DTiCEQT

Digital Technology
Imagination
Creativity and
Entrepreneurship
for a High
Quality Teaching

Questions to help you build your Business Model Canvas

Annex to the teachers training update for undertaking with the CPS methodology

April 2022

Co-funded by the
Erasmus+ Programme
of the European Union

Project coordinator

Universidade de Santiago de Compostela | Spain

Partners:

Associação Terras Lusas - Movimentos Europeus | Portugal

Agrupamento de Escolas de Barcelos | Portugal

Asociación de Empresarios del Polígono de Sabón - Arteixo | Spain

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1 Introduction

The purpose of this document is to provide a complete but flexible guide for teachers, when applying a CPS based on economics and/or undertaking with their students, so that depending on the ages, they can use all the content of the document, or only those parts that are applicable. Thus, for example, for younger students only the questions will be used, while for those in higher grades a more detailed explanation of the contents of the model and its purpose may be made.

The decision of the approach to use corresponds to the teacher himself, depending on the students with whom he is going to work.

2 The Business Model Canvas

The Canvas methodology is a simple, flexible, and intuitive way to develop the most relevant aspects of a business model. This model tries to synthesize and interact with the entrepreneur people by answering a set of questions organised in sections or blocks.

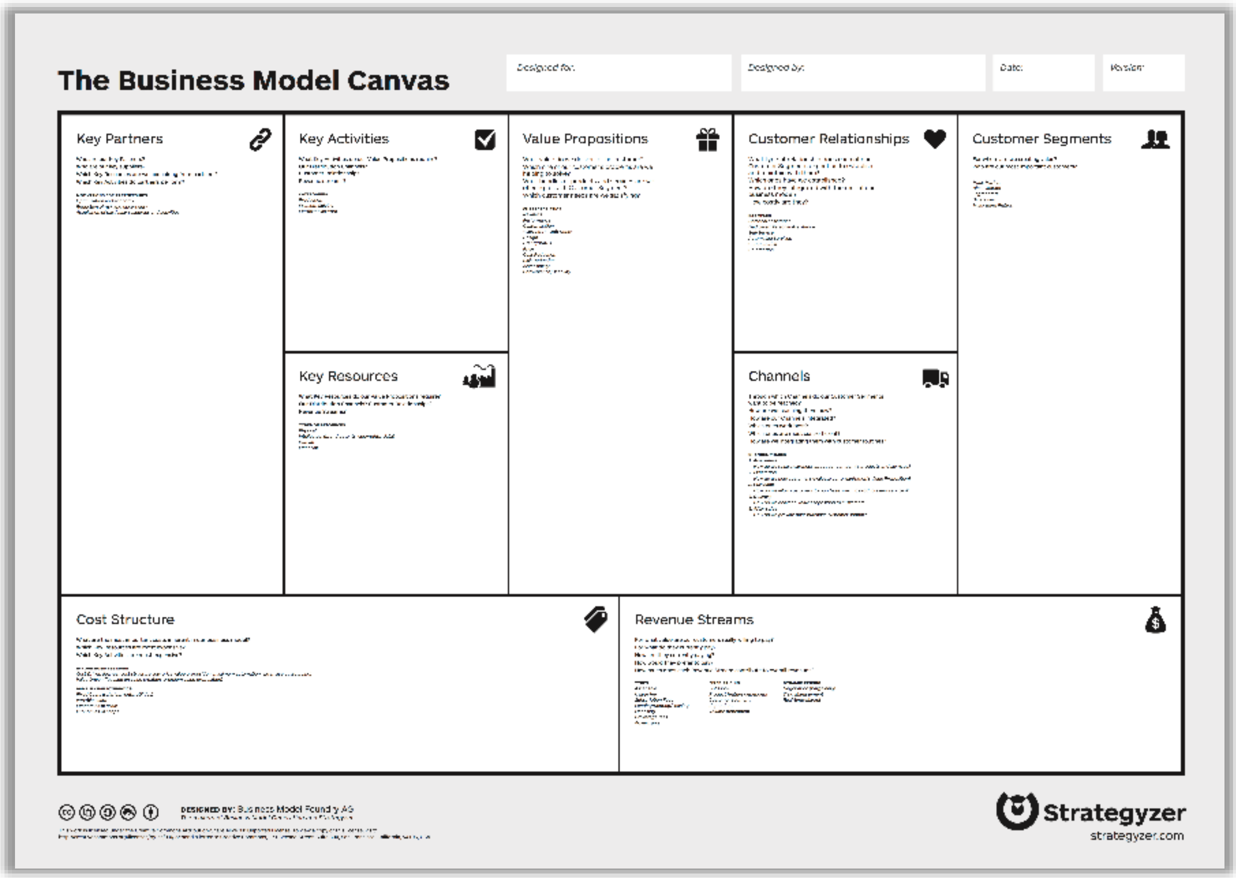
The model is made by covering the template called Canvas in which four basic questions of the design of any company that is going to be developed must be answered, corresponding to the four main structures:

- How? (infrastructure).
- What? (offer).
- Who? (customers).
- How much? (finance).

Starting from the value proposition of the business, customers will be identified[1], determining the factors to take into account in the relationship with them, which will be the distribution channels together with the expected source of income, the priority internal activities for the service to be provided, as well as the different resources that the

[1] *Please note that in general, when describing target customers, it is common to have to go back in defining the value proposition, as both sections are very closely connected.*

business idea will require, the internal and external partners that will be required and, finally, the cost structure that the company will have to assume.



Business model Canvas template. Source: Strategyzer

So, the model will facilitate or guide the development of the entrepreneurial project from a strategy or global perspective, considering the different sections that must be taken into account when defining and evaluating an entrepreneurial idea, thus covering the four main areas of any business: customers, supply chain, infrastructures and economic

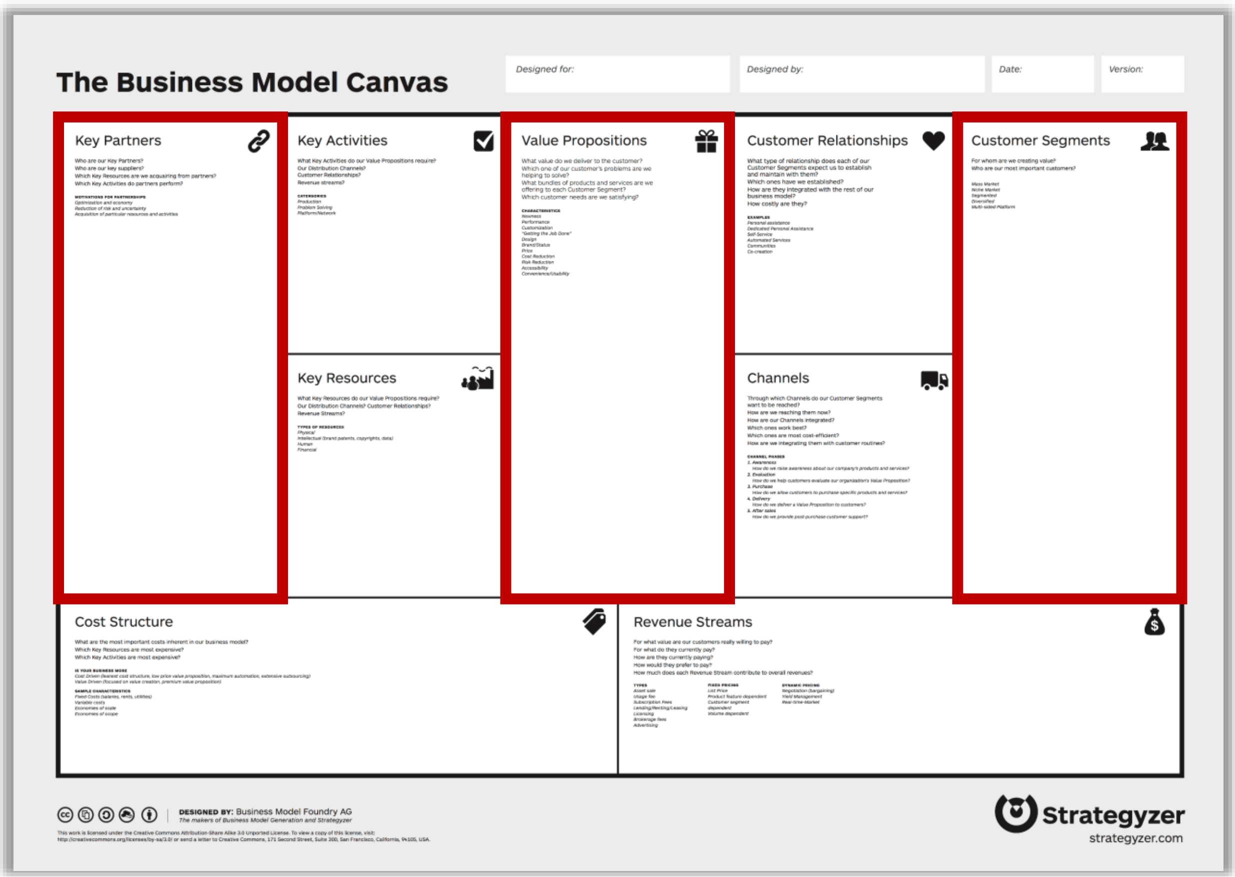
The template has the following 9 blocks:

- Key partners
- Key activities
- Key resources
- Value propositions

- Customer relationship
- Channels
- Customer segments
- Cost structure
- Revenue streams

3 Main blocks

The construction of the Canvas begins with the three main blocks.



Main blocks of the Business Model Canvas. Source: [Strategyzer]

3.1 Customers segments

Students must ask the following questions:

- For whom is the company creating value? Who are our customers?
- Is there only one type of customers or various ones?
- Why should they buy from us (at least one reason for each type of customer)?
- Who are the most important customers (types)?

Guidance for finding answers:

Once the students are clear about what the differential value of the product will be, it is time to define the clientele to which they are going to address, to be able to learn more about their needs and expectations about the product at the detailed level and, above all, to find out if their number is enough to keep the company in business with their purchases.

They must establish the criteria to segment the potential clientele, defining one or more segments to which the offer is directed and, for each of them, identify their needs, the value attributes for which they are willing to pay, the channels to reach with the product...

3.2 Value proposition

Students must ask the following questions:

- What are we producing and for whom?
- What problems are we solving for them (each type of customer)?
- What needs will our product satisfy?
- What services are we providing along with the product (for each type of customer)?

Guidance for finding answers:

To be successful in the market, it is key to be able to differentiate the offer of the new company from the other existing ones, and to ensure that potential customers perceive that offer as different and valuable, since only then will they decide to acquire your products or services.

This, the differential value that the new company is going to offer to potential customers, is the most important aspect that must be clearly defined in this block, because otherwise it will be difficult for the company to gain a place in the market.

In this sense, it is necessary for the company to think about the benefits that the offer entails for customers, defining the value attributes for each customer's segment. Some value attributes are appreciated by customers in technological advances, in design improvements, personal status, brand, price, proximity, customization ...

3.3 Key partners

Students must ask the following questions:

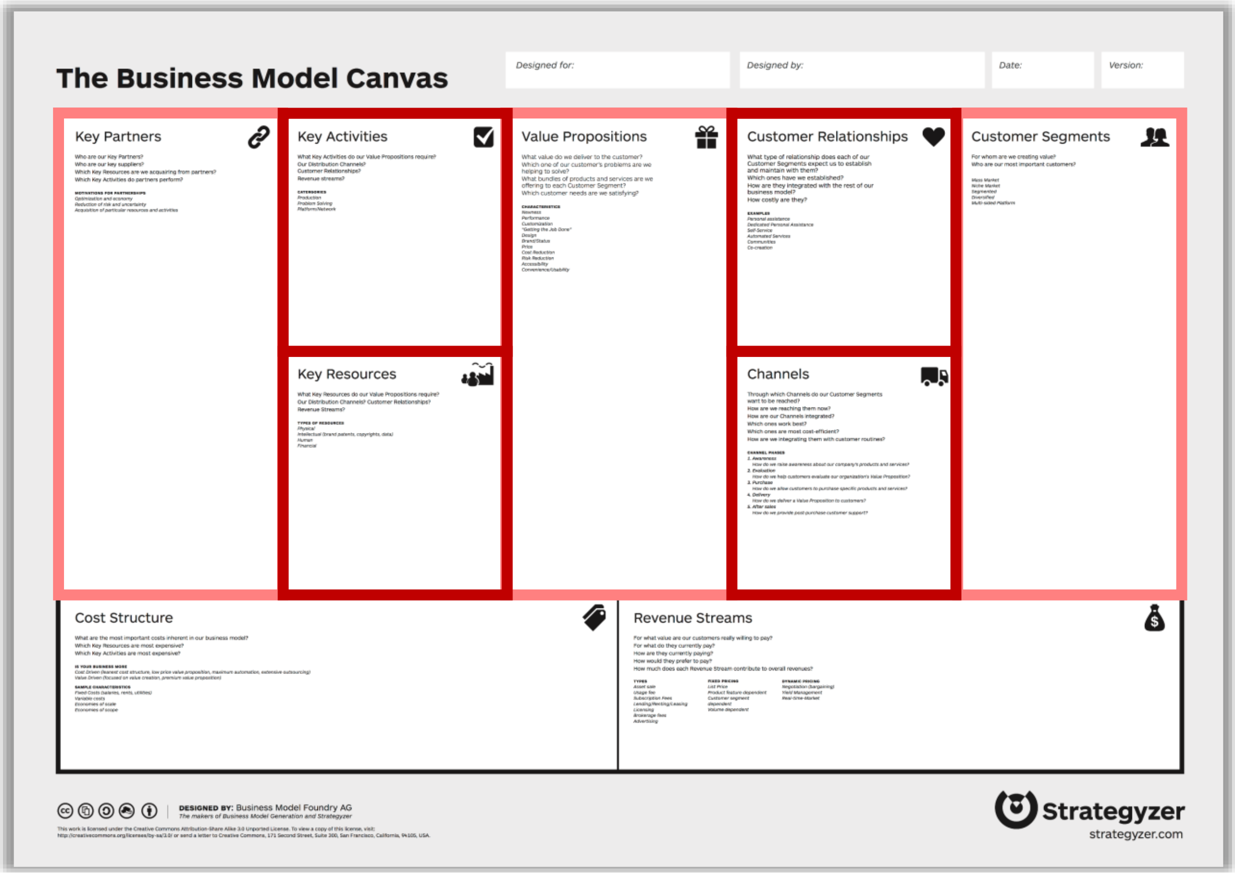
- Who are the providers and suppliers we need? Which of them are key?
- Do we need partners?
- How important are they in the production process and in the business model? What activities that we need will be performed by them?
- Do we have a lot of influence over their companies?
- Are they also competitive suppliers?
- Who do we collaborate with to innovate?

Guidance for finding answers:

By establishing alliances with suppliers, or even with competitors, the risks of competition and rivalry in the market are reduced since it is possible to minimize risks and uncertainty in supplies. It must be considered that the business project and the effectiveness of its business model depend on the success in the interaction with other organizations to create value with.

4 Connectors

The next stage is to complete the connectors that appear between the three main blocks, to ensure that processes and value flow properly from one end of the business to the other.



Connection blocks of the Business Model Canvas. Source: [Strategyzer]

4.1 Customers relationships

Students must ask the following questions:

- What kind of relationship do the company want to establish with customers (for each type)?
- How will our company get, keep, and grow its customers' base?
- Can customer relationships be different for each segment?
- Will it take a lot of effort (cost) for the company to maintain these relationships?

Guidance for finding answers:

The students must define what kind of relationship they want to maintain with customers, since the relationships that can be established with them can be very close and personal (for example in the retail trade) or quite the opposite (for example, if the customer even serves himself and is alone). They can even be automated and highly standardized through a website.

The type of relationship that is defined will be conditioned by the channels that are selected, but these will not delimit them in a strict way either. For example, even if the service is provided through a website, the company may decide to opt for a closer and more personal relationship by appointing an interlocutor, including his or her name and a photo, to generate a stronger emotional bond.

4.2 Channels

Students must ask the following questions:

- What channels will be used to reach our customers (each type)?
- Which ones will be used to distribute the product or service?
- Are they efficient and their costs manageable?
- Which will be the cheapest/most efficient (to reach and to distribute)?
- Which are the preferred ones by customers (each type)?
- How are we integrating this channels in our value proposition?

<u>Guidance for finding answers</u>:

Once the potential customer segments have been identified, the students must identify and define the channels to reach them.

The channels refer to how the company's offer is communicated, how its differential value is made explicit, so potential customers perceive it, and how the product or service is distributed. They must facilitate the purchase and cover the customer's needs satisfactorily, even after sales.

4.3 Key activities

Students must ask the following questions:

- What activities are required to achieve the value proposition?

- What activities does require the distribution of the product (and services)?
- What activities do we need to build and maintain our relationships with customers?
- What activities are required by the income/revenue sources?

Guidance for finding answers:

The students must describe the most important activities to carry out the production process and to offer the value proposition: how to produce or to provide the services, how to serve the customer, to solve problems that may prevent their satisfaction ...

Key resource needs will emerge from the output of this block and will be assessed after it.

4.4 Key resources

Students must ask the following questions:

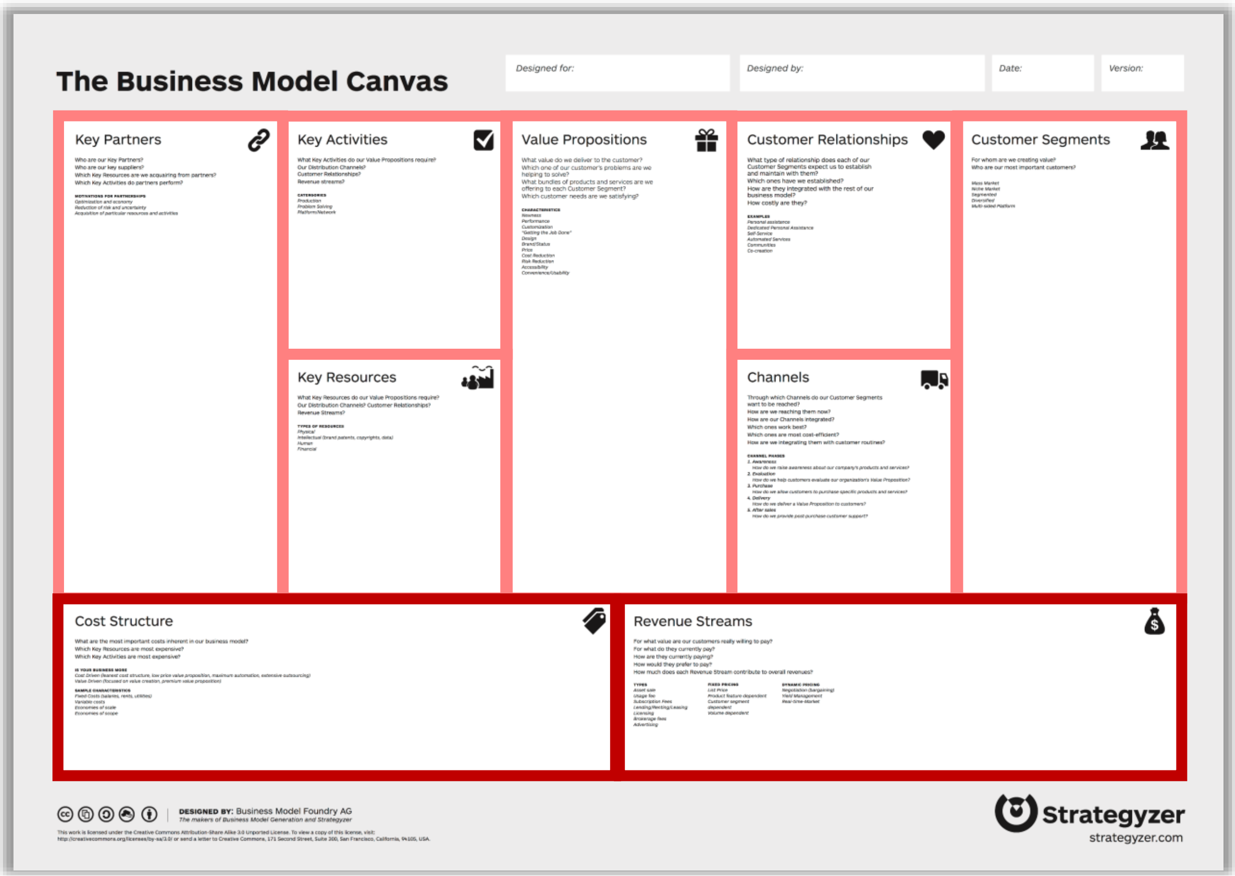
- What resources of all kinds (material, technological, financial and personal) are required to create the value proposition?
- What resources do the channels of distribution and communication with customers require?
- What resources do we need to achieve our sources of income/revenue?
- And to build and to maintain the relationship with customers?

Guidance for finding answers:

The students must describe the necessary means (resources) for the company to function efficiently. These resources could be owned or rented and could also be tangible (physical) or intangible (like trademarks, patents, knowledge ...), personal, financial ...

5 Monetary flow

The last part of the model construction refers to the blocks that are the basis of the model, those related to income and costs, and that must be analysed from a general perspective, not going into detail of specific numbers (as would be done in a viability plan), since this is not the time to go into so much detail; but to see, in broad strokes, if the idea has a solid appearance of being able to become a real business opportunity.



Cost structure and revenue streams of the Business Model Canvas. Source: [Strategyzer]

5.1 Cost structure

Students must ask the following questions:

- What are the most important costs for our business model?
- What are the most important resources that we need? And what are the most expensive ones among them?
- What portion of the costs do personnel expenses represent?
- What investments does the business project entail?
- Will there be financial costs (from bank loans, for example)?

- What are the fixed expenses? And the variable ones?
- In which conditions will our revenue surpass our costs?
- How long will it take for us to be able to cover the costs with the revenues? What is our monthly rate of expenses? And according to those things, how much time do we have to operate with the money we have now?

Guidance for finding answers:

It will be necessary to consider all the productive factors or resources that the company will use to create value.

5.2 Revenue streams

Students must ask the following questions:

- How are we going to make money?
- Which are the value attributes the customers are willing to pay for?
- What are they already paying for today?
- How will they pay? Is this their preferred payment method?
- What percentage does each revenue stream/channel represent?

Guidance for finding answers:

The prices that the student set will be decisive for the income obtained. The prices may be paid with postponement or in cash, in one or more instalments, they may be fixed or negotiable prices, paid for use, time, unit, etc., which it is essential to define prior each sale.

In the same way, the payment methods can influence the purchase decision (payment in cash, by card, using PayPal...).

These decisions are important because they will influence both the purchase decision of the potential clientele and the ability to generate income at the time it is needed to sustain the cost structure.

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