

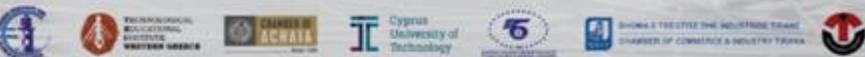
ROMANIA FRESH F&I INDUSTRY TRANS  
CHAMBER OF COMMERCE & INDUSTRY TRANS



# Balkan Med Interregional Innovation Ecosystem

for maturing and mainstreaming  
innovative entrepreneurial ideas  
in agrifood sector

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# AGROINNOECO

Training Seminar of Module 12 – Business Model Canvas

# Introduction to the Module

- A new business or a start-up business is a novel entrepreneurial effort, often with little resources, that in order to be viable, needs to reach a Sustainable and Enhanced Business Model as soon as possible.
- what is the roadmap, what are the steps we need to take to cover this distance?
- Through the structure of the course, the participants will discover how this question is answered by the concept and methodology of Business Canvas

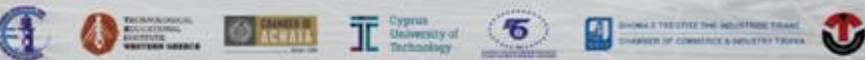
# Introduction to the Module (2)

- Business Model Canvas is in fact a business tool for capturing or describing, evaluating and improving the Business Model of any business effort.
- The course is based in part on Business Model Canvas's "inventor", Alex Osterwalder, describing the assessment and improvement of the business model for greater competitiveness.

# Introduction to the Module (3)

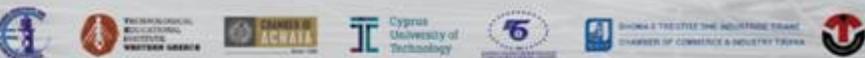
Consequently, participants to the specific course will be able to:

- Get a benchmark, especially if they have limited business experience.
- Investigate & develop a business idea quickly, with measurable risk & effective, without wasting valuable resources.
- Create a tool to help effectively communicate with third parties (investors, partners, suppliers, etc.) on issues such as what value creators produce and for whom, what is needed for this, what are the prospects for sustainability.
- Create a more professional, more accurate and easier to implement Business Plan.



# Business Plan vs Business Model

- The business plan includes the enterprise's business model as well as additional elements of
  - the overall market and the company's competitive strategy,
  - an implementation plan,
  - the team that will implement it.
- A business model shows how a business, uses its resources to offer customers higher value than its competitors and how it makes money from it
- *Answers to questions:*
  - What is the value offered,
  - who is offered,
  - who pays, how much, how often,
  - how to distribute the product / service to your customersdetermines the business model



# *What are the business plan's differences from the business model?*

- Each business plan includes a business model within it.
  - Business model is the internal operation of the business.
- A business model shows how the business works and how it produces money.
- A Business plan includes all the business model elements, but it also has additional elements.
- A business plan expands by
  - making a wider analysis of the market the company is targeting,
  - has a specific implementation plan and
  - a support team that can implement it.
- The business model can be written on a sheet of paper and is ideally presented to an investor within a minute, but the business plan wants a more extensive analysis.

# What is Business Model Canvas

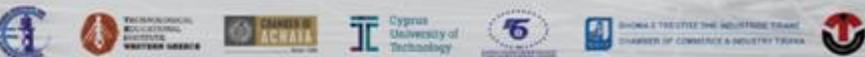
- A Business Model Canvas presents a two-dimensional representation of the components of a business plan organized into four key modules:
  - Value proposition,
  - Customer,
  - Infrastructure and
  - Profitability.

# What is Business Model Canvas (2)

- Business Canvas is a graphical representation of the Business Model and can be used as useful guide to shape a business proposal.
- The business model of a business is thoroughly described with the help of nine structural elements or key issues:
  - The clientele
  - The value provided by products / services
  - The channels used to approach clients
  - The client relationships formed
  - The basic resources
  - The activities required to create value for customers
  - Collaborations and partnerships with third parties
  - The revenue generated
  - The operating cost

# How can I use it?

- The Business Model Canvas can be printed out on a large surface so groups of people can jointly start sketching and discussing business model elements with post-it note notes or board markers.
- It is a hands-on tool that fosters understanding, discussion, creativity, and analysis.
- It is distributed under a Creative Commons license from Strategyzer AG and can be used without any restrictions for modelling businesses.
- The Business Model Canvas is also available in web-based software format.



# The Business Model Canvas

Designed for: \_\_\_\_\_ Designed by: \_\_\_\_\_ Date: \_\_\_\_\_ Version: \_\_\_\_\_

|  |   |  |  |   |
|--|---|--|--|---|
| <p><b>Key Partners</b> </p> <p>Who are our key partners?<br/>Who are our key suppliers?<br/>Which Key Resources do we acquire from partners?<br/>Which Key Activities do partners perform?</p> <p><b>KEY PARTNERS</b><br/>Distribution and assembly<br/>Member of an association<br/>Provider of essential resources and services</p>   | <p><b>Key Activities</b> </p> <p>What Key Activities do our Value Propositions require?<br/>Our Distribution Channels?<br/>Customer Relationships?<br/>Revenue streams?</p> <p><b>KEY ACTIVITIES</b><br/>Production<br/>Product design<br/>Manufacturing</p>         | <p><b>Value Propositions</b> </p> <p>What value do we deliver to the customer?<br/>Which one of our customer's problems are we helping to solve?<br/>What bundle of products and services are we offering to each Customer Segment?<br/>Which customer needs are we satisfying?</p> <p><b>VALUE PROPOSITIONS</b><br/>Technical<br/>Customization<br/>Quality for the price<br/>Design<br/>Brand name<br/>Price<br/>Fast delivery<br/>Reliability<br/>Innovation/quality</p>   | <p><b>Customer Relationships</b> </p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them?<br/>Which are they willing to trade for?<br/>How are they integrated with the rest of our business model?<br/>How rarely are they?</p> <p><b>CUSTOMER RELATIONSHIPS</b><br/>Personal assistance<br/>Community building<br/>Self-service<br/>Automated services<br/>Co-creation<br/>Co-creation</p>   | <p><b>Customer Segments</b> </p> <p>For whom are we creating value?<br/>Who are our most important customers?</p> <p><b>CUSTOMER SEGMENTS</b><br/>New farmer<br/>New farmer<br/>New farmer<br/>New farmer<br/>New farmer</p> |
|  | <p><b>Key Resources</b> </p> <p>What Key Resources do our Value Propositions require?<br/>Our Distribution Channels? Customer Relationships?<br/>Revenue Streams?</p> <p><b>KEY RESOURCES</b><br/>Physical<br/>Intellectual<br/>Human<br/>Financial<br/>Channels</p> |  | <p><b>Channels</b> </p> <p>Through which Channels do our Customer Segments want to be reached?<br/>How are we reaching them now?<br/>How are our Channels integrated?<br/>Which ones work best?<br/>Which ones are most cost-efficient?<br/>How are we integrating them with customer support?</p> <p><b>CHANNELS</b><br/>Direct<br/>&amp; Indirect<br/>Not do we use sales channels about our company products and services?<br/>&amp; Indirect<br/>Not do we use sales channels available for organizations like Proprietary?<br/>&amp; Indirect<br/>Not do we offer customers to purchase specific products and services?<br/>&amp; Indirect<br/>Not do we deliver a Value Proposition to customers?<br/>&amp; Indirect<br/>Not do we provide and purchase customer support?</p> |   |
| <p><b>Cost Structure</b> </p> <p>What are the most important costs inherent in our business model?<br/>Which Key Resources are most expensive?<br/>Which Key Activities are most expensive?</p> <p><b>KEY BUSINESS COSTS</b><br/>Cost of raw material and production, the price value components, transport, advertising, website development, etc.<br/>What other resources or value creation partners value proposition?</p> <p><b>KEY BUSINESS COSTS</b><br/>Raw food, labor, energy, utility<br/>Website development<br/>Customer support<br/>Marketing of products</p> |   | <p><b>Revenue Streams</b> </p> <p>For what value are our customers really willing to pay?<br/>For what do they currently pay?<br/>How are they currently paying?<br/>How much are they willing to pay?<br/>How much does each Revenue Stream contribute to overall revenues?</p> <p><b>REVENUE STREAMS</b><br/>Direct sales<br/>Larger fee<br/>Subscription fees<br/>Licensing/royalties<br/>Licensing<br/>Franchise fees<br/>Advertising</p> <p><b>REVENUE STREAMS</b><br/>Licensing/royalties<br/>Franchise fees<br/>Advertising<br/>Franchise fees<br/>Advertising</p> |  |   |

# Analysis of Business Model Canvas

- The business model of a business is thoroughly described with the help of nine structural elements or key issues, which are analysed in the following sections.
- In order to fill in each section there are questions that help us to understand the content of each key element.
- The instructions and questions for each element are in any case general and indicative, and need to be adapted to any specialized business effort.

# Element 1. Customer Segments

- Who are our customers?
- What are their needs?
- What they want to do?

## *Segmentation Criteria*

1. Geographical criteria
2. Demographic criteria
3. Psychographic criteria
4. Purchasing behaviour criteria

## *Segmentation methods*

- segmentation of a market based on demand variables and consumer preferences (needs, consumption, use of products etc.) and then a description of the sections with individual characteristics (area, income, age etc) and approaches (SMEs, interests, occupations, etc) of their consumers.
- The second method is grouping consumers based on their individual characteristics and ways of approaching them, and then checking whether the segments are different in terms of demand, preferences and behaviour variables of interest.

# Element 2. Value Proposition

- What we offer in each category of customers?
- In which of their problems do we answer?
- With what products/services?

Innovative - meeting an unmet need

Example: Virtual Theatre, Smartphone, Online auctions, crowdfunding, MOOCs ...

Performance - better / cheaper / faster / more flexible / funniest

Example: Amazon, e-Bay, weendy.com, The USB stick ...

Functionality - full service integration

Example: Xerox copier service, IBM's B-Model revolution, Catering...

Price- same standards in lower price

Example: Potato movement, micro-loans, generic drugs, rental city bikes, Ryanair ...

Personalization - Provide the same service / product adapted to each customer's needs

Example: Dell computers, Nike shoes...

# Element 3. Channels

- Through which channels are our products and services accessible?
- Which channels work more efficiently?
- What is more expensive?
- Which channels are we using now?
- What's the potential?

Sales Channels is a way to bring products or services to the market so they can be bought by consumers

# Element 4. Customer Relationships

- How do our various customers expect to communicate and interact? (Personally, Remotely, Incentive-based?)
- What ways of communication have we established?
- Which will we consolidate in the future? How much do they cost?

Relationship with customers is all this experience the consumer has when he interacts with the business.

It is the development of an ongoing connection between a company and its customers. The relationship involves marketing communications, sales support, technical assistance and customer service.

The relationship is measured by the degree of customer satisfaction through the buying cycle and following receipt of goods or services.

# Element 5. Revenue Streams

- What price are our customers willing to pay?
- What are they paying now?
- Where do they pay?
- How do they prefer to pay?
- How much each revenue stream contributes to total revenue?

Revenue Streams are the ways and pricing mechanisms by which the business captures value.

Revenue streams come from successful value-for-money. It is the money the company draws from each category of customers (the cost should be deducted from revenue to generate profit).

Revenue streams can be divided into categories: Transfer of ownership, Use fees, Subscriptions, Rental, Licensing, Brokerage, Advertising. etc.

# Element 6. Key Resources

Which main resources / means are required for:

- The proposed value?
- Communication and distribution channels?
- Customer relations?
- Revenue streams?

Resources may be:

- Coming from nature.
- Material goods.
- Copyrights.
- Human.
- Financials.

# Element 7. Key Activities

- What do we need to do to get this model running?
- What critical internal business processes are required for:
  - The proposed value?
  - The Communication and distribution channels?
  - The Revenue streams?
  - To sensitize customers and build customer relationships
  - Make value proposition through Focus on Production, Development, Troubleshooting or Maintenance and Development
  - Channel selection and control, quality control and performance optimization
  - Customer relationships through data collection and analysis, proactive and imaginative communication
  - Flows of revenue through accounting, financial planning, investment analysis and reporting

## Element 8. Key Partners

- Who are our key partners (exclude customers)?
- Who are our main suppliers?
- What basic resources do we get from each partner?
- What basic activities does each partner perform?

Business Partner is a third party involved in the business of another economic entity.

## Element 9. Cost Structure

- What are the biggest costs for our business model?
- What are the main Resources at the highest cost?
- What are the core activities at the highest cost?

By Cost Structure we mean the participation of each type of output in the total cost of a business.

The cost structure not only refers to costs directly related to the production of a product (or the provision of a service), but also takes into account all the costs incurred in operating the business.

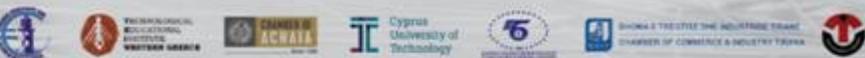
Therefore, both payroll and utility costs, as well as product promotion costs and sales costs in general are analysed

# Example of “Family Honey” (1)

- “Family Honey” is a company producing and distributing honey and also making special packaging with personal label.
- We will discuss how to approach a seemingly saturated market with problematic features such as:
  - Imports of low quality and cost from other countries
  - Promotional offers and price battle on shelves
  - Sales almost everywhere (Supermarkets, Grocery stores, Flee markets, Biological Shops, E-shops).
  - No sectoral advertising and scientific support

# Example of “Family Honey” (2)

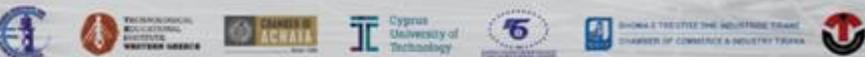
- How a small family business can diversify into the market by using the customer-driven SAVE model logic as reflected in the Business Model Canvas area of Marketing.
- Model SAVE (Solution, Access, Value, Engagement) :
  - Know your prime prospect
  - Know your Prime Prospects problems
  - Position your brand as a solution to a problem
  - Communicate effectively
- Business Model Canvas "mandatory" guides you to follow this customer-centric approach, with four modules of Value Proposition, Customer Segments, Customer Relationships and Channels and the 4P (Product, Place , Price , Promotion).



# Example of “Family Honey” (3)

|   |   |  |   |   |
|---|---|--|---|---|
| <p><b>Key Partners</b> </p> <p>Suppliers of beekeeping and packaging items</p> <p>E-shop Company</p> <p>IT &amp; Internet providers</p> <p>Package Designers</p> <p>Hotels owners and wedding planner companies.</p> | <p><b>Key Activities</b> </p> <p>Production.<br/>Packaging.<br/>Personal labeling.<br/>Customer relationship management.</p> | <p><b>Value Proposition</b> </p> <p>Unforgettable moments for couples getting married and for hotel customers.</p> <p>Unique quality and flavor in "personal" packaging.</p> <p>Enjoyment and beneficial action in your health.</p> <p>FREE worldwide shipping.</p> | <p><b>Customer Relationships</b> </p> <p>Personal service through Telemarketing &amp; Internet.</p> <p>CRM techniques at Customers Life Cycle.</p> | <p><b>Customer Segments</b> </p> <p>Consumers of honey and honey related products.</p> <p>Online shoppers of traditional products.</p> <p>Customers of selected hotel units.</p> <p>Customers of wedding services.</p> |
| <p><b>Cost Structure</b> </p> <p>Operating Costs and marketing. Salaries/wages.</p> <p>Consumable materials. Other expenses</p>  |   | <p><b>Revenue Streams</b> </p> <p>Income from sales of honey and other products (royal jelly, pollen, etc.)</p> <p>Revenue from possible extension to packaging of other producers products.</p>  |   |   |

*The Business Model Canvas of Enterprise “Family Honey”*



Thank You for Your Attention