How to create a

BUSINESS MODEL CANVAS

for your Circular Economy initiative

Pathwize

Sustainability Victoria

VICTORIA
State Government

Are you intending to submit an application to the business support fund round 2?

Reduce the generation of waste by 15% by 2030

MILLIONS OF TONNES

Clear communication of your plan

Increase your chances of success

Elements of your application

In the following sections, you must demonstrate how your project will support the primary goal of Fund, to avoid waste in Victoria.

Your application will be assessed against the following weighted criteria:

1. **What are you going to do? (40%)**

2. Who will deliver the project? (20%)

3. How will the project be delivered? (40%)

The merit criteria are designed to test how your project will support the fund objectives and to provide confidence to the Panel that your solution, your team, and your methodology will support Victoria to avoid waste.

Grant writing workshop

Recycling Victoria

Business Support Fund Round 2

Register here...
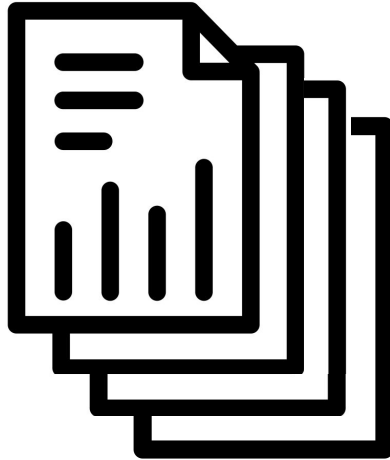
How to create a

BUSINESS MODEL CANVAS

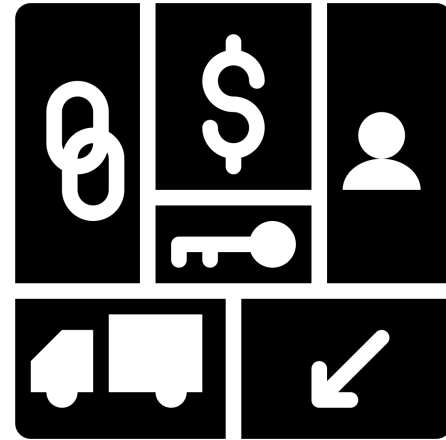# Clear and concise overview

From

To

Business Model Canvas

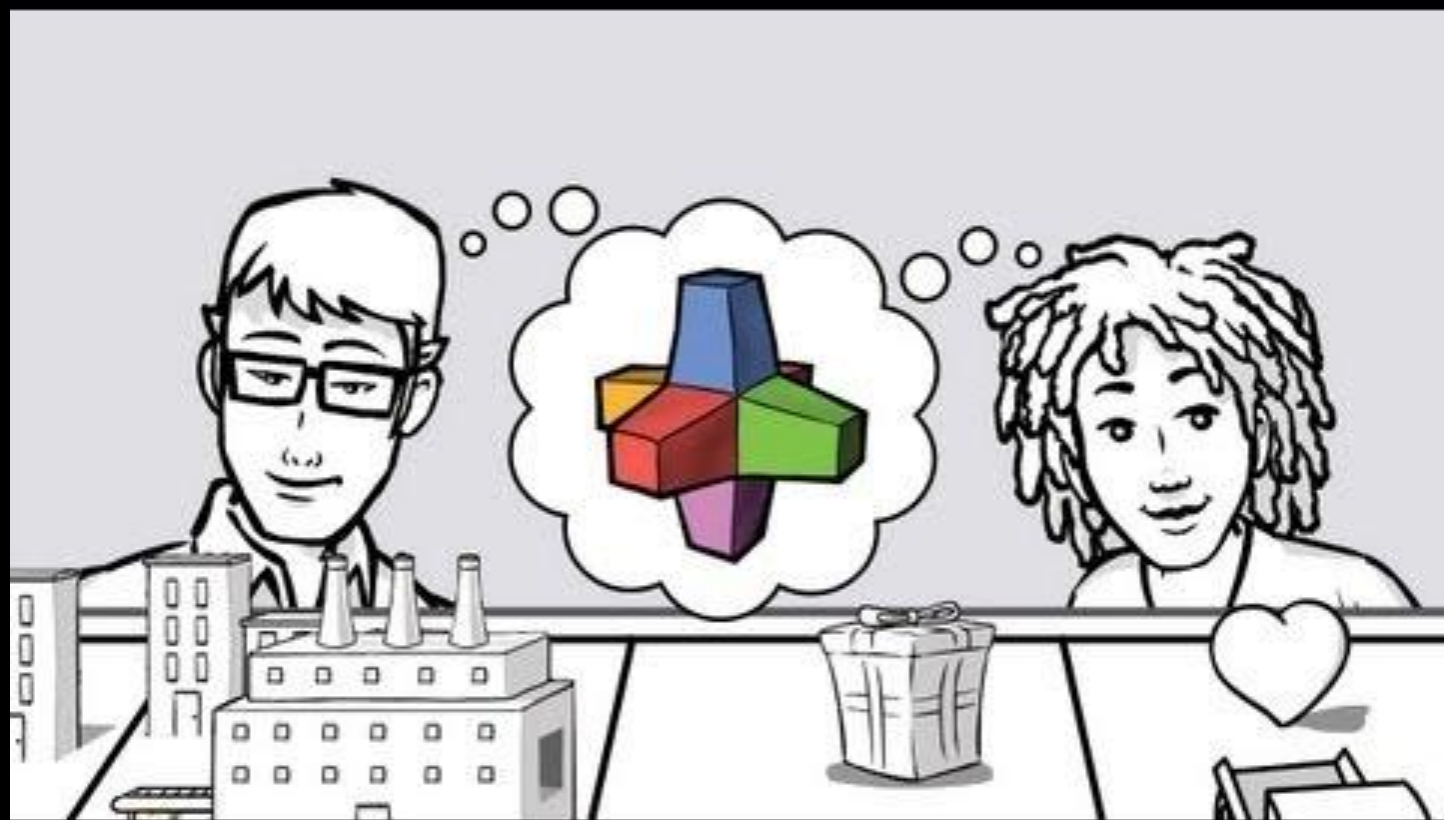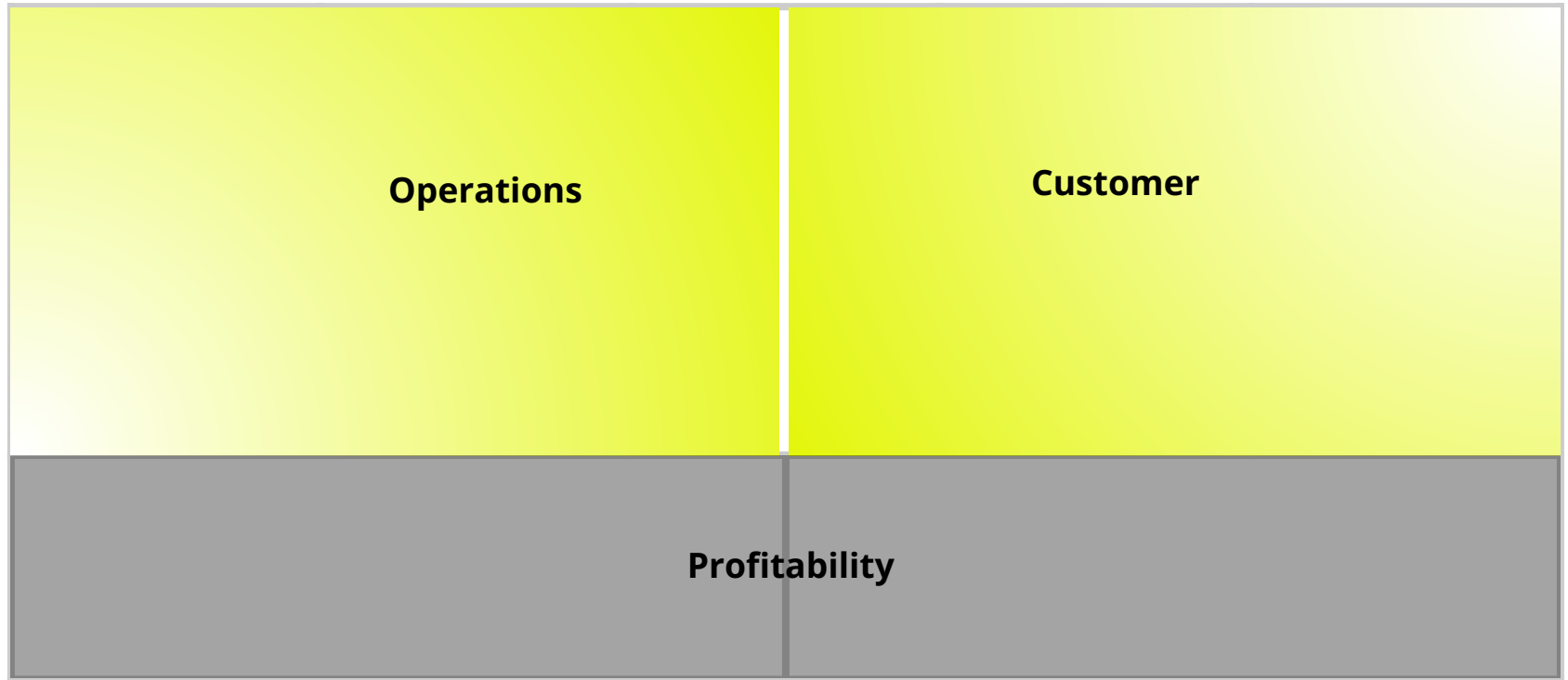| Strategic relationships | Activities | Value proposition | Customer relationships | Customer segment |
| | Assets | | Channels | |
| Costs | | | Revenue | |
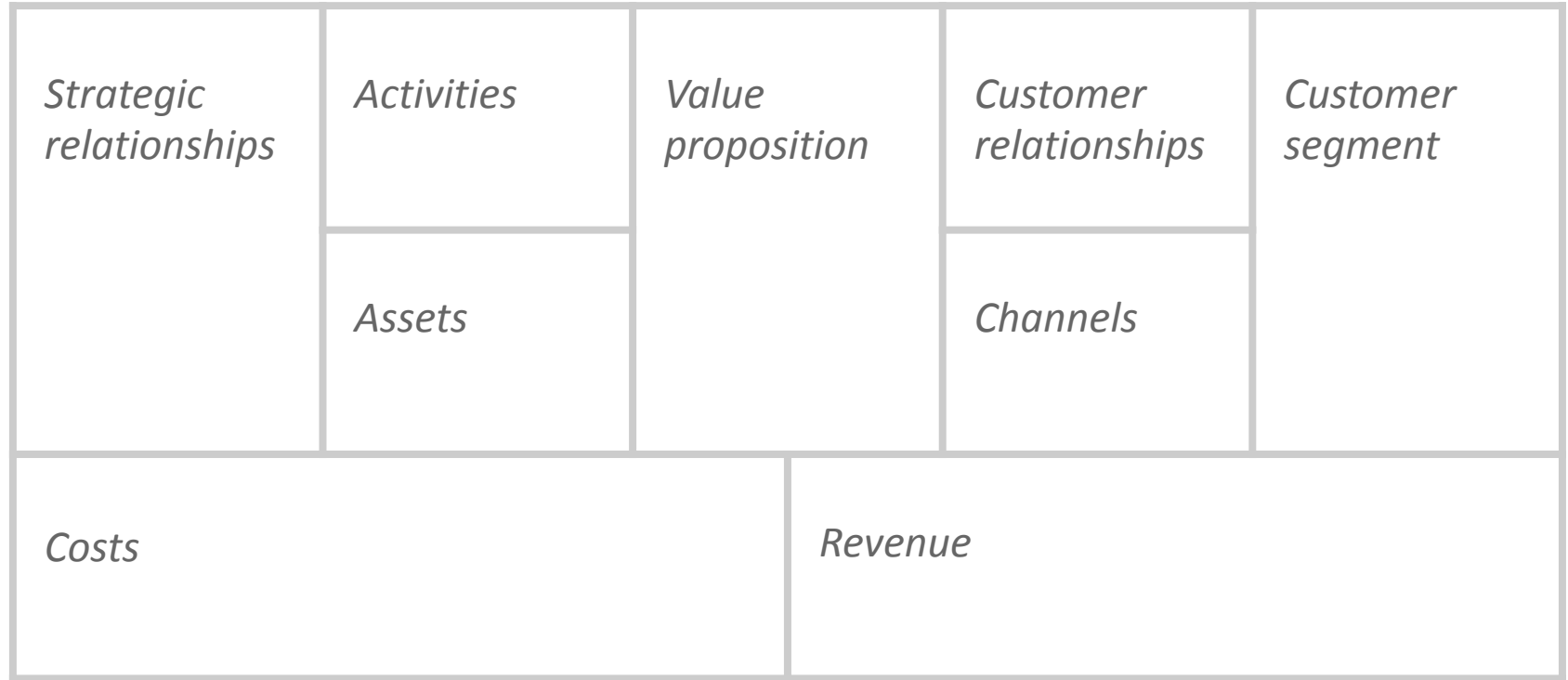
I am confident that I can create a meaningful business model canvas for my business.

Operations

Customer

Profitability

*"A major mistake made by many companies around the world is focusing on the technology, the product, and the design, but **neglecting to ever figure out the business**. And by "business" we simply mean how the company makes money by acquiring and serving its customers".*

-Reid Hoffman

Deliver

Create

Capture Value (Profit!)

Relationships not lists

Strategic relationships	Activities	Value proposition	Customer relationships	Customer segment
	Assets		Channels	

Costs	Revenue

Relationships not lists

Strategic relationships	Activities	Value proposition	Customer relationships	Customer segment
What can't we do ourselves that we need to find partners for? What are we getting and giving them?	What key activities will we do every day? Manufacturing, sales etc	What customer problem are we helping to solve? Which needs are we satisfying? What key features of our offer match these?	How will we keep and grow customers?	Who are the most important customers? What are their archetypes? What job do they need us to do for them?
	Assets What resources do we need? Equipment, software platforms, IP, financial?		*Channels* How will we acquire customers? How will we reach them?	

Costs	Revenue
What are the biggest costs of running the business?	How will we charge customers? On what basis? Unit sales, subscription, rental etc

Example Canvas
(Circular economy related)

Focus on the 'incremental' case. The new bit.

... the new material, new product, new market or the whole new business.

Product Stewardship
(Product life extension)

Product buy-back offer (incentivised return)

Strategic relationships	Activities	Value proposition	Customer relationships	Customer segment
		Second life stewardship "We love our backpacks so much we'll buy them back from you!" Good condition - repair, sell or rent		
	Assets		Channels	

Costs	Revenue

Product buy-back offer (incentivised return)

Strategic relationships	Activities	Value proposition	Customer relationships	Customer segment
		Second life stewardship	Retail sales staff or online chat	Existing customers
	Assets	"We love our backpacks so much we'll buy them back from you!"	**Channels**	Other retailers with 2nd-hand-friendly customers
		Good condition - repair, sell or rent	Website Retail stores Email (subscribers)	Scouts groups

Costs	Revenue

Product buy-back offer (incentivised return)

Product stewardship

Strategic relationships

Secondary sellers

Activities

Market the offer
Process returns
Grade and prep for
resale or breakdown

Assets

E-commerce
platform additional
function

Value proposition

Second life
stewardship

"We love our
backpacks so much
we'll buy them back
from you!"

Good condition -
repair, sell or rent

Customer relationships

Retail sales staff or
online chat

Channels

Website
Retail stores
Email (subscribers)

Customer segment

Existing customers

Other retailers with
2nd-hand-friendly
customers

Scouts groups

Costs

Revenue

Product buy-back offer (incentivised return)
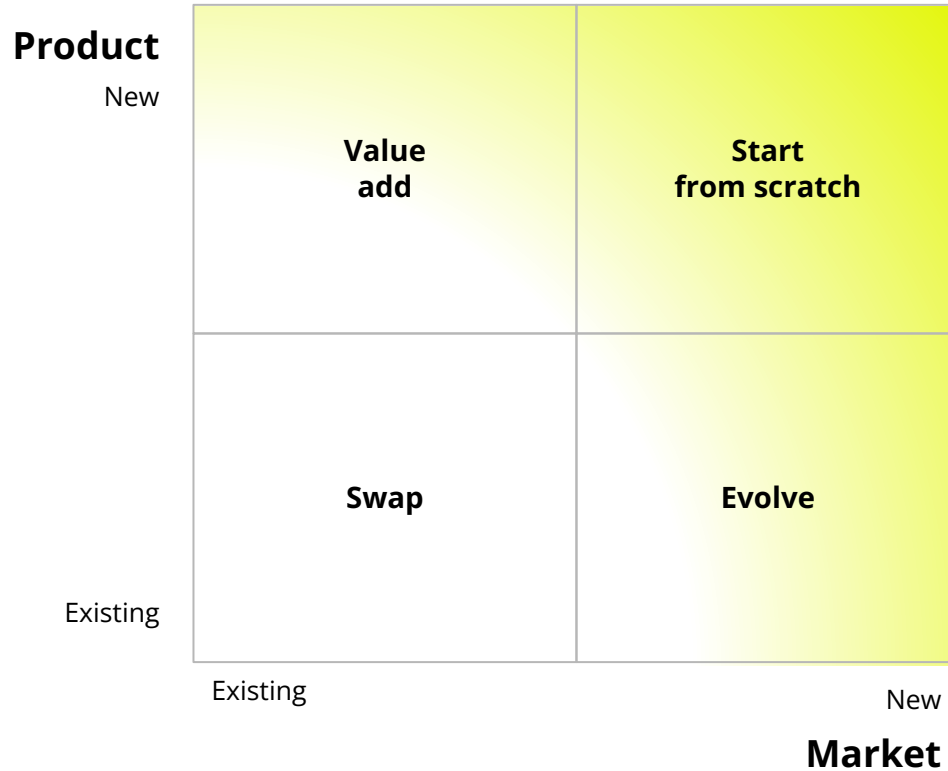
Strategic relationships

Secondary sellers

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Customer segment

Existing customers

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2nd-hand-friendly
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Scouts groups

Costs

Resale selling costs
Processing team

Revenue

Resale revenue

Supporting Information

Product

New

Value add	Start from scratch
Swap	Evolve

Existing

Existing   New

Market

Which box does your initiative sit in?

More uncertainty

Product
New

Existing

Existing   New

Market
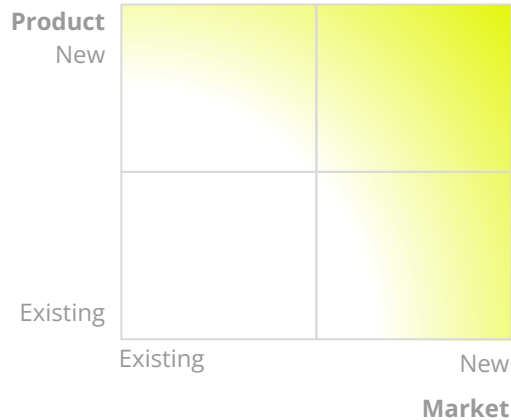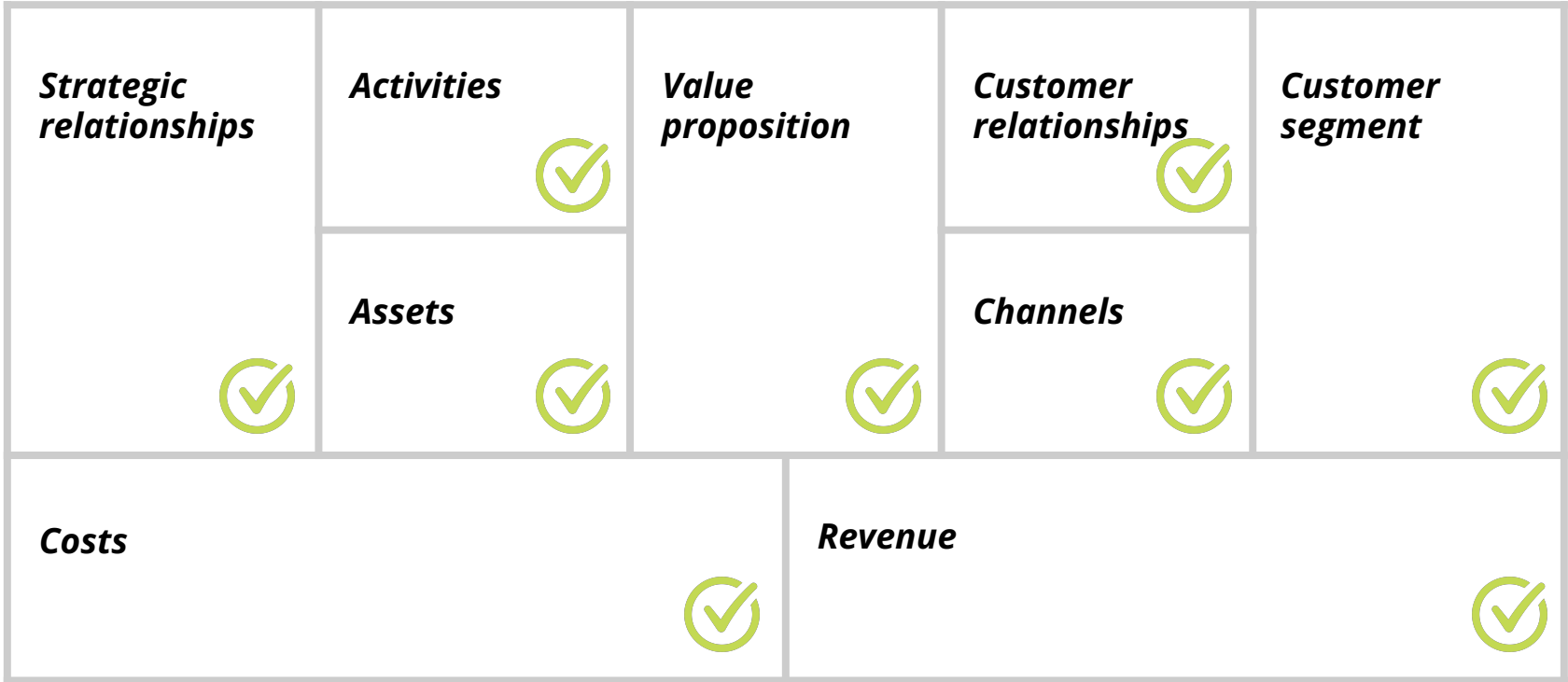
Less uncertainty

Some initiatives will have more 'unknowns' than others.

Can you find ways to reduce these?

Supporting information

Strategic relationships ✓	Activities ✓	Value proposition ✓	Customer relationships ✓	Customer segment ✓
Assets ✓		Channels ✓	
Costs ✓		Revenue ✓	

Break it down

Tips on information to include...

Lighting as a Service

Strategic relationships	Activities	Value proposition	Customer relationships	Customer segment
Lighting supplier Electrical contractors Energy provider	Conversion plan Manage conversion, and maintenance **Assets** IT platform Automated lighting plan tools	41x lifetime LED lighting solution "We upgrade your lighting and work environment. Lower waste and lower energy usage."	IT platform and help desk **Channels** Direct sales Referrals	Companies with large premises still using halogen or fluorescent lighting generating LOTS of waste. - Own - Rent

Costs	Revenue
Sales and marketing team IT platforms - customer & planning Project managers	Upfront conversion cost Monthly service fee (power, platform, maintenance)

Customer

Success Factor	Details	Current Status
Customer problem	Lack of changeover expertise	Spoken with 10+ sites
Customer acquisition	Lead generation Conference circuit Online marketing	Use grant funding to do research 2 so far - great response Grant funding to attend more Website ready (link) Grant funding for adv spend
Customer traction	Evidence of interest	15 signups from manufacturing sites 3 letters of support (attached)
Channels to market	Energy provider providing referrals	Refer letter of support from energy company
Product	Platform that calculates benefits and manages system	Working prototype Grant funding to build customer interface. Refer diagram.

Target Customer	Metrics
Property size	xx to xx
No of old-tech lights (average)	xx
Potential volume of waste reduction	xx
No. customers in Australia	xx
Target total lighting waste reduction	**xx to xx**

Assets
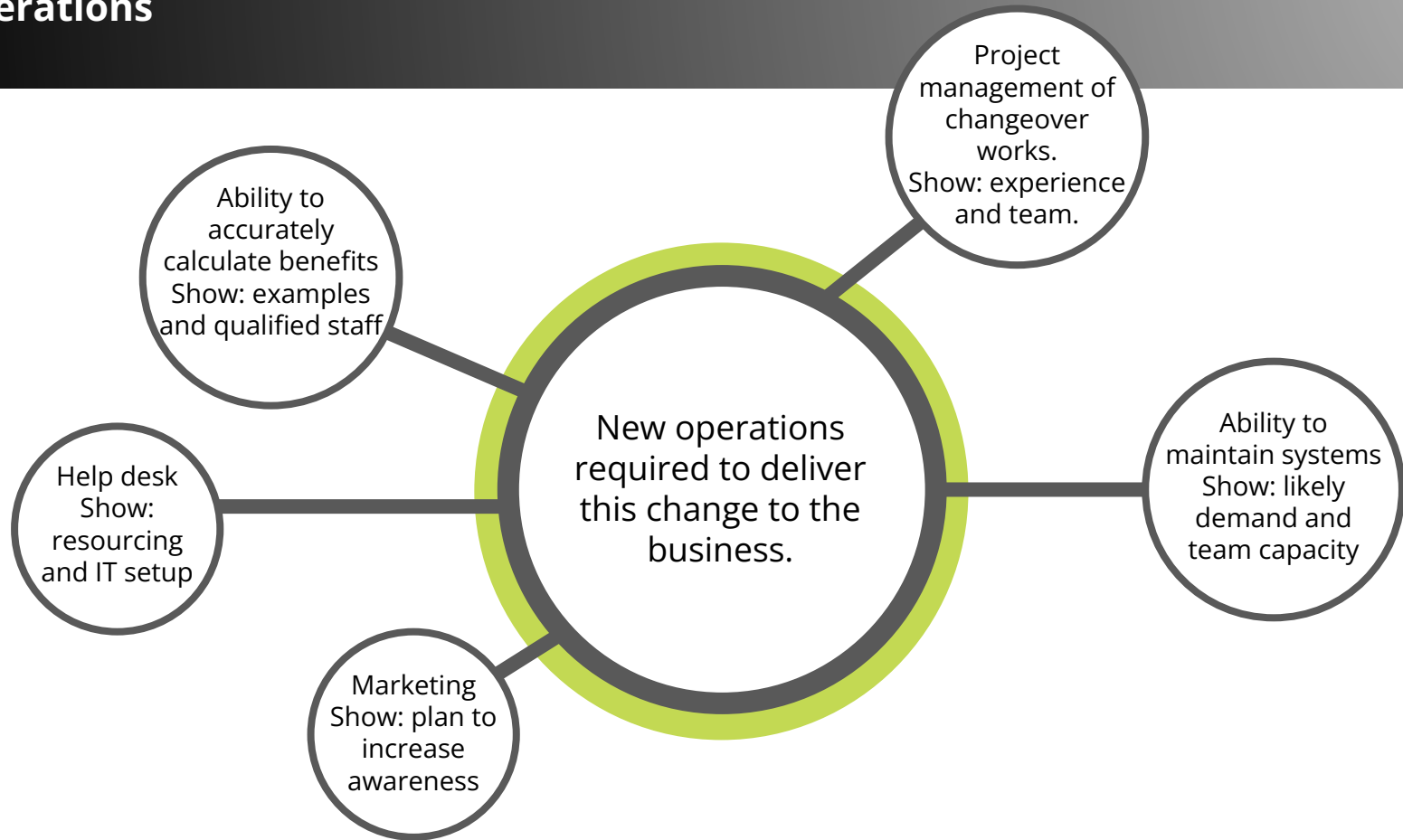

Diagrams and information about what the system needs to do
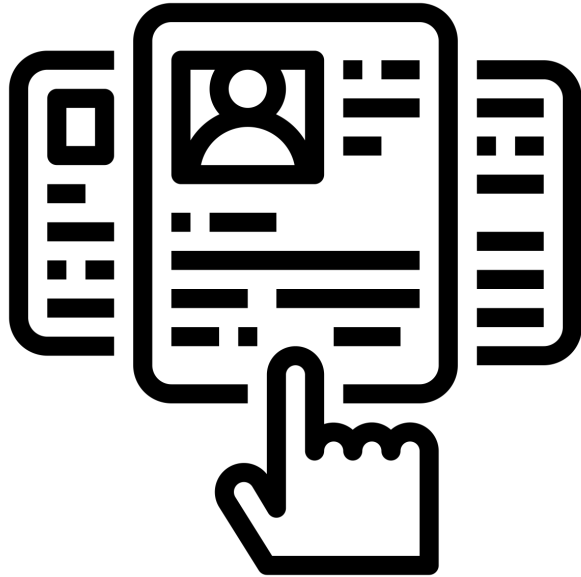
What is the current status? How much will it cost to build?

Key information to **demonstrate** you have what it takes to build this new business model.

For each business model success factor provide:

- Key skill requirement
- Person with these skills
- Example(s) of past success

Budget Table

BMC Element	Cost	Quote
Channel	New staff costs: Employment of 2 customer pipeline coordinators	$120,000
	Marketing, advertising and promotion: new collateral and website update	$ 20,000
Assets	Capital purchases and assets: Build IT platform	$60,000
Activities	Advisory costs: Employment of experts to develop the savings calculation formula	$35,000

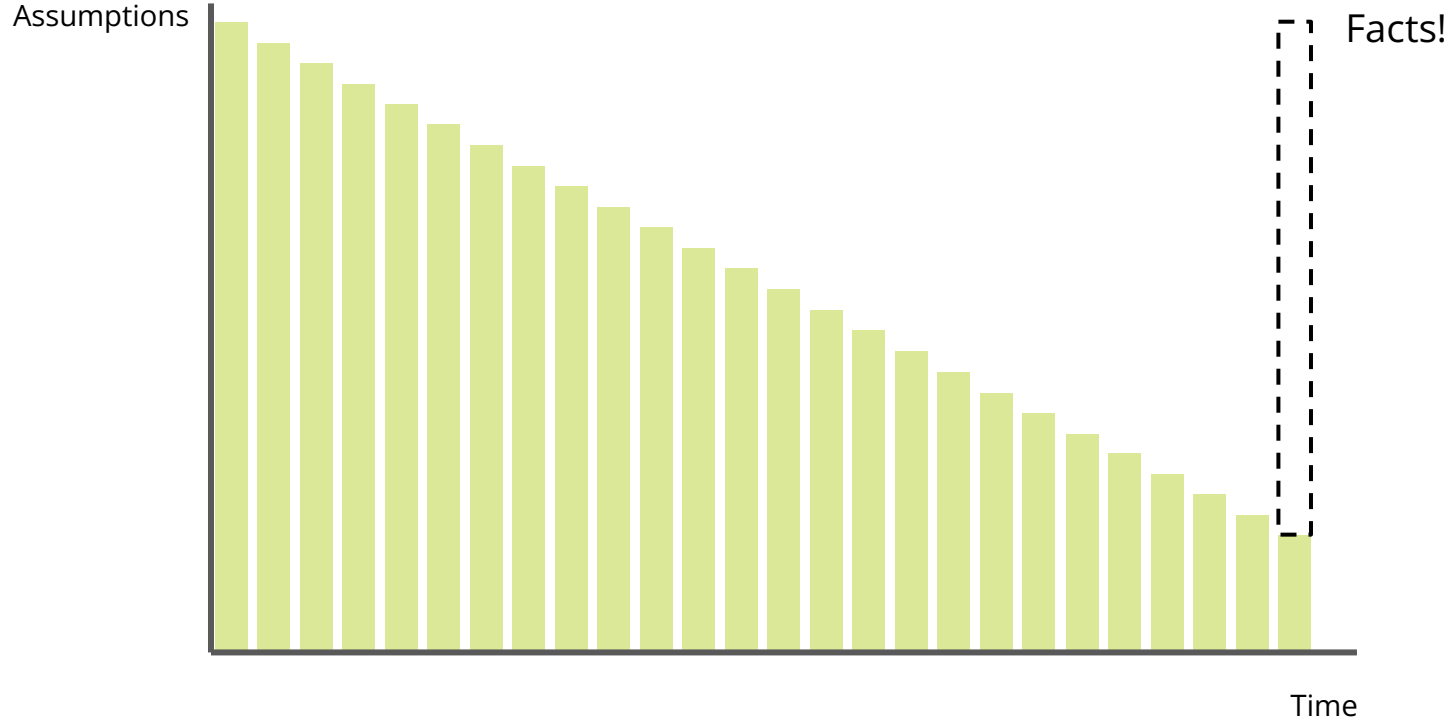**This session improved my understanding how how to create a business model canvas.**

Innovation Tips from the Startup Sector

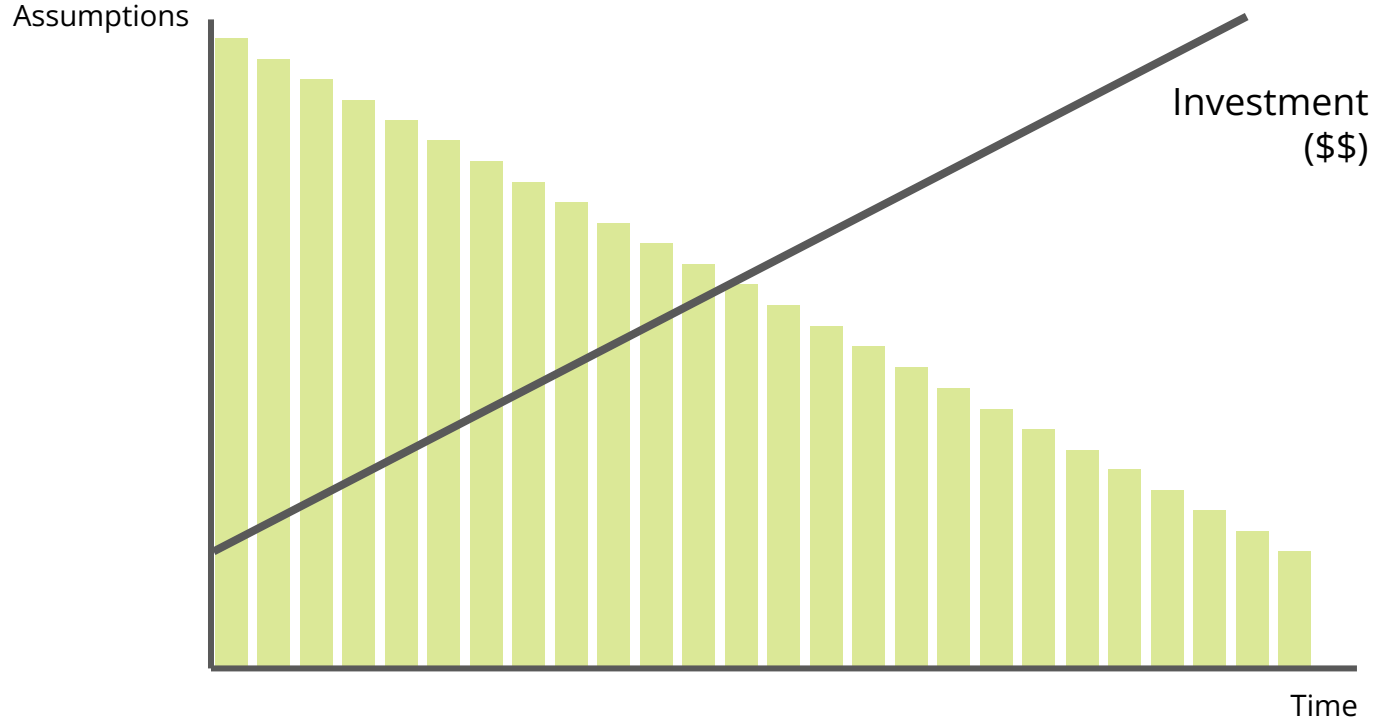*"Entrepreneurship is like jumping off a cliff and assembling a plane on the way down."*

Reid Hoffman – LinkedIn

Turn Assumptions to Facts

Increase Investment as Risk Decreases

Assumptions

Investment ($$)

Time

Think of it as an experiment

Lighting as a Service

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Lighting as a Service

Finance partner Lighting supplier Electrical contractors Energy provider	Conversion plan Manage conversion, and maintenance	41x lifetime LED lighting solution "We upgrade your lighting and work environment. Lower waste and lower energy usage."	IT platform and help desk	Companies with large premises still using halogen or fluorescent lighting generating LOTS of waste.
	IT platform Automated lighting plan tools **Access to capital**	**Share the costs and benefits**	Direct sales Referrals	- Own ~~Rent~~

Sales and marketing team IT platforms - customer & planning Project managers	~~Upfront conversion cost~~ ~~Monthly service fee (power, platform, maintenance)~~ **Shared savings commission** **VEECs cash bonus**

THANK YOU!

for being part of this session

For more information

tristonne@pathwize.com.au

Sustainability vic

Pathwize

Repair
for reuse

Recommissioning computers and laptops

End of life device management

"We manage the entire process of on-selling unwanted computer equipment at the highest value possible, sharing the proceeds with you."

Recommissioning computers and laptops

End of life device management

"We manage the entire process of on-selling unwanted computer equipment at the highest value possible, sharing the proceeds with you."

1. IT equipment tracking portal

1. Direct sales

1. Companies that continuously upgrade large amounts of IT equipment.

Recommissioning computers and laptops

Repair for reuse

End of life device management

"We manage the entire process of on-selling unwanted computer equipment at the highest value possible, sharing the proceeds with you."

1. IT equipment tracking portal

2. IT e-commerce website

1. Direct sales

2. Online

1. Companies that continuously upgrade large amounts of IT equipment.

2. Discount IT equipment buyers

Recommissioning computers and laptops

Credit card facility Referring manufacturers (ie. HP or Dell providing intros to big customers)	Wipe data Refurbish Repair Value On-sell Forward proceeds	End of life device management "We manage the entire process of on-selling unwanted computer equipment at the highest value possible, sharing the proceeds with you."	1. IT equipment tracking portal 2. IT e-commerce website	1. Companies that continuously upgrade large amounts of IT equipment.
	Tracking portal E-Commerce website Processing lines		1. Direct sales 2. Online	2. Discount IT equipment buyers

Recommissioning computers and laptops

Repair for reuse

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Sales and marketing team
IT technicians
Tracking portal
Occupancy costs - warehousing (out of scope)
Website development

1. Negative revenue from the 'customer'
   - Share 50% of proceeds with them
2. Revenue from on-selling
   - 50% of market value