

The Business Model Canvas

Lisa DeCarlo

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.



Business Model Canvas

- **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?

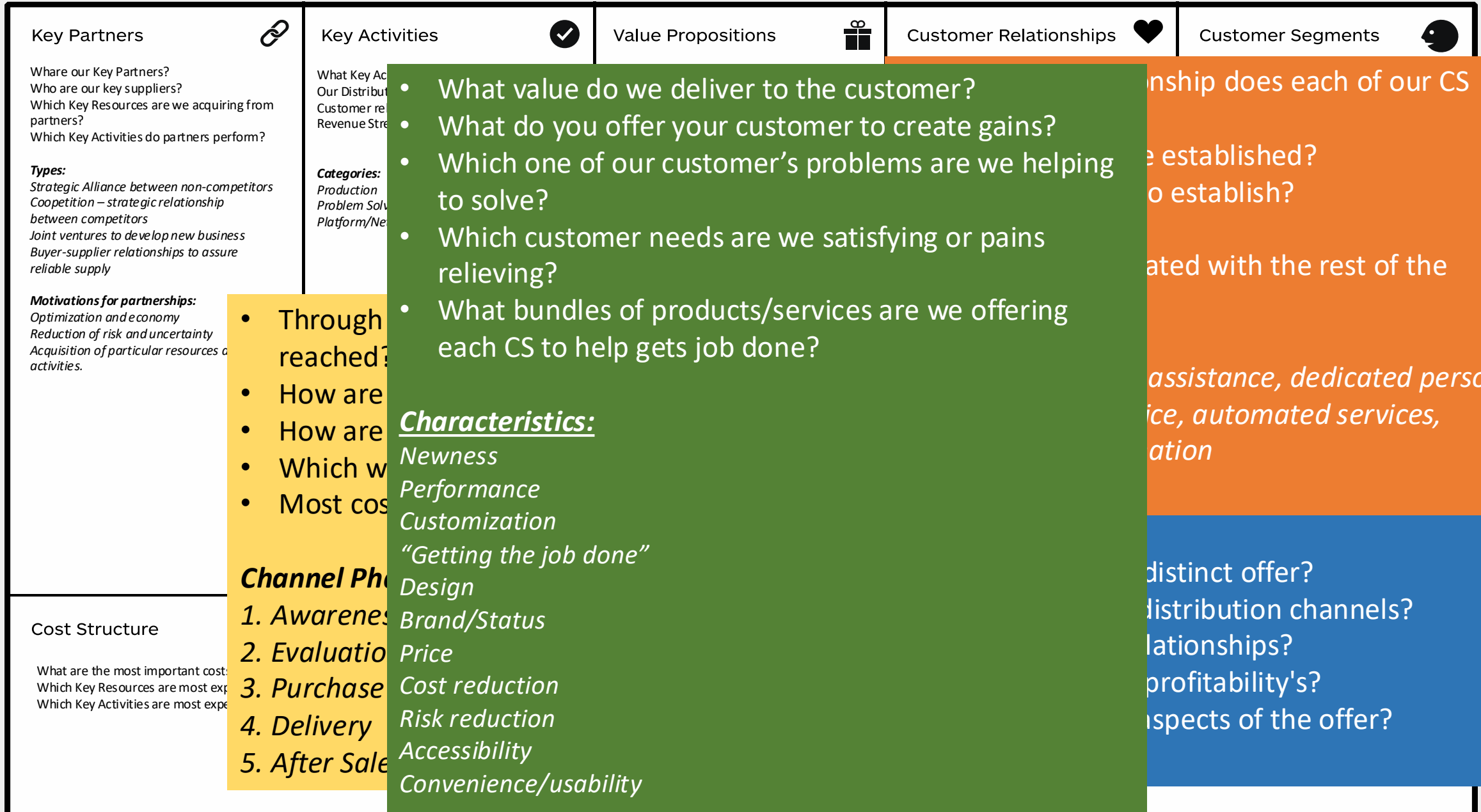
The Business Model Canvas

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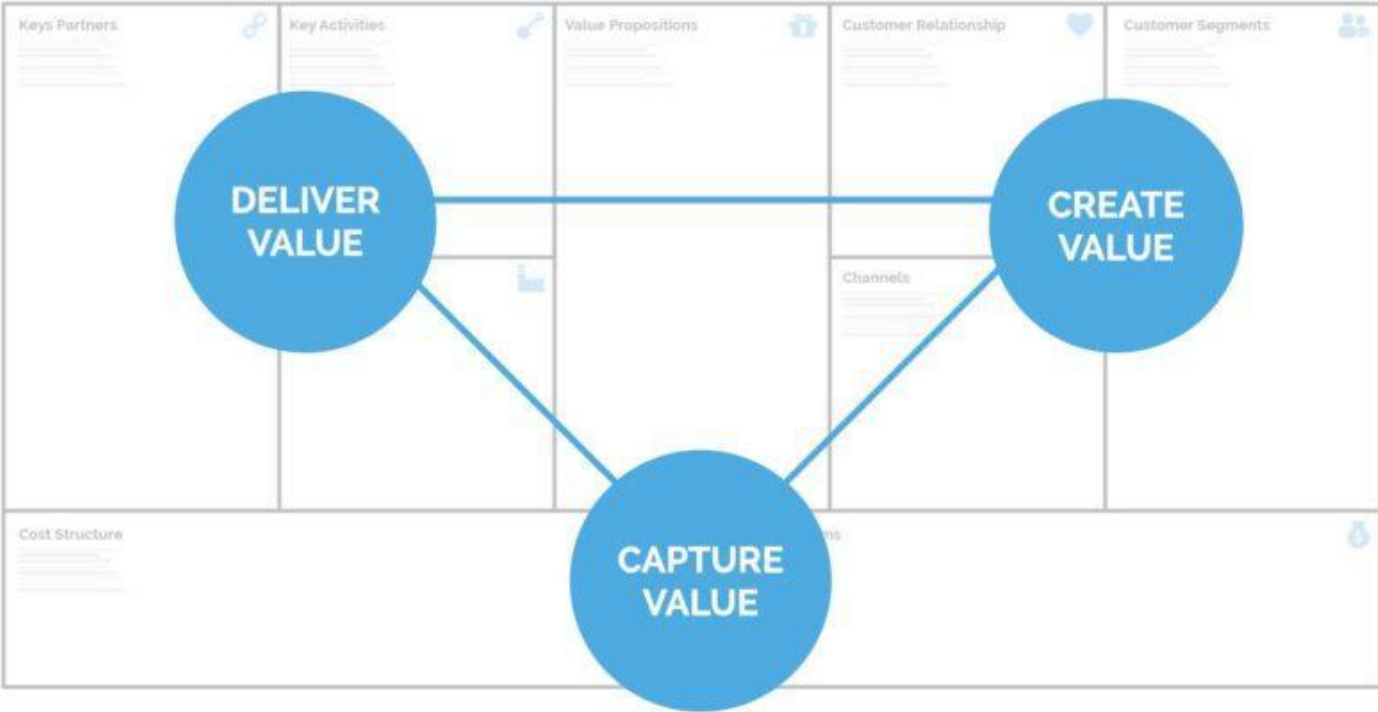
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Business Model Canvas



What is a Business Model?



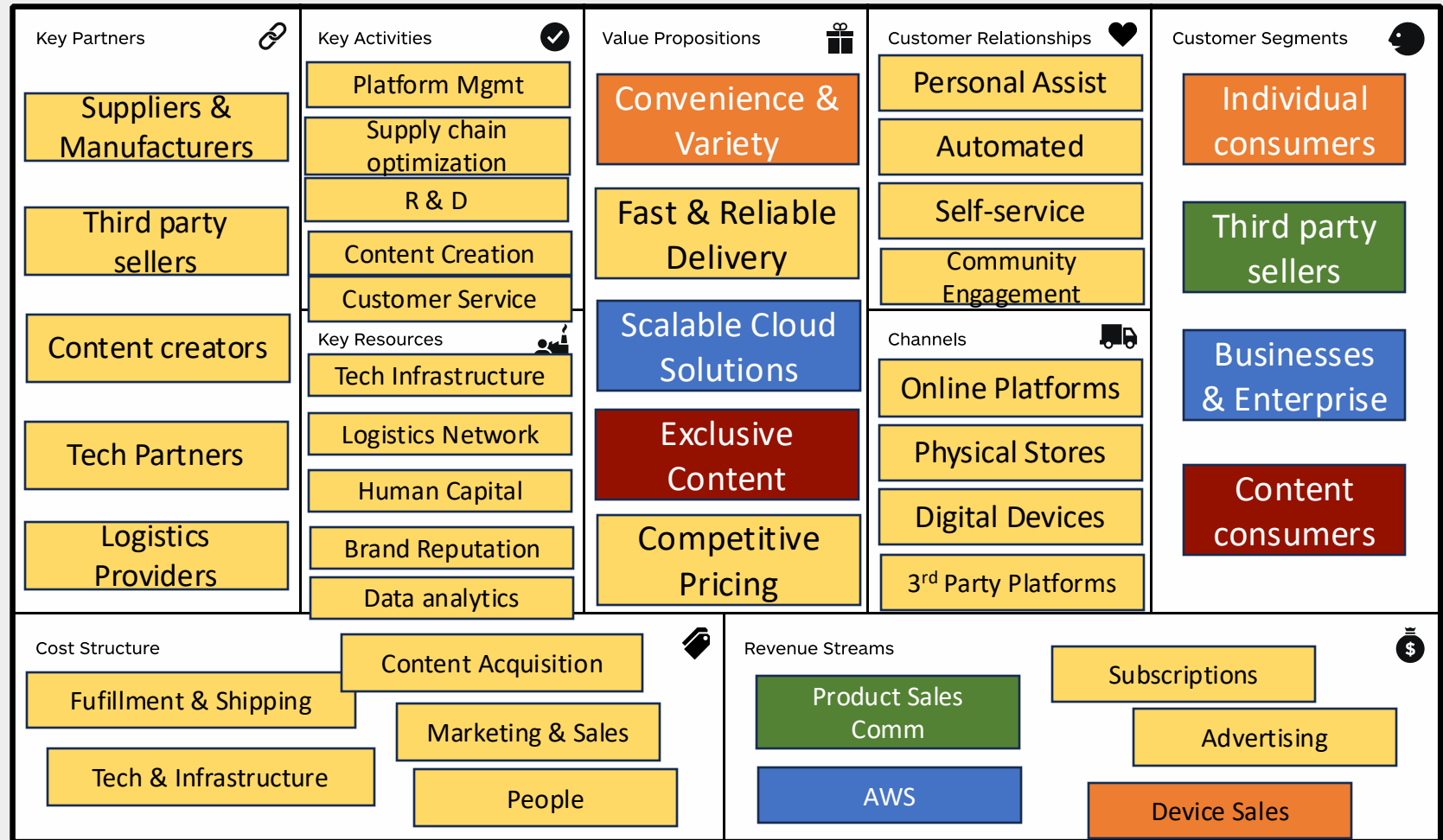
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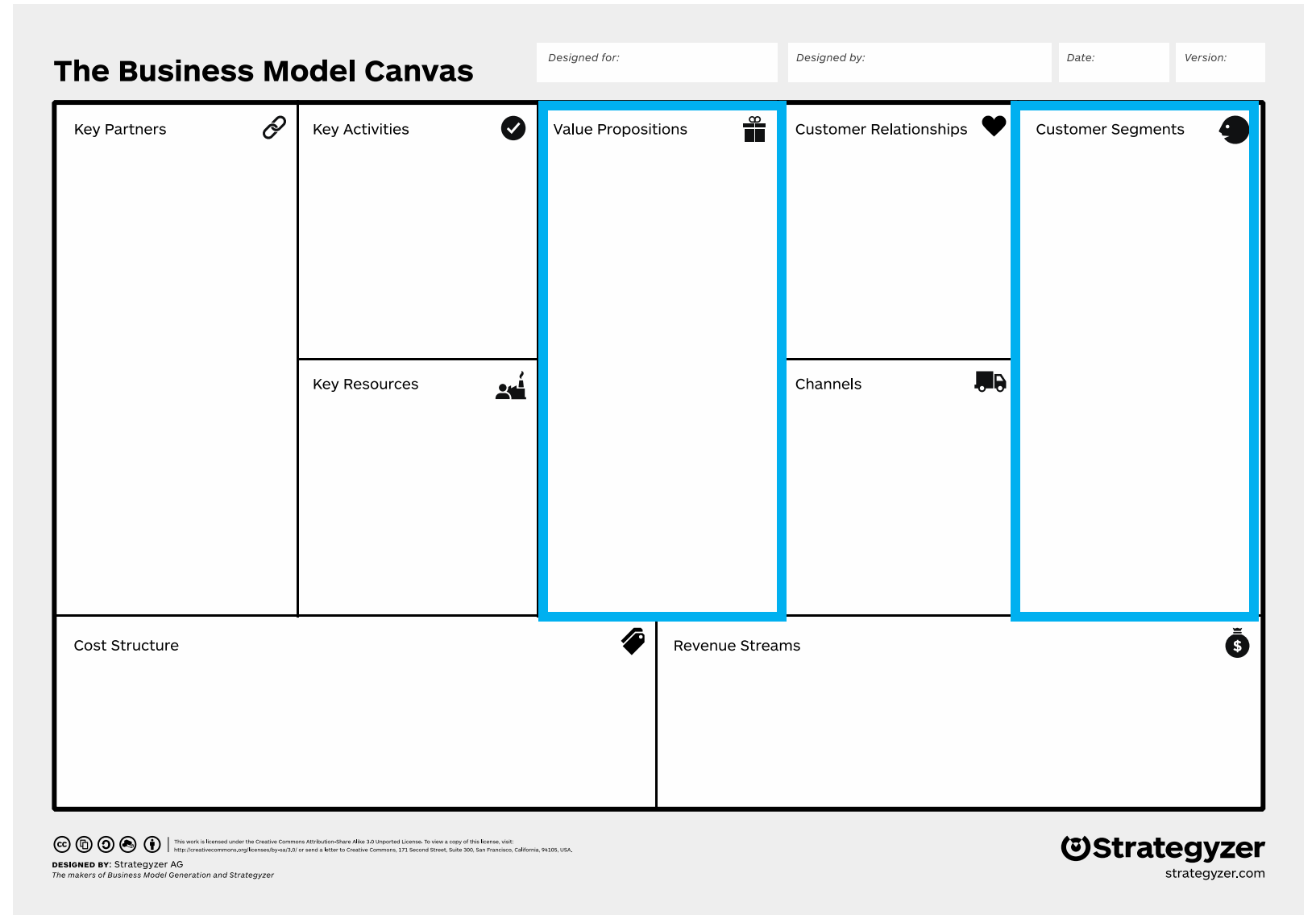


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DESIGNED BY: Strategyzer AG
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Nine Components of the Business Model Canvas

1. Customer Segments
2. Value Proposition
3. Channels
4. Customer Relationships
5. Key Partnerships
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.