

Completing your business model canvas

We want to see the clearest possible picture of your existing or proposed business model. To enable this, we've condensed the typical nine section canvas down into four sections, focusing on the minimum information that we need to know about your business at this stage.

So what's the difference between a business model and a business plan? The business model describes the way in which a business creates value and generates profits or surpluses. The business plan is a much more detailed document that spells out a company's strategy and expected financial performance over a number of years. The two are of course linked – being clear about your business model will enable you to write a far more detailed and realistic business plan in the future.

By initially developing a business model as opposed to a full plan you are able to start gaining feedback much sooner, and can make necessary adjustments and changes to your business as your model evolves, something that's much harder to do when writing your business plan.

If you've already developed a full plan then don't panic, the process of completing the business model retrospectively will help you to identify and focus on key areas of your business.

When completing your canvas you'll work through four key building blocks. These building blocks cover the main areas of a business: customers, product/service, infrastructure/operations and financial viability, and will help you to create a picture of how your business or organisation intends to make money.

The factors you need to consider are of course dependent on the nature and stage of your business, but it's important to note that the canvas can be used just as effectively for impact driven businesses and social enterprises as it can for profit driven businesses. If it's useful, 'customers' can be thought of as clients, beneficiaries or audiences.

The four building blocks

1. Value propositions



- What problems do your customers have and how are you solving them?
- How does your product or service meet the needs of your customers? How are you having an impact?
- What value do you deliver to your customer segments?
- What do you offer that is unique, and why will your customers prefer your solutions to alternatives that might be available?
- What tasks are key to the success of your business?
- What are the key actions and activities that will enable you to deliver your value proposition?
- What processes will ensure your business runs efficiently?
- How will you manage research and development, production, marketing, sales, customer service, finance and administration?

2. Customers



- Who do you sell to, who do you help?
- What groups of customers are you providing value for?
- What are your customers' characteristics and personas?
- How would you describe your different customer groups?
- How do you reach your customers?
- What are the most effective methods to reach your customers?
- What are the channels you use to communicate, sell and service your customers?
- How do you manage the customer journey from awareness raising to completing a sale?
- How do you interact with your customers?
- How will you communicate with your customers (face-to-face or remotely)?
- How will you manage customer acquisition, convincing your customers to select your products or services over that of others available?
- Can you retain customers and how will you do this?
- Can you offer added value and upsell to your customers?

3. Cost structure



- What will it cost to launch, maintain or run your business or organisation?
- What costs will you incur at each stage of the business; for example creating marketing collateral, acquiring users/ customers, building a team, managing partnerships, fulfilling distribution?
- Which key activities represent the biggest cost to your business?
- Are these costs fixed or variable?
- What economies of scale can you hope to achieve?

4. Revenue streams



- How much income will your customers generate?
- What sources of income do you have? For impact driven businesses this could include grants, royalties or donations
- What's your pricing strategy?
- Do different customer segments generate different levels of income?
- Do you have a mix of customer segments that drive different revenues for your business?



Other resources

We've provided you with a template business model canvas (based on the original available from **strategyzer.com**) and you'll need to use this template to prepare your awards submission.

However, if you feel you would like to get a better understanding of business model design there are some excellent resources available online. They include:

- **businessmodelgeneration.com:** With content by the founders of the original Business Model Canvas this site and the associated book, provide content covering all aspects of the canvas.
- **strategyzer.com:** A fuller look at business model canvas and value proposition design.
- **diytoolkit.org:** Practical tools to trigger and support social innovation.
- **thehappystartupschool.com:** Resources and guidance for startup founders that put people first and place happiness before profits.
- **boardofinnovation.com:** Placing business model innovation at the heart of larger companies.

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