THE POSSIBILITY OF USING THE BUSINESS MODEL CANVAS IN THE ESTABLISHMENT OF AN OPERATOR’S BUSINESS PLAN

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ABSTRACT
The term ‘business model’ has been popular among managers, practitioners, and management theorists for nearly two decades. In 2001, one in four Fortune 500 companies applied the concept of business model in their annual report (Shafer, Smith Linder, 2005, p. 200). According to a report by The Economist Intelligence Unit of 2005, most managers (54%) pointed to business models (EIU, 2005, pp. 2-9) when answering the question whether the most important source of competitive advantage will be business models or new products and services.

The ability to build and evaluate planning documents called business plans is a valuable and important element of managerial and advisory competence. It is possible, first of all, to shape practical aspects by solving specific planning problems. The process of developing a business plan should create important business management tools, giving the opportunity to plan their development – these tools include Business Model Canvas (BMC), which can be used in drawing up a business plan. It is not possible to equate the BMC with a business plan, but it is certainly useful for the development of a business plan. Its application value means that it can be used in the preparation of a business plan in terms of necessary information, content, contained analyses related to e.g. a marketing, operational, financial or organizational and management plan.

The objective of the paper is to present both theoretical and practical possibilities of using the BMC in creating a business plan of an economic entity, which is a useful tool used especially by micro and small economic entities at the stage of establishing a business activity and a business model popular among product managers.
The paper was written based on the literature of the subject of management and business plans creation.

INTRODUCTION

In the age of globalization, it is necessary to constantly look for the right form of running a business activity, which has been attempted to be called a business model for several decades.

Emerging new business structures and strategies, as well as modern innovative approaches, contribute to the creation of a model that determines the achievement of competitive advantage and generating optimal income (Firlej, 2013).

The success of an economic undertaking is very much dependent on a well-developed business plan. Every project idea should be designed and tested in such a way that it can be put into practice.

A business plan is not of a static nature, but of a dynamic nature, following changes in the environment. The process of developing a business plan should create important business management tools, giving the opportunity to plan their development. One of these tools is the Business Model Canvas (BMC) which is the subject of this paper. Its application value means that it can be used in the preparation of a business plan in terms of necessary information, content, contained analyses related to e.g. a marketing, operational, financial or organizational and management plan.

The objective of the paper is to present both theoretical and practical possibilities of using the BMC in creating a business plan of an economic entity, which is a useful tool used especially by micro and small economic entities at the stage of establishing a business activity and a business model popular among product managers.

In order to achieve the set objectives, the paper uses the following research methods: literature studies (analysis of the literature of the subject in the field of management, business plan), Internet search and case study of the business entity concerning the possibility of using BMC in creating a business plan.

DEFINITION AND ELEMENTS OF THE BUSINESS MODEL

The term "business model (BM)" was used for the first time in 1957 by Bellman, Clark, Malcolm, Craft and Riccardi (1957) in the context of simulations and mathematical models. However, the attention to the BM is due to the surprising economic effects of companies that used innovative business models. Examples of successes include, among others: Google, Apple, Facebook or Dropbox. The increased interest of researchers in business models is also evidenced by a significant increase in the number of publications since the mid-1990s. For example, in 1990 the number of publications in which the concept of business model appeared was 80, in 1998 there were 382 publications in 1998 and in 2000 as many as 1,303 publications to reach 3,103 in 2015 (Bołoz 2017).

The term "business model" consists of two separate words, each of which has its own semantic meaning. Słownik języka polskiego PWN describes the meaning of the word model as "the pattern according to which something is or is to be done." In con-
The word business denotes "a commercial or productive undertaking that is profit-
able" (Słownik Internetowy PWN). Thus, the semantic business model can be defined as a way (a pattern) of conducting an economic undertaking aimed at achieving profit or, in accordance with the concept of management by value, more broadly, at generating satisfactory rate of return for the owners. In many definitions, the business model is defined as a way of doing business aimed at generating profit, while value creation for customers is a prerequisite for achieving it (Wierzbinski, 2015).

In Polish and foreign scientific literature on business models, there is no single universal approach to the definition, classification or constituent elements of the BM (the BM definitions and classification are presented among others by: George, Bock (2011); Zott, Ch., Amit, R., Massa, L. (2011); Golombiowski T., Dudzik T.M., Lewandowska M., Witek-Hejduk M. (2008); Kardas M. (2016); Bolož R. (2017).

Ch. Zott, R. Amit I L. Massa analysed 103 business model publications and indicated that definitions of business models present three main perspectives:

- e-business, information systems and internet applications in organisations – related to Internet enterprises,
- innovation and technology management – relating to technology enterprises,
- strategic issues related to value creation, competitive advantage and performance of enterprises – relating to all enterprises (Zott, Amit and Massa, 2011, p. 2).

George, Bock (2011) summarized the literature's proposed subject of the definition of business models, distinguishing its most important terms, i.e. business models, from the definition of business models:

1. Organisational design [Timmers, 1998],
2. RBV – resource-based-view [Mangematin & In, 2003]
3. Narrative [Magretta, 2002]
4. Innovation type [Chesbrough, Rosenbloom, 2002]
5. Transactive structures [Amit, Zott, 2001]

The business model should be a group of company activities, optimal methods and use of resources to ensure profit for the company and measurable benefits achieved by the customer.

The business model is a kind of business process architecture, consisting of a description of their conceptualization, determination of individual and necessary stages of operational activities and modelling of these processes, as well as some kind of philosophy of activities which is considered necessary for the development of a future or existing organization. According to M. Duczkowska-Plasecka, the business model is a multi-threaded issue, giving companies the opportunity to make strategic choices, shape their strategic position, build strategies and implement changes in companies. (Duczkowska-Plasecka, 2013).

The business model, as suggested by O. Gassmann, K. Frankenberger and M. Csik, can be defined by four questions: who the customer of the company is (who?), what the company sells (what?), how it manufactures products and services (how?), why its business is profitable (why?). The above questions form the so-called magic triangle of the business model, which includes three key components of business models, i.e. the value
proposition, the revenue model, and the value chain (Gassmann, Frankenberger and Csik, 2013, p. 2).

When constructing a business model, it is necessary to answer the following questions: what will our company look like?, who will work in it?, what will we produce or what services will we provide?, for whom? and how the customer will pay us for the product or service? Economists claim that today's business model is a set of purposeful rules that are conducive to the development of an enterprise and should explain them as a method of conducting business activity on the assumption that it is profitable. The model is to determine the costs, rules and price of added value creation in the company.

Many authors, when defining the business model, point to its components. These are shown in Table 1.

Table 1. Components of business models

<table>
<thead>
<tr>
<th>Author</th>
<th>Elements of the business model</th>
</tr>
</thead>
</table>
| Osterwalder and Pigneur [2010]              | • customer segments  
• value proposition  
• channels  
• customer relations  
• revenue streams  
• key resources  
• key activities  
• key partners  
• cost structure |
| Chesbrough and Rosenbloom [2002]            | • value proposition  
• market segment  
• value chain  
• cost structure and potential  
• profit generation  
• values network  
• competition strategy |
| Slywotzky, Morrison and Andelman [2000]     | • customer choice  
• capturing values  
• strategic control  
• range of activities |
| Tecee [2010]                                | • value creation  
• capturing values  
• value provision |
| Kaplan [2012]                               | • value creation  
• value provision  
• capturing values |
| Mason and Spring [2011]                     | • technology  
• network architecture  
• market offer |
| Afuah and Tucci [2003]                      | • value offered to the customer  
• offer range  
• pricing policy  
• sources of income |
<table>
<thead>
<tr>
<th>Source</th>
<th>Key Elements</th>
</tr>
</thead>
</table>
| Gołębiowski, Dudzik, Lewandowska, Witek-Hajduk [2008] | • customer value proposition  
• resources/competences  
• position in the supply chain  
• revenue sources |
| Hedman and Kalling [2003] | • customers  
• competition  
• offer  
• activity and organisation  
• resources  
• suppliers |
| Demil and Lecocq [2010] | • resources and competences  
• organisational structure  
• value proposition |
| Shafer, Linder and Smith [2005] | • strategic choices  
• value creation  
• values network  
• capturing values |
| Mahadevan [2000] | • value stream  
• income stream  
• logistics stream |
| Baden-Fuller, Mangematin [2013] | • customer identification  
• customer involvement  
• chain of values and relationships  
• monetization |
| Johnson and Christensen [2008] | • customer value proposition  
• profit formula  
• key resources  
• key processes |
| Morris, Schindehutte and Allen [2005] | • offer-related factors  
• market factors  
• internal opportunity factors  
• factors of competition strategy  
• economic factors  
• HR and investor opportunities |
| Oliński [2016] | • value creation  
• capturing values  
• value provision |

Analysing the BM elements indicated in Table 1 by individual authors, they can be grouped into 4 groups:

- **strategic choices** – customers, value proposition, skills, income, competitors, offer, strategy, branding, diversification, mission,
- **value creation** – resources and assets, processes and activities,
- **taking over values** – costs, profits, financial aspects,
- **value network** – suppliers, customer information, customer relations, information, product and service flows (Shafer, Smith and Linder, 2005, p. 200).

The business model is in a way a sketch of the strategy to be implemented within the structures, processes, and systems of an organisation. According to S.M. Shafer, H.J. Smith and J.C. Linder's business model reflects strategic choices regarding business conduct, which must be consistent and cause-and-effect and should guarantee the company's financial stability and adequate relations with its environment, e.g. suppliers, distributors, and other partners providing access to external resources (Shafer, Smith and Linder, 2005, p. 202).

The relationship between the business model and economic efficiency is reflected in the formulation of its definition, according to which the BM is an organisation's method of increasing and using resources, in order to present to customers an offer of products and services whose value exceeds that of competitors and which at the same time ensures profitability of the company. Such a model sets out in detail the plan for making money, both at present and in the long term, as well as the factors that make it necessary for the company to maintain a permanent competitive advantage. This means achieving (in the long term) results that are better than those of competitors.

K. Oblój, treating the business model as a total company operation concept, states that it can be defined in different ways, but it must answer three basic questions related to the competitive advantage (Oblój, 2002):
1. what will the company do?
2. what are its basic resources and competences?
3. how are resources and competences configured in practice in everyday operations?

In the context of questions posed in this way, K. Oblój defines the business model as a combination of the strategic concept of the company and the technology of its practical implementation, understood as building a value chain that allows for the effective exploitation and renewal of resources and skills (Brzóśka, 2009).

The business model is a relatively new concept of enterprise management. In brief, it means architecture that needs to be designed and built to make money. The literature's diversity of definitions of the business model implies a very broad approach by the authors to the topic of business modelling (Falencikowski, 2015).

In Anglo-Saxon literature, the business model has several functions:
- presents a proposition of value for customers;
- specifies the market segment and profit-generating mechanisms;
- defines the structure of the value chain, including the inputs required to achieve benefits;
- describes the cost structure and potential benefits;
defines the company's position in the environment of suppliers and customers (identifies partners and competitors);  
creates a strategy to achieve competitive advantage (Chesbrough, 2010).

In today's knowledge-based economy, a new business model is defined, which is created by the so-called sub-systems, among which there are multi-faceted relationships, interactions, and interdependencies between the different parts, which result from the development and use of information technology and the digitisation of technology (Duczkowska-Piasecka, 2012).

The proposed idea of the business model can be applied to any company operating both on the Internet and in the traditional economic space. However, the way in which the components of the business model are defined will be different in relation to each company. The business model is what enables companies to stand out on the market and gain a competitive advantage over other entities. Thus, the business model has a function similar to that of a company's strategy.

Generally speaking, the business model is a tool containing a certain set of elements and relations between them, in a schematic (more or less detailed) way of presenting an idea for business (Golembiowski, Dudzik, Lewandowska, Witek-Hejduk, 2008).

The scheme of the business model creates a language that facilitates innovation and serves as a platform for decision making, where all the most important information about how a company operates is in one place. In this sense, the business model and platform are synonymous (Ćwiertniak, 2015).

Analysis of the concept of model building is an important aspect of theoretical approach to business modelling, which is to a large extent the result of research on the functioning and behaviour of enterprises in a competitive market.

Analysing the activities of companies in terms of the adopted models, exploring the links between theoretical concepts of model making and management practice, will enable drawing inspiration from them to theoretical generalizations and is an expression of a specific epistemological approach to the problems of modern company management. In this aspect, the business model can therefore be treated as a modern form of organization of the company management model, containing strategic directions of its development based on competitiveness. Such a model in essence presents one of the important problems that condition the company's functioning, which is its idea (concept) for business.

In the process of creating such a model, the company's operating scheme is obtained. At the time of its creation, one can look from a distance at the most important areas of its functioning. At this stage there is also a question of how the company earns money and what to do to make it as good as possible. In order to define this, it is necessary to closely monitor its activities and identify the most important elements of its functioning.

BUSINESS MODEL CANVAS

Own and above all effective business is an extremely attractive opportunity and life temptation for millions of people around the world. Acting on your own and being a boss strongly motivates you to set up a company. The main way of realizing the entre-
Entrepreneurial potential of individuals is to establish one's own enterprise. The decision to undertake independent business activity results from the independent choice of an individual. At the same time, the process of creating a new enterprise is a resultant of psychological characteristics of an entrepreneur (personality, education, creativity, etc.) and economic and social characteristics of the environment (e.g.: economic traditions in the region, availability of resources, openness of society to new business initiatives, economic policy, and local business climate).

Starting a business entails the risk of certain obligations and financial consequences. Therefore, it cannot be an ill-considered activity without substantial preparation and knowledge about the functioning of the market. The decision to set up a company depends on individual aspirations for success. Success in the future requires knowledge on the subject of the market offer (business know-how), passion for action, business management skills, and economic and legal knowledge.

Below you will find the Business Model Canvas which helps you to identify the most important aspects of the planned business.

Business Model Canvas (BMC), was developed by Osterwalder and Pigneur, based on practical experience of entrepreneurs from all over the world. It is used in the most active companies in the world, but most of all in young companies, which enter into the phase of searching for a scalable, profitable, and repeatable business model. It allows you to quickly outline and verify the most important aspects of the models (Pulcher, 2012).

According to Alexander Osterwalder and Yves Pigneur, the business model consists of nine basic elements that fit into the logic of the company's process of making money. These nine elements touch four core areas of business activity, namely customers, offers, infrastructure, and appropriate financial position. The business model is in a way a sketch of the strategy to be implemented within the structures, processes, and systems of an organisation (Osterwalder, Pigneur, 2012).

The BMC is the most popular business model template among start-ups and product managers, which consists of the following elements:

- **value proposition** – consider which problem it solves or what customer needs your product or service will satisfy. It is not a matter of writing out product characteristics, but of establishing (estimating) what value it will have for the customer,
- **customer segments** – specify the group the company wants to reach with its product. It is necessary to describe the profile of your ideal client, as well as individual customer segments. Each segment must be assigned its own characteristics,
- **customer relations** – it is necessary to determine how new customers will be attracted, what actions will be taken to return and use the services of the company in the long term. It is necessary to define which tools will be used to attract customers to the business. For this purpose, you can use social media channels, as well as the SEM (Search Engine Marketing) – as well as promotional activities, such as purchasing sponsored links as well as positioning and optimization of web pages, which aim to gain the best possible positions in search engine search results, both paid and "natural" ones,
- **distribution channels** – define how the product will be delivered to the final purchasers,
The "Tatarak" Motel is located at the motorway and national road, at the same time on a small ribbon lake and not far from the forest complex and two cities – Toruń and Ciechocinek.
Currently implemented business model

Until the moment of preparing this analysis, the described entity – Motel, carried out its activities mainly through the rental of rooms, mainly to travellers travelling on the A1 motorway and route, sporadically in the so-called season for tourists to whom it was recommended. Some of them were also so-called regular customers from the two largest cities in the region, namely Toruń and Bydgoszcz. The Motel does not offer any other services, except overnight stays.

Such an approach on the part of the owners provided a low but stable income, however, without any prospects for further development and increasing the profitability of the business.

Below you can see the current activity in the form of the “Tatarak” Motel, according to the criteria applied in the business model Canvas:

<table>
<thead>
<tr>
<th>Table 2. Currently implemented business model according to MBC criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value proposition</strong></td>
</tr>
<tr>
<td>The value proposition for customers is a calm, friendly atmosphere and relatively low accommodation costs, especially in comparison to the prices of hotel services in Toruń. There is no additional offer for customers.</td>
</tr>
<tr>
<td><strong>Customer segments</strong></td>
</tr>
<tr>
<td>Passengers travelling on the A1 motorway and route, occasional tourists coming from the two largest cities of the region.</td>
</tr>
<tr>
<td><strong>Customer relations</strong></td>
</tr>
<tr>
<td>Customer relations are built mainly on the service level and do not result in additional costs.</td>
</tr>
<tr>
<td><strong>Distribution channels</strong></td>
</tr>
<tr>
<td>As mentioned above, some of the customers are acquired via the so-called recommendation. From time to time, the Owners order advertisements on regional radio and in the press. The company has one old banner on the A1 route.</td>
</tr>
<tr>
<td><strong>Revenue streams</strong></td>
</tr>
<tr>
<td>The Motel’s customers pay for the accommodation service and this is the only source of revenue for the entity operating in this business model. The funds thus obtained are sufficient to cover the operating costs and generate a small surplus for the owners.</td>
</tr>
<tr>
<td><strong>Key actions</strong></td>
</tr>
<tr>
<td>Key actions in the current model include above all: maintenance of the building in an unchanged condition, good and friendly atmosphere, advertising in regional media, which in effect should make it possible to maintain the number of customers at the current level.</td>
</tr>
<tr>
<td><strong>Key resources</strong></td>
</tr>
<tr>
<td>The key resource necessary to run a business activity in the previous formula are rooms and furnishings.</td>
</tr>
<tr>
<td><strong>Key partners</strong></td>
</tr>
<tr>
<td>In principle, there are no suppliers or subcontractors.</td>
</tr>
<tr>
<td><strong>Cost structure</strong></td>
</tr>
<tr>
<td>According to the information provided by the Motel Owners, the key cost items in the conducted business are: remuneration of three service employees, as well as expenditure on media and cleaning products.</td>
</tr>
</tbody>
</table>

Source: own work
The business model to be implemented

On the local hotel services market, there are at least a few such entities in the vicinity, offering 'budget' accommodation variants. A significant part of them is based on the previously presented business model.

However, by expanding the proposed offer and verifying the existing business model, it is possible to develop the activity realistically, among other things, by obtaining funds from EU subsidies, as well as entering the national market with unique values offered to new, potential guests. This will make it possible not only to improve the profitability of its operations, but also to further develop the company and stabilise, at least in the medium term, its position in the industry. By properly implementing strategic measures from the perspective of the entity under analysis, it will be able to exit the local market and make subsidised investments, which would not be possible if the original business model was maintained.

Table 2 illustrates a new business model assuming the entity's entry into new prospective markets as well as the use of potential resulting from the location (two touristically attractive cities, lake and forests near the company's headquarters).

At this point it should also be emphasised that the presented example is hypothetical, whereas in reality, all details and appendices require individual studies appropriate for the specific business activity.

Based on the presented example using the BMC it can be seen that it is a very good tool for planning and building new solutions, as well as improving those already applied in the company. The model also identifies areas of innovation. Its application value means that it can be used in the preparation of a business plan in terms of necessary information, content, contained analyses related to e.g. a marketing, operational, financial or organizational and management plan.

Table 3. Business model planned for implementation according to MBC criteria

<table>
<thead>
<tr>
<th>Business Model Canvas</th>
</tr>
</thead>
<tbody>
<tr>
<td>The undertaking proposed for implementation: ‘Tatarak 2’ Motel</td>
</tr>
</tbody>
</table>

1. Value proposition

The proposal of unique value for customers is a calm, friendly atmosphere and accommodation costs adequate to the service provided, especially in terms of additional attractions such as: the possibility of rest, fishing, and enjoying the beach on the nearby lake. Possibility of using gastronomic services and products based on regional ingredients. The motel can also be used by potential guests as a starting point for Toruń and Ciechocinek. The owners have developed several variants of spending time in their facilities, including the above-mentioned attractions.

2. Customer segments

Passengers travelling on the A1 route and motorway, as well as tourists coming from all over the country in order to take advantage of the relaxation at the lake, as well as those who want to visit Toruń and/or Ciechocinek during a ‘stationary’ holiday.

3. Customer relations

The customer relations are built mainly on the service level, both in terms of basic accommodation offer as well as additional attractions available for Motel guests.
4. Distribution channels
Cyclic advertising in regional and national media, especially the press. Using the Internet as a key channel to reach potential customers. Participation in national and regional fairs. Search for partnerships with leading travel agencies that organize national holidays. Renewal by the current standards of banner advertising on the A1 route. Estimated outlays in this area have been prepared in the form of an annex.

5. Revenue streams
Customers pay for the accommodation service as well as for the additional offer, which is possible to obtain at the Motel, according to the assumptions in this business variant. Planned revenue streams in relation to the assumed model have been prepared in the form of an appendix.

6. Key actions
Key actions in the current model include above all: constant improvement of the standard of the facility, its possible expansion with elements allowing to conduct business activity at the level expected by potential customers. Providing appropriate conditions for spending time (beaching, fishing) on the nearby lake, including safety-related issues.

7. Key resources
The key resources necessary to run a business activity in the previous formula are rooms with furnishings, as well as the equipment and condition of the gastronomic part and elements of infrastructure at the lake.

8. Key partners
The Motel’s primary partners are the suppliers of local food products, as well as the travel agencies acquired for cooperation.

9. Cost structure
Key cost items in the conducted activity are: costs of handling capital expenditures necessary to conduct business activity in accordance with the new business model. Another important cost element is also the remuneration of four service employees, promotion expenses, as well as expenditure on media and cleaning products. The assumed cost structure for the model presented in this section is included as an appendix.

Source: own work

SUMMARY
Currently, in the world's scientific literature on management, the business model is in the form of a paradigm. It is worth noting here that the theoretical current initiated is of a multidimensional character, i.e. it is built of many research concepts, presenting the business model from different perspectives.

The dynamics of the market makes that even the best selected elements of the business model and the rational arrangement of their relations are not permanent or unchangeable in time. Managers often have to change certain components of the model or relationships between them, thus anticipating the actions of the competition and modifying the data contained in the business plan. In many sectors, change is so fast that companies are forced to redefine their business models and thus re-create a business plan.
Business models are needed because they help to set further goals, they are a kind of a business map leading to success, on which the way with highlighted main points is clearly and individually chosen and defined (Jak, 2016).

The ability to build and evaluate planning documents called business plans is a valuable and quickly complemented element of managerial and advisory competence. It is possible, first of all, to shape its practical aspects by solving specific planning problems. When starting to prepare a specific business plan, however, you need to have elementary knowledge of the layout, rules, techniques, and procedures of its construction. Otherwise, planning work will take too long and may result in an incorrectly compiled document.

The business plan is a basic instrument for setting economic and financial objectives for the planned period, as well as a way of controlling and verifying the implementation of planned projects. For the entrepreneur, it is what a flight map is for the pilot of the aircraft, so that they can fly to a designated place and the entrepreneur could achieve their business goals. It is both a planning tool and a guide on the road to success (Tokarski A, Tokarski M, Wójcik, 2013). Writing it is not easy and simple because it takes time, energy, and a lot of thought (Tokarski A, Tokarski M, Wójcik, 2017).

Creating a business plan forces entrepreneurs to think systematically about their own ideas. It makes them aware of knowledge gaps, requires decision making, and promotes a coherent and uniform strategy. The BMC model presented in the publication is a useful tool applied especially by micro and small businesses at the stage of establishing a business. It is not possible to equate the BMC with a business plan, but it is certainly useful for the development of a business plan. Its application value means that it can be used in the preparation of a business plan in terms of necessary information, content, contained analyses related to e.g. a marketing, operational, financial or organizational and management plan.

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