



# USING 4 BOXES TO BUILD A COFFEE SHOP

ANDY WONG | MARCH 17, 2023

# TODAY'S AGENDA

- ▶ The Four-Box Business Model Framework
  - ▶ Customer Value Proposition (CVP)
  - ▶ Profit Formula
  - ▶ Key Resources
  - ▶ Key Processes
- ▶ Case Study: Knockbox Coffee
- ▶ Discussion



# Who Am I?

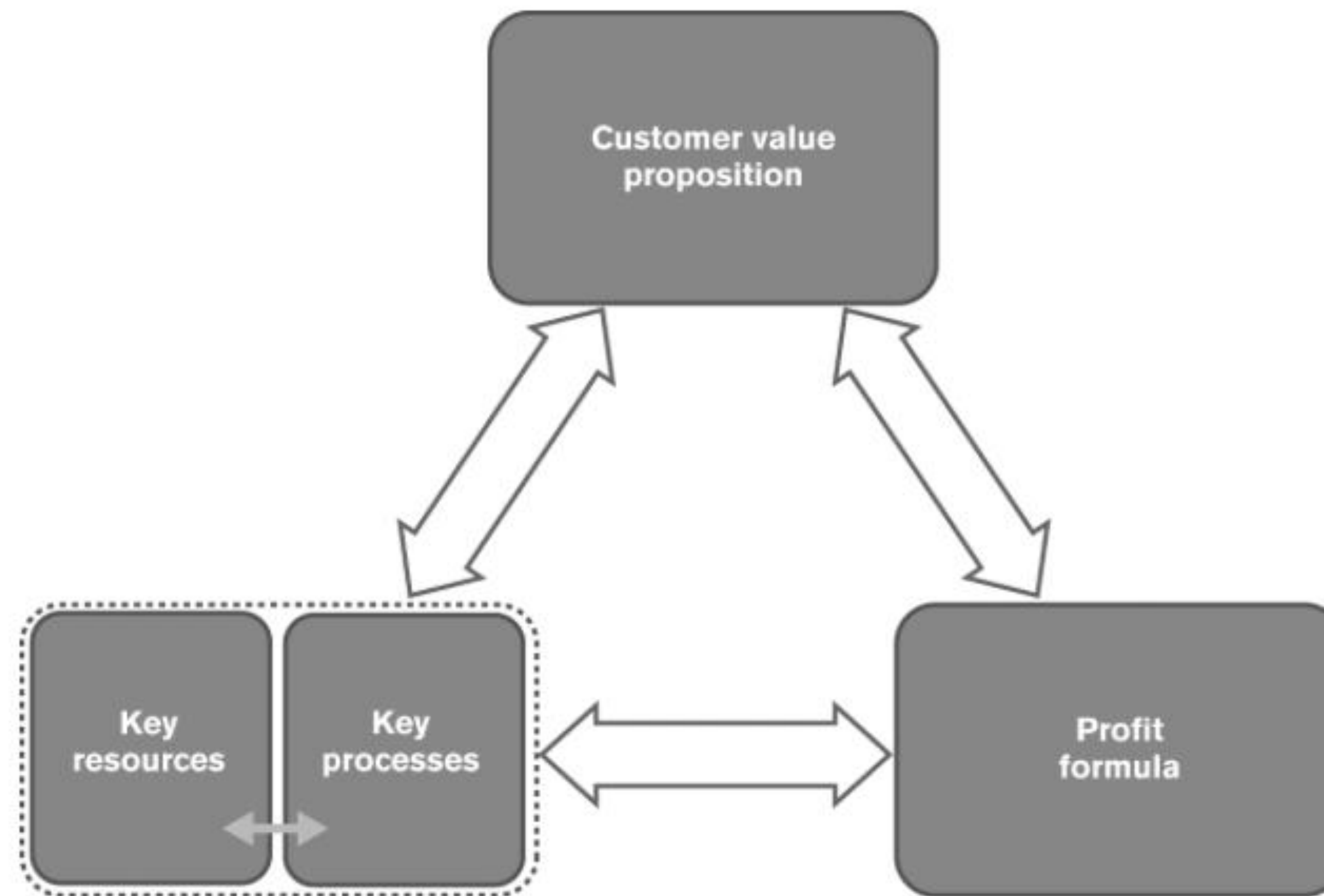
- **Prof. Andy Wong, Co-Director of EPIN Minor in Entrepreneurship and Innovation**
- **Over 10 years working experience with international ad agencies, appointed as creative director by FCB, JWT, and M&C Saatchi.**
- **Major clients included P&G, Coke, Duracell, and Harbour City Hong Kong.**
- **Won over 60 awards including London Advertising Festival, the New York Festivals, and HK4As.**
- **I am a runner and I love coffee!**



# THE FOUR-BOX BUSINESS MODEL FRAMEWORK

# THE FOUR BOX BUSINESS MODEL FRAMEWORK

The four-box business mode



# WHAT IS A BUSINESS MODEL?

- ▶ A business model in essence is a representation of how a business creates and deliver **value** for a customer while also capturing value for itself, doing so in a repeatable way.

# 1. CUSTOMER VALUE PROPOSITION

# CUSTOMER VALUE PROPOSITION

- ▶ The whole set of **benefits** a business/brand promises to deliver to consumers to satisfy their needs



# CUSTOMER VALUE PROPOSITION

- ▶ My recommended first step of building a new business:  
identify the targets you want to serve:
  - ▶ Who are your customers?
  - ▶ What benefits do they seek?
  - ▶ Are they satisfied with existing solutions/alternatives
  - ▶ What pain points are they experiencing?

**WHAT BENEFIT(S)?**





# WHAT BENEFIT(S)?





**WHY DO WE NEED ONE MORE  
COFFEE SHOP?**



# 2. PROFIT FORMULA

# PROFIT FORMULA

- ▶ The economic blueprint that defines how the company will create value for itself and its shareholders
- ▶ It specifies the assets and fixed cost structure, the profit margins, volume, and velocity that are required to cover them



# PROFIT FORMULA

- ▶ 4 key variables that determine the success of a profit formula:
  - ▶ Revenue model: how much money can be made (price x quantity)
  - ▶ Cost structure: includes direct costs, overhead costs, and economies of scale
  - ▶ Target unit margin: how much each transaction should net to cover overhead and achieve desired profit levels
  - ▶ Resources velocity: how quickly resources need to be used to support target volume, including lead times, throughput, inventory turns, asset utilization, etc

## PROFIT FORMULA: REVENUE MODEL

- ▶ The revenue model is the offering price x quantity sold
- ▶ Key considerations:
  - ▶ How many customers?
  - ▶ How many units per customer per transaction?
  - ▶ How many transactions per customer in, say, a week?
  - ▶ Which items generate revenue: drinks? Food?



# PROFIT FORMULA: COST STRUCTURE

- ▶ Direct costs and overhead
- ▶ If you sell coffee, what are direct costs and what are overhead?
  - ▶ Payroll
  - ▶ Rent
  - ▶ Supplies (machinery, coffee, food, etc)
  - ▶ Overhead (electricity, water, insurance, etc)
  - ▶ Decoration and maintenance

**3. KEY RESOURCES &  
4. KEY PROCESSES**



## KEY RESOURCES & KEY PROCESSES

- ▶ Key resources are the unique people, technology, products, facilities, equipment, funding, and brand required to deliver the value proposition to the customer
- ▶ Key processes are the means by which a company delivers on the CVP in a sustainable, repeatable, scalable, and manageable way
- ▶ Everything must support the CVP

# KEY RESOURCES & KEY PROCESSES

- ▶ Key resources:

- ▶ Do you have the skills or people with the skills to run a coffee shop?
- ▶ Any internal and external **partner** who can help?
- ▶ How to seek funding?

- ▶ Key processes:

- ▶ What is the workflow?
- ▶ How to manage supply chain?
- ▶ How to engage potential and existing customers (via social media?)





# KNOCKBOX: A CASE STUDY



# CUSTOMER VALUE PROPOSITION (CVP)

- ▶ Specialty coffee made by professional barista
  - ▶ Founder: Patrick Tam. Ophthalmologist. A certified barista and judge in international coffee competition (key resource)
  - ▶ Patrick has direct access to coffee farms in Africa and America (key resource and key process)





眼科醫生兼咖啡師 Patrick Tam

# 義助貧困咖啡農驗眼



Founder's credibility (CVP, key resource)





Professional staff (CVP, key resource)



ENJOY FREE SHIPPING WITH ORDER OVER \$500!

# KNOCKBO°X

SUBSCRIPTION COFFEE TOOLS WORKSHOP SERVICES ORDER TAKEAWAY WHOLESALE More



## ROASTED COFFEE

EXPERTLY AND ETHICALLY SOURCED,  
OUR COFFEE IS FRESHLY ROASTED IN HONG KONG EVERY WEEK

**New Arrival**

Cupping Notes®  
Rose, Pink Guava, Hops, Peach,  
Wild Honey, Fresh and Juicy

Yirgacheffe G1, Ho  
74111, 74112  
Ethiopia  
ASL 2000m

© Knockbox [www.knockboxcoffee.hk](http://www.knockboxcoffee.hk)

Ethiopia, Yirgacheffe G1, Hoopy Holidays  
HK\$220.00

**New Arrival**

Cupping Notes®  
Dried Fruit, Grog  
Molasses, Sparkle

Finca Himalaya, Supersonic®  
Pacas & Bourbon, El Salvador  
ASL 1500m

© Knockbox [www.knockboxcoffee.hk](http://www.knockboxcoffee.hk)

El Salvador, Finca Himalaya, Supersonic  
HK\$182.00

**Micro Lot**

Cupping Notes®  
Earl Grey, Lemon  
Mandarin Orange  
Juicy and Lingering

Bolivia, Finca Los Rodriguez, Samaipata, Lot 02®  
Green Tip Geisha  
ASL 1700m  
Expert

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Bolivia, Finca Los Rodriguez, Samaipata,  
Lot 02

LET'S CHAT!

Online store selling specialty coffee (CVP, revenue model, key process)





Cupping workshop (CVP, key process)





Media exposure (CVP, key process)



Facebook interface showing the profile of **Knockbox Coffee Company**.

**Knockbox Coffee Company**  
Roastery cafe in HK since 2011.

- Page · Coffee shop
- 旺角黑布街, Kowloon, Hong Kong
- 2781 0363
- info@kbcffee.com
- knockboxcoffee.hk
- Open now
- Dine-in · Curbside pickup
- Price Range · \$
- Rating · 3.7 (666 Reviews)

**Photos** See all photos

**Knockbox Coffee Company is at Knockbox Coffee Company.**  
December 28, 2022 · Hong Kong ·

2022年最後一場Friday Premiere, 我們將與大家分享來自印尼的十數款咖啡, 這些批次都是由剛從印尼完成擔任COE評審工作歸來的同事Harry親自挑選, 部分由我們在港烘焙。雖然參與COE印尼比賽的批次尚未到港, 但同準準備的批次的精彩程度亦絕不遜色, 一洗以往對印尼豆(尤其是Wet Hulled濕刨法)風味的負面印象! 味譜變得更闊, 酸質明亮, 不會只有過重的草本味道, 有部份更非常乾淨。

其實近年亞洲豆在當地、亞洲各地以及國際的杯測會上表現十分亮眼, 引起廣泛討論。今年於香港WBC地區賽亦見台灣, 泰國豆的身影, 亞洲精品咖啡豆的發展開始步上軌道, 未來可期, 誠邀大家今個星期五來跟我們一起試一試印尼豆!

Friday Premiere... See more

Social media (key process)





Partnership with a bakery (CVP, revenue model, key resource)



Questions?



# QUESTIONS YOU HAVE SENT TO ME

- ▶ License
- ▶ First 5 hirings
- ▶ Dealing with big and small investments
- ▶ Getting partners with required skills
- ▶ Differentiating from competitors
- ▶ Quick and cheap market testing



**PLEASE GIVE US SOME FEEDBACK**

[HTTPS://CLOUD.ITSC.CUHK.EDU.HK/WEBFORM/VIEW.PHP?ID=13651836.](https://cloud.itsc.cuhk.edu.hk/webform/view.php?id=13651836)



# EPIN INTERNSHIP PROGRAMME AND PRE-INTERNSHIP WORKSHOP



**EPIN**  
Minor Programme in  
Entrepreneurship and Innovation  
(EPIN)

## EPIN Internship Programme Summer 2023

Join EPIN internship programme to **earn work experience, money and credits** this summer.

You can also **apply for scholarships** (exclusively for EPIN students!) after completing the internship.

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**Job matching Period:**  
March - June 2023

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**APPLY HERE** **MORE INFO**

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**EPIN**  
CUHK Minor Programme in  
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## STEPPING INTO A STARTUP: ★★★★★ TOP TIPS

📅 **24 March, 2023 (Friday)** [Register Here](#)

🕒 3:30 pm - 5:30 pm

📍 2B, InnoPort

🗣️ English

Join this workshop and get tips from our amazing instructor:

### Learning points

- Why a start-up is seen as an advantage over traditional placements
- Preparing for your start-up internship
- Your first 30 days in a start-up
- So many start-up industry, which to choose
- Your start-up questions answer (Q&A)

**William Sung**  
Founder of  
Wilosophy Coaching

William Sung has 20+ years in the corporate and start-up space, working experience in Banking and Finance, Technology, Lifestyle, Entertainment and FMCG industries across 8 different countries, from building small teams to leading enterprise operations across regions.

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