



P E N N S Y L V A N I A

Small Business Development Center
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Helping businesses start, grow, and prosper.

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Using the Value Proposition and Business Model Canvases January 2020

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The **Business Model Canvas** is a strategic management template for

- developing new enterprise ideas
- documenting existing, core aspects of a business
- determining what a proposed change will do to the current business balance, to chart feasibility of expansion, diversification, or consolidation of activities

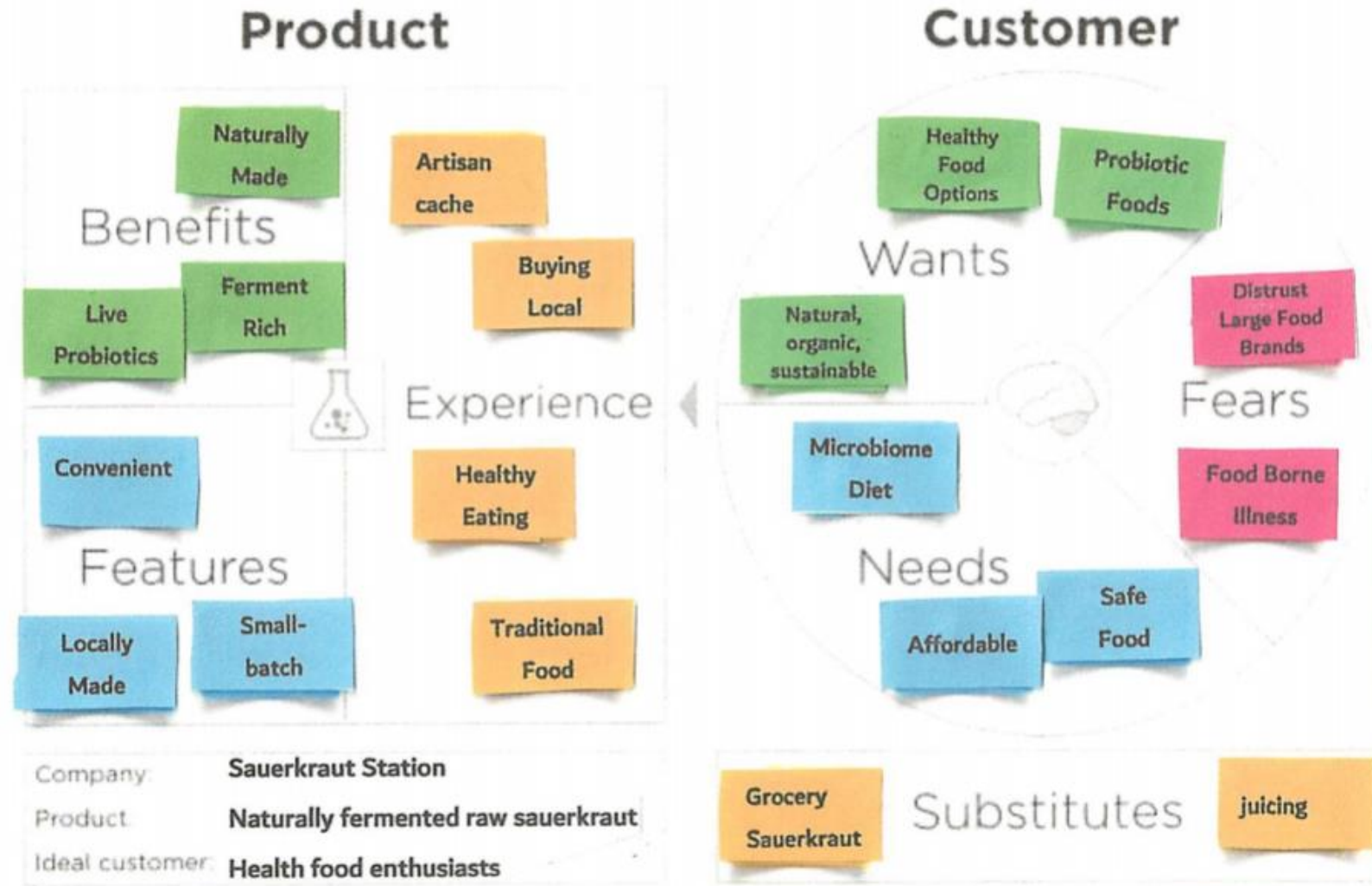
It is a visual chart with elements describing a company's or product's value proposition, infrastructure, customers, and finances. It assists business owners in aligning their activities by illustrating potential trade-offs. While this one-page document could never replace a written business plan, it does provide an overview of the multiple facets of an enterprise in a way that allows the author to change one aspect and more quickly see what other areas of the business might also be affected.

The nine "building blocks" of the business model design template that came to be called the Business Model Canvas were initially proposed in 2005 by Alexander Osterwalder, and have since seen a number of revisions to allow the canvases to apply to specific industries. Additional work on the Value Proposition Canvas has been done by Peter J. Thomson; the formatting of the attached sheets reflects their work.

The sample Value Proposition and Business Plan Canvases attached illustrate the first stage of development for a fictitious food business, "Sauerkraut Station" – a new enterprise that proposes to add value to cabbage that is grown by a local farmer, with subsequent sales made through a food hub, area farmers markets, and health food stores.

"Sticky note" entries for both canvases reflect the comments developed individually by the entrepreneur, through brainstorming of an advisory team, or during a focus group of family and friends. In addition to creating business model comments (on yellow sticky notes) Sauerkraut Station's process identified risk management steps for the business (on red sticky notes) associated with the 9 building blocks. While assessing risk management strategies is not a "requirement" in developing a business model, it provides additional valuable information about the steps that would consciously be taken to mitigate liabilities of making and selling food to the public.

Value Proposition Canvas



The Business Model Canvas

Designed for

Sauerkraut Station

Designed by

Fiona Farmer

On

Location

