



BUSINESS MODEL CANVAS

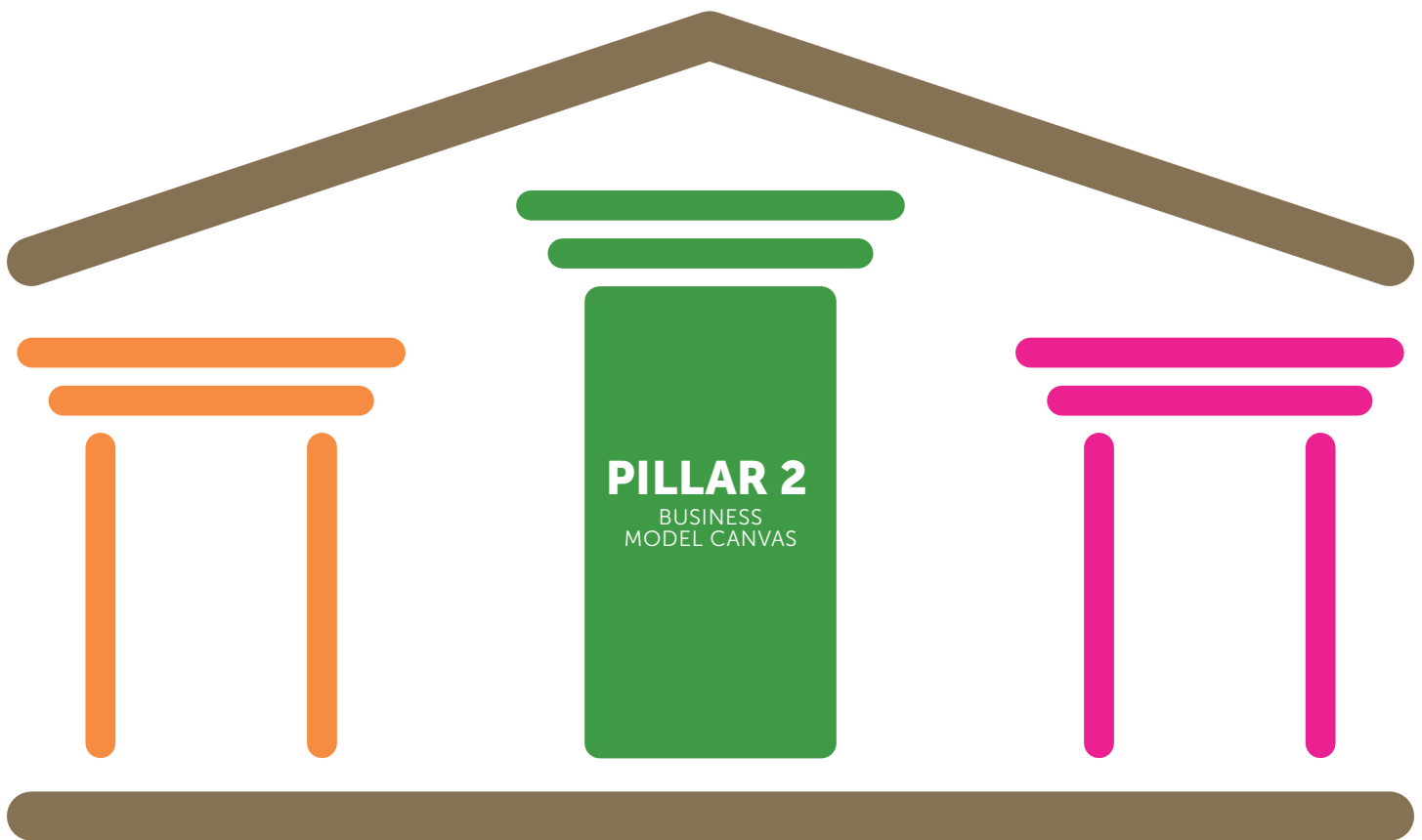
A Framework for Teaching Entrepreneurship
For ALL Career, Technical, and Agricultural Education Pathways

LESSON 2 OF A 3-PART SERIES

BUSINESS MODEL CANVAS

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Value Propositions
Customer Segments
Channels, Customer Relationships
Revenue Streams

Key Resources
Key Activities
Key Partners
Cost Structure

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INTRODUCTION

With so many people starting their own businesses these days, it is more important than ever that we equip our students with the basic knowledge they will need should they decide to become an entrepreneur. You do not need to be an expert in starting or running a business. We have developed three turn-key lessons for you to be used in each of the three courses in a career pathway. All you have to do is read a couple of paragraphs, discuss it with your students, and have them complete the accompanying activity.

Each of the three lessons will give students the very basics they will need to get a business off the ground and has several activities for students to complete. Most activities can be taught and completed within 20 minutes. Everything you need is provided. Each activity builds on the previous one so students will need to save their work from each activity. Also, each lesson builds on the one taught in the previous course so they need to be taught in order.

1ST PATHWAY COURSE
How Start-Ups Start Out

2ND PATHWAY COURSE
Business Model Canvas

3RD PATHWAY COURSE
Emerging Entrepreneur

There are several ways you can approach these lessons. You can incorporate activities throughout the course. You can teach the entire lesson as a unit at any point during the course. Or you might teach the lesson at the end of the course once you have finished your course content. If there is another way that works better for you and your class, that is okay as well. Just remember to go in order so students see the continuity of the work they are doing.

HOW TO USE EACH LESSON

Before you begin teaching the lesson, take about 20 minutes to read the packet in its entirety and make sure you understand what will be required of the students. The first page of the actual lesson will give you an explanation of the entire lesson that you will then share with your students. After that, there will be several activities for students to complete. Begin with a discussion on the importance of each activity. Then students can either complete the activity in class or they can do it for homework.

You will not need to grade their work; however, it is important to check the work they do to ensure they understood the activity. The ultimate goal is for each student to understand and have a basic plan for getting their own business up and running once they complete their pathway.

BRIEF OVERVIEW OF THE BUSINESS MODEL CANVAS

WHAT IS THE BUSINESS MODEL CANVAS?

The Business Model Canvas is a visual framework of the nine major components needed when planning a new business. These components can be arranged on one page, or canvas, and include Value Propositions, Customer Segments, Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partners, and Cost Structure. When each section is completed, the entrepreneur will have a strong framework from which to begin their start-up business.

The Business Model Canvas was invented by Alexander Osterwalder. This brief video by Osterwalder will explain the canvas in simple terms, reviewing each of the nine components in the order they should be entered on a blank Business Model Canvas.

Video: <https://www.youtube.com/watch?v=RpFiL-1TVLw>



HOW DO I TEACH ENTREPRENEURSHIP AND THE BUSINESS MODEL CANVAS WHEN THAT IS NOT MY CONTENT AREA?

This framework was designed for teachers like you! It is a simple-to-follow, step-by-step guide on the key areas an entrepreneur must know in order to have a successful business. In just a few class periods your students will have a business model canvas they can use whether they are starting a plumbing business, automotive shop, catering company, hair salon, clothing boutique or any other business that interests them.

In this activity we will go through each of the components in the recommended order and provide guiding questions to help students fill out the canvas, one section at the time. It should take about 20 minutes to discuss and then have students complete one component on their canvas. Depending on the length of your class period each day, you should be able to complete two to four components in one class period. There are several ways to incorporate this into your lesson plans.

- **You could do one component a week as a bell ringer or activating strategy in your classroom.**
- **This would also be a great activity to use when you have a short week due to holidays or breaks.**
- **Another option is to do this at the end of the semester after students have taken their End of Pathway Assessments.**

We have provided three Business Model Canvases to help you with this activity: one has guiding questions, one is an example for a hypothetical business, and the final one is a blank template for students to use to develop a Business Model Canvas for their specific company. You can print the template for students to write in their responses or you can download the form and students can fill it in electronically on their devices. Have students save their Business Model Canvas to use in the final pathway course.

As students are developing their individual Business Model Canvases, allow some flexibility in the structure and definitions as true entrepreneurs will naturally defy conventions. Indulge their creativity.

VALUE PROPOSITIONS

WHAT ARE VALUE PROPOSITIONS?

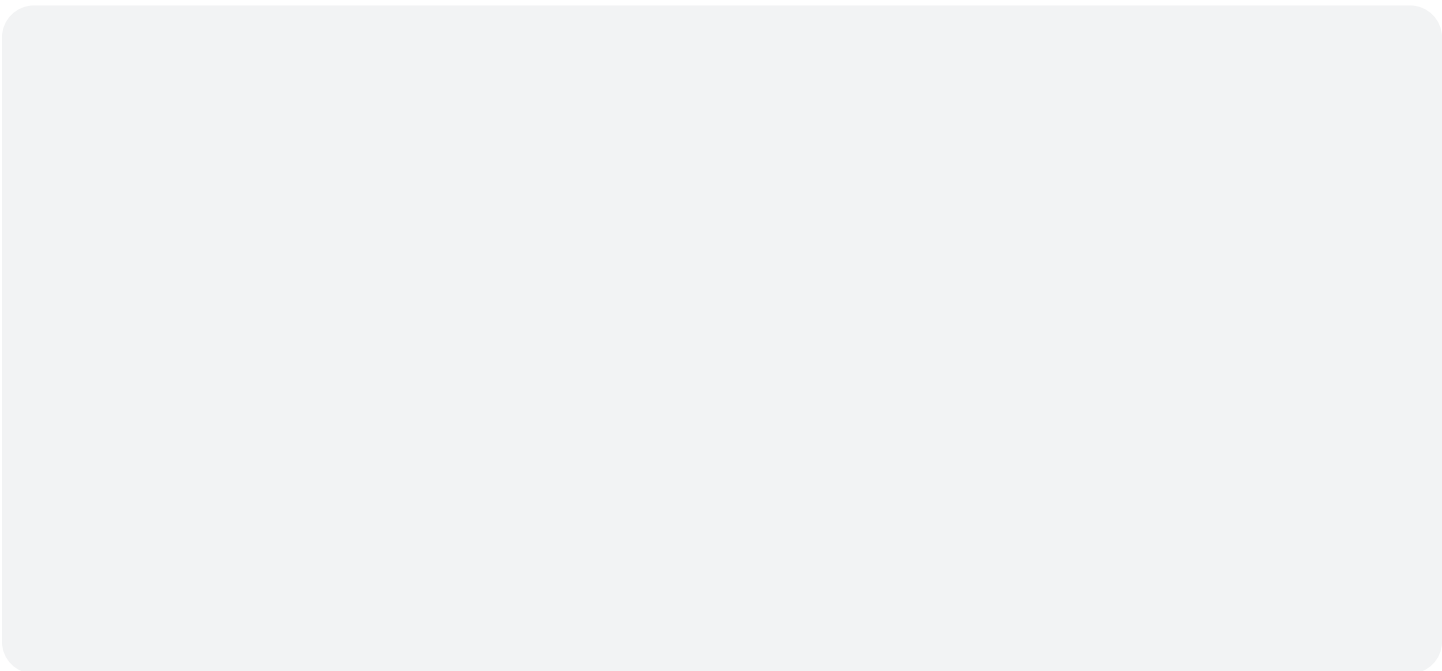
Customers are looking to either solve a problem or be entertained. Value Propositions are those things your customer will find valuable because they meet one or the other of these needs. Most importantly, they include the products and/or services you will be providing your customer. The following guiding questions will help you fill out this section.

- Which customer problems are we helping to solve?
- How will it make their life or job easier?
- Which of their needs are we satisfying?
- What is our specific product or service?
- What secondary service or product do we provide?
- Which features or benefits match our customers' needs?

Example: If you have a plumbing business, you will provide a service for customers with plumbing issues. Secondly, you will provide parts if the plumbing problem requires a specific part to fix it. You may also provide a guarantee or warranty for your work or for the parts you use.

ACTIVITY

Have students list their products and/or services in the Value Propositions section on the Business Model Canvas.



CUSTOMER SEGMENTS

HOW DO I IDENTIFY MY CUSTOMER SEGMENTS?

Without customers you would not be in business very long. But who are your customers? Before you say ‘everybody’, stop and think about that more carefully. You need to be able to describe your customer in enough detail that you could probably draw a picture of them. Consider whether your customers are other businesses or individuals. Think about age, marital status, family status, income levels, likes/dislikes, where they live, and many other demographic features of your customer. The following guiding questions will help you fill out this section.

- Who are we solving a problem or fulfilling a need for?
- For whom are we creating value?
- Who depends on us in order to get their work done?
- Who are our most important customers?
- What do they need?
- What are they like?
- What do they enjoy?
- Demographically, how would we describe them?

Example: If you have a landscape maintenance business, your customers will have yards and landscaping that needs to be cared for, such as cutting the grass, trimming hedges, and cleaning away plant debris. People who need your services will be homeowners. This eliminates renters and children as prospective customers.

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ACTIVITY

Have students list their customer segments in the Customer Segments section on the Business Model Canvas.

CHANNELS

WHAT ARE CHANNELS?

Channels are the methods in which we reach our customer segments. This includes how we get our product and/or service to our customer. But it also includes how we let our customers know we have the solution to their problem. Traditionally, businesses communicated with their customer segments via advertising on television, radio, and print publications. Customers went to a store or ordered through the mail or via a telephone call. These are ‘physical channels’. With advancements in technology there are so many other channels available today, including internet, social media, phone apps, and much more. These are ‘virtual channels’. Some products and services can be delivered completely electronically (e-books, software downloads, movies, and others). Other products and services can be ordered from an app on your phone and delivered to your door in a matter of hours. There are many channels available to interact with your customers. Based on your product or service, what works best for you could vary greatly from what works for others and may involve physical and virtual channels. The following guiding questions will help you fill out this section.

- How do our customer segments want to be reached?
- Based on the demographics of each customer segment, which channels work best for each one?
- Which channels are most cost efficient?
- Which channels work best for our product or service?
- How will our product/service be sold or distributed?

Example: If you have an online boutique selling artisan sugar scrubs and moisturizers for females in the 15-35-year age range, you know they are most likely using social media. The question is which social media outlet is the best option for communicating your solution to your customer’s problem—namely, how will they know you have the products they are looking for? Your next channel to consider is how you will get your products into their hands. This age group is very technologically savvy and will prefer to order and pay through an app or online. They are much less likely to watch commercial television, read a newspaper, or make a phone call to place an order.

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ACTIVITY

Have students list the various channels they will use in the Channels section on the Business Model Canvas

CUSTOMER RELATIONSHIPS

WHAT IS THE NATURE OF CUSTOMER RELATIONSHIPS WITH OUR BUSINESS?

Customer relationships are important if you want to retain your customers long-term. Make sure they have a good experience each time they visit your business. Continue to promote your business to them even after they are a repeat customer. Create a need even if they are not considering a purchase. Provide incentives that will draw them into your business. The following guiding questions will help you fill out this section.

- Did the customer have a positive experience when they shopped our business?
- How can we keep our name in front of them so they will return for another purchase?
- What incentives can we offer that will draw them back?
- What other needs does the customer have that we can satisfy?

Example: If a customer comes to you for a haircut, you want them to continue to come to you each time they need another haircut. There are a lot of hair salons available for them to choose from so how do you make sure they come to you each time? You can send them a reminder notice when it is close time for another haircut. Hint: Consider channels here — a young customer will appreciate a text while a more mature customer may prefer a postcard in the mail. Another idea would be to provide a coupon for another haircut or for hair products. You might create a need for an additional service by promoting pedicures or tanning beds in your salon.

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ACTIVITY

Have students list ways they will retain their customers long-term in the Customer Relationships section on the Business Model Canvas

REVENUE STREAMS

WHERE DO OUR REVENUE STREAMS COME FROM?

Revenue streams are the sources where our company generates money by selling our products and/or services. Revenue streams can be transaction-based, meaning each transaction generates revenue. They can also be recurring, such as when a customer purchases an ongoing service and pays the company every month to continue to provide the service. There are many ways to generate revenue including direct sales, usage fees (e.g., paying for Internet at a hotel), subscriptions, leasing or renting, advertising (e.g., companies pay race car drivers to wear their logos and put them on their cars), and several other ways. The following guiding questions will help you fill out this section.

- How will the company make money from our product/service?
- Which of our value propositions are customers willing to purchase?
- What are they purchasing now?
- What method do they use to make purchases (cash, card, digital payment, or others)?
- What other revenue streams could we utilize?
- How much does each revenue stream contribute to our total revenues?

Example: With an online clothing store customers can access your website, select articles of clothing that they purchase, and you ship to them. That would be transaction-based direct sales. You decide to expand your business to include a personal shopper experience. This is where you select an outfit based on your customer's preferences and ship to them on a recurring basis. This would be recurring direct sales. One day a company that sells personal care items such as cosmetics, hair care, and skin care approaches you about placing an advertisement for their products on your website, and they agree to pay you a set amount every month to have their ad there. This revenue stream would be considered recurring advertising.

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ACTIVITY

Have students list the various ways they will generate revenue in the Revenue Streams section on the Business Model Canvas

KEY RESOURCES

WHY DO WE NEED TO IDENTIFY KEY RESOURCES?

Resources are all those things we need to provide our value proposition. This includes human resources (employees), intellectual resources (ideas, brand, patents, copyright), physical resources (building, tools, inventory), and financial resources (money/capital, lines of credit, other assets). We must know what our key resources are to ensure we have everything we need to make our company successful. The following guiding questions will help you fill out this section.

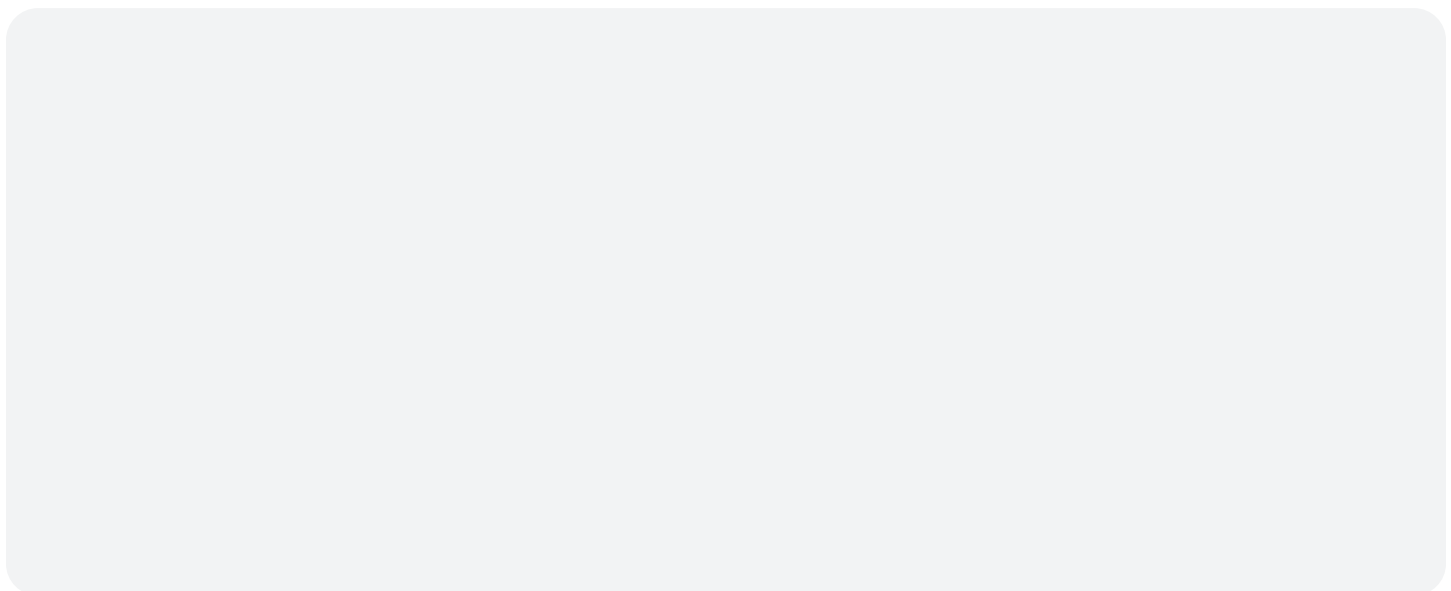
- **What employees will we need?**
- **What type of building will we need?**
- **Is there specific equipment or tools that are necessary?**
- **Where will the money come from to start the business?**
- **Where will the money come from to keep the business? To expand the business?**

Example: A software developer may not need any employees and may be able to work from their home. But they will need to have specialized computer equipment and be highly skilled in various software programming languages. On the other hand, someone who is making a product will need a manufacturing plant, several employees, lots of inventory (materials that go into making the product), money to keep the day-to-day operations running smoothly, and other equipment and tools.

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ACTIVITY

Have students list the resources they will need to operate their business in the Key Resources section on the Business Model Canvas



KEY ACTIVITIES

WHY IS IT IMPORTANT TO KNOW KEY ACTIVITIES WHEN STARTING A BUSINESS?

Key activities are those things we must do in order to provide our customers with our value propositions. The focus of our key activities is fulfilling our value proposition, reaching and maintaining our customers, and creating a revenue stream. A start-up company will only have a few key activities to focus on. If we identify too many activities as being ‘key’ activities, our business will not have a focus and will soon fail. The following guiding questions will help you fill out this section.

- **What activities are vital for our business to keep running? There should only be three or four.**
- **What activities are important in our distribution channels? Our value propositions?**
- **What activities, if eliminated, would make our business fail?**

Example: You have a pizza delivery restaurant in the downtown area near lots of other businesses. Your customers place an order and you deliver to anyone within three blocks of your restaurant. Your key activities would include the following:

- **Purchasing ingredients for pizzas**
- **Making and baking the pizzas**
- **Delivering pizzas to your customers**

That’s it. If you remove one of those elements, your business could fail.

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ACTIVITY

Have students identify three to four activities that are key to the success of their business in the Key Activities section on the Business Model Canvas

KEY PARTNERS

WHY DO I NEED KEY PARTNERS?

Key partners are those people or organizations who play a vital role in helping you carry out your key activities. Even if you are the only person working in your business, you will still need partners. The most common partners are your suppliers. Without them you will not have the things you need to run your business. Sometimes you may want to form a strategic alliance with a non-competitor in an agreement that could benefit you both (a gas station with a fast-food restaurant). You might also partner in a joint venture where you are moving into a new market geographically, such as when a new subdivision or apartment complex is built in an area that had none previously. The following guiding questions will help you fill out this section.

- Which partners are essential to daily operations of our business?
- Who are our main suppliers?
- What are the motivations for forming these partnerships?
- Who are our partners in our various channels?

Example: As a general contractor building residential neighborhoods, you will need to form partnerships with many people. You will need electricians, plumbers, carpenters, and other skilled crafts people to ensure the houses get built properly. You will also need suppliers to deliver lumber, concrete, and other materials to the job site. Partnerships with local government agencies will be important because you will need building permits and periodic inspections.

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ACTIVITY

Have students list the main partners their business will rely on in the Key Partners section on the Business Model Canvas

COST STRUCTURE

WHAT IS COST STRUCTURE AND WHY IS IT PART OF MY PLAN?

Every business has costs associated with day-to-day operations. There are several components that go into the cost structure including employees, buildings and utilities, materials, marketing, and anything that might add to the expense of doing business. These could vary depending on whether we are making a product or providing a service. We save cost structure for last because we need to know what is involved in all the other areas in the Business Model Canvas to give us a more accurate picture of our costs. Many businesses fail in the first few years because they did not adequately consider their cost structure. We also need to know whether our business is cost driven or values driven. Cost-driven businesses keep their costs low to provide their product or service at the lowest rate. Values-driven businesses are more concerned with providing a customized experience for the customer. An example of this would be an expensive sports car for which people are willing to pay extra. The following guiding questions will help you fill out this section.

- What are the fundamental costs for our business?
- Which key resources are most expensive?
- What key activities are the most expensive?
- How do our key activities affect our costs?
- Is ours a cost-driven or values-driven business?

Example: Your automotive shop may be located near a shopping strip. You will pay rent for the building and for utilities such as electricity, internet service, water/sewer, and trash pickup. You have employees to pay, and you must purchase parts inventory, tools, cleaning supplies, uniforms, and office supplies. You will have costs associated with maintenance and upkeep as well, such as equipment repairs and custodial supplies.

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ACTIVITY

Have students list the various cost elements they need to consider in the Cost Structure section on the Business Model Canvas

BUSINESS MODEL CANVAS — WRAPPING IT UP

Students should now have a completed Business Model Canvas they can use to start their own business. This is an opportune time to bring in local entrepreneurs from your content area (carpentry, hospitality, cosmetology, health care, welding, etc.) to speak to students. Here are some ideas on how to get the most out of these small business owners in your classroom.

- **Have them talk to your class about the challenges they faced when starting their business.**
You could also have them address specific topics related to running a business—what to consider when expanding, what they look for in an employee (personal traits, skills, certifications), why they decided to become an entrepreneur, or any other topic that would be relevant.
- **Ask them to review students' Business Model Canvas worksheets and provide them with feedback so it is more accurate and complete.**
- **Ask for job shadowing opportunities for students who are wanting to start their own business.**
Be sure to match them with someone in the same business. If a student wants to start a business laying tile, be sure to match them with someone who lays tile. The goal of job shadowing is for the student to see exactly what the job will be like when they start their own business.
- **Ask them to judge a student's work and provide constructive feedback, based on what would and would not be acceptable on the job.**
- **Hold competitions among your students and ask business and industry partners to judge their work.** (This may be a good way to get some of them to join your CTSO, especially if they are judged very highly in the competition.)
- **Ask them to be judges in local and region CTSO competitive events.**
- **Host a mock interview day for your students using these local business owners.**
- **Have them role play specific employment-related issues with students** (showing up late for work, being on their cell phone when they should be working, and other scenarios that students do not see as a big deal).
- **Partner with the Work-Based Learning Coordinator in your school or school district to find apprenticeship opportunities for students.**

GLOSSARY

Brainstorm — a discussion among a group to come up with ideas to solve a problem

Channels — a course, path, or way to convey communications or products to a customer or user

Customer segments — groups of demographically identifiable people who will purchase a particular product

Demographics — characteristics of a group of people, such as age, income, lifestyle, geographic location, ethnic background

Framework — a basic structure or guide

Incentives — something that encourages someone to do something

Non-competitor — a business that does not compete with another business; KFC is a non-competitor of Olive Garden.

Resources — supplies that a business needs to manufacture goods or provide services


Revenue — income produced by something or someone through sales, investments, or loans

Strategic alliance — an agreement between two businesses to work toward a common goal that will be beneficial to both










Transaction — a sale; conducting daily operations of a business

Value proposition — the value a customer receives when they purchase from a business

BUSINESS MODEL CANVAS GUIDE

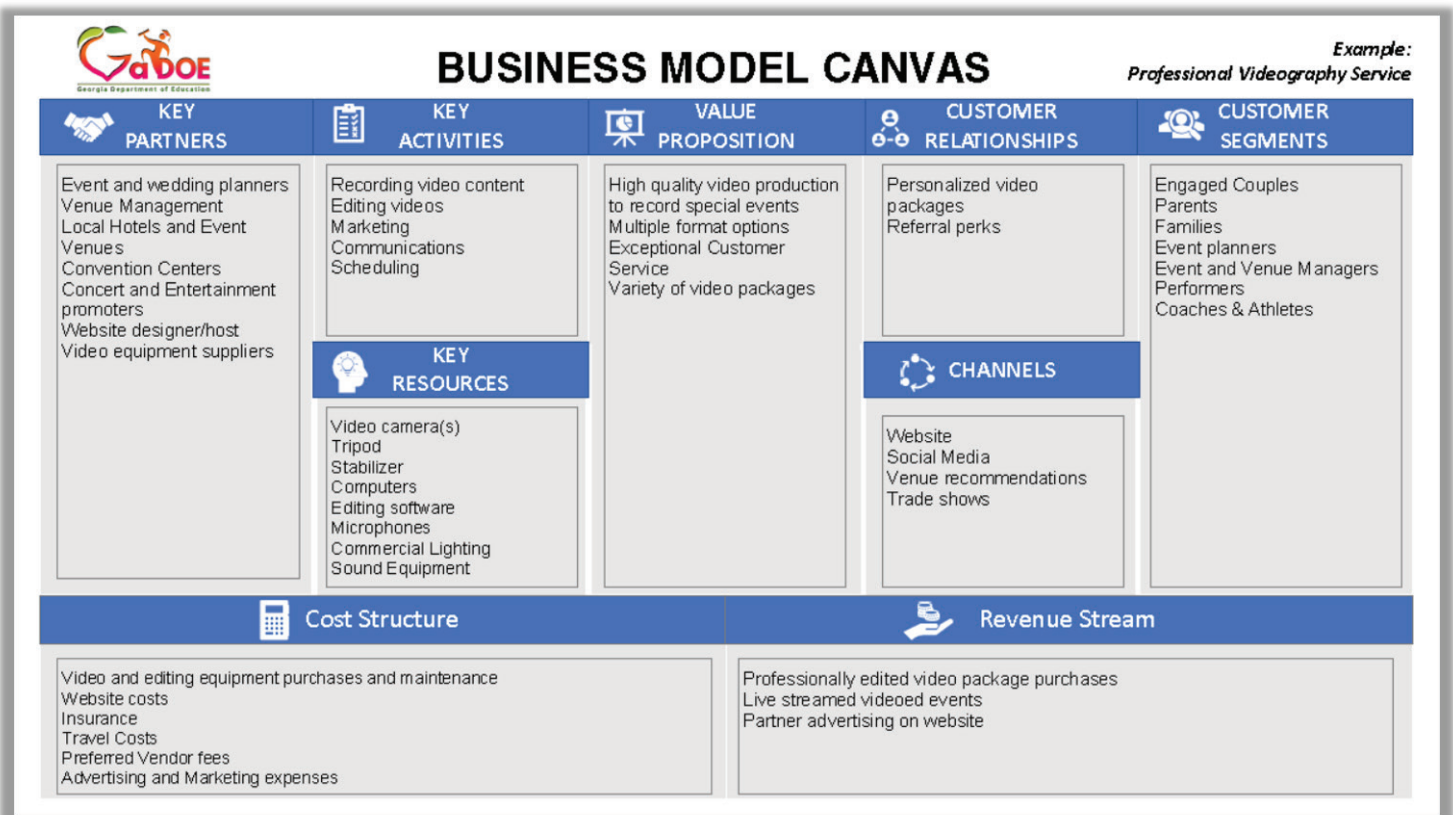


BUSINESS MODEL CANVAS

 KEY PARTNERS	 KEY ACTIVITIES	 VALUE PROPOSITION	 CUSTOMER RELATIONSHIPS	 CUSTOMER SEGMENTS
<ul style="list-style-type: none"> • Which partners are essential to daily operations of the business? • Who are our main suppliers? • What are the motivations for forming the partnerships? • Who are our partners in our various channels? 	<ul style="list-style-type: none"> • What activities are vital for our business to keep running? There should only be three or four. • What activities are important in our distribution channels? Our value propositions? • What activities, if eliminated, would make our business fail? <div style="background-color: #4a7ebb; color: white; text-align: center; padding: 5px; margin-top: 10px;">  KEY RESOURCES </div> <ul style="list-style-type: none"> • What employees will we need? • What type of building will we need? • Is there specific equipment or tools that are necessary? • Where will the money come from to start the business? • Where will the money come from to keep the business? To expand the business? 	<ul style="list-style-type: none"> • Which customer problems are we helping to solve? • Which of their needs are we satisfying? • What is our specific product or service? • What secondary service or product do we provide? • Which features or benefits match our customers' needs? 	<ul style="list-style-type: none"> • Did the customer have a positive experience when they shopped our business? • How can we keep our name in front of them so they will return for another purchase? • What incentives can we offer that will draw them back? • What other needs does the customer have that we can satisfy? <div style="background-color: #4a7ebb; color: white; text-align: center; padding: 5px; margin-top: 10px;">  CHANNELS </div> <ul style="list-style-type: none"> • How do our customer segments want to be reached? • Based on the demographics of each customer segment, which channel(s) work best for each one? • Which channels are most cost efficient? • Which channels work best for our product or service? 	<ul style="list-style-type: none"> • Who are we solving a problem for or fulfilling a need? • For whom are we creating value? • Who depends on us to get their work done? • Who are our most important customers? • What do they need? • What are they like? • What do they enjoy? • Demographically, how would we describe them?
 Cost Structure		 Revenue Stream		
<ul style="list-style-type: none"> • What are the fundamental costs for our business? • Which key resources are most expensive? • What key activities are the most expensive? • How do our key activities affect our costs? • Is ours a cost-driven or value-driven business? 		<ul style="list-style-type: none"> • How will the company make money from our product/service? • Which of our value propositions are customers willing to purchase? • What are they purchasing now? • How are they purchasing it? • What other revenue streams could we utilize? • How much does each revenue stream contribute to our total revenues? 		











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BUSINESS MODEL CANVAS EXAMPLE



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BUSINESS MODEL CANVAS TEMPLATE

 BUSINESS MODEL CANVAS				
 KEY PARTNERS	 KEY ACTIVITIES	 VALUE PROPOSITION	 CUSTOMER RELATIONSHIPS	 CUSTOMER SEGMENTS
	 KEY RESOURCES		 CHANNELS	
 Cost Structure			 Revenue Stream	

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