



VARZA SCHOOL · THE FOUNDATIONAL 100

From Skill or Idea to Business Model: Customer, Problem, Offer, Channel, and Revenue

Chapter 12 · Track 2 — Starting and Understanding a Business

THE QUESTION IT ANSWERS

How can an entrepreneur turn personal capability or an attractive idea into a complete and testable business model?

CONCEPTS DEFINED

Business model · Customer · Customer problem · Offer · Value proposition · Channel · Revenue model · Key resource

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Varza promise: clear enough for a first-time learner, exact enough for a professional conversation, and practical enough to support a real decision.

Why this chapter matters

This track moves from personal decisions to an operating business. A business is examined as a repeatable system that creates value, coordinates people and resources, accepts risk, collects evidence, and converts activity into cash and durable capability.

Central question: How can an entrepreneur turn personal capability or an attractive idea into a complete and testable business model?

A skill becomes a business only after it is organized around a specific customer, an important problem, a credible offer, an accessible channel, and a revenue model whose cash and cost logic can sustain delivery.

Varza approaches the subject from life to ledger and from ledger to decision. We begin with what actually happened, identify the rights, obligations, resources, timing, and uncertainty, and only then choose the correct term, calculation, document, or account. This order protects the learner from a common error: learning a label without understanding the economic reality that the label is supposed to describe.

Learning outcomes

- Define and distinguish business model in plain and professional language.
- Define and distinguish customer in plain and professional language.
- Define and distinguish customer problem in plain and professional language.
- Define and distinguish offer in plain and professional language.
- Apply the concepts to a numerical case and explain the result rather than only calculate it.
- Identify evidence, workflow, controls, and Varza entities required for reliable use.
- Recognize when jurisdiction-specific or licensed professional advice is required.

The Varza mental model

A financial concept becomes decision-ready when six questions have answers: **what, who, when, how much, based on what evidence**, and **under which assumption or rule**. A seventh question—**what should happen next**—turns knowledge into management.

This chapter uses internationally recognized terminology, but it remains jurisdiction-neutral unless explicitly stated. Accounting standards, tax rules, contract law, consumer protection, labor requirements, and investment regulation can produce different legal outcomes in different countries. The global foundation gives the learner a stable map; local collections must add the binding rules.

Core concepts

1. Business model

Working definition. Business model is the connected logic by which an organization creates value, delivers it to chosen customers, and captures enough value to sustain the system.

Evaluate the whole mechanism: customer, offer, channel, resources, partners, costs, revenue, cash timing, and risk. Strength in one block cannot permanently compensate for a broken whole. In Varza language, the concept becomes useful when it changes a decision.

Simple example. A marketplace may connect buyers and sellers, process payments, and earn a commission without owning the inventory.

Decision test. What is being measured, and what has been left outside the boundary? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

2. Customer

Working definition. Customer is a person or organization that evaluates an offer, accepts commercial terms, and provides or commits consideration in exchange for value.

The user, payer, buyer, and beneficiary may be different parties. Master data and commercial design should identify each role when it affects price, tax, credit, delivery, or support. The professional term matters because it prevents two different realities from being recorded as though they were the same.

Simple example. An employer may buy a health service, employees may use it, and an insurer may settle part of the invoice.

Decision test. When did the underlying right, obligation, benefit, or sacrifice arise? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

3. Customer problem

Working definition. Customer problem is a condition, need, risk, inefficiency, desire, or required outcome for which a customer may seek a solution.

Describe the problem in the customer's language and measure its consequence before designing the offer. A weakly defined problem creates vague features and unreliable demand forecasts. A non-specialist can understand this by separating the object, the timing, and the consequence.

Simple example. A restaurant's problem may not be 'buy accounting software' but 'know daily food cost before waste becomes invisible.'

Decision test. Which document or observation would allow another person to verify it? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is

missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

4. Offer

Working definition. Offer is a defined combination of product, service, access, terms, support, and expected outcome presented to a customer.

An offer is wider than the item sold. It includes quantity, quality, timing, guarantees, payment terms, exclusions, and the evidence of acceptance. The concept should be measured at the smallest level that still supports a real action.

Simple example. A maintenance offer may include quarterly inspections, emergency response, spare parts limits, and a twelve-month service period.

Decision test. How would a different assumption change the result? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

5. Value proposition

Working definition. Value proposition is a concise and testable explanation of which customer is served, which important outcome is improved, and why the offer is preferable to realistic alternatives.

A value proposition should support pricing, product design, channel choice, and evidence. Avoid slogans that cannot be tested against customer behavior. The number alone is not enough; its definition determines whether comparisons are valid.

Simple example. For small retailers, Varza may promise a unified view of sales, stock, cash, and accounting without requiring the owner to become an accountant.

Decision test. Who can influence the result, and who only reports it? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

6. Channel

Working definition. Channel is the route through which a business communicates, sells, delivers, supports, and sometimes collects from customers.

Different channel stages may use different economics and controls. A social-media lead, reseller sale, website checkout, and field installation should not be treated as one undifferentiated event. This is where operational activity and financial reporting meet.

Simple example. A manufacturer may reach customers through distributors while providing technical support directly.

Decision test. Does the item affect cash now, later, or not at all? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

7. Revenue model

Working definition. Revenue model is the rule by which a business earns consideration, including what is charged, to whom, for which unit of value, and at what time.

The model determines pricing metrics, billing events, revenue timing, collection risk, and required data. It must fit how the customer receives value. In Varza language, the concept becomes useful when it changes a decision.

Simple example. A cloud service may charge per user per month, per transaction, or through a fixed enterprise subscription.

Decision test. What is being measured, and what has been left outside the boundary? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

8. Key resource

Working definition. Key resource is an asset, capability, relationship, right, system, or source of knowledge without which the business model cannot deliver its promise.

Protect and measure the resources that constrain value delivery, not only the assets that accounting already recognizes. The professional term matters because it prevents two different realities from being recorded as though they were the same.

Simple example. A trusted distribution network or specialized engineering team may be more critical than office furniture.

Decision test. When did the underlying right, obligation, benefit, or sacrifice arise? A reliable answer should state the unit, date or period, scope, evidence, and uncertainty. When one of these is missing, the concept may still be useful for discussion, but it is not yet decision-ready information.

How the concepts connect

The concepts in this chapter are a system, not a vocabulary list. Business model, Customer, Customer problem, Offer, Value proposition, Channel, Revenue model, and Key resource describe different parts of the same decision. Confusing them usually creates one of three failures: the wrong amount is measured, the right amount is assigned to the wrong period or person, or a correct report is used for a decision it was never designed to support.

A useful analysis therefore preserves both **classification** and **relationship**. Classification tells us what an item is. Relationship tells us what caused it, what it affects, and what could change it. Varza should store both. A report that shows only totals may be suitable for orientation; a controlled decision requires traceability to the underlying relationships.

Formulas and quantitative relationships

Simple expected revenue

Expected revenue = Reach × Qualified rate × Conversion rate × Average transaction value

The relationship exposes the commercial assumptions between audience and revenue.

Boundary: Rates must describe the same period and funnel; expected revenue is not recognized accounting revenue.

Model contribution

Expected contribution = Expected revenue – Expected variable delivery and channel cost

Contribution tests whether the commercial path creates resources before fixed costs.

Boundary: Include refunds, fees, support, and fulfillment consequences.

Worked case — Turning accounting expertise into an offer

An accountant considers a monthly financial-control service for small restaurants.

Item	Amount or observation
Reach per month	200 qualified restaurant owners
Consultation booking rate	10%
Paid conversion	25% of consultations
Monthly price	CU 800
Variable onboarding and support	CU 250 per new customer in first month

Calculation and reasoning

1. Twenty consultations are expected: $200 \times 10\%$.
2. Five new customers are expected: $20 \times 25\%$.
3. New monthly recurring revenue is CU 4,000: $5 \times \text{CU } 800$.
4. First-month contribution before fixed acquisition cost is CU 2,750: $\text{CU } 4,000 - (5 \times \text{CU } 250)$.
5. The next experiment should test whether the service delivers a measurable result—such as faster daily cost visibility—and whether customers retain after onboarding.

What the result means

The founder's accounting skill is necessary but not sufficient. The model becomes testable only when the customer, problem, offer, channel, revenue unit, and cost of delivery are connected.

The case is deliberately compact. In practice, Varza would preserve the supporting documents, currency, dates, counterparty, project or cost center, approvals, and links to the resulting records. The lesson is not merely to reach a number; it is to make the path to that number reviewable.

Practical workflow

1. **Define the decision, responsible person, economic unit, period, and acceptable uncertainty.**
Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
2. **Select one customer segment and document the costly or important problem in observable terms.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
3. **Create a minimum offer with explicit outcome, scope, evidence, price, and risk.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
4. **Choose channels for acquisition, sale, delivery, support, and collection.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
5. **Run small tests and update the model using behavior and economics rather than compliments.**
Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
6. **Reconcile the result to source evidence and investigate exceptions rather than forcing agreement.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
7. **Approve the decision or record at the authority level required by value, risk, and legal consequence.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.
8. **Monitor the outcome, compare it with the original assumption, and retain the learning for the next cycle.** Define the owner, required evidence, status, date, and exception route. Do not allow the next step to erase the record of the previous one.

How this concept should appear in Varza

The minimum Varza data model for this chapter includes customer_segment, problem_statement, offer_version, channel, price_metric, revenue_stream, key_resource, experiment, learning_record. These names are not merely interface labels. Each entity should have a stable

identifier, status history, responsible owner, applicable currency or unit, effective dates, evidence links, and access controls.

A useful Varza screen should answer four questions without forcing the user to reconstruct the story manually:

1. **What happened or is expected to happen?** Show the operational event, obligation, or decision in plain language.
2. **What changed financially?** Show cash, asset, liability, equity, income, expense, commitment, or risk effects.
3. **Why should the user trust it?** Show source documents, calculations, approvals, and revision history.
4. **What requires attention now?** Show exceptions, due dates, thresholds, and the next responsible action.

The Varza design principles most relevant here are:

- Begin with the real event, not the accounting label.
- Keep value, cash, profit, and ownership distinct until their relationship is proven.
- Attach every important number to a source, period, currency, entity, and responsible person.

Varza AI may explain, classify, compare, simulate, and prepare a proposed action. It should not silently change a legal record, post a material transaction, close a period, release a payment, or make an investment decision on the user's behalf. Material actions require visible evidence, permissions, validation rules, and an accountable human approval path.

Controls and professional boundaries

1. **Predefined experiment success and stop criteria.** The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.
2. **Customer consent and privacy controls for data collected.** The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.
3. **Capacity and fulfillment review before scaling acquisition.** The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.
4. **Stable definitions, versioned assumptions, and consistent units across plans, records, and reports.** The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.
5. **Traceability from every material total to evidence, calculation, owner, and change history.** The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.

6. Access and approval rights aligned with responsibility and the possible consequence of error or misuse. The control should be proportionate to value and risk, documented clearly, and tested often enough to detect failure before the consequence becomes irreversible.

A control is effective only when it operates in practice. A policy that everyone can bypass is a statement of hope, not a control. Likewise, a control that blocks ordinary work without distinguishing low-risk and high-risk cases encourages hidden workarounds.

Common mistakes and better responses

Mistake 1: Starting with a broad statement such as 'everyone is our customer'

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the current number so the same error does not become routine.

Mistake 2: Confusing interest or praise with willingness to pay

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the current number so the same error does not become routine.

Mistake 3: Selecting a revenue model that conflicts with how value is received

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the current number so the same error does not become routine.

Mistake 4: Paying to acquire demand before proving reliable delivery

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the current number so the same error does not become routine.

Mistake 5: Using a technically correct number outside the period, entity, currency, or decision boundary for which it was calculated

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the current number so the same error does not become routine.

Mistake 6: Accepting an automated result without reviewing the evidence, assumptions, exceptions, and required professional judgment

Better response. Reconstruct the underlying event, state the definition being used, obtain the missing evidence, and recalculate before making a decision. Correct the process as well as the

current number so the same error does not become routine.

Decision checklist

- ☐ Can I explain business model in plain language and in professional terms?
- ☐ Can I explain customer in plain language and in professional terms?
- ☐ Can I explain customer problem in plain language and in professional terms?
- ☐ Can I explain offer in plain language and in professional terms?
- ☐ Have I stated the entity, currency or unit, date or period, and decision boundary?
- ☐ Can another person reproduce the number from retained evidence?
- ☐ Have I separated actuals, estimates, commitments, and scenarios?
- ☐ Have I tested timing, liquidity, risk, and at least one adverse outcome?
- ☐ Is the required approval proportional to the possible loss or legal consequence?
- ☐ Does the final output lead to a specific action, owner, and review date?

Practice lab

1. **Explain it.** Describe Business model to a person who has never studied finance. Then add the professional definition and identify one boundary your simple explanation omitted.
2. **Classify it.** Create five examples from your household or a small business and classify each using Customer. State any assumptions.
3. **Calculate it.** Rebuild the worked case with amounts 20% higher. Identify which conclusions change and which remain structurally true.
4. **Challenge it.** Describe a situation in which Customer problem could be measured correctly but still lead to a poor decision because timing, risk, or incentives were ignored.
5. **Design it.** Sketch a Varza screen or report for this chapter. Include fields, evidence links, status, owner, exceptions, and one AI-assisted action.

Answer guidance

A strong answer uses consistent definitions, reveals assumptions, distinguishes fact from estimate, and connects the result to an action. More than one conclusion may be reasonable when the learner clearly states the decision objective and uncertainty. The worked-case recalculation should preserve the method even when the numbers change.

Varza AI knowledge capsule

This capsule is intentionally explicit so that a retrieval system can distinguish canonical teaching points from examples and commentary.

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    "Offer: a defined combination of product, service, access, terms, support, and expected outcome presented to a customer.",
    "Value proposition: a concise and testable explanation of which customer is served, which important outcome is improved, and why the offer is preferable to realistic alternatives.",
    "Channel: the route through which a business communicates, sells, delivers, supports, and sometimes collects from customers.",
    "Revenue model: the rule by which a business earns consideration, including what is charged, to whom, for which unit of value, and at what time.",
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Suggested questions for Varza AI

- Explain this chapter using an example from a household, a shop, and a service business.
- Ask me five diagnostic questions before applying this concept to my situation.
- Show the difference between cash effect, accounting effect, and decision effect.
- Recalculate the worked case using my currency and assumptions, but preserve the original definitions.
- Identify which parts require local accounting, tax, legal, labor, or investment rules.

Sources and standards horizon

This chapter is original Varza educational content. It paraphrases and synthesizes concepts; it does not reproduce a standard or third-party article. The following sources were used to establish terminology, scope, and current professional context:

- **S003 — OECD-INFE, *Core Competencies Framework on Financial Literacy for MSMEs*.** 2018; accessed 2026-08-31. Financial capability for entrepreneurs and small-business managers. Source: https://www.oecd.org/en/publications/oecd-infe-core-competencies-framework-on-financial-literacy-for-msmes_220101c9-en.html
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Standards horizon. Reviewed through 2026-08-31. IFRS 18 and the third edition of the IFRS for SMEs Accounting Standard are included as transition knowledge where relevant; both have mandatory effective dates beginning in 2027, with early application permitted under their respective requirements.

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