



Using Business Model Canvas to Design Inclusive Solutions

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What is a Business Model?

“A business model is supposed to answer who your customer is, what value you can create/add for the customer and how you can do that at reasonable costs.”

– Peter Ducker

A business model is the operational method that allows the organization or initiative to earn money to sustain itself. It represents different factors and segments of the environment like, customers, process, system, strategies, infrastructures, cultures, policies etc. of business organization. A business model is not limited to only business ventures but also applicable to any initiatives that wish to sustain itself. Professor Joan Magretta of Harvard Business School says a business model “at heart, stories – stories that explain how enterprises work”.

What is a Business Model Canvas (BMC)

Business Model Canvas is a set of hypotheses that enables an organization to decide what to do to get money. In 2005 Alex Osterwalder, a Swedish theorist first developed a nine-part model to describe the assumptions of business models in a formatted way. This is called Business Model Canvas or BMC. Since then many specialized BMCs have been developed but the base module remains the same.

It's a strategic management template that you can use to strategize, summarize, document and present how your business desires to achieve its vision.

Benefits of BMC

- It's a one-page overview of the business model.
- It enables structured conversations around management and strategy.
- Enables focus; brings everyone to the same page.
- It's a visual format; a snapshot.
- It lays out what you do, want to do or how you go about doing it.

How do we connect value chains, market systems, BMC, human centric designs?

<i>Value Chain</i>	<i>Market Systems</i>	<i>Human Centric Design</i>	<i>BMC</i>
Value Chains Explains the value creation process from input supply to end market for a product or solution; involves one actor (for a vertically integrated value chain) or multiple actors (for non-integrated value chain with specialized actors for each value creation process)	Market System Explains the core transaction (demand and supply), support services and rules related to any two directly linked functions of a value chain (for example, input supply markets have input suppliers on the supply side and land developer on the demand side)	Human Centric Design Deals with the design of the product or solution of interest (for example, low cost roofing) for which we then have a value chain and series of interconnected market systems	A snapshot that explains how a company intends to take control of the entire value creation process and market system of a product or solution so that it can generate desired profit and sustain in the market against competition

The Structure of BMC



Components of BMC

1. **Value proposition:** Which pain of the customer are we solving?
2. **Customer segments:** Who are we serving?
3. **Channels:** How are we delivering the product/ service to the customer?
4. **Customer relationships:** How do we build and sustain our relationships with our customers?
5. **Revenue Streams:** What are the different sources for our income?
6. **Key Resources:** What do we need to have to deliver the value?
7. **Key Activities:** What do we need to do to deliver the value?
8. **Key Partners:** Who can we collaborate with to build and market our product and to sustain our growth?
9. **Cost Structures:** What essential expenses shall we be incurring

Exercise: Develop a BMC for your Intervention/ Solution

Step	Prompt	Example
1.	Define the product/ service that you are promoting	Fresh Oyster Mushroom at doorstep
2.	Define the organization that is delivering the product/service (this is your partner organization)	Association of women producers of fresh oyster mushroom
3.	Define the customers that they are serving (for an agri input company these are the different segment of farmers while for the farmers these are the agri input companies like seed company. Your customers depend on who you defined as providers of the solution in number 2. Customers can be households as well as institutions)	<ol style="list-style-type: none"> 1. Rural & urban people in the province 2. Pizza Restaurants 3. Vegetarian/Vegan Individuals 4. Fresh Markets
4.	Define the pain points of the customers (the pain points are the immediate reasons for which the customers are looking for solution- for example, availability, affordability, quality, accessibility etc. These are not the systemic challenges that are restricting the solution service provider to offer the value)	The COVID-19 crisis negatively impacted the groups production and sales in the following areas: 1) Consistent supply 2) Lower price 3) Input supply 4) Lack of delivery service 5) Lack of spawn making skills. 6) Poor packaging. This Business Model Canvas (BMC) is developed to mitigate the impact of pandemic in the short and mid-term period.
5.	Define the value proposition (these are the pain relievers for the customers)	<ol style="list-style-type: none"> 1. Consistent supply of fresh oyster mushroom 2. Mushroom delivery Service at doorstep 3. Hygienic eco-friendly packaging 4. Health and hygienic certification
6.	Define the channels through which the value will reach the customers (these are the channels of distribution and communication)	<ol style="list-style-type: none"> 1. Online Platforms (Facebook page & whatsapp group). 2. Booth Sales 3. Delivery at doorstep by motorcycle retailers / On time 4. Fresh markets 5. Agri-fair
7.	Define the strategies through which the solution service provider will establish a firm relationship with the customers.	<ol style="list-style-type: none"> 1. Flexible online order time 2. Non-quality mushroom re-fund for customers. 3. The 2% discount for long time partnership (Customers with consistent supply order).

Step	Prompt	Example
		<ul style="list-style-type: none"> 4. Contract farming agreement (Fresh markets & Restaurants) 5. Local Agri-fair 6. Customer feedbacks.
8.	Define the revenue streams (these are the different channels through which the solution service provider will generate revenue to sustain the solution)	<ul style="list-style-type: none"> 1. Fresh mushroom booth sales 2. Online sales 3. Contract/ institutional sales to hotels and restaurants
9.	Define the key resources (these are the human, technical, technological, financial resources that will be required to deliver the value to the customers and sustain relationships while achieving growth through the sales channels; the systemic challenges need to be solved here)	<ul style="list-style-type: none"> 1. Mushroom production & packaging inputs. 2. Social media marketing 3. Promotional videos / instructions / manuals on spawn making skills. 4. High number of unemployed retailers with motorcycle in rural areas looking for a job. 5. Training 6. Capital
10	Define the key activities (these are the actions that will be required to acquire the resources and deliver the value while sustaining growth; the systemic challenges need to be solved here)	<ul style="list-style-type: none"> 1. Consistent fresh mushroom production 2. Packaging and Marketing 3. Online sales and delivery service management. 4. Sharing the group stories with local radio. 5. Learning the spawn making skills through free trainings, instructions or manuals provided by PAIL.
11	Key partnerships (these are the commercial and non-commercial partnerships between the different public, private, not-for profit market forces that will allow the solution to sustain, grow and evolve; systemic changes need to occur here)	<p>FAD: The project established 10 group of rural women mushroom producers, provided inputs for the first cycle of production. The groups are now sustainable and producing mushroom; but due to COVID, the groups are facing unexpected challenges that need to be addressed by key partners.</p> <p>PAIL (Government): Monitoring & coordination and provide technical and legal support to register and obtain health and hygienic certificates.</p> <p>Commission based retailers: The Group can hire an unemployed rural man with motorcycle and pay out a percentage of the profit for delivery of mushroom and to find new buyers.</p> <p>Local Radio: They can raise public awareness on mushroom benefits and share the story of producer group with the people.</p> <p>Input suppliers: They will provide high yield mushroom seeds and other inputs.</p>
12	Cost structure (this explains the costs that the solution service provider needs to handle; the BMC is not a financial analysis framework; thus there is no need to do detailed	<ul style="list-style-type: none"> 1. Mushroom production cost (Labor) 2. Input costs (Raw materials) 3. Packaging tools cost (box and label) 4. Internet cost for online services

Step	Prompt	Example
	financial calculation; only define the major cost centers that are needed to deliver value and sustain growth	5. Commission based retailers payment cost 6. Agri-fair participation cost

Remember:

- The right-hand side of the BMC (value proposition, customer segments, channels, customer relationships) deliver revenue
- The left-hand side of the BMC (key resources, key activities, partnerships) incur costs
- Therefore, follow the order in which the BMC should be filled in. Do not move to an element without solving the answer to the previous element.
- If you want to write down the impact, you can do it on the top underneath the title of the solution (for example, facilitating sustained jobs for female oyster mushroom producers)

Example:

USING BUSINESS MODEL CANVAS AS TOOL TO TACKLE COVID-19 IMPACT ON RURAL WOMEN MUSHROOM PRODUCTION GROUPS				
Product: Fresh Oyster Mushroom				
Beneficiaries: Rural Women Producer Groups				
<p>Challenge: The COVID-19 crisis negatively impacted the groups production and sales in the following areas: 1) Consistent supply 2) Lower price 3) Input supply 4) Lack of delivery service 5) Lack of spawn making skills. 6) Poor packaging. This Business Model Canvas (BMC) is developed to mitigate the impact of pandemic in the short and mid-term period.</p>				
Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<p>IFAD: The project established 10 group of rural women mushroom producers, provided inputs for the first cycle of production. The groups are now sustainable and producing mushroom; but due to COVID, the groups are facing unexpected challenges that need to be addressed by key partners.</p> <p>PAIL (Government): Monitoring & coordination and provide technical and legal support to register and obtain health and hygienic certificates.</p> <p>Commission based retailers: The Group can hire an unemployed rural man with motorcycle and pay out a percentage of the profit for delivery of mushroom and to find new buyers.</p> <p>Local Radio: They can raise public awareness on mushroom benefits and share the story of producer group with the people.</p> <p>Input suppliers: They will provide high yield mushroom seeds and other inputs.</p>	<ol style="list-style-type: none"> 1. Consistent fresh mushroom production 2. Packaging and Marketing 3. Online sales and delivery service management. 4. Sharing the group stories with local radio. 5. Learning the spawn making skills through free trainings, instructions or manuals provided by PAIL. 	<ol style="list-style-type: none"> 1. Consistent supply of fresh oyster mushroom 2. Mushroom delivery Service at doorstep 3. Hygienic eco-friendly packaging 4. Health and hygienic certification 	<ol style="list-style-type: none"> 1. Flexible online order time 2. Non-quality mushroom re-fund for customers. 3. The 2% discount for long time partnership (Customers with consistent supply order). 4. Contract farming agreement (Fresh markets & Restaurants) 5. Local Agri-fair 6. Customer feedbacks. 	<ol style="list-style-type: none"> 1. Rural & urban people in the province 2. Pizza Restaurants 3. Vegetarian/Vegan Individuals 4. Fresh Markets
	Key Resources		Channels	
	<ol style="list-style-type: none"> 1. Mushroom production & packaging inputs. 2. Social media 3. Promotional videos / instructions / manuals on spawn making skills. 4. High number of unemployed retailers with motorcycle in rural areas looking for a job. 5. Strong support of local government & PAIL for income generation programs in the rural areas. 		<ol style="list-style-type: none"> 1. Online Platforms (Facebook page & whatsapp group). 2. Booth Sales 3. Delivery at doorstep by motorcycle retailers / On time 4. Fresh markets 5. Agri-fair 	
Cost Structure		Revenue Streams		
<ol style="list-style-type: none"> 1. Mushroom production cost (Labor) 2. Input costs (Raw materials) 3. Packaging tools cost (box and label) 4. Internet cost for online services 5. Commission based retailers payment cost 6. Agri-fair participation cost 		<ol style="list-style-type: none"> 1. Fresh mushroom booth sales 2. Online sales 3. Contract/ institutional sales to hotels and restaurants 		