BUSINESS MODEL CANVAS

Design & Validation Module | Week 3

Module Duration	1 Week (4-7 hours)
Prerequisites	Weeks 1-2: Market Research
Tools Required	PlanAI Platform Access
Deliverables	Complete BMC + AI Analysis

PlanAI Enterprise Training Program

Table of Contents

1. Introduction to Business Model Canvas

The Business Model Canvas (BMC) is a strategic management tool that allows you to visualize, design, and iterate on your business model using a single-page diagram. Developed by Alexander Osterwalder and Yves Pigneur, the BMC has become the global standard for describing how organizations create, deliver, and capture value.

Unlike traditional business plans that span dozens of pages, the BMC forces clarity and conciseness. It's designed for iteration—you'll revisit and refine your canvas as you learn more about your market, test assumptions, and evolve your strategy. This module teaches you to leverage PlanAI's BMC tools to design, analyze, and validate your business model.

Why Use the Business Model Canvas?

- **Clarity:** Forces you to articulate how your business actually works in concrete terms
- **Alignment:** Creates shared understanding across teams, investors, and stakeholders
- **Iteration:** Enables rapid hypothesis testing and business model pivots
- **Completeness:** Ensures you've considered all critical business components
- **Communication:** Provides a visual tool for pitching and strategic discussions

Connecting Market Research to Business Model

Your work from Weeks 1-2 feeds directly into this module. The market research and competitive intelligence you gathered informs every block of your canvas—from identifying customer segments to understanding how competitors structure their value propositions and revenue models. Keep your research findings close as you build your BMC.

2. Learning Objectives

By the end of this module, you will be able to:

- ✓ Explain the purpose and structure of the Business Model Canvas framework
- ✓ Complete all nine building blocks with relevant, specific content
- ✓ Identify dependencies and relationships between canvas blocks
- ✓ Use PlanAI's AI-powered tools to generate and refine BMC content
- ✓ Analyze your business model for completeness and coherence
- ✓ Identify gaps, risks, and opportunities in your business model
- ✓ Version and iterate on your canvas as assumptions are tested
- ✓ Present your business model clearly to stakeholders and investors

How This Module Connects

← Week 1-2 (Market Research): Customer segments, competitive positioning, market sizing

→ Week 4 (Strategy): Growth strategies built on your business model foundation

→ Week 6 (Pitch Deck): BMC content feeds directly into investor presentations

→ Week 7-8 (Financials): Revenue streams and cost structure inform financial models

3. The Nine Building Blocks

The Business Model Canvas consists of nine interconnected building blocks that together describe how your business creates and captures value. Understanding the purpose of each block—and how they relate to one another—is essential for effective business model design.

Key Partners	**Key Activities**	**Value Propositions**	**Customer Relationships**	**Customer Segments**
	Key Resources		**Channels**	
Cost Structure			**Revenue Streams**	

Figure: Business Model Canvas Layout

Block	Core Question	Focus Area
Customer Segments	Who are we creating value for?	Target markets, personas, niches
Value Propositions	What value do we deliver?	Products, services, benefits
Channels	How do we reach customers?	Distribution, communication, sales
Customer Relationships	How do we interact with customers?	Acquisition, retention, growth
Revenue Streams	How do we earn money?	Pricing, payment models
Key Resources	What do we need to deliver value?	Assets, IP, people, capital
Key Activities	What must we do well?	Operations, production, problem-solving
Key Partners	Who helps us succeed?	Suppliers, alliances, networks
Cost Structure	What are our major costs?	Fixed, variable, economies

4. Value Proposition & Customer Segments

These two blocks form the heart of your business model. Everything else exists to support the connection between what you offer and who you serve. Start here when building your canvas.

Customer Segments

Define the different groups of people or organizations you aim to serve. Your market research from Weeks 1-2 provides the foundation for this block.

- **Mass Market:** No distinction between segments; broad appeal (e.g., consumer electronics)
- **Niche Market:** Specialized, focused on specific customer needs (e.g., luxury goods)
- **Segmented:** Distinct segments with slightly different needs (e.g., banking tiers)
- **Diversified:** Serving unrelated segments (e.g., Amazon: retail + cloud services)
- **Multi-sided:** Two or more interdependent segments (e.g., platforms connecting buyers/sellers)

Questions to Answer for Customer Segments

- Who are our most important customers?
- What are their demographics, behaviors, and needs?
- Which customer segments are we choosing NOT to serve?
- How large is each segment? (Reference your TAM/SAM/SOM analysis)
- What jobs are they trying to get done?

Value Propositions

Describe the bundle of products and services that create value for each customer segment. Your value proposition is the reason customers choose you over competitors.

- **Newness:** Satisfying entirely new needs customers didn't know they had
- **Performance:** Improving product or service performance
- **Customization:** Tailoring to specific needs of segments
- **Getting the Job Done:** Helping customers complete specific tasks
- **Design:** Superior aesthetics or user experience
- **Brand/Status:** Value derived from using a particular brand
- **Price:** Offering similar value at lower price
- **Cost Reduction:** Helping customers reduce their costs
- **Risk Reduction:** Reducing risks customers face
- **Accessibility:** Making products available to new customers
- **Convenience:** Making things easier or more convenient

The Value Proposition Canvas

For deeper analysis, use the Value Proposition Canvas—a detailed view of the fit between your value proposition and customer segment:

Customer Profile	Value Map
Jobs: Tasks customers try to accomplish Pains: Frustrations, obstacles, risks Gains: Desired outcomes, benefits	Products & Services: What you offer Pain Relievers: How you address pains Gain Creators: How you create gains

■ **Pro Tip:** Achieve "fit" when your value map addresses the most important jobs, pains, and gains in your customer profile. You don't need to address everything—focus on what matters most and what you can deliver better than competitors.

5. Channels & Customer Relationships

Channels

Channels describe how you communicate with and reach your customer segments to deliver your value proposition. Effective channel design considers the entire customer journey.

Phase	Purpose	Example Channels
Awareness	How do customers learn about us?	Advertising, PR, content marketing, SEO
Evaluation	How do we help customers evaluate?	Website, demos, free trials, reviews
Purchase	How do customers buy?	E-commerce, sales team, retail, partners
Delivery	How do we deliver value?	Direct, logistics, digital download, SaaS
After Sales	How do we provide support?	Help desk, community, account management

- **Direct Channels:** Sales force, web sales, own stores (higher margin, more control)
- **Indirect Channels:** Partner stores, wholesalers, resellers (broader reach, lower margin)
- **Owned vs. Partner:** Balance control and reach based on your resources and strategy

Customer Relationships

Define the type of relationship you establish with each customer segment. Relationships range from personal to automated and impact customer acquisition, retention, and growth.

Type	Description	Best For
Personal Assistance	Human interaction during/after sales	Complex B2B, high-value customers
Dedicated Account Mgmt	Dedicated rep for individual clients	Enterprise sales, key accounts
Self-Service	No direct relationship; enable DIY	Mass market, low-touch products
Automated Services	Self-service + automated processes	SaaS, subscription businesses
Communities	User communities for peer support	Tech products, enthusiast markets
Co-Creation	Customers help create value	Platforms, user-generated content

6. Revenue Streams & Cost Structure

Revenue Streams

Revenue streams represent the cash your company generates from each customer segment. Consider both the type of revenue and the pricing mechanism.

Revenue Type	Description	Examples
Asset Sale	Selling ownership of physical product	Retail, manufacturing, e-commerce
Usage Fee	Charging based on service usage	Cloud computing, utilities, telecom
Subscription	Recurring fee for continuous access	SaaS, streaming, memberships
Licensing	Permission to use intellectual property	Software, patents, franchising
Brokerage Fee	Fee for intermediation services	Real estate, recruiting, marketplaces
Advertising	Fees for displaying advertisements	Media, platforms, free services

• **Fixed Pricing:** List price, product feature dependent, customer segment dependent, volume dependent

• **Dynamic Pricing:** Negotiation, yield management, real-time market, auctions

Cost Structure

Describe all costs incurred to operate your business model. Understanding your cost structure helps identify opportunities for efficiency and informs pricing decisions.

Cost Category	Characteristics	Examples
Fixed Costs	Remain same regardless of volume	Salaries, rent, equipment leases
Variable Costs	Vary proportionally with volume	Materials, commissions, hosting
Economies of Scale	Per-unit costs decrease with volume	Bulk purchasing, efficiency gains
Economies of Scope	Costs decrease by expanding scope	Shared infrastructure, cross-selling

Cost-Driven vs. Value-Driven

Some business models focus on minimizing costs (discount retailers, budget airlines), while others focus on value creation with less concern for cost (luxury brands, premium services). Most businesses fall somewhere in between. Know where you stand.

7. Key Resources, Activities & Partners

Key Resources

The most important assets required to make your business model work. Resources can be owned, leased, or acquired from partners.

- **Physical:** Facilities, vehicles, machines, systems, distribution networks
- **Intellectual:** Brands, patents, copyrights, data, trade secrets, partnerships
- **Human:** Skilled employees, knowledge workers, creative talent
- **Financial:** Cash, credit lines, stock options, investor commitments

Key Activities

The most important things your company must do to make the business model work. Activities differ by business model type.

- **Production:** Designing, making, delivering products (manufacturing, development)
- **Problem Solving:** Creating solutions for individual customers (consulting, hospitals)
- **Platform/Network:** Managing platforms, promoting, matching supply/demand

Key Partners

The network of suppliers and partners that make the business model work. Partnerships are created for optimization, risk reduction, or resource acquisition.

Partnership Type	Purpose	Example
Strategic Alliances	Non-competitor collaboration	Co-marketing agreements
Coopetition	Partnership with competitors	Industry standards bodies
Joint Ventures	New business development	Entering new markets together
Buyer-Supplier	Reliable supply assurance	Exclusive supplier agreements

■ Key Concept: The Infrastructure Triangle

Key Resources, Key Activities, and Key Partners form your business infrastructure. They work together to deliver your value proposition. When designing this part of your canvas, ask: "What resources do we need? What activities must we perform? Which can partners provide?"

Outsourcing non-core activities to partners lets you focus resources on what differentiates you.

8. AI-Powered Analysis in PlanAI

PlanAI's Business Model Canvas module provides AI-powered tools to help you generate, analyze, and refine your business model. This section covers how to leverage these capabilities effectively.

8.1 Generating BMC Content

PlanAI can generate content for each canvas block based on your company description and industry context. The workflow:

1. Navigate to the Business Model Canvas module
2. Enter your company name and description
3. Provide industry context (from your market research)
4. Select which blocks to generate (individual or all)
5. Review generated content and refine as needed
6. Save your canvas version

8.2 Analyzing Model Completeness

After populating your canvas, use PlanAI's analysis feature to evaluate your business model. The AI examines:

- **Completeness Check:** Are all nine blocks sufficiently detailed?
- **Coherence Analysis:** Do the blocks logically support each other?
- **Gap Identification:** What's missing or underdeveloped?
- **Risk Assessment:** What assumptions carry the most risk?
- **Opportunity Spotting:** Where might you expand or pivot?

8.3 Industry Templates

PlanAI offers industry-specific BMC templates as starting points. Available templates include SaaS, E-commerce, Healthcare, FinTech, and EdTech. These provide industry-relevant examples and common patterns to accelerate your canvas development.

8.4 Versioning & Iteration

Business models evolve. PlanAI allows you to save multiple versions of your canvas to track iterations and test different configurations. Best practices:

- Save a version before making major changes
- Name versions descriptively (e.g., 'v2-subscription-model', 'v3-b2b-pivot')
- Document what changed and why in Notes
- Compare versions to evaluate strategic pivots

9. Hands-On Exercises

Exercise 1: Customer Segment & Value Prop Deep Dive (45 min)

1. Review your market research from Weeks 1-2
2. Define 1-3 customer segments with specific characteristics
3. For each segment, list their top 3 jobs, pains, and gains
4. Draft your value proposition for each segment
5. Use PlanAI to generate and compare AI suggestions
6. Refine and save to your canvas

Exercise 2: Complete Canvas Draft (60 min)

1. Open the Business Model Canvas module in PlanAI
2. Enter your company description and industry
3. Generate AI content for all nine blocks
4. Review each block critically—what's accurate? What needs refinement?
5. Edit and customize each block with your specific details
6. Save as 'Version 1 - Initial Draft'

Exercise 3: Analysis & Gap Identification (30 min)

1. Run PlanAI's business model analysis on your canvas
2. Review the completeness and coherence scores
3. Document identified gaps in Notes
4. Prioritize which gaps to address first
5. Research what's needed to fill critical gaps

Exercise 4: Canvas Iteration (45 min)

1. Address the top 3 gaps identified in Exercise 3
2. Refine blocks based on AI analysis recommendations
3. Ensure coherence—do channels match customer relationships?
4. Verify revenue streams align with value propositions
5. Save as 'Version 2 - Refined'

10. Assessment & Deliverables

Deliverable: Complete Business Model Canvas with AI Analysis

Due: End of Week 3

Required components:

- ■ All nine blocks completed with specific, relevant content
- ■ Customer segments clearly defined with supporting market research
- ■ Value proposition articulated for each customer segment
- ■ Revenue streams and cost structure logically consistent
- ■ AI analysis run and documented
- ■ At least 2 versions saved showing iteration
- ■ Gap analysis with prioritized action items
- ■ Key assumptions identified and documented in Notes

Criteria	Excellent (90-100%)	Proficient (70-89%)	Developing (<70%)
Completeness	All blocks detailed and specific	All blocks filled, some generic	Missing or very vague blocks
Coherence	Blocks clearly support each other	Mostly coherent with minor gaps	Disconnected or contradictory
Customer Focus	Deep understanding of segments and needs	Reasonable segment definition	Vague or assumed customer knowledge
Iteration	Multiple versions with clear improvements	Some refinement shown	Single draft, no iteration
Analysis	Thorough gap analysis with action plan	Gaps identified, basic prioritization	No analysis or reflection

11. Key Takeaways & Next Steps

Module Summary

You now have a complete Business Model Canvas that articulates how your business creates, delivers, and captures value. This canvas becomes a living document—revisit it as you learn more and as market conditions evolve.

Key Takeaways

✓ **The canvas is a hypothesis** — treat each block as an assumption to validate
✓ **Customer segments and value proposition are foundational** — get these right first
✓ **Blocks are interconnected** — changes in one area cascade to others
✓ **Iteration is expected** — save versions and document your evolution
✓ **Use AI as a thought partner** — generate options, but apply your judgment

Preparing for Week 4: Strategy Analysis

Next week builds on your BMC to develop growth strategies. To prepare:

- Review your canvas—which blocks offer the most growth potential?
- Identify your strongest competitive advantages from the BMC
- Consider where you're most vulnerable to competition
- Think about margin expansion opportunities in your cost structure
- Explore the Strategy Analysis module in PlanAI

■ **Success Checkpoint**

Before moving to Week 4, ensure you can answer 'yes' to these questions:

■ Can I explain each of the nine BMC blocks and their purpose?
■ Is my canvas complete with specific, non-generic content?
■ Have I run AI analysis and addressed major gaps?
■ Do I have at least 2 saved versions showing iteration?
■ Can I present my business model clearly in 5 minutes?