




## Business Model Canvas

Title of activity	BUSINESS MODEL CANVAS
Theme	Generating ideas – planning a project
Learning goals	<p>The Business Model Canvas is a strategic management and lean start-up template to develop new, or document on existing, business models. YCARHe proposes using it as a general framework to design a heritage valorization project for elements describing all the issues to be considered when designing a project:</p> <ul style="list-style-type: none"> <li>• What are the key activities we wish to deliver?</li> <li>• For which target group?</li> <li>• What are our target outcomes?</li> <li>• Who must/can be involved?</li> <li>• How much will it cost?</li> <li>• What are our resources?</li> <li>• Time schedule/deadlines.</li> </ul>
Target audience	Group size: Any (no specific age and skills required).
Type of activity	Exercise.
Keywords	Visual Thinking, entrepreneurship, project, business
Step-by-step	<p>Many different business concepts exist, but Osterwalder's works (2010, 2004) propose a <i>single reference model</i> based on similarities between a wide range of project concepts.</p> <p>With his <i>business model design template</i>, a company, or any other organisation or group of people, can easily describe their business model.</p>

	<p>1. The facilitator asks the young participants to analyse the viability of their (real or imaginary) project, using the proposed canvas (in this case, the 'company' can be a social enterprise, association or a non-formal group of people):</p> <p><i>Infrastructure</i></p> <ul style="list-style-type: none"> <li>• Key Activities: The most important activities in executing a company's value proposition.</li> <li>• Key Resources: The resources required to create value for the customer. These are considered an asset to a company, and are needed to sustain and support the business. They can be human, financial, physical and intellectual.</li> <li>• Partner Network: To optimise operations and reduce business model risks, organisations usually cultivate buyer-supplier relationships so they can focus on their core activity.</li> </ul> <p><i>Offer</i></p> <ul style="list-style-type: none"> <li>• Value Propositions: The range of products and services a business offers to meet the needs of its customers. According to Osterwalder, (2004), a company's value proposition is what distinguishes it from its competitors. The value proposition provides value through various elements such as newness, performance, customisation, "getting the job done", design, brand/status, price, cost reduction, risk reduction, accessibility, and convenience/usability.</li> <li>• Value propositions may be: <ul style="list-style-type: none"> <li>o Quantitative – price and efficiency</li> <li>o Qualitative – overall customer experience and outcome</li> </ul> </li> </ul> <p><i>Customers</i></p> <ul style="list-style-type: none"> <li>• Customer Segments: To build an effective business model, a company must identify which customers it wants to serve. Various sets of customers can be segmented based on different needs and attributes to ensure that appropriate implementation of</li> </ul>
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	<p>corporate strategy meets the characteristics of selected client groups.</p> <p><i>Finances</i></p> <ul style="list-style-type: none"> <li>● Cost Structure: This describes the most important monetary consequences while operating under different business models. Cost Structure characteristics: <ul style="list-style-type: none"> <li>○ Fixed Costs – Costs are unchanged across different applications. e.g. salary, rent.</li> <li>○ Variable Costs – These costs vary depending on the volume of production of goods or services.</li> <li>○ Economies of Scale – Costs fall as the amount of good are ordered or produced.</li> <li>○ Economies of Scope – Costs fall due to incorporating other businesses that have a direct connection to the original product.</li> </ul> </li> <li>● Revenue Streams: The way a company generates income from each customer segment. There are several ways to generate a revenue stream: <ul style="list-style-type: none"> <li>○ Asset Sale – (the most common type) Selling ownership rights for physical goods. e.g. retail corporations.</li> <li>○ Usage Fee – Money generated from the use of a particular service e.g. UPS.</li> <li>○ Subscription Fees – Revenue generated by selling a continuous service. e.g. Netflix.</li> <li>○ Lending/Leasing/Renting – Granting exclusive rights to an asset for a specific period of time. e.g. leasing a car.</li> <li>○ Licensing – Revenue generated from charging for the use of a protected intellectual property.</li> <li>○ Brokerage Fees – Revenue generated from an intermediate service between 2 parties. e.g. a broker selling a house for commission.</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>o Advertising – Revenue generated from charging fees for product advertising.</li> <li>• Resources are the main inputs that your company uses to create its value proposition, to service its customer segment and deliver the product to the customer.</li> </ul> <p>2. Once the analysis has been done, groups share their results and conclusions on the viability of their project. A discussion then takes place to identify possible weaknesses and obstacles and ways to resolve them.</p>
<b>Venue</b>	Meeting room.
<b>Materials required</b>	Flip chart and markers for the facilitator.
<b>Duration</b>	2 to 4 hours.
<b>References</b>	<a href="#">Business Model Generation</a> <a href="#">Business Model Canvas for User Experience</a> <a href="#">Business Model Canvas Explained (video)</a>
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