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.
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).

These are tied together, different customer segments may place different value on your product/service.
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
- 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

Credit: someone smart
# Examples of value proposition

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

*Customer segment tied to value prop*
How to write a value proposition
Let’s do some Mad-Libs™

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.
<table>
<thead>
<tr>
<th>Value Propositions</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>What customer need are you satisfying?</td>
<td></td>
<td>Who are your most important customers?</td>
</tr>
<tr>
<td>What customer problems are you helping to solve?</td>
<td></td>
<td>Describe them, know them</td>
</tr>
<tr>
<td>What makes your solution better than your competitor’s?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Revenue Streams
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 have a company credit card with a $2000 limit. I need to get approval from my boss. This is unbudgeted so I need to wait until the next budget cycle. We prefer to buy under a long term contract.
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 too 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.

Credit: askwonder.com
Keys for Product-Market fit AND beyond

• Listen to customers general needs!
• Identify who is the one paying
• Understand their buying habits
Prepared for the high school student audience by
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