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**Social Innovation Brokers**  
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## **GUIDEBOOK FOR TRAINERS & TRAINEES: [MODULE 4.2.3](#)**

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## Social Innovation Brokers

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## Tool 16: Visualizing different business models & The Business Model Canvas

### What is a business model?

A business model is the foundation of any company, describing how the organization generates value and makes profits. It is a general description of how a company creates value for its customers, makes money and operates in the marketplace. It is how a company organizes its resources, processes, and relationships with customers and partners to achieve its business goals. There are many different business models, some of which are more common and popular in specific industries or sectors of the economy.

Here are some examples of popular business models:

- Manufacturer margin-based model - i.e. bakery
- Subscription-based business model - a company offers its products or services on a subscription or subscription basis, such as paid streaming services, digital content services, or membership packages to clubs or organizations.
- Product sales business model - the company generates revenue by selling physical products to its customers. Examples of such business models include a traditional retail store, a manufacturer that sells its products directly to consumers, or e-commerce platforms.
- Consulting business model - a company offers consulting, advisory, training or coaching services and generates income based on its knowledge and expertise.

### Good Resource: St. Gallen Business Model Navigator

The St. Gallen Business Model Navigator, also known as SGBM Navigator, is a tool developed by professors at the University of St. Gallen in Switzerland to describe,

analyze and design business models. It is a popular tool used in the field of strategic management and innovation to help companies develop new business models or optimize existing ones. SGBM Navigator focuses on the process of managing innovation and business strategy, not just on ready-made business model templates.

The creators of SGBM wrote a book titled “**The Business Model Navigator: 55 Models That Will Revolutionize Your Business**”. This book is a good resource describing 55 different existing business models and explaining the reasoning behind SGBM.

Takeaways:

- Business models are often composed of repeatable patterns
- Familiar patterns can be an inspiration and a source of learning through analogy
- A new combination of known patterns can bring success

Links:

- <https://pdf.helion.pl/namobi/namobi.pdf> - free preview of the book “The Business Model Navigator: 55 Models That Will Revolutionize Your Business”
- <https://www.empik.com/nawigator-modelu-biznesowego-55-modeli-ktore-zrewolucjonizuja-twoj-biznes-gassmann-oliver-frankenberger-karolin-csik-michaela,p1130442157,ksiazka-p> - link to buy the book
- [Article about SGBM summarizing already existing 55 business models](#)

## Examples of business models used in social enterprises

Here are some examples of business models used in social enterprises:

- Hybrid funding business model - Social enterprises often use a variety of funding sources, such as grants, social investments, profits from the sale of products or services, or partnerships. That allows them to sustain their

social activities while generating income from the business part of their model.

- Business model based on social partnerships - social enterprises often enter partnerships with other social organizations, government institutions, NGOs or the private sector - to work together to solve social and environmental problems. These can include strategic partnerships, consortia or collaborative initiatives.
- Community-based business model - social enterprises often build communities around their social goals and involve their members in their activities. These can include memberships, loyalty programs, or social platforms.
- Education and training business model - social enterprises often offer education, training or consultation programs to develop social, health or environmental competencies. These can include paid courses, social development programs or community education initiatives.
- Business model based on social products or services - social enterprises often offer products or services that aim to solve specific social problems, such as green products, health services or innovative social solutions. Income generated from the sale of these products or services can be reinvested in the further development of the social organization.
- Social commerce business model - social enterprises can sell products from local producers, community organizations, or handicrafts made by people with disabilities. This way, they promote ethical and sustainable consumption while generating income to support their social activities.
- Crowdfunding business model - social enterprises can use crowdfunding platforms where the community can invest in their social activities in exchange for shares in the company or products/services. That provides them funding to advance their social mission while involving the community in decision-making processes.
- Community service business model - social enterprises often offer various social services, such as psychological support, social assistance, or legal counseling. Income can come from fees for these services, grants, or

contracts with public institutions.

- Payment-for-use business model - An example might be a social enterprise that provides tools or equipment for work on a rental basis, paid for by users based on time or a number of uses. Income in such a case comes from fees for the provided equipment or tools.
- Grant-based business model - Income in such a case comes from the grants received, which are allocated to specific projects or social goals.
- Donation-based business model - An example would be a social enterprise that raises funds from donors or sponsors for its social activities. Income comes from donations from individuals, foundations, or companies that believe in the mission and goals of the social enterprise.

## Business Model Canvas

The Business Model Canvas, also known as the "Business Model Map," is a simple diagram that consists of 9 boxes that represent the key elements of a business model, i.e. customer segments, value proposition, distribution channels, customer relationships, revenue sources, key resources, key activities, strategic partners and cost structure. Each field can be filled with post-its or notes, allowing for a flexible and dynamic exploration of different options.

## Advantages of the BMC

- all important information about the company is on one sheet of paper
- you can easily modify individual fields and thus test different business models
- BMC is a clear source of information for stakeholders
- you can point out the weaker parts of the model and quickly improve them
- clearly defined elements of the business model allow you to avoid mistakes

- the business model template helps you make important decisions and manage processes
- BMC's premise focuses on customers and their needs allowing to create a tailored offering that meets the expectations of your audience

## History of the BMC

The history of the Business Model Canvas dates back to the 1990s, to the work of Alex Osterwalder - a Swiss entrepreneur, researcher and author of best-selling management books. Osterwalder noted that many companies have difficulty understanding and refining their business models, which often leads to failure in the market. Inspired by this problem, Osterwalder began researching the creation of a simple but comprehensive tool that would allow entrepreneurs to visualize and analyze their business model. In 2004, he published his first research on the subject. In 2010, with Yves Pigneur, he published the book "Business Model Generation," which introduced the Business Model Canvas as a tool for designing and optimizing business models. Since its launch, Business Model Canvas has gained enormous popularity as a tool for designing, analyzing and optimizing business models. It has been adopted around the world as an effective tool to help innovate, strategize and grow businesses.



## Elements of the BMC

I want to develop a clear plan  
on how to grow my idea into something bigger

### BUSINESS MODEL CANVAS

<p><b>Who will help you?</b> <b>KEY PARTNERS</b></p> <p>Who are your key partners/suppliers? What are the most important motivations for the partnerships?</p>	<p><b>How do you do it?</b> <b>KEY ACTIVITIES</b></p> <p>What key activities does your value proposition require? What activities are most important for your distribution channels, customer relationships, revenue streams etc?</p>	<p><b>What do you do?</b> <b>VALUE PROPOSITION</b></p> <p>What core value do you deliver to your audience? Which needs are you satisfying?</p>	<p><b>How do you interact?</b> <b>AUDIENCE RELATIONSHIPS</b></p> <p>What relationship does the target audience expect you to establish? How can you integrate that into your work in terms of cost and format?</p>	<p><b>Who do you help?</b> <b>AUDIENCE SEGMENTS</b></p> <p>Which groups are you creating value for? Who is your most important audience?</p>
<p><b>What will it cost?</b> <b>COST STRUCTURE</b></p> <p>What are the most important costs in your work? Which key resources/ activities are most expensive?</p>	<p><b>What do you need?</b> <b>KEY RESOURCES</b></p> <p>What key resources does your value proposition require?</p>	<p><b>How do you reach them?</b> <b>DISTRIBUTION CHANNELS</b></p> <p>Through which channel does your audience want to be reached? Which channels work best? How much do they cost? How can they be integrated into your and your audiences routines?</p>	<p><b>How much will you make?</b> <b>REVENUE STREAM</b></p> <p>For what value are your audiences willing to pay? What and how do they recently pay? How would they prefer to pay? How much does every revenue stream contribute to the overall revenues?</p>	

- Customer Segments - This section describes the groups of customers the company intends to serve, i.e. their demographics, behavior, preferences, and needs.
  - Who is the product/service being developed for?
  - Who might be a potential customer and why?
  - Who will be able to pay for the product?
- Value Propositions - This section describes the value the company provides to its customers, i.e. products, services, experiences, solutions or innovations that meet specific customer needs. The value proposition should be unique and attractive in the eyes of customers.
  - What value do we offer the customer?
  - Which customer problems do we help solve?

- Which customer needs do we satisfy?
  - What sets of products and services do we offer to each customer segment?
  - What matters most to customers?
  - What is the greatest value to them?
- **Distribution Channels** - This section describes the means by which the company will reach its customers, i.e. through traditional channels such as stationary sales, wholesale distribution or e-commerce, as well as innovative channels such as mobile apps, online platforms or social media.
    - What are the channels through which our customers would like to be reached?
    - How are we reaching them now?
    - Are our channels integrated?
    - How do I interact with my customers?
    - What channels do I want to use?
    - What methods work best?
    - What costs are generated by each channel?
  - **Customer Relationships** - This section describes how the company builds and maintains relationships with customers.
    - What type of relationship does a particular customer segment expect from us?
    - Can I meet those expectations?
    - What kind of relationships have we established so far?
    - How much do they cost?
    - How integrated are they with the rest of our model?
    - Who/what are you to the customer?
    - What role do you play in his/her life?
    - Does loyalty matter?
    - Are you easily replaceable?

- Revenue Streams - This section describes the company's main sources of revenue, i.e. product sales, services, subscriptions, licenses, advertising or other forms of revenue generation.
  - What are your customers paying for now and what value would they be willing to pay for?
  - How do our customers pay?
  - How would they like to pay?
  - What is the share of a particular stream in total earnings?
- Key Resources -This section describes the essential resources, i.e. knowledge, technology, infrastructure, people, finance or other resources needed to implement the business model.

What resources do we need to:

  - create our offer?
  - carry out distribution?
  - maintain relationships?
  - Generate revenue?
- Key Activities - This section describes the key activities that the company must undertake to realize its value proposition, i.e. production, service delivery, marketing, customer relationship management or other activities that are essential to the operation of the business.
  - How do I create my offer?
  - What does my day look like?
  - What do I do the most?
  - What do others in my company do?
- Key Partners - This section describes the partners with whom the company establishes partnerships to increase its competitiveness, i.e. suppliers, distributors, allies, coalitions or other entities that support the

implementation of the business model.

- Who are our partners?
  - Who are the key suppliers?
  - Which Key Resources do we receive from partners?
  - Which Key Activities do partners provide?
- 
- Cost Structure - This section describes the cost structure of the company, i.e. production, distribution, marketing costs, customer service, employment or other operating costs.
    - Which costs are most important?
    - Which Key Resources and Activities are the most expensive?