



**RURAL
FEMMES**
ERASMUS+ PROGRAM

Business Model Canvas

Module 3 - Sub module 3.1 B - Introduction to entrepreneurship

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Overview and explanation of course and learning platform

- ▶ Last week - Concepts, definitions, why important, generating ideas - journal - (feel free to send to me for feedback - niall.oleary@mtu.ie)
- ▶ Today Business Model Canvas
- ▶ Next week - Presentation of your own personal BMC



Who struggled to come up with ideas / To Pick an idea?

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- ▶ Creativity is an ordinary activity (work) which, like entrepreneurship, can create exceptional outcomes
- ▶ There should not be any shortage of ideas
- ▶ This has implications for the entrepreneurial idea generation process



- ▶ It is not the ideas that are the limiting factor
- ▶ It is:
 - ▶ the quality of the ideas (hard to quantify)
 - ▶ Is effort and resources to develop ideas
 - ▶ The ability to **prioritize**



We will guide you through

- ▶ Efficiently and strategically assessing your ideas
- ▶ Then, you can use your resources on ideas with higher chances of success
- ▶ One useful tool for this is the Business Model Canvas - Different than a business plan!



Definition « Business Plan »

- ▶ Document describing the financial and commercial strategy of an entrepreneurial project



Why create a business plan?

- ▶ Understand your role and the project better
- ▶ highlight your strong points and to identify the weak points to be worked on
- ▶ Visualise key points and stages on which you will have to work
- ▶ Help you to identify precisely
 - ▶ the tasks to be done,
 - ▶ the steps to be taken,
 - ▶ the problems to be solved and to
 - ▶ monitor the progress of the project
- ▶ solicit an investor & obtain financing



Problems with business plans?

Takes too long to create

Unlikely to update regularly

Mostly only required by banks

Investors usually want pitch decks

Business Model Canvas should be a quick, living, evolving document



Business Model Canvas

Customer segments?

Value proposition to each customer segments?

How to reach them? E.g digital or retailers?

Relationship with a customer? How to keep and grow?

Revenue streams? Direct transaction (e.g. subscription) or indirect?

Key Resources?

Key activities?

Key partners?

Cost structure?

https://www.youtube.com/watch?v=RpFiL-1TVLw&ab_channel=DazreneDarus

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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?

Microcredit institution
Seed suppliers

Microcredit institution

Seed suppliers

Collaborators for
local market

Key Activities



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

Seed provision
Harvesting
Land cultivation and
maintenance
Selling

Seed provision
Harvesting
Land cultivation and
maintenance
Selling

Key Resources



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

2-3 people
Small facility
Seeds and land
Initial investment
Liquidity
Micro-insurance

2-3 people
Small facility
Seeds and land
Initial investment
Liquidity
Micro-insurance

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?

Sweet potatoes
Sugar cane
Corn
Peas

Sweet potatoes
Sugar cane
Corn
Peas

Quality

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?

Personal assistance

Personal assistance

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?

House
Local market

House

Local market

Customer Segments



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

Mass market:
loyal clients
and
new clients

Mass market:

loyal clients

and
new clients

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?

Instant payments
Land rent
Raw materials costs
Occasion salary

Instant payments

Land rent
Raw materials costs
Occasion salary



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?

Instant payments

Instant payments

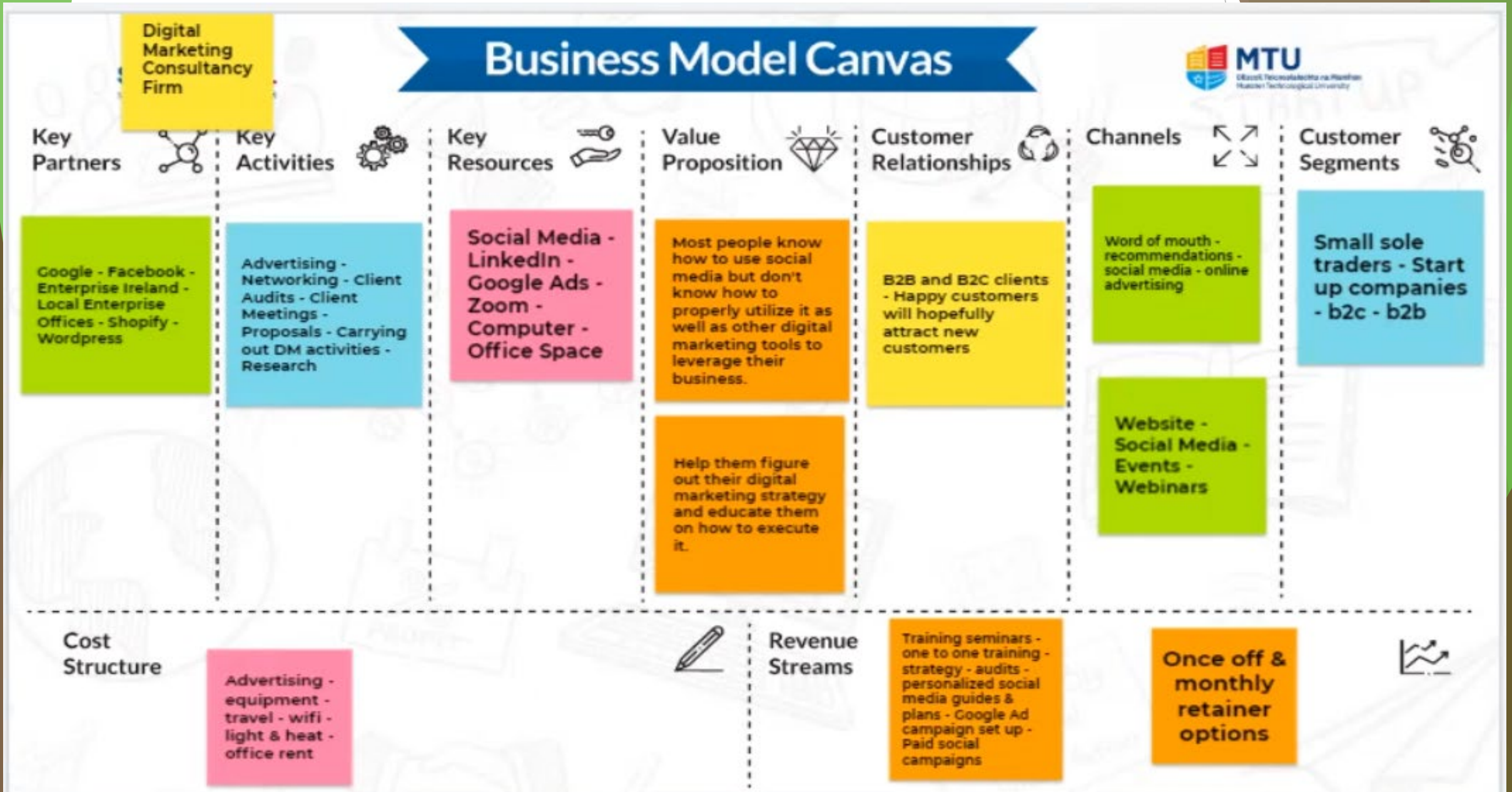
Higher price

Average unit price: 500 UGX/Kg

Seasonal production:
2,500 kg of sweet potatoes;
2,500 kg of corn;
1,500 kg of sugar cane.



Example of a rural social media consultancy firm



Key partners - for rural businesses

- ▶ Management advisors (consultants or LEOs)
- ▶ Public and private educational institutions
- ▶ Banking institutions...
- ▶ Accounting & Taxation
- ▶ Legal
- ▶ Family
- ▶ Neighbors
- ▶ Community?



Key activities

- ▶ What products do I want to market?
- ▶ Consumable products
- ▶ Service activities (accommodation, educational farm, on-farm catering)
- ▶ Animals
- ▶ Plants



Key resources

- ▶ Physical
- ▶ Intellectual (my skills, my training, my professional experience (internships, jobs, various experiences that have helped me gain skills)
Human (extra-professional experience, involvement in associations, travel, language stays, etc.)
- ▶ Financial



Value proposition

- ▶ What is the added value of my products, my project?
- ▶ Accessibility
- ▶ Usefulness
- ▶ User-friendliness
- ▶ Regional / local / tailored

Types of value:

- ▶ Problem solved?
- ▶ Need met (Farmer needs time off, provide temporary staff)
- ▶ Chore handled (farmer must submit taxes regularly, accountant does the boring repetitive work) Convenience provided.



Distribution channels

- ▶ Online
- ▶ At markets
- ▶ At the farm
- ▶ At fairs
- ▶ In a cooperative
- ▶ In supermarkets (e.g. Supervalu)
- ▶ Is there an after sales service?



Customer segment

- ▶ What is the segmentation of my target market?
- ▶ Mass market
- ▶ Niche market
- ▶ Diversified
- ▶ Segmented (seniors, young people, vegan, gluten-free...)



Operating Cost structure

- ▶ What will be the costs of my future activity?
- ▶ Fixed costs (structural costs)
- ▶ Variable costs (operating costs)
- ▶ What will be the most important costs?
- ▶ Can you name them?
- ▶ Do you have an idea of their amount?
- ▶ What subcontractors will I need (e.g. service provider for soil work, product processing, bottling, label production, online sales, etc.)?
- ▶ How much do their services cost?



Sources of revenue

- ▶ What are the current market prices
- ▶ By volume
- ▶ According to market segments
- ▶ ...



Example BMC by Niall

- ▶ Problem - Dairy cow lameness
- ▶ Challenges include detection, handling and treatment
- ▶ Focusing on treatment - hard and dangerous to train
- ▶ Can I make a tool for learners to practice on
- ▶ 3D printed overgrown hooves which you can practice carving to the right shape
- ▶ Teach knife skills and anatomy in a classroom, not on a live animal



Challenges

- ▶ Very hard to learn CAD modelling
- ▶ No experience 3D printing
- ▶ Unclear demand - who would pay for this?
- ▶ Not enough time to invest



Do a BMC for a rural tourism business (e.g. B&B) Group exercise - 3/4 per group

- ▶ Customer segments (Businesses, individuals)
- ▶ Value proposition to each customer segments (connectivity and internet)
- ▶ How to reach them? E.g digital or retailers?
- ▶ Relationship with a customer? How to keep and grow?
- ▶ Revenue streams? Direct transaction (e.g. subscription) or indirect?
- ▶ Key Resources?
- ▶ Key activities?
- ▶ Key partners?
- ▶ Cost structure?



If we have time you can start completing your own now

- ▶ Prep for 3 minute presentation next week
- ▶ If you can't attend Monday - post a video presentation in the Slack

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5 mistakes to avoid as an entrepreneur

Before I give my take - what do you think?

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