

# Let's Talk about the Canvas

The Business Model Canvas is a great way to capture the important aspects of your business, and through customer interviews, be sure that your assumptions are correct.



# Desirability

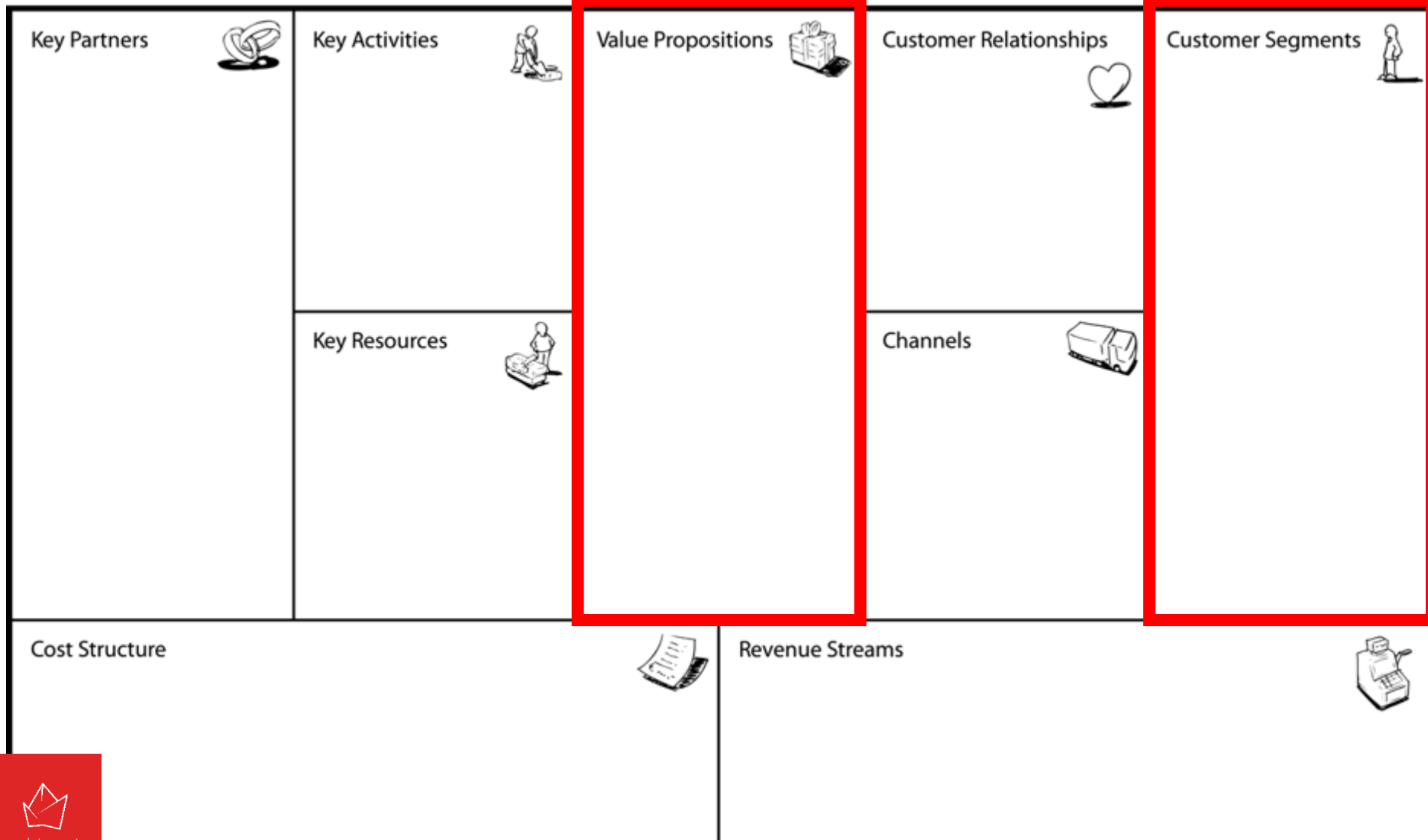
## Part 1

Value proposition

Customer segments

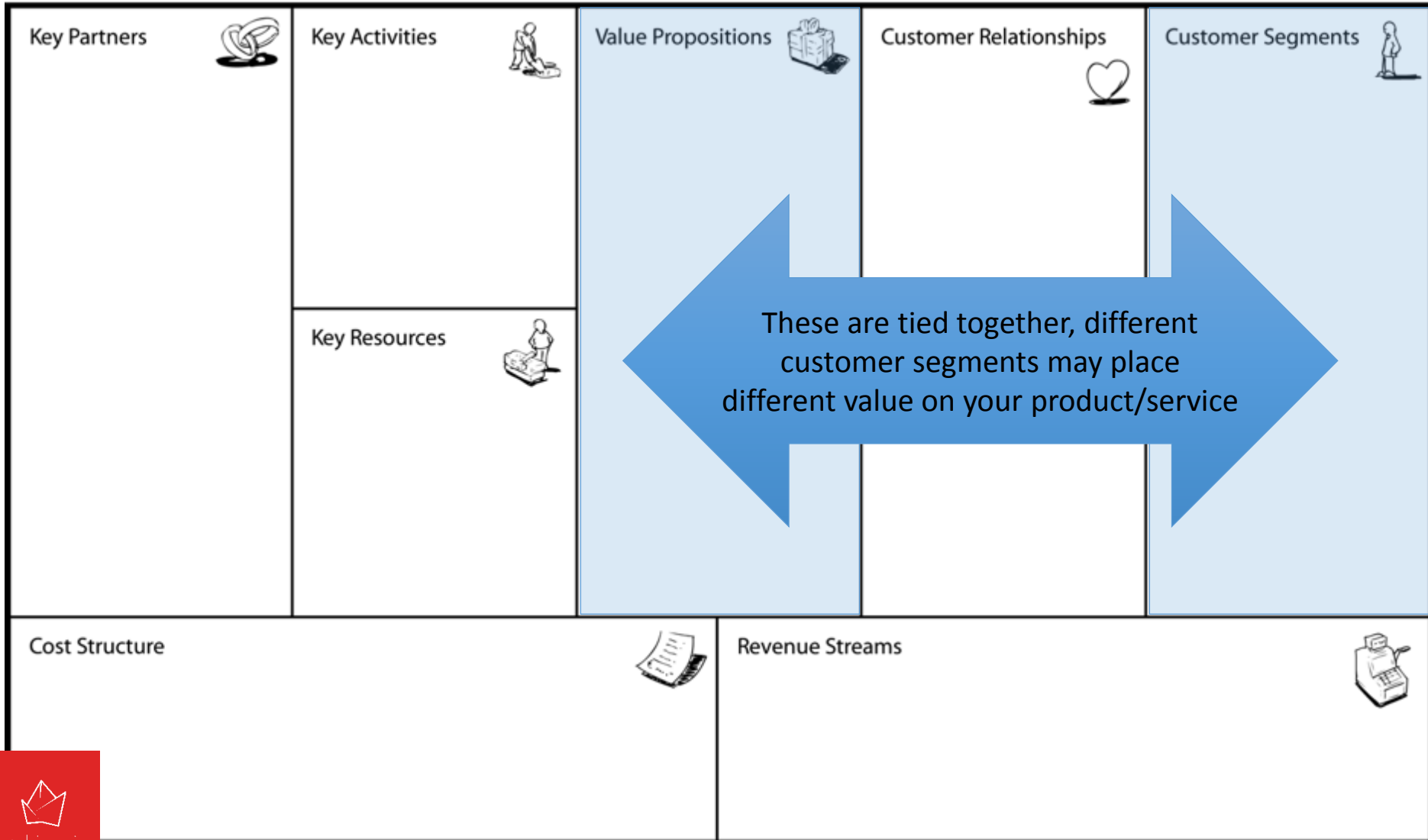
Customer archetype

# This part of the canvas is the most important in the beginning



# A value proposition is a clear statement that

- explains how your product/service solves customers' problems or improves their situation (relevancy),
- delivers specific benefits (quantified value),
- tells the ideal customer why they should buy from you and not from the competition (unique differentiation).



# Share your Value Prop

## 1. Business Drivers

Determine the primary business reasons that customers would use your offering. This is what decision makers really care about.

- lead conversion rate
- compliance
- collections
- downtime/uptime
- cost of goods sold
- operating costs
- labor costs
- productivity
- share of customer
- time to profitability
- waste
- turnaround time
- customer retention
- profit margins
- market share
- time to market
- lifetime customer value
- sales velocity
- inventory turns
- employee turnover

## 2. Movement

Customers won't change unless your offering is significantly better for them than their status quo. A strong value proposition always includes movement.

- increase
- cut
- improve
- save
- accelerate
- reduce
- enhance
- squeeze
- strengthen
- improve
- grow
- balance
- free up
- eliminate
- minimize
- revitalize
- shrink
- maximize

## 3. Metrics

Adding metrics makes your value proposition even stronger and more believable. Don't round your numbers either. They're more believable that way.

- Time frame
- Dollar amount
- Percentages

# Examples of value proposition

Company (Product)	Target Customers	Benefits	Price	Value Proposition
Perdue (chicken)	Quality conscious consumer of chicken	tenderness	10 percent premium	More tender, flavorful, golden chicken at a moderate price premium
Volvo (car)	Safety conscious "upscale" families	Durability and safety	20 percent premium	The safest, most durable wagon your family can ride in at a significant price premium
Domino's (pizza)	Convenience minded pizza lovers	Delivery speed and good quality	15 percent premium	A good pizza, delivered hot to your door within 30 minutes of ordering at a moderate price premium

Customer segment tied to value prop



# How to write a value proposition

Let's do some Mad-Libs <sup>TM</sup>

For [target customer]

Who wants/needs [compelling reason to buy]

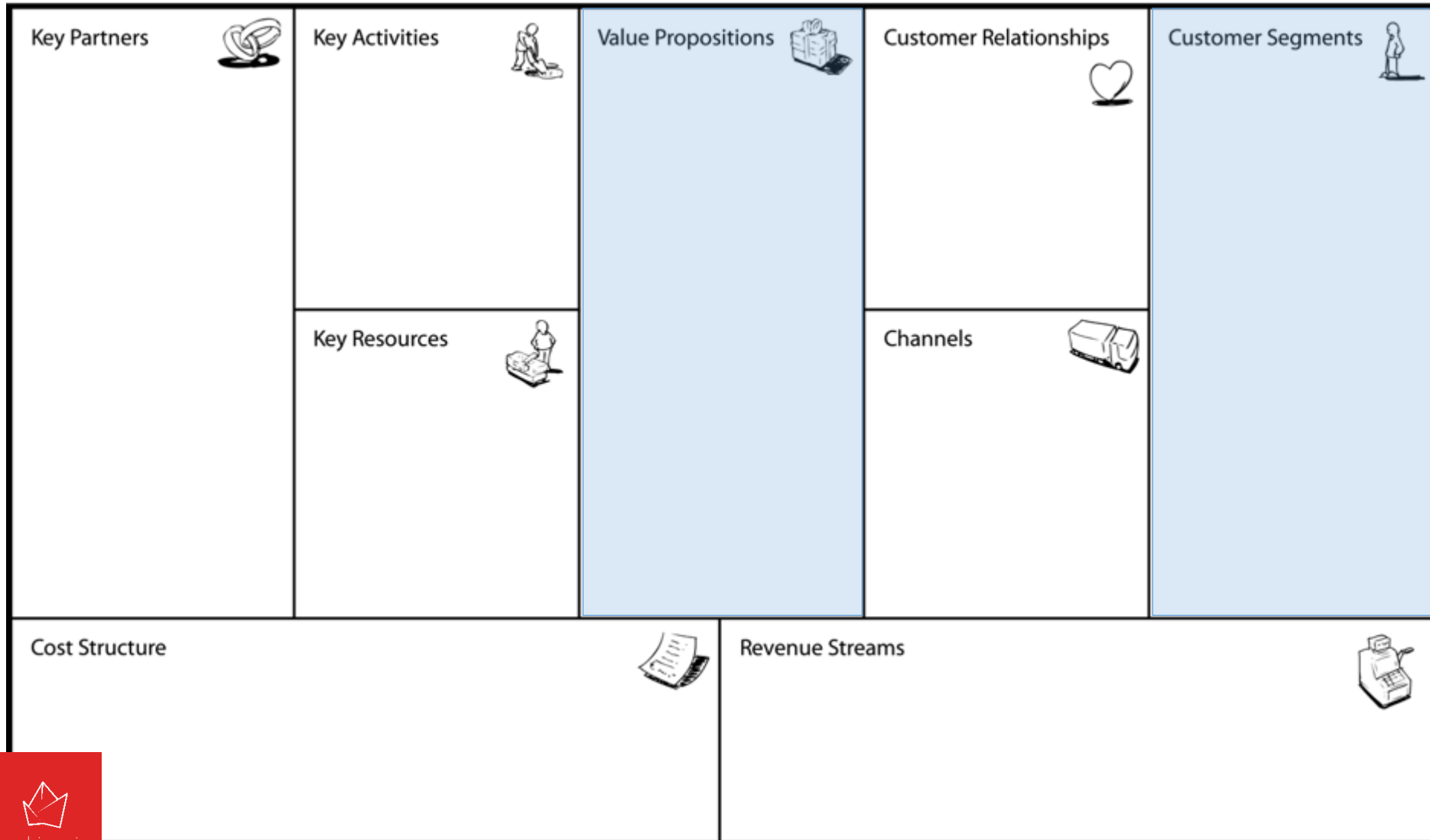
The [product name] is a [market category]

That [one key benefit]

Unlike [main competitor]



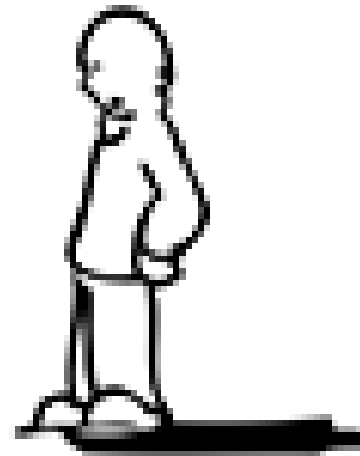
# FIRST develop your Value Proposition and understand your Customer Segments.





# Customer Segments

- Who wants/needs our product/service?
- We may have several types (segments) of customers?
- Each customer may value something different about your product or service.





## Value Propositions



What customer need are you satisfying?

What customer problems are you helping to solve?

What makes your solution better than your competitor's?



## Customer Relationships



## Channels



## Customer Segments



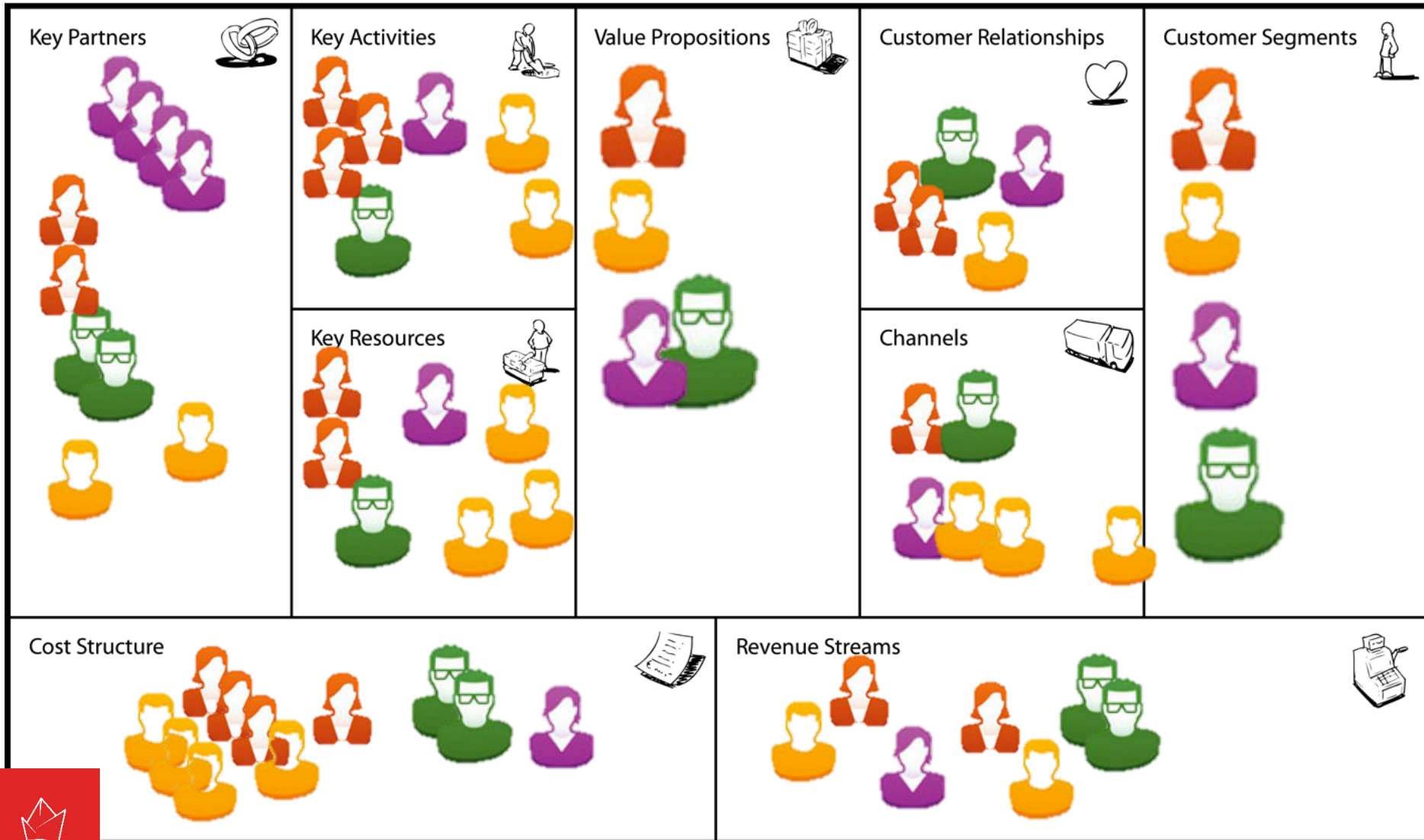
Who are your most important customers?

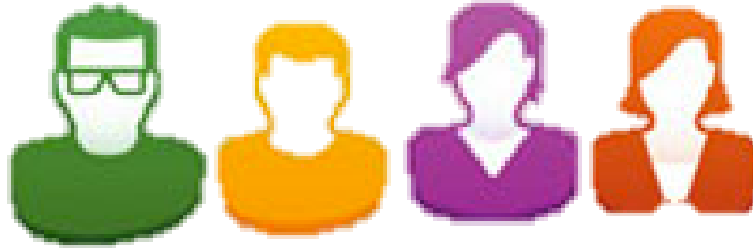
Describe them, know them



# Canvas tied to customer segments

Color-code your segments and the assumptions associated with them across the canvas.





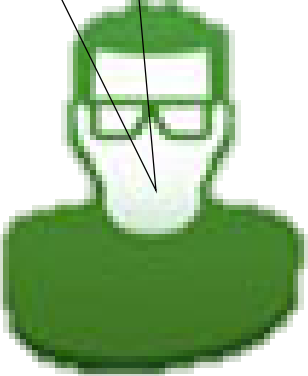
# What type of customer are you speaking with?

These are called customer archetypes:

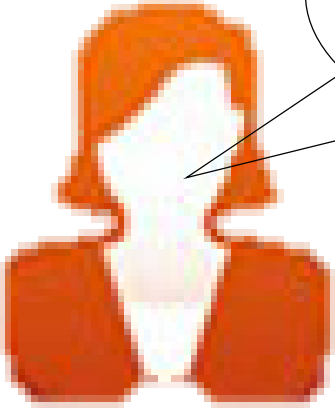
- End user
- Influencer
- Recommender
- Decision maker
- Payer

You will need to understand the purchasing decision making process for your customers.





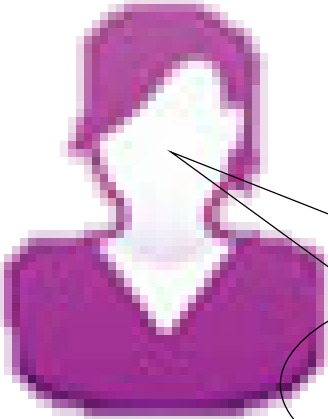
I need to get approval from my boss



I have a company credit card with \$2000 limit



We prefer to buy under a long term contract



This is unbudgeted so I need to wait until the next budget cycle



# **Product-*Market Fit***

*“Can you build and deliver a product/service that satisfies the customer problem or need?”*

*When you can answer yes to this, you have found Product-Market Fit!*



Easier said than done!



# Here's an example of a big company who didn't listen to their customers

## Blockbusters:

At its peak in 2009, Blockbuster had 5,000 stores worldwide.

But by 2010 Blockbuster filed for bankruptcy and its assets were sold to Dish Network. When companies like Netflix and Redbox came along, they dismissed them as no threat and claimed that they were "too big to fail". As customers started leaving their stores, instead of responding to that, they tried to increase the average customer basket size with sweets and trinkets, almost converting into a convenience store.

Blockbusters had sufficient information to know that their customer behavior was changing and they did not adapt to it, leading to their bankruptcy.



# Keys for Product-Market fit AND beyond

- Listen to customers general needs!
- Identify who is the one paying
- Understand their buying habits





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