



# Social Enterprise Business Planning Workbook

*An adapted lean canvas approach for  
nonprofit leaders launching social  
enterprises to impact the HIV response*



## Acknowledgments

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# Your Lean Canvas

Business Name: \_\_\_\_\_

<p><b>PROBLEM</b> </p> <p>Existing Alternatives</p>	<p><b>SOLUTION</b> </p>	<p><b>UNIQUE VALUE PROPOSITION</b> </p> <p>High-Level Concept</p>	<p><b>KEY METRICS</b> </p>	<p><b>CUSTOMER</b> </p> <p>Early Adopters</p>
<p><b>IMPACT</b> </p>		<p><b>CHANNELS</b> </p>		
<p><b>COST STRUCTURE</b> </p>			<p><b>REVENUE STREAMS</b> </p>	

## Introduction


Are you a nonprofit leader working on the HIV response with interest in starting a social enterprise to increase impact and generate revenue? Then this workbook is for you!

This workbook is a guide to basic business planning for nonprofits establishing social enterprises. It follows the [Social Enterprise Readiness Assessment: A Self-Guided Tool for Nonprofit Leaders to Decide Whether to Start an Enterprise](#). Organizations that choose to pursue a social enterprise strategy may then use this workbook to take the next step in planning their business.

The workbook uses an adapted version of the Lean Canvas methodology, which, as the name suggests, is a brief business plan template that helps deconstruct your business idea into its key components, organizing them visually on a single page.

The Lean Canvas approach encourages users to frame their ideas as hypotheses, documenting assumptions in need of testing, and pivoting as new information becomes available. A key advantage of the Lean Canvas model is simplicity, making it easy to update and refine as you learn and the business evolves.

The Lean Canvas was developed by Ash Maurya and discussed in his book *Running Lean: Iterate from Plan A to a Plan That Works* (2012), which is an adaptation of the Business Model Canvas, first developed by Alexander Osterwalder in 2005. In this guide, we have adapted Maurya's Lean Canvas by adding a box for impact—the core of social enterprise business planning. Even in your impact box, the area you may know best as a nonprofit leader, we encourage you to stay open to the spirit of innovation and adaptability inherent to lean start-up principles. As the start-up saying goes:

 ***Don't fall in love with your solution. Fall in love with the problem you are trying to solve.***

The guide provides steps for completing a lean canvas. Tear out the blank lean canvas at the beginning of this guide and complete it, ideally with others on your team, as you read through the guide. Lean canvas methodology is about learning and iterating, so make copies of the blank lean canvas to have ready for future drafts.

For the first draft, the goal is to capture your best thoughts quickly, without aiming for perfection. You will make assumptions in the process, which you and your team can then test and validate as you gain experience and insights from customers. As you learn, you can iterate and revise your lean canvas quickly, without the need to rewrite a lengthy, detailed business plan.

The lean methodology has simple guidelines:

1. Focus on value to the customer.
2. Eliminate things that do not directly provide value.
3. Rapidly iterate as you learn from your customers.

Within each cycle of improvements, seek to increase the amount of value you can offer customers to avoid wasting resources on things they do not value.

The lean canvas model provided in this workbook has been adapted to more closely match the needs of social enterprises founded by nonprofit organizations. Where business planning may require different thinking than project planning or grant writing, “mindset shifts” in highlighted boxes offer guidance. Although some language and ways of thinking may differ from how your nonprofit typically

operates, keep your mission at the core of business planning, guiding every decision on structure and allocation of resources.

Examples from organizations working on the HIV response in India are provided to elucidate the lean canvas. As each of the nine building blocks is discussed, the relevant block on the canvas is filled in with details from a social enterprise: Kinnar Asmita's TransFormation Salon. Examples from other nonprofits that have started social enterprises— Cheyutha Eco-Crafts and Network of Maharashtra People Living with HIV (NMP+)'s TAAL+ E-Pharmacy—are also provided.

### Kinnar Asmita's TransFormation Salon



*Photo Credit: Anita Khemka for FHI 360*

Kinnar Asmita is a community-based nonprofit in Maharashtra, India, working on behalf of the transgender community through initiatives such as providing temporary shelter, providing targeted interventions for HIV, organizing vocational training initiatives, and advocating for trans rights.

Kinnar Asmita started a beauty salon led by the transgender community to enable stigma-free access to beauty services by the lesbian, gay, bisexual, transgender, queer, intersex people, and those of other diverse sexual orientation and gender identities (LGBTQI+) community, create an inclusive environment for allies, and provide dignified livelihood opportunities for the transgender community. The revenue from this salon will enable the nonprofit to reduce dependency on irregular funding sources and improve the sustainability of its services.

Use the lean canvas in the way that is most helpful to you and your team in planning a social enterprise. Capture your current ideas in a clear, concise way, document the assumptions you need to test to validate your idea, and be flexible as you iterate to increase the value to your customer and, ultimately, grow your business and impact.

## Workbook Steps

Follow the steps to plan the key elements of your business based on the lean canvas model (Figure 1), contextualized for nonprofit organizations establishing a social enterprise for the first time.

Figure 1. Lean Canvas Model for Social Enterprises

<p><b>PROBLEM</b></p> <p><i>Describe the problem you are solving for your customers.</i></p>	<p><b>SOLUTION</b></p> <p><i>How are you solving this problem for your customer?</i></p> <p><i>How does your solution meet an unfulfilled need?</i></p>	<p><b>UNIQUE VALUE PROPOSITION</b></p> <p><i>What differentiates your product or service from other products or services on the market?</i></p> <p><i>What is your advantage over the competition?</i></p>	<p><b>KEY METRICS</b></p> <p><i>What are the most important numbers to be tracking to understand the success of your business?</i></p> <p><i>How will you measure your social impact?</i></p>	<p><b>CUSTOMER</b></p> <p><i>Who will benefit from the product or service?</i></p> <p><i>Who is paying for the services?</i></p>
<p><b>Existing Alternatives</b></p> <p><i>How else might your customer solve this problem?</i></p>	<p><b>IMPACT</b></p> <p><i>Describe the positive social or environmental impact your business creates.</i></p>	<p><b>High-Level Concept</b></p> <p><i>Describe your business in one phrase.</i></p>	<p><b>CHANNELS</b></p> <p><i>How or where does your customer purchase your product or service?</i></p> <p><i>How do you reach your customers/beneficiaries?</i></p> <p><i>How will you create a relationship with your customers?</i></p>	<p><b>Early Adopters</b></p> <p><i>Which stakeholders will be the initial ones to buy in?</i></p>
<p><b>COST STRUCTURE</b></p> <p><i>What are the most important costs in your model?</i></p>		<p><b>REVENUE STREAMS</b></p> <p><i>What are your customers currently paying for?</i></p> <p><i>Which of your streams generates the most revenue?</i></p>		



### **Step 1: Fill out the canvas.**

Using this step-by-step workbook, fill out the nine building blocks of the canvas to describe your business idea with the best information you have available now. The idea is to draft an initial version of the canvas quickly and then keep coming back to it over and over to iterate as you learn.



### **Step 2: Test your assumptions.**

Each section of the workbook will prompt you to document your assumptions for each component of your business. Use the completed canvas as a framework to test these assumptions with customers and other stakeholders. This may involve conducting customer interviews, creating prototypes, or running small-scale experiments. More guidance about testing is provided at the end of the workbook.



### **Step 3: Iterate as you learn.**

As you learn more about your customers and business environment, revisit the canvas to identify areas that need more testing or a new approach and make changes accordingly.



### **Step 4: Tell your story.**

Use the canvas to communicate your business idea to others, such as potential donors, investors, or partners. It can be a great tool for helping key stakeholders understand and buy-in to your idea. More advice about how to use your canvas to tell your story is near the end of the workbook.



### **Step 5: Keep coming back.**

Regularly review your canvas and reflect on how well your business is doing, what is working, and what is not. Use this information to make decisions, allocate resources effectively, and ensure your business is advancing your organization's mission.





## SECTION 1: PROBLEM



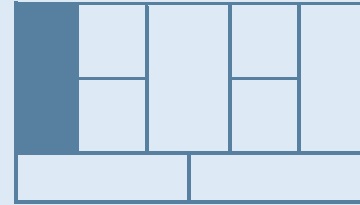
### PROBLEM

*Describe the problem you are solving for your customers.*



### Existing Alternatives

*How else might your customer solve this problem?*



## Define your problem statement

As a nonprofit delving into social entrepreneurship, one of the most crucial steps in starting your enterprise is to clearly define the problem you are trying to solve. A clear definition is foundational. It clarifies what value you need to create and helps demonstrate your idea's relevance in the market.

Consider the following questions:

- What is the problem your enterprise is solving for?
- What is the root cause of the problem?
- What is the impact on society in case the problem is not solved?
- What is the magnitude of the problem?

Look at your problem statement with both a **social** and a **business** lens.

## What is the problem your enterprise is solving for?

What is the **social problem** that your enterprise is solving for either **directly** or **indirectly**? This could fall under broader categories of health, economics, education, politics, environment, or psychosocial.

Your social enterprise may either be directly addressing the social problem by providing tangible solutions in exchange for payment or indirectly addressing it as part of its solution or through its supply chain.

In addition to social impact, use a **business lens** to identify the market gap or opportunity your product or service is addressing. For most social enterprises the social and business lenses are linked but address different perspectives. The business lens should serve a top concern of your customer, often saving time or money or tangibly improving the quality of products or services they receive.

### Existing Alternatives

When defining your enterprise's problem statement, it is also important to understand other solutions the market is providing for your identified problem. This will help identify if a target market already exists for the product or service and provide room to better define the unique value your offering brings to the market in comparison to others. The alternatives you identify in this section may be similar to what you plan to provide or dissimilar ones attempting to solve the same problem.

Let's look at an example of how a problem can be viewed from both a social and business lens. The Network of Maharashtra People Living with HIV (NMP+) is a community-based nonprofit in India that caters directly to the health concerns of their community by providing client-friendly access to subsidized HIV diagnostics, treatment, and peer counseling services. They provide medicines through their in-person clinic in Pune, as well as through a social enterprise online pharmacy through which

drugs can be ordered for home delivery. Taking a business lens to this enterprise reveals that NMP+ is solving the problem of their clients needing convenient access to their regular antiretroviral (ARV) treatment drugs, as well as other medicines. The value clients receive is saving time and money, while protecting their privacy. As clients pay for this value and use NMP+'s delivery service, NMP+ is indirectly creating a social benefit of increased adherence to HIV treatment.

## What is the root cause of the problem?

Spend some time thinking about why the problem exists and understanding details of the landscape of the problem. Consider the following questions:

- Why does this problem exist? Continue asking why several times until you reach deeper causes of your identified problem.
- Who are the different stakeholders involved in creating or perpetuating the problem, experiencing the ill effects of the problem, or benefiting from the continuation of the status quo? How do these stakeholders experience this problem differently? Who is most affected by this problem?
- How long has this problem been going on?
- Has there been an attempt to solve the problem in the past and why did it work or not work?
- What conditions allow this problem to continue to exist?
- What is the magnitude of this problem? How many people are currently affected by it, either directly or indirectly?
- What is the impact on society if this problem is not solved?
- Has research been done about this problem?

The more deeply you understand the problem your customers face, the easier it will be for you to create value for them and differentiate your product or service from existing alternatives.

## Example

In the case of the TransFormation Salon, the first section of the lean canvas would be populated as:

### **PROBLEM**

Need for stigma-free and affordable beauty services for the LGBTQI+ community.

### **Existing Alternatives**

- About 50 beauty parlors are located in the nearby area in Kalyan, but only one allows entry by the community
- At-home services by enterprises like Urban Company, etc.
- Some transgender people trained as beauticians or hairstylists run their own door-to-door service for the community

## Case Study: Kinnar Asmita

Lens	Problem	Root Cause	Cost to Society	Magnitude
<b>Social Lens</b>	Lack of dignified employment opportunities for transgender people	Illiteracy Systemic stigma Lack of marketable skills	Continued undignified labor by transgender people resulting in further stigma, discrimination, and exclusion  Limited or no space for intermingling between cis and trans communities that leads to further intolerance and discrimination	1,500 transgender people in Thane and nearby area are either engaged in sex work or begging due to lack of other livelihood opportunities
<b>Business Lens</b>	Lack of inclusive, affordable, and high-quality beauty services for LGBTQI+ community	Stigma and discrimination; the LGBTQI+ community faces higher prices and longer wait times for the same services		>90% of surveyed transgender people in Thane area showed high need for this service and willingness to pay

\* Please note that some cells in the table may have common answers from both a social and business lens depending on the nature of your enterprise. The aim of this framework is to help you break down your problem statement in the simplest and most suitable way for your enterprise.

## Look at your problem

Apply the social and business lens to your problem before completing the lean canvas.

Lens	Problem	Root Cause	Cost to Society	Magnitude
<b>Social Lens</b>	<i>What is the social problem you are solving for?</i>	<i>Why does the problem exist?</i>	<i>What are the implications to society if this problem is not solved?</i>	<i>How many stakeholders/beneficiaries are affected by this problem?</i>
<b>Business Lens</b>	<i>What is the market opportunity you have identified?</i>	<i>Why does the gap in the market exist?</i>	<i>What are the implications to society if this problem is not solved?</i>	<i>How many customers could be potentially identified who want a solution to this problem?</i>

Now fill in the problem box on your lean canvas.

## Document your assumptions

What assumptions are you making in your problem statement that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *Transgender people in our community face stigma when they go to other salons (high confidence)*

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## Going further

Now you know how to begin defining the problem statement for your social enterprise. Here is list of additional resources to further strengthen your understanding.

- [Social Investment Toolkit - Module 1: Social Change](#). Written by Mark Cheng, this resource delves into the details of defining a social problem, the solutions to solving the problem, and defining the vision and mission of the social enterprise.
- **Social Entrepreneurship:** [Guidebook for CSOs](#). This resource provides a background on social enterprise development for civil society organizations (CSOs), including an overview of common social enterprise business models.



## SECTION 2: CUSTOMER



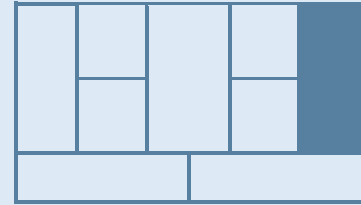
### CUSTOMER

*Who will benefit from the product or service?  
Who is paying for the services?*



### Early Adopters

*Which stakeholders will be the initial ones to buy in?*



## Centering the customer

One of the biggest mindset shifts for nonprofit leaders starting social enterprises is to center the wants and needs of the customer in every business decision. What customers want and are willing to pay for is primary.

## Who is your customer?

In traditional business, the definition of a customer is straightforward: the group of people paying for the product or service. However, for social enterprises, the group of people paying for the organization's offering and those who are benefitting may not be the same.

There are two ways your social enterprise is likely to approach market value and social value:

1. You are offering your product or service directly to the group of people that you are aiming to benefit, e.g., an organization provides affordable and quality HIV health services to clients.
2. You are offering your product or service to one group of people while aiming to benefit another group, e.g., an organization employs people living with HIV to produce and sell handcrafts to another customer group.

It is important to identify the three key groups that your social enterprise may deal with; they may be identical, overlap, or separate.

1. **The customer** — Who are the people consuming your market offering?
2. **The beneficiary** — Who are the people benefiting from the social value created by your organization?
3. **The payer** — Who are the people paying for the offering?

For social enterprises launched by nonprofits, the question of who is paying for the product or service may be complex. Because of the impact they create, many social enterprises have access to varying sources of capital (or funding) and employ subsidized or blended models. These models fall into three categories:



### Mindset Shift

*Beneficiaries* → **Customers**

Instead of thinking of the people you serve as those who are receiving value from a product or service you have already designed and are delivering, put customers in control from the start as businesses do. Ask: What do your customers want? Where do they see value? What is their experience interacting with your business like? These questions must be at the center of social enterprise decision-making.

1. Grants from donor agencies, corporations, or private foundations (including philanthropic donations to the nonprofit from wealthy individuals) for building capacities and procuring resources to run the enterprise
2. Subsidies, tax waivers, other policy measures from the government
3. Cross subsidization of offerings; i.e., one group of customers pays a premium so the disadvantaged group has a lower price such as a hospital offering affordable HIV health care services to people from disadvantaged socioeconomic backgrounds, while offering the same services to others at a premium price.

In the third category, the customer (group receiving the offering) is not the same as the group paying for the offering.

For customer targeting, it is critical to note that your consumers are the group receiving and consuming your product or service, whether they are the ones paying for the offering or benefitting from the social value created.

## Identifying your target market<sup>1</sup>

So, who is your customer? To identify potential customers, answer the following questions:

1. What groups or individuals may be interested in consuming your product or service?
2. What is their motivation to consume your offering? Or, what value does your offering provide them?
3. What is the estimated size of these groups?

Fill in the table with your answers to help identify the customer universe that your social enterprise may serve.

Customer Group	Value	Size
<i>What groups or individuals may be interested in consuming your product or service?</i>	<i>What is their motivation to consume your offering? Or, what value does your offering provide them?</i>	<i>What is the estimated size of these groups?</i>

<sup>1</sup> Village Social Enterprise Network (ViSENet). Erasmus+ customer analysis. Brussels (Belgium): European Commission [c2023; cited 2023 9 Aug 29].

## Segmenting your market

Once you have identified your target market, you may notice that it includes a large, diverse group of people deriving value from your offerings in different ways. Since you may want to adjust your product or service based on specific factors, it is important to differentiate the market into smaller, more homogenous groups. For example, an organization providing affordable health care services to people living with HIV may serve transgender people, men who have sex with men, sex workers, etc. Each of these groups is part of the organization's target market but has different characteristics and needs with respect to HIV health care.

Four ways to segment your target market:

1. **Demographic segmentation:** Based on indicators such as age, gender, education level, income, or religion. This is the most common segmentation since demographic information on customers is readily available. In this case, you might describe your customers as women between age 25 and 45 who have completed some level of college or university.
2. **Geographic segmentation:** Based on geographic parameters such as location, climate, culture, or language. For example, you might target customers living in one neighborhood where your shop is located, or those in a 10 km radius.
3. **Behavioral segmentation:** Based on shared behavioral characteristics. For example, you might focus on customers who buy condoms at a pharmacy versus those who obtain condoms at their local health facility.
4. **Psychographic segmentation:** Based on values, attitudes, beliefs, or any other psychological markers. This segmentation is often difficult to execute as these factors are not directly identifiable but must be deduced based on behavior and other characteristics. For example, we might assume a set of values based on demonstrated preferences for seeking health care services at a hospital versus preparing at-home homeopathic remedies.

While the range of people who could potentially be interested in your product or service could be quite broad, you do not necessarily need to target all groups. You might choose only a few based on size, ease of reach, and willingness to pay. Carefully selecting customer segments with the highest potential to buy/use your product or service will help focus your efforts for higher sales and higher impact.

With a clear idea of the target customer segments, consider how you might approach each differently.

- **Pricing:** Can some groups be charged a premium amount for a value-added offering? Will others need discounts or subsidies to access your product?
- **Positioning:** How do you differentiate your product/service from a competitor currently serving each group?
- **Placement:** Where will groups access your offering (for example, online versus a grocery store)?

You will achieve more success connecting with customers by using a targeted approach for each segment rather than a uniform approach.

## Who are early adopters?

While your enterprise may eventually serve a large and diverse group of customers, one set plays a pivotal role in the early success or failure: early adopters. As the name suggests, early adopters are the first set of customers to begin using your product or service when it is launched. They act as risk-

takers, willing to change their current purchasing pattern to try a new product or service. Finding your early adopters quickly is critical to establishing market traction for your new business.

Early adopters are primarily motivated by desire for a better product or service. In some cases, they may be willing to pay a premium. This is even more relevant for social enterprises, as consumption decisions may often be motivated by social causes. For example, a customer may choose to go to a café that employs people living with HIV even if the coffee tastes the same as the café next door, as it supports their community-minded values.

For a nonprofit organization starting a social enterprise, early adopters may come from stakeholders and supporters already involved in your work. These could be clients who have accessed your free services in the past and are willing to pay for additional value. Or it could be donors or community members who want to support your social mission and are willing to take a risk on a new product or service in order to do so.

Think about customer segments you know well or think could be convinced to become early adopters of your product. Who are they?

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Consider how you might identify, engage, and reward these early adopters. Some strategies include:

- Monitor your social media pages to identify highly engaged visitors
- Offer exclusive previews
- Invite potential early adopters to a launch event
- Ask target early adopters directly about their needs and preferences, either through a survey or interview
- Offer discounts or incentives for early or regular purchases

What strategies might work for your target early adopters?

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## Example

In the case of the TransFormation Salon, the customer box of the lean canvas would be filled in this way:

### CUSTOMER

- Transgender customers from 25 miles away who will travel further for stigma-free services
- All female customers of other salons in a five-mile radius because our services will be the closest and more convenient
- Customers less than age 30 as they have the most progressive attitudes and are more likely to choose us based on our mission

### Early Adopters

The LGBTQI+ community in and around Kalyan who already know of our organization's work

## Look at your customer

Take a moment now to fill in the customer box on your own lean canvas.

## Document your assumptions

What assumptions are you making about your customer that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example. *Cis people who live close to our location will feel comfortable accessing services at a salon that caters to transgender people (low confidence).*

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## Going further

- [The Social Entrepreneur's Playbook](#), Online Learning Edition. This entire book is useful, but pay particular attention to Chapter 3, which concerns defining and segmenting your target population.
- [Customer Analysis](#). Village Social Enterprise Network (ViSEnet) guide to customer analysis with useful links to additional articles, tools, and videos.



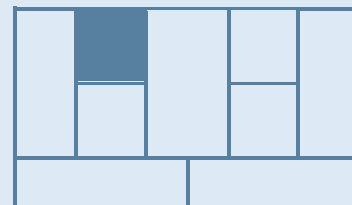
## SECTION 3: SOLUTION



### SOLUTION

*How are you solving this problem for your customer?*

*How does your solution meet an unfulfilled need?*



### Structuring your solution

Once you have defined the problem that you want to solve through your social enterprise and looked carefully at the customer experiencing this problem, the next step is to describe the solution you plan to offer.

Here again, you can adopt the social and business lenses to define how your solution fits in either or both areas.

*What is the social value being created by your social enterprise?*

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*What is the business value being created by your social enterprise?*

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Your solution may be complex, but for the lean canvas, state it as simply as possible.

For example, Cheyutha, a women-led nonprofit that has established a social enterprise for livelihood creation, might describe their solution as: “Providing safe, dignified, and sustainable employment for women living with HIV through the production and sale of beautiful, eco-friendly jute bags.”

Once you have a draft of your solution, ask the questions below to help evaluate and strengthen your solution statement. If you are in the early stages of planning and considering multiple potential solutions, these questions will help you decide which might be the most appropriate.<sup>2</sup>

- Is the solution solving the problem you set out in the first box of the lean canvas?
- Is the solution providing value to the customer you described in the lean canvas?
- Is your solution providing value to your target community, either by involving them in the solution delivery or by selling the solution to them?
- Is your solution addressing an unmet need?
- Is the solution consistent with your organization’s mission, vision, and areas of expertise?

<sup>2</sup> Cheng M. *Social investment toolkit: a social entrepreneur’s guide to raising finance*. CreateSpace Independent Publishing Platform; 2017.

## Core product or service

Social enterprises target impact on complex problems and, as such, may have nuanced solutions. However, the core product or service they are selling should be concrete and clear.

As per the *Social Investment Toolkit* by Mark Cheng “a product or service is defined as a discrete physical good, item of work or activity which is delivered to a customer at a specific time and place (or over a specific period), and which is clearly measurable. It should also have a clear price, and you should be clear about the exact costs required to deliver one unit of this product or service. The core product is basically what the customer is buying from you. This is often more than just a physical product.”

### Example

**Solution:** A beauty salon that provides employment to the transgender community and stigma-free access to beauty services for all.

**Core product or service:** Cosmetic and beauty services for hair and skin

Describe your solution and core product or service.

**Solution:**

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**Core product or service:**

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## Example

For the TransFormation Salon, the solution section of the lean canvas would be populated as:

### **SOLUTION**

A beauty salon that provides employment to the transgender community and stigma-free access to beauty services for all.

## Look at your solution

Fill in the solution box on your lean canvas.

## Document your assumptions

What assumptions are you making about your solution that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *We will be able to find transgender staff with the required skills (medium confidence).*

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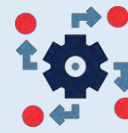
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## Going further

- [Business Model](#): The Social Investment Toolkit's third module takes a holistic look at a business model, including the commercial and social aspects of a solution and how it connects with customers.

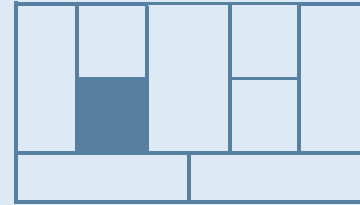


## SECTION 4: IMPACT



### IMPACT

*Describe the social or environmental impact created by your business.*



### Describing your impact

Impact can be defined as any positive change your organization enables in society. In contrast to the brevity and clarity of the description of your core product or service, which may be as simple as a haircut or a reusable bag, the impact created by your organization may be more complex with social, economic, political, environmental, and cultural dimensions.

A traditional lean canvas does not include an impact box; it has been added to this adapted version as it is critical for social enterprises to keep impact at the core of their business planning. Impact can be a component of your solution, especially for enterprises whose core product or solution is providing the impact. But for enterprises creating impact through employment practices or supply chains, it is helpful to have a separate section. For either type of business, a clear impact statement provides a centering focus for the enterprise team, a differentiator for customers, and the foundation of a compelling story for potential investors and supporters.

A description of your impact should have **three key dimensions—scale, depth, duration—to** convey the full spectrum of change being enabled.<sup>3</sup> Ask yourself the following questions to define a holistic impact statement:

1. Who is benefiting from the impact created by your organization?
2. What is the positive change you are bringing about? What is the unmet market need that you are addressing?
3. How is your organization enabling this change?
  - a. How many people are you helping? (scale)
  - b. How underserved is your target stakeholder and what is the degree to which you can address their need or solve the problem? (depth)
  - c. How long will your impact last? (duration)

While some elements of your impact story will be quantitative and easy to articulate, such as scale and duration, try also to bring out qualitative aspects, such as nature and depth of impact, where possible.

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<sup>3</sup> Singh J. The three dimensions of social impact. 2021 Jan 7 [cited 2023 Aug 28]. Knowledge, INSEAD [Internet]. Fontainebleau (France): INSEAD (The Business School for the World). c2023.

Describe your enterprise's impact in a way that addresses as many of the questions above as possible and feels authentic to you. List a few ideas to help you craft a concise statement for the canvas.

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## Example

For the TransFormation Salon, the impact section of the lean canvas would be populated as:

### **IMPACT**

TransFormation Salon creates impact in three ways on behalf of the transgender community in Kalyan: (1) providing sustainable and dignified employment to seven stylists and staff, (2) offering a safe space for transgender clients to access beauty services, and (3) creating an inclusive environment where transgender and non-transgender clients can interact, reducing marginalization in Kalyan.

## Look at your impact

Fill in the impact box on your lean canvas.

## Document your assumptions

What assumptions are you making about your impact that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *Serving non-LGBTQI+ clients will not jeopardize the safe space we're creating for LGBTQI+ clients (medium confidence).*

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## Going further

- [The Three Dimensions of Social Impact](#). This article from INSEAD provides language to describe the quality and quantity of your impact beyond the usual scaling indicators.



## SECTION 5: UNIQUE VALUE PROPOSITION



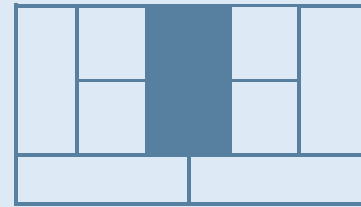
### UNIQUE VALUE PROPOSITION

*What differentiates your product or service from other products or services in the market? What is your advantage over the competition?*



### High-Level Concept

*Describe your business in one phrase.*



### Shaping a unique value proposition

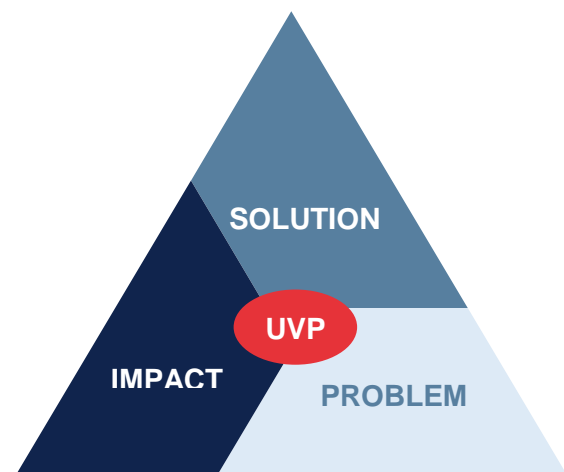
A unique value proposition (UVP) is a short guiding statement that describes the unique benefit an enterprise offers its customers. The UVP for your enterprise is derived from the solution to the problem that you have identified, and the impact you wish to create through your product or service.

This building block is at the heart of the canvas.

A UVP clearly states how your product or service solves your customer's problem and what differentiates it from the competition. What features or attributes make your offering stand out? Perhaps it is cheaper than the alternatives or more convenient. It could be designed more beautifully or have a meaningful impact story behind it that connects with customers. A good UVP should be specific, easy to understand, and align with the enterprise's mission and values.

Your UVP lays the foundation for a powerful brand for your enterprise that resonates with customers beyond your product or service.

A clear and compelling UVP can help attract investors, partners, and talent to the enterprise. Additionally, it can be used as a guide to measure effectiveness by comparing what the enterprise offers with what the market needs and wants. The UVP can be generalized across all customer segments or can be drafted according to specific customer segments.



**Example:** The UVP for Cheyutha Eco-Crafts could be:

*Beautiful, ethically made, eco-friendly jute bags crafted by women affected by HIV for socially minded customers.*

This UVP communicates how this enterprise is unique and different from others in the market and aligns with the social mission of the enterprise. This helps funders, employees, customers, and partners see impact at the center of the social enterprise.

## How to define the UVP for your product/service

Defining your UVP starts by understanding your customers and your competitors.

Look at your customer segments and determine how your product or service solves a problem for them.

To begin, answer the following questions:

1. What problem are you solving for your customers? Does it save them time or money? Or improve their lives in some way?
2. What differentiates your product or service from others in the market? What are the unique features or benefits of your product or service? Your leadership or social mission can be part of this answer.
3. What is your advantage over the competition?
4. How does your product or service align with your organization's mission and values?
5. How can you test and validate your UVP with potential customers?

Answers to the above questions could be deepened by:

- **Conducting market research:** Understand the needs and wants of your target customers and then examine the offerings and value propositions of your competitors. Identify what they are doing well and where they may be falling short. Describe how your product or service sets you apart from the competition, such as quality, price, delivery time, after-sales service, or level of innovation.
- **Identifying unique features and benefits as well as strengths:** Analyze your product or service's unique features, such as design, materials, technology, etc. Identify the unique benefits that your product or service offers to customers, such as cost savings, convenience, durability, or environmental impact. Consider your business's unique strengths, such as your team, technology, resources, or location.
- **Defining the value:** Define the value your product or service provides to customers, such as quality, customer service, or social impact that aligns with their values.
- **Communicating the differentiation:** Communicate your product or service's unique features, benefits, and value in your messaging, branding, and marketing materials.
- **Testing the UVP** with potential customers and stakeholders to get feedback and refine as necessary.



Differentiating your product or service from others in the market can be challenging, but by understanding your target market; identifying your unique features, benefits, and value; and communicating them effectively you can create a UVP that sets your product or service apart from the competition.

Also note, identifying your advantage over the competition is a **continuous process**. It may change over time. Keep researching and monitoring your competitors and the market to ensure you are able to identify new opportunities and keep your advantage. As mentioned in the introductory segment, draft your UVP quickly based on the best information you have. You will need to test your UVP and revise it over time as you learn from your customers.



### **Mindset Shift**

*One-time planning and resource allocation* → **Regular revisions to the execution strategy**

When designing a nonprofit project, donors often expect a clear plan from the start, including detailed timelines, staffing plans, and budgets. Running a business requires leaders to be much more flexible, learning from changes in the market and customer feedback, and quickly adapting.

### **The High-Level Concept**

Once the UVP has been defined and articulated in a clear statement, the next step is to frame the “high-level concept” for the enterprise. This one phrase/sentence description of the business is an effective tool to quickly get your idea across and make it easy to spread. It can be used when explaining what you do to a variety of stakeholders, including customers, employees, suppliers, distributors, donors, and investors.

For example, the high-level concept for the jute enterprise referred to earlier is "eco-friendly jute products to support women living with HIV."

The statement is a one-phrase description of the enterprise, including what it is selling (the business aspect) and its impact (the social aspect).

## **Example**

For the TransFormation Salon, the unique value proposition box could be completed this way:

### **UNIQUE VALUE PROPOSITION**

Empowering and celebrating transgender individuals through professional, inclusive, and affordable salon services, fostering acceptance and understanding.

### **High-Level Concept**

Stigma-free and affordable beauty services by the transgender community for everyone.

## **Look at your unique value proposition**

Fill in the unique value proposition box on your lean canvas.

## **Document your assumptions**

What assumptions are you making in your UVP that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *We will be able to make our services affordable for our target customer (high confidence).*

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## Going further

- [Business Models for Social Enterprise](#). This free Acumen Academy course focuses on designing, delivering, and testing the value you create for your customers.

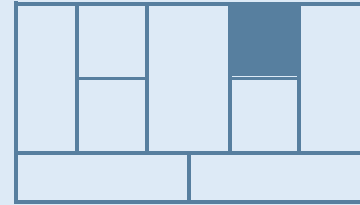


## SECTION 6: KEY METRICS



### KEY METRICS

*What are the most important numbers to track to understand the success of your business?  
How will you measure your social impact?*



### Identifying key metrics

The purpose of a lean canvas is to describe your business, document and test your assumptions, and quickly iterate as you learn more. Key metrics allow you to track if your product or service is gaining traction in the market by connecting with customers. What information do you need to determine if your target customer is adopting your product or service?

Ideally, you want to select metrics that are quantifiable, so you have clear data to help you understand your customer's preferences and needs related to your product or service. In the start-up period, time and money are limited, so metrics that are easy, quick, and inexpensive to collect work best.

Key metrics most important for an early-stage business are ones that show how the product or service is connecting with customers. These may include:

- Number of new leads
- Number of new customers
- Number of repeat customers
- How likely your customers are to recommend your product or service

Additionally, for social enterprises, it is important to track if the business is having the impact you envisioned or not. Impact is at the heart of a social business and should be tracked, even in the early stage. Your impact metrics may be similar to those you track for your nonprofit work but may also include some specific to your business.

Key metrics on your lean canvas will be quite different from key performance indicators that a mature, established business is tracking to ensure they are achieving predetermined business goals. In the early stages of your enterprise, you should be laser focused on whether your solution is connecting with your customer and providing the value proposition you envisioned. If not, why not? What assumptions about your problem, solution, customer, or value proposition need to be tested?

### Example

For the TransFormation Salon, key metrics could be:

#### KEY METRICS

- Number of new customers
- Number of returning customers
- How likely customers are to recommend the salon
- Number of transgender staff employed

## Look at your key metrics

Fill in the key metrics box on your lean canvas.

## Document your assumptions

What assumptions are you making in your key metrics that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *Customers who return once are likely to keep returning (high confidence).*

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## Going further

- [Lean Data Approaches to Measure Social Impact](#). This free Acumen Academy course helps you design ways to access high-quality data quickly and easily so you can learn and pivot.



## SECTION 7: CHANNELS

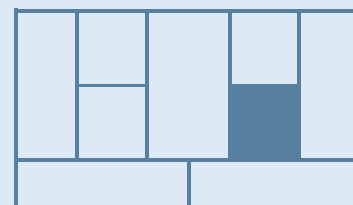


### CHANNELS

*How or where does your customer purchase your product or service?*

*How do you reach your customers/beneficiaries?*

*How will you create a relationship with your customers?*



### What is a channel?

Channels can be described as the way businesses connect with their customers. The choice of channel will answer the question “How do I reach my customers?” or “Where do my customers purchase my product or service?”

Choosing a channel is all about knowing your customer. Where is your target customer most likely to be found? How does your customer receive information? Which channels are they likely to rely on most to learn about their options for the type of product/service you are offering? For example, for something as personal as stigma-free beauty services, the customer may prefer to hear the experiences directly from people they know. What shoe brand to buy, however, might be influenced by a Facebook ad.

Channels include both where your customer purchases your product or service, which are distribution channels, and where you communicate with and connect with your customer, which are outreach channels. These channels may certainly overlap.

### Distribution channels

There are two types of distribution channels:

1. Direct channels: When an organization interacts directly with customers to sell products or services to them with no intermediaries. For example, an enterprise producing spices sells to customers through their own store or through door-to-door visits. Direct channels may take various forms depending on the context of a business, such as a walk-in-store, door-to-door sales, or e-commerce through the organization’s platform.
2. Indirect channels: When an organization must use an intermediary, person, organization, or third-party platform to reach customers. An indirect channel may involve one or more intermediaries. Here are a few examples:
  - An enterprise displays and sells their products through local grocery stores.
  - An enterprise sells their products through an e-commerce platform (e.g., Amazon).
  - An enterprise sells their products through an agency that does door-to-door sales.

The more direct a channel is the easier it will be to manage. Intermediaries create a more complex route to the end consumer with more chances of distribution issues. At the same time, indirect channels usually provide a much wider reach than a direct one and require no major investment as

intermediaries already have the required infrastructure and existing consumer base. It is important to ask: where is your target customer most likely to be found? For example, if the target group is lower-income households, that audience is unlikely to be reached through an e-commerce channel. Results would probably be better through local retailers.



### Mindset Shift

*Assuming those who need/want your service will come to you when it is provided free* ➔

**Aggressively pursuing new channels to reach your target customers where they are**

Successful social enterprises relentlessly seek out new customers, marketing to their target audience and making their product or service available in the places and times most convenient to them. When charging for a product or service, especially in competitive markets, you cannot rely on people coming to you!

## Outreach channels

Equally important are the channels—traditional and digital—you use to communicate with your customers (see table below) for outreach.

Traditional Channels	Digital Channels
Print advertising – newspapers, magazines, etc.	Websites
Radio	Blogs
Television	Social media - Facebook, Instagram, etc.
Billboards	Mobile apps
Direct mail and newsletters	Email marketing and sales
Sales collateral – brochures, displays, etc.	Webinars for sales
Events and trade shows	Search engine advertising
Loyalty and incentive programs	Third-party display advertising
Outreach through telemarketing and personal word-of-mouth	Search engine optimization (SEO)

In addition to acquiring new customers through various outreach channels, continual engagement through these channels can help retain customers.

The answer to “*How will you create a relationship with your customers?*” can be summed up as:

1. Making sure your customers feel valued by providing them with exceptional customer service, by responding promptly to their inquiries and concerns, and ensuring their satisfaction. Requesting feedback to improve your offerings also helps reinforce the relationship.
2. Personalizing your communication with your customers by tailoring your messaging to their specific needs and interests, addressing them by name, and using their preferred communication channels.
3. Offering loyalty programs or other incentives to reward your customers for their repeat business helps build lasting relations. This can include discounts, free products or services, or exclusive access to new products or services.

- Engaging them on social media by sharing updates about your business and responding to their comments and questions helps build a community around your brand and fosters a sense of loyalty and connection with your customers.

## Choosing your channels

**Assessing distribution channels:** List the possible channels relevant to your business. Estimate how many target customers you can reach through each channel, as well as the cost of reaching a customer through that channel. This exercise will help lay out the cost and benefit analysis of your channel. Depending on the analysis, select the ideal mix of channels that best suits your context.

**Creating an outreach action plan:** Based on the various traditional (offline) and digital (online) channels mentioned in the section above, create an outreach plan with specifics about how you will reach out to your customers. The template below shows the example of Kinnar Asmita’s TransFormation Salon in italics. Customize it for your business and update it regularly to ensure you are following up on your plans and adjusting as you learn.

Channel	Frequency & Timelines	Person Responsible	Content Details	Call to Action/ Goal/Expected Outcome	Measurement	Prerequisites
<i>Brochures/ flyers at local spots such as market, bus stand, etc.</i>	<i>Every two weeks, by 14th and 27th of every month</i>	<i>Salon manager</i>	<i>New launch/ offers on different services</i>	<i>Visit salon to avail offers Festival offers</i>	<i>- No. of flyers/ brochures printed - No. of flyers distributed - No. of new leads/ calls/messages/salon visits - No. of new customers</i>	<i>Brochures/ flyers designed and printed</i>

Ultimately, the decision on which channels to choose will balance the pros and cons of each channel available to you. The ideal mix for your social enterprise will be one that allows you to reach the maximum number of target customers at the lowest possible cost.<sup>4</sup>

<sup>4</sup> Ellering N. [18 marketing channels: types and examples to help you choose yours](#). 2020 Nov 13 [updated 2023 Jan 25; cited 2023 Aug 28]. Bismarck (ND): CoSchedule.com [Internet].

## Example

For the TransFormation Salon, the channels box could be completed in this way:

### CHANNELS

Distribution: In salon

Outreach:

- For LGBTQI+ customers, word of mouth within the community (refer a friend and get 20% off your next service) and through existing safe space social media pages
- For local customers, brochures/flyers at local spots such as market, bus stand, etc.

## Look at your channels

Fill in the channels box on your lean canvas.

## Document your assumptions

What assumptions are you making about your channels that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *Word of mouth will be our most important way of connecting with new customers (low confidence).*

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## Going further

- [How to Do a Cost-Benefit Analysis](#). This Harvard Business School online resource describes cost-benefit analysis, which can be applied to evaluating distribution channels.
- [What Is Distribution Cost](#). This article explains distribution costs, how to calculate them, and how to analyze them for decision-making.



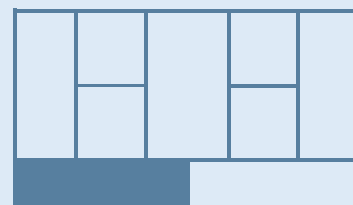


## SECTION 8: COST STRUCTURE



### COST STRUCTURE

*What are the most important costs in your model?*



### Understanding your costs

Cost structure refers to all the expenses an enterprise incurs to create and deliver products or services as part of its solution and to support the value proposition. Creating value, maintaining customer relationships, developing distribution channels, and generating revenue all incur costs.

Costs can be classified primarily in two broad categories:

- 1. Operational**
  - Direct—procurement of raw materials, consumables, etc.
  - Indirect—salaries, marketing, rent, utilities, etc.
- 2. Capital**
  - Procurement of machinery and other capital assets for office, etc.
  - Generally, one-time expense

Taking a close look at your costs—both what you expect them to be and how they may change over time. This understanding will help you manage expenses and make informed decisions about how to improve the quality of your product or service and whether to grow and scale your enterprise.

### Ways to define the cost structure for your enterprise

Follow these steps to populate the cost structure block in the lean canvas:

- **Identify all costs:** Identify all the costs associated with creating, delivering, and supporting your value proposition. This includes both operational and capital costs.
- **Categorize costs:** Group costs in broad categories, such as operational (materials, rent, salaries, marketing costs, shipping) and one-time capital expenditures (equipment or real estate investments).
- **Assign cost drivers:** Identify the key factors or "cost drivers" that determine the total cost for each category. For example, the cost of materials may depend on the quantity purchased or the price of raw materials.
- **Estimate costs:** Estimate the total cost for each category, considering the cost drivers and any other relevant factors. Be sure to consider both one-time costs (such as initial investments in equipment) and recurring costs (such as rent or salaries).



#### Mindset Shift

*Documenting all costs at the outset in a project budget* ➔ **Identifying cost categories and cost drivers with aim to reduce costs wherever possible without sacrificing value**

Often project proposals require budgets that detail exactly how every dollar will be spent, down to the last paperclip! In a social enterprise, business leaders decide how revenue is spent, so it is important to understand your costs, where you can save money, and where you have opportunities to re-invest in growth.

- **Update the canvas:** Update the cost structure block in the lean canvas with your most significant costs by category. Note the key cost drivers for each. At this stage, understanding the most important costs in your model and what drives them is more important than getting the numbers exactly right.
- **Review and refine:** Review and refine your cost estimates as you learn more about your customers and business environment. You may ask where costs can be decreased without reducing value for customers. Remember the cost structure block is a living document that should be updated and refined over time as you gain more information and insights about your business.

Estimating costs is an iterative process that requires a deep understanding of your business and the factors that drive your costs. You may need to seek input from experts in different areas, such as accounting or manufacturing, to get a more accurate and complete picture. While the amount of your costs is likely to change over time, understanding the categories and drivers from the outset will serve you well in planning your business.

## Example

For the TransFormation Salon, the cost structure box could be completed like this:

### **COST STRUCTURE**

**Operational costs** including stylist and administrative staff salaries, rent and utilities for the salon, and beauty products. Key cost drivers: experience and hours of staff, location of salon and hours of operation, volume of products.

**One-time capital costs** including furniture, fixtures, refurbishing and equipment for the salon. Key cost drivers: style or finish of the salon, speed of refurbishment.

## Look at your cost structure

Fill in the cost structure box on your lean canvas.

## Document your assumptions

What assumptions are you making about your cost structure that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *We will be able to hire qualified transgender staff for ₹X per hour (medium confidence).*

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## Going further

- [Financial Models as a Decision-Making Tool for Social Entrepreneurs](#). This article from the Miller Center for Social Entrepreneurship explains how to use the model for decision-making.
- [Cost Structure Business Model Canvas](#). This resource from FourWeekMBA gives a broad overview of the cost structure box on the canvas, along with some examples from large, well-known businesses.
- [A Brief Financial Guide for Social Enterprises Seeking an Investment](#). This short article offers advice on assessing the real costs of running a social enterprise.
- [Financial Model](#). The fifth module of the Social Investment Toolkit helps you use early thinking on costs and revenue to build a full financial model for mapping out where your business is headed.

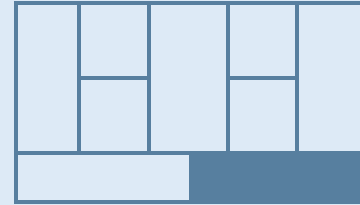


## Section 9: REVENUE STREAMS



### REVENUE STREAMS

*What are your customers currently paying for?  
Which of your streams generates the most revenue?*



### Understanding revenue streams

Revenue is the income generated by an enterprise from the sale of products or services. It is one of the most important financial metrics, as it directly reflects the level of demand for the products or services.

In a lean canvas model, the revenue streams box includes a list of the most important ways in which the enterprise can generate revenue while solving customer problems and creating impact. The difference between revenue and costs is the profit or loss of your business, thus this building block, read along with the cost structure block, determines if your enterprise model, as currently envisioned, is financially viable.

### How to define your revenue streams

Ultimately, the cost and revenue boxes of your lean canvas should inform a full financial model with pricing and sales targets that allow you to track your financial performance against your expectations in greater detail. For the first lean canvas, you may not have enough information yet to set your prices or predict sales. If you do, great! Include as much detail as you can. If you do not, focus on defining the core revenue streams you expect, estimating how much money each will bring in, and documenting assumptions that you need to test to move to a higher degree of certainty. The more data you have from customers about whether your pricing and sales match your expectations, the greater the certainty that you have identified a sustainable business model.

Ask the following questions to help fill out the revenue box on your lean canvas:

Question	Response
<p>1. <b>Products and Services.</b> <i>How do you earn money?</i></p> <ul style="list-style-type: none"> <li>- What are your products/services?</li> <li>- What is the solution each is providing?</li> <li>- How much does each revenue stream contribute to overall revenue as a percentage of the total?</li> </ul>	
<p>2. <b>Pricing.</b> <i>What is your customer willing to pay?</i></p>	

- How much are your customers currently paying to meet this need?
- What are the main substitutes for your product?
- What is the pricing of your competitors?
- Do you have different pricing strategies for different target customer groups?

**3. Other Income.** *How else does money come into the business?*

- Besides the sale of your core products and services, are there any other ways you generate income, such as advertising, licensing fees for intellectual property, rental fees for real estate or equipment, or investment interest?
- Can you think of other revenue streams you may wish to test or develop over time?

**4. Future Planning.** *What does the future look like for your revenue?*

- How do you expect your sales to change over time?
- Do you expect any of your revenue streams to be seasonal?
- How do you plan to increase revenue in the future?

Your answers will help inform a short response for the revenue box on the lean canvas that summarizes your most important sources of revenue and estimates the value. Remember, the questions you take into your testing phase are as important as the answers you think you have now.

## Example

For the TransFormation Salon, the revenue box could be completed as follows:

### REVENUE STREAMS

1. Services like haircuts, hair styling, facials, waxing, etc.
2. Subscription fees from monthly, quarterly, or yearly subscriptions
3. Expected annual revenue of ₹X based on our financial model.

## Look at your revenue box

Fill in the revenue box on your lean canvas.

## Document your assumptions

What assumptions are you making about your revenue streams that you want to test as you launch and learn? Indicate your level of confidence in each assumption as low, medium, or high.

Example: *Our early adopter customer segment will be interested in and willing to pay for a subscription service (low confidence).*

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## Going further

- [Revenue Streams in Business Model Canvas](#). This article offers a short definition of revenue streams, along with some categories of revenue to help jog your thinking.
- [Revenue in the Business Model Canvas – What Value Will Our Customers Pay For?](#) A helpful reflection on the importance of revenue streams and their connection to other boxes in the lean canvas.
- [Financial Statements 101: Basic Principles of Accounting to Understand Your Enterprise's Financial Health](#). This free Acumen Academy online course demystifies the balance sheet, income statement, and cash flow statement, which can help you make informed decisions about the future of your business.

That's it! Your lean canvas is now complete and ready to test.

## TransFormation Salon Completed Lean Canvas

Read through the completed sample lean canvas for Kinnar Asmita's Transformation Salon. Consider how the components fit together. If they changed their target customer, how might it affect their channels? Or, if they pivoted their solution, how might their costs shift? Each box on the canvas affects and is affected by the others.

PROBLEM	SOLUTION	UNIQUE VALUE PROPOSITION	KEY METRICS	CUSTOMER
<p>Need for stigma-free and affordable beauty services, for the LGBTQI+ community.</p> <p><b>Existing Alternatives</b></p> <ul style="list-style-type: none"> <li>-There are about 50 beauty parlors in the nearby area in Kalyan, but only one beauty parlor allows entry to the community.</li> <li>-At-home services by enterprises like Urban Company etc.</li> <li>-Some transgender people trained as beauticians or hairstylists run their own door-to-door service for the community</li> </ul>	<p>A beauty salon that provides employment to the transgender community and stigma-free access to beauty services for all.</p>	<p>Empowering and celebrating transgender individuals through professional, inclusive, and affordable salon services, fostering acceptance and understanding.</p> <p><b>High-Level Concept</b></p> <p>Stigma-free and affordable beauty services by the transgender community for everyone</p>	<ul style="list-style-type: none"> <li>-Number of new customers</li> <li>-Number of returning customers</li> <li>-How likely customers are to recommend the salon</li> <li>-Number of transgender staff employed</li> </ul>	<ul style="list-style-type: none"> <li>-Transgender customers from 25 miles away who will travel further for stigma-free services</li> <li>-All female customers of other salons in a 5-mile radius because our services will be closest and more convenient</li> <li>-Customers younger than age 30 as they have the most progressive attitudes and are more likely to choose us based on our mission</li> </ul>
	<p><b>IMPACT</b></p> <p>TransFormation Salon creates impact in three ways on behalf of the transgender community in Kalyan: (1) providing sustainable and dignified employment to seven stylists and staff, (2) offering a safe space for transgender clients to access beauty services, and (3) creating an inclusive environment where transgender and non-transgender clients can interact, reducing marginalization in Kalyan</p>		<p><b>CHANNELS</b></p> <p>Distribution: In salon</p> <p>Outreach:</p> <ul style="list-style-type: none"> <li>-For LGBTQI+ customers, word of mouth within the community (refer a friend and get 20% off your next service), and through existing safe space social media pages</li> <li>-For local customers, brochures/flyers at local spots like market, bus stand, etc.</li> </ul>	<p><b>Early Adopters</b></p> <p>Members of the LGBTQI+ community in and around Kalyan who already know of our organization's work</p>
<p><b>COST STRUCTURE</b></p> <p><b>Operational costs</b> including stylist and administrative staff salaries, rent and utilities for the salon, and beauty products of ₹X per year. Key cost drivers: experience and hours of staff, location of salon and hours of operation, volume of products.</p> <p><b>One-time capital costs</b> including furniture, fixtures, refurbishing and equipment for the salon at ₹X. Key cost drivers: style of finish of the salon, speed of refurbishment.</p>			<p><b>REVENUE STREAMS</b></p> <ol style="list-style-type: none"> <li>1. Services like haircuts, hair styling, facials, waxing, etc.</li> <li>2. Subscription fees from monthly, quarterly, or yearly subscriptions</li> </ol> <p>Expected annual revenue of ₹X based on our financial model.</p>	

## Testing

The lean canvas is meant to be an agile tool that allows entrepreneurs to frame their point-in-time understanding of the business, identify assumptions, test those assumptions, and quickly iterate the core elements of their enterprise. A lean canvas will only be useful to entrepreneurs if it is tested and revisited regularly as they learn more.

One optimum approach to test the lean canvas, especially for early-stage social enterprises that do not yet have their product or service in the market, is **Rapid Prototyping**. Rapid prototyping is a process of quickly creating a working model or simple component of a product, service, or system, with the goal of testing and refining the concept in a short amount of time. The iterative process involves quickly creating, testing, and refining prototypes until a final version is developed.

### Why prototype?

The main benefits of rapid prototyping are: enables businesses to quickly test their ideas, to identify potential flaws or challenges, and to adjust before investing significant time and resources into a final product. It also encourages a culture of experimentation and innovation, as ideas can be tested and refined in a short amount of time, leading to faster and more effective product development. The purpose of prototyping is to learn, increasing your level of confidence about key aspects of your business.

### How to prototype?

The many different approaches to prototyping are united by the aspect of seeking simple, easy, and inexpensive ways to learn. A few key principles:

- *Have a clear assumption to test.* If you do not know what you need to learn, you will not know when you have learned it! Document the precise assumption you are examining and the questions you have about it. Then design your prototyping experiment to inform those questions.
- *Keep it simple.* Look for the easiest, cheapest, and fastest way to learn. If you can make it in five minutes with materials you already have on your desk, that's great!
- *Seek feedback.* The whole purpose of prototyping is to increase your confidence about key assumptions. To do so, you need to hear from your customer and other key stakeholders such as employees and suppliers. Involve these people in your prototyping in whatever way is possible.

Examples of simple prototyping methods:

- *Drawing.* Sketch out your idea in a simple way. Drawing uses a different part of your brain than describing. It helps make your thoughts more concrete and creates something physical for others to respond to. Seek feedback from potential customers on your drawing. You could draw your product, the entry way of your store, or the look you want for the online listing of your product.



#### Mindset Shift

*Trying to prove you are an expert and your solution is perfect in a proposal for donor funding* ➔ **Treating your solution as a hypothesis you can change at any time**

Winning funding from donors often seems to ask nonprofit leaders to demonstrate a high degree of confidence in their solution, even when important questions remain about which they are not sure. Launching a business is all about uncertainty and converting unknowns to knowns as quickly as possible. If something is not working, change it. If you learn something new that contradicts what you thought before, change your solution. Treat your business itself as an experiment.



- *Developing a Storyboard.* Take your drawing a step further; consider developing a full storyboard with multiple scenes that walk your customers through the full experience of engaging with your business. You could draw a comic strip style story demonstrating how a customer hears about your business or makes their first purchase. The step-by-step presentation allows others to give more specific feedback on potential points of failure or aspects that add value for them.
- *Shadowing.* Go with your target customer as they use one of the existing alternatives to your product or service. Ask them what they like or do not like about it. Observe their behaviors and the behaviors of others in that situation.
- *Role Playing.* Try acting out a component of your business with target customers. What will it be like to place an order? Check in for an appointment? Receive a delivery? This dramatization can help you see more clearly pieces of your business that may not work. If needed, iterate the process before roll-out.
- *Creating a Simple Model.* When you are ready to get more specific about your product, consider creating a simple model. Again, think simple! You can use sticky notes and toothpicks initially to gain early feedback and add details later. You may also wish to model just one part of your product, like the packaging or the label.
- *Enact One Component.* Think about a piece of your business that you are not yet sure how it will work. Is there a way you can isolate and test just that one component? Consider delivery options. Try shipping something to yourself or a target customer by mail, by motorcycle delivery, and car service. Then gather feedback on which was fastest, cheapest, most convenient, or provided the best customer experience.

Later, as you learn more and gain confidence about key assumptions, you can move to more advanced prototypes and eventually a first product or service offering in the market. Even when your business is fully operational, retain the testing mindset. Look for ways to experiment, gain feedback from your customers, and iterate as you learn.



### Mindset Shift

Pilot → Prototype

While at first glance, a pilot project may seem like a non-profit version of prototyping, they are not the same. A pilot is a *very* high-fidelity prototype, more like a product in beta testing than an early-stage prototype. Many prototypes are very simple, inexpensive ways to isolate and test just one aspect of a business, not imitate the entire concept.

For non-profit leaders used to implementing full and complex solutions from the start of a project, even if it is a pilot, showing unfinished work or early-stage thinking to others and asking for feedback can feel challenging. Learning to get comfortable with this discomfort is a major mindset shift!

### What to test?

As you filled out your lean canvas in this workbook, you documented some key assumptions for each box. You also indicated your degree of confidence in each assumption as low, medium, or high. To identify what you should test, go back to your assumptions from each section and copy the most important ones into the table below. These can be assumptions you have a low degree of confidence for, as those would indicate the areas where you have the most to learn. You could also include assumptions with a higher degree of confidence, which are critical to the success of your model.

Once you have your list, think through how you might begin to increase your degree of confidence about an assumption. Some assumptions may be easy to validate. These are ones about which you can ask, “is this currently true?” In these cases, you might be able to increase your level of confidence simply by asking a target customer about their current experience or conducting a little research.

Prototyping seeks to answer the question of what will happen in a future business scenario that does not currently exist. If you were to try X marketing approach or Y distribution channel, what would happen? For future scenario assumptions, you need more than research. You need a prototype.

When you hear the word prototype, you may think immediately of a product, but you can prototype any aspect of your lean canvas, including customer experience or distribution channel. Wherever you have a question or an assumption you are not sure about, there is an opportunity to prototype to learn more.

## Going further

- [Lean Startup Principles for the Social Sector](#) and Human-Centered Design 201: [Prototyping](#). These two free Acumen Academy courses describe how to run lean experiments to test your hypotheses and refine your business.
- [How to Prototype a New Business](#). This IDEO U blog post offers some additional resources and examples of prototyping for early-stage enterprises.

## Testing Table

Assumption	Degree of Confidence (low, medium, high)	Key Questions	Prototyping Plan
<p>EXAMPLE: Serving non-LGBTQI+ clients will not jeopardize the safe space we are creating for LGBTQI+ clients</p>	<p>Medium</p>	<p>How will non-LGBTQI+ clients respond to trans stylists? To trans clients?</p> <p>Will LGBTQI+ clients feel comfortable accessing services in a space with non-LGBTQI+ clients?</p>	<p>Shadowing: accompany a trans person to a salon to see what behaviors make them comfortable or uncomfortable</p> <p>Role play: have a stylist act out providing a service with a real target client and ask the client to give feedback</p> <p>Enact One Component: Create a pop-up salon providing make-up demonstrations for a few hours at a festival or community event. Observe how participants interact with each other and ask questions about their experience.</p>

## Tell Your Story

As part of launching your business, you will need to tell your story many times, to target customers, distributors, suppliers, advisors, donors, and investors. Often, you will tell your story to stakeholders you are asking to take some action to support you, whether to purchase your product or invest in your business. The content in your lean canvas provides a strong framework to shape your story in a concise and compelling way.

Here are some steps to follow:

1. Begin your story by **describing the problem** that your business is trying to solve and for who (your **target customers**). Beginning with the problem you are trying to solve gives a clear and compelling reason for your business's existence.
2. Use the **unique value proposition** block to describe how your product or service **addresses the problem** you identified. Be clear and concise. Use plain language that your target customers will understand.
3. Use the **customer segment** and **channel** blocks to explain how you plan to reach your target customers and how you will **market your product or service**.
4. Use the **revenue streams** block to explain how your business will generate revenue. Be specific about pricing strategy and how you plan to monetize your product or service.
5. Highlight your **team's skills and experience**. Explain how your team members' background and expertise make them uniquely qualified to solve the problem you identified.
6. Use the **key metrics** block to describe how you will measure the success of your business. Highlight what you have already accomplished to demonstrate engagement and connection with your target audience. This will help investors and other stakeholders understand how your business is performing and what you are doing to drive growth.
7. End with **your vision**. Describe your long-term goals and how, if you achieve them, the problem you described at the beginning will be solved. Be ambitious and paint a compelling picture of the future you are working to create.

As with all other aspects of your business, prototype your story and get feedback. Write a first draft, share it with someone else, and ask them what was most engaging, confusing, clear, or exciting. Use their feedback to iterate your story in another draft.

Here is an example story, built on the foundation of the lean canvas.

**Sample story:** Women living with HIV in India face significant economic and social challenges. They often lack access to employment opportunities and face discrimination and stigma. This leads to economic hardship and social isolation. Our enterprise, called "Cheyutha Eco-Crafts," aims to address this problem by providing employment opportunities for women living with HIV in the production and sale of jute bags. Jute bags are a sustainable alternative to plastic bags and are in high demand among environmentally conscious consumers.

Our jute bags are not only sustainable, but also are handcrafted by women living with HIV who have received specialized training in jute bag making. By purchasing our bags, customers are not only supporting a sustainable alternative to plastic, but also empowering women living with HIV and contributing to their economic well-being.

We plan to sell our jute bags through various channels such as e-commerce platforms, social media, and local markets. We will also partner with community organizations to raise awareness about our products and reach a wider audience.

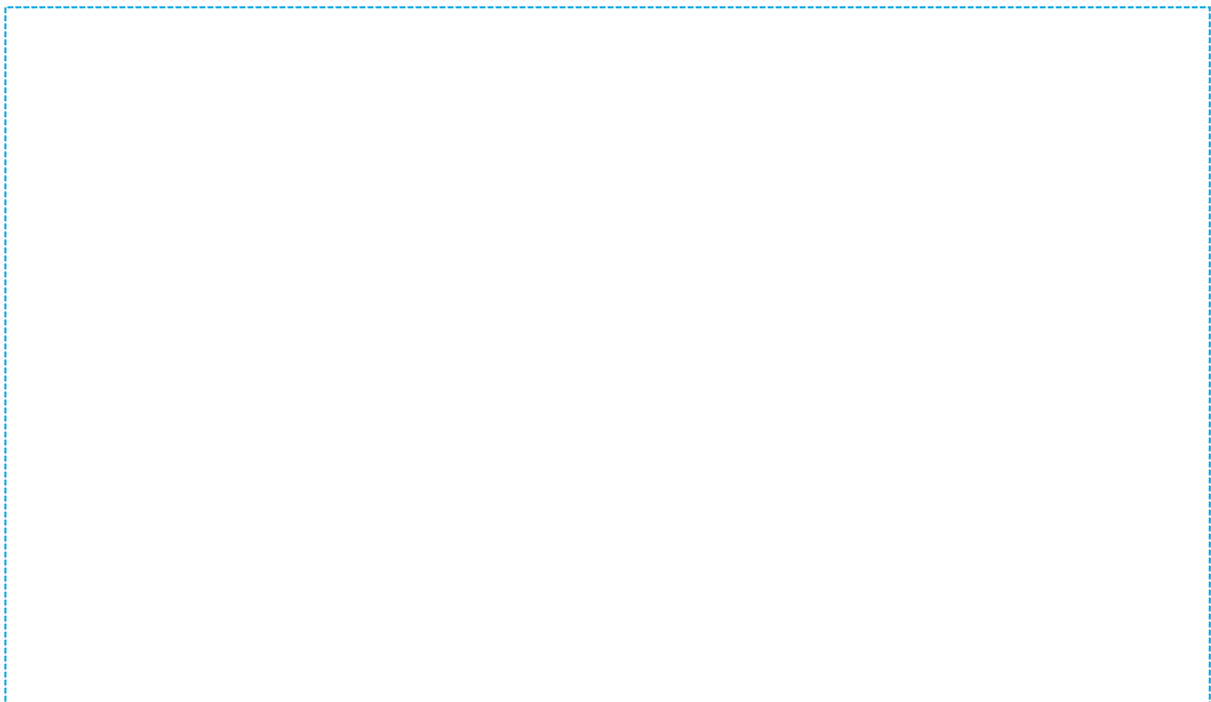
Our revenue model is based on the sale of jute bags. We will offer a range of bag designs at competitive prices to appeal to different customer segments. We will also explore opportunities to sell our bags in bulk to corporate clients and retailers.

Our team consists of women living with HIV who have received specialized training in jute bag making. They bring their creativity and passion for sustainable living to the production of our bags. We also have a team of experienced trainers and business advisors who provide support and guidance to our enterprise.

We will measure the success of our enterprise through metrics such as revenue generated, number of jute bags sold, customer satisfaction ratings, and number of women employed.

Our long-term vision is to become a sustainable organization while empowering women living with HIV and contributing to their economic well-being. We aim to expand our enterprise to reach more women and communities across India and become a model for sustainable and socially responsible business practices.

## Draft Your Story



## Going further

- Five Tips to [Tell Your Business Model as a Story](#). This resource helps understand the need for a convincing story to get your team, managers, or investors excited and delves into the approach to tell the story.
- [Storytelling for Change: Improve Your Public Speaking by Uncovering and Communicating Your Personal Story](#). This free Acumen Academy course helps you tell your story in a way that connects with audiences and motivates action.

## Conclusion

There you have it! A complete lean canvas for your business. Treat this document as a draft that can be revised at any time. As you launch your business, you will gain valuable feedback from your customers and other stakeholders that can be used to refine your understanding of your customers and how to increase the value you are creating for them—both business and social. Return to your canvas and iterate as you learn to build a business that advances your mission.

Because building your business, learning from your customers, and adapting your plans is an ongoing journey, this guide ends the same way it begins, with a blank canvas.

# Your Lean Canvas

Business Name: \_\_\_\_\_

<p><b>PROBLEM</b> </p> <p>Existing Alternatives</p>	<p><b>SOLUTION</b> </p>	<p><b>UNIQUE VALUE PROPOSITION</b> </p> <p>High-Level Concept</p>	<p><b>KEY METRICS</b> </p>	<p><b>CUSTOMER</b> </p> <p>Early Adopters</p>
<p><b>IMPACT</b> </p>		<p><b>CHANNELS</b> </p>		
<p><b>COST STRUCTURE</b> </p>			<p><b>REVENUE STREAMS</b> </p>	