

# BUSINESS MODEL CANVAS

Clarity and definition of your business model is one way to give your business an instant steroid shot. From a planning perspective it is also worthwhile exploring a range of “what if” scenario’s around applying different business models to your business. Prepare your Business as usual (BAU) canvas, then challenge yourself to look at new canvas mixes: different business models and make/buy combinations.

**The business model canvas is a great way to brief new stakeholders who work with you including new staff, bankers, advisors and potential investors.** Once developed it can be used with the GMC Guide to Saying No.

The original book “Business Model Generation” by Alexander Osterwalder & Yves Pigneur provides great examples of how to document business models, along with methods to brainstorm innovative changes in business models for existing businesses.

Its great to see the Business Model Canvas is gaining wider use, many of the universities are picking up on it, using it as tool in their entrepreneurial programmes. In this post I thought I share, the updated GMC Canvas variant that I use.

## THE CANVAS COMPONENTS:

### Value Proposition (VP):

The value proposition (VP) must be at the absolute core of any business. When defining your VP it is worth while to also clarify your “Customers Problem” that they will pay to solve and make sure that your VP definition include your Unique Selling Proposition (USP).

- Is your value proposition unique to you, or would it work for any one else in your space?
- Do you need to separate out the value proposition for the customer (the person paying the bill) from the end user of your product/ service?

### Market Segment (MS):

Define your market segment as tightly as you can. Often it pays to focus on your beachhead market - i.e the market where you can make the most money the quickest.

If you have a planned phase approach to your go to market strategy list the markets separately. Do not forget to include a psychographic (decision making priorities - traits) and behavioural definition if relevant.

- Challenge yourself to narrow your definition so you can easily qualify out C grade customers (the ones you do not make much or any profit off)
- Do these customers have budget to spend on solving your the problem you have identified?

### Core Competencies:

What key skills and knowledge do you have? These will come from the strengths you have listed in your SWOT.

- Have you listed the ones that enable you:
- Create value for your customers
- Acquire customers
- Differentiate you
- Generate profit
- Sustain your competitive advantage

### Assets:

Remember to include intellectual property, customer relationships, key contracts and brand if they are assets for you.

Don't include items that can easily be replaced or that are low value

### Key Partners:

List only KEY partners that help you build your product or service or reduce risk in your business.

- If a partner competency is too crucial to your business highlight it perhaps and an arrow to internal competency list (You may need to plan to bring in house or get a good contractual arrangement)
- The make or buy decision will be represented by whether you list something in the key partners or competency box

### Channel to Market:

In this section include key pathways to acquiring customers and leads.

### Cost Structure:

Split overheads and variables. Explicitly list any major costs or contractual arrangements. List items from your P&L that equate for more than 20% of your overhead cost. Show a reference metric eg % of cost. Show raw cost (or margin) of and manufactured items that account for majority of your revenue. Don't forget to list any major debt.

### Revenue:

Split revenue into major revenue streams – product lines/channels.

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**BHAG (Big Hairy Audacious Goal):**

What is the BHAG that motivates people to join the cause. Refer BHAG post

- Your BHAG needs to be more than a revenue target.

**Brand Essence / Values:**

What are the top 5 – descriptors of your brand essence and culture values.

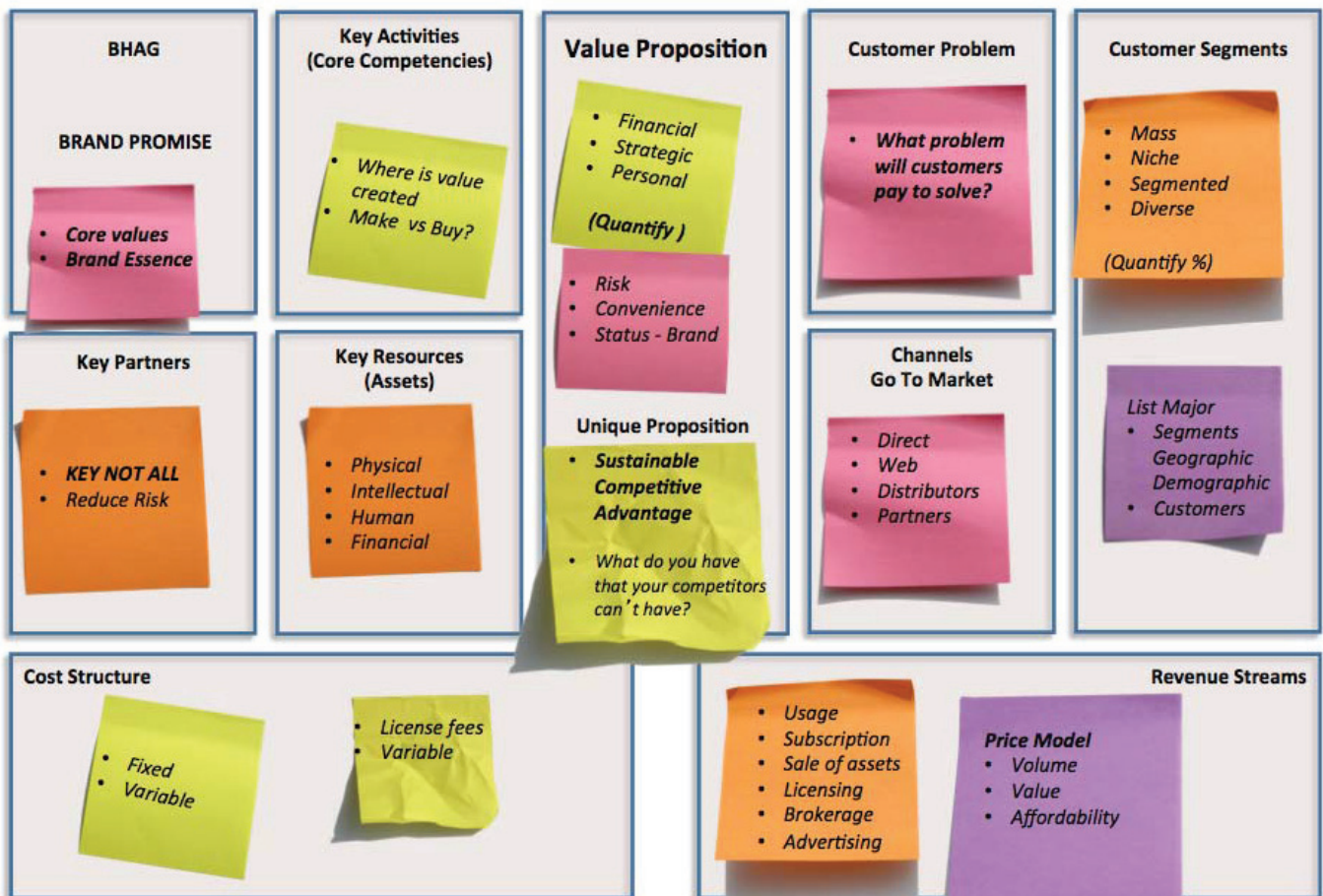
- Most HR issues stem from failure to adhere to core values. Makes sure they are explicit and all staff, understand how they apply to them.

**What's Missing:**

If something is missing in your current canvas that should be there – eg your brand should be an asset but isn't add it to the canvas and highlight it in some way.

**Create Multiple Canvases**

Take the time to explore multiple canvases and then do a cost/benefit scenario analysis using a simple comparative matrix



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