

This guide will guide you how to write a business project step by step.

There are many ways to write a business project but The Business Model Canvas, created by Alexander Osterwalder, allows, graphically, explaining it in a very simple way.

The Business Model Canvas

The Business Model Canvas methodology is a strategic management tool that allows the development of a company's business model. Its structure has nine preformatted blocks that provide the basis for creating a model or adapting an existing one.

Is the tool to analyse and create business models in a simplified way. It is displayed globally on a canvas divided into the main aspects that involve the business and revolves around the value proposition that is offered.

The Canvas Business Model is divided into nine basic modules that reflect the logic that a company follows to obtain income. These nine modules cover the four main areas of a business: customers, supply, infrastructure and economic viability.

You have a value proposition, which is what makes you special in the market – and it is placed in the centre of the canvas (see the distribution in the annex). You have to take your value proposition to the clients (which is what is located on the right), with whom you will have to establish a series of relationships. To bring that value proposition to customers, you have to do it through certain channels (commercial, Internet, offline stores, etc.), that would be from doors out. From the doors inwards (on the left on the canvas), you have the key activities and resources, that is, what you absolutely have to do and what is critical within your business model, and the key partners with whom you go to work. Last but not least, of the other seven elements, the cost structure and revenue lines of your business.

Benefits of using the Business Model Canvas

1. Improves understanding: Uses visual tools. This methodology encourages the creative thinking of the workers who create the canvas.
2. Broad focus points: This model maintains a constant view of the business model from different perspectives: commercial, market, distribution channels...
3. Strategic analysis: All the elements of the canvas can be viewed on just one sheet. A simple way to get the most out of this tool.

How to create a Business Model Canvas

Following, you can see how to complete a canvas model, in what order and what each section of the canvas means.

1. Customer Segments

Detects the needs of the market, the customer. Our focus is always the customer and we must target the product to their needs and desires.

In order to identify our client, we must put ourselves in his skin and analyse what he thinks, feels, sees, listens, what his problems are and the benefits that our product/service can provide.

We must respond to the following questions:

- Whom are we creating value for?
- Who are our most important customers?

2. Value Propositions

It is the key to the entire business model. The proposal of value or competitive advantage is the reason why the customer will buy from us and not from another. Included here is what makes our product/service different and innovative.

You can innovate in different aspects such as in the revenue model, business alliances, production processes, product/service delivery, brand...

We must respond to the following questions:

- What value are we delivering to our customers?
- What problem do we solve?
- What is the need we satisfy?
- What type of product do we offer?

3. Channels

Once our customers have been defined and the value proposition we offer them, we have to reach them. If they do not know us, they will not buy us. Here we will define the distribution channels of the product or service.

We must respond to the following questions:

- What channels do we have to use to reach our customers?
- Which channels work best?
- Which of these channels are the most profitable?

4. Customer Relationships

We must communicate correctly with our customers and be aware of them. They are the core of our business, so knowing how to define the relationship that we will have with each segment of customers, is fundamental to the success of a business.

We must respond to the following questions:

- What is our relationship with each of our customer segments?
- What kind of relationship do you expect?
- What is the cost?

5. Revenue Streams

In order for a business to be profitable and we can survive in the market, we have to think how to monetize it. It mean, where are we going to get the incomes?

We must respond to the following questions:

- What is our main revenue line?
- How will our customers pay?
- Why are our customers willing to pay?

6. Key Resources

Knowing what resources we have and what we must have to carry out the activity of our business is key to establishing the business plan. We must be cautious and prudent in defining these resources. We must always think about how to optimise them, that is, try to achieve the maximum possible productivity at the minimum cost.

We must respond to the following question:

- What essential resources does our value proposition require?

7. Key Activities

To carry out the value proposition we want to offer our customers, certain activities are necessary to prepare the product before it reaches the market. I mean, here we think about the core of our business, what we do in our day-to-day lives.

We must respond to the following questions:

- What basic activity does our value proposition require?
- What are our channels?
- What are our sources of income?

8. Key Partners

To carry out a business, it is essential to have allies. These allies can be;

A number of partners/collaborators: a good network of partners can help us to reach the customer faster, to be supported by their reputation and experience.

Suppliers: those who provide us with the key resources to be able to offer the services/final product.

We must respond to the following questions:

- Who are our key market partners?
- Who are our suppliers?

9. Cost Structure

The entire infrastructure of a business project has costs that we must pay and optimize. We need to define what our priorities are and the fundamental expenses in the business of those who are not.

Being clear about this structure will help us not to deviate from budgets and that the business fails because of financing problems.

We must respond to the following questions:

- What are the most important costs within our business model?
- Which key resources are the most expensive?
- Which key activities are the most expensive?

With the complete canvas model, entrepreneurs will have a clearer idea of the business they are going to launch and a tool with which to explain it in a visual and simple way to both partners and investors. As we saw, it is an instrument that can be applied both in the initial steps of a new business and for the development of a new product within an already established organisation.