STEP-BY-STEP GUIDE

BUSINESS MODEL CANVAS

EVOLUTION Accelerator
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Customer Segments
Whom do you create value for?
Most important customers, clients, users?
What are their common needs?

Niche Market
Specialized Customer Segments
Often supplier-buyer relationships

For example: many car part manufacturers depend heavily on purchases from major automobile manufacturers.

Segmented Market
Distinguish between a large market

For example: banks may distinguish between customers that have 20,000 in assets vs $500,000 in assets.

Multi-Sized Market
2 or more interdependent segments

For example: a credit card company needs a large base of credit card holders and a large base of merchants who accept those credit cards.

Mass Market
Doesn’t distinguish customer segments
Often found in consumer electronics sector

Diversified Market
Different unrelated customer segments

For example: Amazon diversified and added Cloud Services.

For more information visit www.evolutionacceleration.com
Value Proposition

What bundles of product/services do you offer each customer segment?

What customer needs do you satisfy?

What value do you deliver to the customer?

What is unique about the value?

Which customer problem are you solving?

Newness
A new set of needs the consumer didn’t know they had. Example: Cell Phones

Performance
Improving a product/service. Example: Computers

Customization
Tailored products. Example: Software

“Getting the Job Done”
Helping customers get the job done.

Design
Standing out due to superior design.

Brand/Status
Example: Rolex

Price
Lower pricing than competitors

Cost Reduction
Helping customers reduce costs

Risk Reduction
Reducing risk when purchasing products or services Example: Guarantee

Accessibility
Easier access to products or services

Convenience/Usability
Make it easier to use
Channels

How do you reach your customers?
Which channels are most cost-efficient?
How are you integrating them with customer routines?

Your channels are customer touch points that play an important role in the customer experience such as:

- Increase customer awareness about your product or service.
- Help customers understand the business value proposition.
- Provide post-purchase customer support.

Owner Direct
Higher margins, but can be costly to operate and begin.

Example: In-house Sales

Partner Direct
Lower margins, but expanded reach.

Example: Wholesale
Customer Relationships

What relationships do you want to establish with customers?
How costly are those relationships?
How do you integrate these relationships?

What type of relationship does EACH customer segment expect to have with you in order to maintain a relationship?

Transactional
No relationship between company and customer.

Long-Term
Deep relationship; interact on a regular basis.

Dedicated Personal Assistance
Built on a human interaction.
Example: Customer Service Call Center

Self-Service
Company doesn’t have a direct relationship with customers.

Automated Services
They recognize individual customers.
Example: Upselling products due to their personal preferences.

Communities
Create a user community

Co-Creation
Co-creating value with your vendor.
Example: Amazon lets you leave reviews which help their vendors.

Switching Costs
How easy is it to change to a competitor?
Revenue Streams

What value are your customers really willing to pay?
How do they prefer to pay?
What percentages does each revenue stream contribute to the overall revenues?

You may have revenue streams for each customer segment as pricing mechanisms may differ.

Assets Sale
Derives from selling ownership rights to a physical product.

Usage Fee
Generated by the use of a particular service.

Subscription Fee
Example: Gym Membership

Brokerage Fees
Intermediation Services performed on behalf of two or more parties.

Example: Broker’s receive a commission for selling a house.

Lending/Renting/Leasing
Exclusive rights for a period of time to a specific asset.

Advertising
Fees from advertising a product/service

Licensing
Customers can use your protected intellectual property.

Example: Upselling products due to their personal preferences.
Key Activities
What key activities does your Value Prop require?

Production
Designing, manufacturing, and delivering a product in mass quantity.

Problem Solving
Brainstorming new solutions to individual customer problems.

Example: Hospitals and Consultants

Platform/Network
eBay is a platform and platforms require continuous development and improvement
Key Resources

What key resources does your Value Prop require?

**Physical**
Physical assets such as buildings, vehicles, machines, systems and distribution channels.

**Intellectual Property**
Such as brands, proprietary knowledge, patents and copyrights, partnerships, and customer databases.

**Human**
Companies that rely heavily on knowledge-intensive business models.

**Example:** Pharmaceutical companies rely heavily on people physically going to build relationships with Doctors.

**Financial**
Cash, lines of credit, stock options for key employees.
Key Partners

Who are your key partners and suppliers?
Any key resources from partners?
Any key activities your partners perform for you?

Optimization & Economy of Scale
Buyer/Supplier relationship which helps optimize the allocation of resources and activities.

Reduction of Risk & Uncertainty
Partnerships help reduce the risk caused by uncertainty.

Acquisition of Particular Resources & Activities
Rather than handle something in-house, you acquire the service from another company.
Cost Structure

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

Cost-Driven
Focused on minimizing costs whenever possible.

Value-Driven
Focused on value creation. High degree of personalization.

Cost Structure Attributes

Economies of Scale
Cost advantage as output expands. **Example:** Shopping at Costco

Economies of Scope
Cost advantage as output expands

Fixed Cost
Costs remain the same regardless of volume of goods/services such as salaries and rent.

Variable Cost
Costs vary proportionally with the volume of goods/services such as music festivals.