

Business model canvas for FoF strategy creation

UNIBIAL_02: Strategy-oriented topics:
Product and service design with design thinking
and business model canvas creation

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Agenda



Photo by Markus Winkler from Pixabay

- ✓ basic theoretical content
- ✓ BMC idea
- ✓ example of BMC
- ✓ discussion of a given model element and its individual creation (working in teams)
- ✓ summary and presentations of results of group work

If you are wondering if you need to create business models...

Are you an entrepreneurial spirit?



Photo by Turnisu from Pixabay

Are you constantly thinking about how to create value and build new businesses, or how to improve or transform your organization?



Photo by TheDigitalWay from Pixabay

Are you trying to find innovative ways of doing business to replace old, outdated ones?



Photo by Michal Jarmoluk from Pixabay

What is business model?

Seeking definitione ...



- ▶ Many authors have proposed definitions of the term "business model", but none of these definitions have been fully accepted by the business community.

S. M. Shafer, H. J. Smith, J. C. Linder, The Power of Business Models, "Business Horizons" 48(3), 2005, 199-207

- ▶ The ambiguity of definitions and the multiplicity of elements forming the construction of the BM is the result, on the one hand, of the variability of business reality and its perception by decision makers and, on the other hand, of the evolution of concepts and theories that explain these processes and phenomena.

E. Nawrocka, D. Jaremen, Model biznesu organizacji, Studium Grupy Hotelowej Orbis, „e-mentor” 2018, nr 1(73), s. 47–53

We can assume that ...

- ▶ „A business model is an abstract representation of what value a business provides in order to generate revenue”

M. L. Carter, *The Creative Business Model Canvas: The Business Model Canvas reimagined for visual artists*, 2018,
Masters by Research thesis, Queensland University of Technology

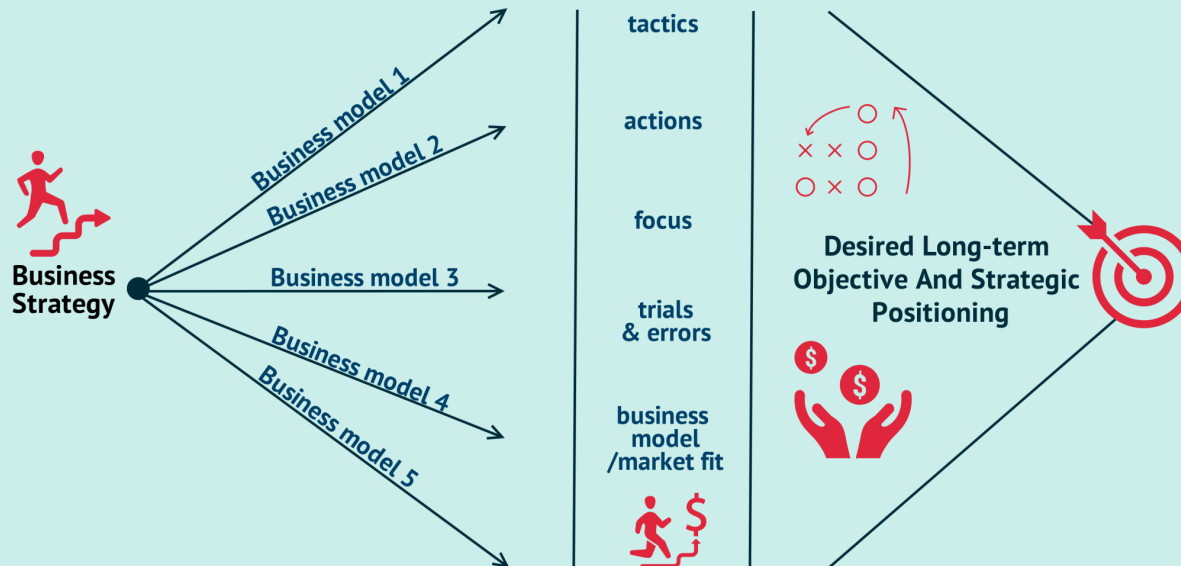


Photo by Startup Stock Photos from Pexels

The difference between business model and business strategy

Business Model vs. Business Strategy

A business strategy is a deliberate vision to get toward a desired long-term goal. A business model is a great tool to execute a business strategy. Yet while achieving a long-term goal a business strategy set a vision, mission and value proposition that can be executed through several possible business models. When one of the drafted business models encounters the favor of the market that is when a business strategy becomes successful!

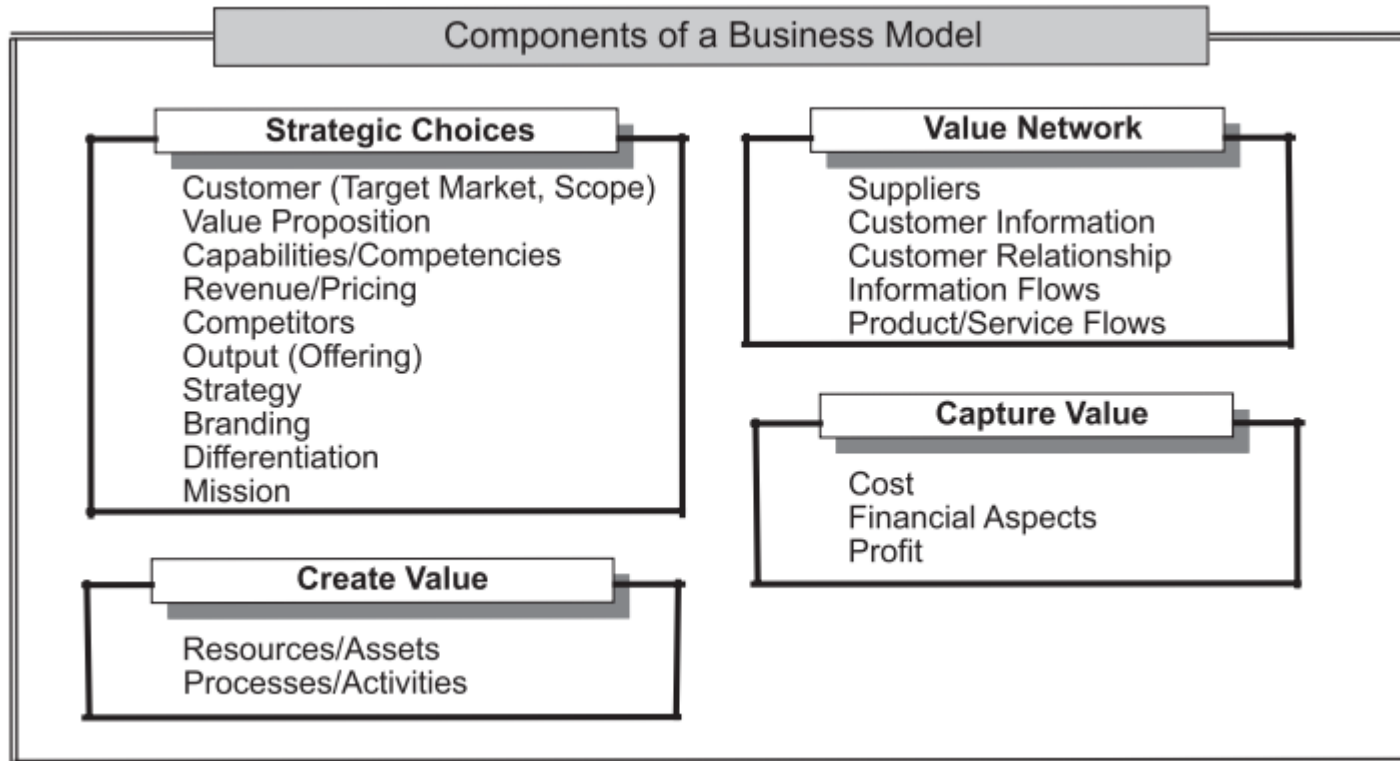


Source: fourweekmba.com/business-model-vs-business-strategy

FourWeekMBA.com

Components of a business model

according to Shafer et al.



S. M. Shafer, H. J. Smith, J. C. Linder, The Power of Business Models, "Business Horizons" 48(3), 2005, 199-207

The Business Model Canvas



- ▶ One of the most popular business model templates is the Business Model Canvas developed by Alex Osterwalder and presented in the book *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*. In the world of startups, the template has become almost synonymous with developing a business model.

<https://productvision.pl/2014/business-model-canvas-szablon-modelu-biznesowego/>

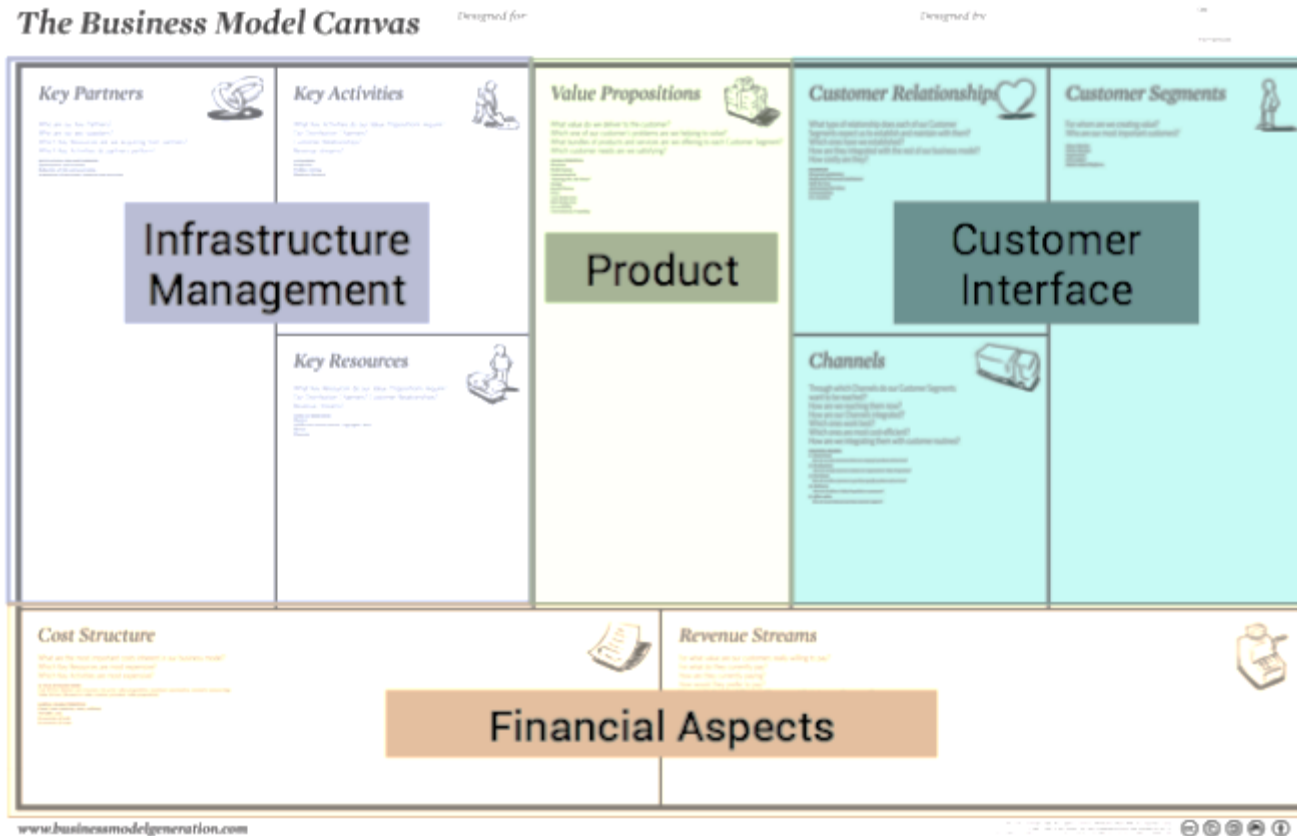
- ▶ It owes its popularity primarily to its graphics, focus on value and simplicity and ease of use.

M. L. Carter, *The Creative Business Model Canvas: The Business Model Canvas reimaged for visual artists*, 2018, Masters by Research thesis, Queensland University of Technology

- ▶ It is a tool that helps to identify smaller elements of the business model and allows to create a visual map where such details can be recorded. When completed, BMC provides the user with a one-page view of "what" the company actually does to achieve its goals.

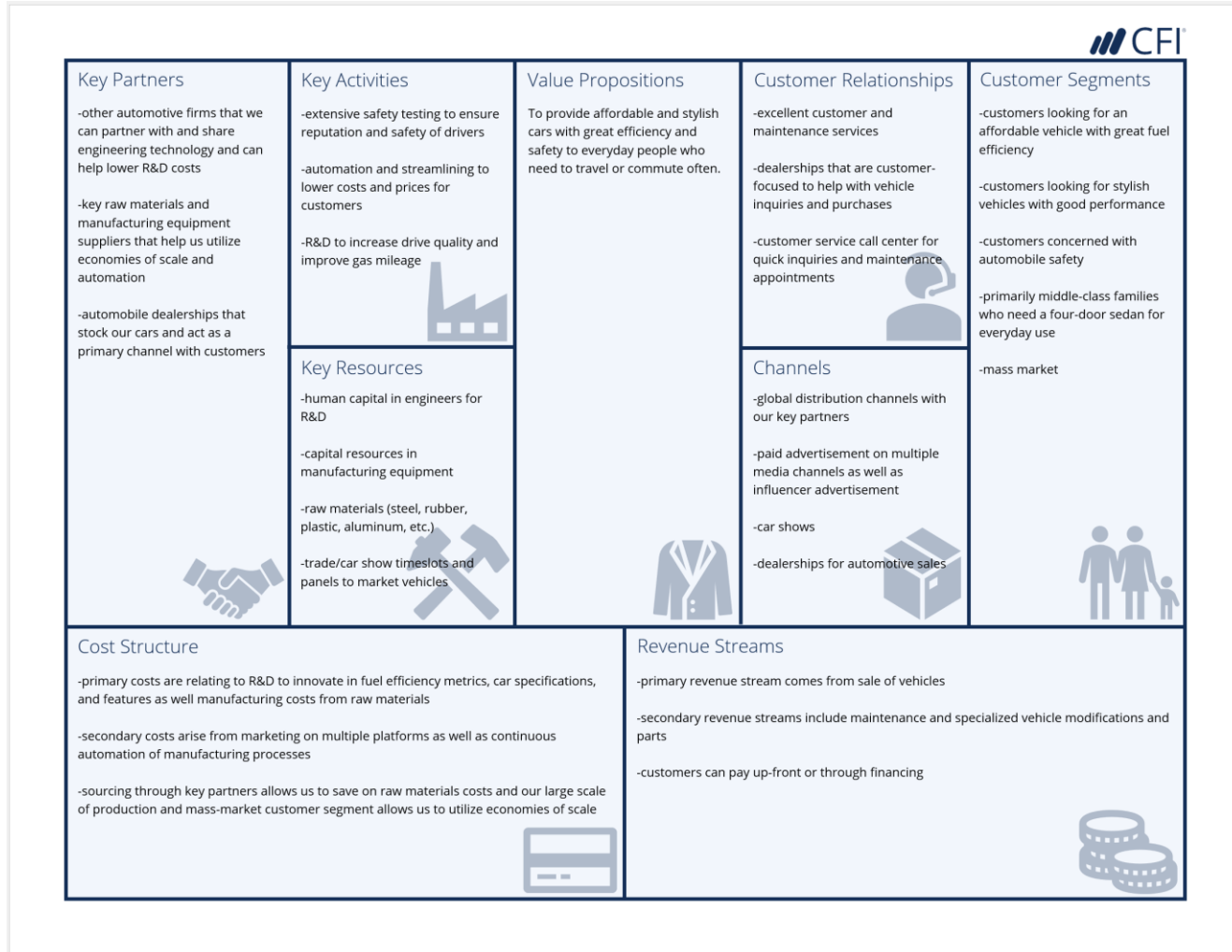
M. L. Carter, *The Creative Business Model Canvas: The Business Model Canvas reimaged for visual artists*, 2018, Masters by Research thesis, Queensland University of Technology

The Business Model Canvas



M. L. Carter, The Creative Business Model Canvas: The Business Model Canvas reimaged for visual artists, 2018, Masters by Research thesis, Queensland University of Technology

The Business Model Canvas Automobile Company Example from Corporate Finance Institute®



Corporate Finance Institute®, <https://corporatefinanceinstitute.com/resources/knowledge/strategy/business-model-canvas-examples/>

What we need ...

Photo by Andrea Piacquadio from Pexels

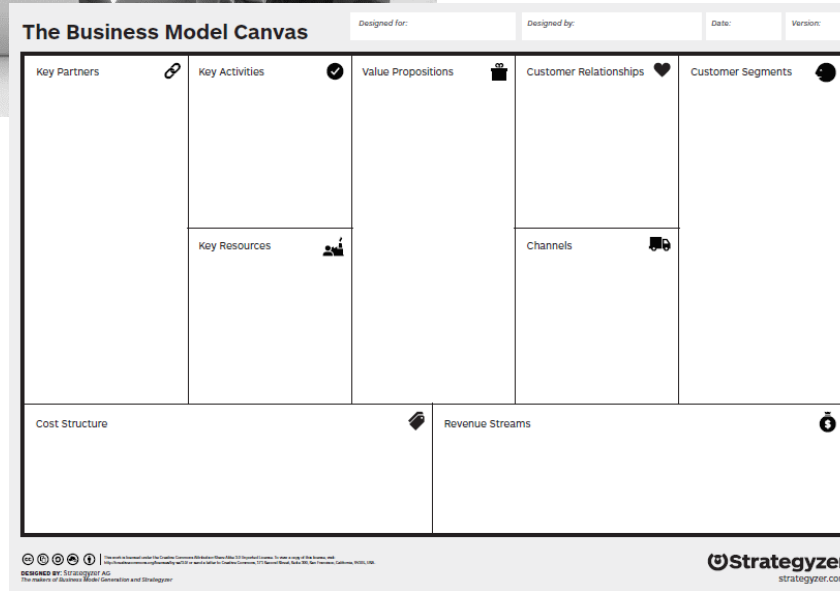


Photo by Frans Van Heerden from Pexels

Time for your own business model

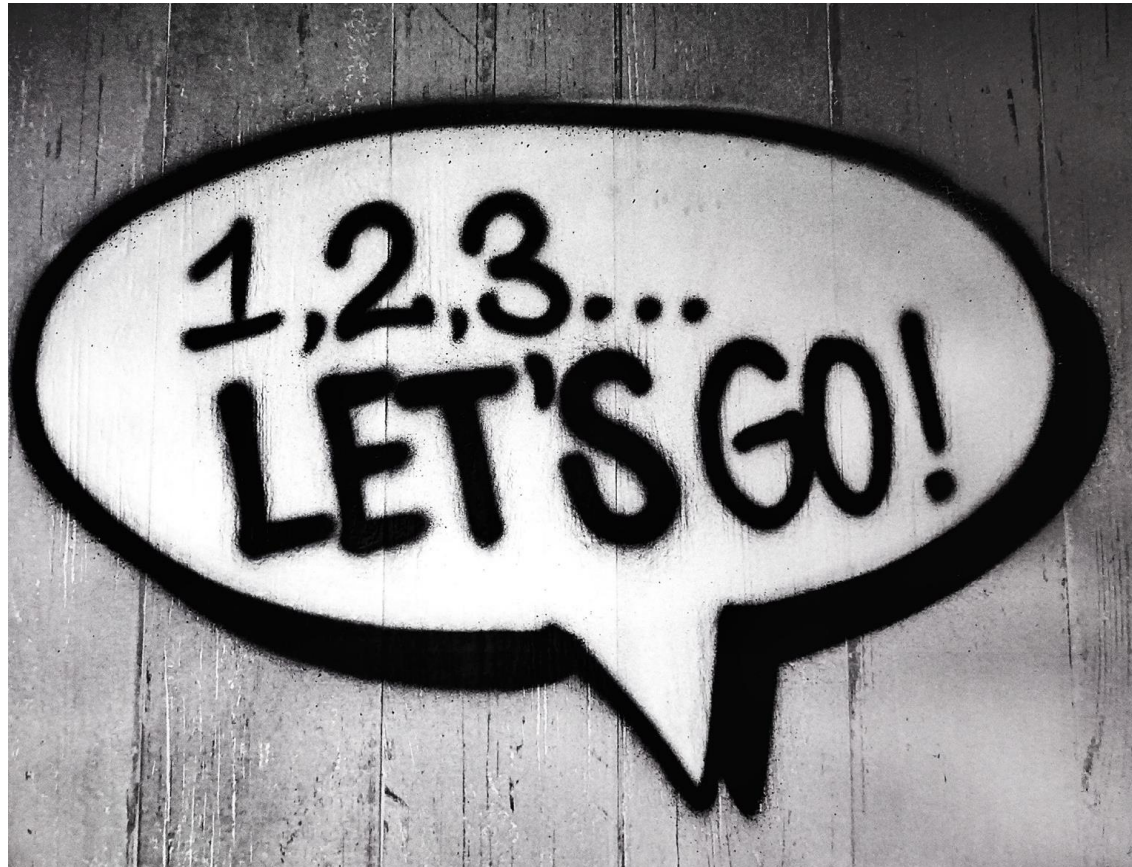


Photo by Juhasz Imre from Pexels

Customer Segments Building Block

It defines the different groups of people or organizations
an enterprise aims to reach and serve



Photo by Gerd Altmann from Pixabay

When customers are separate segments?

- ▶ *Their needs require and justify a distinct offer*
- ▶ *They are reached through different Distribution Channels*
- ▶ *They require different types of relationships*
- ▶ *They have substantially different profitabilities*
- ▶ *They are willing to pay for different aspects of the offer*

Value Propositions Building Block

VP describes the bundle of products and services that create value for a specific Customer Segment



Photo by Suzy Hazelwood from Pexels

Some Value Propositions may be innovative and represent a new or disruptive offer. Others may be similar to existing market offers, but with added features and attributes. It can be: newness, performance, customization, “getting the job done”, design, price, brand/status, cost reduction, risk reduction, accessibility, convenience/usability

Channels Building Block

CH describes describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition



Photo by PublicDomainPictures from Pixabay

Channels Type:

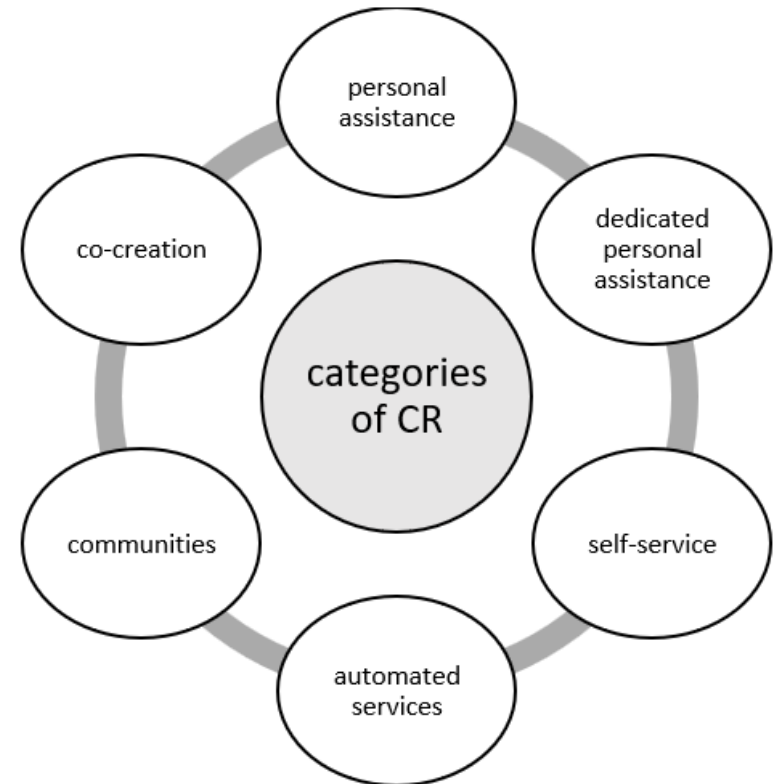
- ✓ own: sales force (direct), web sales (direct), own stores (indirect)
- ✓ partner: partner stores (indirect), wholesaler (indirect)

Customer Relationships Building Block

CR describes the types of relationships a company establishes with specific Customer Segments



Photo by Gerd Altmann from Pixabay



REMEMBER that they may co-exist in a company's relationship with a particular Customer Segment

Revenue Streams Building Block



RS represents the cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings)

Photo by Alexander Lesnitsky from Pixabay



There are several ways to generate RS:

asset sale usage fee
subscription fees licensing
lending/renting/leasing
brokerage fees advertising

Key Resources Building Block



KR describes the most important assets required to make a business model work



Photo by Prateek Katyal from Pexels

Key resources can be **physical, intellectual, human or financial.**

Key resources can be owned or leased by the company or acquired from **Key Partners.**

Key Activities Building Block



KA describes the most important things a company must do to make its business model work



Photo by Breakingpicl from Pexels

???

Production

Problem solving

Platform/network

???

Key Partnerships Building Block



KP describes the network of suppliers and partners that make the business model work



Photo by fauxels from Pexels

Companies create alliances to optimize their business models, reduce risk, or acquire resources.

Cost Structure Building Block

CS describes all costs incurred to operate a business model

Photo by Raten-Kauf from Pixabay



Naturally enough, costs should be minimized in every business model. But low Cost Structures are more important to some business models than to others. Therefore it can be useful to distinguish between two broad classes of business model Cost Structures: cost-driven and value-driven (many business models fall in between these two extremes).

And now... the floor is yours!



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