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|------------------------------|--------------------|---------------------------------|-------------------------|----------------|--------------------------|----------------------------|
| PURPOSE | | IMPACT MODEL | | | | |
| | | SITUATION | PARTICIPANTS | ACTIVITY | OUTPUTS | OUTCOMES: WHAT CHANGES? |
| PROBLEM | SOLUTION | UNIQUE VALUE PROPOSITION | UNFAIR ADVANTAGE | | CUSTOMER SEGMENTS | |
| | KEY METRICS | | CHANNELS | | EARLY ADOPTERS | |
| EXISTING ALTERNATIVES | | COST STRUCTURE | | REVENUE | | |

IS THIS CANVAS FOR ME?

This Canvas is a great tool for you if you are a social enterprise, an impact-led business or a charity developing a revenue generating arm. We will use the term ‘business’ to refer to all of these options in this guide.

INTRODUCTION TO THE SOCIAL LEAN CANVAS

Welcome to the Social Lean Canvas, a fast and simple way to sketch your business model and impact model on one page. It’s a tool that you can use to test and improve your business or enterprise over time.

The Social Lean Canvas is a modern tool that is faster and more flexible than drafting a full business plan. It gives you the flexibility to test your ideas and change things as you learn what works, so your business has the best chance at success.

It’s a great tool to use with brand new idea, all the way through to established businesses who may want to make improvements to their business and impact models.

Once you’ve had your first go at the Canvas, you can go out and speak to customers and stakeholders, do research, and test whether your business and impact model stacks up, starting with the biggest assumptions or risks first.

The Social Lean Canvas was created in 2014 by Rowan Yeoman, Dave Moskovitz and the Ākina Foundation. It is adapted from Ash Maurya’s Lean Canvas which is in turn adapted from Alex Osterwalder’s Business Model Canvas and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.

FILLING OUT THE CANVAS

For social enterprise, we split the canvas into 2 parts:

- **Your business model** - how customers pay you money in a way that creates financial sustainability.
- **Your impact model** - how your activities are create positive long-term outcomes/changes to solve the social or environmental situation you are addressing.

Boxes 2-10 capture your business model and box 11 captures your impact model. Fill out your canvas in the order to the right to get the best results.

1. PURPOSE

Your Purpose is the reason that you are creating this business. **What social or environmental situation are you aiming to improve?** Your Purpose will influence all of your decisions as you fill out your Canvas and develop and define your business and impact models.

Your Purpose should be:

- Inspirational
- Simple
- High-level
- Based on a fundamental problem

2. CUSTOMER SEGMENTS

Who do you need to move to make your business model work? Your Customers are the heart of your business model. They will determine many of the key aspects of your business as it takes shape, so it is important to clearly define your Customer Segments early.

First define your **Customer Types** - different categories of customers e.g. Users (paying or non-paying), Government Funder, Sponsor...

Then define your **Customer Segments** - the target group within a Customer Type e.g. User: Young professional, Government Funder: Ministry of Social Development...

Your Early Adopters are part of your Customer Segment but they have an exaggerated version of the problem the rest of your Customer Segment has.

3. PROBLEM

Understanding your Customer's Problem is the key to being able to create value for them.

- These are **Customer Problems!**
- They may or may not relate to your social or environmental purpose.
- They are the specific problems **experienced by your Customers** that you can solve in a way that creates value for **them**.

Existing Alternatives help you understand the Problem by learning how people are currently solving the Problem.

4. UNIQUE VALUE PROPOSITION (UVP)

Your UVP is a description of the **benefits** that your Customers will get from using your product or service. It’s not a description of what your product or service is. The UVP explains the value that you are going to create for each of your Customer Segments.

5. SOLUTION

Your Solution is your product, service or initiative. It is the thing that will deliver the UVP to your Customer Segments, to solve the Problems that they are experiencing. At the same time it will also deliver your Impact Model.

6. CHANNELS

Channels include both your Marketing Channels and your Distribution Channels. For the Canvas, focus on your Marketing Channels, as this is where most of the Channels risk usually lies. Marketing Channels are how your customers are going to find you.

7. REVENUE

Revenue is the fuel for your business model to work.

- How much will your Customers pay and in what form? E.g. One-off sales, subscriptions, ongoing service, licence fees...
- Think about non-sales Revenue e.g. grants/donations, sponsorship...
- Include only the Revenue you can and need to get, not a laundry list of every possible form of Revenue.
- If you don’t already have Revenue that you can measure, use back-of-the-napkin numbers you can test.
- Use “at scale” numbers - How much do you plan to charge when you are up and operating?

8. COST STRUCTURE

Managing your Costs is fundamental to making your business model work. Capturing your assumptions about what ongoing costs your business will need to cover to deliver both the Solution to your Customers, as well as delivering your impact, is the basis for understanding whether your business can become financially sustainable.

- This is not ‘start up’ Costs, it’s what Costs your business will have once you are up and operating.
- If you don’t already know many of your Costs, use back-of-the-napkin/best guess numbers.
- Include the Costs of delivering your impact model.
- Include the Costs of acquiring new Customers.

9. KEY METRICS

The specific numbers and ratios that you will track to show that your business model and impact model will work at scale. They will change over time depending on what stage you are at.

10. UNFAIR ADVANTAGE

What is special about your business model that will make it succeed?

- Be sure that it is actually an advantage.
- Do you have a proprietary piece of Intellectual Property? Do you have a partnership that others can’t have? Do you have access to a free asset that others don’t?

11. IMPACT

What is the intended social or environmental impact of your business?

Take the Purpose for your business that you described in the Purpose Box and develop an impact model around it. This will allow you to properly test and refine your Impact and make sure you are having the "actual impact" you intend.

| SITUATION | PARTICIPANTS | ACTIVITIES | OUTPUTS | OUTCOMES | LONG TERM IMPACT |
|---|---|--|--|--|---|
| Describe the Situation you are aiming to improve. | Describe your key stakeholders. These can be people or the environment. | Group your key Activities that will contribute to your Impact. | List the positive changes that will result from your Activities and contribute to your Impact. | List the positive changes that will result from your Activities and contribute to your Impact. | Describe the overall Impact you are aiming to achieve in the long-term. |

We are developing a larger Impact Model Canvas that will allow you to describe this model in more detail as your social enterprise or impact-led business grows.