Designing Your Business
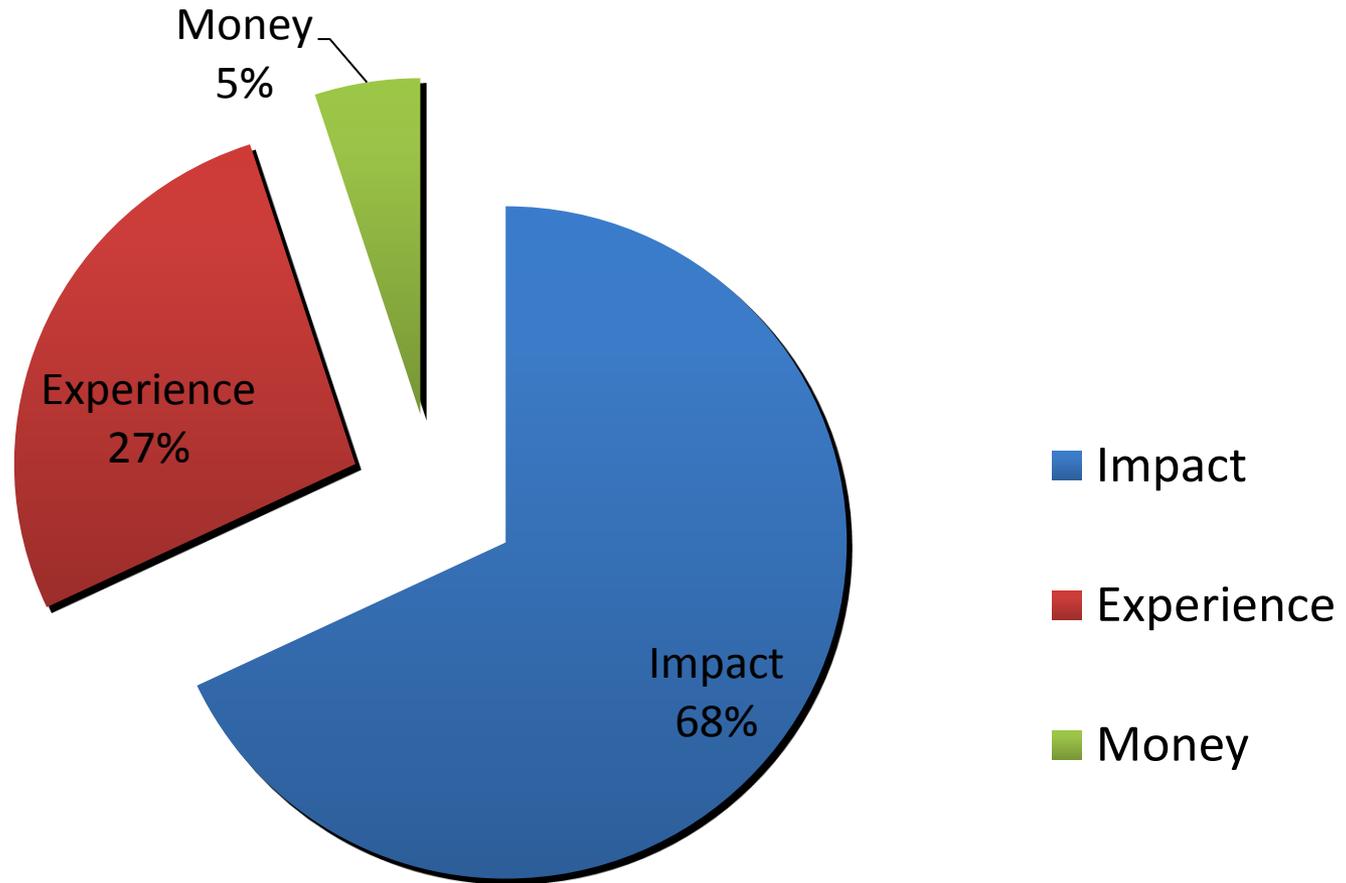
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Social Entrepreneurship, def.
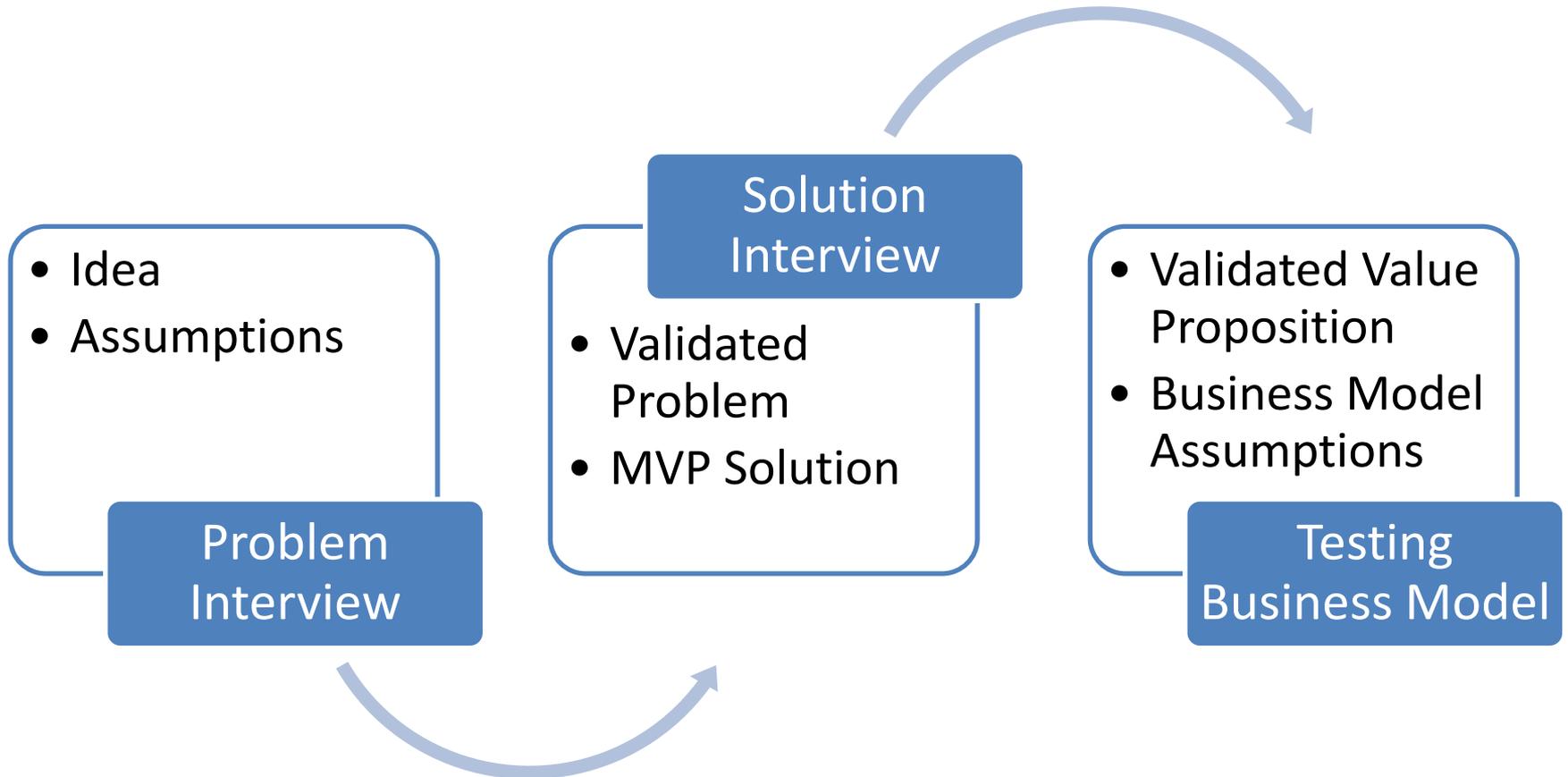
Social Entrepreneurship is identifying a social problem and using entrepreneurial principles to organize, create and manage a venture to make social change

What Drives Entrepreneurs?

Money
5%

Experience
27%

Impact
68%

Impact

Experience

Money

Source: StartUp Genome Report

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StartUp Process Description

- Idea
- Assumptions

Problem Interview

Solution Interview

- Validated Problem
- MVP Solution

- Validated Value Proposition
- Business Model Assumptions

Testing Business Model

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Definition of Business Model:

A **business model** describes the value an organization offers its customers and illustrates the capabilities and resources required to create, market and deliver this value and to generate profitable, sustainable revenue streams.

The Business Model Canvas

The Business Model Canvas

Key Partners

Who are our Key Partners?
Who are our key suppliers?
Which Key Resources are we acquiring from partners?
Which Key Activities do partners perform?

MOTIVATIONS FOR PARTNERSHIPS:
Optimization and economy
Reduction of risk and uncertainty
Acquisition of particular resources and activities

Key Activities

What Key Activities do our Value Propositions require?
Our Distribution Channels?
Customer Relationships?
Revenue streams?

CATEGORIES
Production
Problem Solving
Platform/Network

Key Resources

What Key Resources do our Value Propositions require?
Our Distribution Channels? Customer Relationships?
Revenue Streams?

TYPES OF RESOURCES
Physical
Intellectual (brand patents, copyrights, data)
Human
Financial

Value Propositions

What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships

What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Channels

Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES:
1. Awareness
   How do we raise awareness about our company's products and services?
2. Evaluation
   How do we help customers evaluate our organization's Value Proposition?
3. Purchase
   How do we allow customers to purchase specific products and services?
4. Delivery
   How do we deliver a Value Proposition to customers?
5. After sales
   How do we provide post-purchase customer support?

Customer Segments

For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Cost Structure

What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MORE:
Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Driven (focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS:
Fixed Costs (salaries, rents, utilities)
Variable costs
Economies of scale
Economies of scope

Revenue Streams

For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES:
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING:
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation(bargaining)
Yield Management
Real-time-Market

The Business Model Canvas

Key Partners

Who else do you need to make your model work?
Who can do the work that you can't or won't do?

Key Activities

What things must you do to attract customers and produce your value proposition?

Key Resources

What resources do you need to perform the key activities?

Value Propositions

What problem do you solve?
What job does your product do for the customer?
What are the benefits of your product?

Customer Relationships

What types of relationships do you have?
How do your customers want to relate to you?

Channels

How do customers find you?
How do they buy?
How do you deliver?

Customer Segments

Who do you serve?
Who pays you?
Who uses your product?

Cost Structure

What does it cost to operate the model ?
Fixed cost? Variable cost? Capital cost?

Revenue Streams

How do you get paid? How much?

Example:
A Description of KIVA.org

The Business Model Canvas

Key Partners

Key Activities

Key R (partially obscured)

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, affordable micro-capital online to fund impoverished entrepreneurs who are creating better lives for themselves and their families.

Customer Relationships

Channels

Customer Segments

1. Funders: Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

2. What are your value propositions for your stakeholders?

Cost Structure

Revenue Streams

The Business Model Canvas

Key Partners

Key Activities

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, affordable micro-capital online to fund impoverished entrepreneurs who are creating better lives for themselves and their families.

Key Resources

Customer Relationships

Channels

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

Cost Structure

3. How do you find funders and entrepreneurs?

ams

The Business Model Canvas

Key Partners

Key Activities

Value Propositions

Kiva.org is a non-profit organization that gives

capital online to fund impoverished entrepreneurs who are creating better lives for themselves and their families.

Customer Relationships

*Stories and statistics online
*YouTube/Vimeo
*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

Key Resources

Channels

*Kiva.org

*Field partners

*Social Media

> 4. How do you keep and grow your customers?

Cost Structure

Revenue Streams

The Business Model Canvas

Designed for:

Designed by:

On: / /
Iteration: No.

Key Partners

Key Activities

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, affordable micro-capital online to fund impoverished ...rs who are ...er lives for ... and their

Key Resources

Customer Relationships

*Stories and statistics online
*YouTube/Vimeo
*Social Media

Channels

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

Cost Structure

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

5. What kind of revenue are you earning?

The Business Model Canvas

Key Partners

Key Activities

*Marketing
*Translating
*Web/e-commerce
*Financial mgmnt
*Int'l volunteer acquisition, training & management

Key Resources

Value Propositions

Ki...

...capital online to fund impoverished entrepreneurs who are creating better lives for themselves and their families.

Customer Relationships

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

6. What are the activities you needed to operate your business model?

Cost Structure

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

The Business Model Canvas

Key Partners

Key Activities

*Marketing
*Translating
*Web/e-commerce
*Financial mgmnt
*Int'l volunteer acquisition, training & management

Key Resources

*KIVA.org
*Multilingual loan reviewers
*Web developers
*Writers & translators
*Volunteers

Value Propositions

Kiva.org is a non-profit organization that gives

impoverished entrepreneurs who are creating better lives for themselves and their families.

Customer Relationships

*Stories and statistics online

/Vimeo
dia

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

7. What are the resources needed to carry out the key activities?

Cost Structure

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

The Business Model Canvas

Designed for:

Designed by:

On: / /
Iteration: No.

Key Partners

*International microfinancers (field partners)

*International volunteers

*Kiva Fellows (live in remote country)

*Legal advisors

Key Activities

*Marketing
*Translating
*Web/e-commerce
*Financial mgmnt
*Int'l volunteer acquisition, training & management

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, [reliable] micro-[loans online] to fund [established] [entrepren]eurs who are [to build b]etter lives for [themselv]es and their

Customer Relationships

*Stories and statistics online
*YouTube/Vimeo
*Social Media

Channels

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders: Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

> 8. Who are the partners that do the work and provide the resources you can't or won't?

Cost Structure

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

The Business Model Canvas

Key Partners

*International microfinancers (field partners)

*International volunteers

*Kiva Fellows (live in remote countries)

*Legal advisors

Key Activities

*Marketing
*Translating
*Web/e-commerce
*Financial mgmnt
*Int'l volunteer acquisition, training & management

Key Resources

*KIVA.org
*Multilingual loan

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, affordable micro-capital online to fund impoverished ~~entrepreneurs~~ who are ~~better~~ lives for ~~ves~~ and their

Customer Relationships

*Stories and statistics online
*YouTube/Vimeo
*Social Media

Channels

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders: Philanthropically-minded people

2. Users:
Low income or Underserved or entrepreneurs

3. Volunteers and interns

Cost Structure

> **9. What is the cost of operating this business model?**

*Web/e-commerce developing & hosting
•Marketing & communication resources
•Multilingual resources/loan reviewers
*Travel expenses
*International bank fees
*Program development

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

The Business Model Canvas

Key Partners

*International microfinancers (field partners)

*International volunteers

*Kiva Fellows (live in remote countries)

*Legal advisors

Key Activities

*Marketing
*Translating
*Web/e-commerce
*Financial mgmt
*Int'l volunteer acquisition, training & management

Key Resources

*KIVA.org
*Multilingual loan reviewers
*Web developers
*Writers & translators
*Volunteers

Value Propositions

Kiva.org is a non-profit organization that gives philanthropically-minded people the ability to help alleviate poverty internationally by enabling them to provide safe, affordable micro-capital online to fund impoverished entrepreneurs who are creating better lives for themselves and their families.

Customer Relationships

*Stories and statistics online
*YouTube/Vimeo
*Social Media

Channels

*Kiva.org

*Field partners

*Social Media

Customer Segments

1. Funders:
Philanthropically-minded people

2. Users:
Low income or
Underserved or
entrepreneurs

3. Volunteers and interns

Cost Structure

*Web/e-commerce developing & hosting
•Marketing & communication resources
•Multilingual resources/loan reviewers
*Travel expenses
*International bank fees
*Program development

Revenue Streams

*Microfinance donations

*Grants

*Corporate sponsors

*Foundations

"Most of what you hear about entrepreneurship is all wrong. It's not magic; it is not mysterious; and it has nothing to do with genes. It's a discipline and, like any other discipline, it can be learned."

- Peter Drucker

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Thank You