**What is a business model canvas?**

A business model canvas is a one-page graphic template that companies use to provide a consistent representation of their business plan. It is becoming a popular tool for outlining business strategies by focusing on the key elements of a company’s operations. First introduced in 2005 by businessman and theorist Alexander Osterwalder, the business model canvas provides managers, business owners and entrepreneurs with a convenient chart for describing overall business strategy and unifying team efforts.

**Benefits of using a business model canvas**

 The simplified nature of the business model canvas worksheet makes it an excellent collaboration tool for growing businesses or those implementing new strategies. By only including the most relevant information from the business plan on the business model canvas, employees and business partners can focus on the main idea of a company and what [drives its success](https://www.indeed.com/hire/c/info/planning-for-business-success?hl=en&co=BS). Using a business model canvas promotes goal-oriented thinking on your team and provides a consistent and easy-to-use framework for discussing strategy.

Many leaders print out the business model canvas on a large surface for employees to write in their ideas and observations when analyzing a current business plan or developing a new one. The hands-on aspect of this technique encourages creativity and may uncover previously unaddressed opportunities.

Fill out a business model canvas in just a few minutes, alone or as a team, then use the resulting chart to map out ideas and suggest changes. You can apply the business model canvas worksheet to specific projects or the organization as a whole, filling out new charts regularly to map the progression of your business plan.

**Elements of a business model canvas**

The business model canvas is made up of nine "building blocks of business" that categorize different elements of producing a product or delivering a service to customers. The nine parts of the business model canvas are:

**Key partners**

Connections with suppliers, manufacturers, co-packers, investors, marketing agencies and other strategic relationships all influence the capabilities of a company and how they can carry out a business plan. Identify which partners you rely on the most as an essential part of your business operations and how you incentivize the relationship to continue as your business grows. You can also use the key partners section of the business model canvas to make plans about future strategic partnerships.

**Key activities**

Key activities are the actions you need to carry out to connect customers with your product or service. Information about how you produce goods, maintain your sales platform, reach customers and solve problems falls into this category. Focus on the most critical actions that set you apart from competitors and fill customer and client needs.

**Key resources**

List company assets you use to carry out key activities. This can include personnel, real estate and buildings, equipment, software tools and intellectual property rights that contribute to your overall business strategy for reaching a target market. Industry expertise and proprietary knowledge are often important key resources to include because they allow a business to specialize and differentiate from other market solutions.

**Value propositions**

Your company’s value proposition is the summary of what you have to offer customers and how you can improve their lives by solving a problem. Specifically, a value proposition explains why a customer would specifically choose to do business with your company instead of another business. Value propositions can be focused on affordable pricing, product performance, user experience and customer service.

**Customer relationships**

Identify the kind of relationship you want to have with your customers to set expectations about the frequency and depth of customer interactions. Building a community around a brand requires a different kind of customer relationship than creating an interface where customers can serve themselves.

**Channels**

The way you get your product or service to customers is the delivery channel. Online shops, brick-and-mortar storefronts and third-party distributors and some of the main channels for making sales. You can use the business model canvas to identify your current mediums for reaching customers or brainstorm popular channels that your target market use.

**Customer segments**

Categorize your customers based on demographics, interests, core beliefs, habits, problems and other characteristics to determine your customer segments. If you target a specific niche market, identify it here, or list the different segments you serve and how they make up your customer base. Use this section of the template to develop customer personas and hone in on your marketing priorities.

**Related:**[**Finding a Niche for Your Small Business**](https://www.indeed.com/hire/c/info/business-niches?hl=en&co=BS)

**Cost structure**

The cost structure is a breakdown of where you spend money to run the business. Outline your recurring fixed costs, variable costs of materials and labor, how costs change as demand increases and other financial factors. Determine costs using a combination of past expenses and future projections, then use the information to adjust your budget according to your business plan.

**Revenue streams**

Identify where your business makes money, whether you sell products, charge a service fee, license intellectual property, rent equipment out or use other methods to earn revenue. Explain where you earn the most income and identify your ideal price point and sales numbers to meet financial goals.

**Frequently asked questions about the business model canvas**

**How do you create a business model canvas?**

You can create a business model canvas on your own or with a group of team members. Address each section individually, making notes of the most important factors for each category.

**Who uses the business model canvas?**

Business owners, managers and strategic partners can all use the business model canvas to develop a new business model to [start a business](https://www.indeed.com/hire/c/info/10-steps-to-starting-a-business?hl=en&co=BS)or refine an existing one. Having all of the information of a business plan laid out in a simple template can help entire teams focus their work to achieve company goals.

**What is a business model canvas cost structure?**

A business model canvas cost structure is the chart segment that focuses on operating expenses. It addresses current costs and investment planning.