

SOCIAL BUSINESS MODEL CANVAS

Directions for the GW New Venture Competition

Social enterprises come in all shapes and sizes and like all businesses they are fraught with risk and uncertainty, especially in the early stages of development. The Social Business Model Canvas (aka Social Lean Canvas) gives us a way of structuring and making sense of our ideas and then validating whether they'll work in the real world.

It is designed to be used with modern lean startup methods as the fastest, lowest risk way to develop a successful social enterprise.

The image shows a screenshot of a web browser displaying the 'Social Lean Canvas' application. The browser's address bar shows the URL 'https://socialleancanvas.com'. The application interface has a blue header with the text 'My Social Enterprise' and 'v0.0.1'. Below the header is a grid of boxes for defining a social business model. The boxes are arranged as follows:

PURPOSE Your reason for doing this venture, clearly defined in terms of the social or environmental problems you want to solve.		IMPACT What is the intended social or environmental impact of your venture?		
PROBLEM What are the specific problems each of the different customer types face?	SOLUTION What is your product or service?	UNIQUE VALUE PROPOSITION What is the unique combination of benefits your product or service will offer to overcome problems the customer has?	UNFAIR ADVANTAGE Why will this venture succeed ahead of the competition?	CUSTOMER SEGMENTS Who do you need to move to make your business model work?
	KEY METRICS What are the numbers that will show your business model is working?		CHANNELS How will you reach your customers in a scalable way.	
COST STRUCTURE What are the major costs associated with running this social enterprise.		REVENUE What are the ongoing flows of income that will create financial sustainability for this venture?		

Social Lean Canvas was created in 2013 and is based on the original Business Model Canvas created by Alexander Osterwalder in 2008 and the Lean Canvas created by Ash Maurya.

- **Outcomes:** After completing your initial canvas you will be able to:
- **Validate:** Start validating your ideas now, in the real world.
- **Prioritize:** Prioritize what to do next to develop your social enterprise.
- **Message:** Developing compelling messaging to both your customers (marketing) and potential investors or funders.

Working Through the Canvas

Purpose

Clearly defined in terms of the social/environmental impact that is intended and any financial goals as well as any other key aspects of the vision. This will include the overarching problems and the venture looks to solve. This section is not really a part of the canvas as it's not part of the business model that needs to be validated. This needs to be in place before starting on the rest of the canvas as it will serve as a set of guiding principles.

Impact

What is the intended social or environmental impact of the venture? In this box, we need to write a summary of what changes because of the social enterprise we have created.

EX: For our cafe we can say "Young people have successfully completed training that has led to them getting long-term employment. As a result of that employment, they reduce the burden in welfare and health costs and live happier, longer lives.

Customer

The first step in building a Social Lean Canvas is to start with the customer, because every business model needs customers to survive.

The customer box needs to include all the key people we need to move to make our business work. Not all customers need to be paying us, but at least one segment does. Groups who might end up in this box include customers, funders and end-users.

In our example we might have three key customers:

1. Hungry/thirsty people who work near our cafe and want to spend their money in a way that makes a difference (cafe customers)
2. Young people who want to improve their lives by getting training and a job
3. A government department that has a vested interest in reducing unemployment among youth

The Problem

Next we jump to the opposite side of the canvas and look at the problem box. Customers and problems come in pairs.

If a customer doesn't have a problem we think we are solving, then we need to rethink their role in our business model. We also phrase our customer's problems in their own words, which helps us understand where they are coming from.

The other reason we do this is because it is important that this is actually a problem the customer faces. If our customer doesn't think they have a problem then it's going to be challenging to convince them that they do.

In our example, each customer has the following problems:

1. Cafe Customers - I need coffee and I don't want to buy it from a chain store.
2. Young people – I feel like I don't have a future because no one will give me a job.
3. Government – Unemployed young people cost us a lot of money. We'd like more of them to be employed.

Unique Value Proposition (UVP)

After looking at our customer's problems we need to think about how we entice them to engage with us. We do this by crafting a unique value proposition (UVP).

The UVP is the benefit you offering to your customers, not the features. For example, a movie theatre might have the biggest speakers in town, but you don't go to that theatre because of the exact size of the speakers. You go because you want to feel it when the alien spaceship crashes to earth.

Each customer will have a matching value proposition because they each have individual problems you are solving for them. Often the UVP will be a reframing of the problem expressed by the customer.

For our cafe we might have the following UVPs:

1. Cafe Customers – Unique coffee that makes you feel good and the world a better place.
2. Young people – A place that gives you a chance and a future.
3. Government – An opportunity to change the lives of young people and better spend tax dollars.

The Solution

Once we've done the UVP we can propose a solution. This solution is the business we think we are going to create. We need to keep the solution reasonably high-level and clear. We also need to remember to hold our solution lightly. As we work through our canvas we may find that we need to change our solution based on what we learn.

In our example:

Our solution is a cafe that employs people with no work experience who are struggling to get into the workforce. We are going to provide them with training on the job, and then help them get a job in hospitality so we can continue to train new people.

Unfair Advantage

Each social enterprise needs an unfair advantage. This advantage is the thing that will make you successful where others have failed.

Your unique advantage might be a world expert on your subject matter, a celebrity, or a patent.

Knowing your unique advantage is vital because it will be a key part of getting other people on board with your vision. It will also be the thing that makes your venture different from all the others out there.

Key Metrics

As you establish and grow your venture you're going to need to measure some key factors. Knowing how you are going on these key factors will help you assess whether you are going in the right direction.

When choosing key metrics make sure you choose metrics that actually tell you something, rather than just ones that make you feel good. You shouldn't only be measuring new customers, but also how many customers you are retaining over time. You will also want to have some measures that indicate how well you are achieving your impact. For example, you might want to count how many people you are training, or helping, or what changes occur in your end user's lives.

Channels

In the channels box you will list the routes you use to market and sell to your customers. This might include online, face to face, or via distributors. Different channels have different impacts on your business model. For example, a business that just sells through its own website will have very different cost structures and personnel needs compared to a business that sells door to door.

Financials

With a clear idea of what our solution is, we can start to look at how the business works financially. There are two key areas that affect the finance of a business; how much money comes in and how much money goes out. We break these into two different boxes, costs and financial sustainability (revenue).

In the costs box, you need to think about what the set-up costs will be and what the ongoing costs will be. In the financial sustainability box we put down all the sources of income we will have.

It's best if you can put actual numbers in these boxes. The numbers don't have to be exactly right, but if you put in a rough approximation you can start to work out how viable your business looks. Err on the side of caution and assume that your costs will be higher than you think and your income will be lower than you think.

For our cafe we might have to spend \$250,000 on fit-out and equipment before we even start. If it's not going to be possible to find that much money we might have to think about an alternative solution that still fulfills our purpose. Also, if we know that we can only sell a coffee for \$3 in our town, but it's going to cost us \$4 in training and ingredients then we would need to be sure that the government training grant would cover the difference.

To download a template of the canvas at:

NewVentureCompetition.gwu.edu/application-resources