

Business 200 D100: Business Fundamentals



Week 4 Business Model Canvas

Beedie School of Business ❖ Dr. Wayne Rawcliffe

The Business Canvas



Business Model

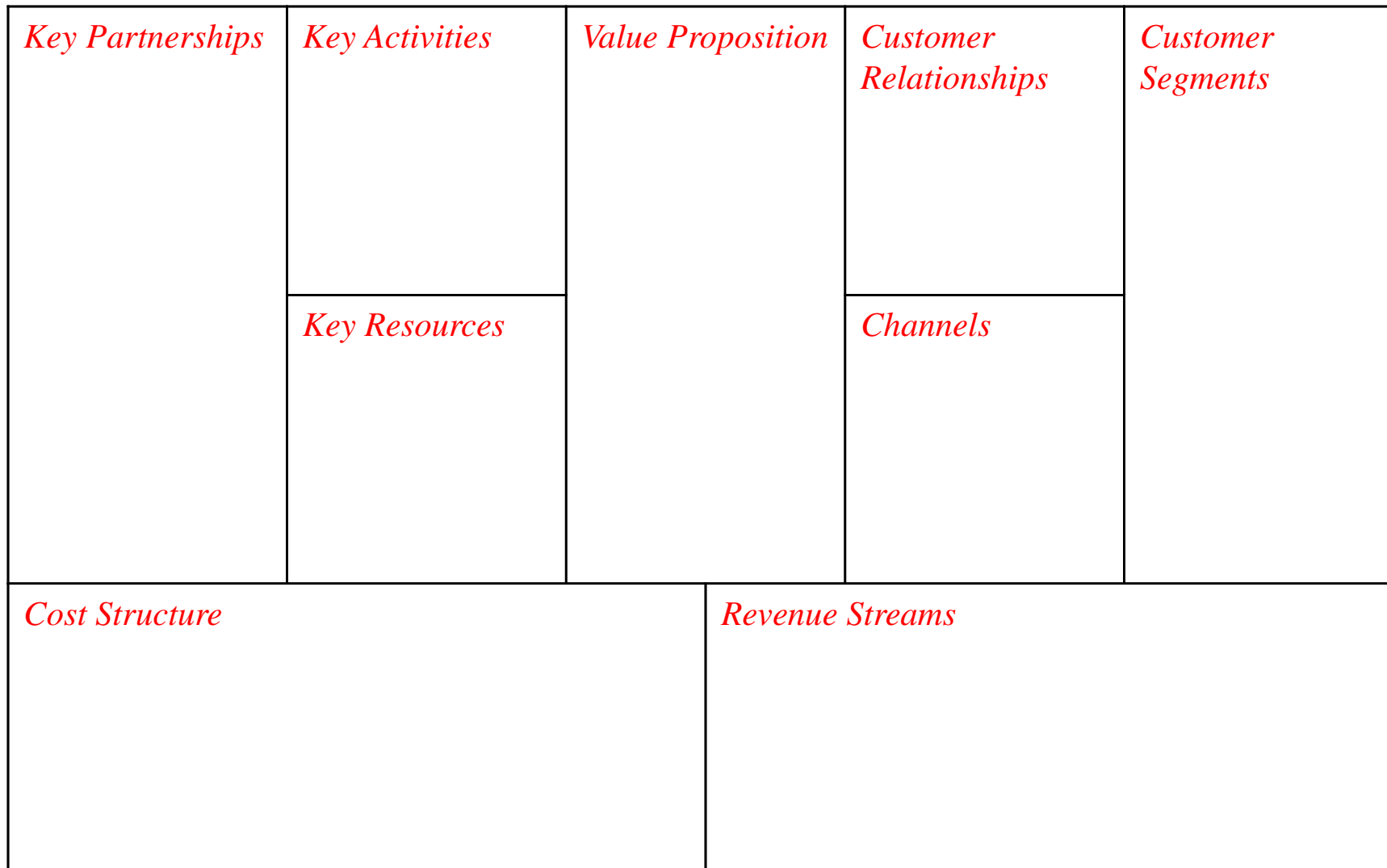
Describes the rationale of how the organization creates, delivers, and captures value

Business Model Canvas provides a shared language for describing, visualizing, assessing, and changing business models



9 building blocks

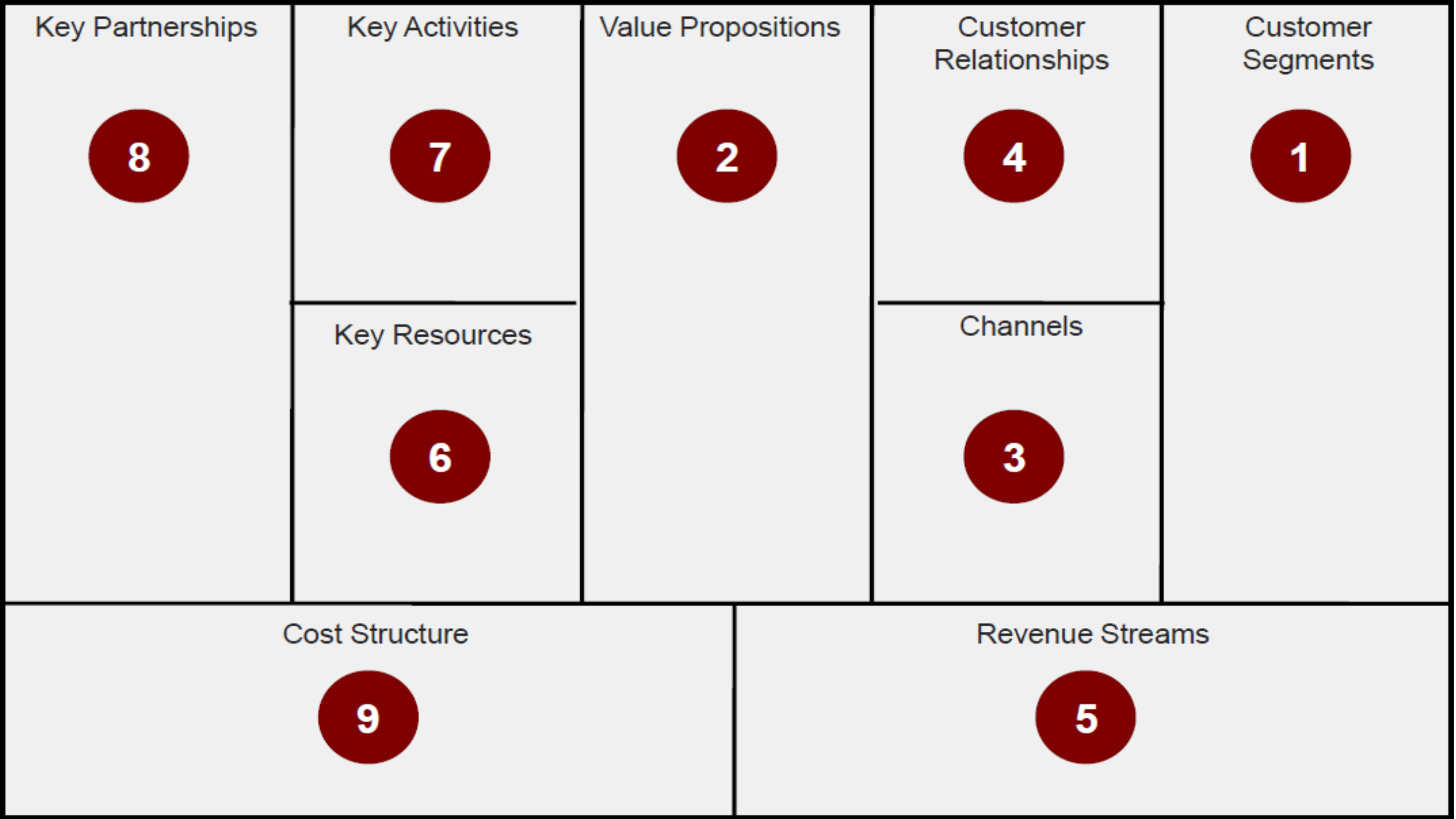
Business Model Canvas

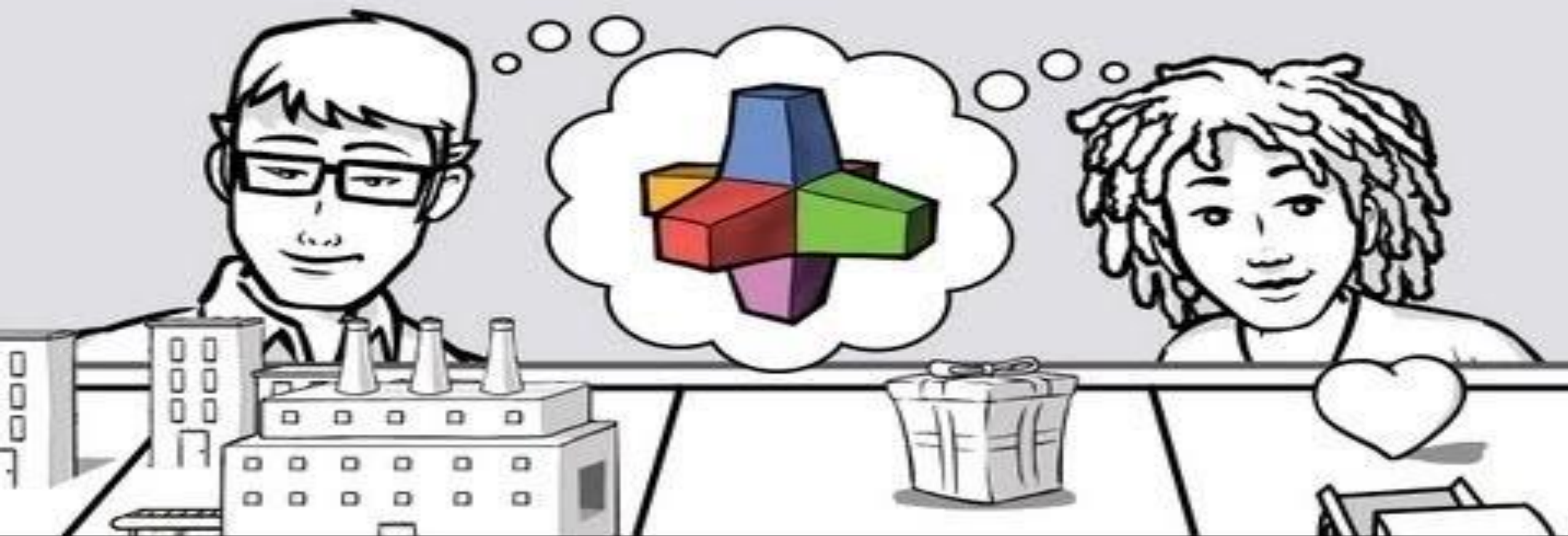


Source www.businessmodelgeneration.com/canvas.
Canvas concept developed by Alexander Osterwalder and Yves Pigneur.












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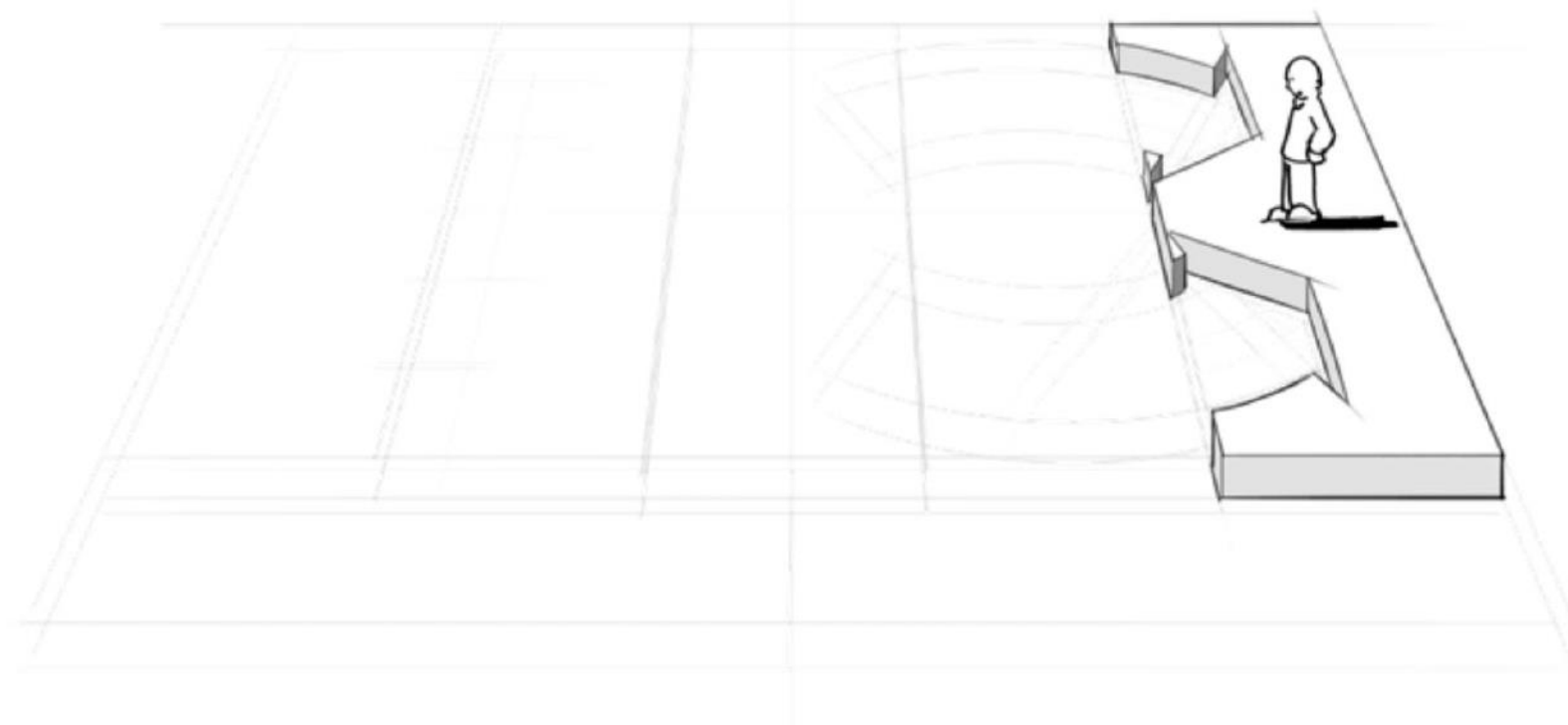


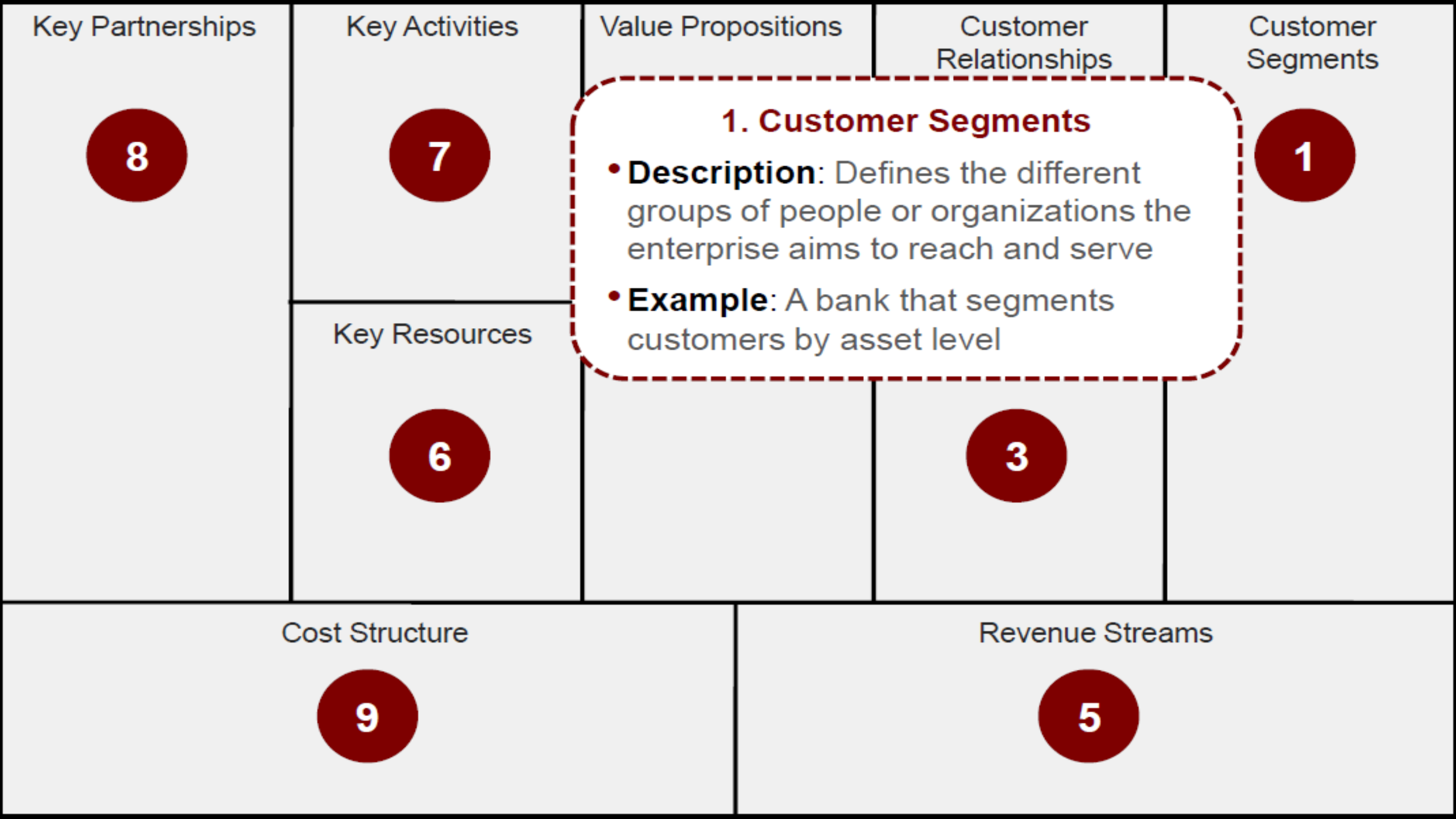
BUS-200-D100 Group Project

- You will use the business model canvas in your team assignment.
- Choose a real company (coffee shop, laundromat, hair salon...)
- Create a business model canvas for your chosen company
- Identify how the local company had identified and fulfilled each of the 9 elements of the business model canvas

<div>KEY PARTNERS</div> <div><< list your copmany's partners here>></div>	<div>KEY ACTIVITIES</div> <div><< describe your company's key activities here>></div>	<div>POSITIONS</div> <div><< insert your company's value proposition here>></div>	<div>CUSTOMER RELATIONSHIPS</div> <div><describe how you plan to establish and manage the relationship between the customer and your brand here>></div>	<div>CUSTOMER SEGMENTS</div> <div><< describe your company's target customer segment here>></div>
	<div>KEY RESOURCES</div> <div><< list the key resources available to your company here>></div>		<div>CHANNELS</div> <div><< describe 1) how your company plans to acquire customers, 2) how you plan to deliver your value proposition to them and 3) how you plan to communicate with your customers >></div>	
<div>COST STRUCTURE</div> <div><< Describe your company's cost structure here>></div>		<div>REVENUE STREAMS</div> <div><< describe your company's reve streams here>></div>		

CUSTOMER SEGMENTS





Customer segments

For whom are we
creating value?

Who are our most
important customers?

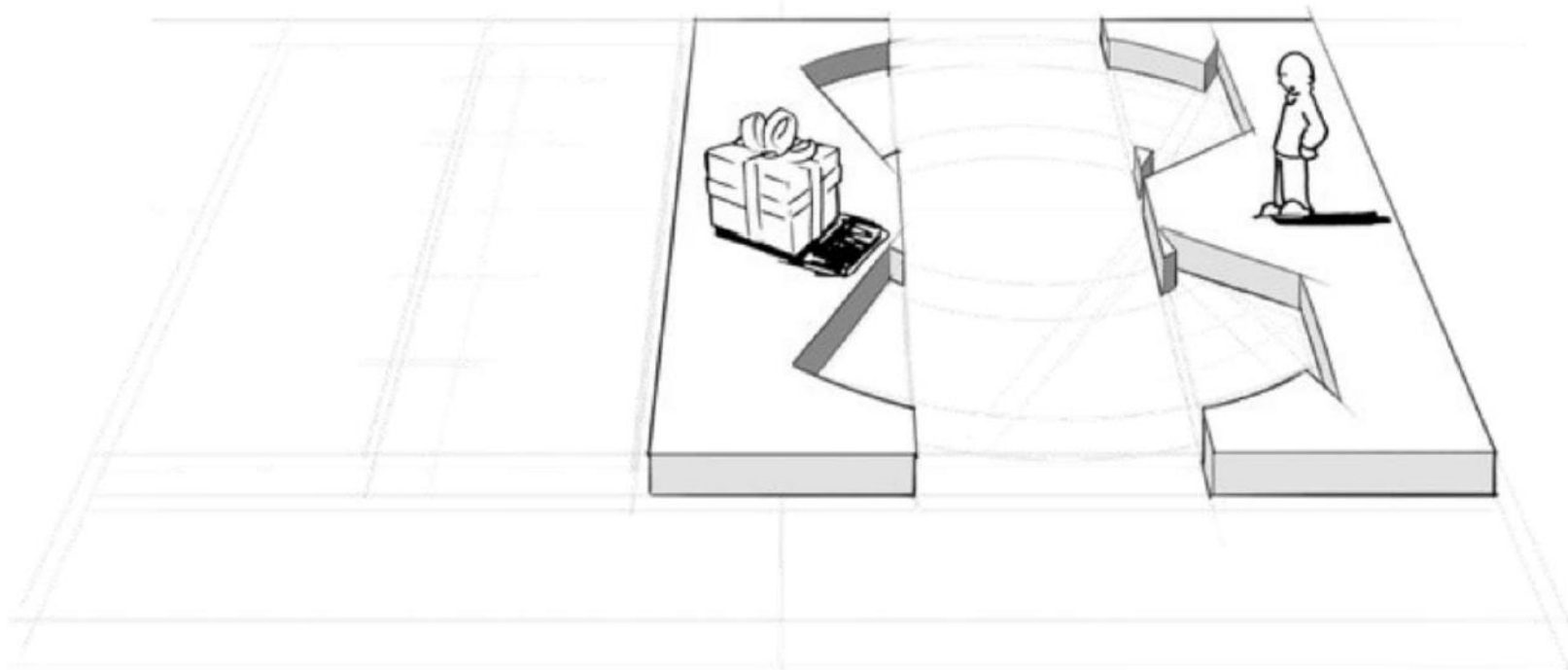
Mass
market

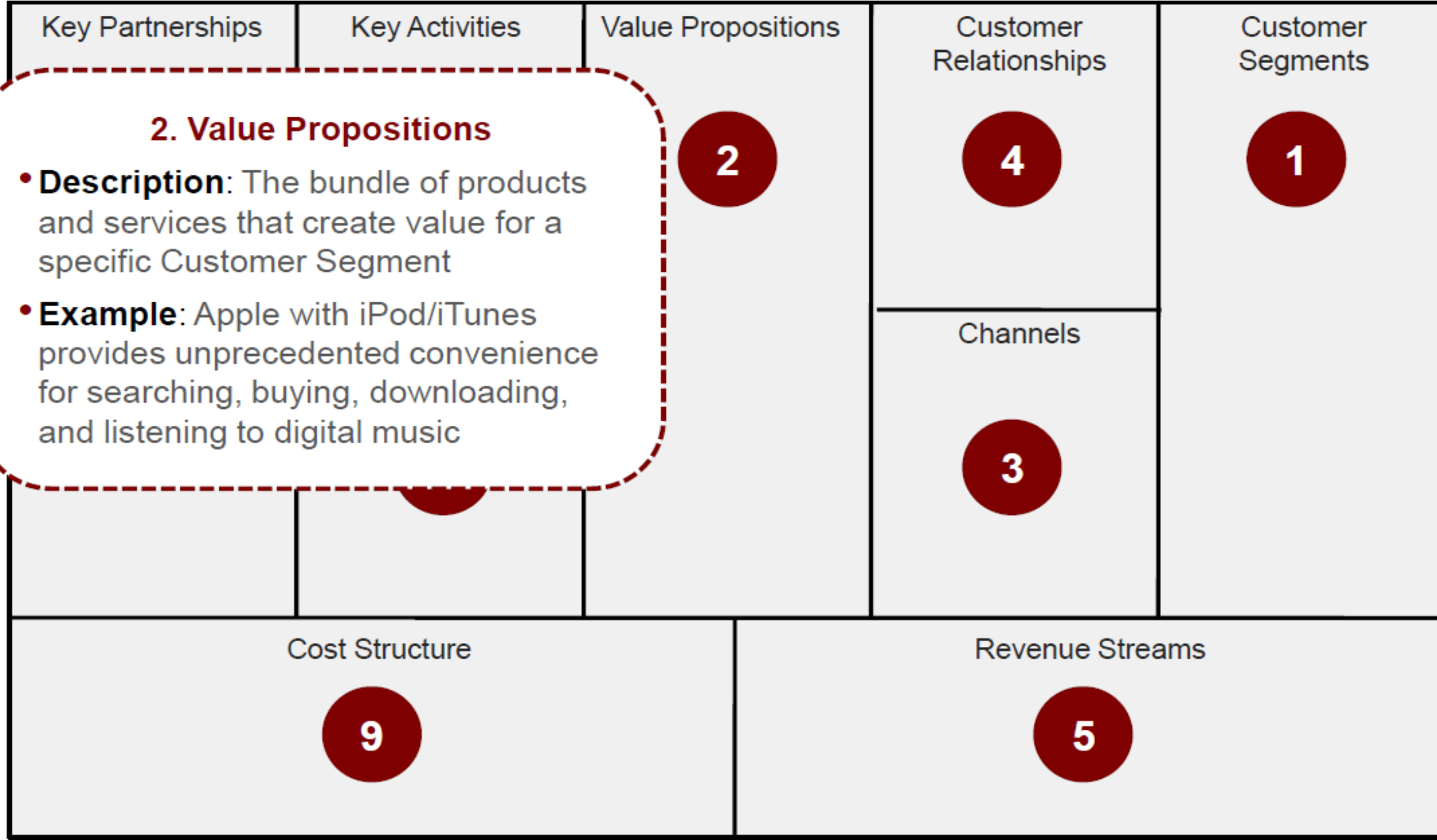
Niche
market

Segmented

Multi-sided

VALUE PROPOSITIONS





Value propositions

What value do we deliver to our customers?

Which of our customer's problems are we solving?

Which customer's needs are we satisfying?

Performance

Customization

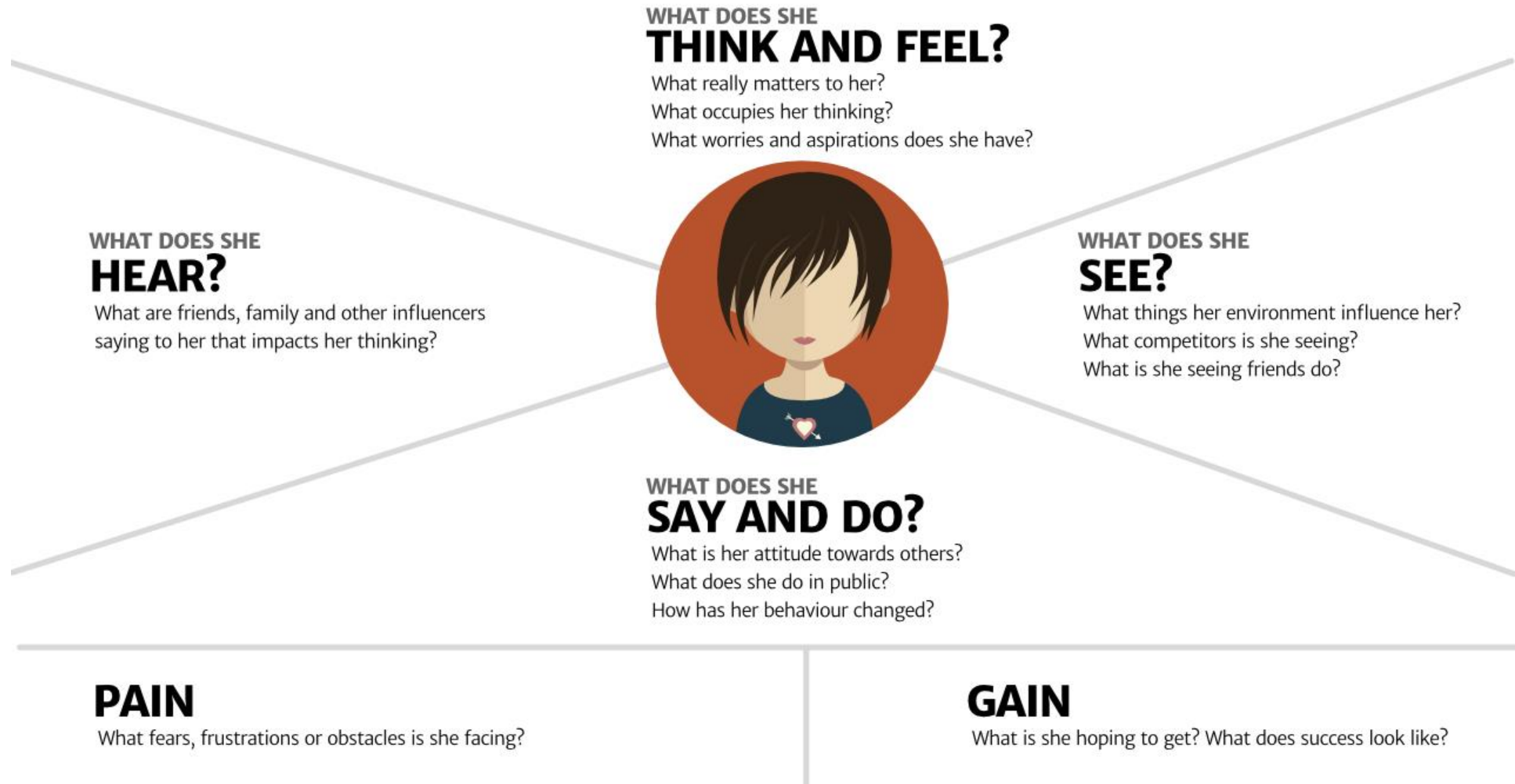
Design/
Aesthetics

Status

Price

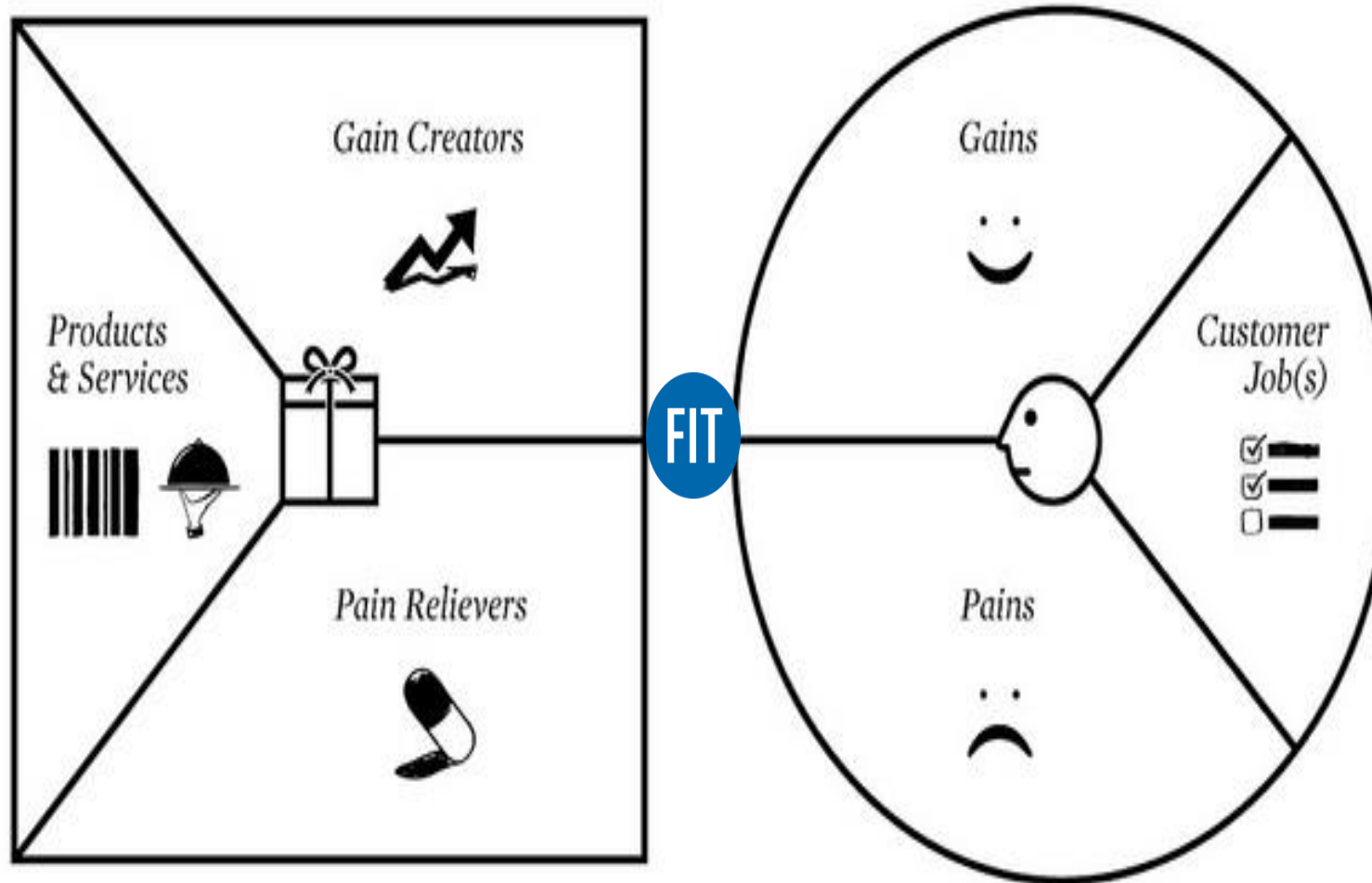
Convenience

Empathy Map

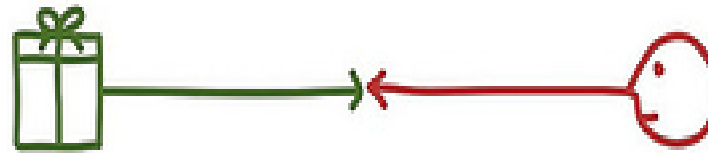


Finding Your Value Proposition

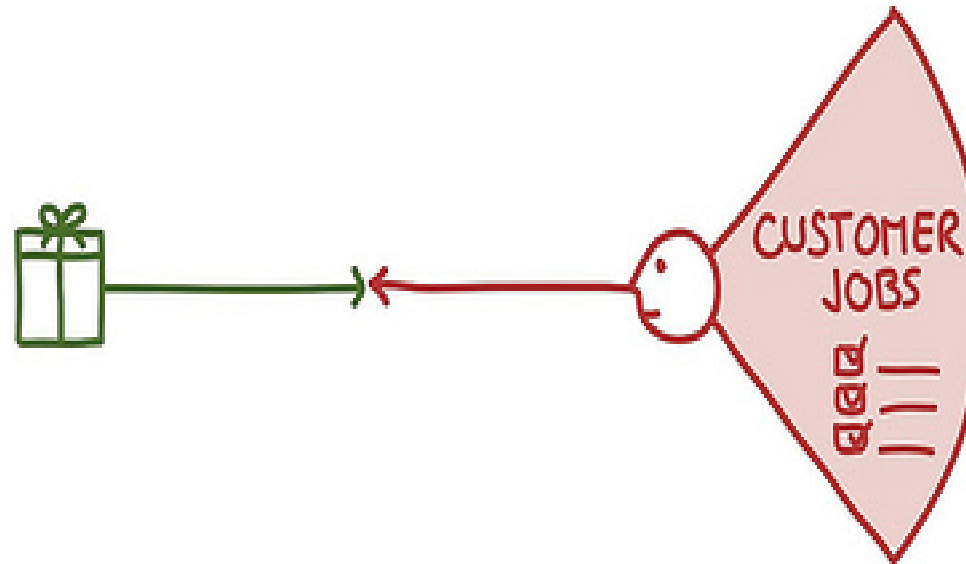
What **jobs** can you help the customer do?
What **pains** can you help the customer avoid?
What **gains** can you provide to the customer?



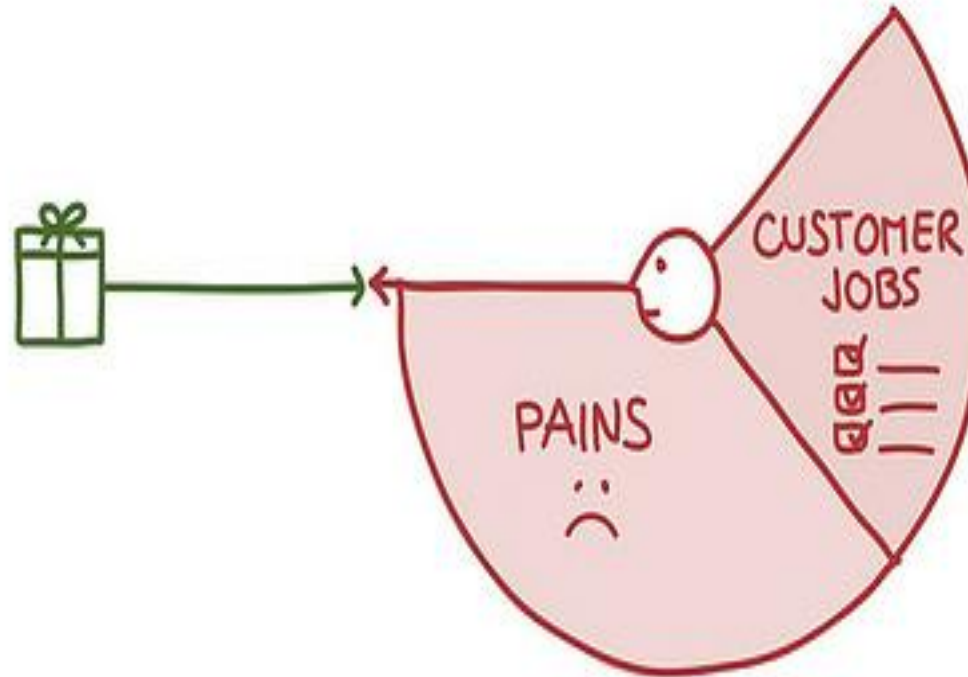
Value Proposition



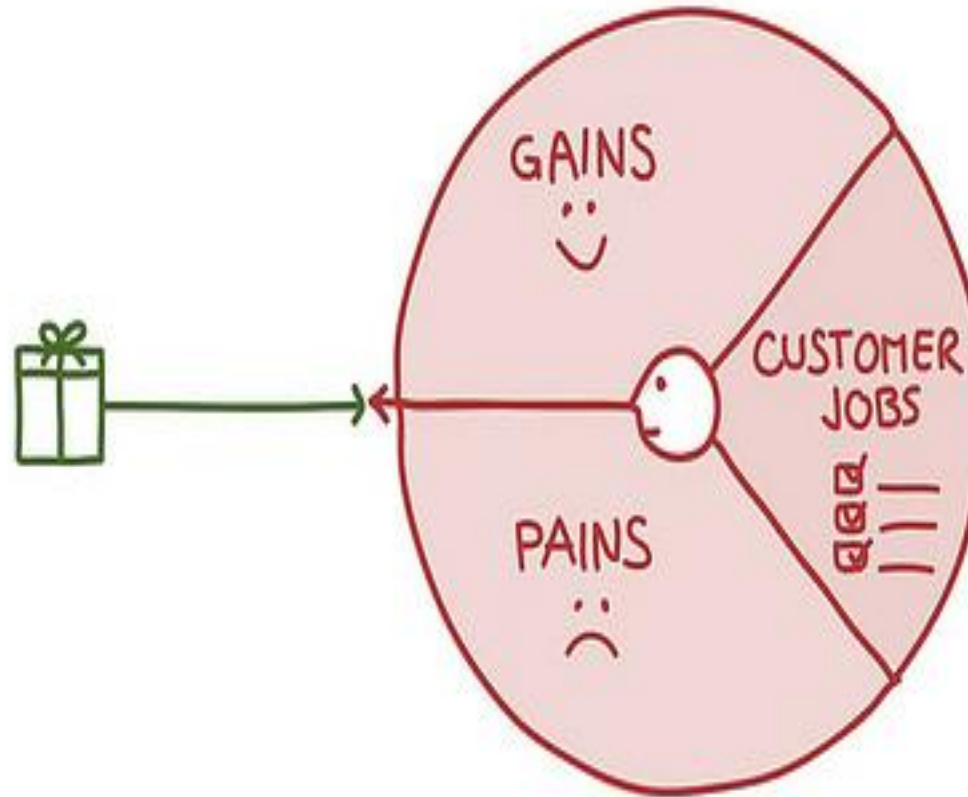
Value Proposition



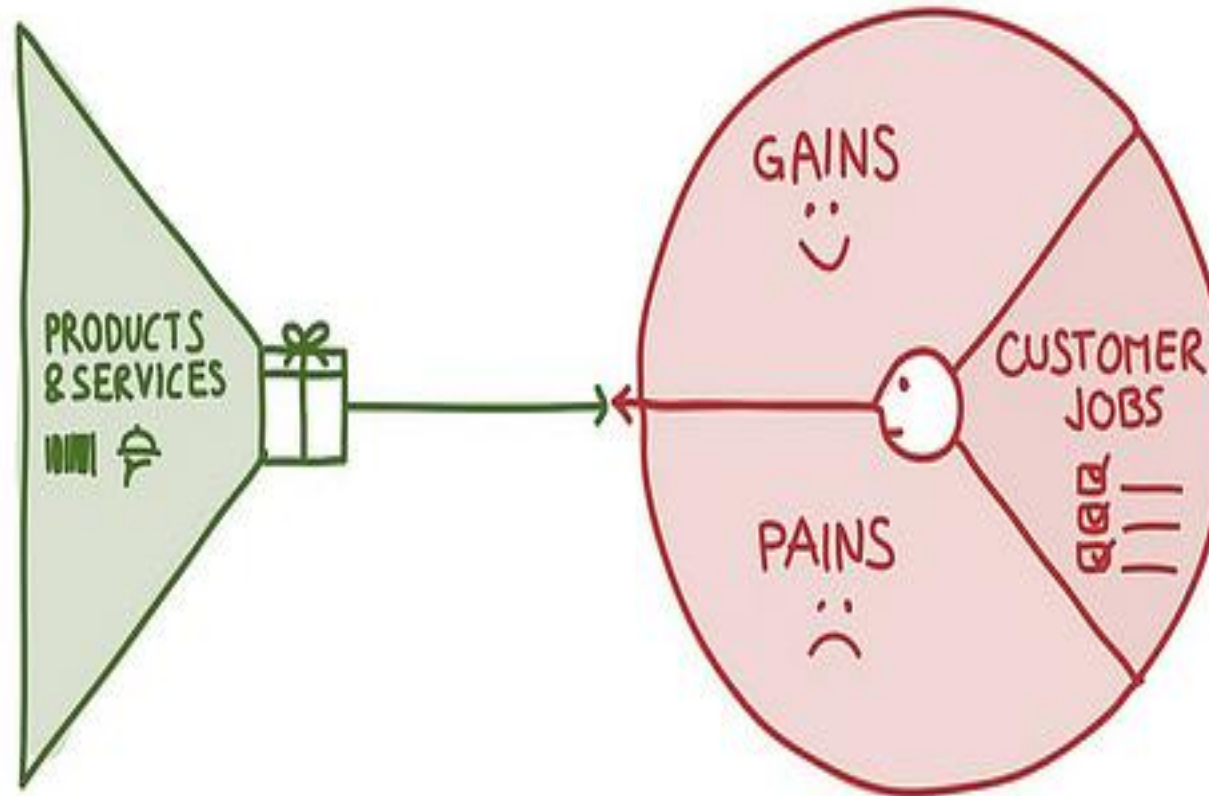
Value Proposition



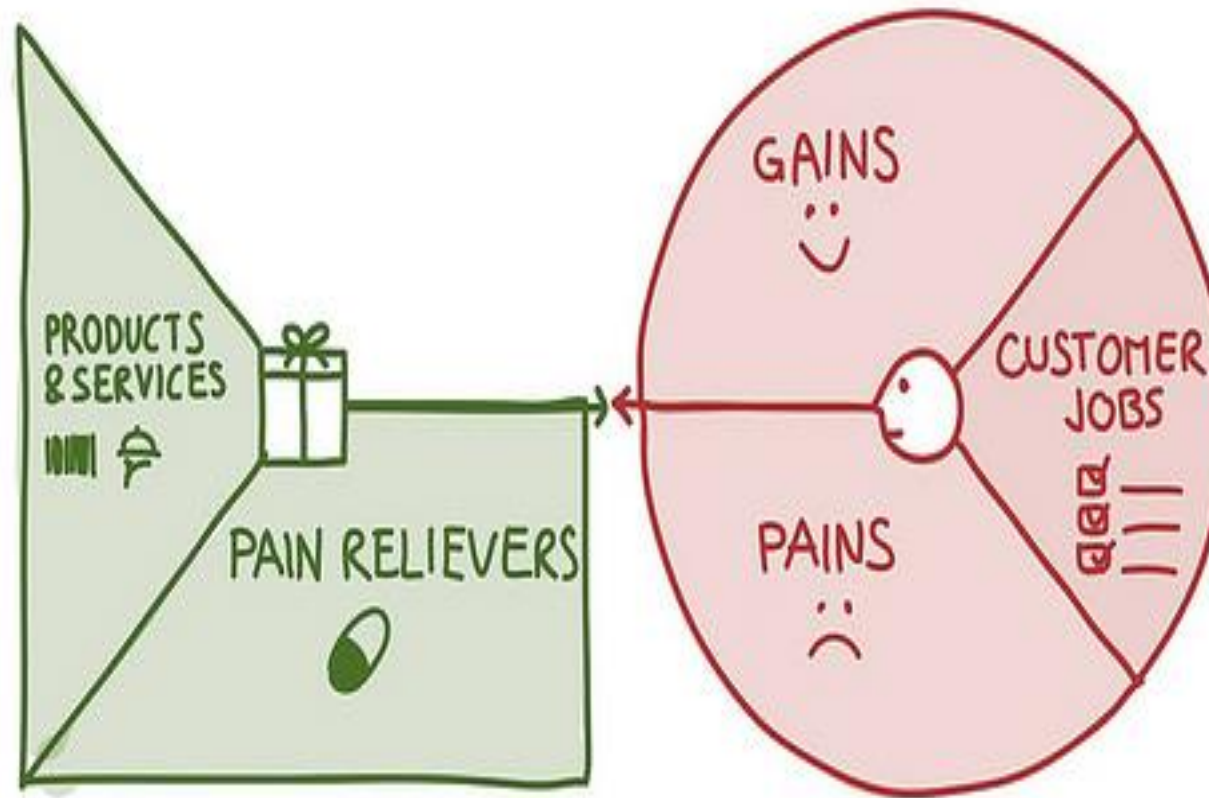
Value Proposition



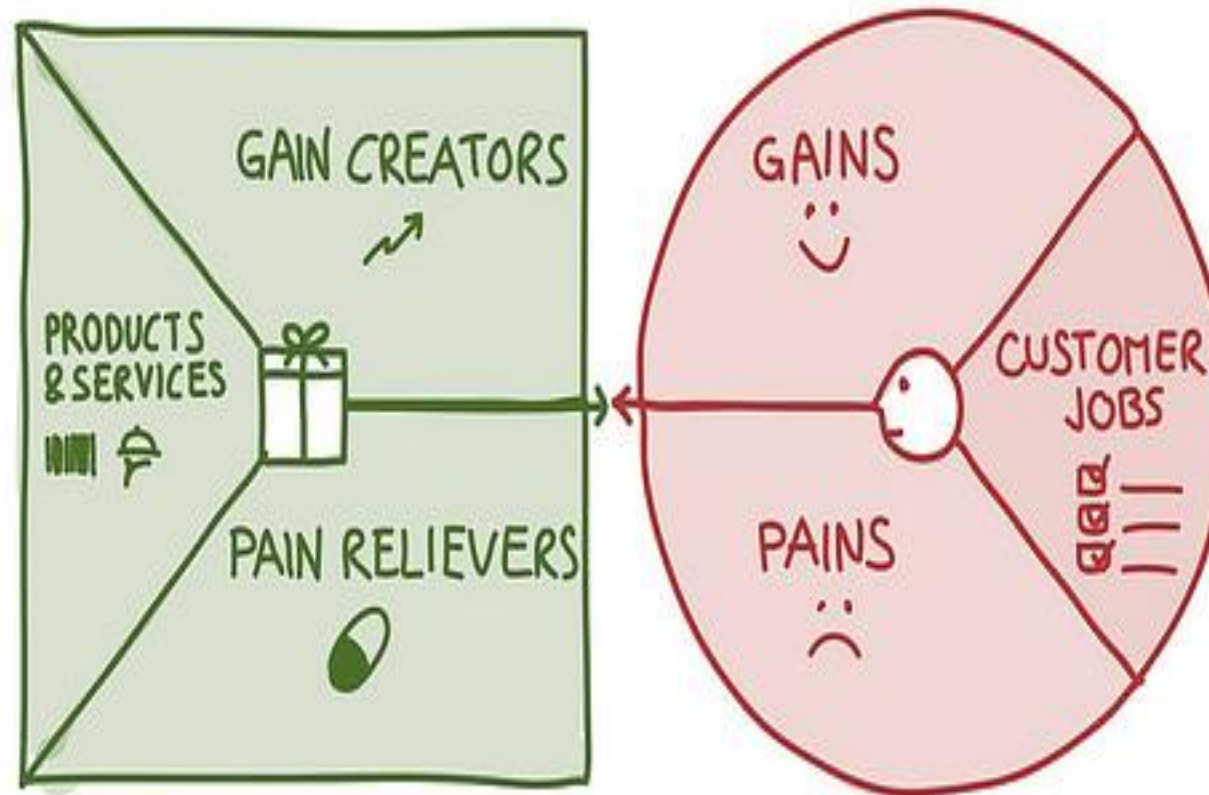
Value Proposition



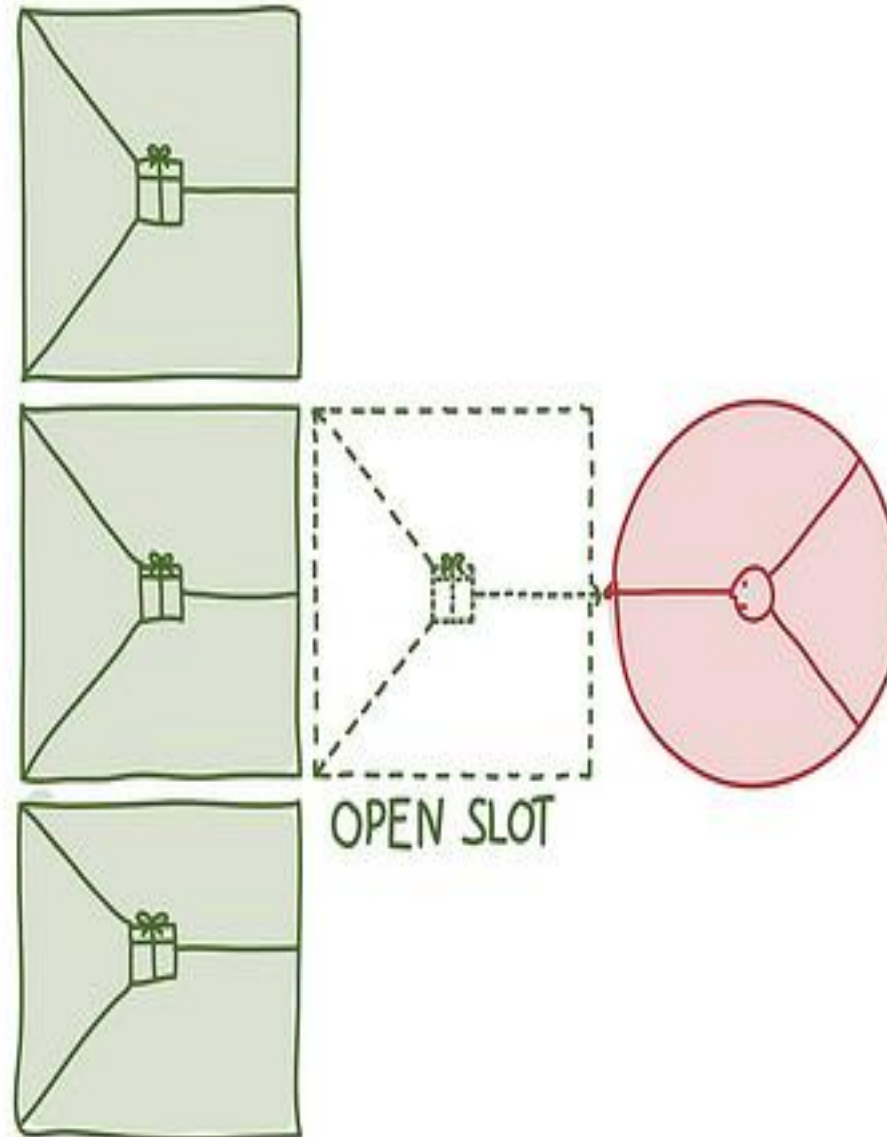
Value Proposition



Value Proposition



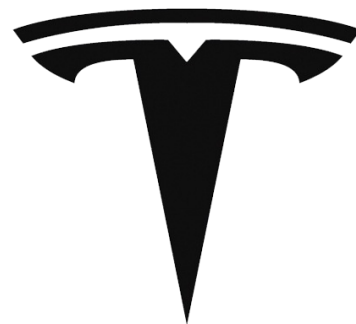
Value Proposition



BARBER & Co.



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TESLA



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B E E D I E S C H O O L O F B U S I N E S S
S I M O N F R A S E R U N I V E R S I T Y



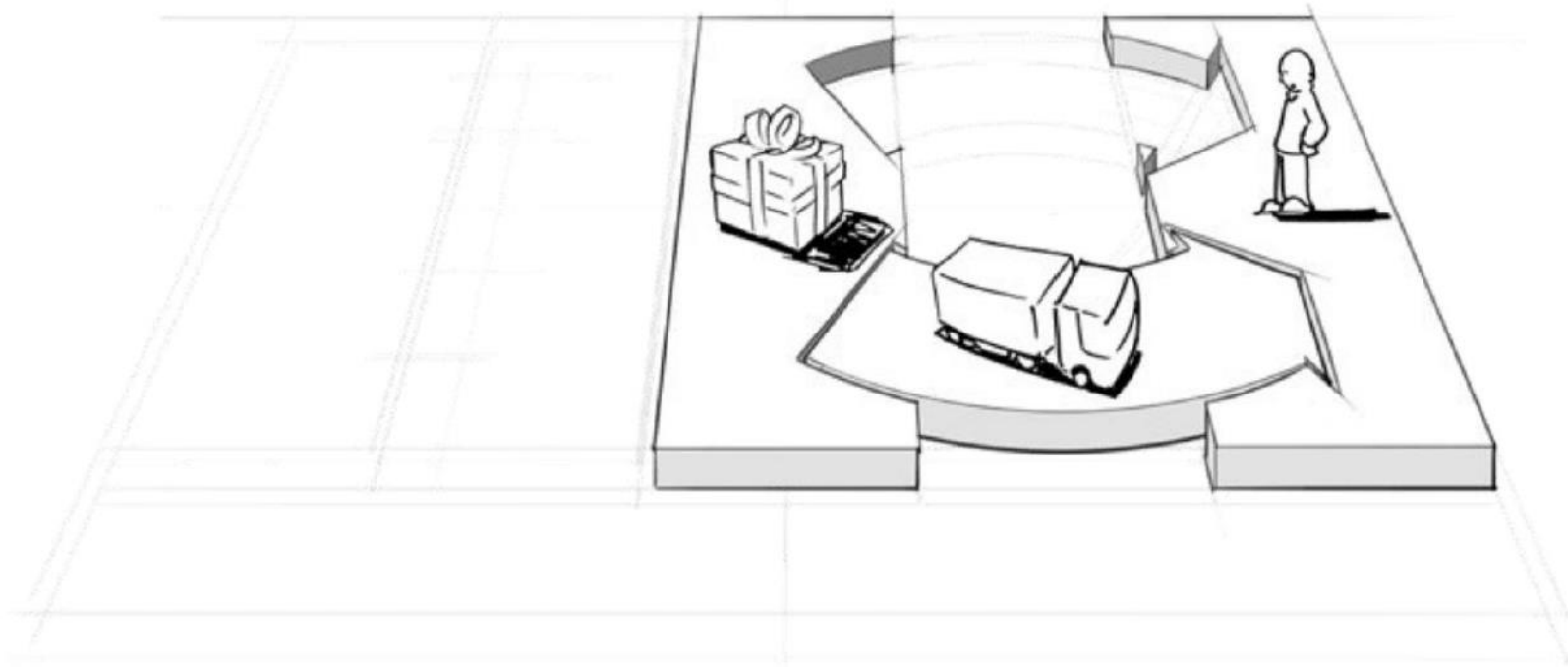
**B E E D I E S C H O O L
O F B U S I N E S S**
S I M O N F R A S E R
U N I V E R S I T Y

Barbie™



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CHANNELS





Key Partnerships

Key Activities

Value Propositions

Customer Relationships

Customer Segments

8

7

2

4

1

Key Resources

Channels

3. Channels

- **Description:** Describes how the organization communicates with and reaches its Customer Segments
- **Examples:** Retail stores and web sites

3

Revenue Streams

9

5

Channels

Through which channels
do our customers want to
be reached?

How are we reaching
them now?

How are
our
channels
integrated?

1

Awareness

2

Evaluation

3

Purchase

4

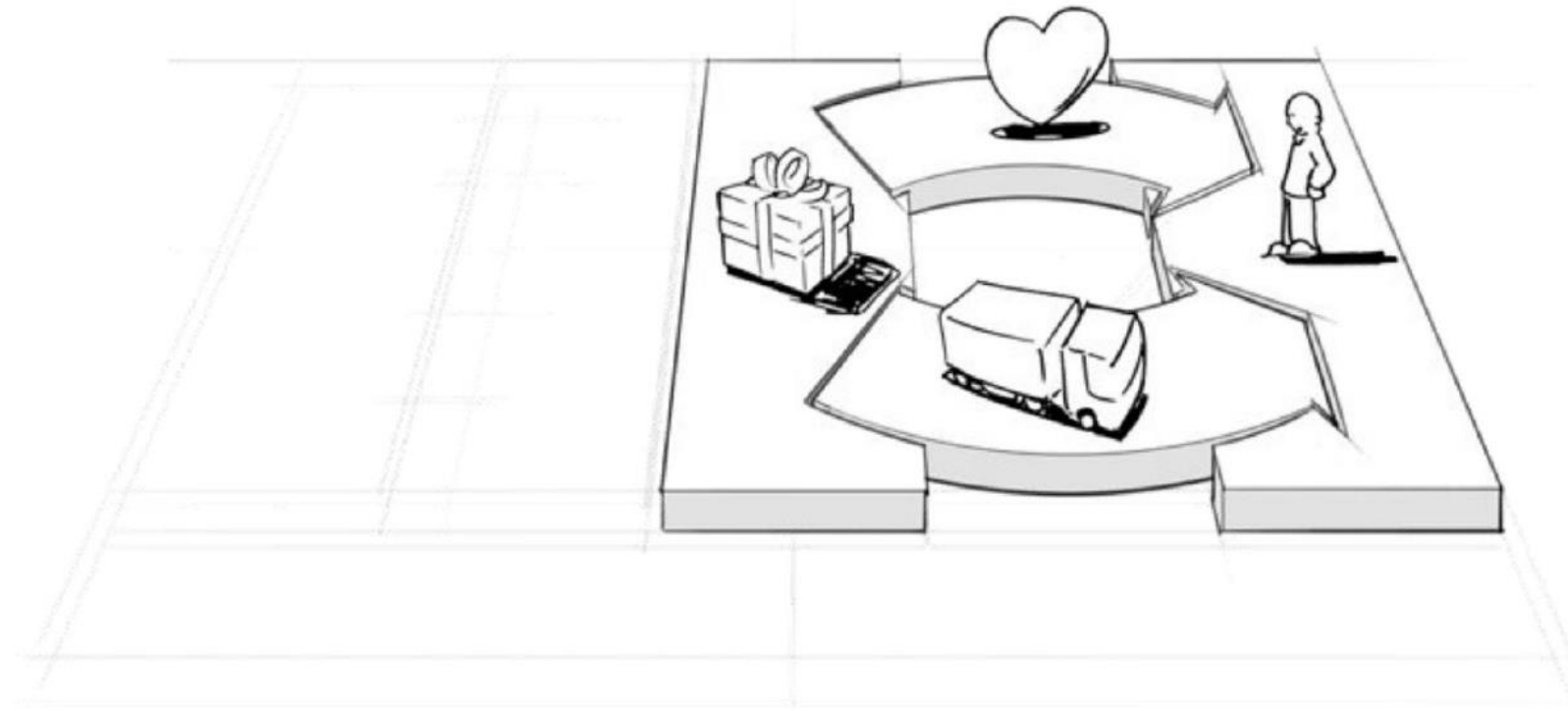
Delivery

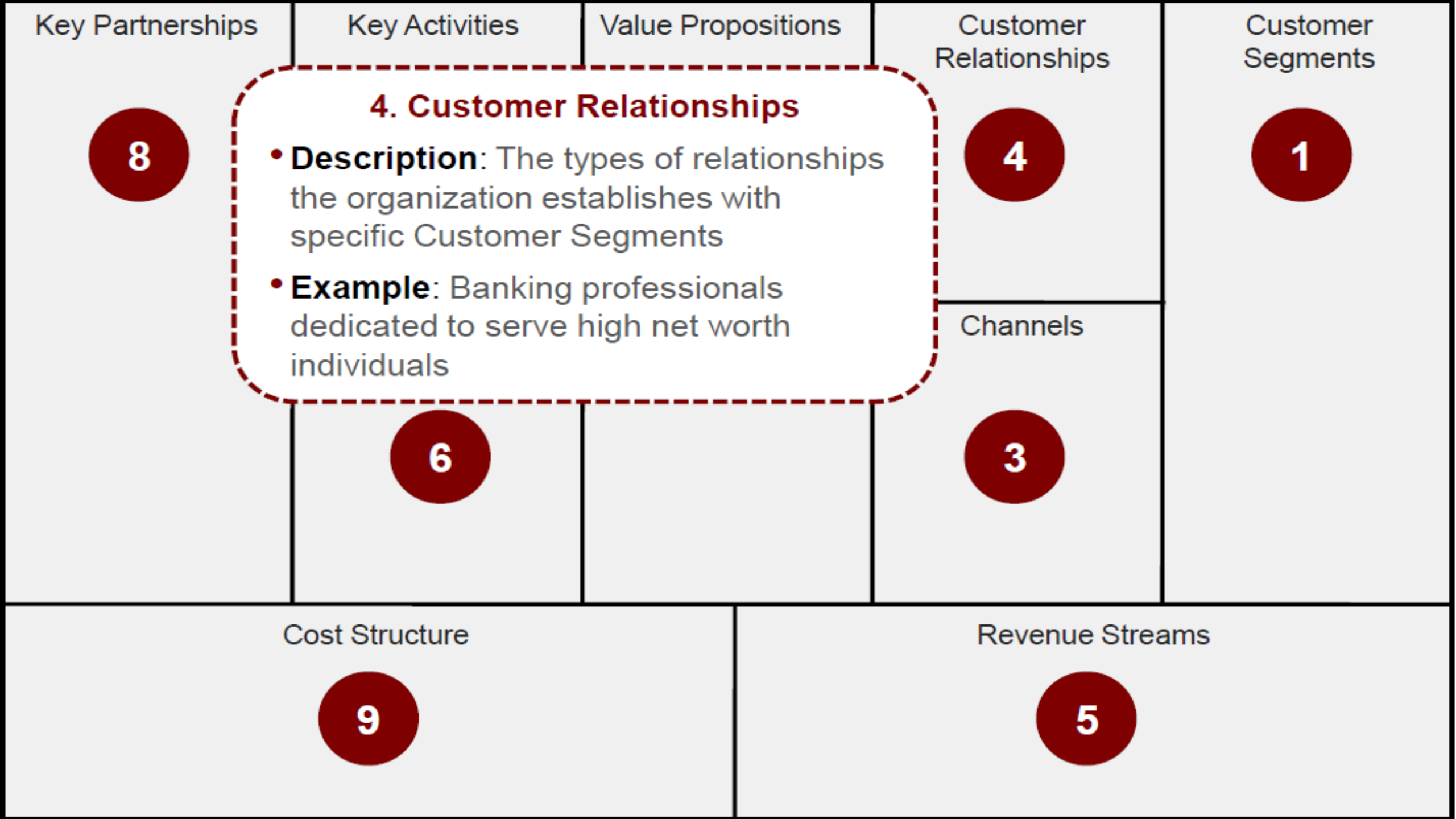
5

After sales



CUSTOMER RELATIONSHIPS





Customer relationships

What types of relationships does each of our customer segments want?

Which ones have we established?

How costly are they?

Dedicated
Personal
Assistance

Personal
assistance

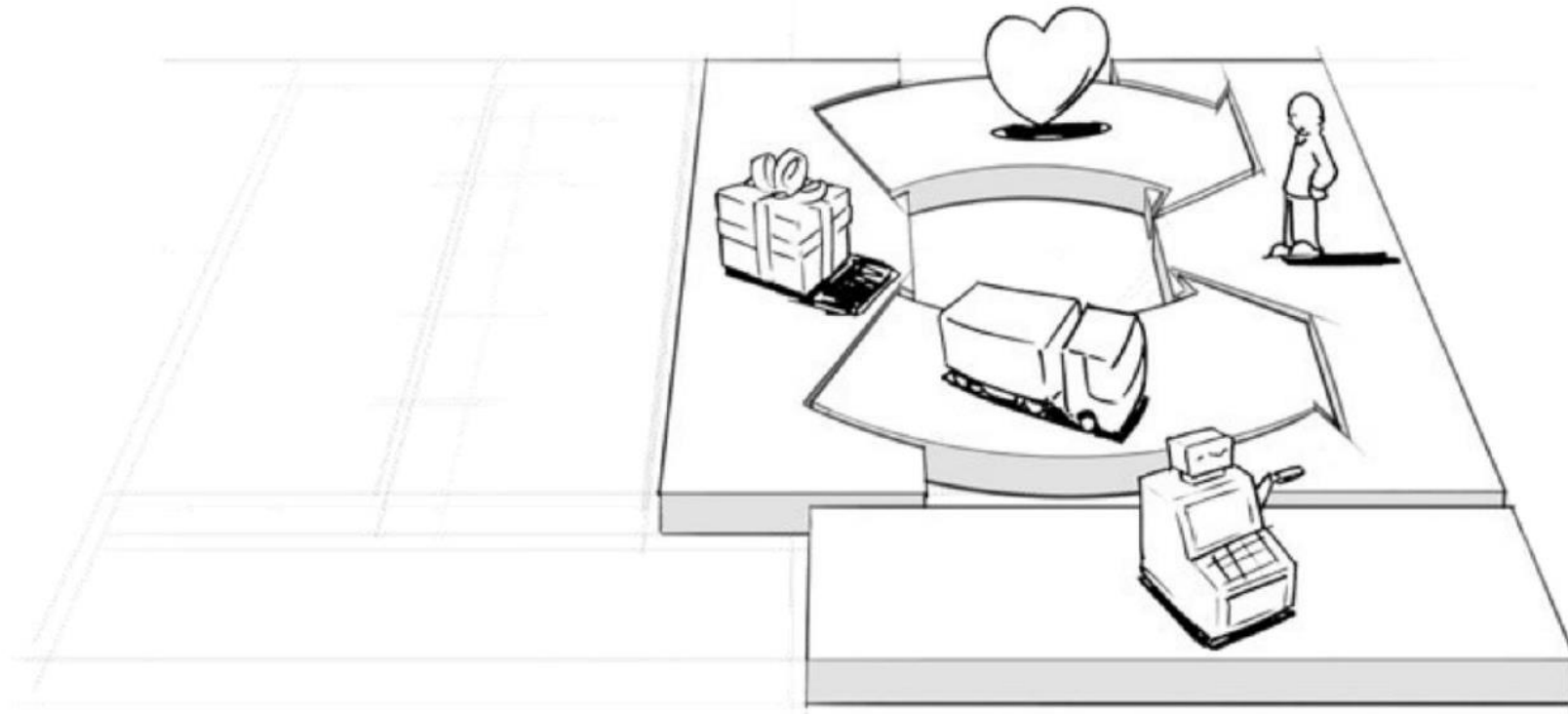
Self-service

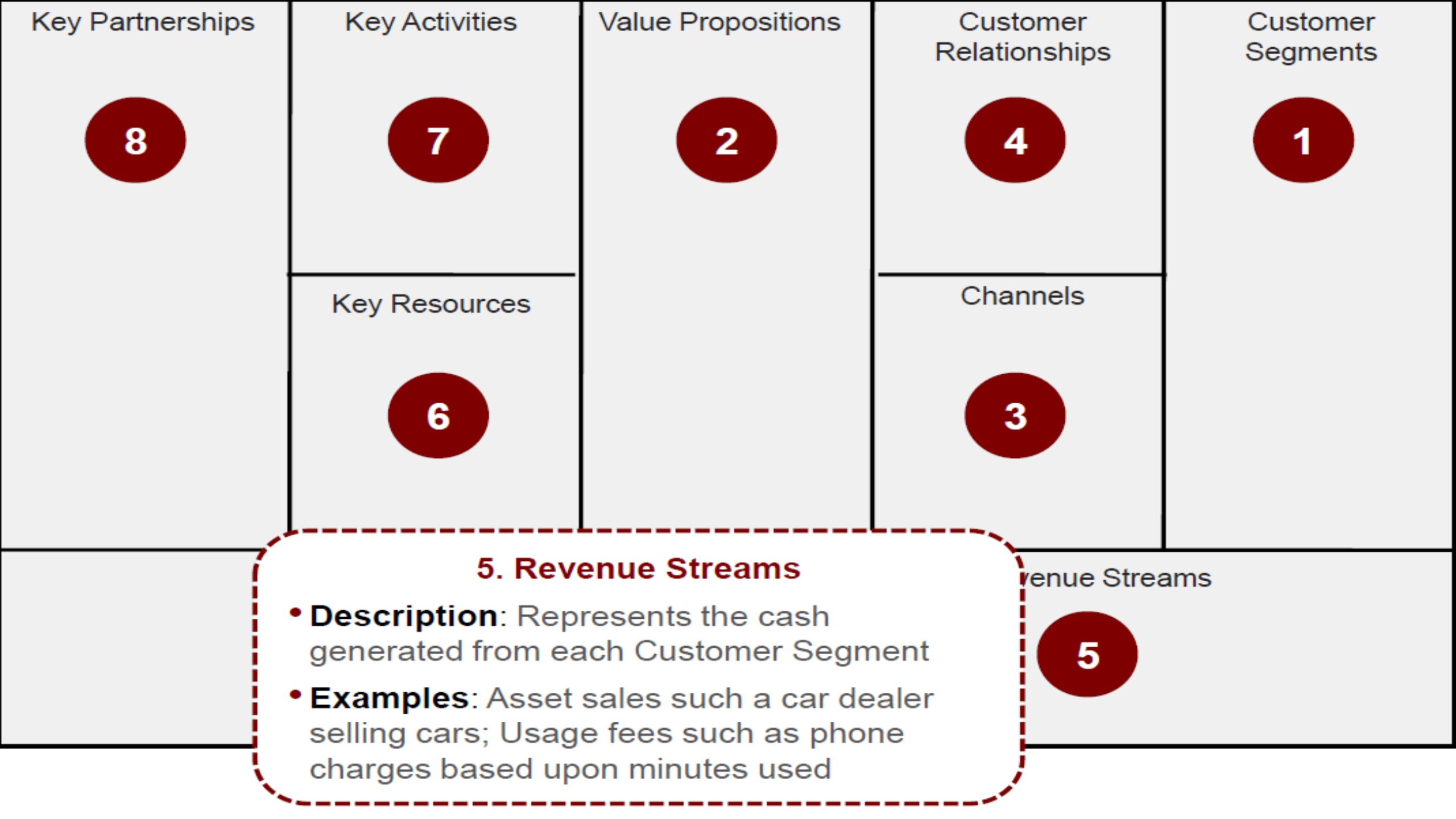
Automated
services

Community

Co-creation

REVENUE STREAMS





Key Partnerships

Key Activities

Value Propositions

Customer Relationships

Customer Segments

8

7

2

4

1

Key Resources

Channels

6

3

5. Revenue Streams

- **Description:** Represents the cash generated from each Customer Segment
- **Examples:** Asset sales such a car dealer selling cars; Usage fees such as phone charges based upon minutes used

Revenue Streams

5

Revenue streams

For what value are customers really willing to pay?

For what do they currently pay?

Lending/renting/leasing (zipcar, apartments).
How would they prefer to pay?

Asset sale
(cars)

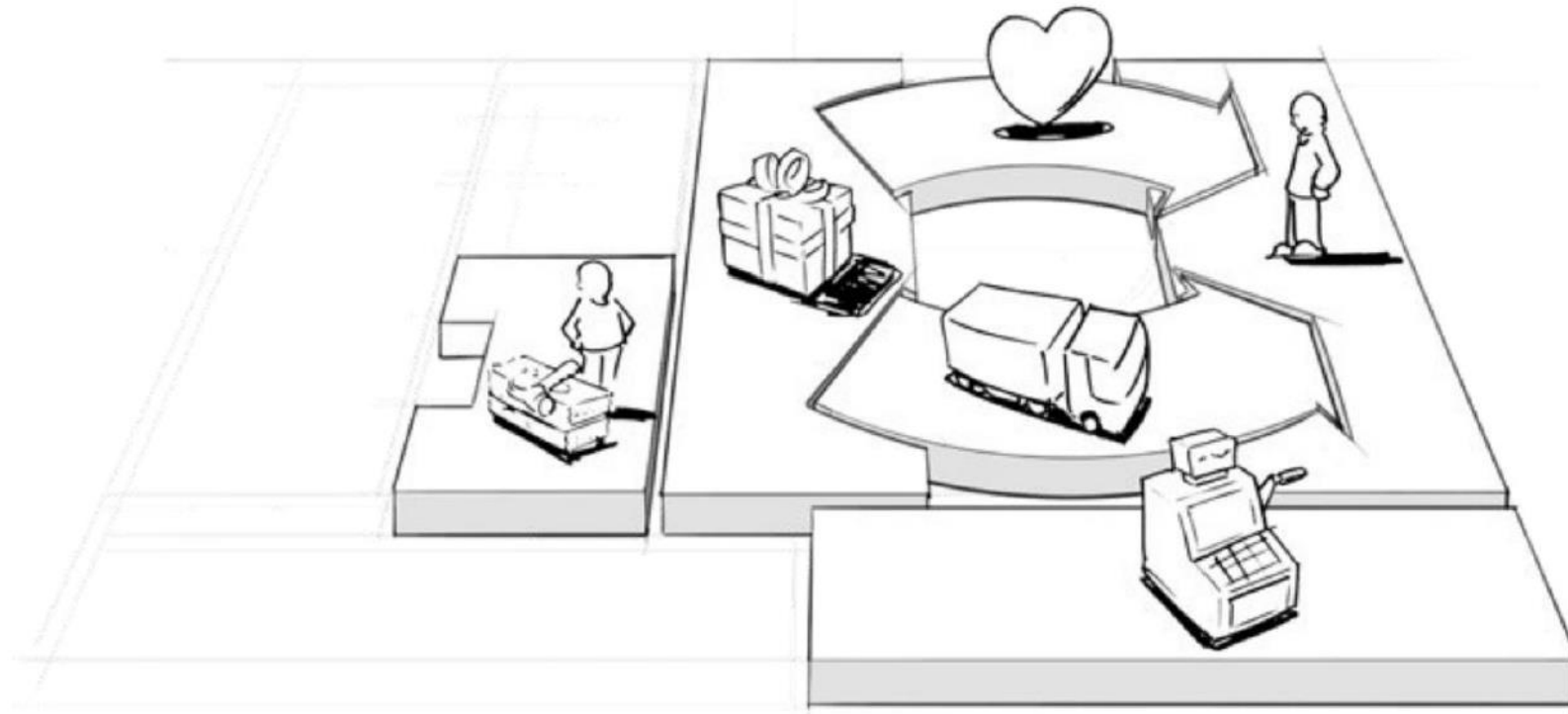
Usage fee
(traditional long distance charges)

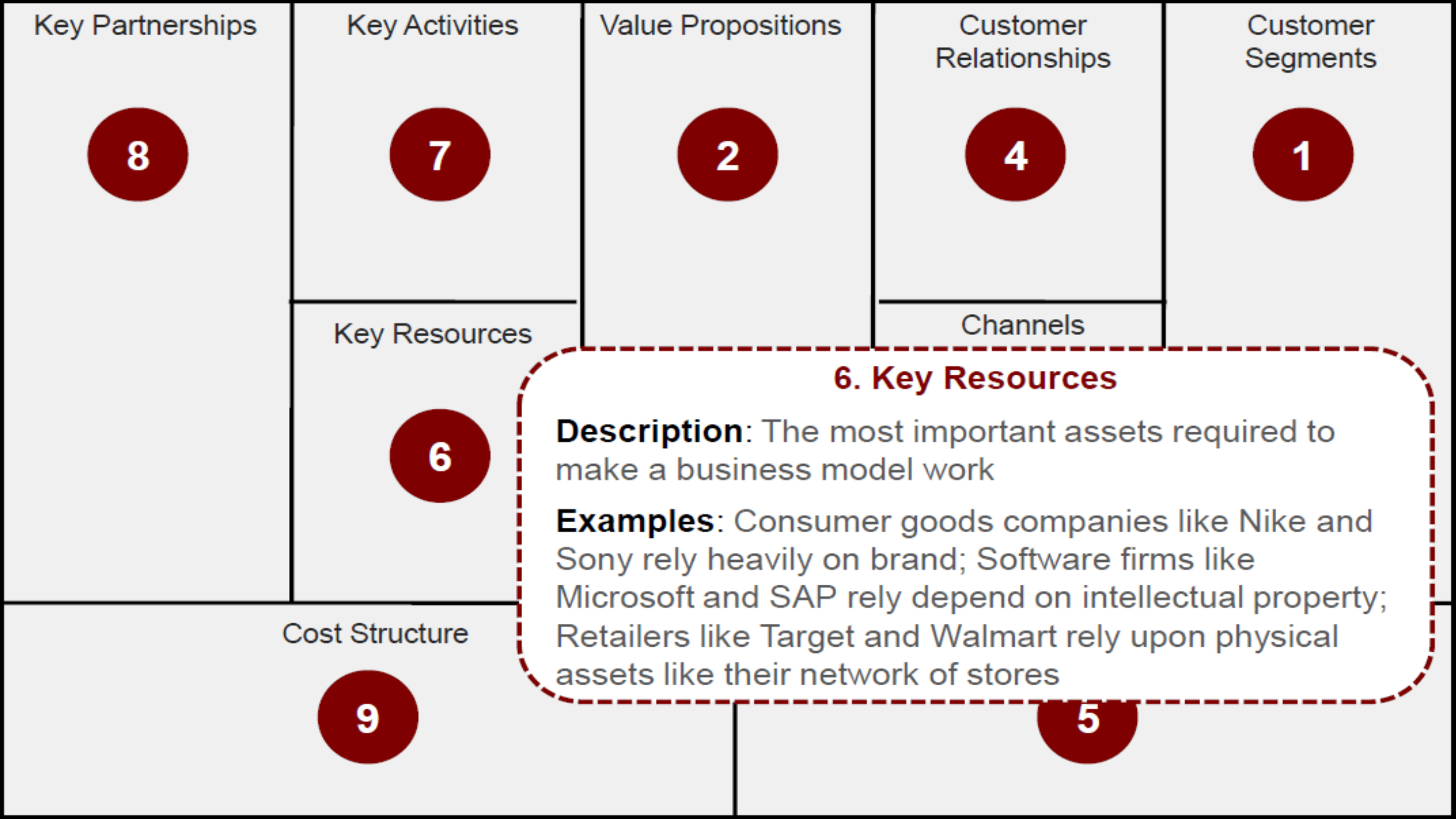
Subscription fees (gym)

Licensing (inventions)

Advertising

KEY RESOURCES





Key resources

What key
resources do our
value propositions
require?

Our distribution
channels?

Our customer
relationships?

Physical

Financial

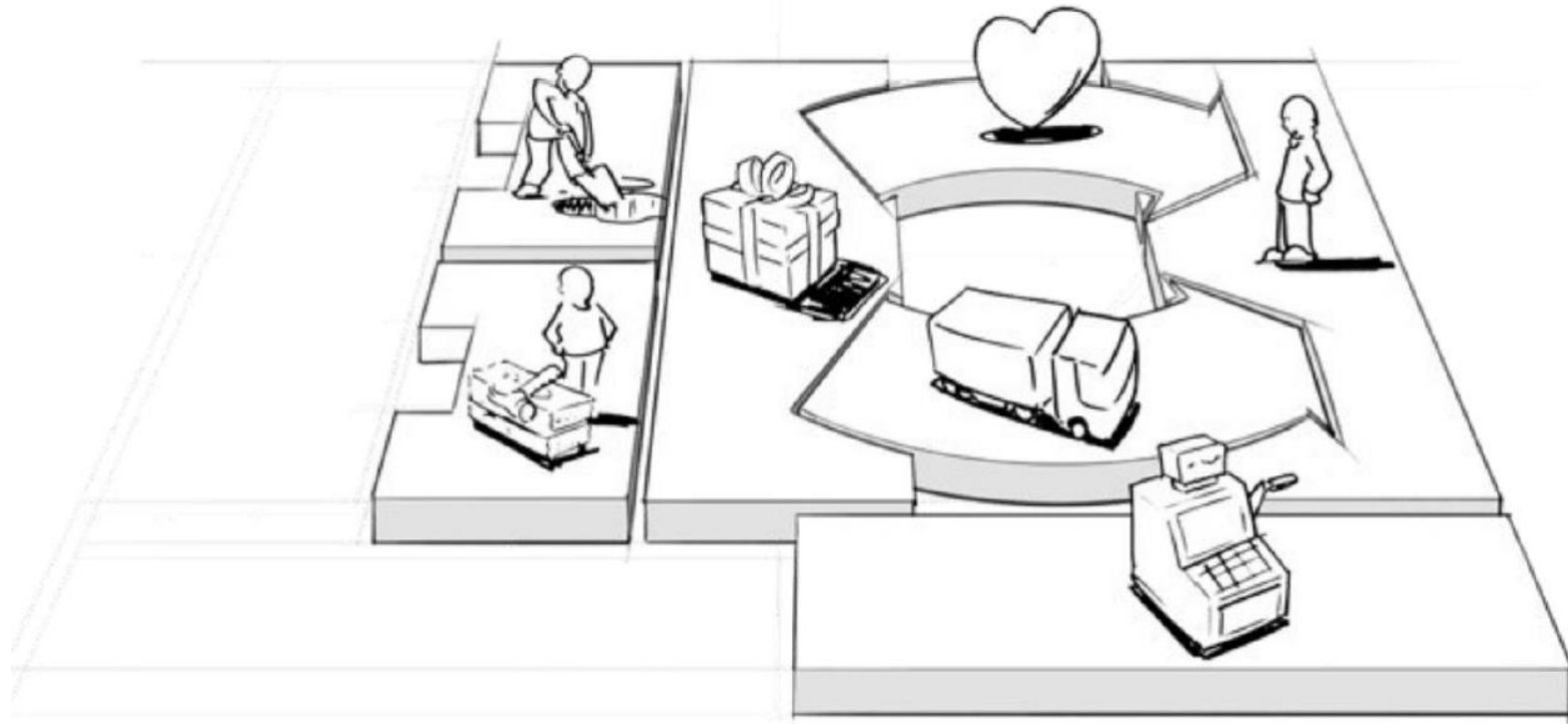
Intellectual

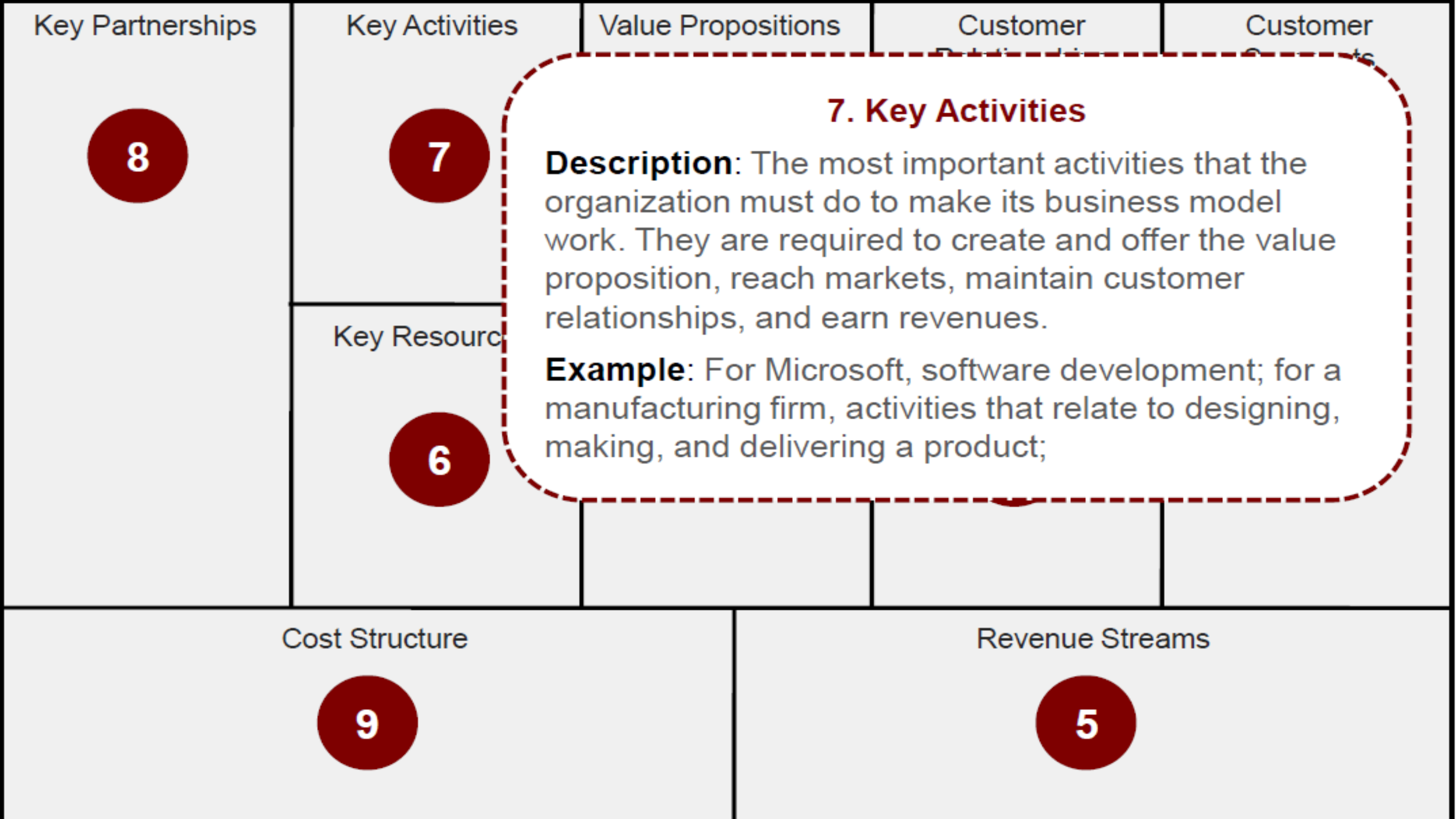
Human

Technological

Cultural

KEY ACTIVITIES





Key Partnerships

Key Activities

Value Propositions

Customer Relationships

Customer Segments

8

7

7. Key Activities

Description: The most important activities that the organization must do to make its business model work. They are required to create and offer the value proposition, reach markets, maintain customer relationships, and earn revenues.

Example: For Microsoft, software development; for a manufacturing firm, activities that relate to designing, making, and delivering a product;

Key Resources

6

Cost Structure

9

Revenue Streams

5

Key activities

What key activities
do our value
propositions
require?

Our distribution
channels?

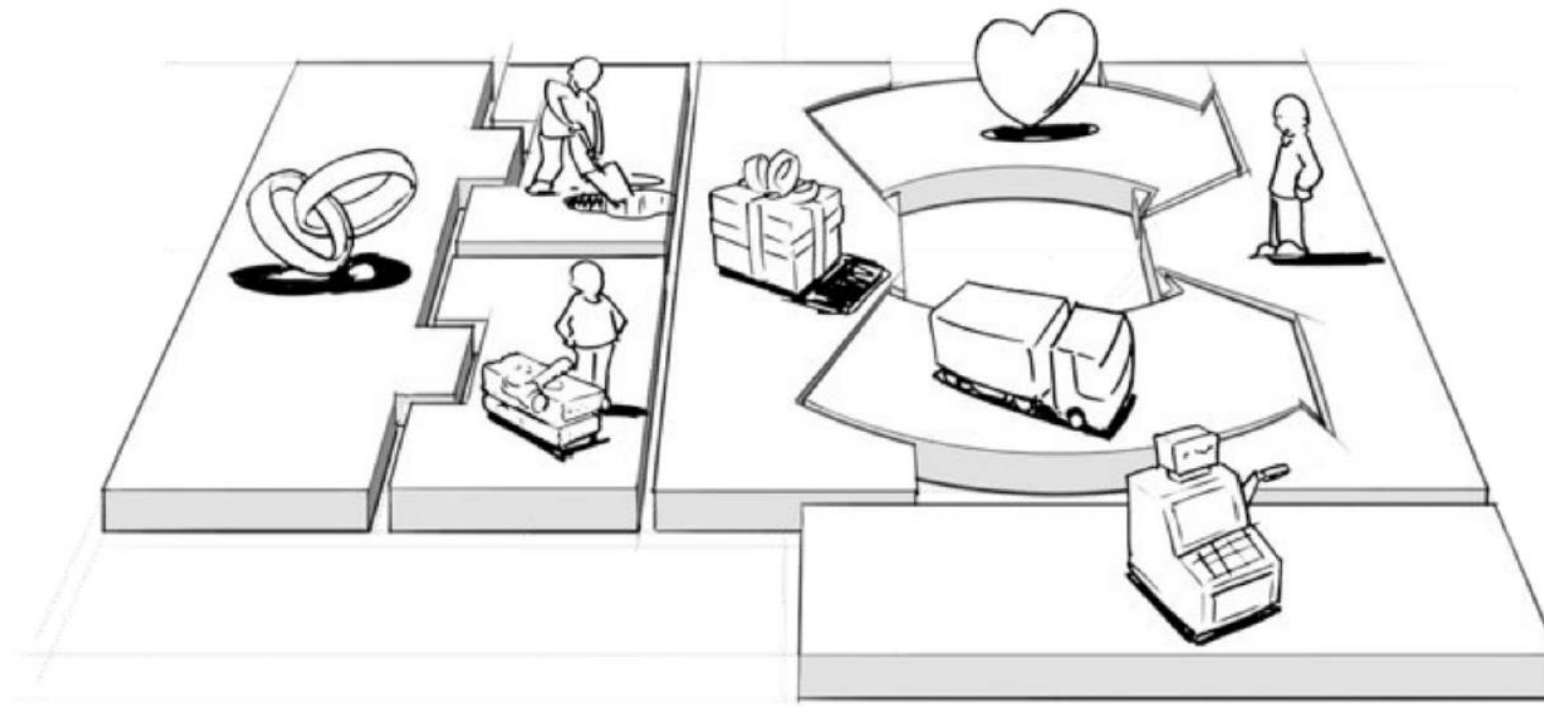
Our customer
relationships?

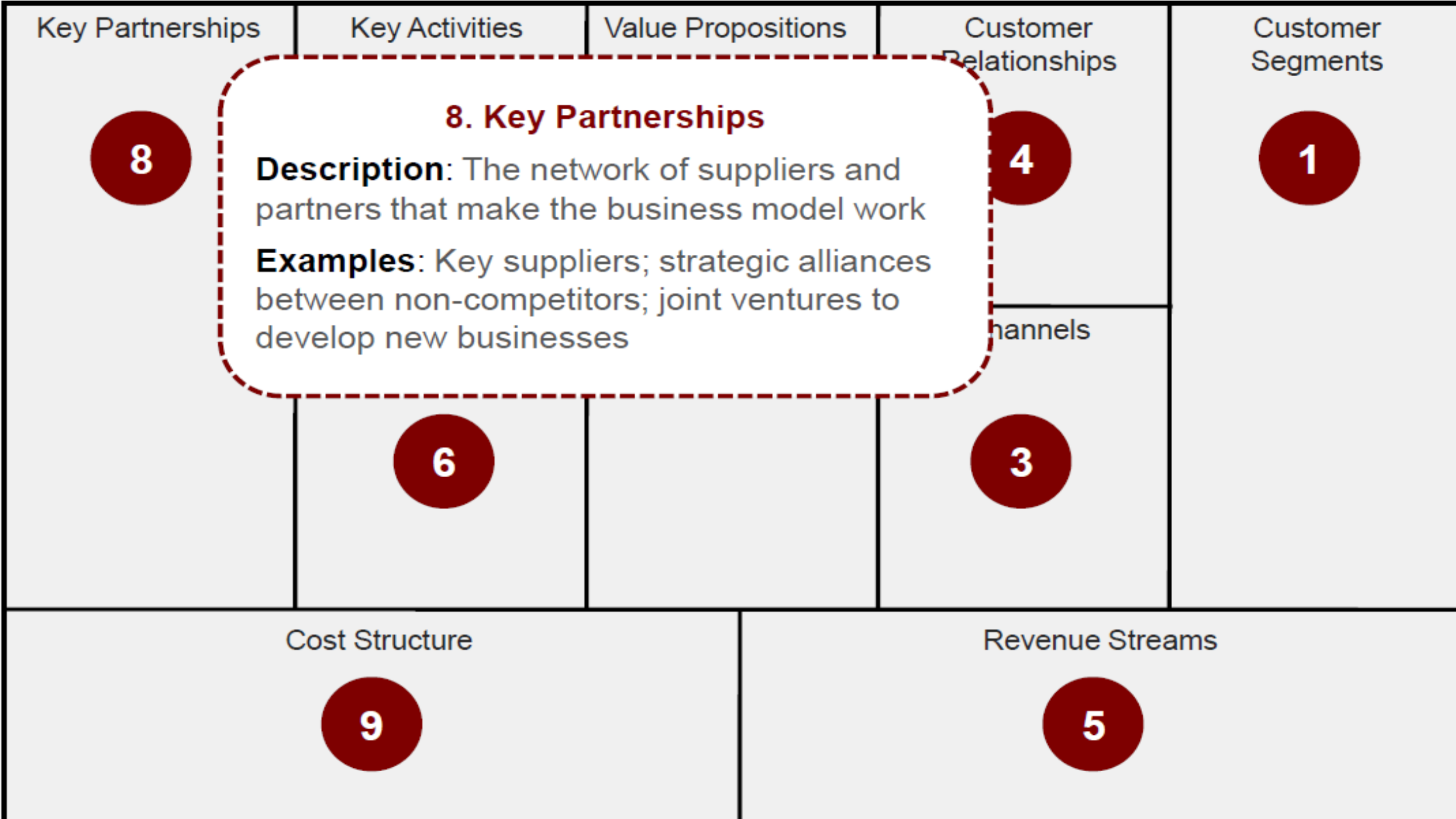
Production

Problem solving

Platform/network

KEY PARTNERS





Key partnerships

Which key resources
do we acquire from
partners?

Which key activities
do partners perform?

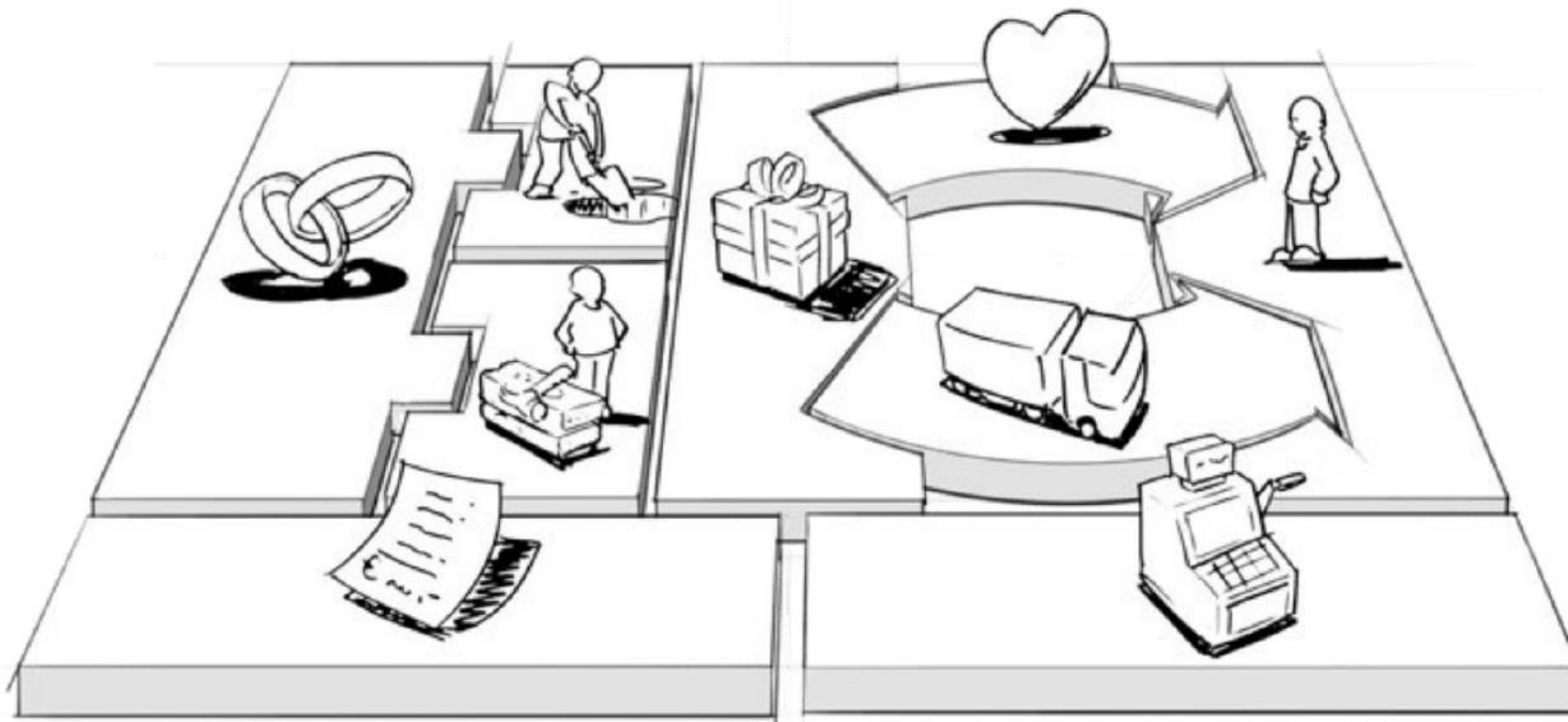
Strategic
alliances
between non-
competitors

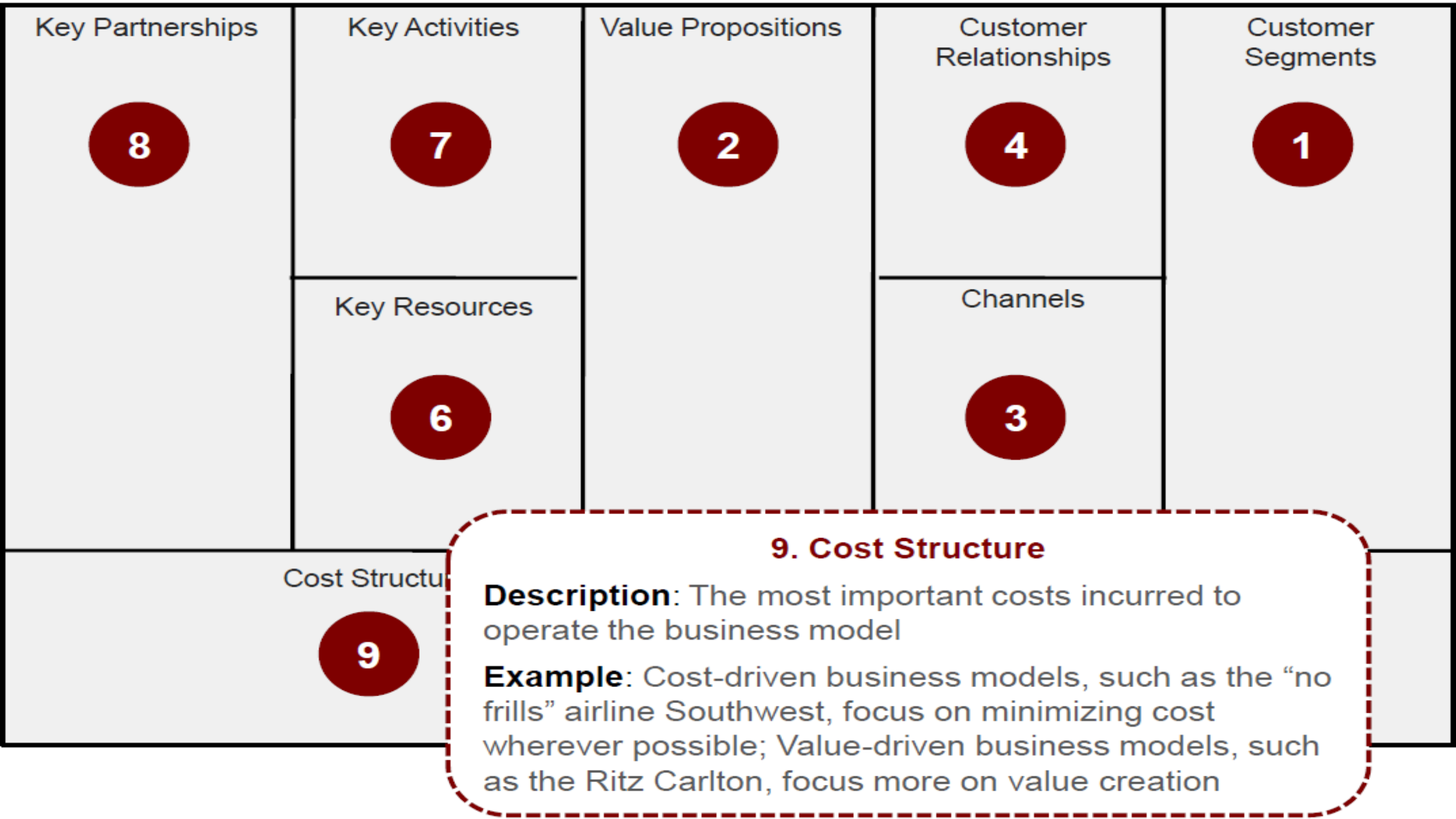
Coopetition:
strategic
partnerships
between
competitors

Joint ventures
to develop new
businesses

Buyer-supplier
relationships

COST STRUCTURE





Cost structure

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

Which key resources and activities are most expensive?

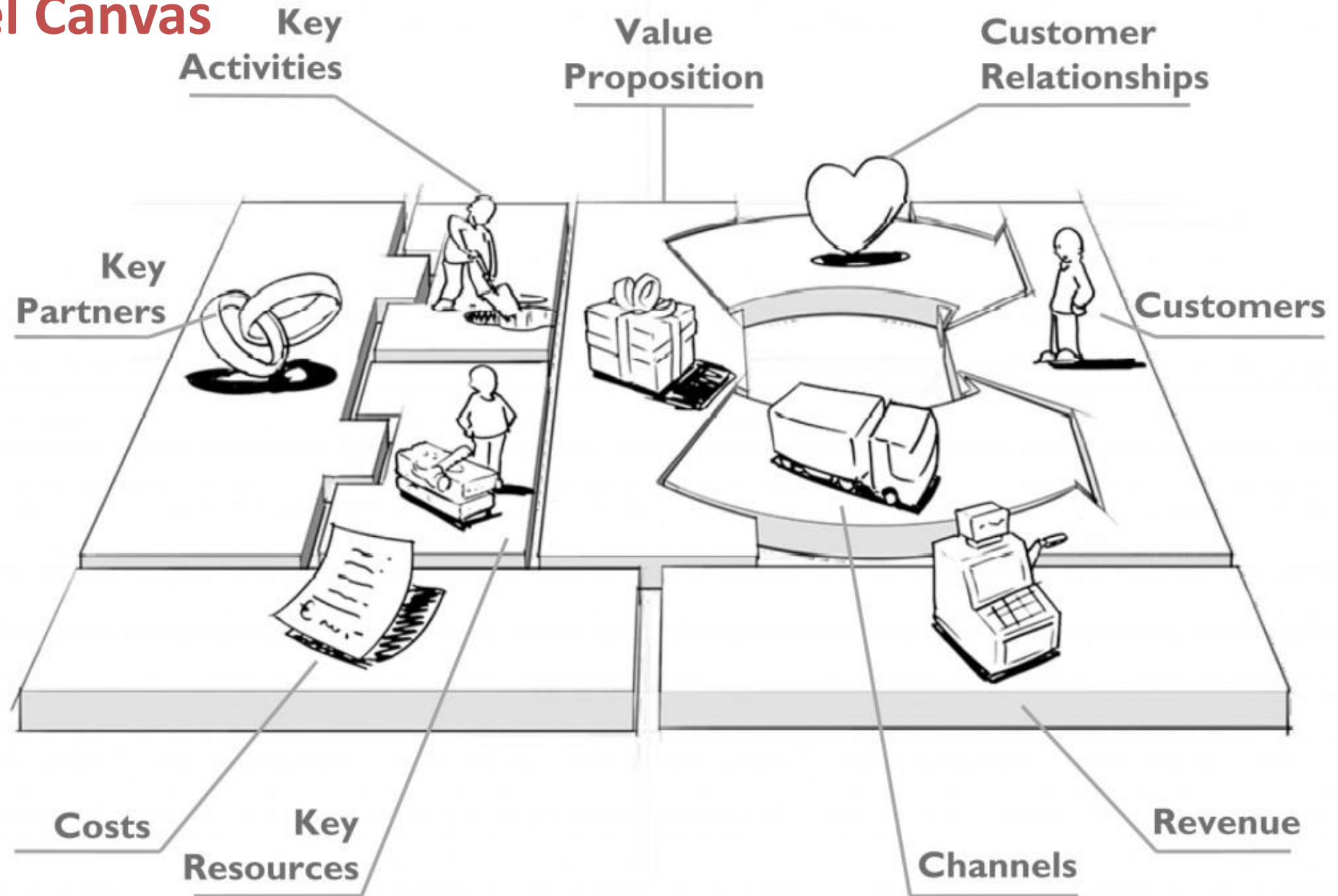
Fixed

Variable

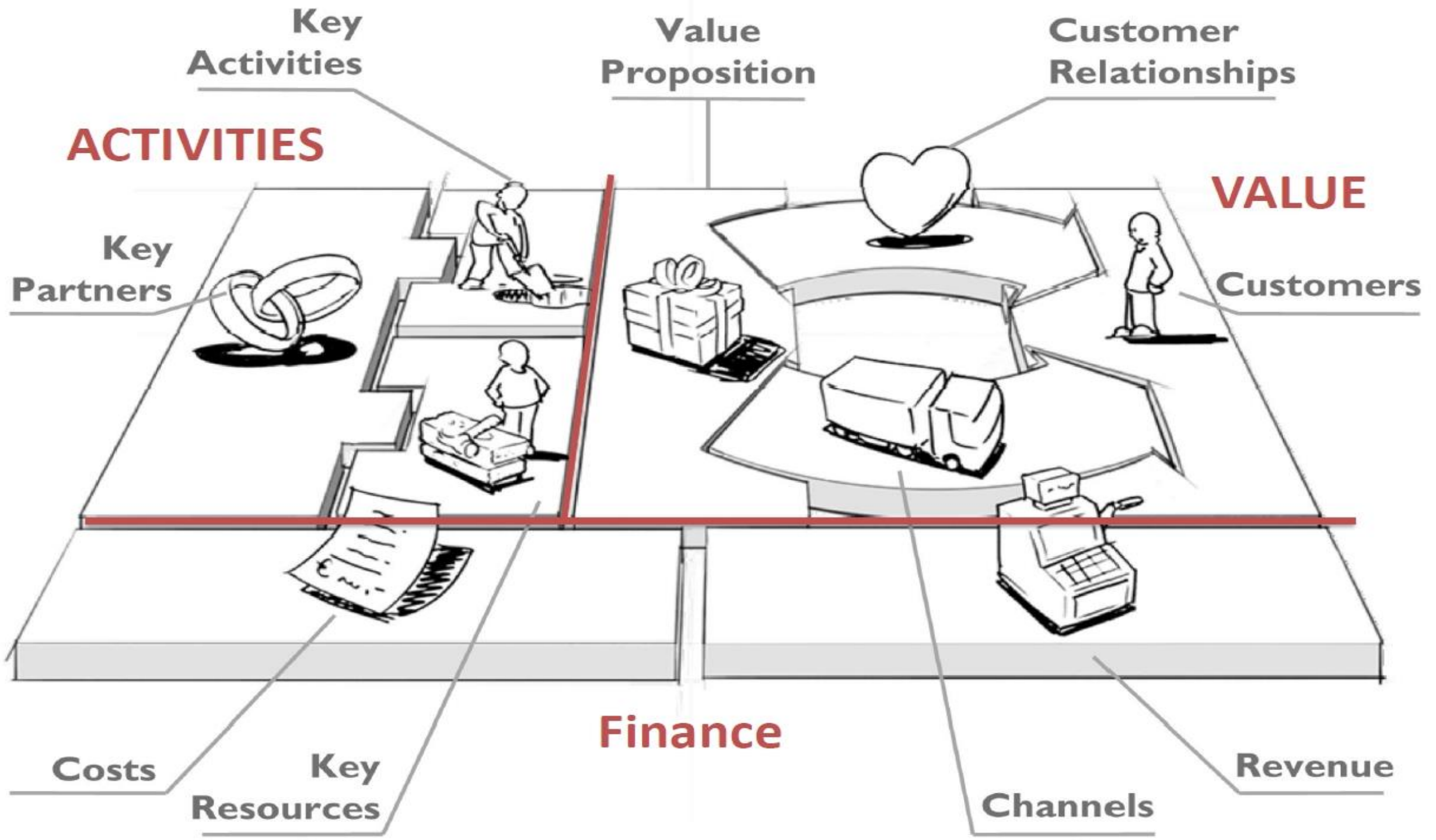
Economies of scale

Economies of scope

Business Model Canvas



drawings by JAM



Summary of how the 9 building blocks work together

1. An organization serves one or more **Customer Segments**.
2. Solves customer problems and satisfy customer needs with **Value Propositions**.
3. Value props delivered through communication, distribution, and sales **Channels**.
4. **Customer Relationships** are established and maintained with each customer segment.
5. **Revenue Streams** result from value propositions successfully offered to customers.
6. **Key Resources** are assets required to offer & deliver 1-5....
7.by performing a number of **Key Activities**.
8. **Key Partnerships** are established for critical inputs and/or to carry out key activities.
9. The business model elements result in the **Cost Structure**.

These 9 building blocks show the logic of how a company intends to **make money**



FREE as a Business Model

- At least one substantial customer segment is able to continuously benefit from a free-of-charge offer
- Non-paying customers are financed by another part of the business model or by another customer segment
- Three patterns
 - Free based on a multi-sided platform (advertising-based)
 - Freemium (free basic services with optional paid premium services)
 - Bait & hook (free or inexpensive initial offer lures customers into repeat purchases)

VISA – Leader in Global Payments Industry

