# Intro to the Lean Business Model Canvas
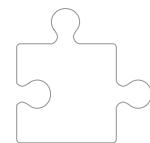
Now that you've learned about all the pieces that will form the whole puzzle of your business, the next step is putting the pieces together. The Lean Business Model Canvas provides an easy, fun, and useful tool for jumpstarting this process without getting bogged down in the details.

As you build your business, you will need to test many different models to discover what works—and what doesn't—while staying "lean": simple, streamlined, and customer-focused. The canvas is designed to be a dynamic, living document, used over and over as you plan and test your business. Ultimately, using this iterative process helps you:

- Efficiently hone and refine your business to be more successful
- Build customers while building your business, based on customer feedback
- Quickly adapt your business to meet market demands and your personal goals
- Demonstrate success to stakeholders, from lenders to customers to yourself

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Stories from the Fields

Too often, a business plan is treated as a "final product"—written once and then forgotten on the shelf—no matter how much the business may change after that. One farmer shared that after he introduces a new product to market, he has about four years before other farmers start to occupy the same niche. To stay ahead of the crowd, he applies the principles of the canvas by revisiting and tweaking his business plan often to test new ideas for his business.

How do I use the canvas?

1. **Don't overthink it.** Spend less than 30 minutes filling out a canvas.

2. **Choose a focus.** The process works best if you choose either <u>one product or one market channel per canvas.</u> This means you may have to complete multiple canvases if you plan to offer multiple products or sell through multiple channels.

3. **Name it.** Based on the product or market channel you choose, give your model a name. (See the upper right hand corner of your canvas.)

4. **Dive in.** Fill in the boxes and don't get bogged down in the details! Aim for enough specific information to make the process useful for you in thinking through this model, but not so much complexity that you create an impossible model for efficient testing.

5. **Test it.** Try your model with a minimum viable product (see pg. 10 of your manual). Pay attention to which aspects of this model are successful and which might need tweaking for next time. Ask your customers questions to understand how this model is working.

6. **Tweak it.** Based on your test, make tweaks to your next model, which you'll record on a NEW, blank canvas. Aim for small adjustments rather than drastic changes so that you can test quickly and efficiently. This approach enables you to see what YOU like and which models best fit your goals.

7. **Repeat.** Plan to use a a few copies of the canvas for now, and many over time.

Can I see an example?

Yes! In this appendix, you will find a number of resources:

1. The **Lean Business Model Canvas Guide** walks you through each of the puzzle pieces of the canvas, step by step, and tells you what information to include in each section.

2. The **Lean Business Model Canvas** is the document where you will record your business models for testing. We have included three copies for you, though we would strongly encourage you to make additional copies as you begin to test and iterate!

3. **Set Goals to Test** is a complementary document to the canvas. This tool will guide you through the process of setting SMART Goals for testing your model that align with your personal, business, and customer value goals.

4. The **Example Canvas for North Valley Farm Model #1** shows you a filled-in canvas for an idea that North Valley Farm wanted to test for their business.

5. The **Example Canvas for North Valley Farm Model #2** shows a tweak that North Valley Farm decided to make in their model for further testing, based on their findings from their test of Model #1.
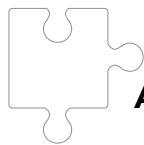
Adapted Lean Business Model Canvas Guide
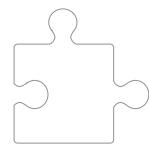
First of all… Model Name *(top right corner of page)*
- Choose a **product** or a **market channel**

1. **Target Customers** | Module 2, pp. 16-18, 29
   - Who is your customer(s)? What are their values, lifestyle, behaviors, attributes? What do they enjoy?
   - Do you see any natural groupings of your customers, based on the above described characteristics? How would you describe this distinct group, or "segment," of customers?
   - What are their needs? Where do they spend their time?

2. **Customer Pains and Gains** | Module 2, pp. 17, 29
   - **Remember to identify characteristics that generally relate to your product or service.**
   - What annoys or frustrates your customer about getting what they want or need?
   - What specific problems does your customer experience?
   - What makes your customer happy?
   - What would make your target customer's life easier?

3. **Solution** | Module 2, pp. 17-21
   - How can you help your customer to relieve their pains? What problems can you eliminate?
   - What can you offer your customer to help them achieve their gains?
   - What do you offer your customer so they can meet their wants and needs?

4. **Value Proposition** | Module 2, pp. 27-28, 31 | Module 3, pp. 32-33, 42
   - Single, clear, compelling statement that states **why you are different** and worth buying:
     - "*Your business* provides *x value* to *target customer* by *describe what you do best*."
   - How do you offer something different that satisfies the needs of your customers (e.g., product, price, access, service, experience)? **You might want to try filling in #5, below, at the same time.**

5. **Uniqueness Factors** | Module 3, pg. 43
   - What does your management team or business do or have that can't be easily copied or bought?
   - What is your "x-factor"?
   - Don't be modest!

6. **Profit Goal** | Module 1, pp. 4-15 | Module 5, pp. 66-68, 74
   - How much money do you want to make from this model?
   - This should be a back-of-the-napkin, round number. Don't get bogged down in the details!
   - Keep your personal goals and values in mind as you set a goal for this model.

7. **Revenue Streams** | Module 2, pp. 24-27, 30 | Module 3, pp. 36-40
   - How does this model generate money for your business?
     - If this model is for a **product**: Where are you going to sell this product?
     - If this model is for a **market channel**: What is your lineup of products or offerings?
   - What is the pricing strategy for your business?
   - Does your business have multiple methods of generating revenue?

8. **Expenses** | Module 4, pp. 46-48, 54-58, 63
   - What are the top three expenses (or "costs") of this model, or the three expenses that you will use the most of? Think about fixed and variable costs.
   - How do these expenses relate to your revenue streams?

Adapted Lean Business Model Canvas   Model Name:

Target Customers	Customer Pains & Gains	Value Proposition	Uniqueness Factors
	Solution		Profit Goal
Revenue Streams		Expenses	
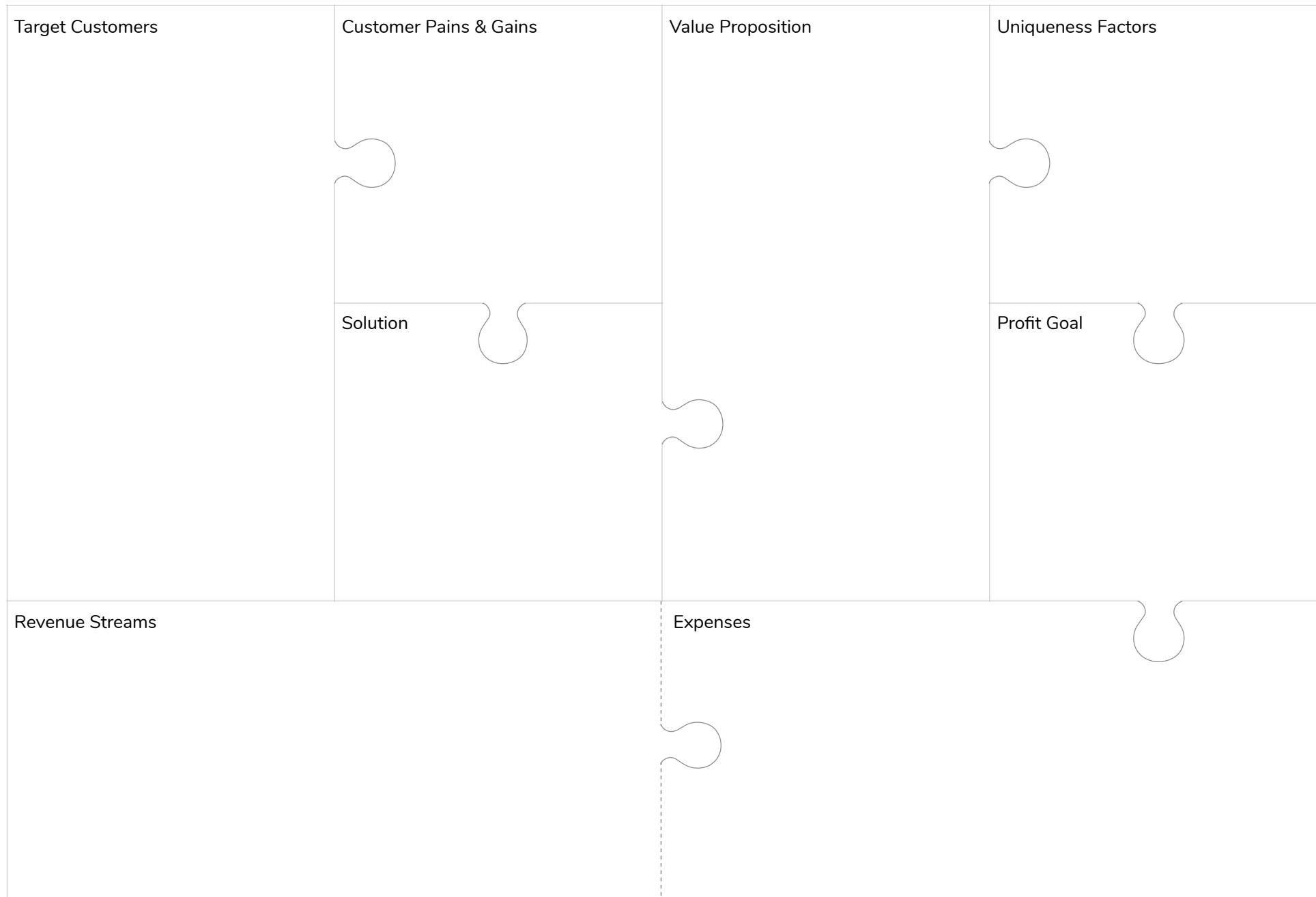
Adapted Lean Business Model Canvas

Model Name: North Valley Farm CSA Model #1

Target Customers

Young families in Green Acres are the target customer. I call them...

"Farm-Fresh Families":

- Like to cook from scratch
- Like knowing their farmer
- Will pay more for quality & for food they trust is healthy
- Would love to eventually build their own home out of town

They spend their time...

- At their kids' sports games
- Grilling with family friends
- Enjoying weekends working on the next yard project or weeding their home garden

Customer Pains & Gains

Pains:
- Tracking down trusted, local produce is a hassle
  - Don't have much time for grocery shopping

Gains:
- More time to spend with kids
- More excuses to get out of town & look at land for future home

Solution

CSA Box:
- Pre-assembled weekly box of North Valley Farm's healthy, local produce
- Mon or Thurs pickup at the farm—also a great way to get out of town once a week
- Meet your farmer, support local!

Value Proposition

North Valley Farm's CSA provides a convenient way for health-conscious families to get a season's worth of healthy, local produce while getting to visit the farm each week.

How are we different?
- The healthy, fresh, local option
- All of your week's produce already hand-selected for you in one convenient box
  - We are your family-friendly, local farmer, so you can trust our products. Get out of town to say hello to us each and every week at the farm and bring the kids!

Uniqueness Factors

- Long-standing reputation... people know our farm name!
  - Raised our family in Green Acres before starting our farm, so we're connected to that community.

Profit Goal

$12,000-15,000 to cash-flow upfront costs in the springtime and provide some income via next season pre-sales to get us through the fall/winter months

Note: We need to do our cash flow projection to figure out this exact number.

Revenue Streams

- $500 for an early June through late August weekly share
- Average of 10 pounds produce per week, seasonally dependent
- Same veggies as our farm stand:
  - Mustard greens, Asian greens, salad greens, head lettuce, kale
  - Scallions, onions, garlic, scapes, variety of herbs
  - Carrots, beets, variety of specialty potatoes
  - Tomatoes, eggplants, hot & sweet peppers, broccolini, broccoli
  - Zucchini, squash

Expenses

Notable most expensive and unique costs for CSA:

- Labor for growing extra produce
- Labor for CSA logistics: packing, setup, pickup timeframe, cleanup
- CSA pickup infrastructure: parking, tables, displays
- Liability insurance?