Business Model Canvas
Foundational TOOL

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Cate,

I would love to be one of those students that took you to coffee and told you all about everything. At the moment, I can't do that I am sure you are too busy to do that as well. **BUT WHAT I CAN TELL YOU IS THAT I GOT AN AWESOME CONTRACT JOB BECAUSE OF MY ABILITY TO USE THE BUSINESS MODEL CANVAS! :)** Thought you would appreciate that!

-adw

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+Key Differentiator in Student CIS Competitions
Context and Application

• Business Model Generation Canvas overview
  • The Canvas as a tool to understand strategy and decisions
  • Framework and Vocabulary
  • Variations on the theme

• Examples on the Canvas
  • Apple/I-Tunes
  • VigilantCare (SAGE client)
  • SAGE (Group Build Activity)

<Interactive Poll>
What is a Business Model?

• Overall rationale of your business
  • How you get stuff, what you do with it, how and who you sell it to and keep track of the money

• Simple articulation of your business
  • That clearly separates the few items that make you different from everything else you just have to do

• A vocabulary that you and your team share
  • So you can make better and faster decisions

• Does not stand alone
  • Your business model is relative to competitors and industry

**Snapshot of a Business Plan**
Cate’s Key Questions of STRATEGY:

- What **CUSTOMER** do we SERVE?
- What **PROBLEM** of theirs do we SOLVE?
- HOW do we solve that problem **BETTER THAN COMPETITION**?
- How do we **MAKE MONEY**?

Value Creation – WHO

Value Delivery - HOW

Value Capture - WHY

**BMC + Financials = Effective mini-PITCH**
BMC: Nine Key Parts

• Customer Segments +
• Value Propositions +
• Channels +
• Customer Relationships = Revenue

• Key Resources +
• Key Activities +
• Key Partnerships = Costs

• And Revenue – Costs = Profits
  • which are the goal
Value Delivery
HOW

Value Creation
WHO/WHAT

Value Capture
WHY
The Business Model Canvas

**KEY PARTNERS**
- Who are our key partners?
- Who are our key suppliers?
- Which key resources are we acquiring from our partners?
- Which key activities do partners perform?

**KEY ACTIVITIES**
- What key activities do our value propositions require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

**VALUE PROPOSITIONS**
- What value do we deliver to the customer?
- Which one of our customers’ problems are we helping to solve?
- What bundles of products and services are we offering to each segment?
- Which customer needs are we satisfying?
- What is the minimum viable product?

**CUSTOMER RELATIONSHIPS**
- How do we get, keep, and grow customers?
- Which customer relationships have we established?
- How are they integrated with the rest of our business model?
- How costly are they?

**CUSTOMER SEGMENTS**
- For whom are we creating value?
- Who are our most important customers?
- What are the customer archetypes?

**KEY RESOURCES**
- What key resources do our value propositions require?
- Our distribution channels?
- Customer relationships?
- Revenue streams?

**CHANNELS**
- Through which channels do our customer segments want to be reached?
- How do other companies reach them now?
- Which ones work best?
- Which ones are most cost-efficient?
- How are we integrating them with customer routines?

**COST STRUCTURE**
- What are the most important costs inherent to our business model?
- Which key resources are most expensive?
- Which key activities are most expensive?

**REVENUE STREAMS**
- For what value are our customers really willing to pay?
- For what do they currently pay?
- What is the revenue model?
- What are the pricing tactics?
The Lean Canvas

PROBLEM
Business Models need to be more portable
Measuring Progress is hard work.
Communicating learning is critical.

SOLUTION
Progress Dashboard
Sharing features
1-page Lean Canvas

UNIQUE VALUE PROPOSITION
Helps startups raise their odds of success.

UNFAIR ADVANTAGE
“Expert” Endorsements
Personal Authority

CUSTOMER SEGMENTS
Startup #Founders (Creators)
#Advisors/Investors (Collaborators)
Early Adopter: Book reader or workshop participant.

EXISTING ALTERNATIVES
Intuition, business plans, spreadsheets, business model canvas.

KEY METRICS
Create Lean Canvas
Invite Collaborator
Track Experiments

CHANNELS
1. Blog, Book, Workshops
2. Startup Accelerators, Investors

EARLY ADOPTERS
Book reader or workshop participant.

COST STRUCTURE
Hosting Costs: heroku (currently $0)
People Costs: $5K/mo

REVENUE STREAMS
30-day free trial @ $14/mo
Bundled with book and workshops

Lean Canvas is adapted from The Business Model Canvas (BusinessModelGeneration.com) and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.
Mission-based (Non-Profit) – Steven Blank
Customer Segments: Which customer do we serve??

• Who are our customers?
  • For whom are we adding value?
  • Who are our most important customers?

• Segmentation is the tool to use

• Segments are often referred to as:
  • Mass, Niche, Needs-based
  • Many models exist to serve them
Value Propositions

• What value to the customer?
• What specific problems or needs do we address?
• With what product and services will we serve the segments?

• Value proposition is **both**
  • what the target customer hears and feels
  • what you rally your team to deliver

  ➢ *The goal is to be more appealing than alternatives*
Channels

• Book’s focus here answers:
  • How do our segments want to be reached?
  • How do we reach them today?
  • Which work best? Are most cost efficient?
  • How well do they serve the customers total need?

• Channels are a key customer touch point
  • Delivering much of your value message – or not
  • Allowing the customer to buy easily – or not

• Channel decisions are complex
  • Own, Partner; Direct, Indirect
  • awareness ➔ evaluation ➔ purchase ➔ delivery ➔ support
Customer Relationships

• Book’s focus here answers:
  • What type of relationship does our segment want?
  • Which ones exist, cost?
  • Does this reflect the rest of our business model?

• Relationships have to reflect the customer's need
  • Face-to-face vs. automated, or both
  • Changes by phase of the relationship
    • Awareness ➔ Evaluation ➔ Purchase ➔ Delivery ➔ Post Sales Support ➔ Retention ➔ Repeat

• Relationships are human
  • Manage your face to the customer accordingly
Revenue Streams

• Book’s focus here answers:
  • Customer willingness to pay?
  • What are they paying now and how?
  • How big is each revenue stream?

• Cash from each customer segment
  • One time transactions
  • Recurring

• Myriad of ways to generate cash
  • Which ones make you successful?
  • Which one align with the rest of your business model?
Key Activities

• Book’s focus here answers:
  • What activities does our value proposition need?
  • Our channels? Customers? Revenue streams? Partners?

• **Activities** are about what you do, **resources** about what you have – they work together
  • Build things
  • Supply chain management
  • Software development

• Activities must be focused on
  unique value creation
  • Or pay someone else to do them
Key Resources

- Book’s focus here answers:
  - What do I need to deliver my value proposition?
  - What resources are needed to support my channels?
  - What resources are needed to manage my revenue?

- Resources are the things
  - Physical, intellectual or human
  - Factories, ATM’s, Intellectual property, People, Trucks, Software, Systems
  - In a resource sense, people are also things

- Resources drive costs and must be managed
  - The few you need to own vs. what you rent
Key Partnerships

- Book’s focus here answers:
  - Who are our partners verses our suppliers?
  - What resources or activities must we get from them?
  - Can we deliver value to our segments without them?

- Coopetition rules here today
  - Many companies are suppliers, customers and competitors with each other

- Partnership come in many forms
  - Strategic alliances
  - Joint ventures
  - Buyer-Seller
Cost Structure

• Book’s focus here answers:
  • What are the most important costs?
  • What costs cannot be managed?
  • What resources and activities can we cost control?

• Costs are very business model specific
  • All startups fail for the same reason – they ran out of money
  • So chose your business model to match your cash

• Know the costs of all the business model choices
  • Segments, Relationship, Channel, Activities, Resources, Partnerships, Value Proposition development….and Cost and Revenue management
Apple iPod/iTunes Canvas
### Key Partners
- Evergreen (grant funds)
- software/hardware development
- FDA approvals
- Product distribution
- Product support
- ?Ecommerce

- Autism researchers (Mizou)
- Child self-help groups
- Child with autism/parent advisory board
- Media Consultant - ??? target market expertise eg: family health concerns?

### Key Activities (for business)
- Grant writing and scientific study conduct
  - Ongoing research testing clinical outcomes
- Ongoing product development
  - Embed self-management components when possible
  - Develop a daytime system
  - Develop system for child <35#
  - Identify additional needs that potentially have technologic solution
- Outbound marketing
  - Develop relationships with local autism practitioners
  - Present at autism healthcare practitioner conferences, ? trade booth
  - Web Presence Creation and marketing
  - Blogging
  - Press releases re: research results

### Value Propositions
- Prevention of unsafe behaviors without ‘tagging’ children
- Greater independence - Self-management of sleep problems
- Improved academic performance
- Fewer autism symptoms
- Reduced chance of life-long sleep problems
- Product customization to needs of population of CWA and to each child/family unit

### Customer Relationships
- New Customer Acquisition
  - Direct to parent via web portal

### Customer Segments
- Child with autism – user?
- Teachers - recommender?
- Parents of CWA - payer?
- State Agency - payer?

### Data Needs:
1. Research results re: value claims
2. More details re: level of customization – is it at the user level?

### Channels
- Autism support groups - recommender
- Special education teachers – recommender
- Owned sales force – government agencies

### Key Resources
- Scientific team
- Child with autism/parent advisory board

### Cost Structure
- Grant funds 30/40% Operational expenses?
- How does Evergreen get paid? Royalties?

### Revenue Streams
- Grant dollars – how distributed? All up front?
- Payments from State/Federal programs?
- Web Product Sales
- Monthly service subscriptions?
Let’s Do an Example – 5 minutes work alone

• What is the *Value Proposition* for SAGE?
  • Who are “We?”
  • Who is the *Customer*?
  • What is the *Product/Service*?
  • Who is the *Next Best Competitor*?
  • What is our *Differentiation*?
  • What is the *Price? Cost*?
The Business Model Canvas

**Key Partners**
- Innosphere, Hgs Hrs
- Innosphere interns
- Mesh, Sgt
- SBDC, CEO

**Key Activities**
- Candidate funnel
- Candidate vetting
- Advisor funnel
- Advisor vetting
- Engagement process

**Value Propositions**
- Connect experienced advisors who are willing to donate time to early-stage startups who have specific near-term goals
- High-touch service hands-on when necessary

**Customer Relationships**
- Early Stage Startups
- Broad audience
- B2B or B2C

**Customer Segments**
- Innosphere applications
  - SBDC
  - ESF
  - Mesh
  - TI

**Key Resources**
- Experienced talent willing to donate time
- Sponsor for events & space

**Cost Structure**
- Very low overhead / budget
- Low travel reqs

**Revenue Streams**
- Pro bono

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www.businessmodelgeneration.com
Web Site and Videos

• Follow these links to join the BMG online community
  • Textbook website: http://www.businessmodelgeneration.com/
  • BMG Innovation hub: http://www.businessmodelhub.com/
  • Alex’s web site: http://www.businessmodelalchemist.com/
  • Alex’s tools: http://www.businessmodelalchemist.com/tools

• Alternative Models:
  • Lean Start Up Canvas  http://ashmaurya.com