

Building A Better Business Now and the Future

What is the purpose of the Business Model Canvas?

This canvas is used to describe, design, challenge and pivot your business model. Use this canvas to discover insights about the customers you serve, what value propositions are offered through what channels, and how your company makes money.

Why we like it -

It's a strategic method that helps you work in a fast yet structured way to understand better your current business model, experiment with future possibilities, and evaluate your competitors' business models. Using the value proposition canvas, you can uncover business models that outperform your competition and set your business apart.

It is also a much better way to do a meaningful SWOT analysis for your business.

How to use it -

The Business Model Canvas works best in a creative environment. Print it out on large paper, use sticky notes to capture your ideas, or sketch out your thoughts freehand - whatever works for your team. You can also use the Google Slides template to do the same on a big screen.

STEP BY STEP

1. START HIGH LEVEL

Write down at the top of the canvas the product/service area you are building this business model for. Then start by mapping out the business on a high level: only the most essential, vital aspects of the business model. There is no set path to follow - start wherever is easiest.

2. CUSTOMER SEGMENTS

List the top one to three customer segments. Consider the segments that provide the most revenue.

Use a different color sticky note for each customer segment. Continue this method as you fill in the canvas, using the relevant color for related building blocks.

3. VALUE PROPOSITION

What is the job you get done for your customer? How does it compellingly create Value for the customer? Don't just list your products and services - the value proposition should result from your products and services?

4. REVENUE STREAMS

List your top one to three revenue streams. If you do things for free, add them here too.

5. CHANNELS

Describe how you communicate with your customer. How do you deliver the value proposition?

6. CUSTOMER RELATIONSHIPS

How does this show up, and how do you maintain the relationship? What is your role? How do you want the customer to relate to you?

7. KEY ACTIVITIES

What do you do every day to run your business model? What essential activities do you need to perform to be successful?

8. KEY RESOURCES

These are the people, knowledge, means, and money you need to run your business. Capture the essential elements.

9. KEY PARTNERS

List the partners you can't do business without (not suppliers).

10. COST STRUCTURE

List your top costs by looking at the activities you must perform and the resources you require to deliver your products and services effectively.

11. CONNECT THE BUILDING BLOCKS

No building blocks should be left sitting on their own. Each should have a relationship. Link up each building block: every value proposition needs a customer segment and a revenue stream. Make use of the different colored sticky notes.

12. NOW VS FUTURE

Don't mix ideas for a future state with what is going on right now, and don't mix different departments. Instead, use one business model canvas for each - one for the current business state, and as many canvases as are needed for potential future conditions as you experiment with ideas of where the business could go.

13. REVIEW

Take a step back to check if every customer segment is linked to a value proposition and a revenue stream. Make sure everything on the left side of the canvas is needed to support the right side of the canvas. Everything else can be removed.

CHECKLIST

Rank your business model's performance (0= bad, 10-excellent) for each of the following questions.

How much does switching costs prevent your customers from churning? [1 2 3 4 5 6 7 8 9 10]

How scalable is your business model? [1 2 3 4 5 6 7 8 9 10]

Does your business model produce recurring revenues? [1 2 3 4 5 6 7 8 9 10]

Do you earn before you spend? [1 2 3 4 5 6 7 8 9 10]

How much of the work can be done by others? [1 2 3 4 5 6 7 8 9 10]

Does your business model provide built-in protection from competition? [1 2 3 4 5 6 7 8 9 10]

Is your business model based on a game-changing cost structure? [1 2 3 4 5 6 7 8 9 10]

NEXT STEPS

Review your business performance ranking you performed and address any area not ranking positive and decide which or all to tackle, setting a strategic plan with deadlines to complete to hold you and your team accountable.

Continuously use the business model canvas to review and reshape your business and marketing strategy. By identifying your business strengths and weaknesses on the left side of the canvas and the opportunities and threats to your business on the right side of the canvas, your business will stay ahead and uncover potential opportunities to grow and uncover areas needing to be corrected.