

## **Business Model Canvas**

1. The logic by which an enterprise sustains itself financially
2. The logic by which an enterprise earns its livelihood.

### **About the Business Model Canvas**

The Business Model Canvas reflects systematically on your particular business model, so be sure to freely map each of its elements to your real business components. (That also means you don't have to define or enter all of them). The following list and questions will help you brainstorm the precise idea for your first or next business model innovation.

### **Customer Segment a.k.a. "The Customer(s) & what job(s) the Customer(s) need done."**

Remember: There are things to think about here...

- Different customers may require different value, channels, or relationships.
- Often, your business will earn far more from one customer segment than the others.

#### Questions:

1. For which Customers groups are you creating value?
2. Who is your most important Customer?

### **Value Proposition a.k.a. "The problems you are solving and/or the for needs you are satisfying for your Customer(s) with the product/service you have to offer."**

Remember: There are different elements of value that can be provided for your Customers.

- Convenience
  - Saving time or trouble
- Price
  - Saving money
  - Reduction of costs
- Quality
  - Design excellence
  - Brand or Status
- Risk reduction

#### Questions:

1. What core value do you deliver to the customer, as in which areas listed above are most fitting?
2. What customer needs or wants are you satisfying?

### **Distribution Channel a.k.a "The ways you are communicating and delivering value to your Customer(s)."**

Remember: This is how you tell your (potential) Customers about your value (what you have to offer). Channels can include:

- Personal service(s)
- On-site or brick-and-mortar
- Delivery
- Internet (social media, email marketing, etc.)

- Traditional media (TV, radio, print media, etc.)

Questions:

1. Through which channels that your customers want to be reached?
2. Which channels work best?
3. How much do they cost?
4. How can they be integrated into your and your Customers' routines?

**Customer Relationship a.k.a. “The ways in which you are establishing and maintaining different kinds of relationships with your Customer(s).”**

Remember: Business owners need to determine clearly the type of relationship their Customer segments prefer so they can deliver appropriately. This can change over time, so it is imperative to keep an “ear to the ground”.

Questions:

1. What relationship does the target customer expect you to establish?
2. How can you integrate this into your business in terms of cost and format?

**Revenue Stream a.k.a. “The way your are bringing in money when Customer(s) pay for the product(s)/service(s) you are providing.”**

Remember: Determine what Customers are truly willing to pay for and to accept payment in the ways they prefer. Two categories:

- One-time sale
  - Example: The outright sale of a vehicle
- Recurring payments for products, services or post-purchase services/support
  - Example(s): Leased vehicles
  - Service/usage fees (i.e. security companies that jump to action when needed)
  - Subscriptions
  - Licensing
  - Brokerage/Per use fees

Questions:

1. For what value (products, services, etc.) are your customers willing to pay?
  - a. What did they pay (amount) and how have they recently paid (invoice/in-house credit, cash, check, credit card, etc.)?
  - b. How would they prefer to pay?
2. How much does each revenue stream (product, service, etc.) contribute to the overall revenues?

**Key Resource a.k.a. “What you need, as a business owner, to create and/or deliver the stuff listed above.”**

Remember: There are four types of resources:

- Human (workers)
- Physical (buildings, land, vehicles, etc.)
- Intellectual (branding, patent design, etc.)
- Financial (cash, lines-of-credit)

Questions:

1. What key resources does your value proposition require?
2. What resources are most important in the following:
  - a. distribution channels?
  - b. customer relationships?
  - c. revenue stream?

**Key activities a.k.a “The actions required to create and/or deliver the stuff listed above.”**

Remember: These are the MOST important things that need attention to make the business model work!

- Making
  - Designing
  - Developing
  - Delivering services
- Selling
  - Promoting
  - Advertising
  - Educating potential customers
- Supporting
  - Hiring
  - Administrative details

Questions:

1. What key activities does your value proposition require?
2. What activities are important the most in distribution channels, customer relationships, revenue stream...?

**Key partners a.k.a “The other people/companies you need to help you perform your business efficiently.”**

Remember: As a business owner, there will be things you don’t want to have to handle – things you can outsource to others. These are business relationships you want to cultivate for the purpose of mutual benefit.

Questions:

1. Who are your key partners/suppliers?
2. What are the motivations for the partnerships?

**Costs a.k.a “The costs of providing your products/services to your Customers.”**

Remember: There are costs associated with acquiring stuff (key resources), working with others (key partners) and doing stuff (key activities).

- Scalability: the ability to efficiently and effectively deal with increases in demand.
  - Being scalable means the additional cost of serving an additional customer is less expensive, rather than costing the same as the previous customer or being more expensive.

Questions:

1. What products/services cost the most in your business?
2. Which key resources/activities are most expensive?

*Business Model You: A One-page Method for Reinventing Your Career*. Hoboken, NJ: Wiley, 2012. Print.

"Create Your Own Canvas." *Canvanizer*. N.p., n.d. Web. 03 Feb. 2016. <<https://canvanizer.com/how-to-use/business-model-canvas-tutorial>>. *Information garnered from this website can be found elsewhere, yet this website is where particular wording was originally accessed.*