



## Tool 4

# Business Model Canvas

The **business model canvas** is a one-page overview for describing, analyzing, and designing business models. It offers the rationale for how an organization creates, delivers, and captures value, and is a great starting point for thinking through and discussing the business model of your

organization, your competitors', or any other enterprise.

As a tool, it enables structured conversations around management and strategy, laying out crucial activities and challenges involved with your initiative and how they relate to each other.

**PRO TIP – Individual customer segments are the first building blocks and should be considered at each step as you build out other elements of your model. If you have more than one segment to explore, try color-coding to track elements that are related to a specific customer segment.**

### STEPS

#### 1

##### CHANNELS

Customer touchpoints play an important role in customer experience. Channels serve several functions, including raising awareness among customers about your organization's products and services, helping customers evaluate value propositions, allowing delivery of products and services, and providing post-purchase support.

*By illustrating trade-offs and aligning activities, the visual format of a business model canvas can help you develop new initiatives and identify opportunities for efficiency in existing ones.*

#### 2

##### CUSTOMER RELATIONSHIPS

The types of relationships your organization establishes with specific customer segments can range from personal (in-branch service) to automated (weekly newsletters). Relationships are driven by customer acquisition, retention, and expansion, and can deeply influence the overall customer experience.

#### 3

##### CUSTOMER SEGMENTS

In order to better satisfy customers, you may group them into distinct segments with common needs, behaviors, and other attributes. Your organization must make a conscious decision about which segments to pursue and which to ignore; a business model can be carefully designed around a strong understanding of specific customer needs.

#### 4

##### VALUE PROPOSITION

Customers often turn to one organization over another because it solves a problem or satisfies a need. Each organization consists of a bundle of products and services that cater to specific customer segments, represent new or innovative offerings, or are similar to existing market offerings but with added features.

#### SUGGESTED TIME

2-8 hours

#### ROLES

2-4 collaborators

#### MATERIALS NEEDED

template, pages 34-35  
pens  
paper  
sticky notes



References: Business Model Generation, The DIY Toolkit



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The easiest way to start a business model canvas is by filling out what you do. This brings focus to your main goal as you complete the other building blocks on the template (pages 34-35). From there you can build on that goal to see how it can be achieved. The business model can be described by nine basic elements. As you

fill in the details for how to meet your goal, treat each individual element as a separate brainstorming activity. Once complete, take advantage of the visual layout – and the capability to have a complete overview – to encourage fresh perspectives and ideas about how the pieces fit together.

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### STEPS

**5**

#### REVENUE STREAMS

Revenue streams are the cash your organization generates from each customer segment. You must ask what value each customer segment is willing to pay. Successfully answering this question helps illustrate realistic revenue streams from each segment.

**6**

#### KEY RESOURCES

Key resources are the most important assets required to make a business model work, allow your organization to create and offer a value proposition, reach markets, maintain relationships with customer segments, and earn revenue. Resources may be financial assets, personnel, or even physical infrastructure (e.g., bank branch buildings).

**7**

#### KEY ACTIVITIES

These are the most important things your organization must do to make the business model work. Key activities may include staffing and running local bank branches, maintaining banking agents in areas that lack branches, or software development and maintenance for mobile finance products.

**8**

#### KEY PARTNERSHIPS

Key partnerships are the network of suppliers and partners that make your business model work. There are four types of partnerships:

1. Strategic alliances between non-competitors
2. “Co-opetition,” or strategic partnerships between competitors
3. Joint ventures to develop new businesses
4. Buyer-supplier relationships to assure reliable supplies

**9**

#### COST STRUCTURE

This includes all costs incurred to operate your business model. Costs can be calculated relatively easily after defining key resources, key activities, and key partnerships.



## Tool 4

# Business Model Canvas (1/1)

**KEY PARTNERSHIPS** Who are your key partners and what resources do they supply? What activities do they perform? Who are your key suppliers?

**KEY ACTIVITIES** Which activities are necessary to offer and deliver value to customers? To support distribution channels and customer relationships? To maintain revenue streams?

**VALUE PROPOSITION** What value do you deliver to your customers? Which one of your customer problems are you helping to solve, or which needs are you satisfying? Which product/service bundles are you offering to each segment?

**CUSTOMER RELATIONSHIPS** What type of relationship does each customer segment expect? Have these relationships been established, and if so, which front-line staff stewards them? Are they integrated with the rest of your organization's business model?

**CUSTOMER SEGMENTS** For whom are you creating value? Who are your most important customers? Which unbanked or underbanked segments may provide new opportunities?

**KEY RESOURCES** Which resources and assets are required to offer and deliver value to your customers? To support distribution channels and customer relationships? To maintain revenue streams?

**CHANNELS** Through which channels do customer segments prefer to be reached? How are they being reached now? How are channels integrated? Which ones work best and are most cost efficient? How are channels integrating with customer routines?

**COST STRUCTURE** What are the most important costs inherent in your business model? Which key resources and activities are most expensive?

**REVENUE STREAMS** What value are customers really willing to pay for? What do they currently pay for? How are they currently paying? How would they prefer to pay? How much does each revenue stream contribute to overall revenue?