

AARP FOUNDATION

BUSINESS MODEL CANVAS

Grant Application

Agenda

- ① Introduction
- ② Business Model Canvas Overview
- ③ 9 Building Blocks
- ④ Next Steps

INTRODUCTION

About Strategyzer

The following business model canvas exercise was adapted from Strategyzer, a company that develops practical tools for business strategy practitioners to understand customers, design better value propositions, and find the right business model.

Why the Business Model Canvas?

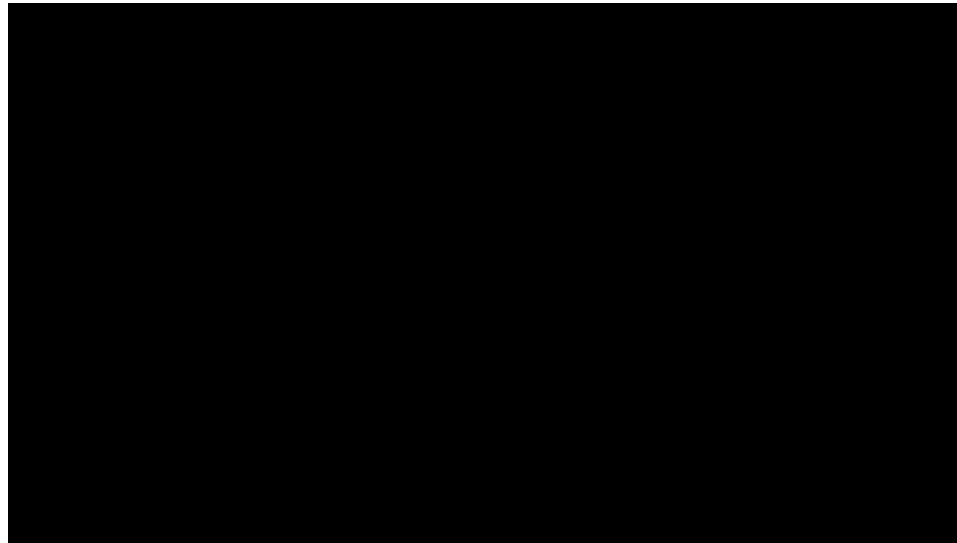
- We use the business model canvas as a part of our grant application process to capture a snapshot of an applicant's business model.
- Please review the following presentation and follow the steps indicated along the way to complete a business model canvas for your program/project.
- Strategyzer's shared language for describing, visualizing, assessing, and changing business models provides a level-playing field for conversation and development.

Instructions

- ① Walk-through Business Model Canvas Presentation (review a completed example on slide **44**)
- ② Use Business Model Canvas template on slide **43** to complete canvas
- ③ Save completed final canvas slide
- ④ Upload your completed canvas, via the **online portal**, on the “Attachments” within your online application.

OVERVIEW

Model Explained



If video doesn't play, then click this link to watch in your browser: <https://youtu.be/QoAOzMTLP5s>

Objective

Use the business model canvas to *describe* and *better understand* the workshop's assigned business.

Business Model

Describes the rationale of how an organization creates, delivers, and captures value.

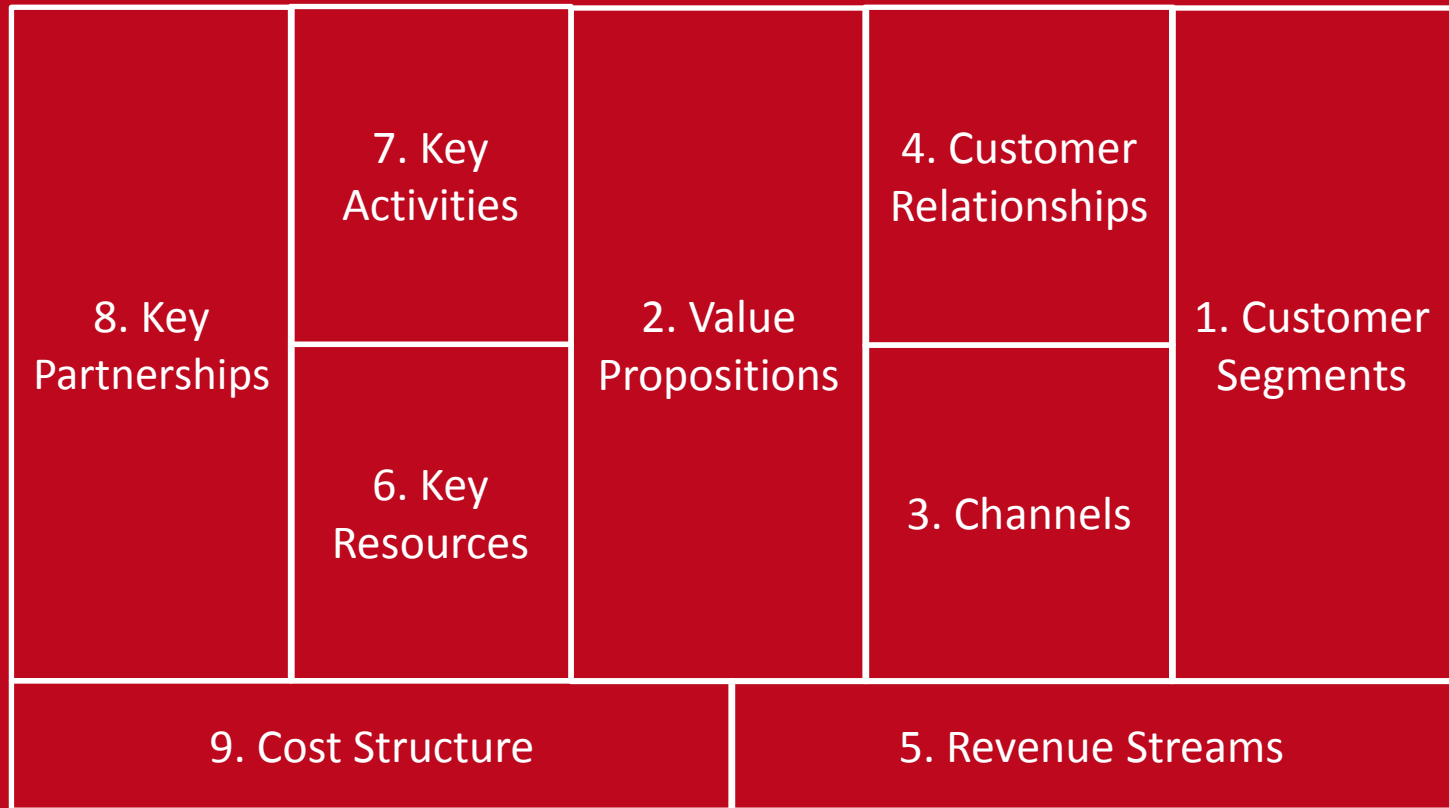
- *Business Model Generation*

Canvas

A shared language for describing, visualizing, assessing, and changing business models.

- *Business Model Generation*

Model Canvas



9 Building Blocks

Customer Segments

Value Proposition

Channels (Delivery)

Customer Relationships



Revenue Streams

Key Resources

Key Activities

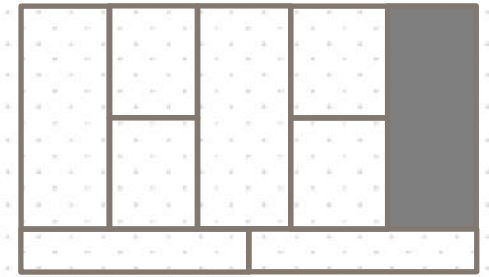
Key Partners



Cost Structure

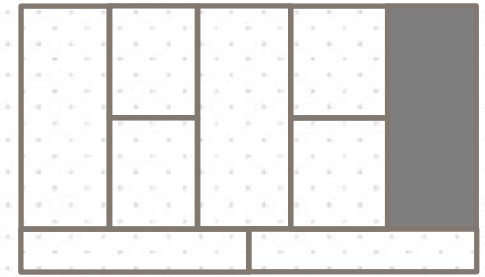
CUSTOMER SEGMENTS

Definition



The different groups of people or organizations an enterprise aims to reach and serve.

Key Question

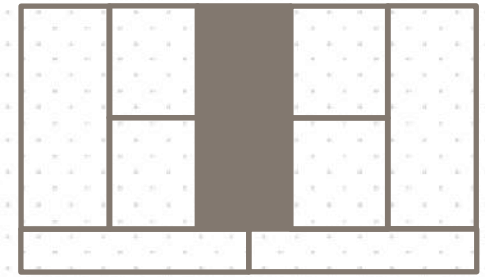


For whom is this company creating value?

- Their needs require and justify a distinct offer.
- They are reached via different distribution networks.
- They require different types of relationships.
- They have substantially different profitabilities.
- They are willing to pay for different aspects of an offer or service.

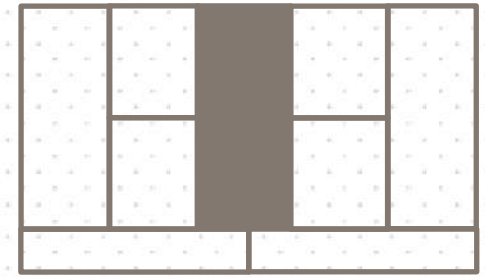
VALUE PROPOSITION

Definition



Solving a problem or satisfying a customer's need.

Key Question



What value does this company deliver to customers?

Quantitative

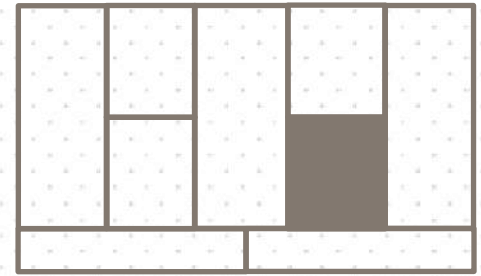
- Price
- Speed of service
- Cost Reduction

Qualitative

- Design
- Customer Experience
- Branding

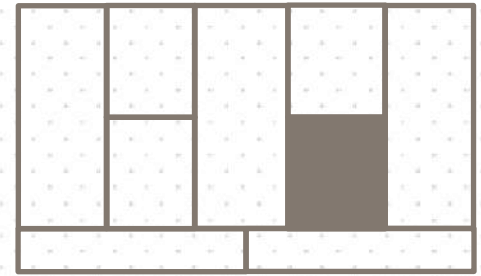
CHANNELS

Key Question



How a company communicates with and reaches its customer segments to deliver a value proposition?

Definition



How does this company communicate and reach customers?

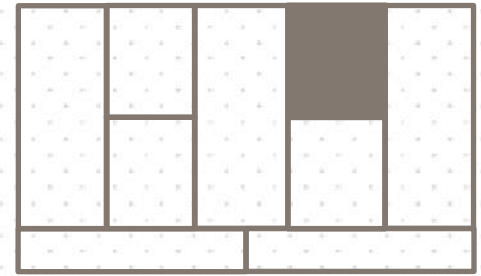
CHANNEL PHASES

- Awareness
- Evaluation
- Purchase
- Delivery
- After sales

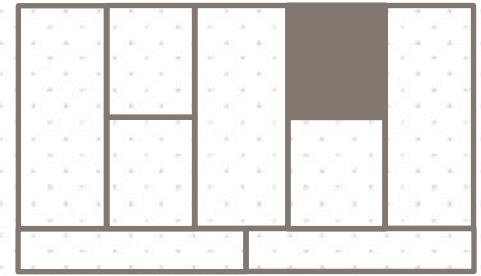
CUSTOMER RELATIONSHIPS

Definition

Relationships established and maintained with each customer segment.



Key Question

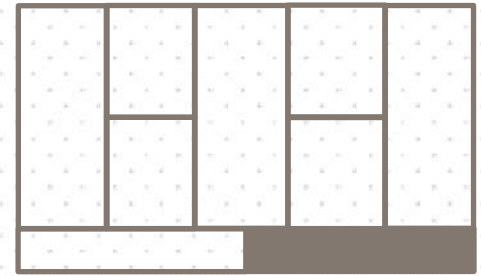


What types of relationships does this company have with their respective customer segments?

- Personal Assistance
- Dedicated Personal Assistance
- Self-service
- Communities
- Automated services
- Co-creation

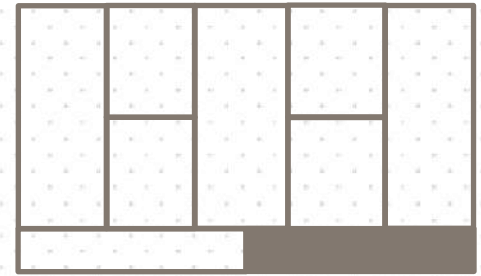
REVENUE STREAMS

Definition



The cash a company generates from each customer segment.

Key Question



For what value are customers in each segment willing to pay?

WAYS TO GENERATE REVENUE STREAMS

- Asset sales
- Selling ownership rights
- Usage fee
- Subscription
- Lending/ Renting/ Leasing
- Licensing
- Brokerage
- Advertising

PRICING MECHANISMS

FIXED

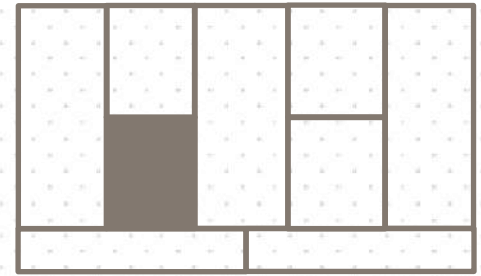
- List Price
- Product Feature Dependent
- Customer Segment Dependent
- Volume Dependent

DYNAMIC

- Negotiation
- Yield
- Supply and Demand
- Competitive Bidding

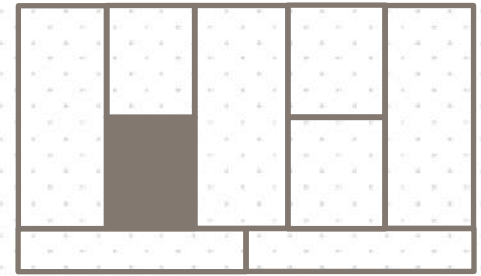
KEY RESOURCES

Definition



Most important assets required to make a business model work.

Key Question



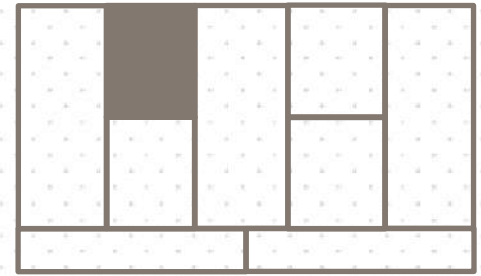
What key resources are required to deliver the company's Value Propositions?

KEY RESOURCES

- Physical
- Intellectual
- Human
- Financial

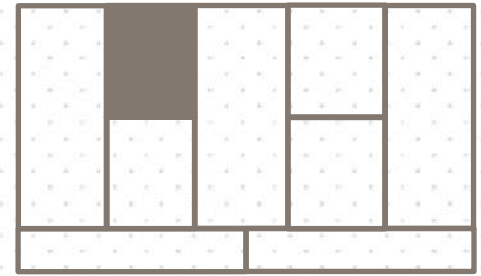
KEY ACTIVITIES

Definition



Most important things a company must do to make the business model work.

Key Question



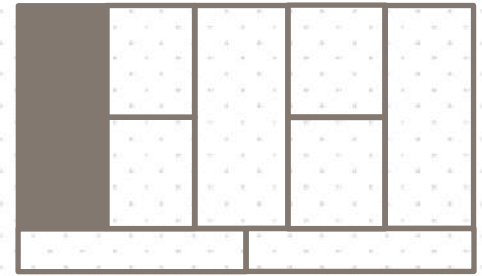
What key activities are required to deliver the company's Value Propositions? Distribution channels? Customer relationships? Revenue streams?

KEY ACTIVITIES

- Production
- Problem Solving
- Platform/Network

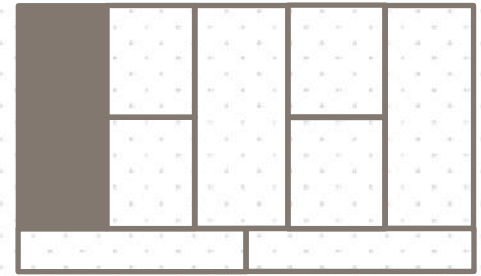
KEY PARTNERS

Definition



Network of suppliers and partners that make the business model work.

Key Question



Who are the companies key partners? Suppliers?

FOUR TYPES OF PARTNERSHIPS

- Alliances to optimize business model
- Coopetition
- Joint Ventures
- Buyer/Supplier relationships

MOTIVATIONS

- Optimization and economies of scale
- Reduction of risk and uncertainty
- Acquisition of particular resources and activities

COST STRUCTURE

Definition



All the costs incurred to successfully operate a business model.

Key Question



What are the most important costs inherent in the company's business model?

BROAD CLASSES:

- Cost Driven vs Value Driven

COST STRUCTURES

- Fixed Costs
- Variable Costs
- Economies of Scale
- Economies of Scope

NEXT STEPS

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AARP Foundation

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Business Model Canvas

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APPLICANT NAME:

PROJECT TITLE:

KEY PARTNERS

Insert text here

KEY ACTIVITIES

Insert text here

VALUE PROPOSITION

Insert text here

CUSTOMER RELATIONSHIP

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CUSTOMER SEGMENTS

Insert text here

KEY RESOURCES

Insert text here

CHANNELS

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COST STRUCTURES

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REVENUE STREAMS

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Example Business Model Canvas



Kelly's Lemonade Stand: Refreshing Lemonade

