

Business Model Canvas

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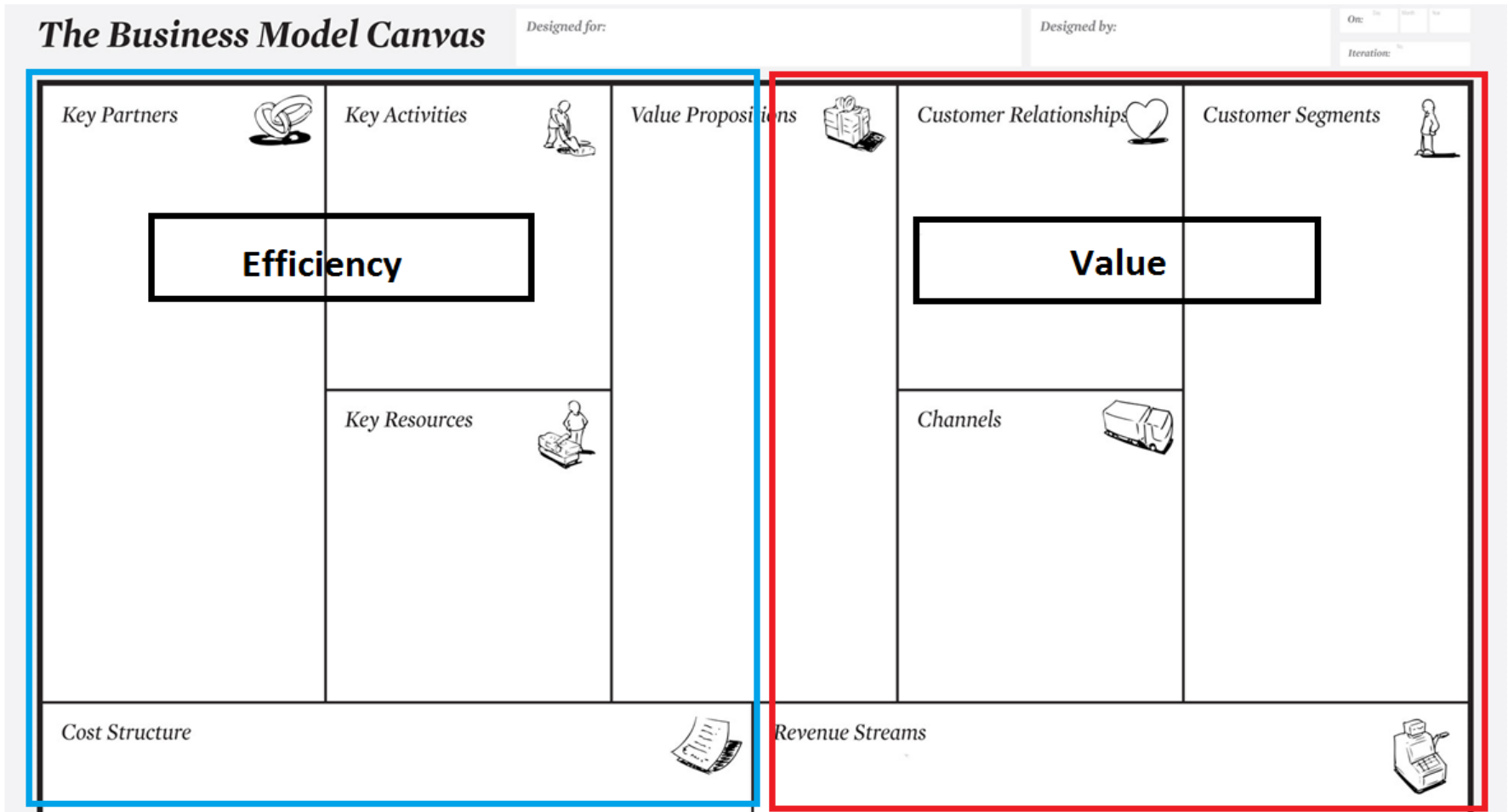


Business Model Canvas (BMC)

- ▶ BMC is a strategic template for developing existing or start up business models.
- ▶ It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.
- ▶ Using 9 building blocks, the model allows focus on efficiency and value when assessing the business.



Business Model Canvas



Value Building Blocks

- ▶ Value Proposition
- ▶ Customer Relationships
- ▶ Customer Segments
- ▶ Channels

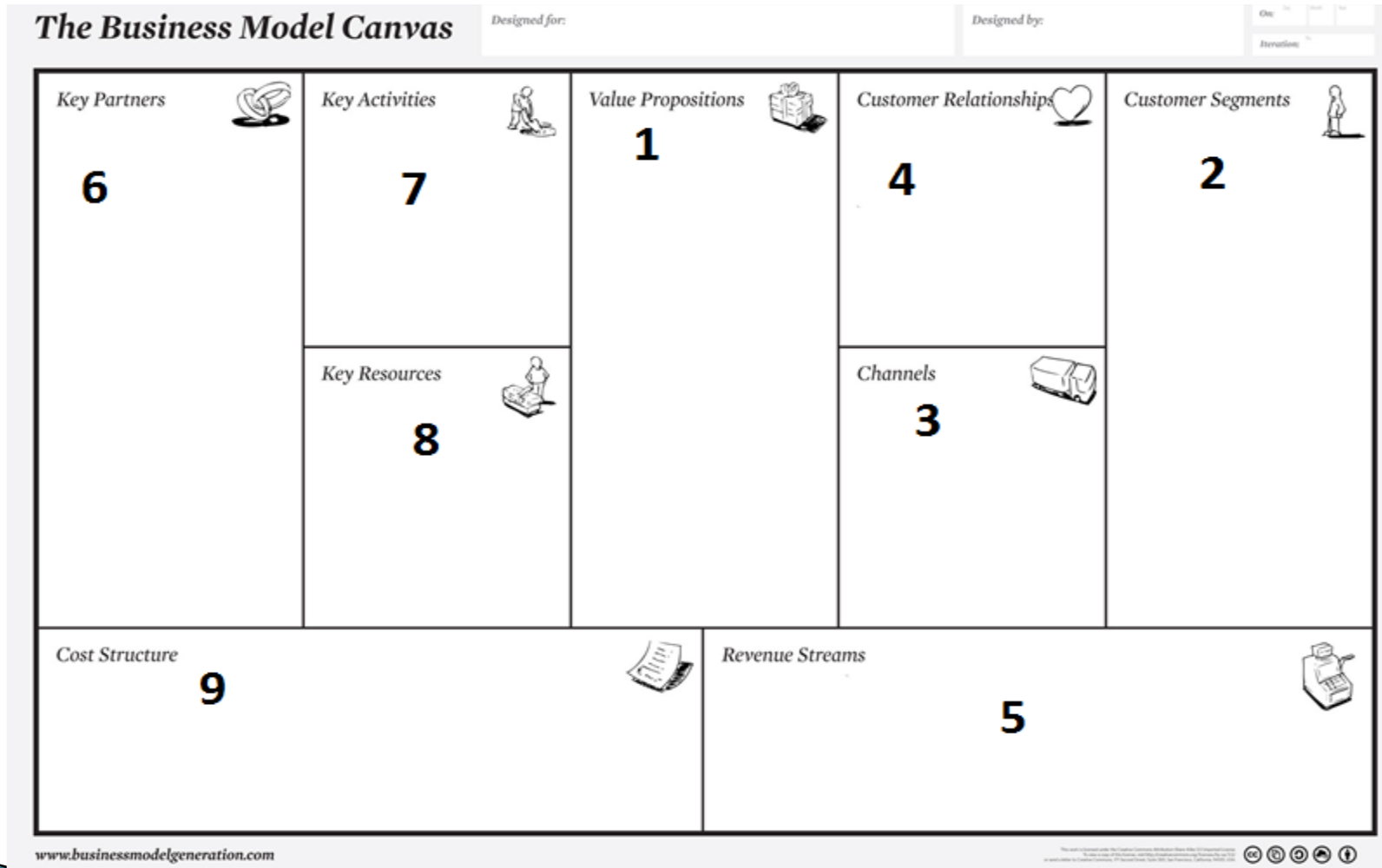


Efficiency Building Blocks

- ▶ Revenue Streams
- ▶ Key Activities
- ▶ Key Resources
- ▶ Key Partnerships
- ▶ Cost Structure



9 Building Blocks



1. Value Proposition

- ▶ **Describes the bundle of products and services that create value for a specific Customer Segment.**
- ▶ The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need.

Questions

- *What value do we deliver to the customer?*
- *What are your customers needs and explain the customer need that your product or service will address*
- *What products and services are we offering to each Customer Segment?*
- *What is different about your product from what is already being offered on the market (e.g. price, quality, service)?*



2. Customer Segments

- ▶ Defines the different groups of people or organizations business aims to reach and serve.

Questions

- ▶ **Paying Customers:**
 - *For whom are we creating value?*
 - *Describe your customer?*
 - *Who are our most important customers?*
- ▶ **Participants (employees or trainees):**
 - *For whom are we creating value?*
 - *Describe your participant?*
 - *Who are our most important participants?*
 - *What are their needs?*



3. Channels to Market

- ▶ Describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition.
- ▶ Channels serve several functions, including:
 - Raising awareness among customers about a company's products and services
 - Helping customers evaluate a company's Value Proposition
 - Allowing customers to purchase specific products and services
 - Delivering a Value Proposition to customers
 - Providing post-purchase customer support

Questions

- *Through which Channels do our Customer Segments want to be reached?*
- *How are our competitors reaching them?*
- *Which ones work best?*
- *Which ones are most cost-efficient?*
- *How are we integrating them with customer routines?*



4. Customer Relationships

- ▶ Describes the types of relationships a company establishes with specific Customer Segments.

Questions

- ▶ *What type of relationship does each of our Customer segments expect us to establish and maintain with them?*
- ▶ *Which ones have we established?*
- ▶ *How costly are they?*
- ▶ *How are they integrated with the rest of our business model?*



5. Revenue Streams

- ▶ Represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings).
- ▶ A company must ask itself, For what value is each Customer Segment truly willing to pay?

Questions

- *Determine how often customers will buy from you. What is the average value of each purchase?*
- *For what do they currently pay?*
- *How are they currently paying?*
- *How would they prefer to pay?*
- *How much does each Revenue Stream contribute to overall revenues?*
- *Determine the approximate price you will charge. How will you determine the price?*



6. Key Partnerships

- ▶ **Describes the network of suppliers and partners that make the business model work.**
- ▶ Companies create alliances to optimize their business models, reduce risk, or acquire resources.

Questions

- *Who are our key partners?*
- *Who are our key suppliers?*
- *Which Key Resources are we acquiring from partners?*
- *Which Key Activities do partners perform?*
- *Who else do you rely on?*



7. Key Activities

- ▶ **Describes the most important assets required to make a business model work.**
- ▶ These resources allow a business to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues.

Questions

- *What key activities do our Value Propositions require?*
- *What key activities do our Distribution Channels require?*
- *What key activities do our Customer Relationships require?*
- *What key activities do our Revenue Streams require?*



8. Key Resources

- ▶ **Describes the most important assets required to make a business model work.**
- ▶ These resources allow a business to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues.

Questions

- *What key resources do our Value Propositions require?*
- *What key resources do our Distribution Channels require?*
- *What key resources do our Customer Relationships require?*
- *What key resources do our Revenue Streams require?*



9. Cost Structure

- ▶ **Describes all costs incurred to operate a business model.**
- ▶ This building block describes the most important costs incurred while operating under a particular business model. Creating and delivering value, maintaining Customer Relationships, and generating revenue all incur costs. Such costs can be calculated relatively easily after defining Key Resources, Key Activities, and Key Partnerships.

Questions

- *What are the most important costs inherent in our business model?*
- *Which Key Resources are most expensive?*
- *Which Key Activities are most expensive?*
- *What elements drive your costs?*



Business Model Canvas










The Business Model Canvas

Designed for:

Designed by:

On:

Iteration:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		



Business Model Canvas

- ▶ For a poster size version of the Business Model Canvas please go to www.businessmodelgeneration.com

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