Business Model Canvas

Introduction

The business model canvas is a helpful tool to get a clear image of the business potential and societal relevance of your activities. It helps you identify the commercial value of your activities and makes you aware of possible partnerships, (new) allies and potential opponents. It also helps you clarify societal value(s) of your activities, which can help you utilize social capital to accomplish your goals.

The tool is developed by a group of entrepreneurs who wanted to find innovative ways of creating value and building business. The model includes logic and efficiency (left brain) as well as emotion and value (right brain). Key questions are: why and for whom are we creating value? These are relevant questions relating to stakeholder analysis for Ecosystem Services and Natural Capital. Creating a value proposition is considered to be an activity to be undertaken with all partners at stake. As such, the tool is very relevant to stakeholder processes. It helps you to identifying stakeholders and gets you to think of how Ecosystem Services and Natural Capital can be of value for both people and environment.

Keywords

Business model canvas; business potential; societal relevance

Why would I choose this approach?

The business model canvas is typically applied when building or reviewing business models. Especially relevant in more densely occupied areas or areas where where spatial conflicts are imminent. The tool helps you generate ideas. It provides you with a clear view on who your partners in ´business´ are, what your relationship is with them and what you can offer them (the value proposition). This helps you target your communication specific to each group of stakeholders.

What are the main advantages of the approach?

- Creative business/value perspective.
- Supplementary to more traditional power interest diagrams.
- Valuable replenishment to the ecosystem services cascade model which is clearly explained in a paper which you can download on the internet (see this link).

What are the constraints/limitations of the approach?

- Does not provide you with information on potential foes.
- Does illuminate interest(s), but not power relationships.

What types of value can the approach help me understand?

The tool clarifies societal value(s) of your activities, which can help you utilize social capital to accomplish your goals.

How does the approach address uncertainty?

Uncertainty can be addressed by diversity within the brainstorm team.

How do I apply the approach?

1. Plot the canvas on a poster. The tool uses a matrix to guide you through nine steps, it's called 'the canvas' (see below).
2. Put the poster on the wall.
3. Sketch out your business model, together with your team, in a brainstorm session.
4. Identify patterns and mechanisms.
5. Identify your stakeholders and the channels to communicate with them.

Canvas

You can download the canvas below on the internet http://www.businessmodelgeneration.com/canvas.

8. Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

7. Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

6. Key resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

2. Value proposition

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

4. Customer relations

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Self-Service
Automated Services
Communities
Co-creation
Dedicated Personal Assistance

3. Channels*

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

1. Customer segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

*STEPS
1. Awareness
How do we raise awareness about our products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

9. Cost structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

5. Revenue streams
(both monetary and non- monetary values!)

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

Ecosystem Services and Natural Capital is Value Driven (focused on value creation, premium value proposition). Sample characteristics Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope	**TYPES** *Asset sale* *Usage fee* *Subscription Fees* *Lending/Renting/Leasing* *Licensing* *Brokerage fees* *Advertising*	**FIXED PRICING** *List Price* *Product feature dependent* *Customer segment dependent* *Volume dependent*	**DYNAMIC PRICING** *Negotiation (bargaining)* *Yield Management* *Real-time-Market*	

Brainstorm session

- Organize brainstorm session(s) with your team to sketch out the model relevant to your case on the canvas.
- Use sticky notes.
- The method involves a number of consecutive steps (1-9).
- Follow the steps 1 to 9 on the canvas on the previous page, starting with identifying several Customer Segments and Value Propositions.

Identify patterns and mechanisms

Ecosystem Services and Natural Capital are usually supply-driven, originating from existing infrastructure and partnerships. Customer-driven innovations are based on customer's needs, such as sufficient water, clean air, green space etc.

Identify stakeholders and channels

While using the business model canvas you have identified your stakeholders. You'll find them in Customer Segments and Key Partners. The brainstorm might have led you to less usual, yet potentially valuable partners.

Requirements

Requirements		Comments
Data	x Data is available Need to collect some new data (e.g. participatory valuation) Need to collect lots of new data (e.g. valuation based on surveys)	Structuring ideas generated in team
Type of data	Quantitative x Qualitative	
Expertise and production of knowledge	x Working with researchers within your own field x Working with researchers from other fields x Working with non-academic stakeholders	Diversity within the team involves people of different ages, representing multiple areas of expertise and various cultural backgrounds.
Software	x Freely available License required Advanced software knowledge required	
Time resources	x Short-term (less than 1 year) Medium-term (1-2 years) Long-term (more than 2 years)	• 1 day preparation • 0,5 a day logistics • 1 day x 2 people analyzing the results. • At least the facilitator should be experienced in the method.
Economic resources	x Low-demanding (less than 6 PMs) Medium-demanding (6-12	

	PMs) High-demanding (more than 12 PMs)	
Other requirements	Resources required: • a brainstorm team (max. 8 people) • two brainstorm sessions • a good facilitator • a few plots of the canvas, post its, drawing materials, camera. • a quiet and preferably inspirational room • good catering!	

Where do I go for more information?

Contact: Charlot Teng (charlot@wing.nl)

Osterwalder, A. and Y. Pigneur (2010), Business Model Generation, John Wiley & Sons Inc.
available at: http://www.businessmodelgeneration.com/