TEMPLATE 08 · STRATEGY

Business Model Canvas

Nine building blocks that show how an organisation creates, delivers and captures value, all on one page.

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Most strategy documents describe ambitions. A business model shows the mechanics: who pays, for what, through which channels, and what it costs to deliver.

> *Draw two canvases, today and tomorrow. The transformation is the difference between them.*

Use it to stress-test the current model before a transformation, design a new venture, or compare competitors side by side.

How to work: use sticky notes, one idea per note. Use one colour per customer segment so you can trace each segment across the canvas. Be specific: “SME finance directors” beats “businesses”.

Fill it in the order shown. Start on the right, with customers and value, because that is where the money comes from. Then work left to what it takes to deliver.

THE NINE BLOCKS, IN THE ORDER TO FILL THEM

1 Customer segments

- Which groups do we serve, and which matter most?
- Do they need different offers, channels or relationships?
- Who is the buyer, and who is the user?

2 Value propositions

- What job is the customer trying to get done?
- Why us rather than the alternative, including doing nothing?
- Which pains do we remove, and which gains do we create?

3 Channels

- How do customers find, evaluate, buy and receive what we offer?
- Which channels work best, and which are most cost-efficient?
- Which do we own, and which do partners own?

4 Customer relationships

- Personal, self-service, automated or community-based?
- How do we win, keep and grow customers?
- What does each relationship cost to maintain?

5 Revenue streams

- Sale, subscription, usage, licence, fee or commission?
- What share of revenue comes from each stream?
- How exposed is pricing to competitors?

6 Key resources

- Physical, intellectual, human and financial assets.
- Which resources are scarce or hard to copy?
- Which would hurt most if we lost them?

7 Key activities

- Making things, solving problems, or running a platform?
- Which activities set us apart, and which are merely necessary?
- What could be done better by someone else?

8 Key partnerships

- Which resources and activities come from partners?
- Why do we partner: scale, reach, risk or capability?
- Where are we dependent on a single partner?

9 Cost structure

- Which resources and activities cost the most?
- Is the model cost-driven or value-driven?
- Which costs are fixed, and which vary with volume?

ONCE IT'S FILLED IN, STRESS-TEST IT

THE WEAKEST BLOCK
Which single note, if it proved wrong, would break the whole model?

THE COPYCAT TEST
Which blocks could a competitor copy within a year? What remains hard to copy?

THE FIT TEST
Does every value proposition map to a segment, a channel and a revenue stream?

THE SHIFT TEST
Which block is under most pressure from technology, regulation or customer change?

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Business Model Canvas

DESIGNED FOR _____ DESIGNED BY _____ DATE _____ ☐ Today ☐ Future

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8 Key partnerships

Who are our key partners and suppliers, and what do they do for us?

7 Key activities

What must we do exceptionally well for the model to work?

6 Key resources

What assets does the model depend on?

2 Value propositions

What problem do we solve, or what need do we meet, for each segment?

4 Customer relationships

What relationship does each segment expect, and what does it cost?

3 Channels

How do we reach, sell to and deliver for each segment?

1 Customer segments

For whom are we creating value? Who are our most important customers?

9 Cost structure

What are the most important costs in the model?

5 Revenue streams

What are customers willing to pay for, how, and how much?