

The Business Model Canvas: an introduction

Area 4 – Entrepreneurship in Farming
Lesson 11 – Entrepreneurship in SPA
Sequence ID – 44

VALUEDO





DISCLAIMER

A4.L11.T2 Business Model Canvas: an introduction

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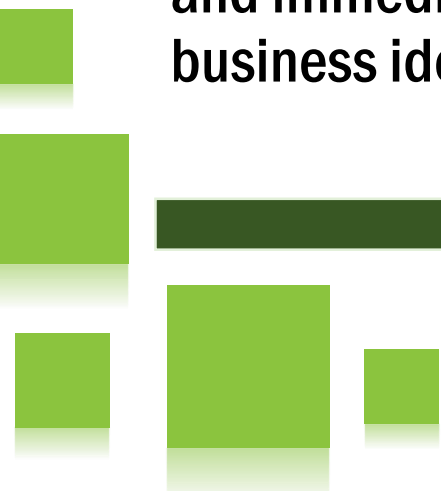
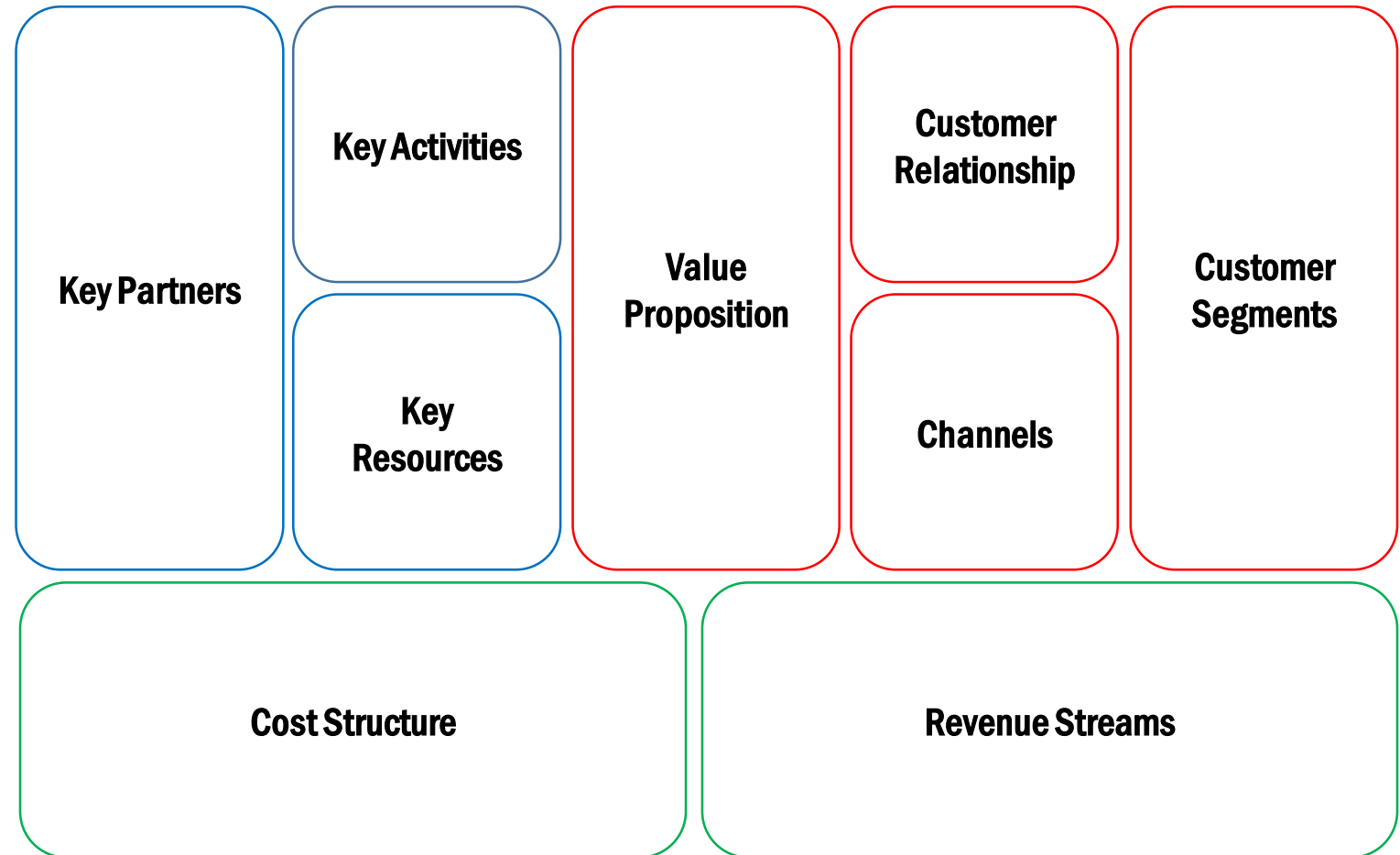
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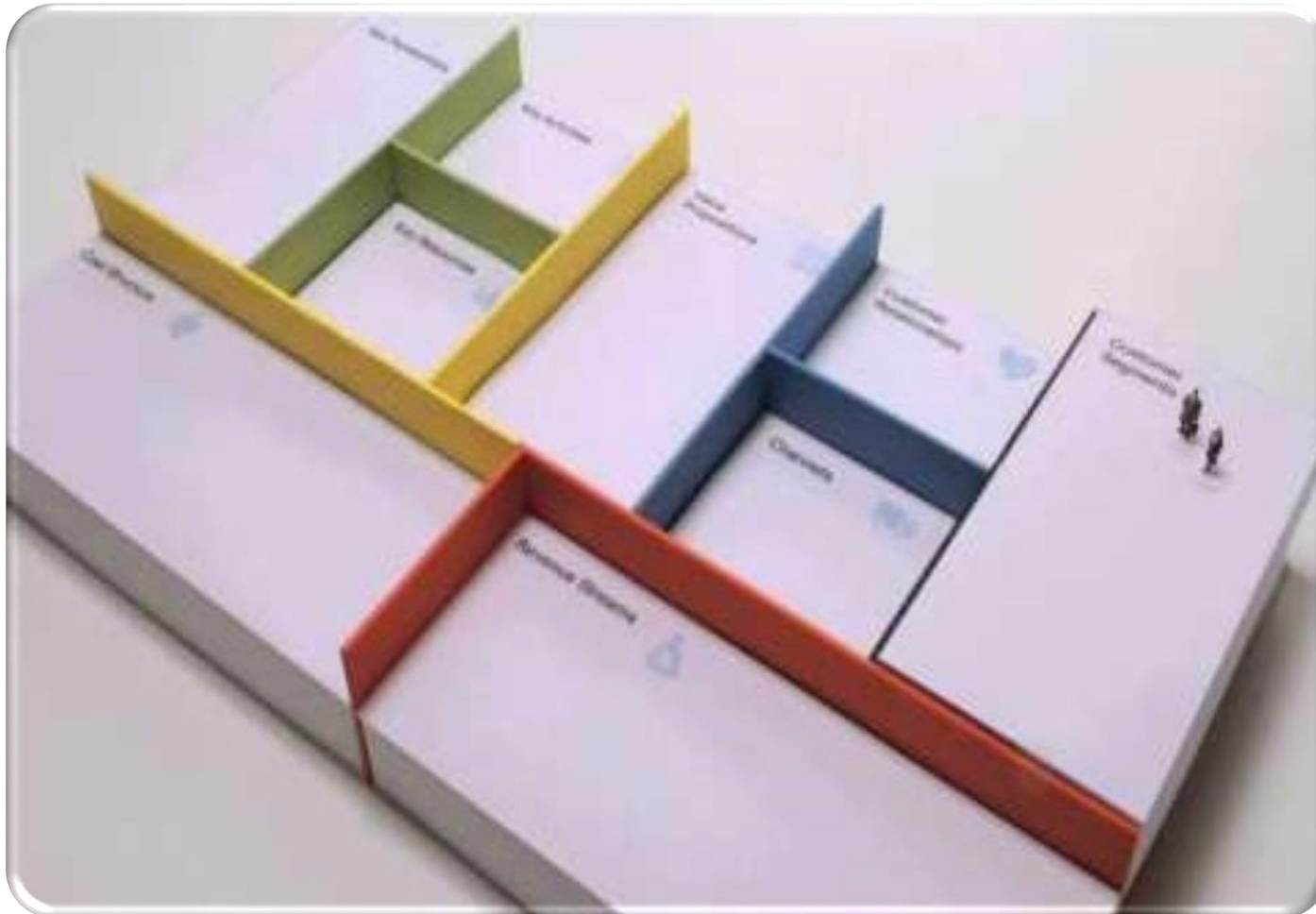
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What is a Business Model Canvas?

The Business Model Canvas is a strategic tool that uses visual language to create and develop high-value innovative business models.

Thanks to its nine elements, BMC allows to have a clear and immediate view of any business idea.





The Business Model Canvas moves innovation out of the 'theoretic' stage into the planning stage.

The future of a company is hidden in the details. Find them and you'll be ready to innovate successfully.

To see how it works, watch this video (2:22 - subtitles available)

And if you need to hear something more, you can invest 9:41 minutes in watching this:

<https://bit.ly/2iqB9Yy>

Focus on Value Proposition

The value proposition (VP) is at the center of the canvas, as this is the heart of your business idea. It is strictly related to your customers: your value proposition should be tailor-made to them and their needs.

The value proposition is the set of benefits that the company promises to provide to customers and from which they can derive satisfaction that justifies the payment of the related cost.

Questions to answer to define the VP:

- What value do you deliver to the customers?
- Which one of your customers' problems are you helping to solve?
- What bundles of products and services are you offering to each Customer Segment?

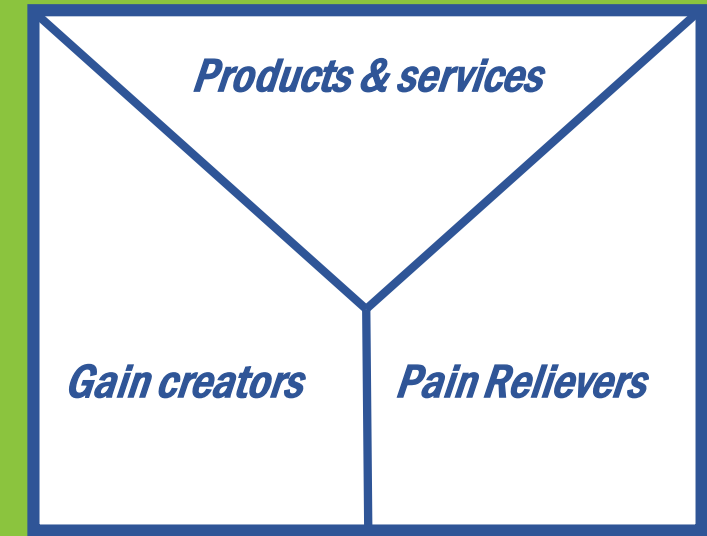
Exercise: Customer profiles

1st step: clarify how your product/service can solve a problem for one kind of your possible customers, and focus on their needs

2nd step: fill in the customer profile (on the bottom-right)

3rd step: repeat the same process for other kinds of customers

Value proposition



Customer profile

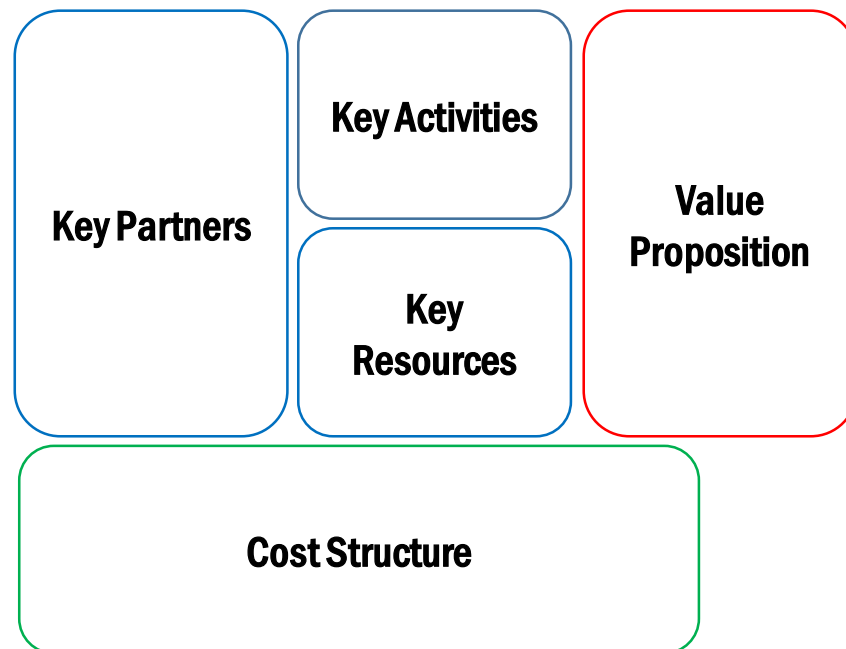




Business Model Canvas in SPA

Now that we've seen what a BMC is and how to use it, we can go deeper in understanding how to use the BMC methodology to analyse the entrepreneurial formula of farms that have successfully adopted PA solutions.

SPA impacts mainly these 5 sections of the BMC:



On the [SPARKLE website](http://sparkle-project.eu) you can find the BMC Handbook with all the information you need to conduct a BMC interview and a collection of 21 business cases from successful SPA farms



<http://sparkle-project.eu/resources/>

Business Model Canvas in SPA

Within the SPARKLE project, the Consortium tested the BMC on 21 companies that can be considered best practices in the field of Smart Agriculture in Southern Europe.

This group includes both micro family businesses and large companies, and considers both farms adopting SPA technologies and companies that provide customized PA services and solutions.

Furthermore, the farms involved in the survey belong to different agricultural sectors (and to different geographical areas of South Europe: Greece, Italy, Spain and Portugal).

→ The collection aims to show how to use the BMC methodology to analyse the entrepreneurial model of farms that have successfully adopted PA solutions.

→ The final goal is to create a new tool for future “agronomist 4.0” to analyse and support companies that could invest in PA in order to grow economically and, at the same time, decrease the environmental impact.





Among the 21 farms that have been interviewed and have "created" their own BMC thanks to the help of external experts, there are also 3 partner companies of the project.

Their BMCs show that:

- the main objective of the new PA technologies is to improve the quality of the products (Value Proposition) and reduce the production costs (Cost Structure), avoiding any kind of waste → *"Now we know exactly what we have to do and when to do it!"*
- farmers are willing to adopt SPA because they think that in the future there will be more and more people interested in buying from those who produce by applying SPA methods (Customer Analysis)
- the interest in Precision Agriculture is linked to the respect for the environment and the use of products (Key Resources) with a lower environmental impact → *"We would like to see the birds back in our fields ... "*



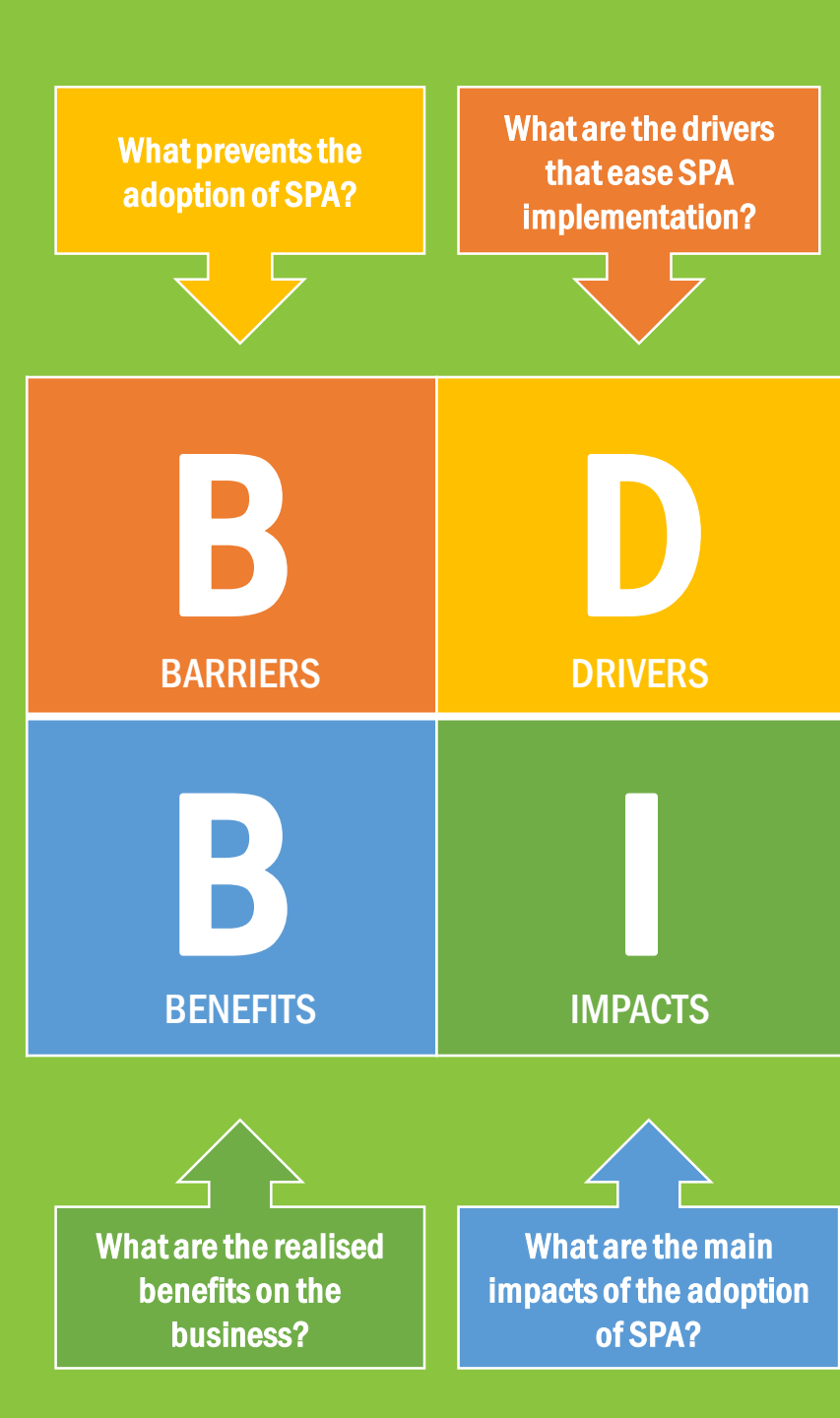


PA Impact Analysis

To analyse the feedback of the interviewed farmers about the introduction of SPA technologies in their farms, we asked them to fill in an Impact Analysis matrix.

Main findings:

Barriers <ul style="list-style-type: none">• Lack of knowledge among farmers, workers and even among experts• High initial investment costs• Lack of a supporting network<ul style="list-style-type: none">• Lack of expert workforce	Drivers <ul style="list-style-type: none">• improvement of the business performance<ul style="list-style-type: none">• reduction of costs• environmental sustainability
Benefits <ul style="list-style-type: none">• Higher quality productivity<ul style="list-style-type: none">• Higher profitability• Improved costs control• Lower environmental costs agriculture	Impact <ul style="list-style-type: none">• development of local agriculture<ul style="list-style-type: none">• increased sustainability• Increased economic development



Summary of PA Impact Analysis



[Hippocrates farm by Rezos Brands](#) – Greece



[Marchesi Mazzei SPA](#) – Italy



[Quinta da Cholda](#) – Portugal



The PA Impact Analysis of the three partner companies shows that their common driver is to safeguard and respect the environment.

On the other hand, the main barrier is represented by the lack of knowledge of PA techniques and the subsequent lack of specialized workforce. Furthermore, the initial costs for technologies, infrastructure, and the bureaucracy are definitely the most difficult barriers to overcome for implementing PA.

As for all the barriers, these should be transformed into benefits: in other words the farmers should find the opportunities to create strong partnerships with other actors of the PA ecosystem (primarily other PA farmers) and exchange good practices to increase their knowledge in the field of PA.

You can find the BMC analysis of the 3 farms in the [Handbook for BMC in the field of SPA](#) on the official website of SPARKLE project (www.sparkle-project.eu)

The Business Environment and the External Forces



Businesses do not operate in a vacuum. **Companies** live in a “business environment” and they’re influenced by forces beyond their control. These forces impact their Business Model, so they need to keep that into account to be able to modify their BM accordingly. How companies respond to these external forces – and how quickly they do it – can make the difference between success and failure, especially in today’s fast-paced business climate.

The Business Model Environment is organized in 4 areas – *Market Forces, Key Trends, Industry Forces, and Macro-Economic Trends* – that surround the Business Model Canvas as they influence the kind of business model that will be designed.



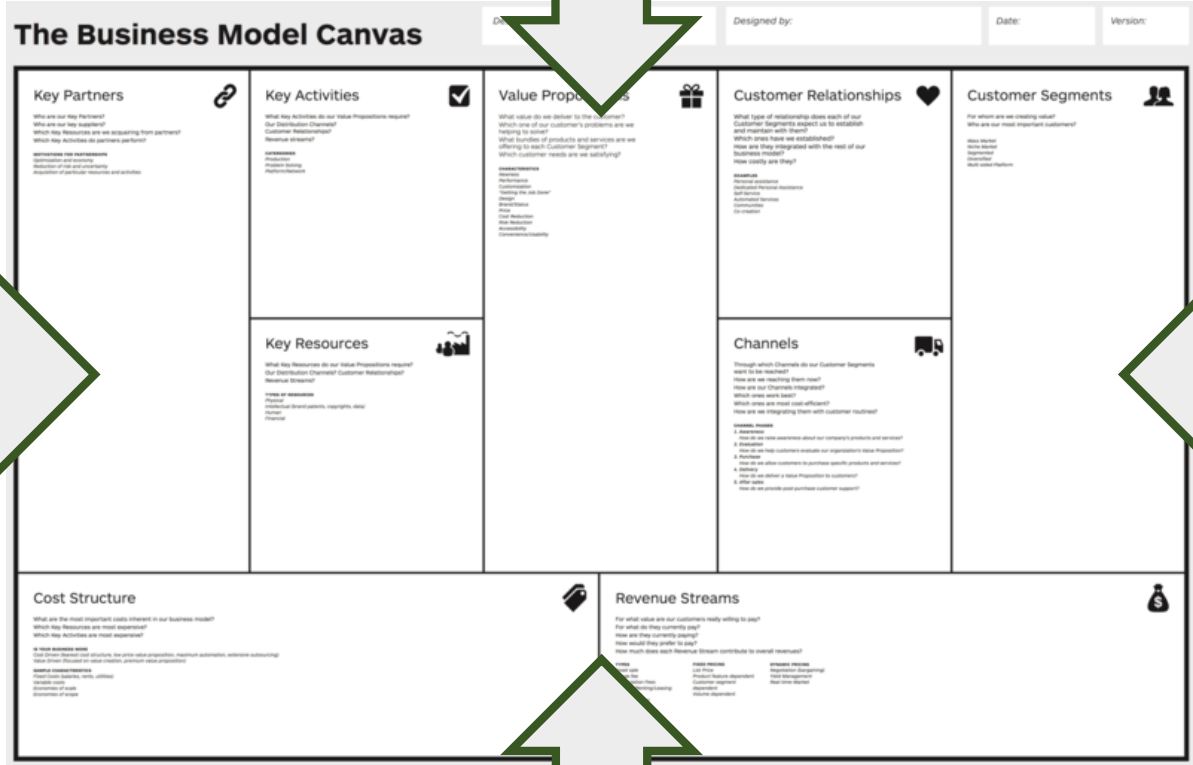
Picture by [Waqtia Rahaman](#) from [Pixabay](#)

Unlike the Business Model Canvas blocks, on which you have full control, external forces represent design constraints that you have to deal with.



Key Trends

Industry Forces



Market Forces

Macro-economic Forces

To learn more about the Business Model Environment please watch this video (3:56). Remember to switch the subtitles on!

<http://tiny.cc/eafgdz>



Business Model Environment

Some key learning points to keep in mind:

Don't focus just on your business model, but reflect on how the external forces could impact it

Don't limit yourself to mapping what your business environment looks like today, but focus on emerging trends. To learn about the technological landscape of the future read [The Future of Technology in SPA](#)

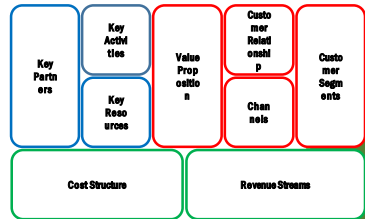
Try to turn any expected change into an opportunity: this is what a good entrepreneurs always does

Your business environment is constantly changing: you need to adapt your business and sometimes even reinvent yourself to keep growing. Don't ever underestimate the influence of external forces on your business model!



Picture by [rawpixel](#) from [Pixabay](#)

Business Model – Business Plan



Business model

is the strategy that a company uses to generate revenue from its product or services. It can be visualized through the BMC

VS

Business plan

is a document that summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realized

To better understand what a BUSINESS PLAN is, have a look at lesson n° 49 of the SPARKLE course: *“Brief introduction on business planning and resources management”*