

# Business Model Canvas

## GUIDELINES AND CHECKS

A business model canvas is more than a checklist of nine building blocks. This guide will help you review your canvas in a systematic way in order to improve the connectedness between elements. In a second stage, once a model is coherent it can further be explored by focusing on each individual elements. In the third section, this guide provides some suggestion which can used to explore new directions for an existing business model.

## 1 Coherence of a Business Model

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### 1.1 Checks for any element

- There is only one idea on a sticky note.
- Ideas are written with keywords, or presented with a simple illustration.
- The meaning of the element is understandable by all stakeholders.
- The element is a key component to explain the business model, (without it the business model cannot be explained).

### 1.2 Checks for individual building blocks

- All nine building blocks of the model are used, or have at least been considered.
- Elements which are too detailed have been grouped into a simpler element.
- Elements which are too generic have been split into more detailed elements.
- The detail level of the elements are adequate (there are not too many detailed elements, nor to few which are too generic).

### 1.3 Checks for associations between building blocks

- Colors are used on elements to highlight their connections.
- Each color is labeled and has a specific meaning.
- Client perspective is valid:
  - Each customer segment is addressed by one or more value proposition.
  - A channel supports a value proposition-customer segment set.
  - If present, a customer relationship targets a customer segment.
- In case of multiple customer segments sides, colors indicate distinctively each side.

- Activity perspective is valid:
  - Each value proposition is produced/delivered by a key activity, a key partner or offers a key resource.
  - Key resources or key partners support an activity.
- Financial perspective is valid:
  - At least one revenue stream is generated from a value proposition-customer segment set.
  - Major fixed costs are listed
  - Major variables costs are listed
- There are no orphan elements: all elements are connected to another element (in a different block as themselves).

## 2 Details of a business model's elements

To help move beyond the initial guesses of a business model, detailing each element by identifying its type and adding some numbers where appropriate will allow to *gestimate* its profitability. To strengthen the guesses it is advised to first validate each underlining assumption behind an element through customer development testing.

### 2.1 Checks for any element

- Hypothesis (underlying assumptions) are described.
- Metrics to test hypothesis are defined.
- Hypothesis are validated.

### 2.2 Checks in individual building blocks

A minimal set of attributes which can help explore elements in each building block.

Building Block	Attributes	Value examples
Value Propositions	Features Pain Reliever Gain Creator	
Customer Segments	Jobs to be done Pains Gains Size	
Channels	Customer Buying Cycle	awareness, evaluation, purchase, delivery, after sales
Customer Relationships	Operation	Acquisition, retention, trust, personalization
Revenue Streams	Type Pricing mechanism	Sale, recurring,...
Key Resources	Type	physical, intangible, human, financial
Key Activities	Type	Operations management, customer management, innovation
Key Partners	Type of partnership Contracts, SLA	<i>Who has the power?</i>
Cost Structure	Type Economies	Variable, fixed Scale, scope

### 2.3 Checks for associations between building blocks

- Customer size is connected to variable revenues (SimpleCalc)
- Customer size is connected to variable costs (SimpleCalc)
- Simulation show an achievable profit...
- ..within constraints of the validated hypotheses

### 3 Improve / discover a business model

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In this section checks are not straight forward. It involves a set of connected elements and knowledge about their attribute to be able to answer the trigger questions or identify a pattern. Neither will there be any business model which has all of these elements. The idea is to test how much your business model has to be changed to fit one of these proposition. Are these viable models? Does it provide you with new insights?

#### 3.1 Trigger questions checks

- The business model is in a Blue Ocean?
- There are switching costs for customers? Partners?
- Cost structure is more variable than fixed?
- The Business Model is a platform? Other provide the work which generates value?
- The Business Model can scale without limitation?
- The Cash Flow is positive? Earn before you buy?
- Revenues flow is recurring? By providing a service?

#### 3.2 Patterns checks

- Unbundling
- Multi-sided
- Free (Freemium, ...)
- Bait & Hook
- The Long Tail
- Open (Open innovation)
- Inverse of a pattern?
- ...

### References

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