

Session 2

The Non-Profit Business Model Canvas

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To



January 30th 2018



Workshop Outline

- What is a Business Model?
- What is the Business Model Canvas?
- How does it help me understand running non-profit programs?
- Section by section break-down of the BMC
- Discussion

What is a Business Model?

A business model is an intentional & structured approach to creating value for your client through the consistent delivery of a desired service or product.

What is the BMC?

The Business Model Canvas is a strategic management template for developing new or documenting existing business models.

It assists organisations in aligning their activities by illustrating potential trade-offs.

What is the BMC?

The Business Model Canvas is

- A quick tool to review how well your new or active services fit with your clients, members or financial partners.
- It will help you convince yourself & your team that you have a winning idea worth taking a risk on.

What is the BMC?

The Business Model Canvas is NOT

- A business plan
- It will not get you financing

But I'm running a non-profit!

Non-profits are less obsessed with generating large profits, but they shouldn't be any less interested in creating quality services or products.

Even non-profits have quality standards to maintain and people to satisfy!

But I'm running a non-profit!

The principles behind the BMC will help you to evaluate your structure and better understand what are the essential building blocks of any project or organisation.

We'll focus today on how it has been adapted for the non-profit and social enterprise context using a case study:

A raised bed garden project.

NONPROFIT BUSINESS MODEL CANVAS

TEMPLATE VER 1.0



OPERATIONS LEVEL

ENGAGEMENT LEVEL

KEY PARTNERS

Who are our key partners and suppliers?
Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?

Example partnerships:

1. Strategic alliances between non-competitors
2. Coopetition: strategic partnerships between competitors,
3. Joint ventures to create new "x"
4. Cause Marketing alliances
5. Advocacy alliances
6. Buyer-supplier relationships to assure reliable supplies.

KEY ACTIVITIES

Which key activities do our social value propositions require? What activities are needed to sustain operations? Examples:

- | | |
|----------------|---------------------|
| 1. marketing | 6. training |
| 2. campaigns | 7. networking |
| 3. events | 8. research |
| 4. production | 9. service delivery |
| 5. development | |

KEY RESOURCES

Which Key Resources do our Value Propositions require? What other key resources are needed at the engagement level? The operations level? Examples:

- | | |
|-----------------|--------------|
| 1. physical, | 3. human |
| 2. intellectual | 4. financial |

SOCIAL VALUE PROPOSITIONS

What programs and services do we deliver?
What are we trying to solve? What value do we deliver to co-creators? What's in it for our co-creators?

RELATIONS

What kind of relationships do co-creators want from us? What bonds do we establish and maintain with them? Examples:

1. community
2. co-creation
3. accountability
4. self-service
5. direct action
6. automated services

CHANNELS

How do we reach co-creators? How do they want to be reached re: the delivery of our Value Propositions? How do we provide ongoing communications, support, and awareness? Examples:

- | | |
|-------------------|-------------------------|
| 1. brick + mortar | 4. purchase touchpoints |
| 2. online | |
| 3. mobile | |

CO-CREATORS

Who are our stakeholders? For whom are we creating value? Who helps us create Outcomes or our Value Propositions?

Examples:

- | | |
|--------------------|-------------------|
| CATEGORY 1 | CATEGORY 2 |
| 1. investors | 1. clients |
| 2. philanthropists | 2. constituencies |
| 3. high donors | 3. recipients |
| 4. low donors | |

- | | |
|--|-------------------|
| CATEGORY 3 | CATEGORY 4 |
| 1. volunteers | 1. customers |
| 2. participants | 2. members |
| 3. collaborative partnerships [nonprofits/for-profits] | |
| 4. advocacy | |

COST STRUCTURE

What does it really cost to run our nonprofit operations? What costs are inherent in our business model? Which Key Resources and Activities are the most expensive? What does it cost to run and maintain the Operations Level?

Examples:

1. OpEx, overhead, and administrative costs.
2. fixed costs, variable costs, economies of scale / scope.

OUTCOME STREAMS

What value is the co-creator truly willing to return or contribute? What routines and processes do they prefer? Mission related milestones?

1. FINANCIAL OUTCOMES: donations, grants, sales proceeds, x revenue, membership sign-ups, one-time transactions, recurring transactions
2. NON-FINANCIAL OUTCOMES: behavior change, x social impact, mission-related milestones and outcomes, membership sign-ups

Social Value Proposition

What we do (the programs & services) that delivers value to our co-creators (stakeholders)

It's why students participate in your programs;

Why parents pay for extra services;

Why schools dedicate budgets to your programs.

They see the value!

Social Value Proposition

SVP

(social value proposition)

What programs and services do we deliver?

What problems or challenges are we trying to solve? What value do we deliver to co-creators? What's in it for our co-creators?

Co-Creators (stakeholders)

Co-creators are all the individuals and organisations that benefit from and/or support your programs & services.

1. Service recipients (generally students)
2. Investors & donors
3. Volunteers & advocates

Co-Creators (stakeholders)

CO-CREATORS

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Examples:

CATEGORY 1

1. investors
2. philanthropists
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4. low donors

CATEGORY 2

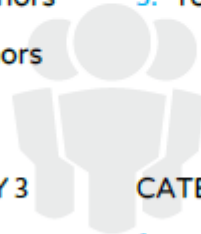
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CATEGORY 3

1. volunteers
2. participants
3. collaborative partnerships
4. advocacy

CATEGORY 4

1. customers
2. members



Channels

- Channels are the ways and places in which we interact with our co-creators.
- Every part of how we interact with them is important, and collectively represents how they understand who we are and what we do.
- The goal is consistency. Your co-creator should know what to expect from you, and get what they expect, or more!
- Expectations will vary!

Channels

CHANNELS

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1. brick + mortar
2. online
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4. purchase touchpoints

Relations

- All of us develop relationships with the different businesses and organisations we encounter on a regular basis.
- Some relationships are direct and involved, some are virtual or even automated.
- What kind of relationship do you want to have with your co-creators?
- What kind of relationship do they want to have with you?

Relations

RELATIONS

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Outcome Streams

- Businesses expect revenue streams for their efforts, NPOs seek outcomes because we are mission oriented.
- If you're creating value (through your impact) people who support the initiative will choose to contribute to the project in different ways. Some financial, others in kind.

Outcome Streams

OUTCOME STREAMS

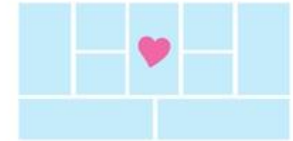
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Mission related milestones?

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Key Activities

- Key activities are the actions we take to make our Social Value Proposition happen. They take up time, and sometimes cost money too.
- Understanding these needs will lead to a more complete portrait of the costs of your project.

Key Activities

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Key Resources

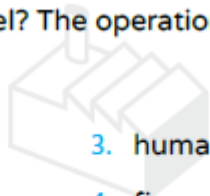
- All projects will require a mix of these 4 resources categories to be viable:
- **Physical** - equipment and infrastructures
- **Intellectual** - intellectual property
- **Human** - the sweat & tears of labour!
- **Financial** - \$\$\$

Key Resources

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Key Partners

- Key Partners are individuals, businesses, organisations or institutions that will help you deliver high quality outcomes to your co-creators
- They are our suppliers of raw materials or essential services
- They are people we outsource work to because they can do it more cost effectively than we can
- They are our allies, supporters & volunteers

Key Partners

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Cost Structure

- Looking at our nearly complete canvas, we can now try to list out our major expenses.
- Because costs vary, it's important to identify
 - One time expenses
 - Ongoing expenses
 - fixed expenses (like rent)
 - variable expenses (like costs per student)

Cost Structure

COST STRUCTURE

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So what do I do with this?

- Each CLC has a number of different active projects at any given time.
- When you're trying to decide what new project to pursue, you can use this framework to evaluate the costs in both time and dollars.
- It will help you to list & evaluate how many NEW resources you're going to need to find to start up a proposed project

So what do I do with this?

- Once familiar with the tool, it's a quick & easy way to see how new or old projects fit with each other.
 - The projects are aimed at the same groups of students and line up with the interests of your already engaged supporters
 - You already have a good proportion of the resources needed
 - What you don't have can be provided by a member of the local community

Resources & Sources

The original Business Model Canvas:

- [Business Model Generation](#) by Strategizer

The Non-Profit & Social Business Model Canvas:

www.skylance.org/nonprofit-business-model-canvas

cscuk.dfid.gov.uk/wp-content/uploads/2016/07/BMC-for-Social-Enterprise.pdf

- **Growing Gardens Project:**
www.growing-gardens.org

Discussion

- Questions, comments, concerns & critiques are welcome!

Next Session

February 13th 10:00am

The Sustainability Mindset

- Explore how the 'Sustainability Mindset' can help you to evaluate diverse programs and make tough decisions about time and budget allocations.
- Help you to develop a matrix that gives you a bird's eye view of the CLC, particularly the impact and costs of its programs.