

YOUTH COOPERS

Module 4



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INTRODUCTION

After you completed your Logical Framework Matrix, now you will learn more about Social Business, characteristics of social business models, the tool called as The Business Model Canvas and how to fill it step-by-step. This module will help you to become familiar with a business tool and learn to think like an entrepreneur. You will get hands-on experience with an easy to use business model which is flexible and transparent as well as widely used all over the world and co-create in small groups.



What is Social Business?

A non-dividend company that is created to address and solve a social problem.

Social business is a business that is aimed at addressing a social cause. The investment is entirely with a vision to contribute to the social needs of the community and not entirely for profit. However, the investor may get back their money after a certain time.

Although, the profit is not the main purpose of the organization, nevertheless organizations into social business are allowed to make profits. After all sustainability of the organization is important and profit makes it possible. Generally, social businesses cannot make profits in excess of the actual investment.

Nobel Peace Prize Laureate Professor Muhammad Yunus proposes a type of business that operates in the same markets as the existing profit-maximizing businesses and that exists for the collective benefit of others.

In 2016, Yunus said: "A social business is a business whose purpose is to address and solve social problems, not to make money for its investors. It is a non-loss, non-dividend company. The investor can recoup his investment capital, but beyond that, no profit is to be taken out as dividends by the investors. These profits remain with the company and are used to expand its outreach, to improve the quality of the product or service it provides, and to design methods to bring down the cost of the product or service. If the efficiency, the competitiveness, and the dynamism of the business world can be harnessed to deal with specific social problems, the world will be a much better place."



What is Social Business Model?

A social business model is therefore a structure, design or framework that a social business follows in order to bring about a positive change while maintaining healthy financial returns.

Organizations that have adopted the social business model utilize social media tools and social networking behavioural standards across functional areas for communicating and engaging with external audiences, including customers, prospective customers, prospective employees, suppliers, and partners.

Organization that adopts social business model will eventually show following characteristics:

- ❖ **Connected:** Employees will engage one-on-one in real time with other employees and other individuals such as customers, partners, media, etc. Moreover, they will be able to use different media tools; chat, text, voice call, e-mail, etc.
- ❖ **Social:** Employees will be authentic, helpful and transparent to external interactions. Since the profit is not main goal, they will freely share information about their products or services.
- ❖ **Presence:** Above mentioned interactions with customers, partners etc. may take place in organization's website, social media account, or elsewhere online.
- ❖ **Intelligent:** Organizations will use comprehensive analytics to audit connections, social interactions and presence; measure corresponding business results; and regularly adapt and advance practices for increased effectiveness.



Social Business Model Canvas

The Social Business Model Canvas is a tool for creating a solid business model around your social enterprise. It's also a collaborative tool that helps you communicate different business models with your stakeholders and brainstorm new ones.

Business Model Canvas manages to make business model simple, and easily understood while capturing the complexities of how enterprises function. Therefore, it makes a useful tool to understand the business model of an enterprise and to conduct business model innovation. Social enterprise is no exception as all organisations must generate enough revenue to survive. However, social enterprise has different definitions and characteristics to business enterprise that adjustments to the Canvas are necessary to fully capture the business model of a social enterprise.

Business Model Canvas allows business model to be simple, relevant and intuitively understandable, while not oversimplifying the complexities of how enterprises function (Osterwalder & Pigneur, 2010 p.15). The Canvas becomes a common language for stakeholders to discuss the business.



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The Canvas has 9 blocks. Please take a look at the Canvas template below.

KEY PARTNERS Who are your key partners?	KEY ACTIVITIES What are the activities you perform every day to deliver your value proposition?	VALUE PROPOSITION What is the value you deliver to your customer? What is the customer need that your value proposition addresses?	CUSTOMER RELATIONSHIPS What relationship does each customer segment expect you to establish and maintain?	CUSTOMER SEGMENTS Who are your customers?
	KEY RESOURCES What are the resources you need to deliver your value proposition?		CHANNELS How do your customer segments want to be reached?	
COST STRUCTURE What are the important costs you make to deliver the value proposition?			REVENUE STREAMS How do customers reward you for the value you provide to them?	



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Below questions will help you to fill out all the segments at your Canvas.

- **Step 1: Customer Segments** (*Who are the customers? What do they think? See? Feel? Do?*)
- **Step 2: Value Propositions** (*Why will customers buy or use this?*)
- **Step 3: Channels** (*How will you promote, sell and deliver? Why? Will it work?*)
- **Step 4: Customer Relationships** (*How will you interact with the customer?*)
- **Step 5: Revenue Streams** (*For what are customers willing to pay? What is the revenue model? Pricing tactics?*)
- **Step 6: Key Activities** (*What key activities will your value proposition require?*)
- **Step 7: Key Resources** (*What unique assets must the business have to compete?*)
- **Step 8: Key Partnerships** (*Which key activities do key partners perform and need not be done by you?*)
- **Step 9: Cost Structure** (*What are the most important costs in your business model? How do these link to revenues?*)

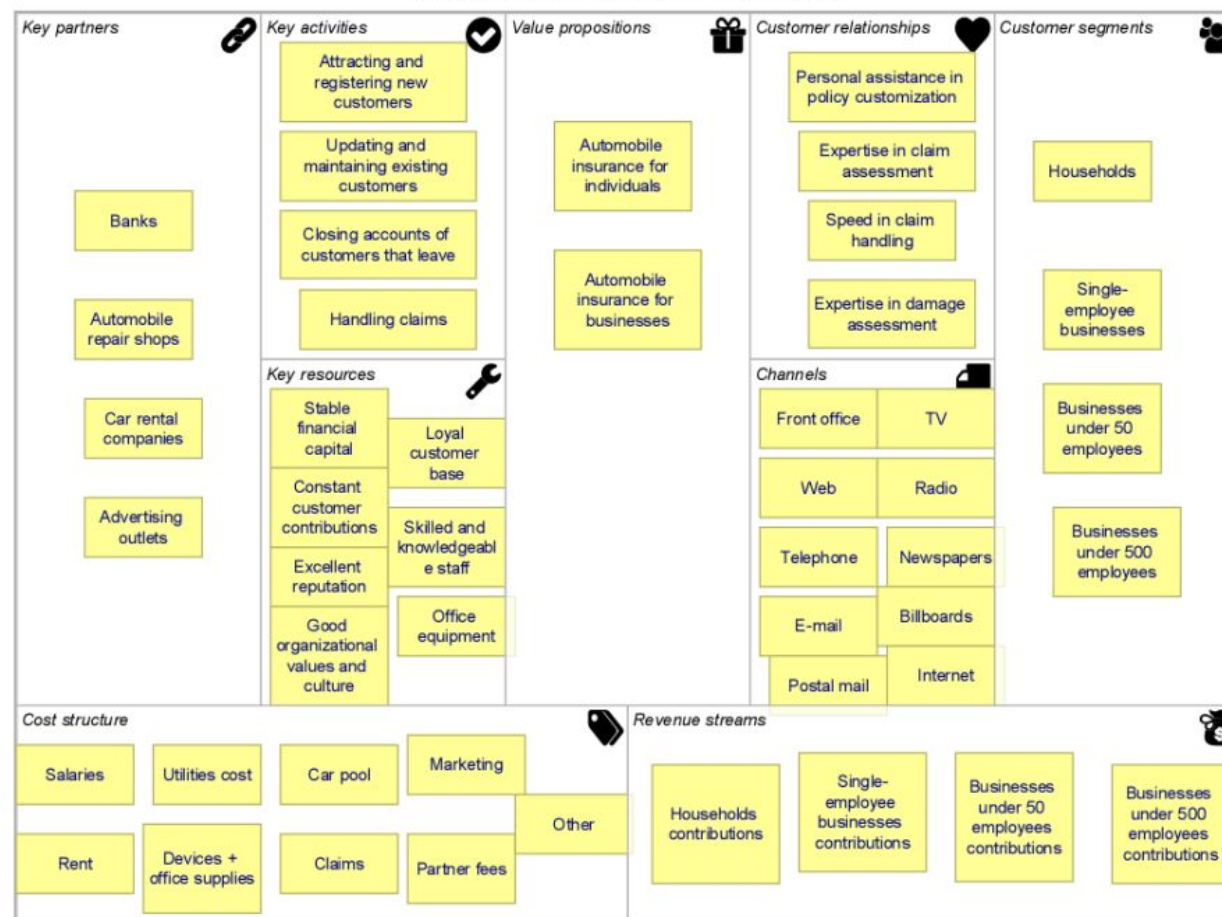


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Before you start to fill out your BMC, please take a look at the example below. This example will help you to visualize your own BMC. Please use next 90 mins to work on your BMC.

Business model canvas



The Business Model Canvas <http://strategyzer.com/canvas/business-model-canvas>



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