

BUSINESS MODEL CANVAS

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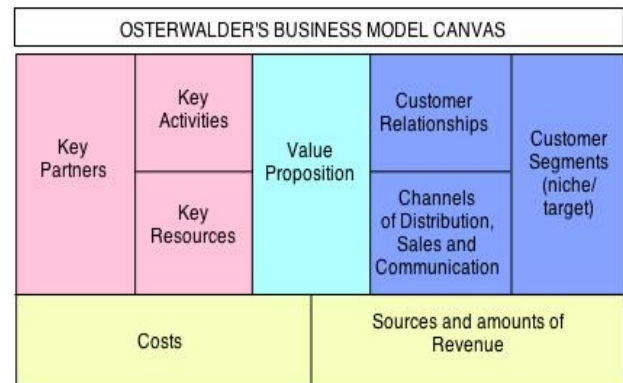
A business model canvas is a visual tool that helps the entrepreneurs in creating or developing a new business models or documenting the already established ones. It was developed in 2005 by Alexander Osterwalder as a result of his research on business model ontology. In order to help entrepreneurs, the business model canvas was created. It immediately emerged as a viable alternative to the conventional business plan, which lacked the flexibility to take into account recently founded enterprises. The canvas is a one-page document consisting of nine boxes on it, each of which denotes one of the core components of a company.

KEY BUILDING BLOCKS OF THE BUSINESS MODEL CANVAS

1. Customer Segments
2. Customer Relationships
3. Channels
4. Revenue Streams
5. Key Activities
6. Key Resources
7. Key Partners
8. Cost Structure
9. Value Proposition

Customer Segments

These are the companies or groups of people that we are attempting to reach with our product or service and sell to. By grouping together comparable characteristics about our



customer's demographics, ages, genders, behaviors, and interests, we can better meet their needs by tailoring the solutions we offer them. Our consumer categories can be thoroughly analysed to help us decide which customers to service and which should be ignored.

Customer Relationships

The kind of relationship we will have with each of our customer segments—or how we will interact with them throughout their association with our company—must be established in this section. There are various kinds of relationships with customers.

Personal assistance: We communicate with our customer face-to-face, over the phone, through email, or through other channels.

Dedicated Personal assistance: Each customer receives the attention of a dedicated customer representative.

Self-service: In this scenario, we don't interact with the customer; instead, we give them the tools they need to assist themselves.

Automated services: These comprise tools or processes that assist customers in performing tasks on their own.

Communities: These include online communities where users can assist one another in resolving individual issues relating to the good or service.

Co-creation: In this scenario, the business invites the customer to participate in the planning or creation of the product. For instance, YouTube allows its users to develop content for the site's viewers.

Channels

This section explains how our business will interact with and reach out to our customers. The points of contact that allow customers to interact with our business are known as channels. Customers can learn more about our product or service and receive our value propositions through several channels. There are two different kinds of channels.

- **Owned channels** - such as the firm website, social media platforms, and internal sales.
- **Partner channels** - include websites that partners own, wholesale and retail sales, etc.

Revenue Stream

The sources from which a business makes money by offering its goods or services to customers are known as revenue streams. And in this section, we should explain how our value propositions will generate income. One of the following revenue models may include an income stream:

- **Revenue derived from transactions** - from customers who give a one-time donation.
- **Revenue generated on a recurring basis** from continued payments for ongoing services or after-sale services.

We can use asset sales to create income in a number of ways: By giving a buyer the chance to purchase the ownership of a product, By charging the user a usage fee for using its product or service, By charging the user a subscription charge for recurrent and persistent use of its product and by charging clients to use firm platforms to promote a good, service, or brand.

Key Activities

What actions or tasks must be taken to achieve our business's objectives? All the essential tasks that we must perform to ensure the success of our company strategy should be outlined in this part. These crucial tasks should centre on delivering on the value proposition, reaching target consumer groups, preserving customer connections, and producing income. There are three types of important activities; Production is the process of creating, producing, and distributing a product in large quantities or of exceptional quality. Finding fresh answers to the unique issues that clients experience is known as problem-solving. Creating and maintaining platforms network - For instance, Microsoft offers a dependable operating system to enable software created by third parties.

Key Resources

Here, we outline the main resources or inputs that are required to complete our essential tasks and develop our value offer. They include,

- Personnel (workers)

- Financial (cash, credit lines, etc.)
- Intellectual property (patents, trademarks, IP, copyright)
- Physical (i.e., furniture, supplies, and structures)

Key Partners

Our key activities will be carried out with the assistance of our key partners, which are external businesses or suppliers. These partnerships are created to lower risks and gather resources. Various forms of partnerships include,

- Partnership between non-competitors in a strategic alliance.
- Competition: strategic collaboration between partners.
- Partnerships creating a new company are called joint ventures.
- Build trusting ties between buyers and suppliers.

Cost Structure

We list every expense related to running our company model in this block. We must concentrate on assessing the costs associated with developing and executing our value propositions, generating income streams, and upholding relationships with customers. Once we have identified our primary partners, activities, and resources, doing this will be easier. Businesses can either be value-driven (focuses on giving customers the most value possible) or cost-driven (focuses on minimizing costs whenever possible).

Value Propositions

A value proposition ought to be original or distinct from those of our competitors. If we are introducing a new product, it ought to be ground-breaking and original. Additionally, if we are selling a product

that is currently on the market, it should stand out by having unique qualities and characteristics. Price and speed of delivery are two examples of quantitative value propositions, while customer experience or design is an example of a qualitative value proposition.

BENEFITS OF USING A BUSINESS CANVAS

- The business model canvas offers a thorough breakdown of all the crucial components of a business model.
- The thorough evaluation guarantees that the team will take into account all necessary elements of their business model and will be able to spot any shortcomings or potential improvement areas.
- The business model canvas is easy for everyone to refer to and figure out due to its visual aspect.
- As it helps us to assess a business model's strengths, flaws, possibilities, and difficulties, the BMC can be thought of as a tool for strategic analysis.
- It's simpler to edit and can be simply distributed to stakeholders and staff.
- As the business changes, the BMC is a versatile and adaptable instrument that can be updated and improved.
- Both huge enterprises and startups with a small staff can use the business model canvas.

Discussions among the team, investors, partners, clients, and other stakeholders are successfully facilitated by the business model canvas. It ensures that everyone understands the business model and makes clear how various components of the company are related to one another.