

BUSINESS MODEL DESIGN A KEY COMPONENT IN BUILDING RESILIENCE

Susan Royce explains how business models can help build resilience and introduces the Business Model Canvas – a tool to help arts and cultural organisations review how they create, deliver and capture value

The modern focus on business models has its origins in the disruptive innovation that has accompanied the digital revolution, undermining and transforming established industries and birthing new ones.¹

In the arts and culture reductions in public funding have added to this disruption, rendering most models vulnerable and many unviable. In this Darwinian context business model literacy is a key survival trait.

Osterwalder and Pigneur explain that a 'business model describes the rationale of how an organisation creates, delivers and captures value.'² The emphasis on value creation is fundamental and is by no means restricted to money.

In a recent workshop a team of museum managers identified over 20 different types of value that their organisation creates ranging through social, cultural, economic, environmental and fiscal. The tripartite relationship of value creation, delivery and capture is also crucial: how is the value created, to whom is it delivered and how; and how can the organisation capture enough of it to be viable financially and culturally?

Zolli and Healy define resilience as: 'The capacity of a system, enterprise, or a person to maintain its core purpose and integrity in the face of dramatically changed circumstances.'³

The relationship between good business model design and resilience can be summed up in the aphorism: 'No business plan survives first contact with the customer.'⁴

Business plans must, by their very nature, assume a knowable future although we are living in a world in which plans are likely to be outdated as soon as they are signed off. Working with business models allows for the

unknown and unexpected while ensuring that everyone understands how the organisation creates value and delivers its core purpose.

At the heart of their excellent and accessible book Osterwalder and Pigneur offer a simple tool for visualising and 're-imagining' business models.⁵ The Business Model Canvas (BMC) is a one-page template for mapping business models. At the BMC's core is the value proposition(s) that an organisation offers to its various customer groups. Desired relationships and distribution channels must be identified together with the revenue streams that they support. The left-hand side of the BMC focuses on key activities, resources and partnerships. The BMC makes it clear that a financial model is just the result of the decisions that the organisation and its customers make; if the numbers are unappealing then the model itself must be changed not just the spreadsheet.

An ability to understand, analyse, rethink and redesign business models in response to a rapidly and radically changing world is and will continue to be a fundamental survival skill for cultural organisations as they seek to remain relevant to their audiences, visitors and funders. The BMC is a great tool for developing and honing this critical skill. ■



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5. Osterwalder, A. and Pigneur, Y.