

Learning objectives: to create a business model canvas.

Duration: 150 min

Materials: the business model canvas handout, sticky notes, pens, markers

Activity Room: working stations

Description: I encourage you to use Alex Osterwalder's Business Model Canvas,* a chart with nine blocks representing the fundamental aspects of a business. In his book you can find many instructions and you can download the canvas from his website. A business model describes how an organisation creates, delivers and captures value. In other words, it shows the major components of a business or project, how they interact to deliver good things to clients, and how it makes money in the end. A business model is not like a business plan.

A business plan may be sixty pages or more, filled with assumptions about every aspect of your future business: marketing, sales, production, human resources, organisation. The problem with business plans is that they're often static and unvalidated, which means they can be completely wrong. This happens because it's extremely hard to predict what will happen when you actually launch your business. The participants should complete each of the blocks in this order:

1. Customer Segments – This block defines the different groups of people or organizations an enterprise aims to reach and serve
2. Value Proposition – This block describes the bundle of products and services that create value for a specific customer segment
3. Channels describes how a company communicates with and reaches its Customer segments to deliver a value proposition
4. Customer Relationships – this refer to the types of relationships a company establish with specific Customer segments. I can give you as examples: personal assistance, self-service, automated services, communities or co-creation
5. Revenue Streams – this block represents the cash a company generates from each customer segment. Either asset sale, usage fee, subscription fees, lending/renting, leasing, licensing
6. Key Resources – the most important assets required to make a business model work. Think at physical, intellectual, human, financial,
7. Key Activities – in this block the participants should describes the most important things a company must do to make the business model work.
8. Key Partnerships is about the network of suppliers and partners that make the business model work
9. Cost Structure it is self-explanatory – all costs incurred to operate a business model.

This will be their first business model canvas. I recommend that they create more than one because, as I said, most initial business models are not very accurate. They won't know how people react to their product or service until you've launched it.

Debriefing: Not needed

Resources: Not needed

