The Business Model Canvas

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Strategic Planning



Business Model Definition

In its simplest form, a business model can be broken down into three parts:



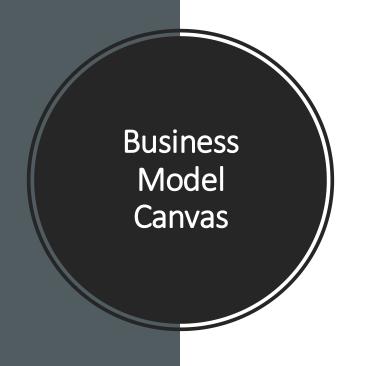
Everything it takes to make something: design, raw materials, manufacturing, labor, and so on.



Everything it takes to sell that thing: marketing, distribution, delivering a service, and processing the sale.



How and what the customer pays: pricing strategy, payment methods, payment timing, and so on.



- The Business Model Canvas allows you to describe any business model based on nine fundamental building blocks. It's a practical business tool to design, test, implement, and manage business models over their lifecycle.
- Covers the four main areas of a business:
 - Customers
 - Offer
 - Infrastructure
 - Financial viability
- **Customer-centric**

YOU

Organization-centric Business Model Design

- What can we sell our customers?
- How can we reach our customers most efficiently?
- What relationships do we need to establish with customers?
- How can we make money from our customers?

THEM

Customer-centric Business Model Design

- What job(s) do(es) our customer need to get done and how can we help?
- What are our customer's aspirations and how can we help them live up to them?
- How do our customers prefer to be addressed? How do we, as an enterprise best fit into their routines?
- What relationship do our customers expect us to establish with them?
- For what value(s) are customers truly willing to pay?

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners



Key Activities

Customer re

Categories:

Production

Problem Solv

Platform/Ne



Value Propositions



Customer Relationships



Customer Segments



Whare our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners?

Which Key Activities do partners perform?

Types:

reliable supply

Strategic Alliance between non-competitors Coopetition – strategic relationship between competitors Joint ventures to develop new business Buyer-supplier relationships to assure

Motivations for partnerships:

Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources a activities.

Through

- How are
- How are
- Which w
- Most cos

reached?

Channel Pho Design

Cost Structure

What are the most important cost Which Key Resources are most exp Which Key Activities are most expe

- 2. Evaluatio Price
- 3. Purchase Cost reduction
- 4. Delivery
- 5. After Sale Accessibility

What Key Ac What value do we deliver to the customer? Our Distribut

- What do you offer your customer to create gains? Revenue Stre
 - Which one of our customer's problems are we helping to solve?
 - Which customer needs are we satisfying or pains relieving?
 - What bundles of products/services are we offering each CS to help gets job done?

Characteristics:

Newness

Performance

Customization

"Getting the job done"

1. Awarene: Brand/Status

Risk reduction

Convenience/usability

nship does each of our CS

established? o establish?

ated with the rest of the

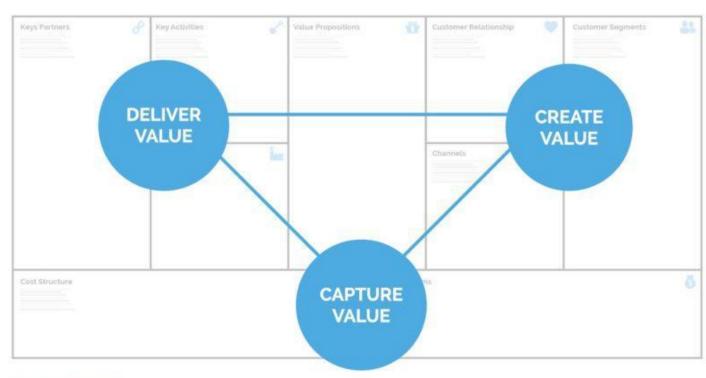
assistance, dedicated personal ice, automated services, ation

distinct offer? listribution channels? lationships? profitability's? ispects of the offer?



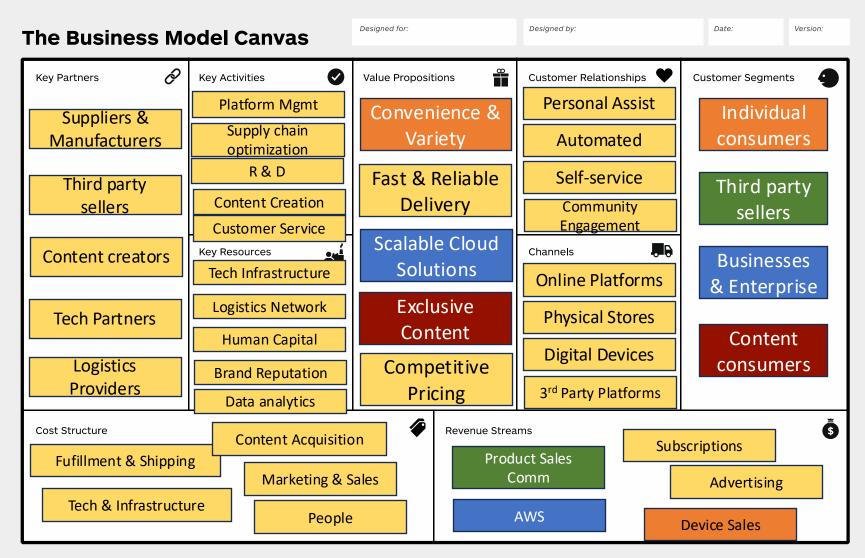
Value

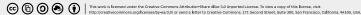
What is a Business Model?



Business Model Canvas



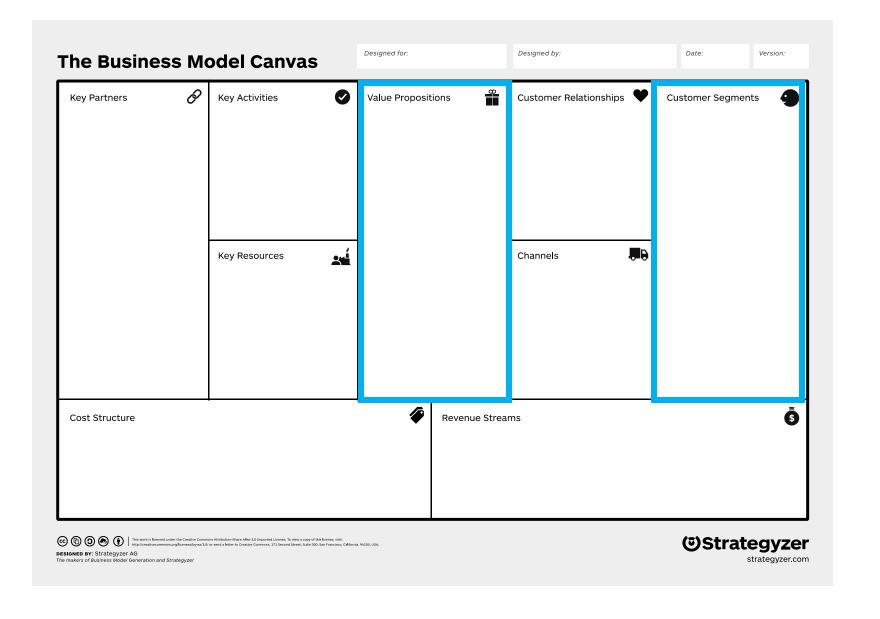






Nine Components of the Business Model Canvas

- 1. Customer Segments
- 2. Value Proposition
- 3. Channels
- 4. Customer Relationships
- 6. Key Resources
- 7. Key Activities
- 8. Key Partnerships
- 9. Cost Structure
- 10. Revenue Streams



Exercise



Review, with your group, the customer segments and value propositions of a rudimentary Brown Family Farm BMC



Use the information you read and learned from the case study & brainstormed week 1.

Use post-its to capture additional ideas for additional customer segments.



Use different colored post its to align the customer segment and value propositions

Learning Objectives

- Clear up terminology. At its core, a Business Model is comprised of the Business Strategy, Business Structure, and Business Systems.
- A Business Plan tells how these components will work together. It should start
 with a Business Strategy (which defines your customers and value proposition)
 and show how to invest in Business Structure and Business Systems to,
 ultimately, deliver against that strategy to make money.
- Provide participants with a common language to describe the Building Blocks of a Business Model.
- Getting to this level of detail is important, otherwise the Business Plan (Key Activities) tends to be more aspirational --and less likely to be put into action.