Agenda

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

1. Customer Segments
2. Value Propositions
3. Channels
4. Customer Relationships
5. Revenue Streams
6. Key Resources
7. Key Activities
8. Key Partnerships
9. Cost Structure
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?

<table>
<thead>
<tr>
<th>WAYS TO GENERATE REVENUE STREAMS</th>
<th>PRICING MECHANISMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset sales</td>
<td>FIXED</td>
</tr>
<tr>
<td>Selling ownership rights</td>
<td>List Price</td>
</tr>
<tr>
<td>Usage fee</td>
<td>Product Feature Dependent</td>
</tr>
<tr>
<td>Subscription</td>
<td>Customer Segment Dependent</td>
</tr>
<tr>
<td>Lending/ Renting/ Leasing</td>
<td>Volume Dependent</td>
</tr>
<tr>
<td>Licensing</td>
<td>DYNAMIC</td>
</tr>
<tr>
<td>Brokerage</td>
<td>Negotiation</td>
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<tr>
<td>Advertising</td>
<td>Yield</td>
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<tr>
<td></td>
<td>Supply and Demand</td>
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<tr>
<td></td>
<td>Competitive Bidding</td>
</tr>
</tbody>
</table>
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
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 companies' business model?

BROAD CLASSES:
- Cost Driven vs Value Driven

COST STRUCTURES
- Fixed Costs
- Variable Costs
- Economies of Scale
- Economies of Scope
NEXT STEPS
Walk-through Business Model Canvas Presentation (review a completed example on slide 44)

Save completed final canvas slide

Upload your completed canvas (as a PDF file) via the “Attachments” within your online application.
<table>
<thead>
<tr>
<th>APPLICANT NAME:</th>
<th>PROJECT TITLE:</th>
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</thead>
<tbody>
<tr>
<td>KEY PARTNERS</td>
<td></td>
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<tr>
<td>Insert text here</td>
<td></td>
</tr>
<tr>
<td>KEY ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>Insert text here</td>
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</tr>
<tr>
<td>VALUE PROPOSITION</td>
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<tr>
<td>CUSTOMER RELATIONSHIP</td>
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<td>CUSTOMER SEGMENTS</td>
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<td>Insert text here</td>
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<tr>
<td>KEY RESOURCES</td>
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<td>Insert text here</td>
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<tr>
<td>CHANNELS</td>
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<td>COST STRUCTURES</td>
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<tr>
<td>REVENUE STREAMS</td>
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</table>
Example Business Model Canvas

**Kelly's Lemonade Stand: Refreshing Lemonade**

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Relationships</th>
<th>Customer Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipalities</td>
<td>Making lemonade</td>
<td>Cold tasty natural lemonade on-the-go</td>
<td>Personal</td>
<td>Park visitors</td>
</tr>
<tr>
<td></td>
<td>Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Selling</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Key Resources</td>
<td>Ingredients</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales people</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Booth &amp; equipment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Channels</td>
<td>Booth sale</td>
<td></td>
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<tr>
<td></td>
<td><a href="http://WWW.Kellyslemonade.com">WWW.Kellyslemonade.com</a></td>
<td></td>
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</tr>
<tr>
<td>Cost Structure</td>
<td>Ingredients</td>
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</tr>
<tr>
<td></td>
<td>Equipment</td>
<td></td>
<td></td>
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</tr>
<tr>
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<td>Flyers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue Streams</td>
<td>Lemonade sales</td>
<td></td>
<td></td>
<td>Tips</td>
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<tr>
<td></td>
<td>Tips</td>
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