**Impact Business Model Canvas**

# Introduction, Instructions, Templates, Samples

# Introduction

Co-created by the [Center for Social Innovation](https://www.gsb.stanford.edu/faculty-research/centers-initiatives/csi) (CSI) and the [Center for Entrepreneurial Studies](https://www.gsb.stanford.edu/faculty-research/centers-initiatives/ces) (CES) for students developing and testing new business concepts that address real world needs, the **Impact Business Model Canvas** (or Impact BMC) is the product of three bodies of work:

* Business Model Generation focused on commercial enterprise, and two derivative publications:
  + *Using the Business Model Canvas for Social Enterprise Design* focused on social enterprises deriving social benefit from trade, and
  + *The Social Blueprint Toolkit: Social Blueprint Business Design Framework* developed “to address the shifting and converging landscape of business and philanthropy.”

Like the original canvas with its nine building blocks, the Impact BMC is designed to be a *“shared language for describing, visualizing, assessing, and changing business models”* (Osterwalder & Pigneur, 2009). **Three building blocks have been added to the original canvas** to help students reflect on (or tease out) the societal contributions and impacts of their ventures - specifically, a problem statement, a mission statement, and an intended impact statement.

Developing an impact business model is a fundamental step in the [social venture design](https://docs.google.com/a/stanford.edu/presentation/d/1CXtkFhNtg0gq582_yhirpJ7IsRfCFF0Aw03wjzqDb-I/edit?usp=sharing) process. **As a student working on a for-profit, nonprofit, or hybrid venture, you can use the Impact BMC to tell the story of how your organization generates both financial and social value.** Two examples at the end of this document demonstrate how.

# Instructions

To sketch your impact business model, cast your eye over the Impact BMC Guide on Page 3. It provides an at-a-glance look at the

### twelve questions posed by the canvas, i.e.,:

1. What is the problem you have defined?
2. Why does your venture exist?
3. For whom are you creating value?
4. What value are you creating? (How are you solving a problem, satisfying a need, or delivering benefits in a new way?)
5. How are you reaching your stakeholder segments to deliver your value?
6. What type of relationship are you establishing with each stakeholder segment to deliver your value?
7. What revenue(s) are you generating from each stakeholder segment for your value?
8. What are the most important assets required to make your business model work?
9. What are the most important actions you must take to make your business model work?
10. What network of suppliers and partners make your business model work?
11. What are the most important costs inherent in your model and how will you minimize them?
12. How much of the identified need are you holding your venture accountable to meet and in what timeframe?

Once you are comfortable with the layout and logic of the Impact BMC, use the template on Page 4 to sketch the twelve building blocks of your impact business model. During this visualization process, create different canvases to explore different hypothesis - in particular, be sure to hold judgement and explore both the nonprofit (selling impact) and the for-profit (selling products and services) models. Spend at least an hour with your team on this sketching, using the two examples on Pages 6 and 7 to support your work.

**Impact BMC Guide**

*(Want more than at-a-glance? Click* [*here*](https://docs.google.com/a/stanford.edu/document/d/1YeXTsSHGPCKTvbFoXvHR2fdlpYEwfgpvceRIcnPVp_o/edit?usp=sharing) *for in-depth guidance.)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Problem Statement**  What is the problem you have identified? *(Number of people impacted, severity of issue, geography, external factors influencing the problem, …)* | | | | |
| **Mission Statement**  Why does your venture exist? *(E* [*ight words*](http://ssir.org/articles/entry/the_eight_word_mission_statement) *that express an outcome to which you are committed for a target population)* | | | | |
| **Key Partners**  What network of suppliers and partners make your business model work?  *(Strategic alliances, joint ventures, suppliers…)* | **Key Activities**  What are the most important actions you must take to make your business model work?  *(Production, service delivery, program management, impact measurement, …)* | **Value Proposition**  What value are you creating? (How are you solving a problem, satisfying a need, or delivering benefits in a new way)?  *(Relevancy, quantified value/benefits, unique differentiation/ competitive advantage, …)* | **Stakeholder Relationships**  What type of relationship are you establishing with each stakeholder segment to deliver your value?  *(Personal assistance, self-service, automated service, community empowerment, co-creation, employee culture, reporting,…)* | **Stakeholder Segments**  For whom are you creating value?  *(Customers, employees, users, beneficiaries, volunteers, members, recipients, participants, communities, funders, regulators….)* |
| **Key Resources**  What are the most important assets required to make your business model work?  *(Physical, financial, intellectual, human)* | **Channels**  How are you reaching your stakeholder segments to deliver your value?  *(Sales, distribution, communication)* |
| **Cost Structure**  What are the most important costs inherent in your business model and how can you work to drive them to a minimum?  *(Salaries, costs of production, customer service, evaluation, …)* | |  | **Revenue Streams**  What revenue(s) are you generating from each stakeholder segment for your value?  *(Gifts, grants, sponsorships, earned income, …)* | |
| **Intended Impact**  How much of the identified need are you holding your venture accountable to meet and in what timeframe? *(Supported by a theory of change and logic model)* | | | | |

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## Impact BMC Template

**Your Venture:** (insert working name)

**Your Legal Structure Hypothesis:** (nonprofit, for-profit, tandem structure)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Problem Statement** | | | | |
| **Mission Statement** | | | | |
| **Key Partners** | **Key Activities** | **Value Proposition** | **Stakeholder Relationships** | **Stakeholder Segments** |
| **Key Resources** | **Channels** |
| **Cost Structure** | |  | **Revenue Streams** | |
| **Intended Impact** | | | | |

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# Samples

Two completed samples of the Impact BMC are included herein to help you use this tool in your business model development. Both reflect the work of Stanford social entrepreneurs. One sample focuses on the business model of a social enterprise that is run as a nonprofit (Equal Opportunity Schools), and the other focuses on the business model of a social enterprise that is run as a for-profit (d.light). In brief, these canvases tell the following stories of social value creation and delivery:

### Equal Opportunity Schools (Nonprofit Social Venture):

In the U.S., over half a million capable, minority and low-income students miss out on AP and IB courses every year, which negatively impacts their likelihood of going to and graduating from college. Equal Opportunity Schools (EOS) is a nonprofit social enterprise that gets “missing” students into college-preparatory courses. They do this by offering U.S. high schools a customized, 3-phase consulting service that helps identify and transition students who have shown they can succeed at the highest academic levels within their schools. EOS intends to close enrollment gaps in America’s public schools by 2020.

### d.light (For-profit Social Venture):

Over two billion people in the world lack reliable access to electricity. d.light is a for-profit social enterprise that is transforming how people at the base of the pyramid use and pay for solar energy. They are doing this by selling solar energy solutions that are modern, durable, reliable, affordable, battery-operated and warrantied through a dealer network spanning 60+ countries that directly engages the energy impoverished in creating their own power and thereby controlling their own destinies. d.light intends to serve 100 million people by 2020, improving human and environmental well-being in the process.

**Sample 1**

**Equal Opportunity Schools** (Nonprofit Social Venture)1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **1) Problem Statement**  In the US, at least 640K low-income and minority students miss out on AP/IB courses every year, which negatively impacts their likelihood of going to college. | | | | |
| **2) Mission Statement**  Ensure all students have the opportunity to succeed in challenging high school classes by strategically focusing on finding all “missing” students. | | | | |
| **10) Key Partners**  *\*District and state superintendents*  *\*College Board*  *\*International Baccalaureate*  *\*My Brother’s Keeper, U.S. Department of Education*  *\*Jack Kent Cooke Foundation*  *\*Google.org*  *\*Tableau Foundation* | **9) Key Activities**  *\*Data analysis*  *\*Diagnostic review*  *\*Action plan development*  *\*Provide tools and support to students and teachers*  *\*Leadership coaching*  *\*Thought leadership*  *\*Impact studies* | **4) Value Proposition**  *\*A customized, 3-phase consulting service for high schools that helps them close their enrollment gap in 1 year*  *\*Increased rates of college admittance and success as a result of more minority and*  *low-income students enrolled in advanced coursework* | **6) Stakeholder Relationships**  *\*EOS team provides direct assistance through consulting*  *\*EOS team co-creates action plans with school leadership*  *\*Impact reporting and sharing of learning and best practices with partners* | **3) Stakeholder Segments**  *\*School decision-makers (principals, superintendents)*  *\*Minority and low income students*  *\*Government education agencies (local, state, and possibly federal)*  *\*Foundations and philanthropists that support education / equal opportunity* |
| **8) Key Resources**  *\*School & student data*  *\*EOS tools to support students and teachers w/course access and success*  *\*Analytical capacity & technical expertise of staff*  *\*EOS brand credibility for delivering impact* | **5) Channels**  *\*Referral and invite-only application process*  *\*County and state partnerships*  *\* School staff reach and support students*  *\*Publications & media coverage* |
| **11) Cost Structure**  *\*Salaries, office, insurance, legal, accounting, marketing, research, travel* | |  | **7) Revenue Streams**  *\*Consulting fees*  *\*Grants & state/local subsidies* | |
| **12) Intended Impact**  Closed enrollment gaps in America’s public schools by 2023 | | | | |

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## Sample 2

* 1. **ight** (For-Profit Social Venture)2

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Problem Statement**  Over two billion people in the world lack reliable access to electricity | | | | |
| **Mission Statement**  Transform how the BoP uses and purchases solar energy | | | | |
| **Key Partners** | **Key Activities** | **Value Proposition** | **Stakeholder Relationships** | **Stakeholder Segments**  *\*Small businesses*  *\*BOP Households* |
| *\*Suppliers* | *\*Industry research* | *\*Distributed solar energy* | *\*d.light team focuses on quality* |
| *\*USAID* | *\*Product development*  *\*Delivery of sales & marketing* | *solutions that are modern, durable, reliable, affordable, battery-operated and come with a* | *support and service with a commitment to stand by its warranty* |
|  | *best practices*  *\*Supply chain management*  *\*Dealer recruitment, training &* | *2-year warranty*  *\*Energy cost savings* | *\*d.light team values connection that produces empowerment to enjoy freedom and an improved* |
|  | *support*  *\*Monitoring and evaluation* | *\*Livelihoods for entrepreneurs who start a business to bring solar to their communities* | *quality of life* |
|  | **Key Resources**  *\*Patents* | *\*CO2 offset* | **Channels**  *\*Importers* |
|  | *\*Technical expertise*  *\*Manufacturing facilities*  *\*Capital from investment funds & impact investors*  *\*d.light brand credibility for delivering impact*  *\*Staff committed to mission* | *\*Health benefits for people switching from kerosene to clean energy*  *\*Productive hours for working and studying* | *\*Retailers (online and offline)*  *\*Distributors*  *\*Call centers*  *\*Entrepreneurs*  *\*POS marketing materials*  *\*Advertising*  *\*Word of mouth* |
| **Cost Structure**  *\*Office & call center space, \*salaries, \*research, \*manufacturing,*  *\*marketing, \*distribution, \*impact assessment* | |  | **Revenue Streams**  *\*Product sales, \*Grants (Shell Foundation & DFID)* | |
| **Intended Impact**  Reach 100 million people in the developing world and improve four areas of well-being by 2020 (financial freedom, productivity gains, human health, environmental health). | | | | |

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# Conclusion

Once you have developed an impact business model, you can implement it in the field and adapt and modify it in response to pilot results until you reach a proof of concept. This process takes time and iteration, so expect your team to work on your model on a continuous basis ([until it is time to pivot to a new model](http://blog.strategyzer.com/posts/2015/7/23/the-pivot-6-situations-when-its-time-to-change-your-business-model-or-value-proposition)!). Ultimately, this is how you will find innovative ways to create, deliver, and capture value that addresses real world needs. On a final note, as you seek to make decisions about the legal structure of your new organization, the veteran social entrepreneur, Jim Fruchterman, suggests that before reaching out for legal counsel, your team first formulates a set of agreed upon answers to the following questions (Fruchterman, “[For Love or Lucre](http://ssir.org/articles/entry/for_love_or_lucre),” *SSIR*, 2011):

* + 1. What is your motivation for starting your venture?
       - How fundamental is the social mission?
       - What are your personal financial objectives for this venture?
       - How do you define success?
    2. What market are you targeting?
       - Who are your customers?
       - Who or what is the competition?
       - What is your value proposition?
       - What is the market size and how profitable could you be serving that market?
    3. How do you plan to raise capital?
       - How much money do you need to get your venture launched?
       - How much money will you need to keep the business growing?
       - Will you have assets you could borrow against?
       - Will tax structure affect your business significantly?
    4. What type of control do you want over your venture?
       - How important are confidentiality and secrecy to you and your venture?
       - Can you run and fund your venture yourself?
* Will you need to share control with investors?
* Will you need or want to share control with the public interest?