

# Developing a CANVAS business model

WURKS project: Nature Entrepreneurship and Tourism in Green Education (NatureToGo)

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# What is a Business Model?

- It is not a Business plan, instead it is:
  - a VISION
  - a strategy
  - a story line
  - a rationale for an organization to create value

# What is a CANVAS used for?

- As a tool to brainstorm/to make a convincing story
- To visualize complex sets of relationships between resources, people, and ideas
- To prepare a pitch (5 min. explanation) about what your business model is

It can be used to map existing business models and develop new business models

# The Business Model Canvas


Designed for:

Designed by:

On:  Day  Month  Year

Iteration:


## Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we acquiring from partners?  
Which Key Activities do partners perform?

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## Key Activities



What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue Streams?

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## Key Resources



What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue Streams?

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## Value Propositions



What value do we deliver to the customer?  
Which one of our customer's problems are we helping to solve?  
What bundles of products and services are we offering to each Customer Segment?  
Which customer needs are we satisfying?

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## Customer Relationships



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

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## Channels



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

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## Customer Segments



For whom are we creating value?  
Who are our most important customers?

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## Cost Structure



What are the most important costs inherent in our business model?  
Which Key Resources are most expensive?  
Which Key Activities are most expensive?

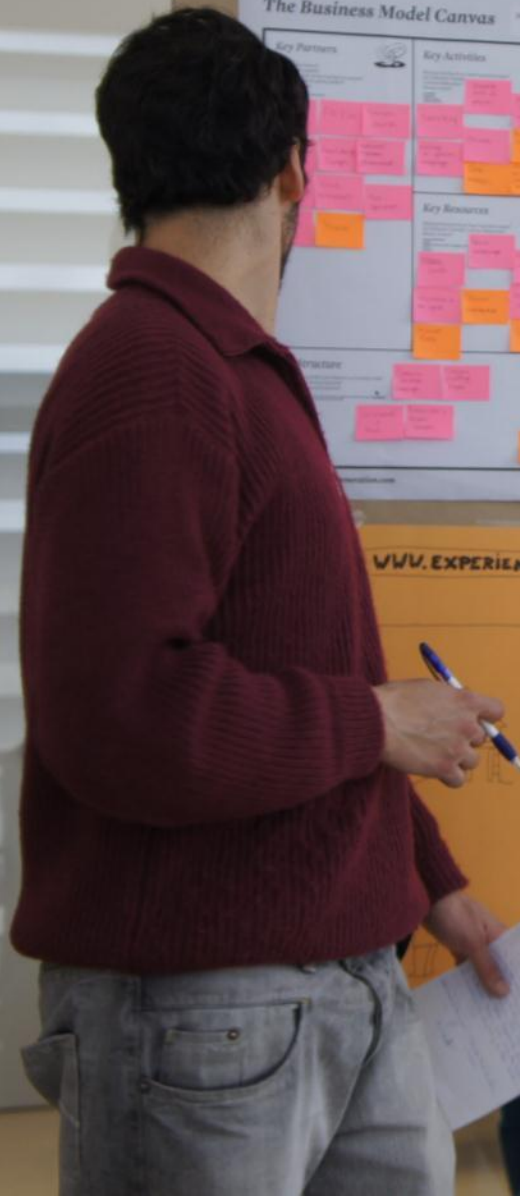
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## Revenue Streams



For what value are our customers really willing to pay?  
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 revenue?

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## Oficina de paisagem

The Business Model Canvas

<b>Key Partners</b> The network of suppliers and partners that the business relies on to source its materials, reduce costs, and increase its efficiency.	<b>Key Activities</b> The most important actions that the business must perform to make its business model work.	<b>Value Propositions</b> The bundle of products and services that the business offers to its target customer segments.	<b>Customer Relationships</b> The ways in which the business interacts with its customer segments to deliver its value propositions.	<b>Customer Segments</b> The groups of individuals or organizations that the business aims to reach and serve.
<b>Key Resources</b> The most important assets that the business needs to execute its business model.	<b>Channels</b> The ways in which the business reaches its customer segments.	<b>Revenue Streams</b> The ways in which the business generates income from its customer segments.		

# Value Proposition



- What is the added value of your business model?
- What problem do you address in it?
- Or what problem do you create in order to solve it?
  
- Where do you find your uniqueness?
  - Is it new?
  - Is it more cost efficient?
  - Do you have a better design?
  - Do you have a nice story to share?
  - ...





? Customer Segment?

# Customer Relationships



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

- EXAMPLES
- Personal assistance
- Dedicated Personal Assistance
- Self-service
- Automated Services
- Co-creation

# Customer Segments



For whom are we creating value?  
Who are our most important customers?

- Mass Market
- Niche Market
- Segmented
- Diversified
- Multi-sided Platform



# Channels



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

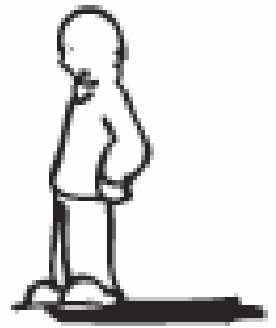
EXAMPLES

- 1. Purchase
- 2. Delivery
- 3. Self-service
- 4. Co-creation





# Beneficiaries (Customer Segments)

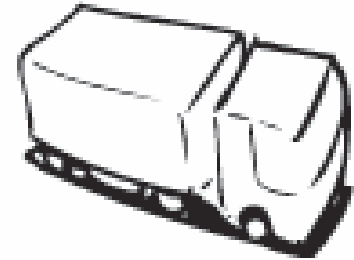


- For whom are you creating value, and what do I know about them?
  - Customers
  - Other businesses
  - Society / Nature
  - ...
  
- Try to think beyond traditional (business) boundaries
  - What does my model provide to e.g. nature? To human development? Quality of life?

# Channels & Relationships

- How do you deliver and maintain your value to your particular customer?

- Use of distribution channels
- Use of communication
- Integrate into customer routines



- And what type of relationship do you have with your customers?

- Personal (face-to-face interaction)
- Exchanging knowledge (online communities)
- Co-creation (customers become co-producers, or vice versa)



# Key Partners



Who are our Key Partners?  
Who are our key suppliers?  
Which Key Resources are we acquiring from partners?  
Which Key Activities do partners perform?

**MOTIVATIONS FOR PARTNERSHIPS:**  
Optimization and economy  
Reduction of risk and uncertainty  
Acquisition of particular resources and activities

# Key Activities

What Key Activities do our Value Propositions require?  
Our Distribution Channels?  
Customer Relationships?  
Revenue streams?

**CATEGORIES:**  
Production  
Problem Solving  
Platform/Network



# Value

What value do we create?  
Which one of our Value Propositions?  
What bundles of activities?  
Which customer segments?

**CHARACTERISTICS:**  
Newness  
Performance  
Customization  
"Getting the Job Done"  
Design  
Brand/Status  
Price  
Cost Reduction  
Risk Reduction  
Accessibility  
Convenience/Usability



# Key Resources

What Key Resources do our Value Propositions require?  
Our Distribution Channels? Customer Relationships?  
Revenue Streams?

**CATEGORIES:**  
Intellectual (brand patents, copyrights, data)  
Human  
Financial



# Key Activities & Resources

- Which resources do you need to own or lease to create your value?
  - Financial, intellectual, human, material
  - Think also: patents, key knowledge, special partnerships, trust...
- And what activities do you need to do in order to create value:
  - Reaching your market, creating trust, problem solving, training, networking



# Suppliers/partners



- Co-operation/co-creation can reduce:
  - Costs
  - Risks
- Some other business might be specialised in providing activities/resources more efficiently/better than you do > devolvment of responsibilities
- Yet more suppliers/partners means a need for stronger relationships in order to sustain
- Can you partners also be your customers?

## Key Partners



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## Key Activities



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## Value Propositions



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## Customer Segments



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## Key Resources



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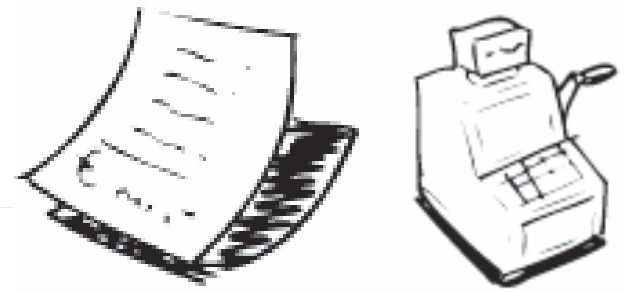


## Revenue Streams

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 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 our revenue?



# Revenues and Costs



- Knowing how you create value, you need to estimate the necessary costs
- Knowing your customers and value, you need to establish an indication of revenue > what are customers willing to pay? And how does this relate to your costs?
- TRICK: write down (each on your own), on a piece of paper, what you estimate an activity/resource/product is worth. Take the average of all group members and use this as a figure in your model. -> try to make a simple balance that takes all activities of your model into account. Make sure you at least break even.

And again: try to think beyond traditional limits, what does your model do for society and/or nature in terms of costs/benefits?

Are these acceptable? To you? To your stakeholders?



# Where are innovations typically occurring? Where to start?

- Through efficiency, resource driven (left side of the CANVAS)
- Story telling, customer driven (right side of the CANVAS)
- Financially driven (bottom of the CANVAS)
- Unique value, offer driven (influences all parts of the business model)

# Working with CANVAS

## ■ Start by drawing your ideas together

- *Individual sketches*
- *Get inspired by other visions*
- *Stay open minded, listen/observe carefully*

## Then slowly start translating these into the CANVAS

- *Use post-its, drawings, photo's, anything you can use to visualize the processes*
- *Make one strong story! Make it simple, convincing, not too detailed*
- *Exercise pitching, what can you see in each other's stories, what inspires you? Continue until you each know/belief YOUR STORY by heart*





# Useful links

- Good Ideas come from connectivity:  
<http://www.youtube.com/watch?v=NugRZGDbPFU&feature=share&list=PL3DFBE900A3F01A19>
- Business Model CANVAS explained:  
<http://youtu.be/QoAOzMTLP5s>
- Long illustration on CANVAS by Alexander Osterwalder:  
<http://www.youtube.com/watch?v=RzkdJiax6Tw>
- Elevator pitch, key ingredients:  
<http://youtu.be/Tq0tan49rmc>
- More on the CANVAS:  
<http://www.businessmodelgeneration.com/>