Enhancing entrepreneurial ecosystems for education

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HORIZON-EIE-2022-SCALEUP-01-01 Expanding Entrepreneurial Ecosystems

Business Model Development

Video 2

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Knowledge on Business Model Development is essential for Early-stage Entrepreneurs

Challenges

- Lack of **Experience** on BMD
- Limited **Resources**
- Access to feedbackand **mentorship**

BM

Relevance

- Prioritizing initial business model development increases **probability of survival and growth** for entrepreneurs.
- Clear business models can lead to up to **30% faster break-even** for startups.

Video-Objectives

- Introduce the **Business Model Canvas (BMC)** and its background
- Provide an **advanced understanding** of the different BMC components and their application

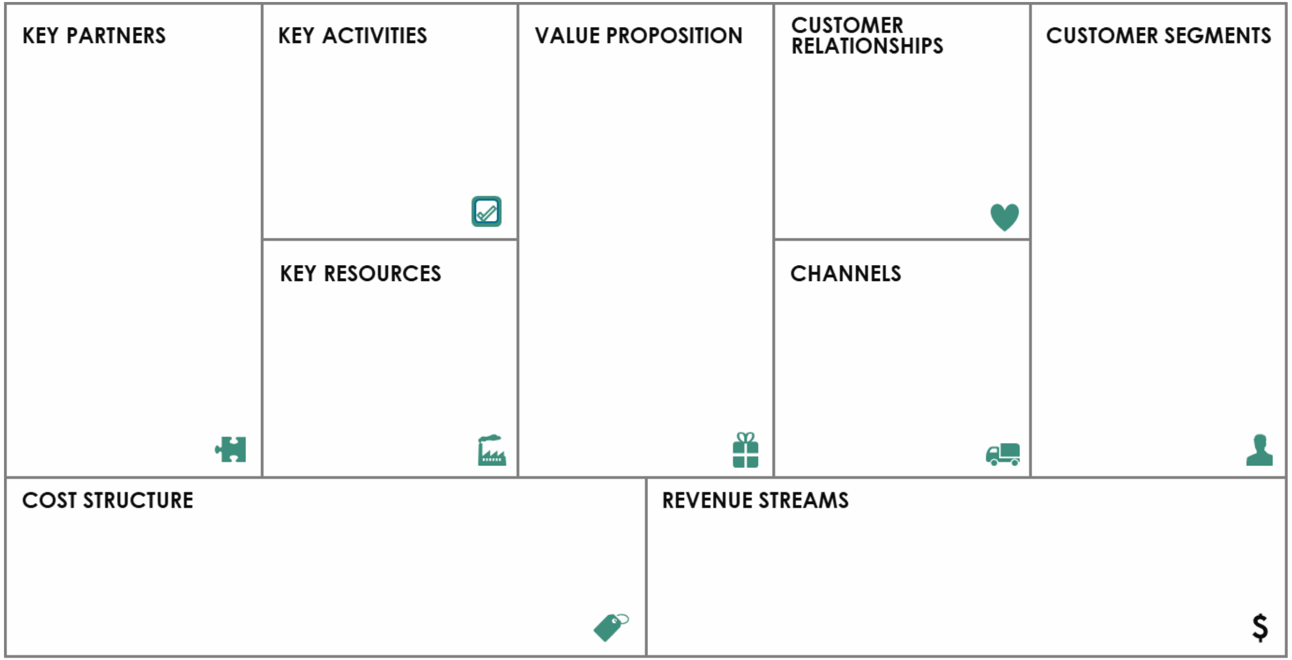
Definition & History of the Business Model Canvas

Business Model Canvas (Osterwalder & Pigneur, 2010)

Definition

A business model canvas is defined as an organizational tool that is used for analyzing and designing business models and solving organizational transformation problems. It showcases the business model in its constituent parts and provides a holistic overview.

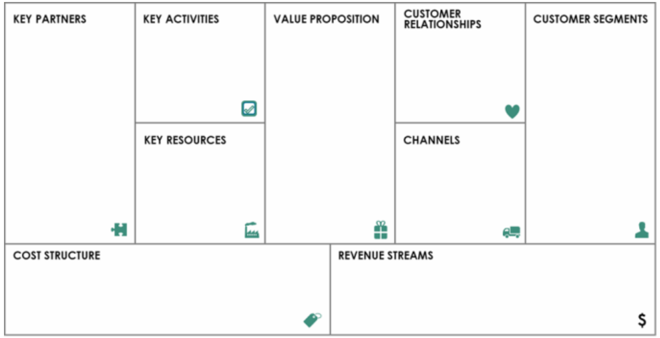
Macha-Huamán, et al. (2023)



Benefits & Variants of the Business Model Canvas

The BMC enables Start-ups to identify key strategic factors

BMC



Benefits

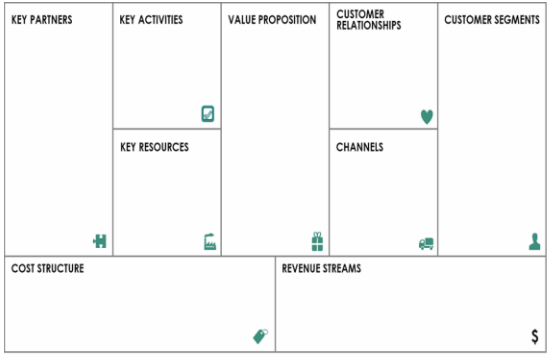
- Clarity and Visualization
- Comprehensive Overview

- Communication
- Iterative Proces

- Strategy Testing
- Alignment of Activities
- Risk Management

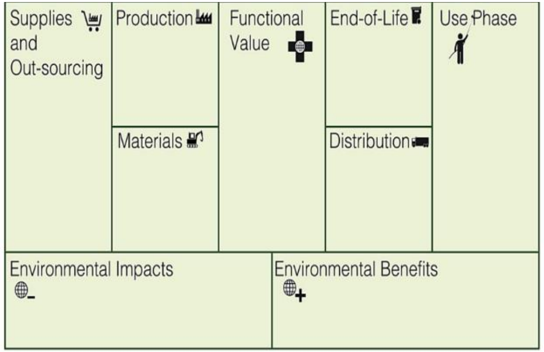
There are multiple variations of the BMC

Classic BMC



Lean BMC

Environmental BMC



The classic Business Model Canvas (Osterwalder & Pigneur, 2010)

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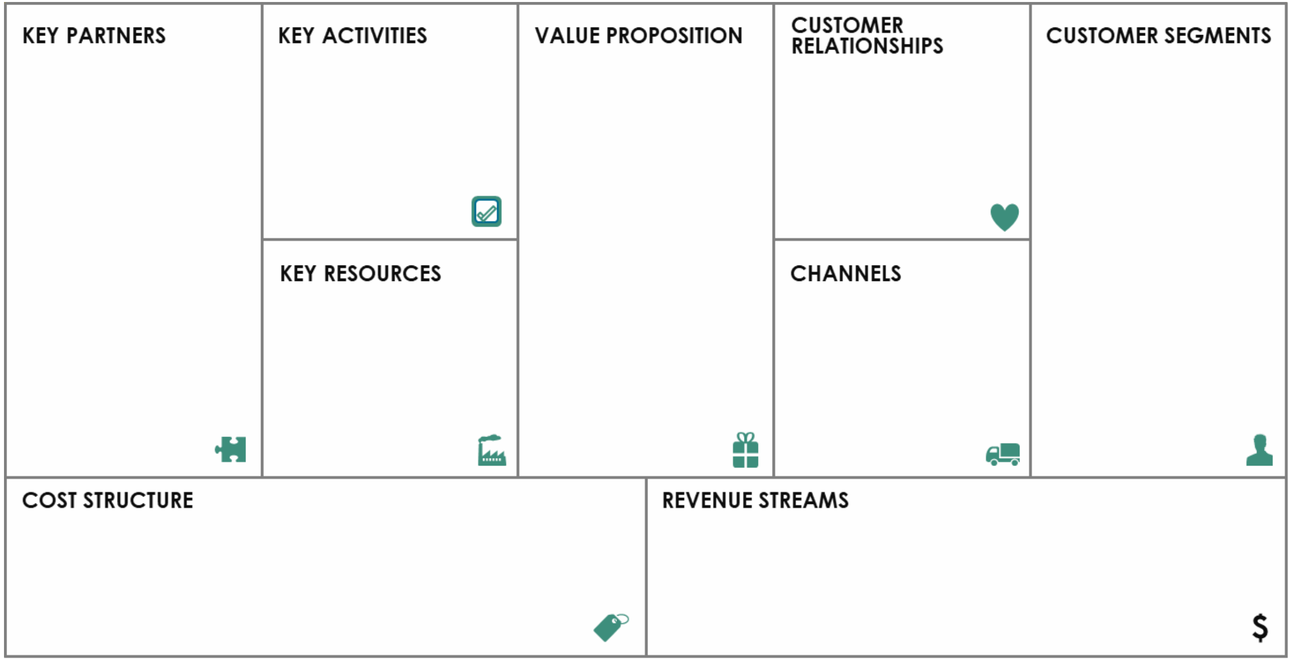
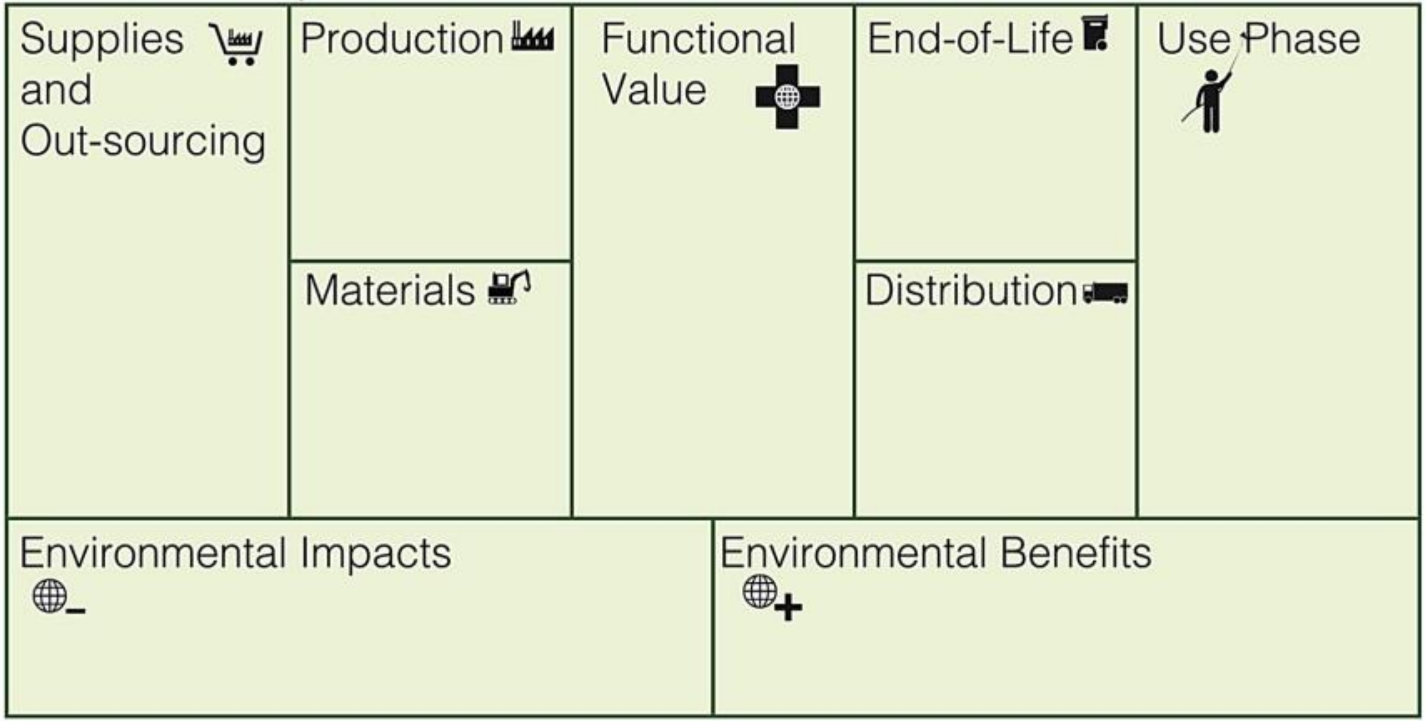


The lean Business Model Canvas (Maurya, 2010)

The environmental Business Model Canvas (Joyce & Raymond, 2016)



The 9 Business Model Canvas Elements

The application of the classic Business Model Canvas (Osterwalder & Pigneur, 2010)

Goal

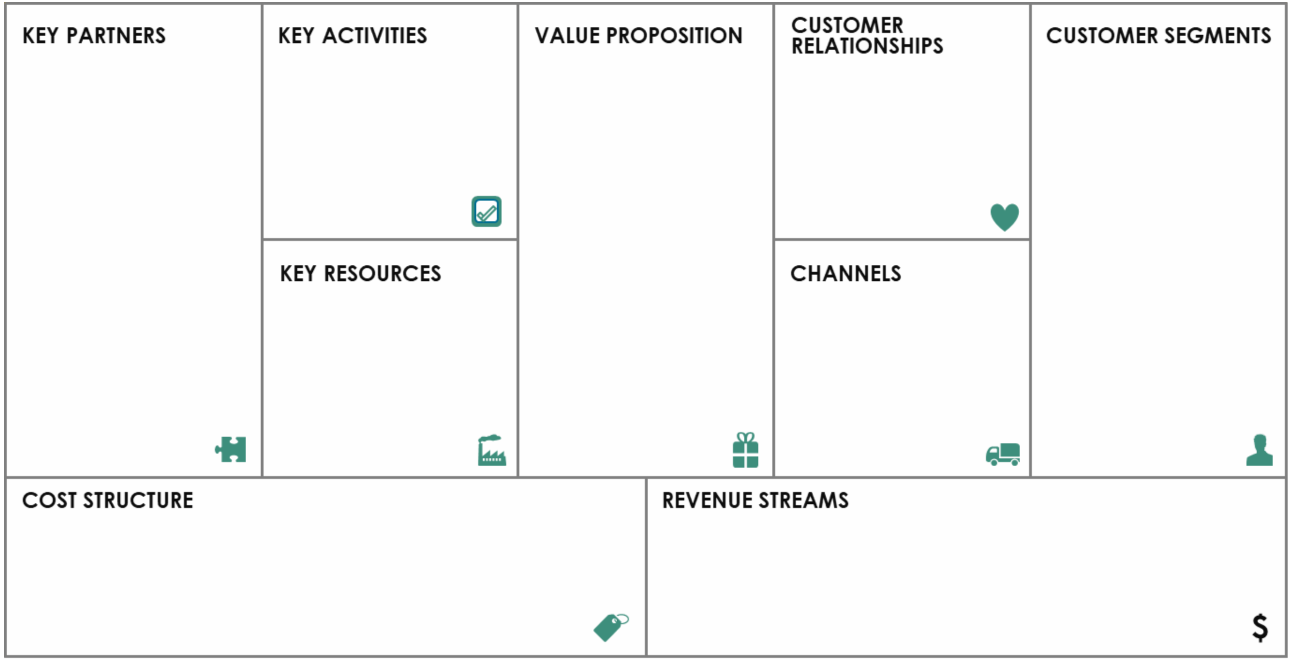
Understand the Business Model.

How

Ask yourself specific questions.

Outcome

Identify areas that require refinement, further development, or potential change.



The classic Business Model Canvas – Key Partners (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Key Partners	• Who are our most important partners? • Who are our most important suppliers? • Do suppliers offer special conditions in purchasing? • Am I dependent on certain suppliers for procurement or sales? • Do partnerships exist for the development of new markets?	• Assess the role of key partners and the potential value they bring to the business. • Consider how these partnerships enhance the business model.

The classic Business Model Canvas – Key Activities (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Key Activities	• What activities does our value proposition require? • What features could be added to the product for a greater value proposition? • How can customers be tied to the company even better? • How many employees need to be recruited and trained in what timeframe?	• Analyze the core activities required to deliver the value proposition. • This analysis should identify what activities are critical, cost-effective, and unique to the business.

The classic Business Model Canvas – Key Resources (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Key Resources	• What resources do we need for our performance /distribution channels/customer retention/revenue streams? • Material/technical • Knowledge based • Team • Financial	• Assess whether there are potential resource constraints or dependencies. • Ensure that the essential resources (e.g., technology, talent, infrastructure) are available and allocated effectively.

The classic Business Model Canvas – Value Proposition (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Value Proposition	• What is our value proposition? • What activities does our value proposition require? • What features could be added to the product for a greater value proposition? • How can customers be tied to the company even better?	• The analysis should determine if the value proposition is well-defined, unique, and compelling to the target customer segments. • Is it solving a real problem or addressing a need in the market?

The classic Business Model Canvas – Cost Structure (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Cost Structure	• What are the most important expense items in our business model? • Which resources/areas generate the greatest costs? • How high are the acquisition costs per customer? • What are the margins of the individual products?	• Review the cost structure to identify areas where costs can be optimized, reduced, or managed more effectively. • Ensure that the entity can operate within its budget constraints.

The classic Business Model Canvas – Customer Relationship (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Customer Relationship	• Who is our customer? • How are customers reached? • Where can the customer buy the offer? • How is a high level of customer satisfaction ensured? • How are incentives for repurchase set at the right time? • How is the customer supported after the sale?	• Assess the strategies for building and maintaining relationships with customers. • Ensure that they are appropriate for the type of product or service being offered.

The classic Business Model Canvas – Channels (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Channels	• Through which channels do our primary customer segments want to be reached? • How are we reaching them now? • How are our channels integrated? • Which channels work best? • Which channels are most cost-efficient?	• The analysis should reveal how the entity plans to reach its customers and deliver its value proposition. • Consider whether the chosen distribution channels are cost-effective and efficient.

The classic Business Model Canvas – Customer Segments (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Customer Segments	• Who buys my product? • What distinguishes my target group? • Which customer groups are the most valuable? • Which strategy do I pursue in which customer group?	• The analysis should reveal if these segments are well-defined, if they represent viable markets, and if the startup is effectively targeting them • Understanding the characteristics and needs of customer segments is crucial.

The classic Business Model Canvas – Revenue Streams (Osterwalder & Pigneur, 2010)

BMC Element	Questions	Outcome
Revenue Streams	• What benefits are our customers willing to pay for? • How do they currently pay? • How would they prefer to pay? • How much does each revenue stream contribute to total revenue?	• Evaluate the revenue model and pricing strategies. • Determine if the pricing is competitive and if it aligns with the perceived value of the product or service.