



SNS COLLEGE OF ENGINEERING

Kurumbapalayam (Po), Coimbatore – 641 107

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**Accredited by NBA – AICTE and Accredited by NAAC – UGC
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DEPARTMENT OF MANAGEMENT STUDIES

COURSE NAME : FINANCIAL SOURCING MANAGEMENT

II YEAR /III SEMESTER

Unit 1 – Business Model Canvas

Recap

- Definition
- Meaning
- What is business plan?
- Needs of business plan
- Components of business plan



Topic





BMC





BUSINESS MODEL CANVAS

Business Model Canvas

It is a strategic management and lean startup template for developing new or documenting existing business models.

It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances.

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



Elements of BMC

1) Customer Segments

Customers comprise the heart of any business model. Without (profitable) customers, no company can survive for long.

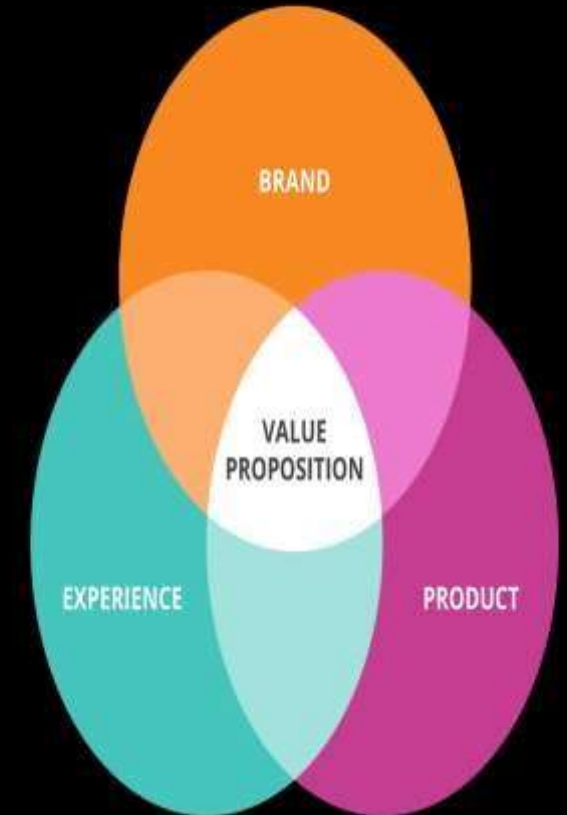
In order to better satisfy customers, a company may group them into distinct segments with common needs, common behaviors, or other attributes. A business model may define one or several large or small Customer Segments.





2) The Value Proposition

The Value Proposition is the reason why customers turn to one company over another. It solves a customer problem or satisfies a customer need. Each Value Proposition consists of a selected bundle of products and/or services that caters to the requirements of a specific Customer Segment. In this sense, the Value Proposition is an aggregation, or bundle, of benefits that a company offers customers.





3) Channels :- Communication, distribution, and sales Channels comprise a company's interface with customers. Channels are customer touch points that play an important role in the customer experience.

Channels serve several functions, including:

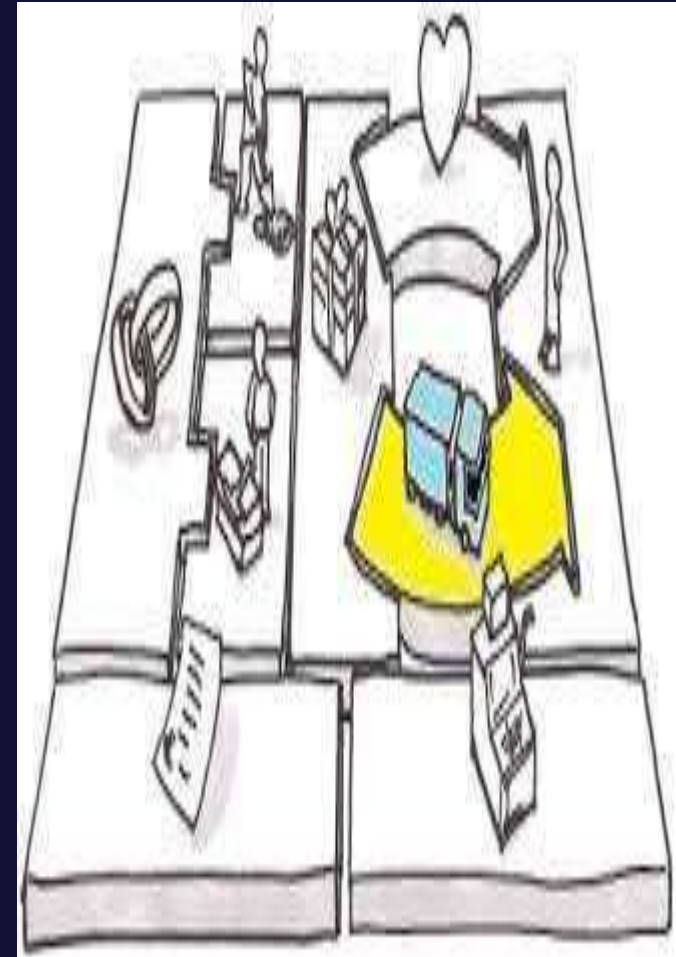
Raising awareness among customers about a company's products and services

Helping customers evaluate a company's Value Proposition

Allowing customers to purchase specific products and services

Delivering a Value Proposition to customers

Providing post-purchase customer support



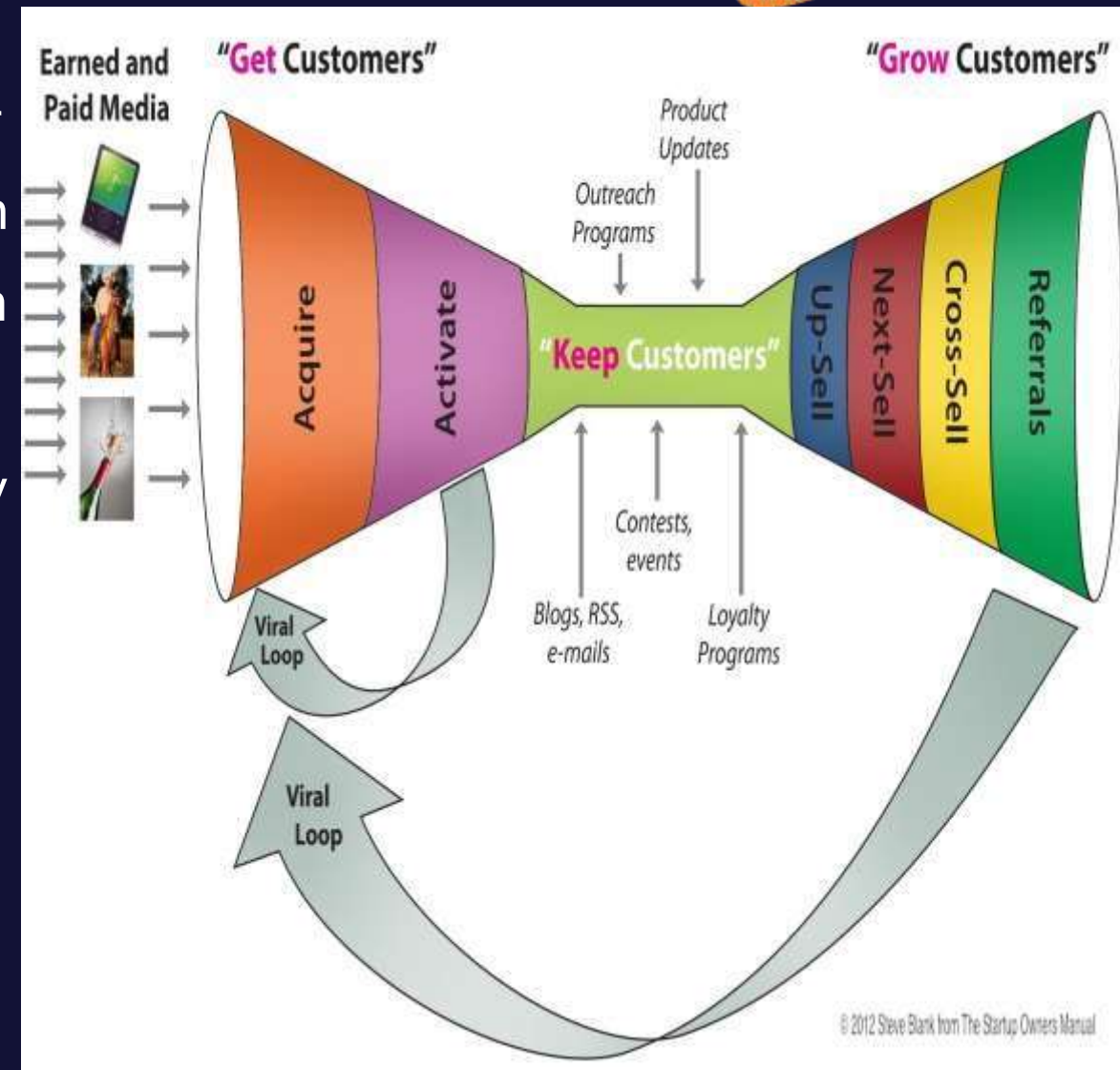
4) Customer Relationship

A company should clarify the type of relationship it wants to establish with each Customer Segment. Relationships can range from personal to automated.

Customer relationships may be driven by the following motivations:

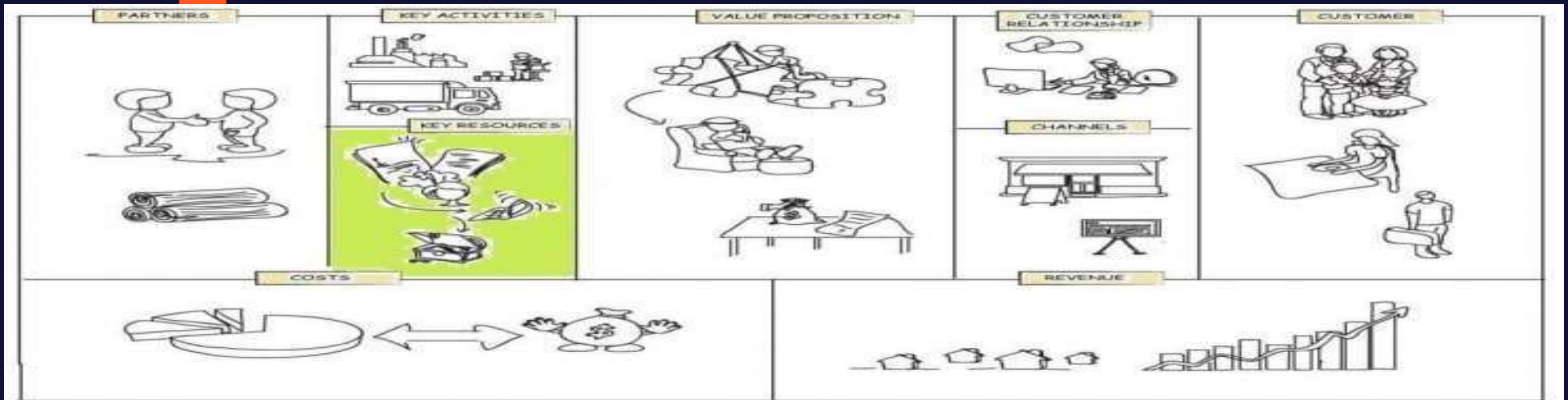
- Customer acquisition
- Customer retention

Boosting sales (upselling)



5) Key Resources

Every business model requires Key Resources. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues.



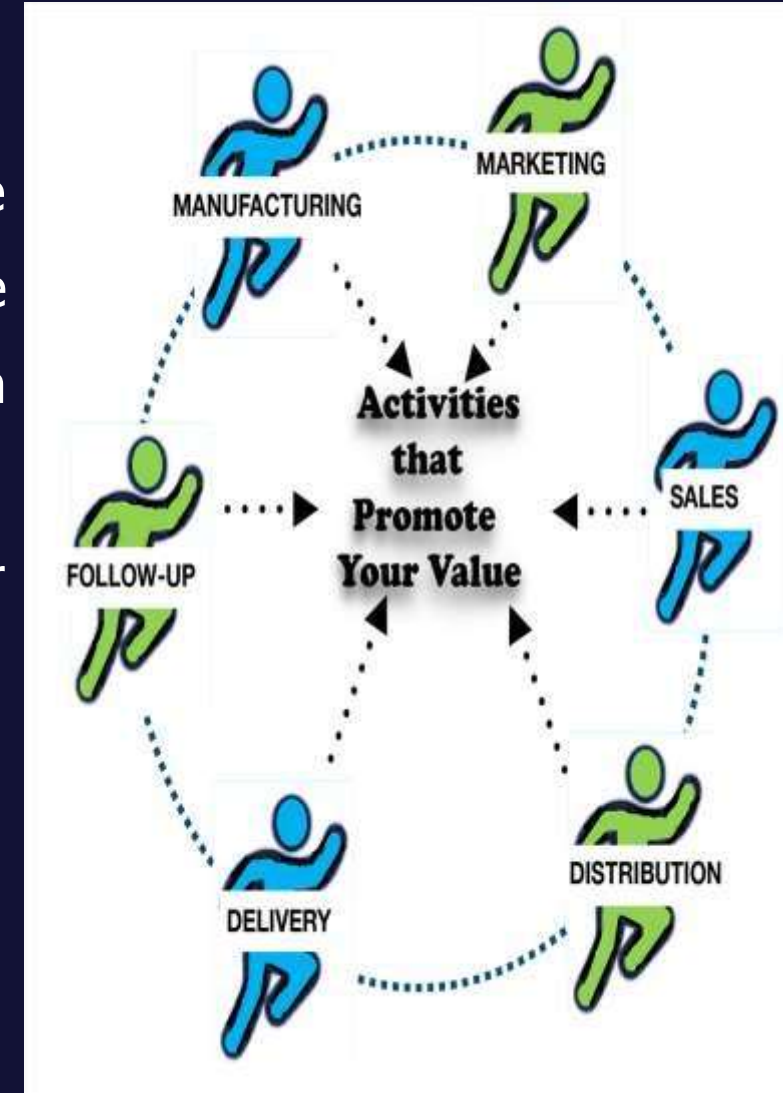


7) Key Activities

Every business model calls for a number of Key Activities. These are the most important actions a company must take to operate successfully. Like Key Resources, they are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships, and earn revenues. And like Key Resources, Key Activities differ depending on business model type.

Strategic alliances between non-competitors

Competition: strategic partnerships between competitors





7) Key Partnership

In order to optimize operations and reduce risks of a business model, organizations usually cultivate buyer-supplier relationships so they can focus on their core activity. Complementary business alliances also can be considered through joint ventures or strategic alliances between competitors or non-competitors.



8) Cost Structure: This describes the most important monetary consequences while operating under different business models. .

Classes of Business Structures:

- Cost-Driven
- Value-Driven

Characteristics of Cost Structures:

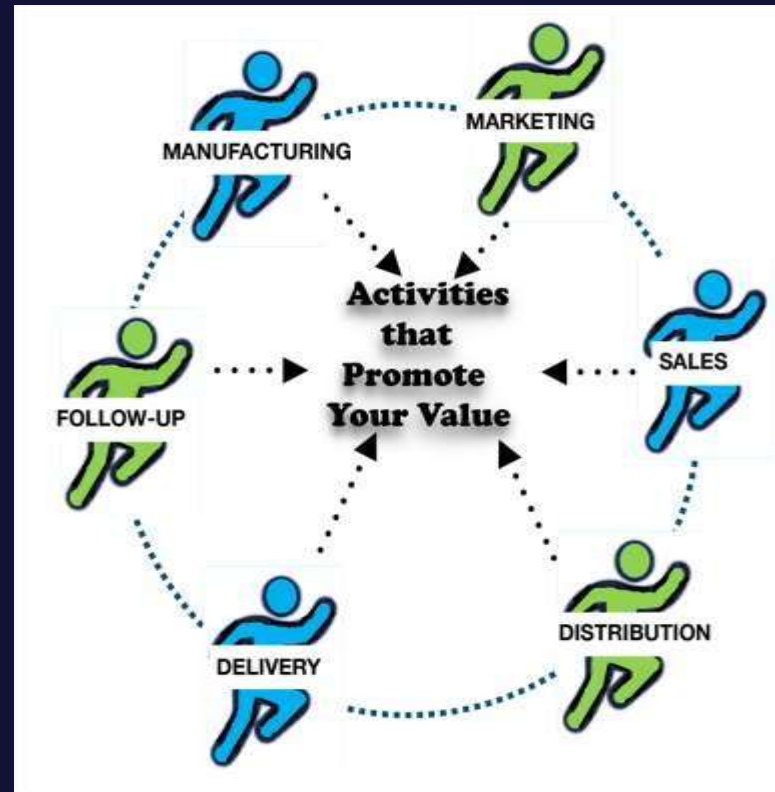
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| 1)Fixed Costs | 3) Economies of scale |
| 2)Variable Costs | 4) Economies of scope |

9)Revenue Streams: The way a company makes income from each customer segment. Several ways to generate a revenue stream:

- Asset Sale
- Usage Fee
- Subscription Fees
- Lending/Leasing/Renting
- Licensing
- Brokerage Fees
- Advertising .

Assessment

Explain the process of BMC





Summary

- MEANING OF BUSINESS CANVAS MODEL
- ELEMENTS OF BUSINESS CANVAS MODEL
- EXAMPLES FOR BUSINESS CANVAS MODEL

