



## *Chapter 2 - HOW TO MANAGE YOUR BUSINESS*

### **2.2 BUSINESS MODEL CANVAS**



Funded by the  
Erasmus+ Programme  
of the European Union

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

## What is the Business Model Canvas?

The Business Model Canvas is a strategic management and entrepreneurial tool that helps you to describe, design, challenge, invent, and pivot your business model in an easy way.

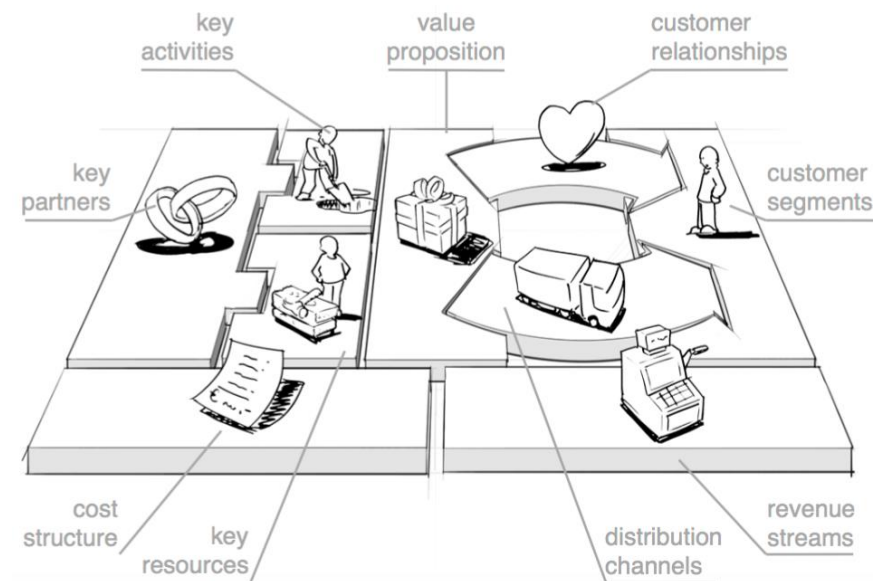
The Business Model Canvas easily allows you to:

- see the relationship among the parts of your model;
- identify hypothesis, assumptions and risks;
- plan validation testing (market, channels, pricing);
- find ways to add value or reduce costs;
- brainstorm market disruption strategies.

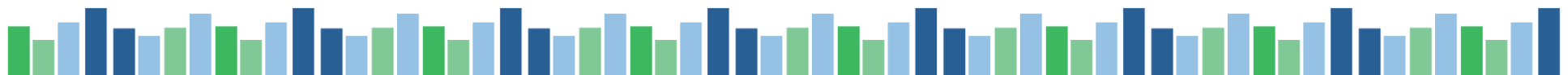
The Business Model Canvas consists of nine building blocks covering the main areas of a business: customers, offer, infrastructure and financial viability. You can see the 9 blocks in the graphic on the right side. You will need to fill in each block of the canvas in order to structure your business idea. Therefore, the Canvas provides some questions for each of the blocks, which we will explain later.

Think about your business idea. Around which of the following ways did the idea develop?

- You have a specific **Value Proposition**/ a well-defined offer: you have a solution which solves a problem or satisfies a customer
- You have **specific resources**, some specific competences, a license (IP), a specific know-how, etc.
- You have a well-defined **segment of customers** having a problem you intend to satisfy
- You have a low-cost model so more customers can **access** a product or a service



Answering this question will help you to figure out which of the building blocks is the most important for you now from which you can start.



## Before you start filling in the blocks:

1) Normally, you think about your business from your own perspective, which is called an organization-centric view. In order to make your business successful you need to start thinking from the perspective of your customers, which is called a user-centric view. To make the difference between these two perspectives more clear, have a look at the following table, where on the left side questions are formulated from the organization-centric view and on the right side from a user-centric view.

Organization-centric	User-centric
What can we sell to customers?	What are the real customers needs and how can we help them?
How can we better target our customers?	How do our customers want to be targeted?
What kind of relationship do we establish with our customers?	What kind of relationship do customers expect from us to set up?
Where and how to earn money?	What is the value that customers are willing to pay for?
What technology do we use?	The technology already exists and is accessible to all -how do we use it?

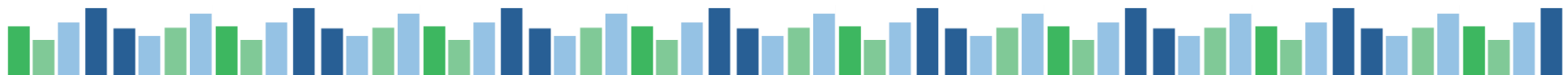
2) Check your business idea against these four criteria:

- Are there customers who will buy what you sell?
- Is your product or service different enough from competitors?
- Is your business idea more profitable than another business?
- Can you build a “factory” for doing what you do and vastly increase output?

You can download the Business Model Canvas under the following link: <https://canvanizer.com/new/business-model-canvas>

To get a better overview how the Business Model Canvas works, watch the video under the following link:

<https://www.youtube.com/watch?v=IP0cUBWTgpY>



Now you can start filling the blocks considering the following question:

### Key Partners

Who are your key partners?

Who are your key suppliers?

Which key resources are you acquiring from partners?

Which key activities do partners perform?

### Key Activities

What key activities does your value proposition require?

### Key Resources

What key resources does your value proposition require?

### Value Proposition

What value do you deliver to the customer?

Which one of your customer's problems are you helping to solve?

What bundles of products and services are you offering to each customer segment?

Which customer needs are you satisfying?

### Customer Relationships

What type of relationship does each of your customer segments expect you to establish and maintain with them?

Which ones have you established?

How are they integrated with the rest of your business model?

How costly are they?

### Channels

Through which channels do your customer segments want to be reached?

How are you reaching them now?

How are your channels integrated?

Which ones work best?

Which ones are most cost-efficient?

How are you integrating them with customer routines?

### Customer Segments

For whom are you creating value?

Who are your most important customers?

### Cost Structure

What are the most important costs inherent in your business model?

Which key resources are most expensive?

Which key activities are most expensive?

### Revenue Streams

For what value are your 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?

