Business Model Canvas: A Strategic Management Tool

Prof. Dr. Erika Graf

FRANKFURT UNIVERSITY OF APPLIED SCIENCES

U!REKA EUROPEAN UNIVERSITY

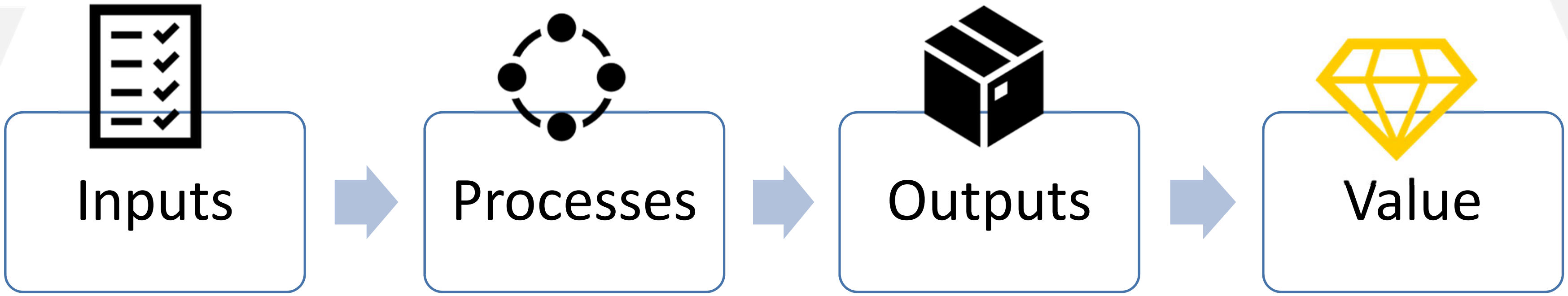
Learning Objectives

- Understand what the Business Model Canvas (BMC) is.
- Learn the 9 building blocks of the BMC.
- Apply BMC to real-world business scenarios.
- Practice designing your own BMC.

What is a Business Model?

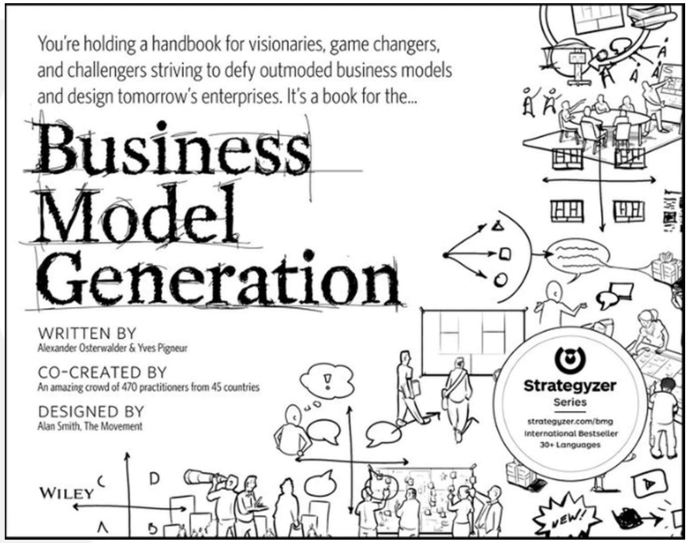
- A business model describes how an organization creates, delivers, and captures value.

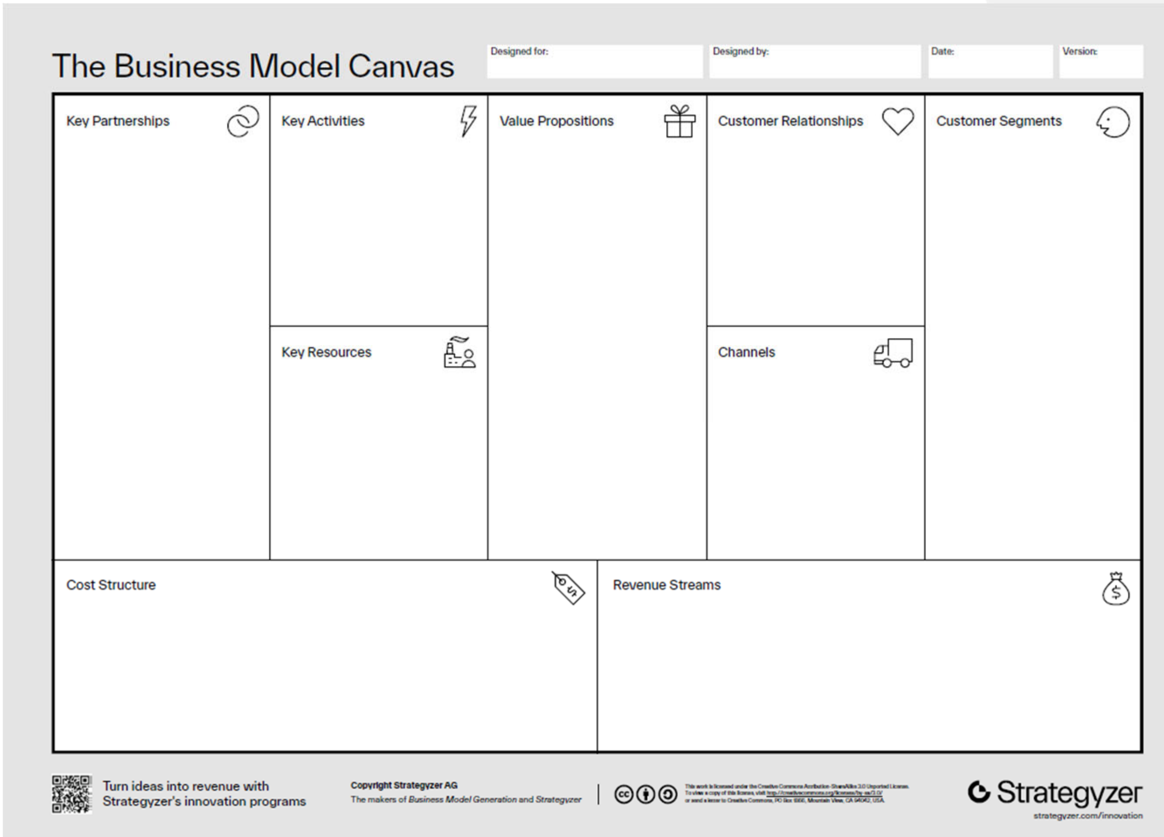
- "A business model is the story of how an organization works." — Joan Magretta



Introduction to the Business Model Canvas

- A strategic management template for developing new or documenting existing business models.
- Developed by Alexander Osterwalder in 2004





The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partnerships

Key Activities

Key Resources

Value Propositions

Customer Relationships

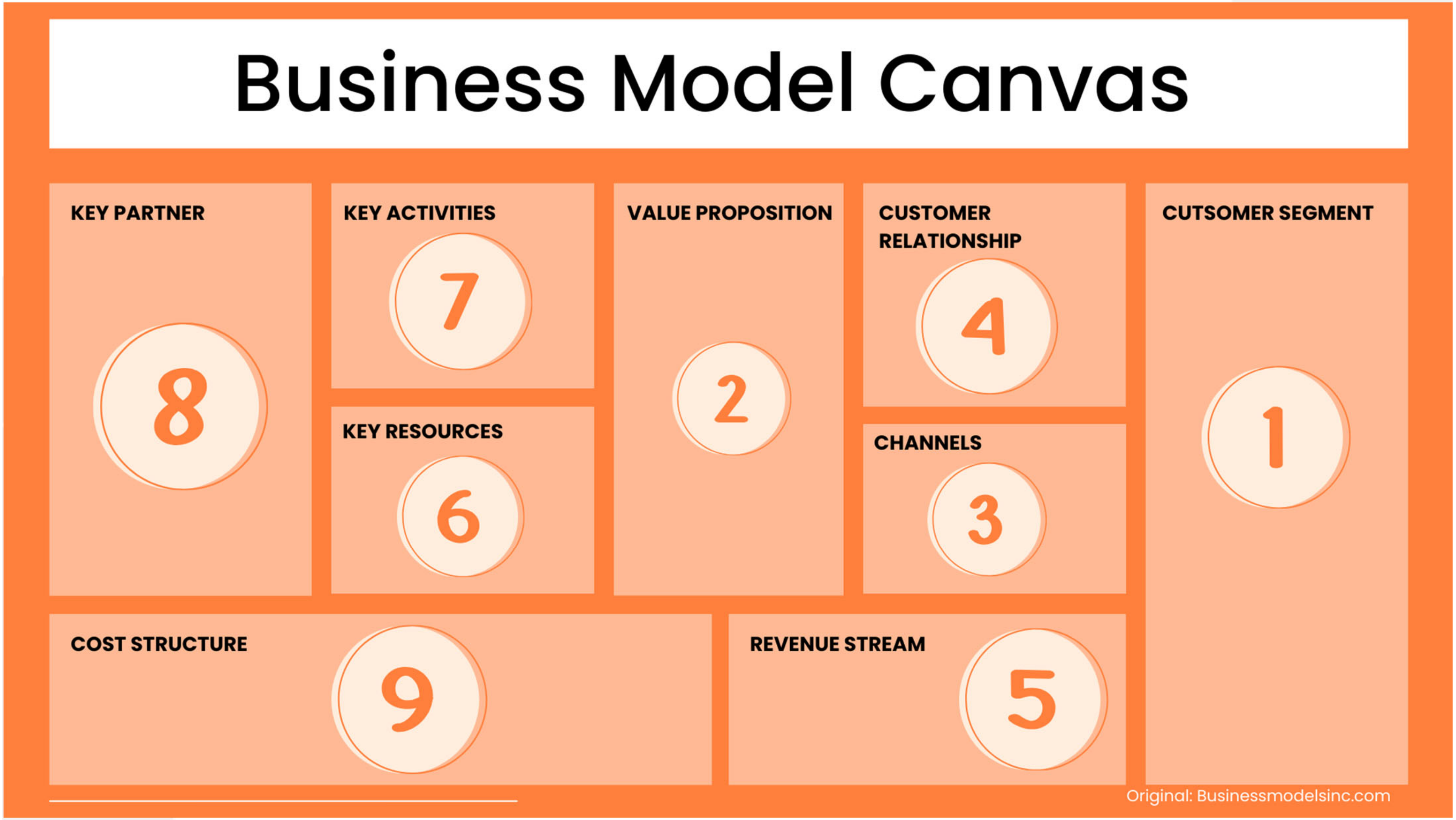
Channels

Customer Segments

Cost Structure

Revenue Streams

Sequence of analysis



Why Use the BMC?


Simplifies complex business models


Provides a shared language


Facilitates innovation and iteration


Encourages strategic thinking


Encourages cross-functional understanding

Building Blocks 1-4

Customer Segments

- Definition: Who are your customers?
- Types: Mass market, niche, segmented, diversified.
- Example: Netflix targets both individual users and families

Value Propositions

- Definition: What value do you deliver?
- Pain relievers and gain creators.
- Example: Apple's seamless user experience.

Channels

- How do you reach your customers?
- Phases: Awareness, Evaluation, Purchase, Delivery, After-Sales.
- Example: Amazon's app, website, lockers.

Customer Relationships

- What type of relationship do customers expect?
- Types: Personal, self-service, automated, communities.
- Example: IKEA's DIY vs. luxury services

Building Blocks 5-9

Revenue Streams	Key Resources	Key Partnerships	Key Activities	Cost Structure
• How does your business earn money? • Types: Transactional vs. recurring. • Example: Spotify’s subscriptions and ads.	• What assets are essential? • Types: Physical, intellectual, human, financial. • Example: Tesla’s proprietary battery tech.	• Who are your suppliers/partners? • Strategic alliances, joint ventures. • Example: Uber + Google Maps API.	• What are your most important activities? • Types: Production, problem-solving, platform. • Example: Airbnb’s platform maintenance	• What are your major costs? • Fixed vs. variable costs. • Example: SaaS companies = high fixed, low marginal costs

Example - Business Model Canvas for **Zoom**

Customer Segments
- Individual users (free/ freemium)
- SMBs
- Large enterprises
- Educational institutions
- Healthcare / Telehealth

Value Propositions
- Reliable, high-quality video/audio
- Easy to use, low friction
- Freemium → adoption
- Scalable: 1:1 to webinars
- Enterprise security & compliance

Channels
- Zoom website / apps
- Resellers / enterprise sales
- Integrations (calendar, LMS)
- Word of mouth / viral invites

Customer Relationships
- Self-service for free users
- Support (chat/email/phone)
- Dedicated account management
- Community & trust
- Customized compliance for sectors

Key Resources
- Technology platform & servers
- Engineering & product teams
- Brand & IP
- Partnerships & integrations
- Support & operations teams

Revenue Streams
- Subscription fees (tiered)
- Freemium → paid upgrades
- Add-ons (webinars, storage, etc.)
- Zoom Rooms hardware
- Enterprise contracts & custom deals
- Usage-based in some cases

Key Partnerships
- Cloud infrastructure providers
- Tool integrations (calendar, LMS)
- Hardware vendors (Zoom Rooms)
- Channel/reseller partners
- Security & compliance partners

Key Activities
- Product development & innovation
- Scaling & infrastructure management
- Customer acquisition & marketing
- Support & onboarding
- Security & compliance maintenance

Cost Structure
- Cloud infra (servers, bandwidth, storage)
- Engineering & R&D
- Security, compliance, privacy
- Sales & marketing
- Support costs
- Hardware (Zoom Rooms)
- Employee salaries & operations
- Disaster recovery & redundancy
- Payment processing & commissions

Workshop / Interactive Exercise

Task: In groups, create a BMC for a new business idea or startup.

Tools: Use **Miro** https://miro.com/signup/ Help: https://help.miro.com/hc/en-us

Canva https://www.canva.com/free/ or **Excel**/**PPT** templates.

Time: 30 minutes, afterwards plenary presentation and discussion

Upload your BMC on CampUAS

Again: Assign roles and responsibilties in you team

Tips for Using the BMC

- Think visually and iteratively.
- Don’t seek perfection—start lean.
- Involve all group members