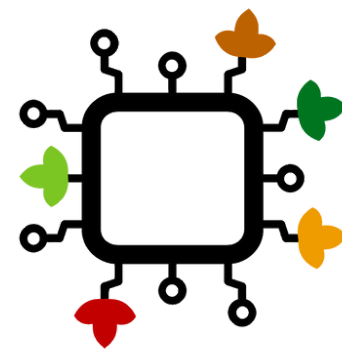


The Lean Model Canvas to design a solution.

Understand how to use the business or lean model canvas framework.
Delivered as part of the IO5 Training of the Green STEAM incubator Program.



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Learning Objectives

Business Model Canvas



Concepts

Understand the key concepts of the business model thinking.

Value

Acquire knowledge of the 9 building blocks of the Lean Business Model Canvas for value creation.

Apply

Learn how to apply to map out your business models for understanding and analysis.

Create a Business Plan with a Lean Canvas

The Lean Model canvas is a variation of the Business Model canvas and is a one-page business plan template, that is not to be used as a replacement of a business plan, but as a quick way to visualize a business idea. It's designed to create a snapshot of your business idea, distill the essence of your product or service, and break it down into key parts. Collaborate with your team to find a better way to explain and visualize your business.

Check out a completed example on the next page and then try filling out the blank lean canvas for your own business on the page after that.

BMC vs. Lean Canvas

A small difference.

Business Model Canvas

- Centers around selling a specific product.
- Enables testing of an existing business model against the market.

Created by Alexander Osterwalder in 2005. It was designed with startups in mind, but one of its disadvantages is that it doesn't accommodate businesses in very early stages of development. Enables risky assumptions within the business model, without offering a clear way to verify them.

Lean Canvas

- Zeroes in on solving a problem.
- Restrains the "solutions" box, encouraging simple and easily testable ideas.

Created by Ash Maurya who became concerned with risky assumptions that the BMC enabled. The Lean Canvas is more action-oriented and helps solve a problem by framing a business idea as a hypotheses first. This allows entrepreneurs to stay vigilant and adjust their business model as they grow, learn and iterate the product.

Benefits

The 5 benefits of the lean model canvas.

Provides a structure for ideation

It is extremely useful in structuring your business model visually. This helps at different stages of defining your business canvas template. Many find it easier to visualize a business model in one simplified view.

Focuses you on your value proposition

The value proposition is at the heart of the entire Lean Model Canvas template, so you can continually focus on the reason why your business exists. You should use your value proposition as a guiding star to give you direction as you fill out all other parts of the canvas.

Is fast to complete

Whether or not your business model is clearly defined or you are testing out different business models, the template can be completed quickly and helps you generate new business ideas.

Provides a holistic view of your business

With the Lean Model Canvas, you can see how all of the elements of your business are interrelated and inform or affect each other. This provides you with a better understanding of how your business operates as a system or ecosystem.

Gives you a central document to share externally

Once you've filled out your Model Canvas, you can share it widely, get feedback, and make any needed updates. Visually is easy to grasp and understand, teams, stakeholders, advisors, and partners should find the canvas to be relatively straightforward and easy to understand.

Problem

What problems are people facing? List their top 3 frustrations.

Solution

How will you solve these problems? Write down a solution for each problem. Can you use the Design Thinking Model here?

Unique Value Proposition

Create a clear and compelling one-liner message you want to send across. What is the value you deliver to your customer? What is their need that your value proposition addresses? What is your promise to them? What is the product and service you create?

Unfair Advantage

What separates you from competitors? What makes you ahead of the pack?

Customer Segments

Who are your customers? Can you build their Buyer Personas e.g. young, internet-savvy Londoners and tourists?

Existing Alternatives

How are these problems solved today? This can be a direct competitor to what you are offering or the existing ways people are employing to address their problems.

Key Metrics

How will you measure the success of your product or service? List the key metrics.

High Level Concept

How does your product or service fit into the grand scheme of things?

Channels

How will you reach your target consumers? Direct marketing, social media, ads, partnerships — identify the effective ways to reach them.

Cost Structure

What are the fixed and variable costs to launch your product or service? Consider the cost at each stage from setting up a website, hiring employees, production, marketing, and bringing them to consumers.

Revenue Streams

What money sources will grow your money? How will you generate income? Show a pricing model of your product or service and include other revenue sources, such as sales and subscription fees.

Problem

What problems are people facing? List their top 3 frustrations.

Key partners

List the partners that you can't do business without (not suppliers). What key resources do you require from your partners? Which key activities do your partners perform?

Existing Alternatives

How are these problems solved today? This can be a direct competitor to what you are offering or the existing ways people are employing to address their problems.

Solution

How will you solve these problems? Write down a solution for each problem. Can you use the Design Thinking Model here?

Key Activities

What do you do every day to run your business model or to create & deliver your value proposition?

Key Metrics

How will you measure the success of your product or service? List the key metrics.

Key Resources

What are the resources you need to create & deliver your value proposition? The people, knowledge, means, and money you need to run your business.

Unique Value Proposition

Create a clear and compelling one-liner message you want to send across. What is the value you deliver to your customer? What is their need that your value proposition addresses? What is your promise to them? What is the product and service you create?

High Level Concept

How does your product or service fit into the grand scheme of things?

Unfair Advantage

What separates you from competitors? What makes you ahead of the pack?

Customer Relationships

What relationship does each customer segment expect you to establish and maintain?

Channels

How will you reach your target consumers? Direct marketing, social media, ads, partnerships — identify the effective ways to reach them.

Customer Segments

Who are your customers? Can you build their Buyer Personas e.g. young, internet-savvy Londoners and tourists?

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What money sources will grow your money? How will you generate income? Show a pricing model of your product or service and include other revenue sources, such as sales and subscription fees.

Design Thinking

Design thinking brings together what is desirable from a human point of view with what is technologically feasible and economically viable.

- Desirability: What makes sense to people and for people?
- Feasibility: What is technically possible within the foreseeable future?
- Viability: What is likely to become part of a sustainable business model?





Design Thinking

Design thinking brings together what is desirable from a human point of view with what is technologically feasible and economically viable.



Lean Model Canvas Example

TreeSavers

Treesavers

Problem

Versatile Landscaping

Customers have trouble finding landscaping solutions that are eco-friendly, versatile for different project sizes, and driven by certified experts.

Existing Alternatives

Large agricultural companies and gardening companies offer solutions to landscaping problems faced by customers.

Solution

Sustainable Formulas

- Apply eco-friendly solutions
- Flexible for different scales of projects
- Use scientific methods

Unique Value Proposition

Eco-Friendly Land Management
Our organization provides a wide range of services that can fit any need. We prioritize the environment and seek the most eco-friendly solution that minimize both property and natural damage.

Unfair Advantage

Certified Teams

- Well-trained arborists
- Over 50% of staff certified
- Strict adherence to safety practices

Customer Segments

Environmental Needs

- Home owners with large gardens
- Golf courses
- Parks

Early Adopters

Golf courses and parks will adopt our service as they need large scale tree and land management that maintains sustainability and reduces natural damage.

Key Metrics

Retention of Long Term Customers

We will track the number of customers that come back to us for future maintenance.

High Level Concept

Land management organization that provides service from small projects to large overhauls.

Channels

Online Ads and Feedback

- Business Listings
- Yelp
- Flyers and cards
- Referrals

Cost Structure

We operate between 19-23% profitability (project variables).

- 40% overhead costs (team salary, technological development, raw materials)
- 45% project costs (pending on project sizes)
- 15% customer acquisition costs (advertisement, survey distribution, etc)

Revenue Streams

Active projects: 80%

Endorsements and training: 20%

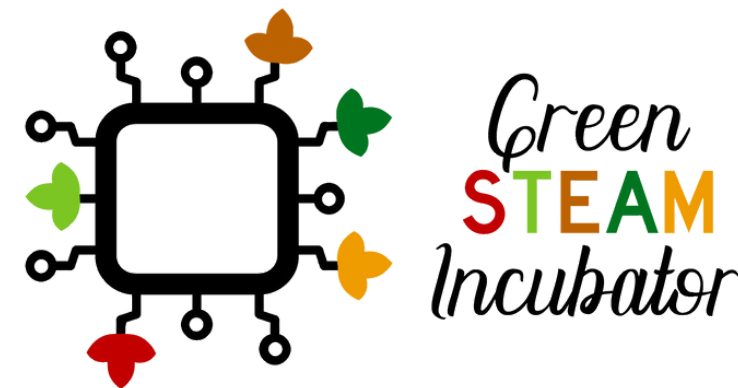
Several other landscaping organizations adopt our unique methods and join our training programs. Our long term goal is to launch our franchise operation nationally.

Tools/Frameworks that can help you complete the Lean Canvas

State Your Company's Mission, Vision, and Values

Mission, Vision, and Values

Clearly defining your company's mission, vision and values is a powerful way to align your team and reach your goals. Use the blank framework on the next page to start filling out your own mission, vision, and values.



Mission

Mission is the reason why your company exists. It is the visible and tangible effect you want your company to create for your customers and the world.

Vision

Vision is what success looks like for your company. It is what your company aspires to be in the future. It is how the world will look like once you've accomplished your mission.

Values

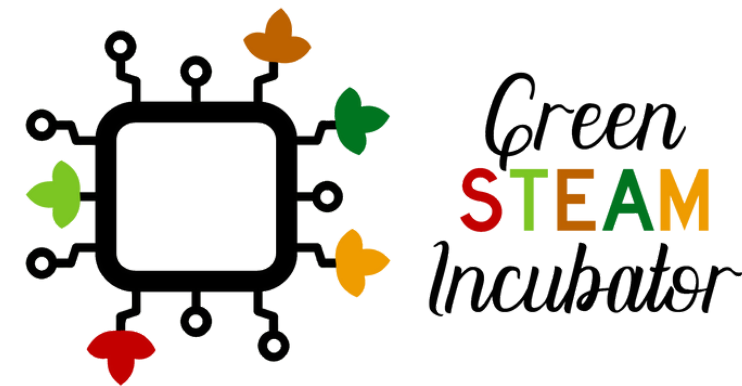
These are the guiding principles that will influence your actions to fulfill your company's mission and vision.



Illustrate Your Company's Strategy, Tactics, and Execution

Strategy, Tactics, and Execution

A strategy, a list of tactics, and knowing how to execute them are integral in the attainment of your company goals. Use the blank framework on the next page to start filling out your own strategy, tactics, and execution



Strategy, Tactics, and Execution

Strategy

Mission is the reason why your company exists. It is the visible and tangible effect you want your company to create for your customers and the world.

Tactics

Tactics are the specific methods, resources, and techniques you will need to accomplish your strategy.

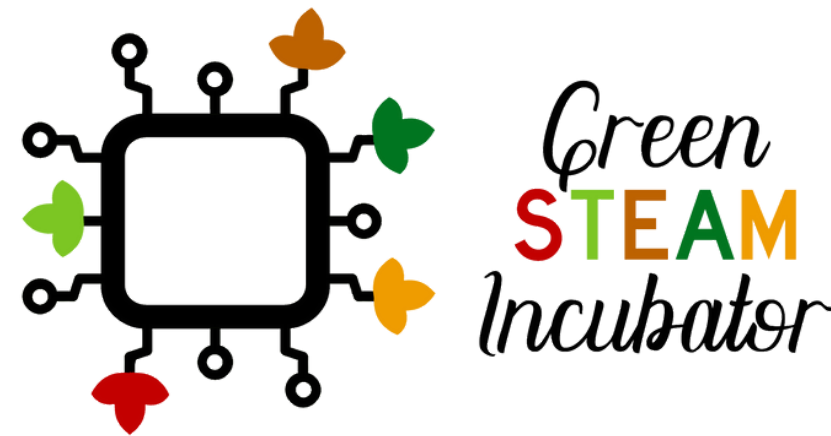
Execution

Execution is how you will employ the tactics you've chosen. It includes measurable outcomes, such as timelines and deliverables.

Develop Deep Insights About Your Customers Using Buyer Personas

Buyer Personas

Buyer personas are semi-fictional representations of your target customers. These personas are based on market research and real data about the people you are targeting. Two to three buyer personas are ideal. The more detailed the buyer persona, the better.



Demographics

(Gender, age, marital status, employer)

Buying Roles

(Decision makers, influencers)

Goals and Responsibilities

Needs

Objections

Frustrations

Buyer's Journey

(Awareness, consideration, purchase, advocacy)

Channels

(Social media, other digital activities, non-digital activities)

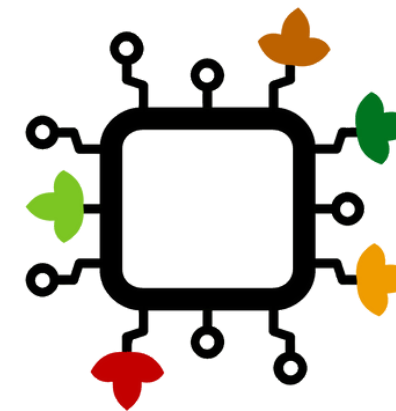
Sources of information

(Content that influences purchased decisions)

Know the Stages of the Customer Journey with a Marketing Funnel

Marketing Funnel

A Marketing Funnel maps your company's marketing activities at each stage of the customer journey. It starts with making your target audience aware of your solution, then guiding them through an evaluation process and finally leading them to make a purchase.



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TOFU (Top of the Funnel)

Activities that facilitate awareness. Make your target audience aware of the problem you're addressing and how you're solving it

- Social media post and ads
- Email marketing
- Promotional video
- Press Release

MOFU (Middle of the Funnel)

Activities that facilitate evaluation
Convert those who are aware into leads

- Discounts
- Exclusive offers
- Free trial
- Event

BOFU (Bottom of the Funnel)

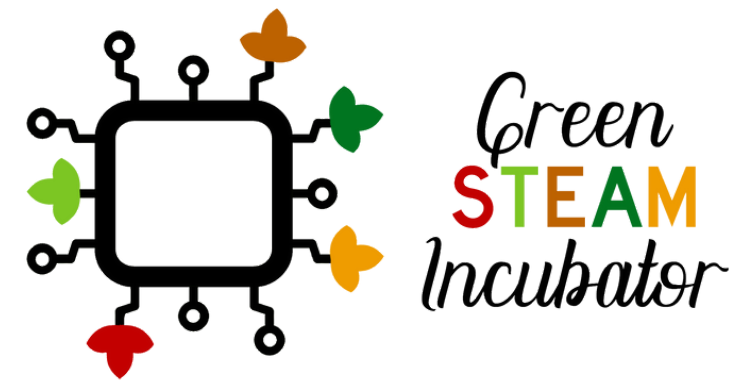
Activities that facilitate conversion. Guide the leads in making an informed purchase decision

- Demo
- Feedback
- Success stories
- Comparison sheets

Position Your Product or Service with the 4Ps of Marketing

4Ps of Marketing

The 4Ps of Marketing illustrates how product, price, place, and promotion work together when a product or service is launched to customers. Use the blank framework on the next page to start filling out your own 4Ps of Marketing.



Product

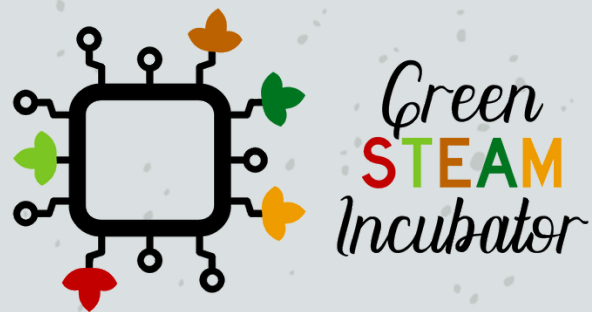
- Brand
- Features
- Packaging

Product refers to the good or service you are offering to customers. What needs does this product fulfill? What frustrations does it address? What makes it compelling to customers such that they will believe they need to have it?

Price

- Price
- Discounts
- Bundling deals
- Credit terms

Price is what customers pay for a product or service and it takes into account the cost of production. What is the value of the product or service to customers? Are there established price points for this product or service in the market? How will this price compare with competitors?



Promotion

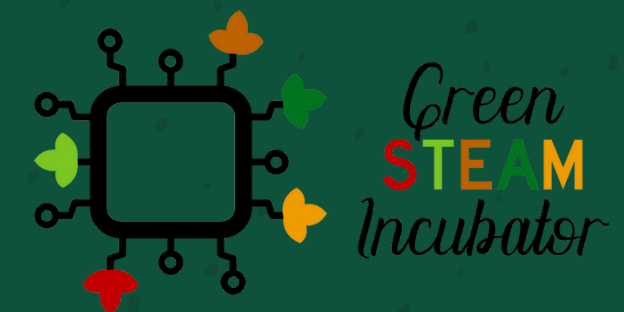
- Ads
- PR
- Social Media
- Email
- Search Engine
- Video

Promotion is how you will get the word out about your product or service to your target customers. It includes advertising, public relations, and promotional strategies.

Place

- Stores
- Website
- Online
- Marketplace

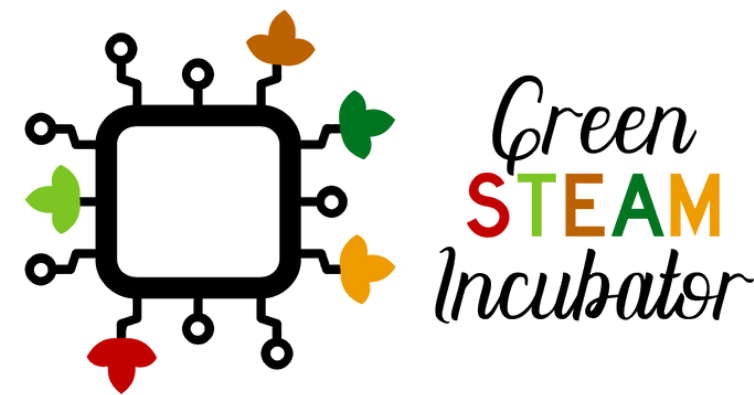
Place refers to how and where your customers will look to see your product or service. It also considers how you will deliver the product or service to them. Will it be in a physical store or online? What will be the distribution channels?

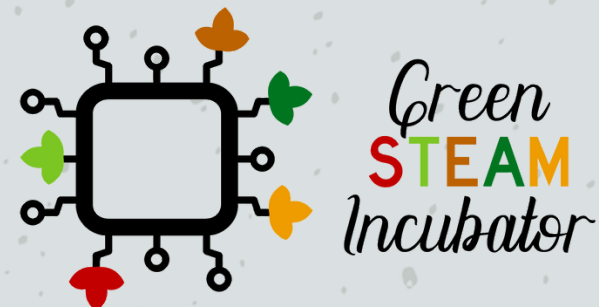
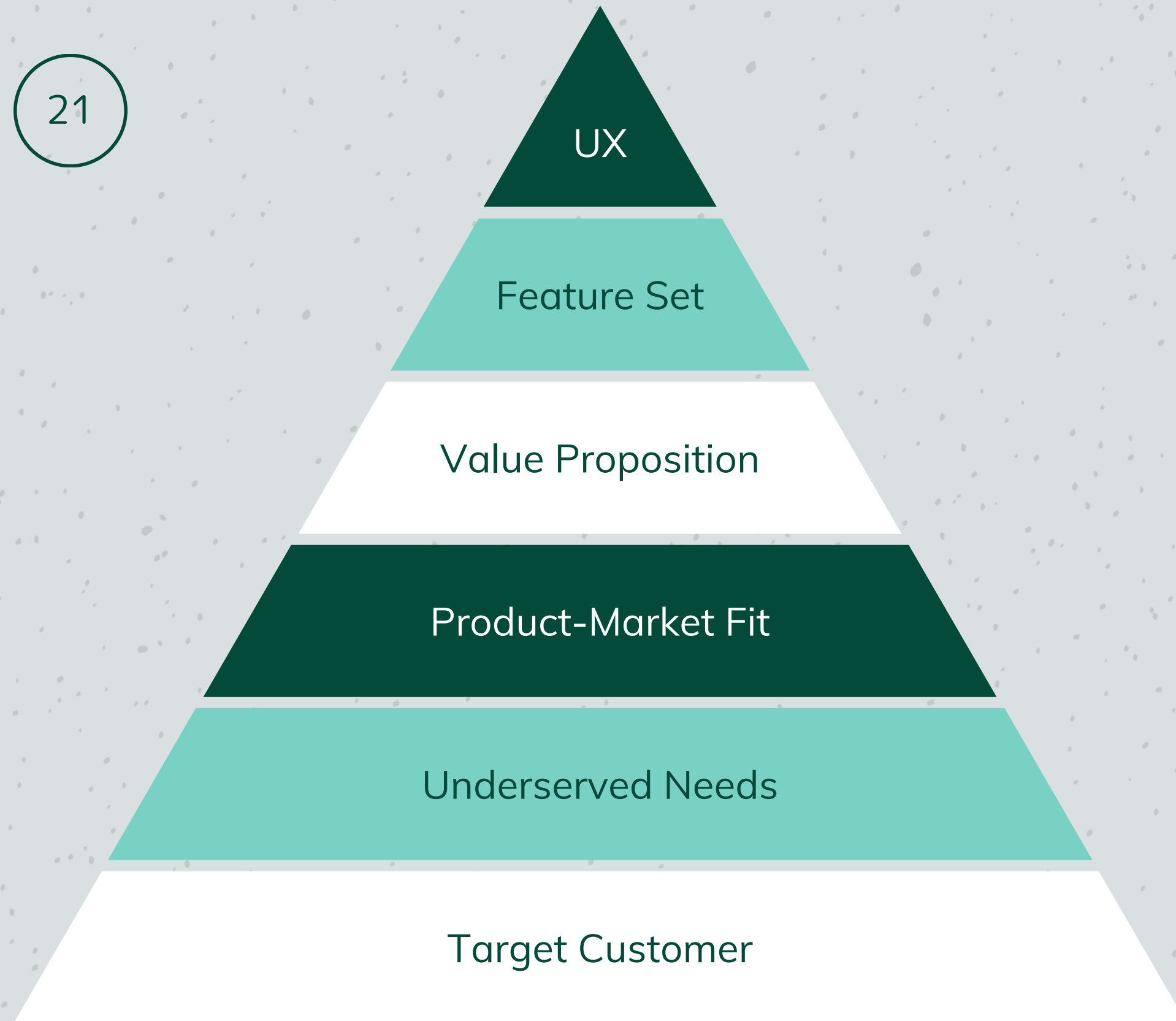


Establish Your Product's Appeal with a Product-Market Fit Pyramid

Product-Market

Product-Market fit is a concept that refers to your start-up being in a good market with a product that can satisfy that market. This framework will help you identify target customers and their underserved needs and test and change your key market hypotheses to arrive at product-market fit.





1. Identify your target customer.

Use market segmentation and create personas to get a picture of the people you are targeting. No need to be precise. A high-level hypothesis is enough to start testing, and revise as you go.

2. Know “undeserved” needs.

What needs do they have that are adequately met?

3. Define your value proposition.

How you will meet your customers needs better than your competitors? Of all the needs you can address with your product, which ones will you focus on?

4. State your MVP feature set.

Build only what is needed to create enough value for your target customers to validate the direction of your product.

5. Make your MVP prototype.

Create a version of your product to test your MVP hypotheses with your customers. Apply user experience principles to receive feedback and to bring your feature set to life for your customers.

6. Test it out to your customers.

Ensure you are testing with your target market so feedback received will help iterate your product in the right direction. Making your test group answer a survey is a great way to ensure they possess the attributes of your target customer.

As your startup is growing...

And you have established a business model that is scalable and profitable...

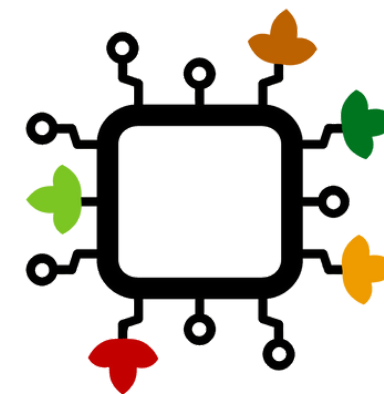
More tools as your company grows and matures and the financial modeling is based on your revenue and actual sales.



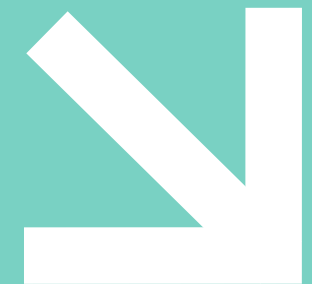
SWOT Analysis

Find Your Competitive Position with a SWOT Analysis

A SWOT analysis maps out your company's path towards your goals by identifying strengths and weaknesses (internal attributes) and opportunities and threats (external conditions). Uncover your company's competitive position with these guiding questions.



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Strengths

What advantages does your company have?
What do you do better than anyone else?
What are your unique selling points?

Weaknesses

What areas can you improve on? What does your company lack? What things do your competitors do better than you?

Opportunities

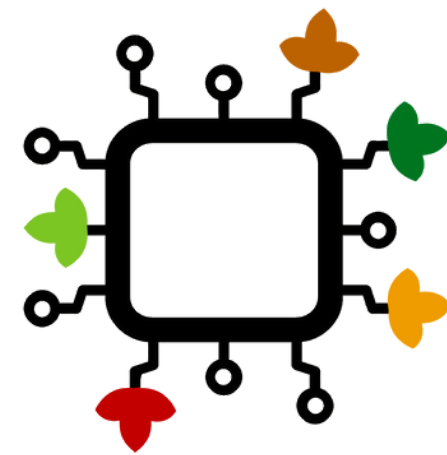
What changes in technology, policies, and social patterns can be a growth opportunity for the company?

Threats

What are the obstacles to your company's growth? Who are your competitors? What changing factors can threaten your company's position?

Visualize Your Company's Weak Points with a Pirate Funnel

The Pirate Funnel is a customer-lifecycle framework shows what you need to focus on to optimize your marketing funnel. It is called a Pirate Funnel because the first letters spell out AAARRR for Awareness, Acquisition, Activation, Retention, Referral, and Revenue.



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Awareness

How will you introduce your company to your potential customers? Examples: impressions, click-through rate, visits, and social media metrics.

Retention

How many of your customers are you retaining? Why are you losing others? Examples: customer acquisition rate and customer churn rate.

Acquisition

Where are your potential customers coming from? Examples: new leads, email subscribers, resource downloads, support and sales chats.

Revenue

How can you increase revenue? What's your monetization plan? Examples: customer acquisition cost and customer lifetime value.

Activation

How will your potential customers try your product or service for the first time? Examples: new trial signups, activation after app download.

Referral

How can you turn your customers into advocates? Examples: Net Promoter Score, referrals, and social shares.