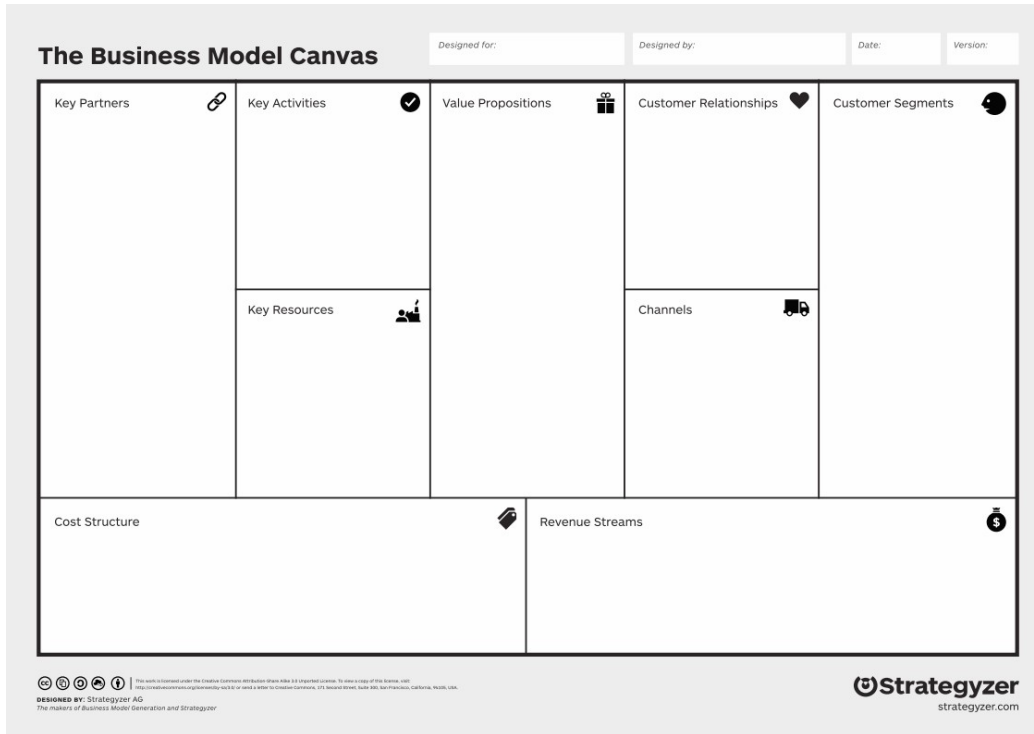**Introduction to Business Model Canvas**

A Business Model Canvas supports the expression of value creation and delivery by an organization in nine basic elements. Here's a short introduction video: <u>Business Model Canvas Explained</u>.

The Business Model Canvas

Key Partners 🔗	Key Activities ✅	Value Propositions 🎁	Customer Relationships ❤️	Customer Segments ⬤
	Key Resources 👷		**Channels** 🚚	

Cost Structure 🏷️	Revenue Streams 💲

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Customer Segments

For whom are we creating value?
Who are our most important customers?
Is the market a mass or niche market; segmented; diversified, or multi-sided platform?

Value Propositions

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?
Characteristics might include:

Newness	Design	Risk Reduction
Performance	Brand/Status	Accessibility
Customization	Price	Convenience/Usability
"Getting the job done"	Cost Reduction	

Customer Relationships

What type of relationship does each or 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 include:

Personal assistance	Automated services
Dedicated personal assistance	Communities
Self-service	Co-creation

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?

Channel Phases include:

1. Awareness: How do we raise awareness about our company's 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 Sale: How do we provide post-purchase customer support?

Key Activities

What Key Activities do our Value Propositions require?

Our Distribution Channels?

Customer Relationships?

Revenue Streams?

Categories might include:

Production,	Problem Solving,
Platform/Network	

Key Resources

What Key Resources do our Value Propositions require?

Our Distribution Channels?

Customer Relationships?

Revenue Streams?

Types of resources might include:

Physical	Intellectual (brand, patents, copyrights, data)
Human	Financial

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?

Motivation for partnerships may include:

- Optimization and economy
- Reduction of risk and uncertainty
- Acquisition of particular resources and activities

Revenue Streams

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?

Types	Fixed Pricing	Dynamic Pricing
Asset sale	List price	Negotiation (bargaining)
Usage fee	Product feature	Yield management
Subscription fees	Customer segment	Real-time market
Lending/Renting/Lease	Volume	
Licensing		
Brokerage fee		
Advertising		

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?

Is the business more:

- Cost driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing), or,
- Value driven (focused on value creation, premium value proposition)

Sample characteristics might include:

- Fixed costs (salaries, rents, utilities)
- Variable costs
- Economies of scale
- Economies of scope

Source and more information is: "Business Model Generation" by Alexander Osterwalder and Yves Pigneur. Here's a link to a more in-depth video by Osterwalder with interesting example: How to Design, Test, and Build Business Models