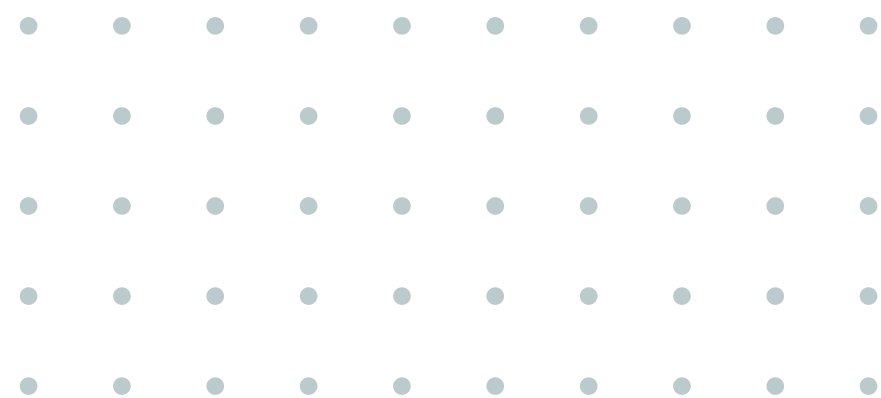
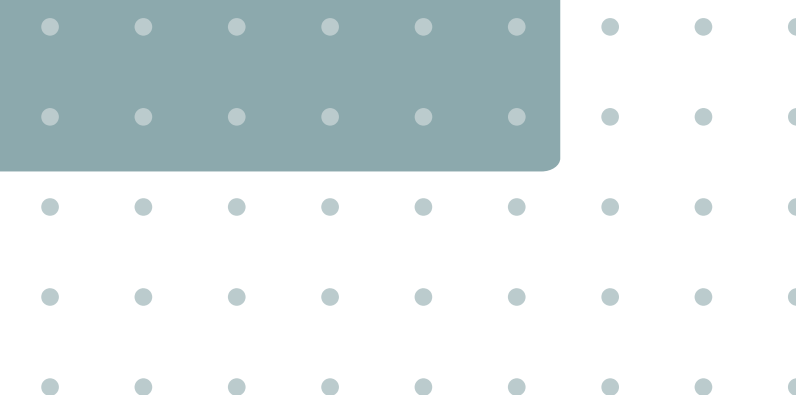




TYPOLOGY OF BUSINESS MODELS

Train the trainers



The RESIST project is co-financed by the European Union (European Regional Development Fund) under the Interreg Baltic Sea Region Programme.

01. DEFINITION AND SIGNIFICANCE OF BUSINESS MODEL

02. DIFFERENCE BETWEEN SOCIAL AND CONVENTIONAL ENTERPRISE

03. INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

04. INTRODUCTION TO SOCIAL ENTREPRENEURSHIP

05. BUSINESS MODELS

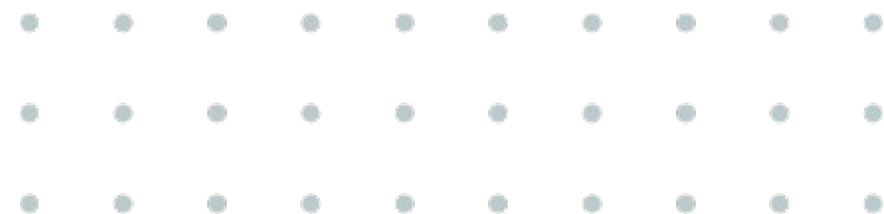


TABLE OF CONTENT



What is a Business Model?

Definition:

A business model defines how a company creates, delivers, and captures value. It's a blueprint that outlines the way a company generates revenue, delivers products or services to its customers, and how it manages its resources.

Value Proposition:

What unique value does the company offer to its customers?

THE SIGNIFICANCE OF BUSINESS MODELS

VALUE CREATION:

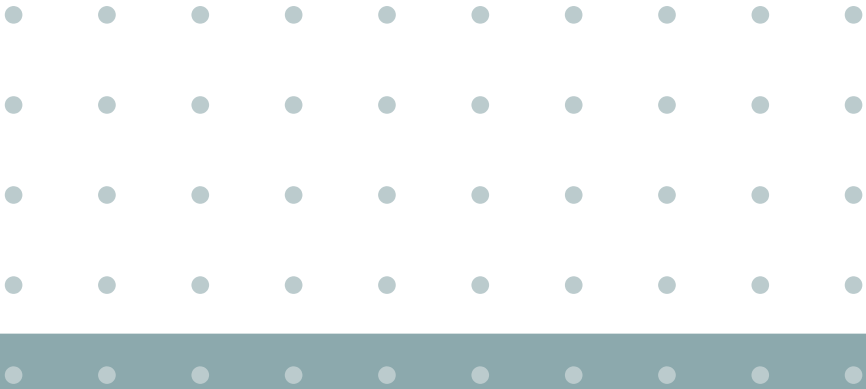
Business models are critical as they determine how a company creates value for its customers. The model impacts product or service design, customer experience, and ultimately, customer satisfaction and loyalty.

ALIGNMENT:

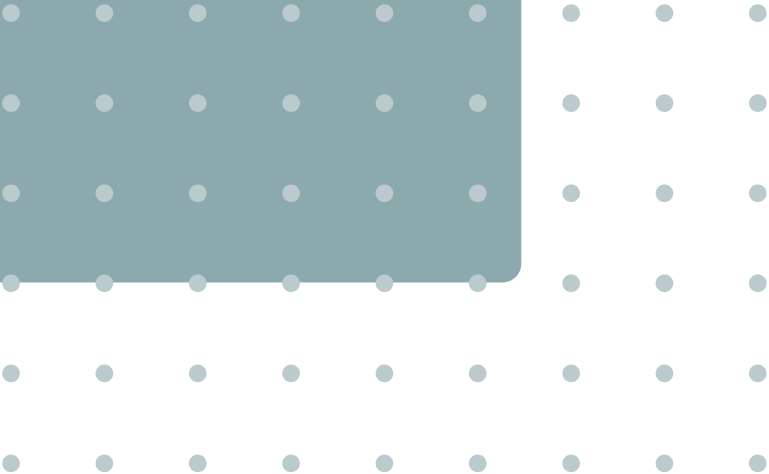
A well-defined business model ensures that all aspects of the company are aligned towards a common goal, facilitating strategic decision-making and fostering organizational coherence.

OPERATIONAL STRUCTURE:

The chosen business model influences the company's structure, including its processes, tasks, and the flow of information. It dictates the operational strategies that drive efficiency and effectiveness.



The difference between social and conventional enterprise



Purpose and Objectives

SOCIAL ENTERPRISE:

The primary purpose is to address a social issue or fulfil a social mission. While they aim to be profitable or financially sustainable, their main goal is to generate a positive impact on society, the environment, or both. Profits are typically reinvested into the social mission.

CONVENTIONAL ENTERPRISE:

The primary goal is to generate profit for the owners or shareholders. While they may engage in social responsibility initiatives, these activities are often secondary to the main objective of financial gain.

Profit Distribution

SOCIAL ENTERPRISE:

Profits are mainly reinvested back into the business or directed towards their social mission. This reinvestment supports the sustainability and expansion of their social impact.

CONVENTIONAL ENTERPRISE:

Profits are distributed to shareholders or reinvested into the business to drive growth, improve competitive positioning, and increase shareholder value.

Decision-Making

SOCIAL ENTERPRISE:

Decision-making is often guided by the enterprise's social mission and the impact on its beneficiaries. Financial viability is considered with a view towards sustaining the social mission.

CONVENTIONAL ENTERPRISE:

Decisions are primarily driven by financial considerations, market competitiveness, and shareholder value.

Performance Measurement

SOCIAL ENTERPRISE:

Success is measured not just in financial terms but also by the social impact achieved. Metrics may include social, environmental, and community impact alongside financial performance.

CONVENTIONAL ENTERPRISE:

Success is measured by financial performance indicators such as revenue, profit margins, and return on investment.

Funding and Investment

SOCIAL ENTERPRISE:

May access a mix of funding sources, including grants, social investment, and revenue from goods or services. Investors often expect a social return on investment (SROI) as well as, or instead of, a financial return.

CONVENTIONAL ENTERPRISE:

Typically funded through traditional means such as equity, debt financing, and reinvested profits. Investors seek a financial return on their investment.

Stakeholder Engagement

SOCIAL ENTERPRISE:

Stakeholders often include beneficiaries, community members, social investors, and other parties interested in the social mission.

Engagement strategies may focus on collaborative impact and community involvement.

CONVENTIONAL ENTERPRISE:

Stakeholders primarily include customers, employees, investors, and suppliers, with engagement strategies focused on maximizing customer satisfaction and shareholder value.

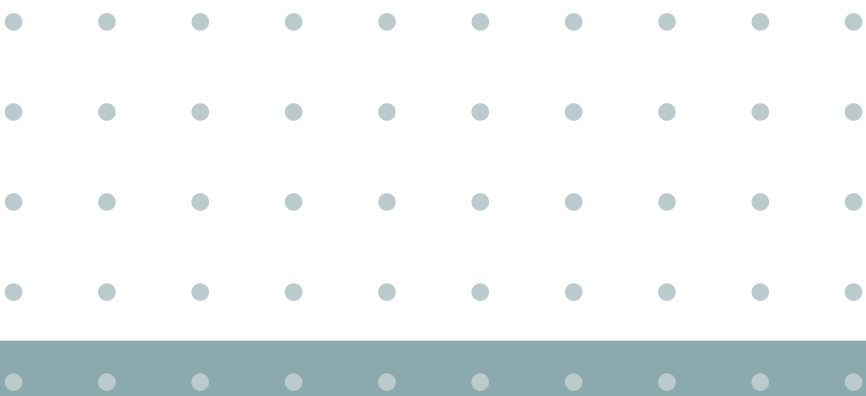
Market Orientation

SOCIAL ENTERPRISE:

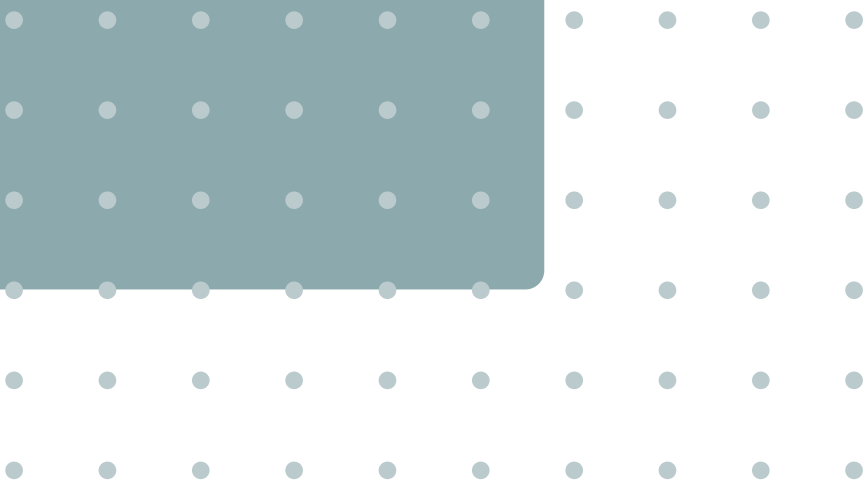
While they operate in the marketplace and may sell goods or services, their market orientation is often defined by the needs of their social mission, targeting underserved or disadvantaged groups.

CONVENTIONAL ENTERPRISE:

Market orientation is driven by demand, competition, and the pursuit of market share and profitability.



In summary, the fundamental difference between social and conventional enterprises lies in their core objectives: social enterprises prioritize social impact alongside (or above) financial goals, while conventional enterprises focus on maximizing profit and shareholder value.



VALUE

A viable business model is one that allows a business to charge a price for the value it's creating, such that the business brings in enough money to make it worthwhile and continue operating over time.

PRODUCT

SERVICE

SHARED ASSETS

SUBSCRIPTION

LEASE/RENTAL

INSURANCE

RESELLING

AGENCY/
PROMOTION



Introduction to Social Entrepreneurship



Social entrepreneurship is the process by which individuals, startups and entrepreneurs develop and fund solutions that directly address social issues. A social entrepreneur, therefore, is a person who explores business opportunities that have a positive impact on their community, society or the world.*



*CO— the U.S. Chamber of Commerce's digital platform for small business

Social entrepreneurship

Scope and Impact

Covers a wide range of areas including healthcare, education, environmental protection, and community development. Social entrepreneurs work globally, targeting local issues with innovative solutions that can be scaled or replicated elsewhere.

Growing Trend

Increasing recognition of the role of social entrepreneurship in solving global challenges has led to greater support from governments, investors, and the public.

Why It Matters

Social entrepreneurs not only contribute to solving social problems but also inspire a shift towards more sustainable and ethical business practices globally.



Key features of Social business models

Non-dividend Distribution

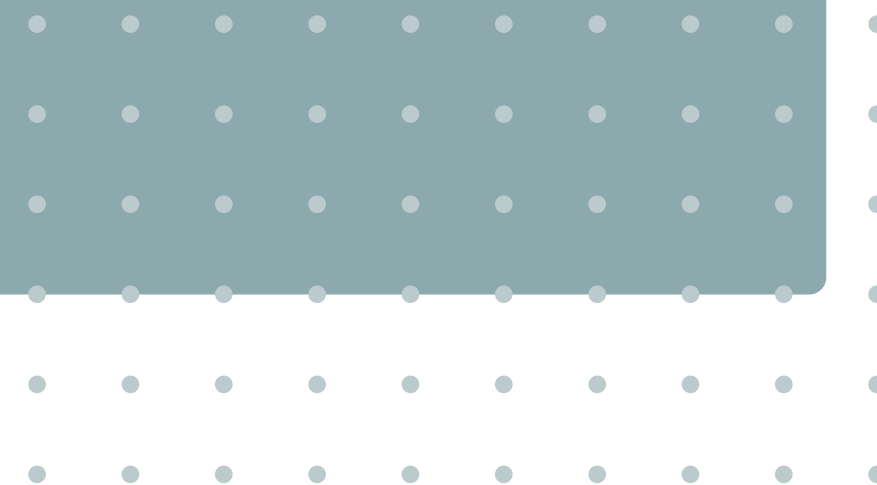
Profits are reinvested into the business or community, not paid out to shareholders.

Financial Sustainability

Maintains financial health to ensure long-term sustainability and ongoing social mission fulfilment.

Social Problem Solving as Core Objective

Every decision is guided by the mission to resolve a social issue, shaping strategies and operations.



10 MILLION
Social
Enterprises

There are around 10 million social enterprises globally, united by the principle of putting purpose before profit.

\$2 TRILLION
Annual
Revenue

Social enterprises are generating around \$ 2 trillion in revenue each year while creating positive impact.

200 MILLION
Jobs

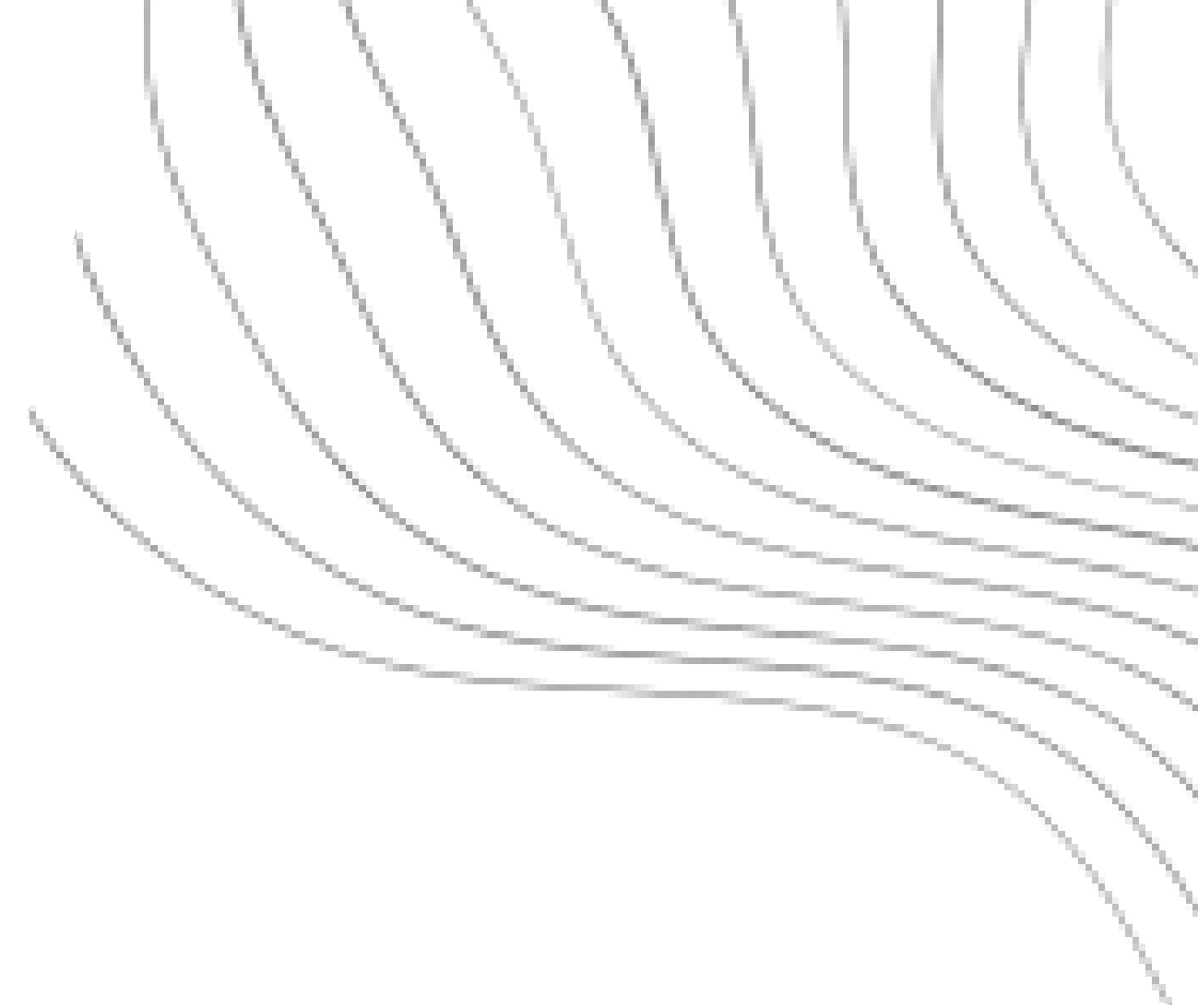
Social enterprises are creating 200 million jobs across various sectors, from agriculture to financial services.

The world Economic forum
The State of Social Enterprise 2024

<https://initiatives.weforum.org/global-alliance-for-social-entrepreneurship/state-of-the-sector>

Importance of Social Entrepreneurship

Social entrepreneurship is increasingly recognized for its role in solving complex social issues that have been overlooked or inadequately addressed by other sectors. By fostering innovation and applying business principles to social problems, social entrepreneurs provide new pathways for societal improvement, offering hope and tangible benefits to communities worldwide.



Challenges Faced by Social Entrepreneurs

Balancing Mission and Profitability

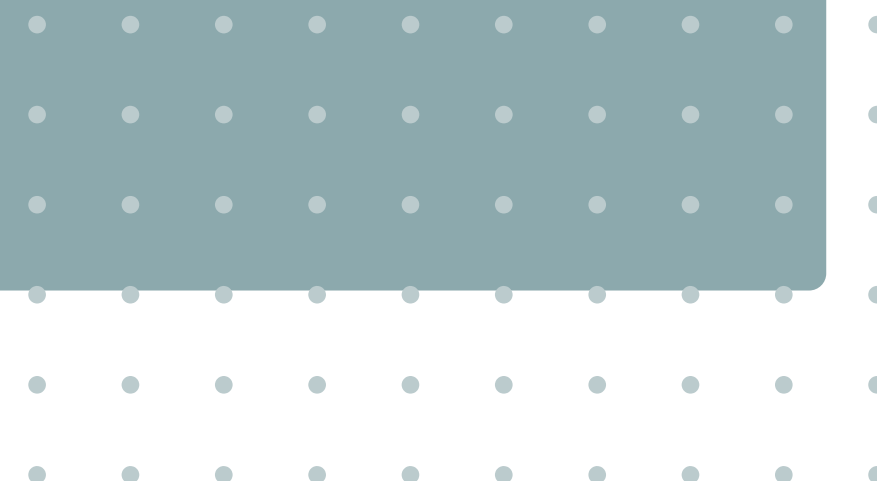
Striking the right balance between social impact and financial sustainability can be challenging.

Funding

Securing initial and ongoing funding without compromising the social mission.

Measuring Impact

Developing effective metrics to measure social impact alongside financial performance.



FIELDS OF SOCIAL ENTREPRENEURSHIP

Social entrepreneurship spans a wide range of fields, reflecting the diverse and complex nature of social challenges across the globe. Entrepreneurs in this sector apply innovative solutions to problems in various domains, aiming for a significant positive impact. Here are some of the key fields where social entrepreneurship is making strides:

EDUCATION

HEALTHCARE

ENVIRONMENTAL
SUSTAINABILITY

SOCIAL JUSTICE AND
HUMAN RIGHTS

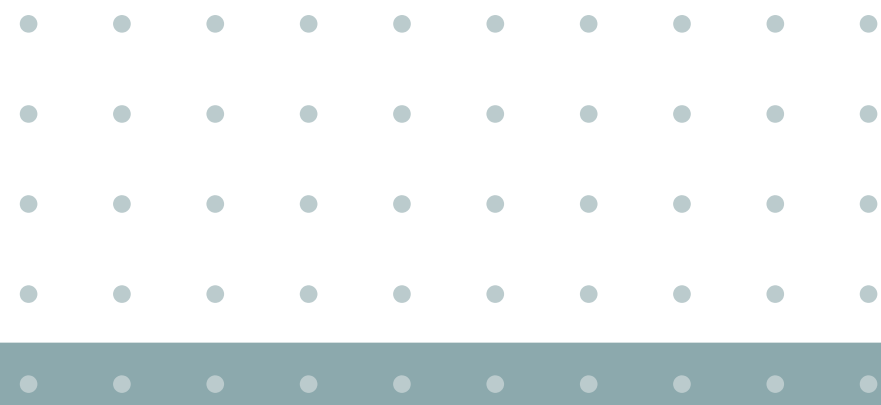
FOOD SECURITY
AND NUTRITION

SOCIAL INCLUSION

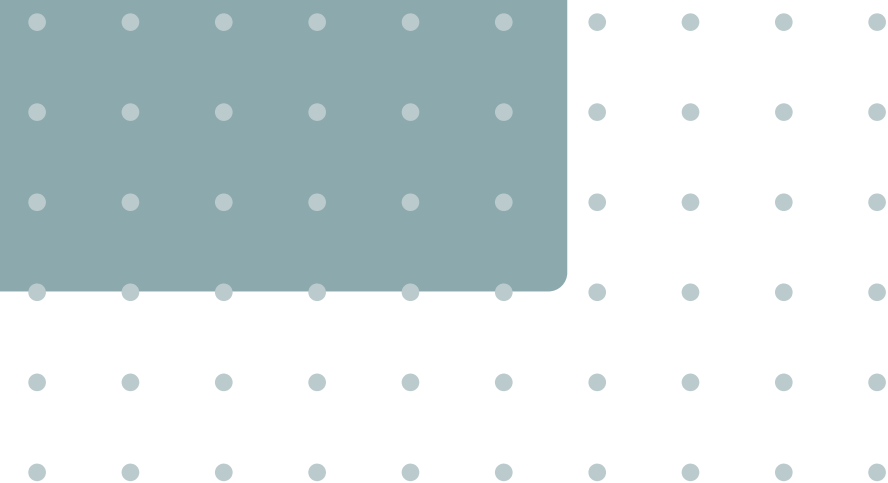
TECHNOLOGY FOR
SOCIAL GOOD

ARTS AND CULTURE

ECONOMIC
DEVELOPMENT



Introduction to Conventional Enterprise



A traditional business model refers to the way in which a company uses its resources and people to deliver products and services to customers and generate revenue. Traditional business models focus on the interaction between the company, its customers, and its products, and often involve strategies for advertising and promoting products to a broad audience.*



[*https://typeset.io/questions/what-is-a-traditional-business-model-352tep08km](https://typeset.io/questions/what-is-a-traditional-business-model-352tep08km)

Conventional Enterprise

Profit Orientation

The foremost objective is to achieve financial gain, with success measured through metrics such as revenue, profit margins, and return on investment.

Financial Investment and Returns

Conventional enterprises attract investment based on their potential to generate financial returns for investors and shareholders.

Market Participation

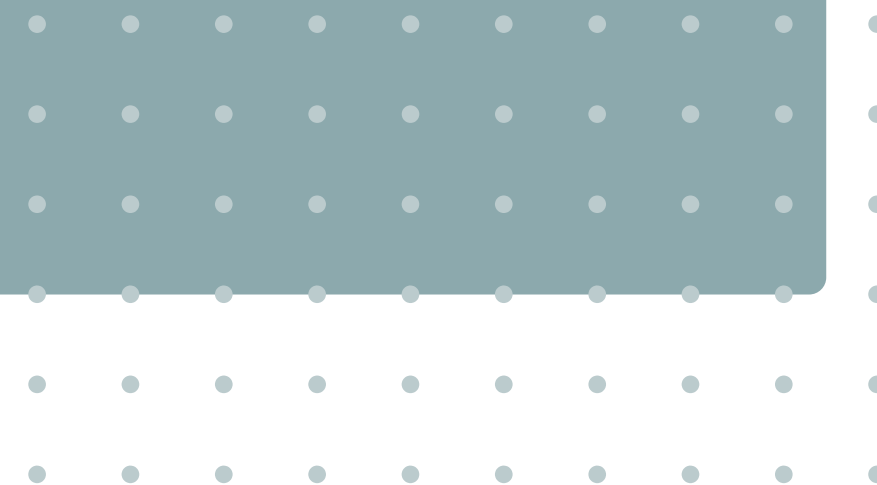
These businesses engage in competitive markets, striving to offer goods or services that meet consumer demand while outperforming competitors.

Legal and Organizational Structure

They operate within legal frameworks that define their structure, responsibilities, and the protection of investor and owner interests.

Operational Efficiency

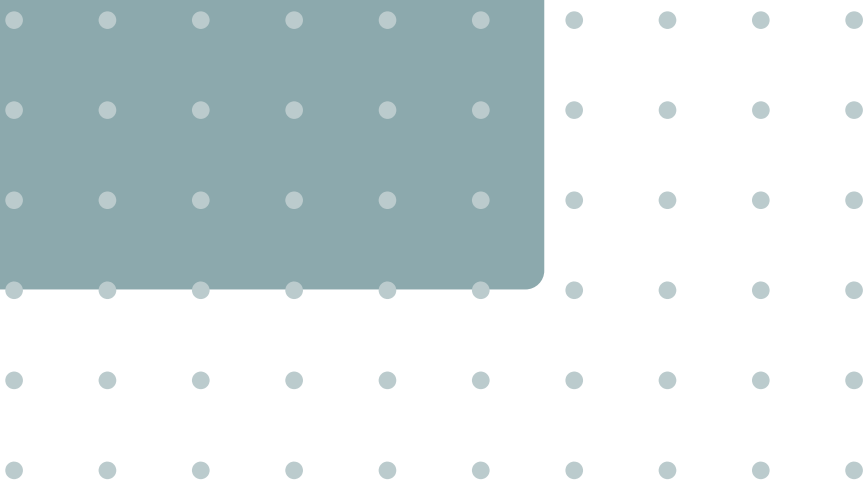
Efforts are made to streamline operations, reduce costs, and enhance productivity to maximize profitability.





Business models are fundamental frameworks that describe how a company creates, delivers, and captures value. They vary widely across different sectors and industries, reflecting the diversity in how businesses operate and generate revenue.

In the following slides, several forms of business models that have gained prominence are presented.



BUSINESS MODELS

PRODUCT-BASED MODEL

Description: Companies create and sell physical goods. This model focuses on manufacturing, inventory, and distribution.
Example: Consumer electronics manufacturers, apparel brands.

SERVICE-BASED MODEL

Description: Rather than tangible products, companies provide services. This model relies on expertise, performance, and time.
Example: Consulting firms, and cleaning services.

SUBSCRIPTION MODEL

Description: Customers pay a recurring fee to access a product or service. This model emphasizes customer retention and predictable revenue.
Example: Streaming services, software-as-a-service (SaaS) companies.

BUSINESS MODELS

FREEMIUM MODEL

Description: Basic services are provided free of charge, while advanced features or premium services require payment. This model aims to convert free users into paying customers.
Example: Many mobile apps, cloud storage services.

AFFILIATE MODEL

Description: A company earns commissions by promoting other businesses' products or services. This model relies on partnerships and marketing.
Example: Affiliate bloggers, price comparison websites.

FRANCHISE MODEL

Description: Franchisors license their business model and brand to franchisees, who then replicate the business in different locations. This model allows for rapid expansion.
Example: Fast-food chains, retail brands.

BUSINESS MODELS

ON-DEMAND MODEL

Description: Products or services are provided on an as-needed basis, often facilitated by digital platforms. This model caters to immediate customer needs.

Example: Ride-sharing services, and food delivery apps.

MARKETPLACE MODEL

Description: An intermediary platform that connects sellers with buyers, often taking a fee or commission for each transaction. This model scales by increasing the number of participants.

Example: E-commerce sites, booking platforms.

ADVERTISING MODEL

Description: Revenue is generated by displaying advertisements to users. This model often relies on high user traffic or engagement.

Example: Media websites, and social networking platforms.

BUSINESS MODELS

CROWDSOURCING MODEL

Description: Leverages the collective knowledge or skills of a crowd to solve problems, create content, or develop products. This model taps into community resources.
Example: Crowdfunding platforms, open-source software projects.

SOCIAL ENTREPRENEURSHIP MODEL

Description: Focuses on solving social, cultural, or environmental issues. While profit may be a motive, the primary aim is creating social value.
Example: Social enterprises, cooperative organizations.

SHARING ECONOMY MODEL

Description: Facilitates the sharing or renting of resources among individuals, often through a platform. This model emphasizes utilization over ownership.
Example: Peer-to-peer lodging services, and car-sharing platforms.

Summary of selected business forms and examples

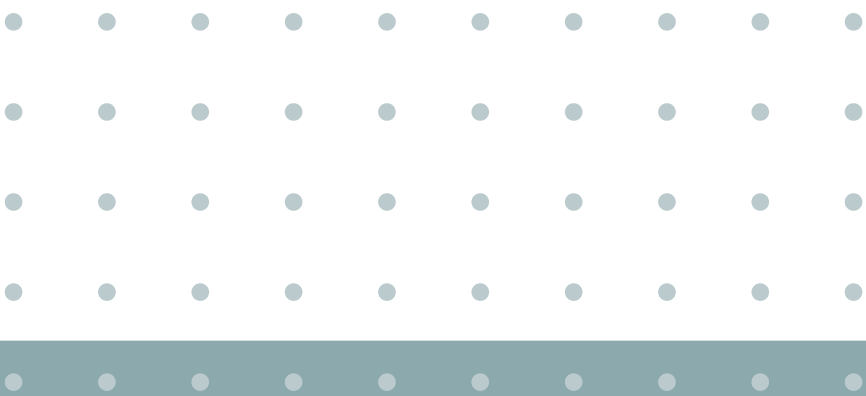
Freemium Model	Offers basic services for free while charging for premium features.	LinkedIn, Dropbox	◦ Attracts large user base ◦ Conversion to paid plans is crucial
Sharing Economy Model	Facilitates peer-to-peer sharing of access to goods and services.	TOMS Shoes, Warby Parker	◦ Lowers ownership costs ◦ Community-driven and scalable

Summary of selected business forms and examples

Social Entrepreneurship Model	Offers basic services for free while charging for premium features.	LinkedIn, Dropbox	◦ Attracts large user base ◦ Conversion to paid plans is crucial
Sharing Economy Model	Addresses a basic unmet need or solves a social problem through a market-driven approach.	Airbnb, Uber	◦ Balances profit and social mission ◦ Innovative and impactful

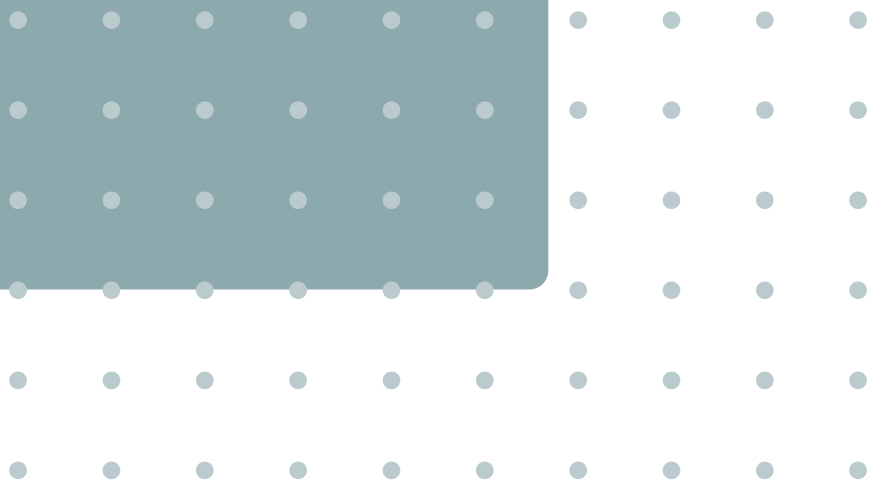
Summary of selected business forms and examples

Franchise Model	Allows individual owners to operate a branch of an established brand.	McDonald's, Subway	◦ Requires adherence to franchisor rules ◦ Built-in brand recognition
Subscription Model	Customers pay a recurring price at regular intervals for access to a product or service.	Spotify, Adobe Creative Cloud	◦ Predictable revenue stream ◦ Focus on customer retention



The Business Model Canvas (BMC) is a strategic management tool used to visually depict the business model of an organization. It helps firms align their activities by illustrating potential trade-offs in a clear and structured manner. While the BMC framework is universally applicable across business types, its application and emphasis can vary significantly between social and conventional (commercial) entrepreneurship.

Here's how the BMC typically differs between social and conventional entrepreneurship.



Customer Segments

SOCIAL ENTERPRISE:

Focuses on serving underserved or disadvantaged groups who are often not the target market in traditional business models. The primary aim is to create social value for a community.

CONVENTIONAL ENTERPRISE:

Targets customer segments that provide the most significant profitability and long-term viability for the business. The focus is primarily on market demand and spending power.

Channels

SOCIAL ENTERPRISE:

Channels may include non-profit partnerships, community groups, social media, and other avenues that facilitate reaching a broader community or marginalized groups effectively.

CONVENTIONAL ENTERPRISE:

Channels are selected based on efficiency, cost-effectiveness, and market reach, including retail outlets, online platforms, direct sales, wholesalers, etc.

Customer Relationships

SOCIAL ENTERPRISE:

Builds deeper, trust-based relationships focusing on community engagement and stakeholder involvement. The relationship often continues beyond the initial transaction to ensure lasting social impact.

CONVENTIONAL ENTERPRISE:

Focuses on customer retention and satisfaction to maximize repeat business. Relationships are often transactional, aimed at maximizing customer lifetime value.

Revenue Streams

SOCIAL ENTERPRISE:

Revenue models in social enterprises might include donations, grants, sponsorships, and social impact investments, besides sales. Often, profitability is balanced with the necessity to achieve social goals.

CONVENTIONAL ENTERPRISE:

Revenue is primarily generated from sales of goods and services. Profit maximization is the typical focus, and financial sustainability is measured in terms of profit margins and returns on investment.

Key Activities

SOCIAL ENTERPRISE:

Activities may include community training, advocacy, public education, and other actions that contribute to social welfare improvements.

CONVENTIONAL ENTERPRISE:

Includes activities that enhance product value, streamline operations, improve marketing effectiveness, and increase shareholder value.

Key Resources

SOCIAL ENTERPRISE:

Includes networks of volunteers, partnerships with NGOs, and community organizations, and access to governmental or non-profit funding.

CONVENTIONAL ENTERPRISE:

Focuses on financial resources, intellectual property, human capital, and physical assets that support the business's economic goals.

Key Partnerships

SOCIAL ENTERPRISE:

Partners are often aligned with the mission and include other social enterprises, non-profits, community organizations, and sometimes governments.

CONVENTIONAL ENTERPRISE:

Partnerships are formed with suppliers, distributors, and sometimes competitors, primarily to enhance profitability and market position.

Cost Structure

SOCIAL ENTERPRISE:

Costs are carefully managed to fund service delivery with limited resources. Budgets may include a significant allocation for community projects and outreach programs.

CONVENTIONAL ENTERPRISE:

Costs are optimized for financial efficiency and scalability. Investments are often directed towards innovation, marketing, and expansion activities that will directly generate revenue.

Value Propositions

SOCIAL ENTERPRISE:

The value proposition revolves around social impact. For instance, it could involve providing affordable healthcare, and education, or improving environmental conditions. The goal is to address a social issue or meet a societal need that has been overlooked or inadequately addressed.

CONVENTIONAL ENTERPRISE:

Primarily focused on customer satisfaction and economic value, such as quality, price, service, and brand image. The core is to offer competitive advantages that appeal to the customer's personal or business needs.

Business Model Canvas

The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partnerships 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	

BACKGROUND

Alexander Osterwalder (1974-)

Swiss entrepreneur and researcher developed the Business Model Canvas.

It is a practical framework to help entrepreneurs, startups, and established companies to visualise and innovate their business model.



KNOW YOUR BUSINESS

Key partnerships

Who are your existing partners, and what is the value?

Key activities

What are the core activities in your business?

Key resources

What resources are needed to deliver activities? Who are your key personnel?

The Business Model Canvas					Designed for:	Designed by:	Date:	Version:
Key Partnerships 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 				
	Key Resources 		Channels 					
Cost Structure 		Revenue Streams 						

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KNOW YOUR BUSINESS

Value proposition
What is your business about? What is unique about your business? What problem do you solve?

The Business Model Canvas					Designed for:	Designed by:	Date:	Version:
Key Partnerships	Key Activities	Value Propositions	Customer Relationships	Customer Segments				
	Key Resources		Channels					
Cost Structure		Revenue Streams						

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KNOW YOUR BUSINESS

Customer relations

What is your relationship with your customers like? Are they loyal, or irregular?

Customer segments

Who are your customers? Can you distinguish between them?

Channels

How do you reach and interact with your customers, both existing and potential?

The Business Model Canvas					Designed for:	Designed by:	Date:	Version:
Key Partnerships	Key Activities	Value Propositions	Customer Relationships	Customer Segments				
	Key Resources		Channels					
Cost Structure			Revenue Streams					

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KNOW YOUR BUSINESS

Cost structure

What are you paying for, and what are your key cost drivers?

Revenue streams

From where do you derive your income?

The Business Model Canvas					Designed for:	Designed by:	Date:	Version:
Key Partnerships	Key Activities	Value Propositions	Customer Relationships	Customer Segments				
	Key Resources		Channels					
Cost Structure		Revenue Streams						

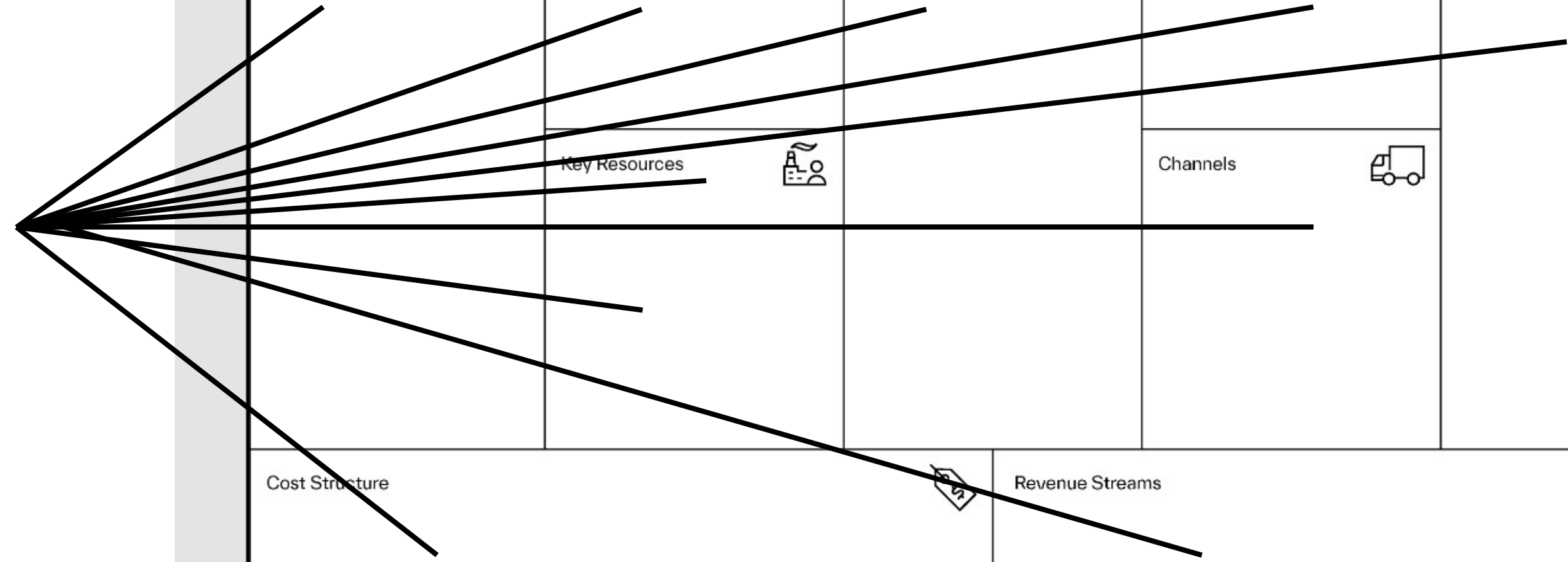
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There is plenty of possibilities for collaboration...



Osterwalder
Business Model Canvas

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Date:

Version:

Key Partnerships 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 		Revenue Streams 		

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OVER TO YOU

The Business Model Canvas

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Key Partnerships 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 	
	Key Resources 		Channels 		
Cost Structure 			Revenue Streams 		

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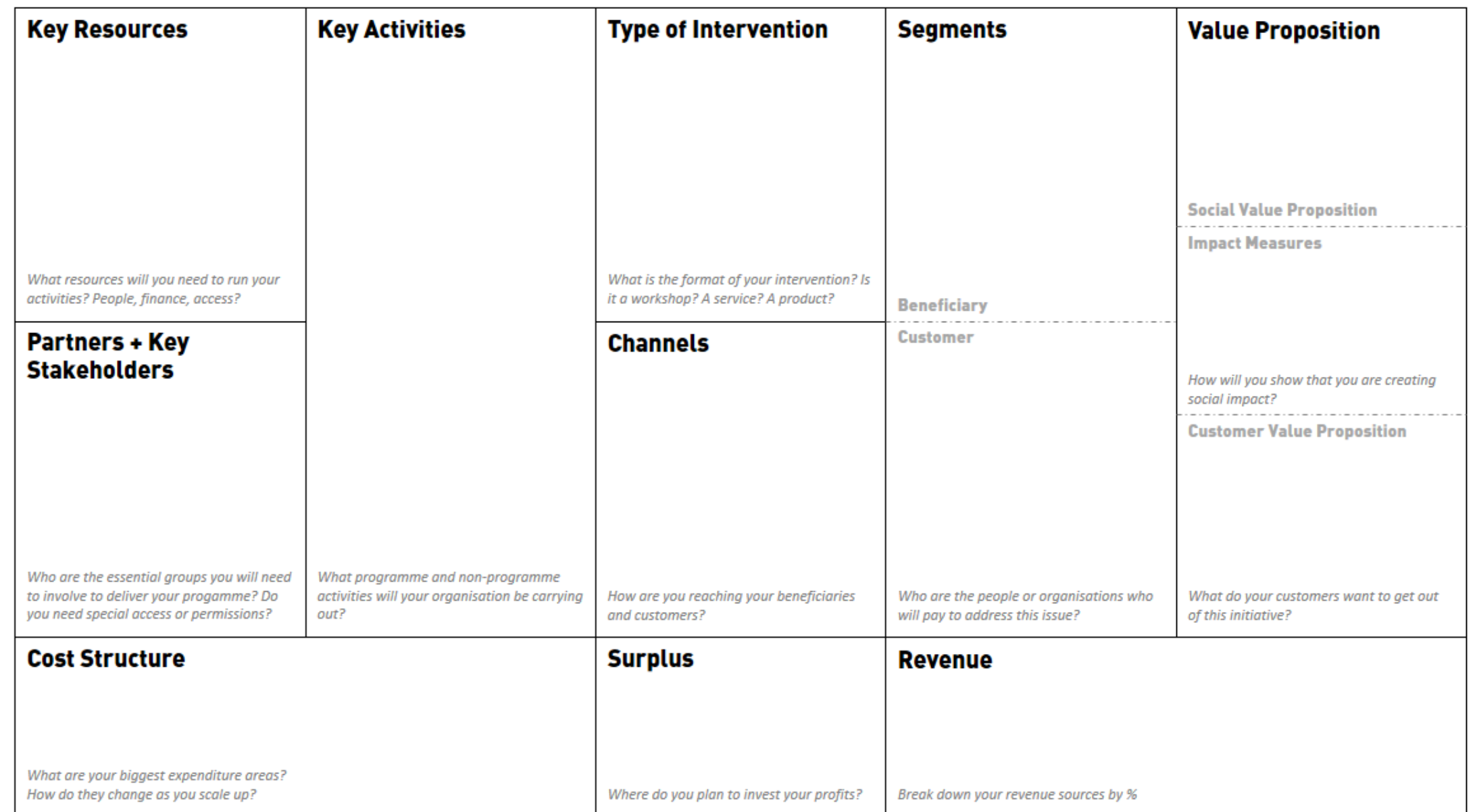
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Understand you own business
What is your core
business? Which
Sustainable
Development Goals do
you work towards?



Social Business Model Canvas



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THANK YOU