

Business Model Canvas, the Lean Canvas and the Strategy Sketch: Comparison

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Abstract: Alex introduced Business Model canvas (BMC). Considering that, a lot of business have earned from the easy steps provided to 'describe, design, challenge, invent and pivot' their business models. What was documented back then, the business plan or strategy can be sketched on a one-page plan instead of writing a whole lot of pages. Since early 2008, many varieties of business models have been introduced. In this paper, three varieties are used: The Sketch strategy by Jeron Kraaijenbrink, the classical Business model canvas by Osterwalder and the lean canvas by Ash Maurya. The strategy sketch is the most used sketch and it has the widest scope, followed by the business model canvas and then the lean canvas. In this paper, highlights of each model is discussed, the differences between them and also when to consider using a particular canvas.

Keyword: Business Model Canvas, Sketch strategy, Preposition, Business Model

1. Introduction

Business model canvas is a prudent management and lean startup for coming up with a new or available business models. It is a visual chart with elements illustrating a firms or

product's value proposition, infrastructure, customers, and finances. It helps organizations in straightening their activities by clarifying potential trade-offs. It was initially proposed by Alexander Osterwalder depending on his previous business model ontology. Since it was released in 2008, new canvases have appeared. Official descriptions of the business become the building blocks for its proceedings. Many different business visualizations exist; Osterwalder's work and thesis (2010, 2004) introduced a single reference model relying on the similarities of a wide range of business model visualizations. With Osterwalder's business model design template, an organization can easily describe their business model.

2. Literature Review

2.1. Strategic Sketch

Some business operators encounter writing a business plan as a difficult task. Nevertheless, there are many ways available to assist with this. The strategy sketch is one of the most popular and frequently used. The strategy sketch plans all business characteristics in a clear and visual way. These ten building blocks outline the value proposition, earning model, customers, relationships and distributor. In such a way, it is shown which business are crucial and what where any modifications needed. This method was designed by Jeroen Kraaijenbrink, who wrote the book "The strategy Handbook". This models works and it consist of ten building blocks. Effects can be useful to apply the strategy sketch in a firm as a trainer to get knowledge

of the model, as an outside arranger to get involved in wider organizations and to guide the planning of “the making of”, and as a mentor in arranging the model of the firm.

2.1.1. Strategy and Business Model

According to Jeroen Kraaijenbrink, this canvas published in 2015 and is not known to many business makers. Nevertheless, this canvas have been used and it has is a practical and elaborative canvas.

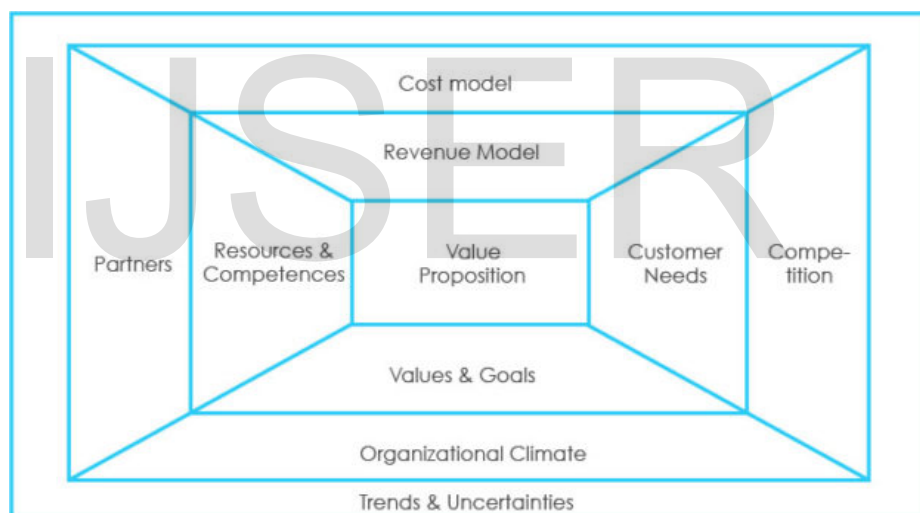


Fig 1. Jeroen Kraaijenbrink 2015

Table I: Strategy of a business. Therefore, it is used to analyze the overall strategy of a business and involves the following steps in the next suggested order:

No	Elements	Description

1	Resources & Competences	What you have, what you are good at and what makes you unique. This is comparable to the BCM's key resources and key activates.
2	Partners	Whom you work with and who makes your products and services more valuable. Comparable to BMC's key Partners
3	Customers &Needs	The organizations and people you serve and which needs of them you meet. This corresponds to Customer Segments in both BMC and Lean Canvas.
4	Competitors	Others that your customers will compare you to in deciding weather or not to buy your products and services. This elements is not part of the BMC, however is part of the environment Map Osterwalder has under Unfair Advantage, or Competitive Advantage.
5	Value Proposition	What products and services do you offer, how you offer them and what value they have for the customer. This element is included in the models. The BMC's Channels and Customer relationships' are included in this statements, and for the Lean Canvas, the 'solution' box is included in this one.
6	Revenue Model	What you receive in return for your offer, from whom, how

		and when. This element is included in all models.
7	Risks & Costs	What financial, social, and other risks and costs you bear and how you manage these. Costs are included in all three models, but what specifically added here is risks. According to Kraaijenbrink: 'a business model can look great if all elements are filled out and properly aligned. However, risks are quite important too, for they can make a business model much less attractive than assumed when not explicitly taking into account.'
8	Values & Goals	What you want, where you want to go and what you find important. This new factor is not taken into account in both other models. However, the strategic purpose of organizations, their mission, vision and strategic objectives is a key driver of their goals.
9	Organizational Climate	What your cultural structure looks like and what is special about them. Again, a new factor, but a relevant one for overall strategy as the mindset of the people working for you and the structure and culture they are working is an important determinant of strategy and execution.

10	Trends and Uncertainties	What happens around you that affects your organization and what uncertainties you face. This is comparable to the factors of Osterwalders' Environment map.
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TABLE I: Strategy of a business

2.2. Business Model:

Osterwalder stated that the first business model became visible in an academic article by Bellman Clark et al. in 1957 and in the title and abstract by Jones in 1960 (Osterwalder, 2004). Nevertheless, the idea was not properly planned and became important with the emergence of the World Wide Web in the mid- 1990s. Since then it has been gathering momentum (Zott, Amit, & Massa, 2011). There is no normally obtained definition of the term business model. The verity of the definitions presents challenges for establishing the nature and elements of a model and controls what forms a business model. It also leads to lack of understanding in terminology, as business model, strategy, business concepts, revenue model and economic model are used interchangeably. However, the business model is referred to as the architecture, design, pattern, plan, method, assumptions, and statement (Morris, Schindehutte, & Allen, 2003). Amit & Zott (2001) declare that "business model" represents the contact, structure and governance of transactions designed to create value through the utilization of business opportunities.

Margretta (2002) explained business models as a statement that explains how enterprise work. Osterwalder, Pigneur & Tucci (2005) explains business model as the reasoning of how an organization creates, delivers, and captures value. By using the term of enterprises, Osterwalder, Pigneur & Tucci does not exclude enterprises that are not normally associated with business model, because it must make enough revenue to cover its expenses to survive. The only difference between traditional business enterprise and social enterprise involves the focus of organizations. On one hand, business enterprise concentrates more on financial returns or shareholder. On the other hand, social enterprise concentrates more on ecology, social causes, and public service instructions.

2.2.1. Business Model Canvas:

Osterwalder and Pigneur (2010) emerged, as they did not only provide business model definition and elements, but also a visualization of business model. Business Model Canvas allows business model to be simple, relevant and very understandable, while not oversimplifying the difficulties of how enterprise works (Osterwalder and Pigneur 2010, p15). The canvas becomes a shared language and a useful tool for stakeholders to talk about business models. Business Model Canvas Adapted from Business Model Generation (2010) by Osterwalder A. & Pigneur Y.

The Business Model Canvas

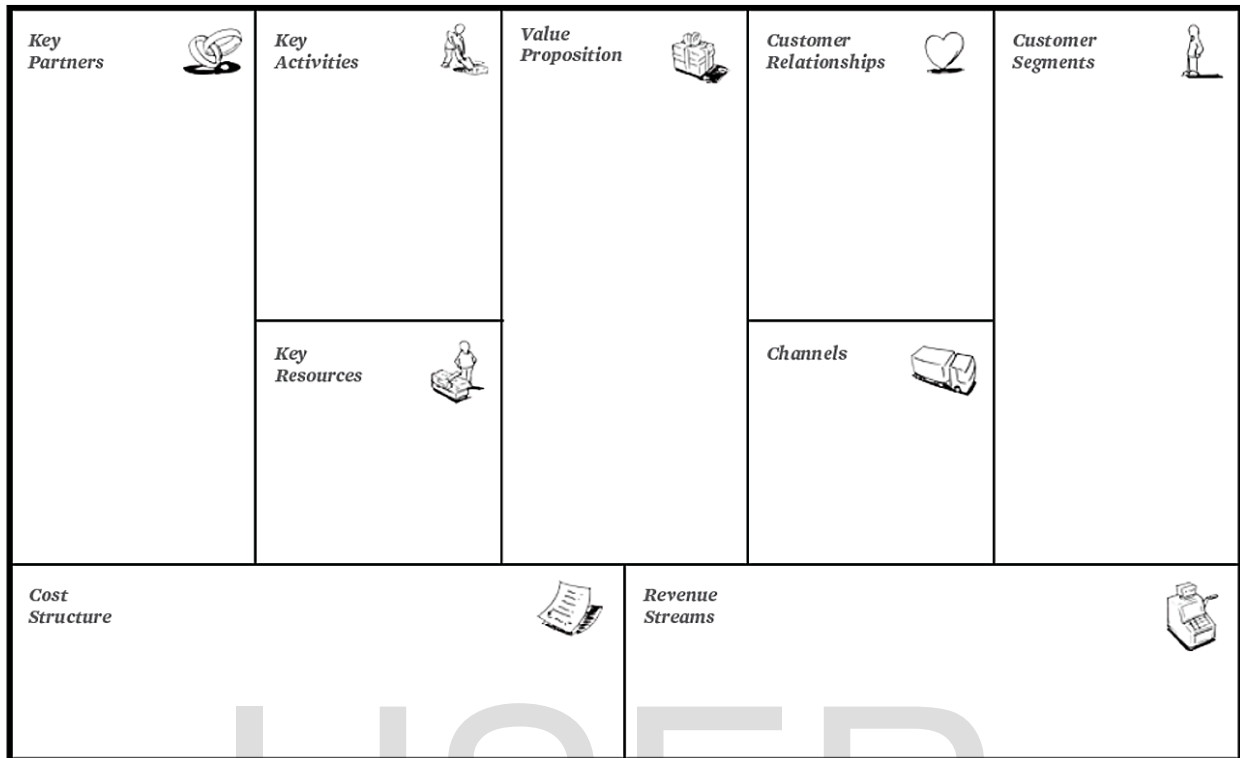


Fig 2. Business Model Canvas by Alex Osterwalder (2010)

Osterwalder claims that business models work in a specific way. However, some areas need to be included in the business model canvas, it is called Environment map:

2.3. Lean Canvas by Ash Maurya

This canvas enables entrepreneurs and startups to validate their business idea following the principles of lean startup.

Lean Canvas is an adaptation of Business Model Canvas by Alexander Osterwalder, which Ash Maurya created in the Lean Startup spirit (Fast, Concise and Effective startup). Lean Canvas promises an actionable and entrepreneur-focused business plan. It focuses on problems, solutions, key metrics and competitive advantages. The structure is similar to the well-known Business Model Canvas, but some sections were exchanged.

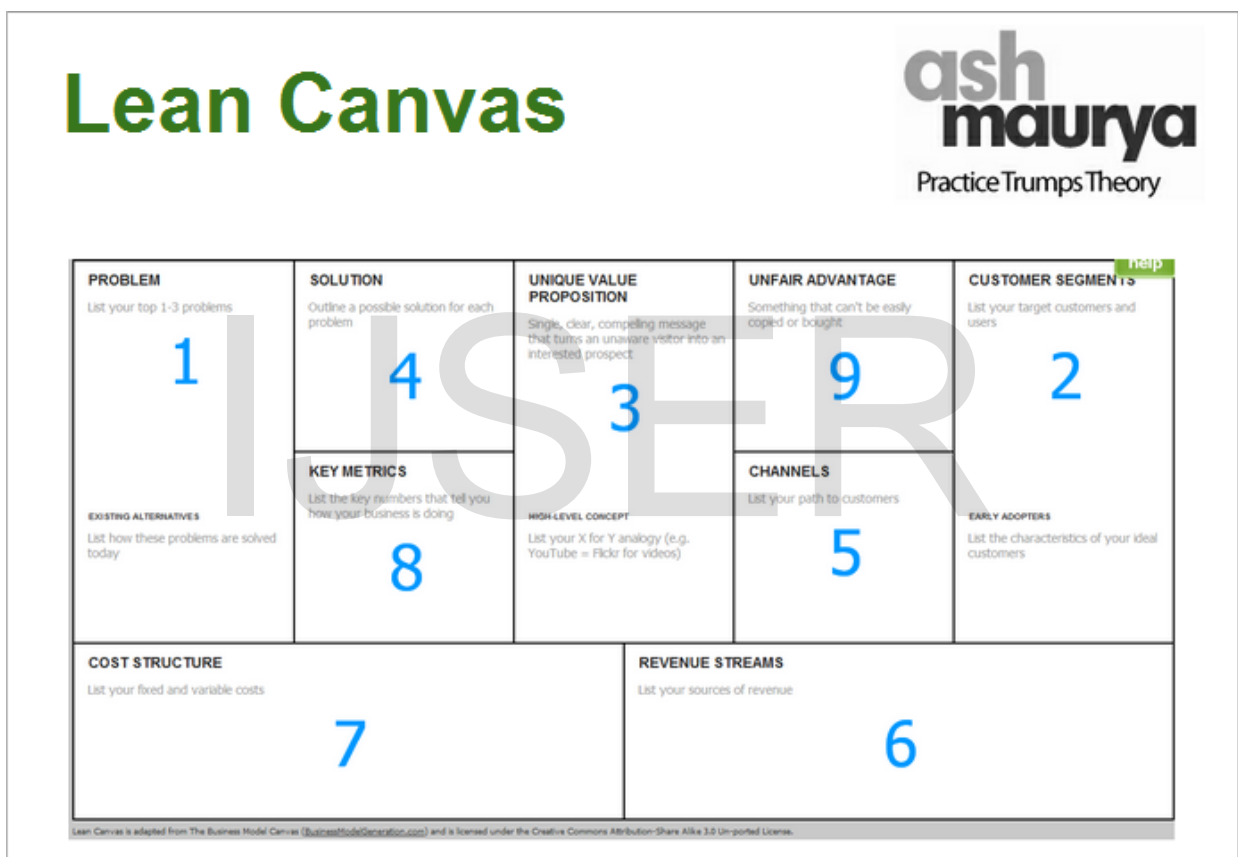


Fig 3. Lean Canvas by Ash Maurya

A canvas made for each customer segment you have identified and validated. It includes the following steps in the next proposed order:

No	Element	Description
1	Customer Segments	As this canvas is targeted at startups and the early adopters that first need to be reached, you have to outline an identifiable early adopter group that is part of the overall customer segment you think you should be targeting. This is in all canvases, but in this variant narrowed down.
2	Problem	The focus in Lean Startups and in this canvas is identifying problems worth solving. In this section you list the three main problems you intend to solved. This element was added to address the nature of startups; 'most startups fail, not because they fail to build what they set out to build, but because they waste time, money, and effort building the wrong product.'
3	Solution	This is how you intend to deliver value. The solution is what most entrepreneurs and product developers are most passionate about. It is purposefully a small box and addressed after customer segments and after problem have been defined. keeping the box small aligns perfectly with the concept of a minimum viable product that is used in Lean startup. After

		validation of the MVP this box will also derive the key activities that are not part of this Canvas. is part of values proposition in other canvases.
4	Unique Value Proposition	Your compelling promise or offer that is solving the number 1 problem, includes a finished story benefit value after a job done. This element is included in all canvases.
5	Revenue Stream	Pricing is part of your product and determines your customers. Part of all canvases.

TABLE II (Lean Canvas table By Ash Maurya)

3. Summary of Differences and when to apply

When it comes to business and business models, every entrepreneur would like to make their business the best among all business. By using the business model, the lean canvas and strategic sketch, they are able to create more value to the business. From the writer's perspective Table III shows the summary of how and when to use the models.

One must be careful when choosing the right platform to increase the value of business the one is running. Moreover, using strategy Sketch will substitute the overall strategy of an organization, see where there is lack and new opportunities expand based on that.

Model	Strategy Sketch	Business Model Canvas	Lean Canvas
Author	Jeroen Krooijenbrink	Alex Osterwalder	Ash Mourya
Ease of use	Jeroen Kraaijenbrink offers a refreshing and practical approach to strategy generation in which creativity, interaction, and value creation are central. It is easy and simple to use compared with the business model canvas and Lean canvas.	The Business model canvas is easy to use because it helps companies move beyond product-centric thinking and towards business model thinking.	The Lean Canvas is more actionable and entrepreneur-focused. It deeply focuses on startup factors such as uncertainty and risk. Compared to Business model Canvas the lean canvas is easier to use because it consist of new elements such as key activities and key resources, customer relationships and key partners. It is meant mostly for entrepreneurs and not the customers, consultants, investors or advisors.
Popularity	The Strategy Canvas was popularized by W. Chan Kim and Renée Mauborgne in their popular book "Blue Ocean Strategy: How To Create Uncontested Market Space And	Business Model Canvas is popular with entrepreneurs and entrepreneurs for business model	Lean Canvas is not so popular as much as the business model canvas.

	<p>Make Competition Irrelevant".</p> <p>The</p>	<p>innovation. Tools like the Business Model Canvas (BMC) are becoming increasingly popular within large enterprises. It Delivers three things: Focus, Flexibility and Transparency.</p>	
<p>Value Created</p>	<p>It is necessary to help companies understand that design, both digital and service related, is not just an integration to the business strategy, but it's often the main tangible expression of the company itself, as it becomes the first touchpoint with its potential customers and users.</p>	<p>The Business Canvas is one of the core tools we use when assessing the viability of an idea. It is a quick and effective way of capturing a business model and can help you visualize the hypotheses and assumptions you are making about your business.</p>	<p>Many agree that the customer problem-focus of the Lean Canvas can be more effective in steering you to build business models and solutions to address the customer need.</p>

Purpose	Define overall strategy of a company, see where inconsistencies & new opportunities arise and develop improved strategy based on that	Helps you create value for your business and covers about two third of what is in the strategy Sketch.	Is a more targeted variant of the BMC. Quickly helps defining business model for one particular customer segment.
Target	Existing business & startups	New and existing business	Startups business purely
Additional Elements	Risks Values Organizational Climate Trends and Uncertainties	Risks Values	Problem Solution Key metrics
Focus	Learning as much as possible from our customers and their teams about the target market	Customers, Inventors, entrepreneurs, consultants, advisors	Entrepreneurs Purely
Missing elements	Problem Key Metrics	Competitors Risks	Risks Values & Goals

		Values & Goals Organizational Climate Trend & Uncertainties Problem Key Metrics	Organizational Climate Trends & Uncertainties Customer relationships
Approach	It is the first step to be taken before creating a business model canvas.	It lays down the infrastructure, lists the nature and source of financing and the anticipated revenue streams of the business.	Does not lay much emphasis on customer segments because startups have no known or tested products to sell.
When to apply	Define long term strategy and develop vision for the future	When values, goals & organizational climate are quite obvious and as a starting point for working on the value proposition	In case you kick off a really new initiative and want to work following the principles of Lean Startup

The value of business model canvasses was and still is today, that they allow you to cut to the chase and quickly identify the key points in your strategy or new business model. From that point on, you can iterate to a better strategy or business model improving your chances of success considerably. It is sometimes wise to have someone facilitate the discussion and set up your business model.

4. Conclusion

The business model canvas provides a “language” for communication the nature of a business. While the lean canvas enables entrepreneurs and startups to quickly validate their business idea following the principles of lean startup. A canvas is made for each customer segment that have identified and validated. And last but not least, the strategic sketch, this canvas was first published in 2015 and is not known to many business makers. Nevertheless, this canvas have been used and it has is a practical and elaborative canvas. The conclusion reached in this paper is that moving from a product focus to a service focus needs formatting changes in revenue streams, and most importantly the customers have a clear advertisement of the value the company is offering to their customers. However, for a company to achieve customer has specifications, newer revenues should be added. One of

the solutions that can be offered by the company is to provide different types of participations where different types of values are together depending on customer's needs. The meaning of business models is different from one author to another. Therefore, having a well-functioning business model can add a lot of value to the company. Adding to that, it is good way to create a competitive advantage. One of the methods is to create a business model canvas. By using business model innovation, an organization can not only create competitive advantages, but also learn how to extract more value by conducted experiments on its business models. However, business model innovation has its obstacles. An organization can only change and develop its business model to a certain point. If the organization changes the core activities to much the old business model is replaced by a new one (Cavalcante et al. 2011). Replacing an existing business model is sometimes necessary, but this process may be difficult for organizations if the current business model has become to safe and familiar (Gebauer et al. 2012). Using the sketch method helps entrepreneurs to create a simple and significant business model canvas in an easier way and it save a lot of time. Understanding the business model as the strategy's implementation into a conceptual blueprint of the company's money earning logic. In other words the vision of the company and its strategy are translated into value propositions, customer relations and value networks.

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