Business Model Canvases

A business model canvas is a tool for facilitating discussion of how an organization works – who it serves, and how it does that. It's useful when imagining or defining a new program or service, or for clarifying an existing one.

Description

A "canvas" is a template for facilitating group discussion of a topic. A Business Model Canvas lays out key topics that represent how an organization, program, or service works, so that stakeholders can clarify their intent. The canvas can support discussion of a proposed new area or clarify an existing one.

The original Business Model Canvas was proposed by Alexander Osterwalder. It is generally applicable to non-profit as well as for-profit organizations, but variations on the original canvas exist for services, nonprofits, and mission-driven organizations (see the References) – or you can make your own variation.

A Business Model Canvas can be the starting point for more detailed or related business analysis, such as:

- Drafting a strategy and high-level roadmap for an organization
- Use Cases or User Stories representing what customers need from the organization
- Product Roadmaps based on the business strategy shown in the canvas

Step by Step

1. Identify key stakeholders who should be part of a foundational discussion about the current or proposed organization
2. Convene a workshop with a facilitator to lead discussion of the canvas
3. As a group, add information to the blank canvas template
   a. Typically, working from identifying the customer, to the value proposition, to the activities the organization must do to provide value
   b. The first pass through the canvas can be high level
   c. Not all parts of the canvas need to be completed – prioritize what there seems to be the least agreement about
4. Reflect on the draft canvas – does it match how the organization works today? What would be needed to achieve the envisioned organization?
5. Refine and maintain the canvas as needed – it can be displayed in a visible area, or become the basis for other documents such as a strategy or roadmap

Benefits

In general, canvases help groups discuss an abstraction (such as "our business" or "our organization") with categories that are specific enough to spark discussion but still general enough for many kinds of ideas.

The business model canvas (and its variations – see the References) helps stakeholders clarify their intent for an existing or new organization, program, or service. The canvas makes visible the key elements that will need to be well understood and work together:

- On the "back stage", what are our key activities and resources, who are our partners, and what are our most important costs?
- On the "front stage", who are our customers, what is our relationship with them, and how do we deliver value to them?
- In the center, what is our fundamental value proposition to our customers? What is the benefit of our work to our customers?

When to Use

- Early in envisioning a new program, service, or business unit
- In any organization, when there is confusion resulting from lack of clarity about a program or service
- Early in a project, if it becomes obvious that clarification is needed on the above topics

References

At the UW
Business Model Canvas

- Wikipedia, **Business Model Canvas**: A basic introduction to the original canvas:

- **Service Model Canvas**: An adaptation of the canvas to design of services, such as services provided by IT:

- **Nonprofit Business Model Canvas**: A variation on the canvas design for nonprofits, with the emphasis on outcomes rather than revenue:

- **Mission Model Canvas**: An adaptation of the canvas to mission-driven organizations:

- **Lean Canvas**
• Mullen, *An Introduction to Lean Canvas*: A variation on the canvas from a Lean management perspective:

• Maurya, *Why and How to Model a Non-profit on the Lean Canvas*: An example using the Lean Canvas for a service organization: