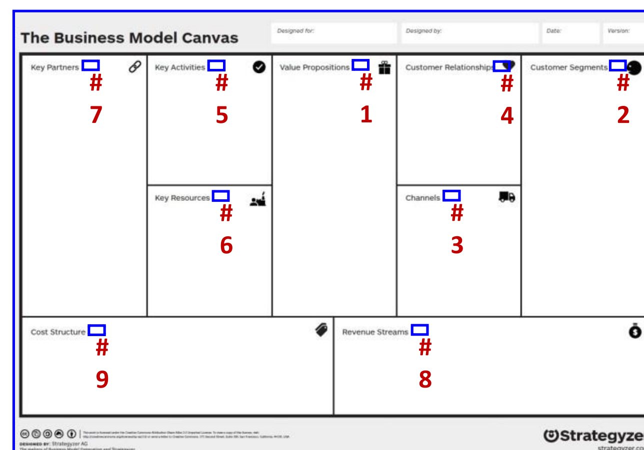
U.S. SMALL BUSINESS ADMINISTRATION
VBOC
VETERANS BUSINESS OUTREACH CENTERS

Introducing THE BUSINESS MODEL CANVAS

A business planning tool you can really use from Strategyzer.com



The Business Model Canvas

Designed for:	Designed by:	Date:	Version:

Key Partners **#7**	Key Activities **#5**	Value Propositions **#1**	Customer Relationships **#4**	Customer Segments **#2**
	Key Resources **#6**		Channels **#3**	

Cost Structure **#9**	Revenue Streams **#8**

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

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Using Alexander Osterwalder's Business Model Canvas to help you organize and formalize your thoughts and think about the feasibility of your concept. Think of this as a scientific approach: write your hypothesis (business model canvas) then go out and prove it through research and by interviewing potential customers, key elements of your supply chain, your partner network.	
#1 Value Propositions:	**The products and services your business offers to meet the needs of or solve a problem for its customers and/or distinguishes you from your competitors. The value propositions may be:** 1. Quantitative: price and efficiency 2. Qualitative: overall customer experience and outcome 3. Innovative: customers not being served by competitors at all or as well
#2 Customer Segments:	**Who are your customers? Whose problem are you trying to solve it? How many different segments will you satisfy/serve?** 1) Mass Market: No specific segmentation. Very broad. *Ex. Cars, clothes, advertising* 2) Niche: Customers with specialized needs, desires or characteristics. *Ex. Rolex, Porsche* 3) Segmented: Based on gender, age, area, and/or income. *Ex. Children, senior citizens, people in Utah, low income families* 4) Diversify: Multiple customer segments with different needs and characteristics. *Ex. Department store* 5) Multi-Sided Platform / Market: Serve mutually dependent customer segment. *Ex. Banks*
#3 Channels:	**A company can deliver its product or service to its targeted customers through different channels, all of which should deliver value to the customer and be efficient and cost effective to your business.** An organization can reach its clients either through its own channels (*store front*), partner channels (*distributor*s), or a combination of both.
#4 Customer Relationships:	**To ensure the survival and success of any businesses, companies must identify the type of relationship they want to create with their customer segments. Customer relationships include:** 1. Personal Assistance: direct employee-customer interaction. Such assistance is performed either during sales, after sales, and/or both. 2. Dedicated Personal Assistance: Intimate, hands-on personal assistance where a sales representative is assigned to handle all the needs and questions of a special set of clients. *Ex. Concierge service providers, in home health care providers* 3. Self Service: Indirect interaction between the company and the clients. Here, an organization provides the tools needed for the customers to serve themselves easily and effectively. *Ex: ATMs at bank; vending machines* 4. Automated Services: Similar to self-service but more personalized as it has the ability to identify individual customers and his/her preferences. *Ex. Amazon.com making book suggestions based on the characteristics of the previous book purchased.* 5. Communities: Creating a community allows for a direct interaction among different clients and the company. The community platform produces a scenario where knowledge can be shared and problems are solved between different clients. *Ex Wikipedia, networking, how-to websites, Chambers of Commerce, trade associations* 6. Co-creation: A personal relationship is created through the customer's direct input in the final outcome of the company's products/services. *Ex. Tailors, custom builders*

#5 Key Activities:	**The most important activities in executing a company's mission.** *Ex. Creating an efficient supply chain to drive down costs and save customers money, provide customized services, enable 24-hour access.*
#6 Key Resources:	**The resources needed to create value for the customer. They are considered an asset to a company, needed to sustain and support the business**. These resources could be *personnel, your financial assets (cash on hand, stocks), physical assets (building, equipment, PPE), intellectual (business knowledge, processes, patents), and access to raw materials*
#7 Key Partner Network:	**To optimize operations and reduce to a business model, organizations usually cultivate buyer-supplier relationships so they can focus on their core activity.** Complementary business alliances also can be considered through joint ventures, strategic alliances between competitors or non-competitors*. Ex. hiring a delivery service instead of doing it yourself, outsourcing payroll*
#8 Revenue Streams:	**The way a company makes income from each customer segment.** 1) Usage Fee - Money generated from the use of a particular service. *Ex. UPS* 2) Subscription Fees - Revenue generated by selling a continuous service. *Ex. Netflix, magazines* 3) Lending/Leasing/Renting - Giving exclusive right to an asset for a particular period of time. *Ex. Leasing a Car, office space* 4) Licensing - Revenue generated from charging for the use of a protected intellectual property. 5) Brokerage Fees - Revenue generated from an intermediate service between 2 parties. *Ex. Broker selling a house for commission* 6) Advertising - Revenue generated from charging fees for product advertising. *Ex. Product placement in movies*
#9 Cost Structure:	**This describes how you are going to make money = CLASSES OF BUSINESS STRUCTURES:** COST DRIVEN - This business model focuses on minimizing all costs and having no frills. *Ex. SouthWest Airlines, grocery outlet stores* versus VALUE-DRIVEN - Less concerned with cost, this business model focuses on creating value for their products and services. *Ex. Louis Vuitton, custom-made goods* **This describes the expenses you will incur = CHARACTERISTICS OF COST STRUCTURES:** 1. Fixed Costs - Costs are unchanged across different applications. *Ex. salary, rent* 2. Variable Costs - These costs vary depending on the amount of production of goods or services. *Ex. Inventory, raw materials for manufacturing, temporary labor* 3. Economies of Scale - Costs go down as the amount of good are ordered or produced = volume pricing. *The more you order, the cheaper each part is.* 4. Economies of Scope - Costs go down due to the reduction of per-unit costs through the production of a wider variety of goods or services. *Ex. Manufacturing different products on the same line using the same equipment (doors and window frames)*