

THE BUSINESS MODEL CANVAS

Below is a basic outline of the Business Model Canvas (BMC) and the type of information found in each section. On page 2 and 3 of this guide, you'll find a short list of common methods of working with the canvas to innovate on a current business model. You can find more information and other ways to use the BMC online. Or, consider joining us for our upcoming **Corporate Business Model Innovation program**, where you will strengthen your ability to manage innovation and use the Business Model Canvas to produce your personalized innovation integration plan.

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<div><div>KEY PARTNERS</div><div><div><div>Complementary Core Competencies:</div><div>Are there organizations that have specialties that we can leverage to support our business model and delivery of our value proposition to the customer?</div></div><div><div>Resource Providers:</div><div>Which Key Activities will be better performed by outside parties? Which Key Resources are you acquiring from partners?</div></div></div></div>	<div><div>KEY ACTIVITIES</div><div><div><div>Core Competencies:</div><div>What do you need to do to create/ deliver this product or service? How will you and your team spend their time? What major operational tasks and processes do you have to excel in to provide the value proposition in a repeatable and sustainable way?</div></div></div></div> <div><div>KEY RESOURCES</div><div><div><div>Required Assets:</div><div>What are the most important assets required to develop and maintain your core competency areas and make your business model world (physical, intellectual, human, financial, etc.)</div></div></div></div>	<div><div>VALUE PROPOSITIONS</div><div><div><div>Gains (Values, Benefits, Outcomes):</div><div>For each of the Jobs listed in the Segments section, what does the customer want to accomplish?</div></div><div><div>Functional Outcomes:</div><div>What would they like to be able to do differently if they could?</div></div><div><div>Social-Economical Outcomes:</div><div>How would they feel if they were able to do things differently (emotional value)?</div></div><div><div>Pain Relief:</div><div>What obstacles or pain points would they like to see eliminated?</div></div><div><div>Initial Solution Concept:</div><div>Does the solution have a unique value proposition?</div></div></div></div>	<div><div>CUSTOMER RELATIONSHIPS</div><div><div><div>Engagement:</div><div>What type of experience does each customer segment expect at each touch point?</div></div><div><div>Touch Points:</div><div>How do you 'touch' the customer and through what means? (i.e. social media, email, advertising, interactions, etc.)</div></div></div></div> <div><div>CHANNELS</div><div><div><div>Channel Selection:</div><div>Corresponds directly with the customer touch points identified in Customer Relationship. The whole sales cycle from awareness to evaluation to purchase decisions—delivery—post purchase service and engagement.</div></div></div></div>	<div><div>CUSTOMER SEGMENTS</div><div><div><div>Customer Types/Context:</div><div>Based on the similarity around job, context, and progress to be made, not demographics.</div></div><div><div>Jobs:</div><div>The underlying tasks that customers are trying to get done. What are they trying to accomplish? Under what context or circumstances?</div></div><div><div>Pains:</div><div>A pain point is an area where a customer experiences frustration, boredom, or inefficiency. Where are your customers struggling? What existing situations / processes do they find frustrating?</div></div></div></div>
<div><div>COST STRUCTURE</div><div><div>What are the major costs/expenses associated with your key activities and resource needs? Any major startup costs? Where do your major operational costs come from?</div></div></div>		<div><div>REVENUE STREAMS</div><div><div>What does each customer segment purchase? Are you selling a product? Service? Do all customers buy the same thing or are they different? Are there more than one revenue stream? How much does each revenue stream contribute to overall gross profit?</div></div></div>		

WORKING WITH THE BMC

There are various approaches to using the Business Model Canvas. The steps below outline a process by which teams can use this canvas to clarify where they are now as well as explore various potential business model innovations. A blank canvas is provided for you on page 4.



1

PERFORM RESEARCH

Understanding the environment influencing your business and any new business model strategy is essential to successful innovation.

Main Areas of Research

Your Industry: Which competitors dominate this space? What are their competitive advantages? Which segments do they target? What are their value propositions?

The Market: How is the landscape shifting? What are the most critical segments? What are the growth trends? What are customers' needs, pains, and gains? What will customers pay?

Key Trends: What is technology influencing? Are there pending regulatory changes? What societal or cultural changes might affect our business?

Economic Forces: What does the global economy look like now? What is the confidence in the market? Can we access talent? Are prices increasing?

2

CREATE YOUR 'AS IS' BUSINESS MODEL

Work through each of the nine sections to map your current business model. It might help to start with the 'front-of-stage' elements: customer segments, value proposition, relationships, channels, and revenue streams. Then complete the 'behind the scenes' elements: partners, activities, resources, and cost structure. Many of the front-of-stage elements will inform behind-the-scenes strategies.

Some Things to Keep in Mind

- Map only the vital pieces so you can keep the document 'high-level.'
- Ensure that each component supports the model.
- Ensure that each component connects logically to the others.
- Use color coding to identify distinct customer segments and the components tied to each, or consider using a different canvas for each segment.

3

CREATE YOUR 'INNOVATION' BUSINESS MODEL

At this stage, the Design Thinking framework can provide helpful guidance for innovating a current business model. The aim is to be creative and ideate various ways to innovate (not just one) using the components of the BMC. Remember that you may need to separate significantly different business model ideas into their own BMC. Also, understand when you are making assumptions (these need to be tested) versus recording a certainty.

Recognize Opportunities & Generate Ideas

There are numerous ways to generate ideas for business innovation. Asking illuminating questions is central to nearly all innovation activities because they help to expose new avenues of possibility. Below are some examples of the types of questions you might ask.

Refer back to your research and capture any insights that emerge:

- Are there any problems, pain points, or other needs you could solve for your current or potential customers? How might you solve them?

- Can another organization's model inspire you? (don't limit yourself to your industry only)
- Can you identify and create a value proposition that is hard to copy?
- What emerging technology might help you gain a competitive advantage?
- Are there any emerging or under-served markets your business can serve?
- Are there any economic or social trends that might contain new opportunities?

Take a look at your CURRENT model. Below are some exploratory questions you might use to reveal opportunities hidden within your current model.

How might you:

- Magnify your current resources and activity advantages?
- Create new value propositions for existing customers?
- Improve speed and efficiency?
- Create a unique value proposition based on new partnerships?
- Capture revenue from other sources?

You might also try zooming in even more and modifying the individual factors within each section of the model:

- What existing factor(s) can be reduced?
- What existing factor(s) could be expanded?
- What existing factor(s) could be eliminated?
- What new factor(s) can be added?

4

EXPERIMENT & TEST

Once you have an idea for a new product, service, market, process, or innovative business model—it's important to continue asking questions and testing the concept. Design Thinking and Lean Startup stress the importance of testing ideas early so you don't waste time building something no one wants.

Identify for most promising idea/business model and ask:

- What needs to be true for the idea to work?
- How can we test our assumptions?
- Have any insights changed the assumption?

Test your new business model desirability by:

- Running ads that send people to a survey, email list, or pre-purchase.
- Building a minimum viable product (a smaller version of the core product) to launch and test customer preferences/priorities.

5

LEARN & ITERATE

Allow yourself plenty of room to learn and adapt to feedback. Even if you don't start with the best version of your idea, you can get closer to it with each iteration. This requires you to:

- Continue to make small, calculated risks to test, and learn about your new product or business model.
- Be open to new insights from experiments and don't be afraid to rethink or react to what you discover.
- As you learn, you can increase your investment toward higher-fidelity experiments.



The Business Model Canvas

Refer to the BMC template on page 1 and guide on pages 2-3 to help you complete the canvas.

KEY PARTNERS	KEY ACTIVITIES	VALUE PROPOSITIONS	CUSTOMER RELATIONSHIPS	CUSTOMER SEGMENTS
	KEY RESOURCES		CHANNELS	
COST STRUCTURE			REVENUE STREAMS	