



BUSINESS MODEL CANVAS

BASICS

Based on: How To Fill In A Business Model Canvas¹

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¹ <https://isaacjeffries.com/blog/2018/9/8/how-to-fill-in-a-business-model-canvas>

The Business Model Canvas is a great way of mapping out an idea, allowing it to be understood, tested and improved.

The tool is a single page with nine connected boxes, which show how all parts of your business work together for success.

It can be sketched anywhere – on a whiteboard, napkin or notepad.

Step 1: Naming the purpose of the business

Without a clear purpose, how will we know if a model is good or not?

Step 2: Customers and Value Propositions

Your business is centred around your customers, the people who you believe will be motivated enough to try your new product/service in order to receive some sort of compelling benefit.

Firstly, we group our customers into clusters, describing each of them by their common characteristics, i.e. small business owners, students, parents, etc.

Secondly we write helpful descriptors of each customer segment.

In the Value Propositions box, we describe what the customer is really looking for. This isn't about what we sell them, but rather *why it matters*.

Step 3: Channels and Customer Relationships

The Channels box is our chance to explain how we first encounter our customers, as well as how we deliver our Value Proposition.

For example, your business might find customers through Google Ads or Facebook, then serve customers through face-to-face workshops or drop-shipped packages.

The Customer Relationships box outlines how our interactions will unfold.

Are we hoping for a long term relationship, or a short term relationship?

Does each customer need to speak to a person, or use technology?

If so, does it need to be a particular person, or the same one each time they come back?

Will we need to work harder to acquire our customers or to retain our customers?

Does one tend to happen more naturally than the other?

These two boxes tend to pair neatly together.

Step 4: Key Resources, Key Activities and Key Partners

Key Resources are the people, places, machines, patents and intangible assets that are used every week.

This is not a complete inventory, but a list of the resources that, if lost, would prevent the business from functioning.

Key Activities are the processes and tasks that must be completed in order for our customers to be served.

e.g. If you were to go on Holiday, what would your replacement need to do in order for things to continue to run smoothly?

These might include sales calls, workshop delivery, meal preparation or writing reports.

Key Partners are the people and organisations that take some of the responsibility off your shoulders. They might supply raw materials or finished goods, send customers your way, or act as a sponsor/enabler.

Which external supporters are essential to the model?

Who could make life difficult if they were to leave?

Step 5: Cost Structure and Revenue Streams

Cost Structures are the 7-8 biggest expenses – how much we spend, how frequently we spend it, and whether it changes as sales go up and down.

These might include rent, wages, raw materials, advertising, fitting out the store, or paying commissions to other parties.

Revenue Streams are the prices each type of customer typically pays, as well as how frequently they come back.

This helps us differentiate the big spenders from the one time shoppers, and highlights which offerings are purchased upfront versus those that are purchased over the following months and years.

Above 5 steps describe the basics of filling the canvas. To learn more about them and about further steps which are needed to undertaken in order to use the BMC effectively visit

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