The Business Model Canvas

Ideation and Strategy

The Business Model Canvas is one-page document that works through the fundamental elements of a business or product, structuring an idea in a coherent way. It is a quick and visual tool that allows you to describe, design, challenge, invent and pivot your business model without the clunkiness of a full Business Plan.

Purpose

The Business Model Canvas (BMC) is a strategic management tool that addresses the problem of effectively visualizing, analysing, and designing business models. It provides a structured framework for organizations to define and evaluate key elements of their business, facilitating a comprehensive understanding of the value proposition, customer segments, revenue streams, cost structure, key activities, resources, partnerships, and channels. The Business Model Canvas has been widely applied across various industries and business contexts. Startups often utilize it to develop innovative business models and pitch their ideas to investors. Established companies use it to analyse their existing models, identify areas for improvement or expansion, and adapt to changing market dynamics. The BMC has also been applied in non-profit organizations, government agencies, and educational institutions to define and refine their value propositions and operational strategies.

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Expected outcomes of applying the tool

Describe the expected outcomes of the tool. Will it result in a business model, an overview of relevant funding schemes or in enhanced collaboration between farmers on increasing biodiversity?

The outcome of using this tool is a business model, where each block represents a vital aspect of the business, and by filling in the canvas, companies can assess the coherence and viability of their model.

Preparation: What needs to be in place for the tool to work properly (ingredients list)
Describe the needed steps of preparation to be able to apply this tool. This could be analytical groundwork, overview over decision mandate processes or overview of relevant actors.

Who needs to be involved? Who should take the driver's seat? Can we build on any existing assessments or former projects?
To able to correctly apply this tool, you need to first define why you are using the BMC. Are you analysing an existing business model, designing a new one, or exploring strategic options? Understanding the objective will help you focus your efforts and gather the necessary information. Then you need to identify the stakeholders that might help you complete the business model, i.e., departments of sales, finance, operations, etc. Involving diverse perspectives will yield a more comprehensive and accurate canvas. The following step related to gathering data. To have the relevant information for each of the nine blocks, you need data on your organization, industry, customers, and market trends. This can be done through market research, customer surveys, financial data, and competitive analysis. You also must consider factors like target customer segments, geographic reach, product or service offerings, and any specific constraints or challenges, to clarify the boundaries of the business model you want to analyse or design. Lastly, prepare the materials in which you will document and visualize the building blocks. This can be a digital (BMC software or online templates) or a physical (whiteboard, sheet of paper) canvas.

Step-by-step guide to using the tool (Recipe)
Describe in simple step-by-step terms how the tool should be implemented. Include links to more in-depth descriptions or guides where necessary or possible.

Start with a blank canvas: Create a physical or digital canvas where you can document your business model. You can use a whiteboard, a large sheet of paper, or dedicated BMC software or templates available online.

Identify customer segments: Determine the diverse groups of customers you serve or plan to target. Consider their specific needs, characteristics, and behaviours. Write down these customer segments in the "Customer Segments" block of the canvas.

Define your value proposition: Clearly articulate the unique value or benefits you offer to each customer segment. Identify what problems you solve or needs you fulfil. Write down your value proposition in the "Value Proposition" block.

Determine your channels: Specify the channels or means through which you deliver your value proposition to customers. This could include physical stores, online platforms, direct sales, or partnerships. Record your chosen channels in the "Channels" block.

Establish customer relationships: Describe the types of relationships you aim to build with your customers. Consider aspects like personal assistance, self-service, or community engagement. Write down the nature of your customer relationships in the "Customer Relationships" block.

Identify revenue streams: Determine how your business generates revenue from each customer segment. This could be through product sales, subscriptions, licensing, or other sources. Record your revenue streams in the "Revenue Streams" block.

Assess key resources: Identify the essential resources required to deliver your value proposition and operate your business. This can include physical assets, intellectual property, human resources, or financial capital. Write down your key resources in the "Key Resources" block.

Determine key activities: List the critical activities your business must perform to deliver value to customers and maintain operations. This could include production, distribution, or customer support. Record your key activities in the "Key Activities" block.

Establish key partnerships: Identify the external partners or suppliers you collaborate with to enhance your business capabilities. This can include strategic alliances, outsourcing, or supplier relationships. Write down your key partnerships in the "Key Partnerships" block.

Assess cost structure: Determine the costs associated with running your business and delivering your value proposition. Consider aspects like production costs, marketing expenses, personnel salaries, or overhead costs. Record your cost structure in the "Cost Structure" block.

Review and refine: Step back and review the complete canvas. Ensure that the elements are coherent and aligned with each other. Look for areas that need refinement or optimization.

Iterate and adapt: The BMC is a dynamic tool, so be open to iterations and adjustments as you gather feedback and insights. Use the canvas to explore different scenarios and make improvements to your business model.

How to measure effects

Describe how the user can assess or monitor the effects of the applied tool.
First, set clear goals by defining specific objectives and key performance indicators (KPIs) that align with your business model. For that, you need to gather data on the existing performance of your business model. This will serve as a benchmark against which you can measure the effects of the BMC. The goals associated with the KPIs should relate to revenue growth, customer acquisition, cost reduction, market share, or other relevant metrics.

Regularly analyse the data and trends you have collected. Look for correlations between the changes made through the BMC and the observed effects on the identified metrics. This analysis will help you understand the impact of the BMC on your business performance.

Lastly, seek customer feedback to gather their perceptions and satisfaction levels regarding the changes implemented through the BMC. Conduct surveys, interviews, or focus groups to understand their feedback and identify any areas for further improvement. Based on the analysis of data and customer feedback, adjust your business model as needed.

Links and references

If applicable add any relevant links to existing material that could help the user gain a deeper understanding of the tool, how it has been used by others or any sources of knowledge, that might be useful for the user. This could be in the shape of articles, papers, testimonies, audio files or case studies.

Other sources of information include:

"Business Model Generation" book: It explains the purpose and application of the tool in depth. You can find more information about the book here: [Business Model Generation Book](#)

Business Model Canvas Template: Strategyzer, a free downloadable BMC template that you can use to prepare and document your canvas. You can access it here: [Business Model Canvas Template](#)

Tutorial Videos where you can find insightful videos explaining the steps and techniques. Here is the link to the channel: [Strategyzer YouTube Channel](#)

Online Courses on platforms like Udemy, Coursera, and LinkedIn Learning offer a variety of courses taught by experts in the field. Here are a few examples:

[Business Model Canvas: A Tool for Entrepreneurs and Innovators](#)

[Business Model Generation: Master the Business Model Canvas](#)

[Business Model Canvas: Transform Your Business Idea into a Business Model](#)