



# London Start-Up Programme

Business Modelling Canvas

Wednesday 6 March 2024

The image features a central blue oval with the text "Setting the scene" in white. The oval has a black shadow cast to its left. The background is white with several thin, light gray curved lines, some solid and some dashed, creating a sense of motion or a stylized environment.

Setting the scene



What is a Business Model all about?  
It's your "HOW"

# Before your Business Model ...



Ideation and research – your WHAT



Purpose and vision – your WHY



Value proposition:  
Markets, customers, differentiation and competition - your WHERE



Leadership – your WHO



Money and finance – your WHEN



**Reminder!!**  
What needs to happen ...

**Desirability – will it create value?**

**Feasibility – can it be done?**

**Viability – can it succeed?**

# What is a business model?



**Business model** = how a business creates, delivers and captures value in its economic, social and cultural contexts



The mechanism by which a business generates its profit



The framework for how your business functions

# Business Model

**Inputs**

**Processes**

**Outputs**



# Inputs, processes and outputs



Inputs – something that is put into the business



Processes – any actions taken to convert the inputs into outputs and thereby create value



Outputs – something that is produced by the business



# Business models vs business plans

Your **business model** is the framework for how your business operates

Your **business plan** is a written document setting out your strategy, the goals of your business and how they will be achieved over several years.

The image features a central blue oval with a white shadow on its left side. The text "The business model canvas" is written in white, sans-serif font inside the oval. The background is white with several thin, light gray curved lines, some solid and some dashed, creating a sense of motion or a stylized wave pattern.

# The business model canvas

# The business model canvas

- Strategic management tool to quickly and easily define and communicate a business idea or concept
- This canvas will help you build from your business idea to HOW you need to structure your business
- Covers your business cycle from start to finish

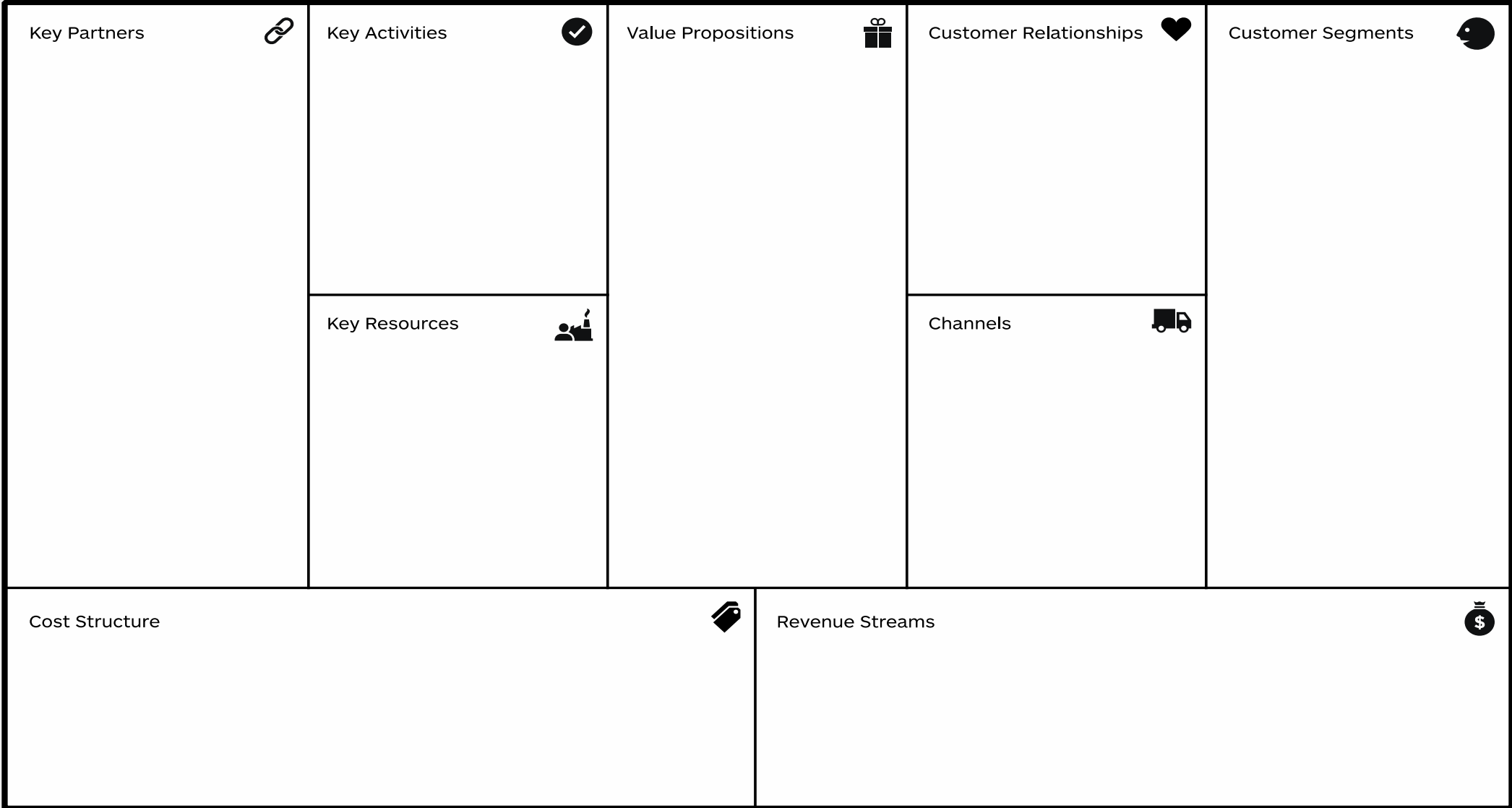
# The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



# The business model canvas

- Video - **Getting From Business Idea To Business Model**
- <https://www.youtube.com/watch?v=wwShFsSFb-Y>
- Second video – **Visualising Your Business Model**
- <https://www.youtube.com/watch?v=wIKP-BaC0jA>

# Business model canvas

- Canvas has segment each component of your business
- Like a cinema - the right-hand side is what you see on-screen; the left-hand side is what goes on behind the screen
- We will look at each segment in turn and you can map your own business ideas onto the canvas
- You can also identify key areas where more focus is needed for each of their ideas



# Business Model Canvas

Canvas View

List View

 Key Partners

+ Create Key Partners

 Key Activities

+ Create Key Activities

 Value Proposition

+ Create Value Proposition

 Customer Relationships

+ Create Customer Relationships

 Customer Segments

+ Create Customer Segments

 Key Resources

+ Create Key Resources

 Channels

+ Create Channels

We suggest starting here

 Costs

+ Create Costs

 Sustainability

+ Create Sustainability

 Revenue

+ Create Revenue

The image features a central blue oval with the text "Customer segments" in white. The oval has a black shadow on its left side. The background is white with several thin, light gray curved lines, some solid and some dashed, creating a sense of motion or depth.

Customer segments

# Business Model Canvas

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 Channels

+ Create Channels

We suggest starting here

 Costs

+ Create Costs

 Sustainability

+ Create Sustainability

 Revenue

+ Create Revenue

# Customer segments

- For which consumers or other businesses are you going to be creating value?
- How will you identify your target segments?
- What are the key features of your customer types? Can you develop personas?
- Consider Customer Empathy Map

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● Intro

● Define your Customers

● Build a Customer Persona

● Summary

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Section Progress

## Customer Segments



# Introduction

The starting point for any business or social enterprise is a paying customer. No customer, no business. See the world through the eyes of your customers so you can create products and services that they love.

A Customer Segment is a group of customers that share some common characteristics and behaviours. On Validate you can create up to 4 Customer Segments.

We break this down into 2 steps:

1

Define your Customer

Define your Customer Segments by dividing customers into groups based on common characteristics, such as age, location, interests, and goals.

2

Create a Customer Persona

A customer persona is a semi-fictional description of your ideal customer. This shifts attention from the broad segment, to the specific user and creates laser focus on the needs of your customers.

# #EmpathyMap

event name

stakeholder:

day

month

year

pre-event

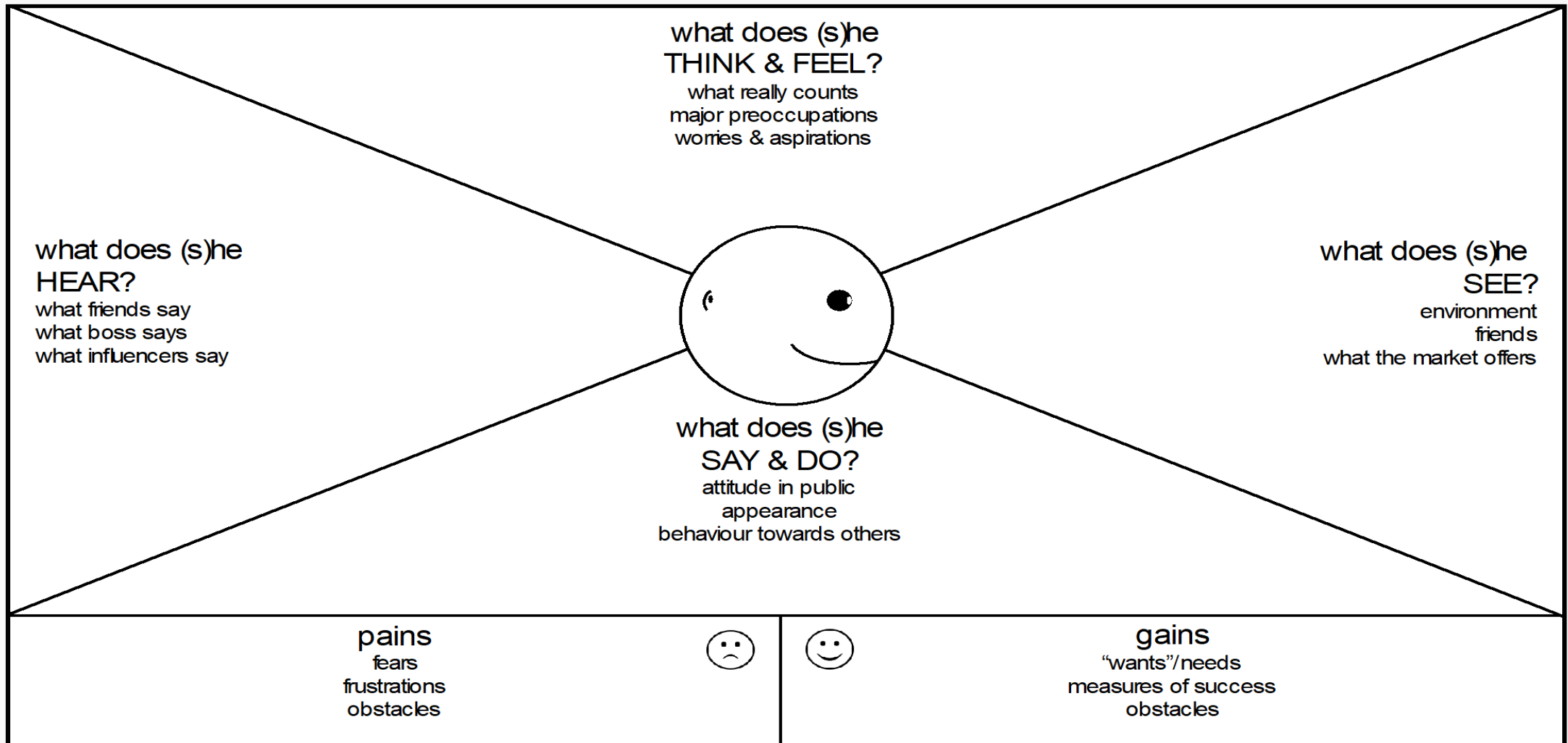


post event

designed for:

designed by:

version



Source: adapted from XPLANE

Download the Empathy Map to assess current & desired behaviour: [www.eventcanvas.org/empathymap](http://www.eventcanvas.org/empathymap).

[eventcanvas.org](http://eventcanvas.org)



Value propositions

# Business Model Canvas

Canvas View

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We suggest starting here

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+ Create Costs

 Sustainability

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 Revenue

+ Create Revenue



# Value propositions

- How will you best describe the products/services that will create value for your customers?
- What key attributes in the value proposition will you want to emphasise?
- How will you be distinct from your competitors?
- Consider Value Proposition Canvas

← Back

● Intro

● Product and Features

● Competitors

● Unique Selling Point

● Summary

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Section Progress



# Introduction

*Why do some people buy a Samsung instead of an iPhone? Why pay with American Express rather than Visa? Why wear Nike trainers over Adidas?*

Your Value Proposition is what makes you special. It is the reason why customers choose you over the competition. Every successful business creates value for customers by helping them achieve their goals. Your goal is to create the perfect fit between the needs of your customers (the value they desire) and the value you offer (your value proposition).

## Value Proposition In 3 Steps:

### 1 Step 1. Define Your Product

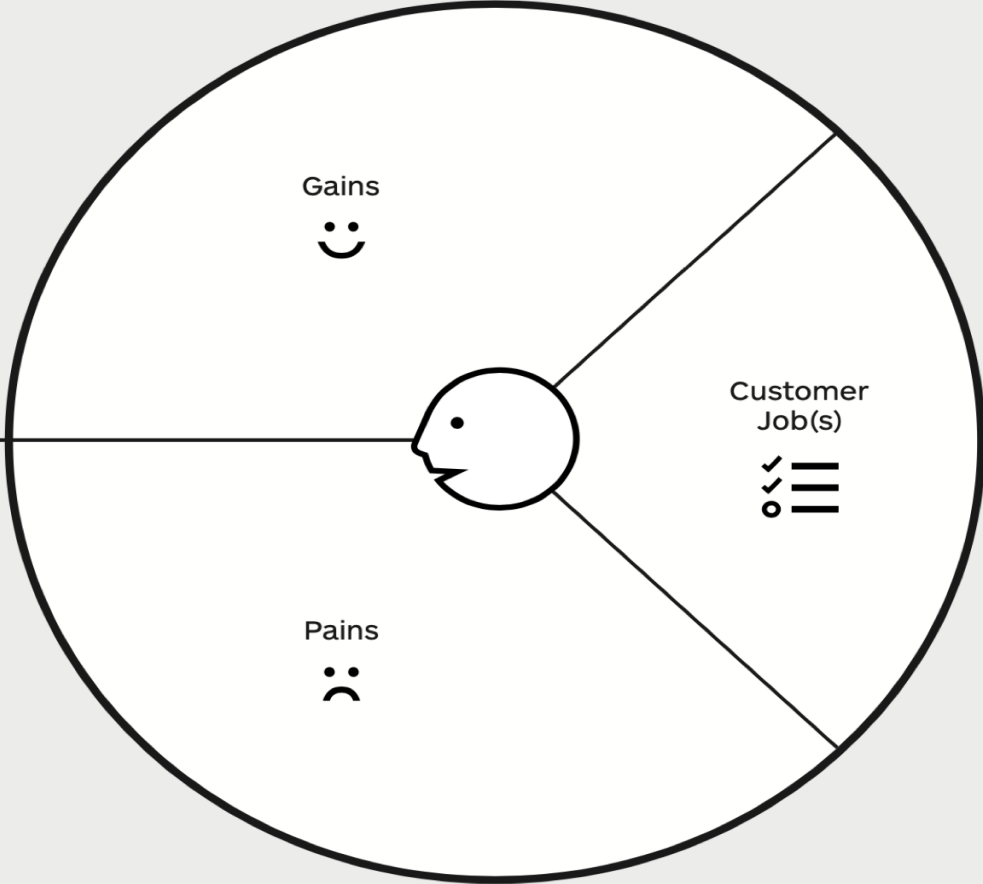
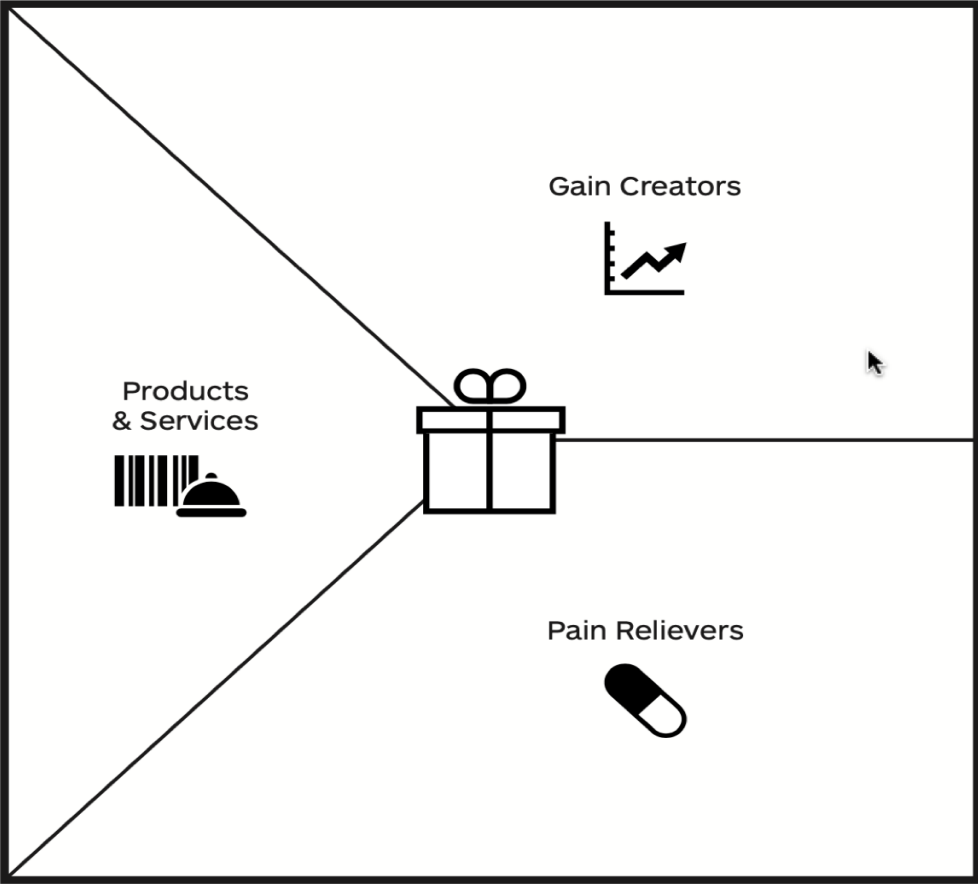
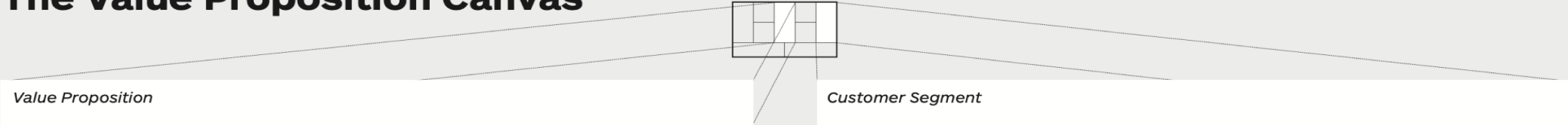
What are you selling? Describe what your business actually does. List the key features of your product or service.

### 2 Step 2. Analyze Your Competitors

Who are your main competitors? And what are their strengths and weaknesses?

### 3 Step 3. Create Your Unique Selling Point

# The Value Proposition Canvas



# Value proposition canvas

**Value Proposition** is how you ensure you offer goods and services that your customers actually want

**Value Proposition Canvas** is a model to help you describe and test your offer to customers

What **jobs** are your customers trying to get done?

What **pains** are they trying to avoid or overcome?

What **gains** are they looking to achieve?

How good is the fit?

<https://www.youtube.com/watch?v=ReM1uqmVIP0>

The image features a central blue oval containing the word "Channels" in white, sans-serif font. The background is white with several thin, light gray concentric circles. A thick, black, curved swoosh shape is positioned to the left and bottom of the blue oval, partially overlapping it. The overall design is clean and modern.

Channels

# Business Model Canvas

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 Sustainability

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 Revenue

+ Create Revenue

# Channels

- Through which touchpoints are you interacting with customers and delivering value?
- What channels will you use for sales and distribution?
- Will your channels differ for each customer group?
- What capabilities will you need to manage each channel?
- Will you next to modify your channels as you scale?

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 Intro

 Create your Channels

 Summary

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Section Progress



# Introduction

Channels are the routes used to sell and distribute your products or services to your customers. They are the touch points that you have with your customers.

Will your customers come to a shop? Buy online? Order by phone? Or perhaps you deliver to them directly? You could even sell through partners, displaying your product in someone else's shop.

The Channels you choose will have a big impact on your business. They will define how accessible you are to customers. The kind and regularity of interaction you have with customers. And your choice of Channels will have a big impact on your costs as physical space is expensive.

We break Channels down into 2 steps:

## 1 Choose your Channels

List the different Channels that you will use to sell and distribute to customers.

## 2 Explain this Strategy

Explain why these are the right Channels for your business



A blue speech bubble with a white outline and a black shadow, containing the text "Customer relationships". The bubble is set against a background of light gray concentric circles and dashed lines.

Customer relationships

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# Customer relationships

- How will you acquire new customers?
- How will you retain and grow your customers?
- How will you focus on key customers? Or will you target a broad customer base?
- What might need to change as you scale?
- How will you monitor what your customers think, their reactions and feedback?

# Introduction

Without a fantastic marketing plan, no business can succeed. How you Get customers, Keep customers, Grow customers and create Referrals is the key to successful marketing.

If your customers don't know that you exist, it doesn't matter how good your product or service is! In a world with so many businesses competing for the same customers you need to have a clear marketing plan. In Customer Relationships you can build that marketing plan.

## Create your Customer Relationships in 4 steps:

### 1 Get

How will you Get new customers?

### 2 Keep

Once you have customers, how will you Keep them so they keep returning to buy from you?

### 3 Grow

How will you encourage these same customers to spend more money with you?

### 4 Referrals

How will you encourage your loyal customers to refer their friends and recommend your business?

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● Intro

● Get

● Keep

● Grow

● Referrals

● Summary

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Section Progress

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Key activities

# Business Model Canvas

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 Channels

+ Create Channels

We suggest starting here

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+ Create Costs

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 Revenue

+ Create Revenue

# Key activities

- What is the step-by-step process of the things you need to do?
- What do you need to prioritise?
- Where will you place your own focus? What help/input will you need from others?
- How might these activities change as you scale?

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● Intro

● Steps

● Summary

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Section Progress

## Key Activities



# Introduction

Think of the left side of the Business Model Canvas as backstage. It's all the things that customers don't see, but which are critical to make your business work. Your Key Activities, Key Partners and Key Resources work together to create and deliver your Value Proposition to your Customer Segments.

Key Activities are the most important tasks a company must carry out. Notice the word KEY. Don't make a list of everything that you need to do. Instead, consider the most important aspects that create value.

We can complete this in 1 step:

### **1** List your Key Activities

What is the step by step process of the key things you need to do?

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The image features a central blue oval with the text "Key resources" in white. The oval has a black shadow cast to its left. The background consists of several concentric circles, some solid and some dashed, in a light gray color.

Key resources

# Business Model Canvas

Canvas View

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+ Create Key Activities

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+ Create Value Proposition

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+ Create Customer Relationships

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+ Create Customer Segments

 Key Resources

+ Create Key Resources

 Channels

+ Create Channels

We suggest starting here

 Costs

+ Create Costs

 Sustainability

+ Create Sustainability

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+ Create Revenue

# Key resources

- What resources (tangible and intangible) do you need to make your business a success?
- What capabilities can you easily access, and what will you need to secure from elsewhere?
- How might you pay for those?
- Which ones will you need regularly, and which less frequently?

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● Intro

● Key Resources

● Summary

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Section Progress

## Key Resources



# Introduction

Your Key Resources include the most important things that you need to have in order to make your business a success. These Key Resources can be tangible, e.g. raw materials, equipment, a shop; or they can be intangible e.g. knowledge and intellectual property. Running a business usually requires both tangible and intangible resources.

We can break this down in 1 step:

1

Define your Key Resources

What key resources, both tangible and intangible, do you need to deliver your Value Proposition. Create up to 6 Key Resources.

Why complete this section?

A blue oval shape is centered on the page, containing the text "Key partners" in white. The oval has a black shadow cast to its left and bottom. The background features several thin, light gray curved lines, some solid and some dashed, creating a sense of motion or a stylized wave pattern.

Key partners

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We suggest starting here

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+ Create Revenue

## Key partners

- Who are you going to need to work with to make your business a success?
- Thinking of all your key activities, who might help you carry them out?
- Thinking of all your key resources, who might provide them?
- Who might bring less tangible but still valuable inputs? (e.g. advice, support)

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● Intro

● Your Partners

● Summary

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Section Progress

 Key Partners



# Introduction

Your Key Partners are all the people and organisations that you need to work with to make your business a success. A business forms partnerships for a myriad of reasons. To access knowledge and skills, reduce costs, reach new customers, reduce risk and many more...

We'll tackle this in 1 step:

1

Define your Key Partners

Who do you need to work with to deliver your Key Activities and make your business a success?

Why complete this section?



The image features a central blue oval with the text "Revenue streams" in white. The oval has a black drop shadow on its left side. The background consists of several concentric circles, some solid and some dashed, in a light gray color.

Revenue streams

# Business Model Canvas

Canvas View

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+ Create Key Resources

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We suggest starting here

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+ Create Costs

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 Revenue

+ Create Revenue

# Revenue streams

- Revenue = units sold x price
- How will you charge for your goods/services?
- What revenue model will you use?
- Will you offer flexibility in your pricing?
- What payment terms will you establish?
- What revenue do you forecast in total?



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● Intro

● Revenue Model

● Pricing

● Projected Sales

● Summary

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Section Progress

# Introduction

Revenue is the income generated from the sales of your goods or services. It is all the money that you make.

Revenue is deduced by multiplying the total number of units of your products or services sold, and the selling price of each product or service sold.

Total units sold x Selling price = Revenue

E.g. 100 cans of Pepsi sold x £1 price per sale = £100 revenue

We can break this down into 3 steps:

## 1 Decide Your Revenue Model

How will you charge for your products and services?

## 2 Set Your Prices

What products are you going to sell and how much are you going to sell them for?

## 3 Project Your Sales

How many units of each product do you think you will sell for the next 12 months?

The image features a central blue oval with the text "Cost structure" written in white. The oval has a black shadow effect on its left side. The background is white with several thin, light gray curved lines, some solid and some dashed, creating a sense of motion or a stylized wave pattern.

Cost structure

# Business Model Canvas

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+ Create Customer Segments

We suggest starting here

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+ Create Key Resources

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+ Create Costs

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+ Create Sustainability

 Revenue

+ Create Revenue

# Cost structure

- What are the costs associated with your business infrastructure?
- Which are fixed costs, not linked to your level of activity?
- How will some of these vary as you build scale?
- What is your unit cost?
- What are the ways in which you can make efficiencies?

# Business Model Canvas

Canvas View

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We suggest starting here

 Costs

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+ Create Sustainability

 Revenue

+ Create Revenue



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- Intro
- Fixed Cost
- Cost Per Unit
- Summary

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Section Progress

🛒 Costs



# Introduction

In this section we'll define your *Cost Structure*. Costs are all the things you spend money on in setting up and running the business. Some of these costs are *fixed* - they remain the same regardless of how much you sell and how much money you make. And some will be *variable* - they change depending on how much you sell.

We can break this down into 2 steps:

## 1 Fixed Costs

These costs remain the same regardless of how much you sell and how much money you make. For example, shop rent is a fixed cost; it is the same no matter whether you sell 10 t-shirts or 5,000 t-shirts.

## 2 Cost Per Unit

The next step is to work out your *Cost per unit*. By this, we mean the average cost to produce each product or service. If you are producing bicycles, then how much is it to make one bike? If you are selling 1-hour of personal training, then what cost do you incur to do a 1-hour training session?



Sustainability

# Business Model Canvas

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We suggest starting here

 Costs

+ Create Costs

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+ Create Revenue

# Sustainability

- What sort of commitment do you want to make to sustainability in your business?
- What sustainable or regenerative practices will you develop in your business?
- How will you adopt ethical behaviours in your supply chain?
- How will you manage and monitor your environmental footprint?
- How will you measure and report on your impact?

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● Intro

● Sustainability Strategy

● Summary

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Section Progress

 Sustainability



# Introduction

"The most important right we have is the right to be responsible."

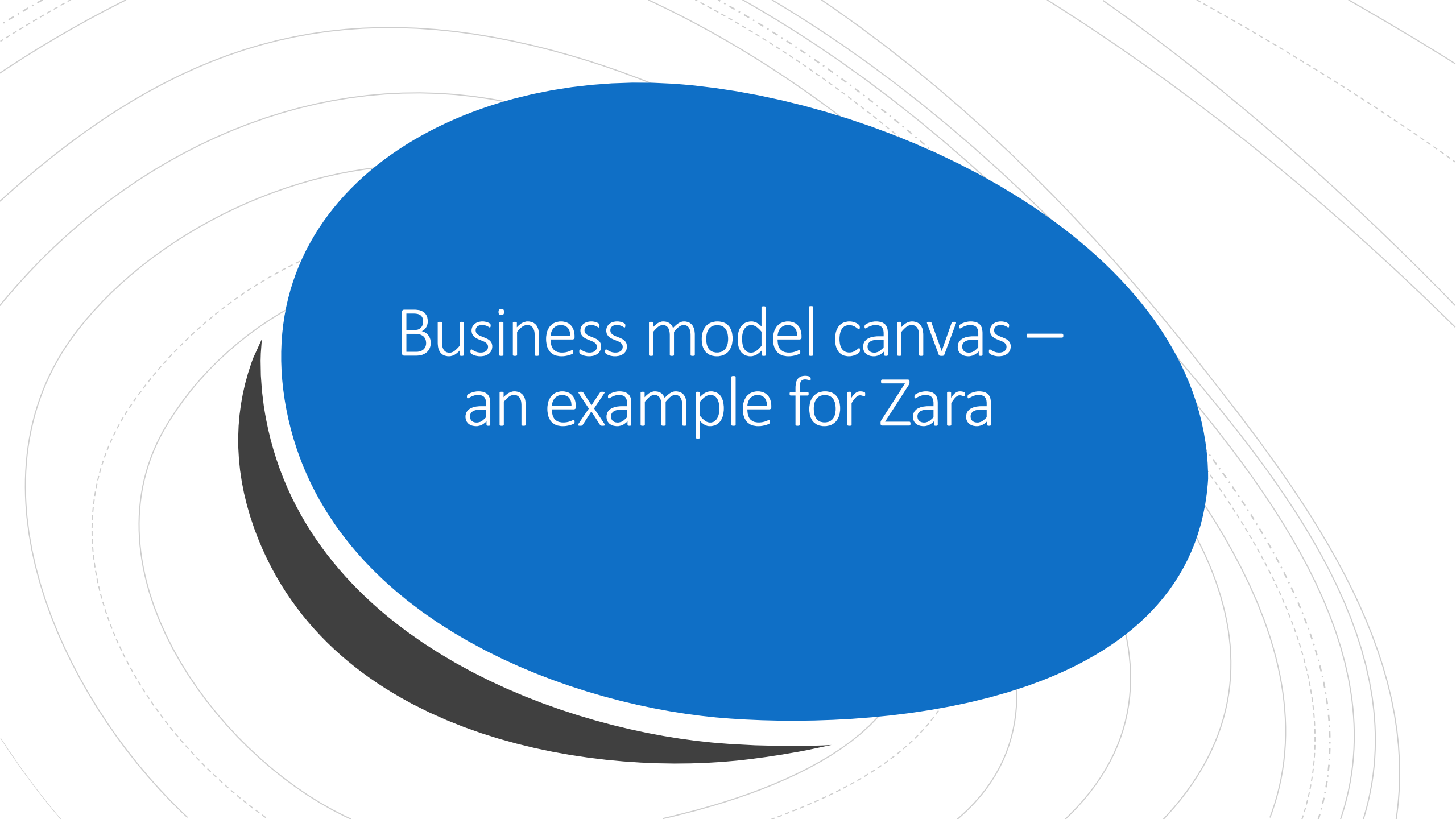
Pollution. Overconsumption. Climate change. Inequality. For many years, business and capitalism have been the driving forces of many of the biggest problems we face on Planet Earth. Thankfully, it feels like a tipping point is coming. Whether you want to run a charity or social enterprise with a clear ethical purpose, or you want to set up a for-profit company, we all have a responsibility to work sustainably. In this section, we will explore how your venture can have a positive impact.

We can break this down in 1 step:

1

**Social and Environmental Sustainability**

We look at sustainability through the lens of the United Nations Sustainable Development Goals (SDGs). Map the positive impact that your business will create using the 17 SDGs as a guide.

The image features a central blue speech bubble with a white outline, pointing towards the bottom-left. Inside the bubble, the text "Business model canvas – an example for Zara" is written in white. The background is white with several thin, concentric circles and a dashed line pattern. A thick black swoosh is positioned behind the bottom-left part of the blue bubble.

Business model canvas –  
an example for Zara

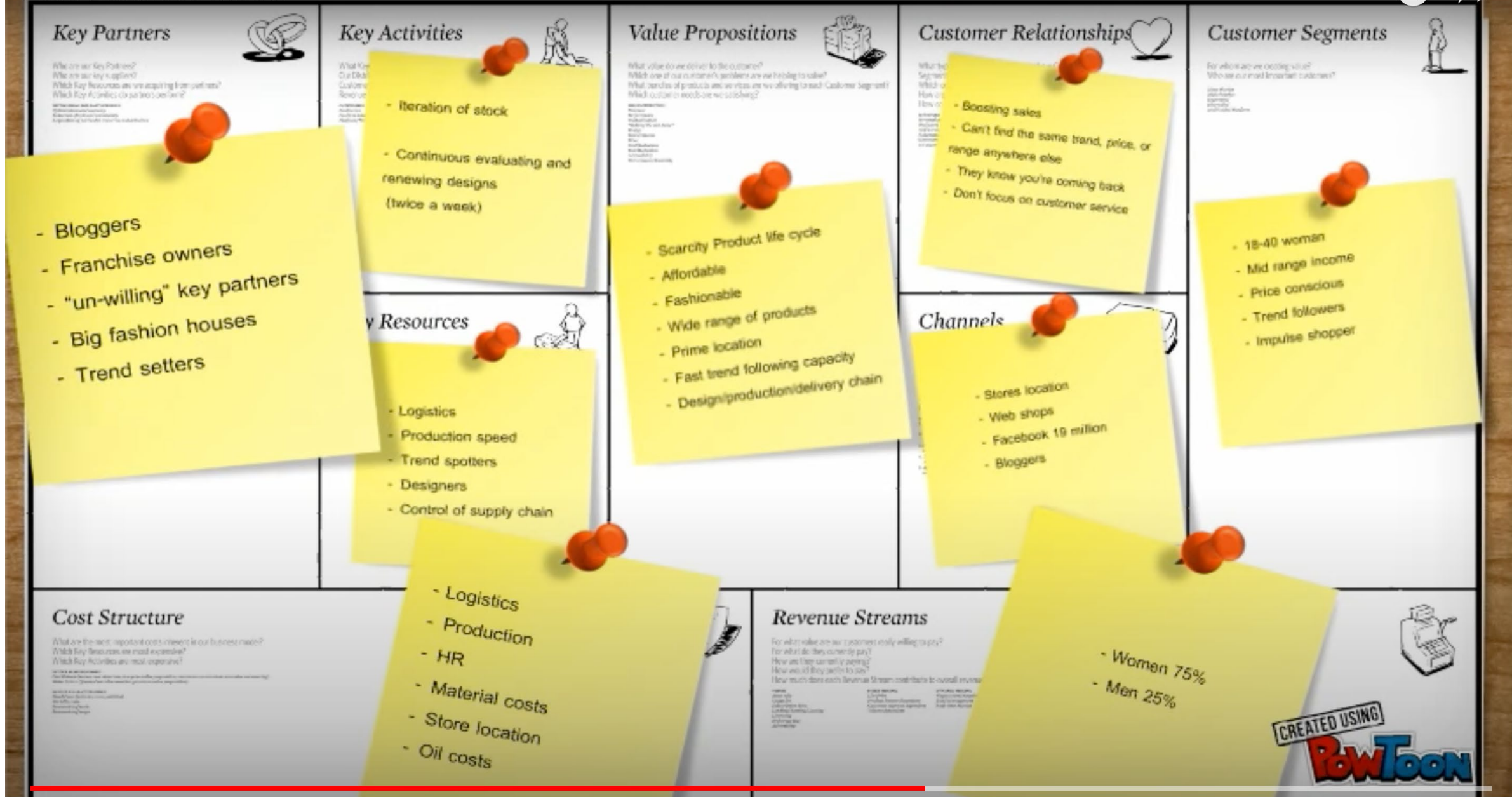
# Business model canvas for Zara

Can be useful tool to analyse any business


For example, Zara's Business Model Canvas

[https://www.youtube.com/watch?v=13ZItq8r\\_g0](https://www.youtube.com/watch?v=13ZItq8r_g0)

# Zara Business Model







Developments in business  
models

# Developments in business models

Multi-channel/omni-channel - especially in fashion and retail

Hosted platforms – retailers hosting for others

New revenue sources – generating revenue from secondary applications

Peer to peer platform – fees generated by linking buyers and sellers

Freemium – some free/some paid-for content/features

Subscription – been around for a while, evolved through technology

# Developments in business models

Multi-channel/omni-channel - especially in fashion and retail  
**(End, Gymshark, Amazon Fresh)**

Hosted platforms – retailers hosting for others  
**(Next)**

New revenue sources – generating revenue from secondary applications  
**(Google's data)**

Peer to peer platform – fees generated by linking buyers and sellers  
**(Airbnb)**

Freemium – some free/some paid-for content/features  
**(Slack)**

Subscription – been around for a while, evolved through technology  
**(Netflix)**

## Developments in business models (contd.)

On-demand – services available at any time, prices vary based on level of demand

One For One – buy one/donate one

Franchising – again, recent growth in an established model

User-generated content - content is aggregated for free

Hook and bait model – profit in essential complementary products

Discount and quality – reduced prices whilst maintaining quality

## Developments in business models (contd.)

On-demand – services available at any time, prices vary based on level of demand (**Uber**)

One For One – buy one/donate one  
(**TOMs**)

Franchising – again, recent growth in an established model  
(**McDonald's, Harry's**)

User-generated content - content is aggregated for free  
(**Trip Advisor**)

Hook and bait model – profit in essential complementary products  
(**Nespresso, Apple**)

Discount and quality – reduced prices whilst maintaining quality (**Aldi, Lidl**)

Thanks and  
good luck!

Ian Smart

