Business Model Canvas for the Non-Profit Organization

Jonathan Leinonen
Planning Vision, LLC

October 12, 2017
Welcome!

What are your main strategic planning challenges?

- Lack of commitment?
- Too complex?
- Lacking process or resources to implement?
- Takes too long to see benefit?
Business model innovation is about creating, delivering and capturing value for organizations, customers and society. Based on the book by Alexander Osterwalder and Yves Pigneur, this session explains the Business Model Canvas framework and how to apply it to transform your NPO’s business model. During the session, you will start to develop a fresh perspective for your NPO as the basis to innovate and rejuvenate strategically focused and value-based relationships and programs.
This is for you if your NPO is

- Evaluating its programs
- Expanding or reducing its scope of services
- Updating its operating procedures
- Renewing its funding methods and sources
- Adopting new technologies or processes
- Reframing its value proposition
- Adjusting to increased costs or risks
- Assessing its impact and measurements
- Reviewing its target client segments
- Adapting to new opportunities
- Restructuring its team
- Working to stay relevant
Objectives

- Discuss the Business Model Canvas
- Review the basic approach to develop a strategy
- Provide an opportunity to begin drafting your own Business Model Canvas
# The One Page NPO Business Model Canvas

<table>
<thead>
<tr>
<th>Mission</th>
<th>Co-creator Value Propositions</th>
<th>Customer Relationships</th>
<th>Co-creator Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Partners</td>
<td>Key Activities</td>
<td>Co-creator Value Propositions</td>
<td>Customer Relationships</td>
</tr>
<tr>
<td>Key Resources</td>
<td>Key Resources</td>
<td>Key Activities</td>
<td>Co-creator Value Propositions</td>
</tr>
<tr>
<td>Channels</td>
<td>Key Resources</td>
<td>Key Activities</td>
<td>Co-creator Value Propositions</td>
</tr>
<tr>
<td>Cost Structure</td>
<td>Key Resources</td>
<td>Key Activities</td>
<td>Co-creator Value Propositions</td>
</tr>
<tr>
<td>Impact and Measurements</td>
<td>Key Resources</td>
<td>Key Activities</td>
<td>Co-creator Value Propositions</td>
</tr>
</tbody>
</table>
What are your desired impacts?

Source: South Africa Government Online
What does your NPO aim to..
Strategy

A set of aligned choices that considering:
- What we provide
- How we provide it
- What resources and infrastructure are needed

Determined in light of your
- Purpose
- Core values
What choices is your NPO facing?
Strategic Planning

- Purpose
- Core Values
- Strategic Choices
- Business Model

Initiatives

- Investments
- Budgets
- Key Resources
- Stakeholder Relationships
- Key Activities
- Key Partnerships
An Effective Strategy Provides

- Financial sustainability over the long run
- Operating process advantage
- Product differentiation with real benefits
- Consistent focus – clarity of direction
- Attention to funding, timing and risk acceptance
- Alignment of product, process and resources

Is your NPO changing for the right reasons?
Strategies transform your NPO to deliver new value

A Business Model is...

- a set of assumptions
- a means to TEST and VALIDATE your ideas
- meant to be iterated
- meant to be adapted

How do you know your business model is correct?

You have at least two, probably more!
Two sides of the NPO

Administrative side
- Organizing
- Coordinating inputs
- Receiving
- Income
- Co-creators
- Donors
- Fundraising costs
- Resource Attraction

Program Side
- Engaging
- Delivering outputs
- Giving
- Impact
- Beneficiaries
- Clients
- Services costs
- Resource Delivery
## Components of the NPO-BMC

- Mission
- Customer Segments
- Value Propositions
- Relationships
- Channels
- Key Activities
- Key Resources
- Key Partners
- Revenue Structure
- Cost Structure
- Impact and Measurements

**Consider what needs to be changed in these areas.**
Mission

Purpose (focusing on what you are doing)
Scope (filtering what you aren’t doing)

- Education
- Community development
- Health and well-being
- Faith based
- Business support

...and hundreds more

- Is your mission statement still relevant?
- Do you have scope creep?
- Has your environment changed?
Customer Segments
Who you serve

**Donor side**
- Benefactors
- Contributors
- Volunteers
- Government
- Collaborators

**Client side**
- Members
- Geographic groups
- Demographic groups
- Disadvantaged
- Practitioners

- Have you had changes in support of time, talent, treasure?
- Are your client segments still relevant?
- Are your relationships highly valued?
Value Proposition- What you offer

Donor side
- Volunteer engagement
- Technical advancement
- Advocacy
- Financial stewardship
- Resource development
- Goodwill

Client side
- Collections/curator
- Information
- Human necessities
- Counseling
- Spiritual care
- Education

- Have donors’ priorities changed?
- Have your clients’ needs or interests changed?
Relationships

Nature of interaction

- Shorter term or longer term
- Higher frequency or lower frequency
- Higher fidelity or lower fidelity
- Confidential or public
- In-person or remote
- Community-wide or individualized
- Compensated or free
- Obligatory or voluntary

- Have your primary interactions begun to depend on or conflict with other relationships?
- Are interactions more or less personalized?
Channels

Methods of interaction

- Scheduled events and activities
- Physical facility, contact center
- Self-service
- Service providers
- Direct mail, e-mail, magazine, newsletter
- Website, social media
- Television and radio
- Telephone
- In home visits

- Are your communication channels still relevant?
- What new channels are meeting people’s needs?
Key Activities, Resources, Partners

The essential effort, infrastructure and inputs, and also coordination with engaged supporters to deliver value to recipients

Teaching = Classroom + Teachers
Cooking = Kitchen + Chef
Driving = Van + Driver

• How do substitutes diminish the value of our key activities?
• How are sensitivities affecting what is culturally acceptable?
• How is technology eliminating barriers?
• How do internal efficiencies affect our service delivery?
• How do partners’ changes impact us?
Revenue Structure
Sources and flows of income

- Charging for services
- Fundraising events
- Grants
- Memberships
- Sponsorships
- Donation system
- Partnerships
- Investments

- Do costs drive revenue targets or vice versa?
- Are we expected to collaborate more?
- Are we still a comparatively safe investment and good steward?
- How has our community’s resource capacity changed?
Cost Structure
Expenses for delivering value to clients
- Operations
- Fund development
- Program development
- Resource recruitment
- Professional services
- Training
- Compliance

- How has our breakeven point changed?
- Which service lines subsidize others?
- Is overhead proportionally in line with client services?
- Are our core competencies still economically competitive?
- Are we scale-able? (Income grows faster than expense?)
- Do we have accessible working capital to grow?
Impact and Measurements

Outcomes to society

- Events conducted
- Pounds of food, clothes delivered
- Resources protected and preserved
- Funds leveraged, invested
- Businesses, programs started
- People served, educated, counseled
- Technologies developed
- Laws instituted

- How do we know these are still the right measures?
- Are we effectively celebrating our outcomes with stakeholders?
- Who is not being served and are we covering our bases?
To recap, the BMC helps to assess changes that...

- Drive choices with strategy and direction
- Reflect your mission, purpose and core values
- Align procedures and resources
- Test and validate ideas and assumptions
- Ensure relevance and sustainability

... toward creating, delivering and capturing your NPO’s value in a dynamic environment
The BMC drives change with

- **Strategies**
  - IDEATE
  - Develop ideas and entrepreneurs

- **Choices**
  - DISCOVER
  - Select and prioritize innovation projects

- **Models**
  - EXPERIMENT
  - Rapidly prototype, evaluate, and learn

- **Outcomes**
  - ASSESS
  - Record outcomes and communicate results

- **Impact**
  - SCALE
  - Deliver new value to the enterprise and marketplace

Source: http://innovationexcellence.com/
How does the BMC address planning challenges?

- Commitment?
- Complexity?
- Process or resources to implement?
- Time to traction?
Let’s continue the conversation…

Planning Vision, LLC
Jonathan Leinonen
jleinonen@planningvision.com
(906) 370-7002