasks, and planning. From our assessment, the key strategic issue is the time allocation of the entrepreneur and how that can be both more efficient and effective. From our outside vantage point, roughly 35% of her time is spent improving marketing efforts and sales calls. Given that Ms. Barnett is the real human resource in the business, the key is the optimal use of her time, and at the top of the list is soliciting and obtaining new clients. This means that the support offered will focus on the short and intermediate-term requirements to set the business on its path.

Does this include program delivery?

With this in mind, the intent of this document is to build on the discussions held and characterize The Reset Room's business model. This allows a framework to be put in place to determine viable options for the future strategy of the business.

Business Model

The aim of developing a business model is to provide a framework to determine if there is a viable business. This model serves as a snapshot of the status of the business. Before the model is provided, an explanation of the approach is warranted. There are six key components in a business model, which are value proposition, the customer, internal processes, competencies, and the competitive strategy. These components can be laid out in six questions:

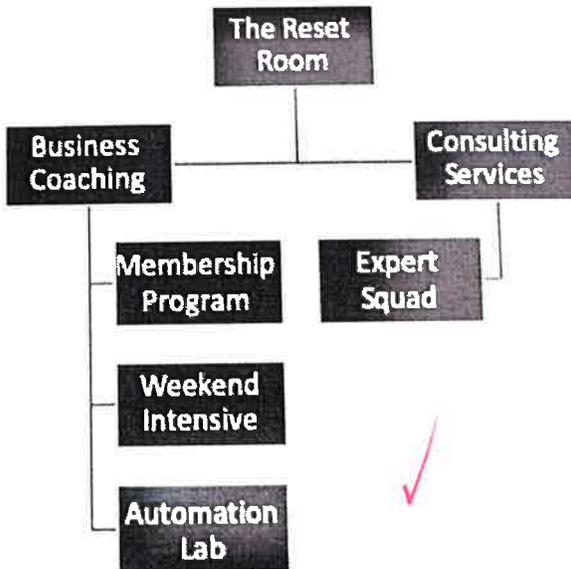
1. How will the firm create value?
2. For whom will the firm create value?
3. What is the firm's source of competence/advantage?
4. How will the firm differentiate itself?
5. How will the firm make money?

6. What are the entrepreneur's time, scope, and size ambitions? ✓

How will the firm create value?

The Reset Room is a services-oriented business, offering consulting and business coaching services, primarily to small-business owners who are in the initial stages of setting up their business, to assist them in setting up their operations online. The company has a standardized set of services that offer some degree of customization (for instance, a "Done for You" service during which she tailors her content to the specific needs of the client). ~~Because the Reset Room focuses on its core competencies, it has a narrow product line.~~ However, it also offers a medium level of depth, offering various permutations of the business coaching service through four program offerings.

The first is a membership program costing \$99/month that teaches business wonders how to build a coaching business at their own pace. The second is the weekend intensive program costing \$3,000 that teaches business owners how to build a business in a weekend. The third is an automation lab (the "Done for You" service) that creates websites, improves marketing efforts through Facebook ads, automation, and technology integration, costing \$10,000. Each of these programs is structured in a way in which customers effectively graduate from the program and proceed with their business. The final and only program that offers ongoing coaching exclusively for clients who have gone through the intensive or lab programs is called the Expert Squad. This has no set price point and is less popular than the first three programs. These are the four revenue drivers for The Reset Room.



These services are distributed directly by the company to the client, although some of the business coaching material comes in the form of pre-recorded video content. The Reset Room services are not bundled with other firms' products; instead, clients are offered direct access the service itself

applies here if it is a podcast, a video you watch, or what? How interactive or non-interactive ad how much is it a group or one-on-one

owners

good

For whom will the firm create value?

The Reset Room operates in a business-to-business (B2B) market. The company sells primarily to owners of small businesses. It operates nationally, leveraging its online presence to attract clients across the country. Moreover, it serves a niche market, being aimed primarily at black and female entrepreneurs. The company emphasizes the strategic advantages of focusing on this niche market, given the sparsity of other coaches focusing on the black community. Its approach towards its customers is transactional, in that three of the four programs offered are structured with the aim of equipping the business owners with the knowledge to go out and run their business; retention beyond completion of the program is not a goal of the business.

There are millions of businesses owned by women, and a large number owned by Black women. If it is a niche market, at what stage of development do these businesses tend to be?

as the strength of identity segments within this market

What is the firm's source of competence/advantage?

The Reset Room offers two distinct competencies. First, the company benefits from having a CEO with substantial business knowledge and experience who has also taken graduate-level courses in business administration. Second, it stands out in its ability to market its services, given its relatively tech-savvy operation. The business utilizes a Facebook group with over 2,700 members. The business engages these members on a daily basis through the use of posts in the group containing motivational quotes and videos from courses taught. It also spends hundreds of dollars monthly on Facebook advertising. Moreover, the company leverages technology by making use of a website and landing page that both disseminates information about the company as well as offers potential customers a direct means to purchase services from the company online.

at what stage of development do these businesses tend to be?

good

How will the firm differentiate itself?

As The Reset Room has grown since its inception in 2018, black females have emerged as a prime audience. While this was not the initial intention, it has created a safe space for black women interested in coaching in which to congregate. This has emerged as a key source of differentiation. Although coaching is not a unique industry and there are many coaches who provide a similar service, specializing in "Done for You" services in a niche market differentiates The Reset Room from its competitors.

is there evidence to support this?

good

How will the firm make money?

Offering a range of programs that vary in length and intensity, The Reset Room currently experiences a medium volume, as Ms. Barnett faces the restrictions that necessarily come with being the sole teacher in delivering these programs. The Reset Room specializes in coaching and the four programs offered serve as the business' revenue drivers with a fixed pricing schedule (membership program at \$99/month, weekend intensive at \$3,000, automation lab at \$10,000, and the expert squad). The Reset Room employs premium pricing, and the business operates with a low cost structure, as all of the programs are conducted virtually and there are not many costs associated with running the business. As a result, margins for The Reset Room are very

of clients served per week? - aspect + is low, but it could be medium

high. After looking at the business's cost structure, more than 90% of the costs are fixed costs. This suggests the business has a high operating leverage. However, even though the costs are mostly fixed, the fixed costs are relatively low, and they primarily center on marketing. The only variable costs incurred are the hourly time for which Ms. Barnett is not billing and does not pay herself, as well as credit card fees.

What are the entrepreneur's time, scope, and size ambitions?

While the company has experienced an immense amount of growth in the past 6 months, it is reaching a point where it cannot keep up with its own success. Therefore, The Reset Room seeks to operate on a managed growth model.

The business model can be summarized as follows:

How will the firm create value?	<ul style="list-style-type: none"> ● Offers consulting and business coaching services to small-business owners ● Standardized set of services with some customization ● Narrow product line ● Medium level of depth ● Access to service itself ● Direct distribution
For whom will the firm create value?	<ul style="list-style-type: none"> ● Business-to-business ● National market ● Niche audience ● Transactional approach to customer
What is the firm's source of competence/advantage?	<ul style="list-style-type: none"> ● Intellectual capital of CEO, who possesses vast business experience and has taken graduate-level courses in business administration ● Strong marketing services and tech-savvy operation
How will the firm differentiate itself?	<ul style="list-style-type: none"> ● Serves niche market of female African-American entrepreneurs
How will the firm make money?	<ul style="list-style-type: none"> ● Four revenue drivers: membership program, weekend intensive, automation lab, expert squad ● High margins ● Fixed pricing schedule

	fixed and relatively low) ● High operating leverage
What are the entrepreneur's time, scope, and size ambitions?	● Managed growth model

Conclusion

In conclusion, the business model provides a solid foundation in terms of getting the business up and running. However, some adjustments need to be undertaken to ensure its continual growth.

After our assessment of the business, we believe that there are three main areas of concern. The first is the inefficient allocation of time spent improving marketing efforts and sales calls. Consequently, it is imperative to analyze the current KPIs of sales calls and the analytics of its Facebook page in order to more efficiently allocate the time of the business' key resource, Ms. Barnett. The second is the transactional approach to ^{customers}relationships. Coaching is a highly personal industry and we believe there is room for improvement in order to raise the success rate of clients' experience with the program. The third is bookkeeping; while it is clear that the business incurs a small number of costs, the lack of financial statements and proper recordkeeping poses problems for the business long-term.

need to grow business to serve more volume?

