

## Elaboration phase – Thinking about a business model

### Option 2: Business Model Canvas



#### Definition

The Business Model Canvas (BMC) is a model for strategic management and lean start-ups to create a new business model or map an existing one. It is more or less how an organization creates, delivers and retains value.

Think about a new business idea or another strategy, new chances or maybe your market is changing, or you are thinking of a new product? Your idea deserves a good strategy, a well-thought-out business plan. Make one that grows with your business. This makes it easier to focus and adjust. Use the BMC as a basis. You will progress in 9 practical steps.

The lifespan of a business plan is limited. Setting up is already a chore and when it is finished, it is not easy to work according to the plan. After all, the world around us is changing fast. A business plan is a good tool to regularly look at your business strategy, the market and customers. At every stage.

#### Learners

The learners can use making a BMC as a handy tool to quickly see where opportunities are. What better to stop and what to work on. This way they can continue to grow and innovate. It is a simple model that you can always adjust. Like ideas on a post-it, but then well worked out. They can also use it for parts like marketing strategy, for your existing company or for a whole new business case.

#### Local entrepreneurs

SMEs (Small Medium Enterprises) do not always have the time to actually start an investigation in the form of a BMC. A learner could assist them in this, and it would be a nice exercise for both parties; the entrepreneur checks whether what he or she is doing is still valuable in the current market, whether there are new opportunities or whether there are things that can be stopped better. In this case, the student works together with an entrepreneur, from whom a lot can be learned, and this also gives opportunities to practice working out a BMC regarding a real business case and thus gain experience in real work life.

#### Teachers / supervisors

Teachers / supervisors can contribute to the placement of learners with the local entrepreneurs with the aim of giving them some experience with the company so that the students can investigate whether the sector might be something to work in later. Next to that they can give learners the opportunity to work on their OWN business model idea using the BMC.

#### Preparation

For the execution of the BMC, learners are expected to work in small groups (2-4 people). You can work on an own business idea you have as a group or prepare a BMC for an existing entrepreneur. The 9 so-called building blocks are in this exercise on an online form.

You can use that to brainstorm your ideas. Preferably do this together with others for example with a classmate or an entrepreneur for whom you make the BMC. Because in this way you make use of each other's ideas and vision.

First you describe the existing situation as a preparation. Then you make strategic choices and see what course changes mean for the company. Answer questions such as:

- What if we choose a different strategy?
- What if the most important customer disappears?
- What do we want to invest in?

Think about it together and discuss various options. The model will soon force you to formulate concrete steps. Always start with the customer and the company's value proposition. What makes your company unique and distinctive from the rest?

On the left side of the form, you will describe the partners, activities and other sources. You will describe the market on the right-hand side. The customers, the relationship that exists with them and the channels to reach them. Finally, the financial story is discussed: the costs incurred and the revenues.

## Execution

We appeal to your own initiative in this assignment! There is plenty (online) to find out how to make a BMC, but of course we will help you with the steps below. If it is necessary to gather more information to complete your BMC, try to find out by your own research. If you experience problems, you can always ask your teacher and the entrepreneur you work with for help. Finally, your input is tested on the basis of the presentation in step 3, so that you always receive feedback on your work.

So, this small guide below can be used for completing the Business Model Canvas, which can be filled out online using this [link](#). After filling out this canvas the idea is to present your BMC in the classroom and/or to the entrepreneur you are working with.

### STEP 1 | Three-stage approach to Business Model Canvas

1. Fill in the 9 boxes in this link using the guide below. This can be done with the original entrepreneur's idea.
2. Look for the connection between the 9 boxes. Is everything correct? Example: I want a sandwich shop with quality bread and ask an average of € 8 / piece. My target group mainly consists of students. This is not correct: students do not buy sandwiches at that price.
3. Bringing innovation into the canvas.
  - This can be done via the "what if ..." question. For example:
    - What if Richard Branson would invest in your company tomorrow, what would you do?
    - What if you would change the packaging?
    - What if we would sell through a web shop instead of a physical store?
    - What if we would buy things instead of making it ourselves?

## STEP 2 | Completing the ONLINE Canvas

1. Value proposition: what do you do and what added value does this provide for your customer? Listing up what you want to do / offer eg. sandwich shop with sandwiches and hot snacks, making the customer saves time in the morning and arrives at work more relaxed (he does not have to make his own sandwiches). This part is more about the “gift” you give to the customer, it is not a summary of the offer - the BMC differs from a business plan.
2. Customer segments: who will be there? Who will visit the sandwich shop? Students, Businesspeople, etc.?
3. Channels: where, how are you going to do that? Via a physical sandwich shop? Location? Also, through a website?
4. Customer relations: why does the customer buy from you? Ex. we offer quality bread rolls, we know the customer well, 10 + 1 free, we offer special sandwiches that they do not have elsewhere, in the afternoon there are 4 people behind the bar, so it goes fast (intangibles).
5. Income stream: what does it yield? How much do you ask for a sandwich? Be concrete!

**= This is the base, now 4 other elements can be filled out**

6. Key partners: what does someone else do for me / with whom do I work and what do they do for me? List names and write what they do for you.
7. Core activities: what do I do myself? List what you will do, eg. shopping, baking sandwiches, making sandwiches, doing the cash register, cleaning in the evening, accounting, marketing etc.
8. Key resources: what do I have myself? List what you have. Ex. a fridge, a property that you can rent from an uncle, a van, a cash register, etc.
9. Cost structure: what does it all cost? Try to make an estimation of all the costs you need to achieve your plans for the business. Of course, this can be as complete or incomplete as you want.

## STEP 3 | Finalize your BMC in a Pecha Kucha presentation

The idea is to finally present your BMC to your fellow learners, teacher and / or also to the entrepreneur you have worked with. In this way you receive feedback on your ideas and canvas and that will make your BMC stronger! At a Pecha Kucha presentation, the participants present 20 images in a total time of 6 minutes and 40 seconds by means of a slide show (PowerPoint / Prezi or something similar). Each image is displayed for exactly 20 seconds. This demands creativity and being to the point. There are no substantive restrictions, usually it concerns a product or an idea, in this case the BMC.

### Possible variations and tips:



- You can use so-called trend cards at step 1.3.; You can answer the questions mentioned at 1.3. by using trend cards, you can make these before using different questions on it: having a trend card answered and thinking about what this means for the concept is a possible variation you could use in this step.
- Also, a paper version of a BMC can be used instead of the online one.

#### Material:



- PC/laptop for filling out the actual BMC online and to make the Pecha Kucha presentation.

#### Timeframe:



- Preparation will be 2-4 hours (making a team and dividing the tasks + If you are making a BMC for an existing company of an entrepreneur there is more time needed of course. F.e. actual contacting the entrepreneur and having a preparational meeting with him or her will cost more time). The timeframe of conducting the actual BMC online will be +/- a half day. In total not more than 1 day is needed to do this activity.

#### Do the youngsters have to be in group or can this method be conducted alone:



- Preferably in a group of 2-4 persons. Tasks need to be divided and working good as a team is one of the goals of this activity!

#### Sources and more information:



- Different websites can be consulted to make a BMC – A lot can be found when you type down Business Model Canvas on [www.google.nl](http://www.google.nl) for example.
- Next to that on [www.youtube.com](http://www.youtube.com) are different videos how to make a Pecha Kucha and what the meaning is of this presentation type. Please see [this](#) video for example, this is a Pecha Kucha about... a Pecha Kucha!
- For the first two steps of the Execution stage including the variation this source was used <http://alloinno.be/wp-content/uploads/2015/12/handleiding-BMC.pdf>