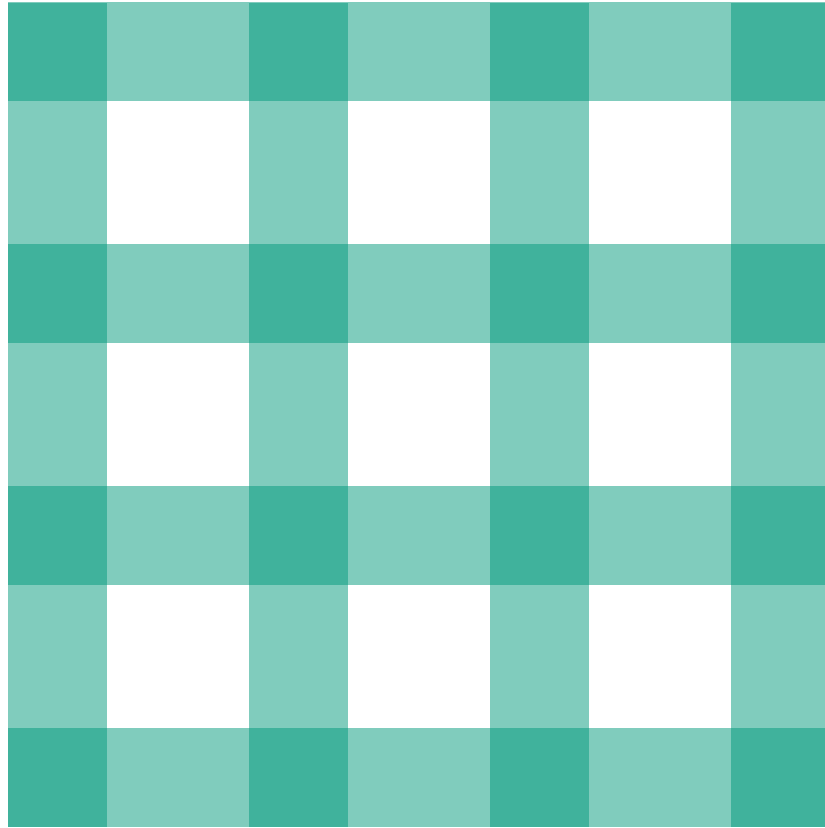




Business model canvas





Rather than writing a conventional book about business model innovation, we've tried to design a practical guide for visionaries, game changers, and challengers eager to design or re-invent business models. We've also worked hard to create a beautiful book ...

OSTERWALDER & PIGNEUR, 2010: 15

What's it all about?

Business Model Generation is an approach that has been widely adopted across a range of sectors. The intention of the approach is to help businesses create value and replace outmoded models of working. It is based on the belief that all business models can be described through nine building blocks, which show how a business either makes money or delivers its mission and generates income. The nine blocks have arisen out of the four basic areas of a business: customers, offer, infrastructure and financial viability.

What's it for?

The purpose of the model is to create a shared language for describing, visualising, assessing and changing business models. It is intended to be a practical guide that will give you a deep insight into your business model and a shared understanding of the value your business creates. The building blocks proposed by the Business Model Generation approach are:

1. Customer segments: a breakdown of the customers being served
2. Value or offer propositions: which seek to solve customer problems and satisfy customer needs or wants
3. Channels: how your offer is delivered
4. Customer relationships: how relationships are established and maintained
5. Revenue streams: where the money comes from

6. Key resources: the assets needed to develop and offer the value proposition
7. Key activities: performing what is needed to deliver
8. Key partnerships: those people and businesses you work with outside of your business
9. Cost structure: the costs that result from your business activities

Using the tool

The main element of the tool is the business model canvas, which encourages you to take a holistic view of your organisation. You can either download a copy or create a large canvas with flip chart paper. As part of your process of assessing where your business is now, you should use the canvas to work through the following questions :

| Area | Prompts |
|------------------------|---|
| Customer segments | <ul style="list-style-type: none"> • For whom are you creating value? • Who are your most important customers? • What customers would you like to attract? |
| Channels | <ul style="list-style-type: none"> • Through which channels do your customers want to be reached? • How are you reaching them now? • How well are your channels integrated? • Which ones work best? • Which ones are most cost-efficient? • How are you integrating your channels with customer routines? |
| Customer relationships | <ul style="list-style-type: none"> • What type of relationship do you have with each of your customer segments? • What sort of relationship do they expect? • Which ones have you established? • How costly are they? • How well are they integrated with the rest of your business model? |

| Area | Prompts |
|-----------------------------|--|
| Key resources | <ul style="list-style-type: none"> • What key resources do you have: <ul style="list-style-type: none"> • to deliver your value propositions? • for your channels of distribution? • for customer relationships? • for revenue streams? |
| Key activities | <ul style="list-style-type: none"> • What key activities do the following need? • Value propositions <ul style="list-style-type: none"> • Distribution channels • Customer relationships • Revenue streams |
| Key partnerships | <ul style="list-style-type: none"> • Who are your key partners? • Who are your key suppliers? • Which key resources do you acquire from your partners? • Which key activities do your partners perform? |
| Value or offer propositions | <ul style="list-style-type: none"> • What value do you deliver to the customer? • Which one of your customer's problems are you helping to solve? • Which customer wants/needs are you satisfying? • What bundles of products and/or services are you offering to each customer segment? |
| Revenue streams | <ul style="list-style-type: none"> • For what value are your customers really willing to pay? • For what do they currently pay? • How are they currently paying? • How would they prefer to pay? • How much does each revenue stream contribute to overall income? |
| Cost structure | <ul style="list-style-type: none"> • What are the most important costs inherent in your business model? • Which key resources are most expensive? • Which key activities are most expensive? |

What Next?

Take one aspect of your offer; it may be a particular product or service. Use the canvas to assess its recent performance. What does it tell you about the value it has added to your business model and your customers? What improvements might you now make?

Quick tips

- Work with a mixed group of stakeholders and use images, symbols and text to fill in your canvas
- Notice the areas where there are gaps in your knowledge or awareness
- Use the model intuitively and creatively
- Link your review to other assessment tools such as the SWOT and PESTLE tools (also in the toolkit under

References

Osterwalder, A., & Pigneur, Y. (2010). *Business Model Generation*. New Jersey, USA: John Wiley & Sons Inc.

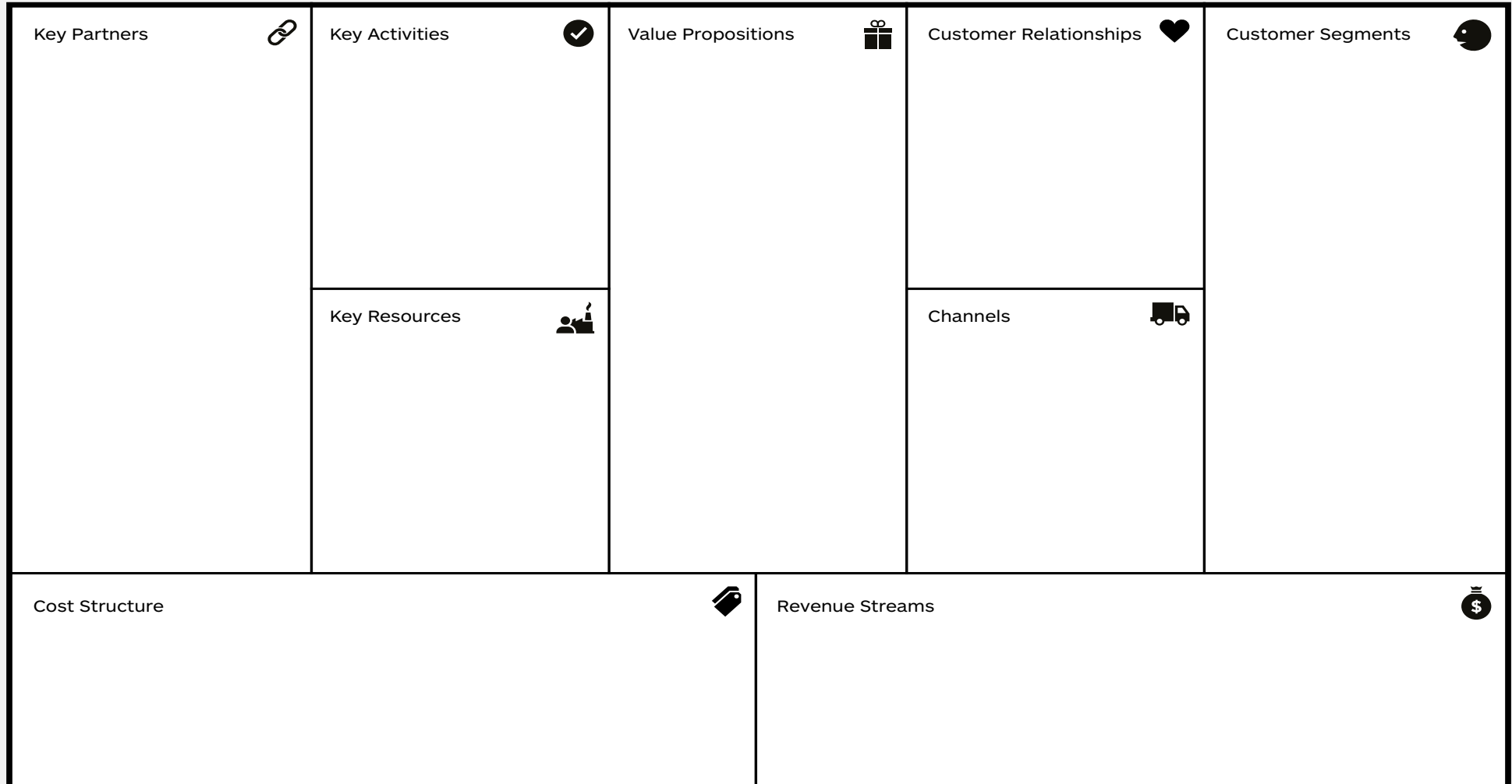
The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



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DESIGNED BY: Strategyzer AG
The makers of Business Model Generation and Strategyzer

Cultural sector Business Model Canvas with prompts

Business Model Canvas

'A business model describes the rationale of how an organisation creates, delivers and captures value.'

| | | | | |
|---|--|---|--|--|
| <p>Key Partners</p> <p>Who are the key suppliers and partners we need to make our model work?</p> <p><i>Other cultural organisations, collaborators, media partners, third sector & community organisations, schools, FE & HE, business partners</i></p> | <p>Key Activities</p> <p>What key activities does our offer require?</p> <p><i>Project, fundraising, marketing and audience development</i></p> | <p>THE OFFER</p> <p>What are we offering?</p> <p>Why choose us?</p> <p>What needs are we satisfying?</p> <p>What products & services are we offering?</p> <p><i>Delivering our goals (funder), experience (intellectual, sensory etc.), cultural education, health & well-being, employability, etc.</i></p> | <p>Customer Relationships</p> <p>What kind of relationship do we want with our customers?</p> <p><i>Personal, trust, loyalty, co-creation, self-service</i></p> | <p>Customer Segments</p> <p>Who and where are our customers?</p> <p><i>Funders, visitors, donors, friends, participants</i></p> |
| | <p>Key Resources</p> <p>How do we deliver our offer? What key assets are required?</p> <p><i>Building, staff, board, programmes, brand, expertise, networks</i></p> | | <p>Distribution Channels</p> <p>How do we communicate with and reach our customers?</p> <p><i>Front of House, website, social media, third party, print</i></p> | |
| <p>Costs</p> <p>What does it cost to deliver our offer via our key activities?</p> <p>What are our core/fixed costs e.g. permanent staff and buildings?</p> <p>What are our activity/programme/variable costs?</p> <p>What is the balance between them?</p> | | | <p>Income</p> <p>What are our customers willing to pay/contribute?</p> <p>How much income is recurring and how much is one-off?</p> <p><i>Combination of earned income (trading etc.), grants, donations, community/business partnerships, members and friends, special events</i></p> | |

Adapted by Dawn Langley & Susan Royce from Osterwalder, A., & Pigneur, Y. (2010). Business Model Generation. New Jersey, USA: John Wiley & Sons Inc.



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We are passionate about organisational learning and
supporting people to understand change in action.



Would you tell me, please,
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I ought to go from here?
That depends a good deal on
WHERE
you want to get to.

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