

Key pts from lect.

1. Intuition is the primary driver of business decisions, with rationality following afterward.
2. A product's value is subjective and depends on the perception of those who value it.
3. Effective delivery is crucial to reach the target audience, but pricing should remain affordable.
4. A bird's eye view (overall perspective) can be beneficial at any stage of a project and can help redefine goals.
5. External perspectives are valuable as they provide unbiased views on the product or project.
6. Stakeholders (including vendor groups) must profit, while partners may or may not benefit. All partners can be stakeholders, but not all stakeholders are partners.
7. When listing key activities, it's important to prioritize them as important or not important.
8. There are two types of help: programmatic (direct, like meeting a minister for a license) and non-programmatic (indirect, like a general meeting with a minister).
9. Non-programmatic tasks can be crucial. For example, IIITD focused on programmatic tasks but neglected a non-programmatic task (filling out a questionnaire), which had direct consequences.
10. The lowest monetary value comes from the Goonj brand (context unclear).
11. Shares represent ownership but are not equivalent to being a stakeholder.
12. For some organizations, registering as a Section 8 company is an option.
13. The highest form of income appears to be donations (context unclear).

## Social Entrepreneurship

# Social Business Model Canvas



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# ✓ Business Model

- ▶ In early 2000s, Alex Osterwalder provided a definition of “business model” that practitioners agreed on and that is still widely diffused today, two decades later. He described it as

*“the rationale of how an organization*

***creates, delivers, and captures value”.***

As you see, the concept of “value” plays a key role here. And revenue making – sometimes called “value capture” – is nothing but *one component* of business model.

# ✓ Business Model Canvas

- ▶ In 2008 Osterwalder developed a one-page, business model design template: the “**Business Model Canvas**”.
- ▶ A Business Model Canvas is a visual representation of an organization's business model. As you may guess, it describes the way the company creates, delivers and captures value. Based on a **visual language**, the Canvas enables anyone to understand pillars and key components of a certain business model. A great tool for describing new or existing business models, studying competitors' ones and presenting business ideas to external stakeholders in a quick, effective way.

# ✓ Social Business Value Canvas

The Social Business Model Canvas is Alex Osterwalder's model adapted for social interventions. It was created by Social Innovation Lab

Social entrepreneurs can benefit from using it:

- 1) Helps bringing the team together around the table to discuss business models using a shared (visual) language.
- 2) Fosters both **creativity and analysis**, as teams can use it for both sketching new business models or analyzing existing ones.
- 3) Social Business Model Canvas can be also used with external stakeholders, since it helps describing key components of a **business model** in a concise, effective manner.

**Social Business**  
**Key Resource**

**Social Value Proposition**

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**Impact Measures**

*How will you show that you are creating social impact?*

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**Customer Value Proposition**

*What do your customers want to get out of this initiative?*

# Canvas Boxes

► **Type of Intervention** - the type of product that will deliver the value, the core product, service or solution offered. A company may have one or more core offerings, especially when beneficiaries and customers differ. So, it's important to list them all in here.

► **Segments** - This supports the aspect that beneficiaries often do not pay anything but are crucial for the business model.

► **Beneficiary** - targets mostly affected by the social problem tackled. In other words, people whose lives the organization wants to radically improve. In this block, it's important to clearly identify target groups through segmentation criteria such as demographics, geographics, psychographics and behaviors.

► **Customer** - Sometimes beneficiaries are able to pay for the product or service offered. When it happens, they are also the actual customers of the social enterprise. But most frequently, beneficiaries can't afford doing that. Thus, third (paying) parties are needed. They can be companies, individuals, foundations, public authorities, just to name a few. This block shows who the ultimate payers truly are.

► **Partners+ Key Stakeholders** - include those players (public and private) that provide key external resources or support for the business model to actually work. But please remember: you shouldn't confuse partners and stakeholder as they are not the same.. just like we discussed in this article!

► **Key Resources** - fundamental resources can be physical, intellectual, human, technological or financial. Without them, it won't be possible for the company to carry out any of the activities and operations mentioned above.

► **Key Activities** - about what's needed to carry out all that has been included in the previous blocks. So, this section highlights all the mission-critical activities needed to keep the business up and running. Production, marketing, R&D, community engagement may be couple examples of that, but every enterprise has its own.

► **Value Proposition** - They define how you control your social impact

► **Social Value Proposition** the main benefits of using a certain product, service or solution. In this block, we therefore highlight all the pain relievers and gains provided to beneficiaries thanks to the core intervention

► **Impact Measures**

► **Customer Value Proposition** - same - but for customers

► **Channels** - all the main channels used by the company to get in touch, communicate and engage with the public, as well as to sell and deliver its solution. They can be either physical or digital, owned or indirect.

► **Cost Structures** - the major elements of cost impacting the business. These may include staff, technology, infrastructure, advertisement, and so forth.

► **Surplus** - where you plan to invest your profits. Examples of that may include reinvesting it to further increase the reach of impact or even donating it to related causes.

► **Revenue** - Social enterprises usually rely on a mix of different revenue streams to become (and remain) financially viable. This section lists all the different ways the organization generates such revenues - those otherwise known as "revenue engines". For instance, a company may sell its solutions either through one-time purchases or through recurring ones (i.e. subscription, rental). Again, other engines may include intermediary fees, sponsorships, or even donation-based streams.

# ✓ Application

- ▶ Different ways to start the process
- ▶ **1. With an idea:** start with defining the value proposition for a specific customer segment.
- ▶ **2. With potential / existing customers:** start with the customer segment and ask what value proposition you are delivering / could deliver to them and how.
- ▶ **3. With your resources:** Start to think what key resources (competences, experiences, physical resources, financial resources, etc.) you or your partners have and based on this develop your offer for a specific customer group.
- ▶ Use sticky notes because they can be easily removed or changed.
- ▶ Use different colors for different value propositions and customer groups.
- ▶ Create many different versions evaluate them with a Strategic Fit and / or a SWOT analysis.
- ▶ Do you know enough about the needs of your beneficiaries or customers? First step is to create empathy with them and to understand their situation, daily life, wishes, pains and gains.

# ✓ Strengths and Weaknesses

## ► *Strengths*

- Easy to apply
- Easy to understand the general structure
- Components that take into account the characters of a social business
- Easy to compare different business model frameworks
- Comprehensive high-level overview

## ► *Weakness*

- Value exchange between different actors and the core concept are not visible
- No team or cultural aspects (only within resources)