



AI art by Ed Canela

Digital Skills for Entrepreneurs

Topic 12 BMC for Scaling and Growing Business

Table of Contents

Topic: 12. BMC for Scaling and Growing	3
1 Business Self-Diagnosis	3
2 The Business Model Canvas (BMC): Definition, Scope and Practice	4
3 Key Components of the BMC Framework	5
4 Value Proposition Design	6
5 Customer Segments and Targeting Strategies	6
6 Channels and Distribution Channels	7
7 Revenue Streams and Pricing Models	9
8 Key Resources and Partnerships	9
9 Cost Structure and Financial Planning	10
10 Innovation and Adaptation Using BMC	10
11 Scaling and Growth Strategies with BMC	11
12 Demo of Appropriate Digital Tools	12

12 BMC for Scaling and Growing



The topic opens with a self-diagnosis of the participants' digital needs and gaps that will form the basis for the digital transformation. With the assistance of the trainers and mentors, participants will transform these gaps into practical digital solutions that will be included in the MSME's business model. The model will examine the 9 blocks of the MSMEs including:

customer segments, value proposition, customer relations, channels, key activities, key resources, key partners, cost structure and revenue streams. Finally, the participants will relate their business models with their respective digital transformation roadmaps.

Topic: 12. BMC for Scaling and Growing

Learning Objectives

On session completion, the learners will be able to:

1. Map and understand the concept and importance of the Business Model Canvas (BMC) for MSMEs in Nigeria.
2. Learn how to apply the BMC concept to analyze and innovate business models, particularly in digital transformation.
3. Explore strategies for scaling and growing MSMEs using the BMC approach via digital transformation.
4. Develop skills in implementing and adapting BMC-based strategies for business growth.

1 Business Self-Diagnosis

Business self-diagnosis involves evaluating the current state of your business to identify strengths, weaknesses, opportunities, and threats (SWOT analysis) within the context of digital transformation of the business. This critical examination is something



Figure 1: SWOT analysis template

MSMEs need to do from time to time and specially when they want to scale and grow their business so that the business will be left behind due to the fast pace of technological changes. By understanding their competitive advantage and market positioning, entrepreneurs can tailor their business model to meet their target market's needs and anticipate challenges through leveraging on technology to reduce cost, reach

wider market share, increase efficiency to increase their chances of success.

A digital SWOT analysis is a crucial tool for Micro, Small, and Medium Enterprises (MSMEs) to assess their strengths, weaknesses, opportunities, and threats. The process involves defining objectives, gathering data, analyzing strengths such as website, social media presence, and technology, identifying weaknesses like outdated technology, inefficiencies, and unmet customer needs, and identifying opportunities like emerging trends and technological advancements. Threats include competitors, regulations, and cybersecurity risks. The SWOT matrix is created, and action plans are developed to capitalize on strengths, address weaknesses, pursue opportunities, and mitigate threats. The action plan is then implemented and monitored, with regular reviews and adjustments based on performance metrics. The SWOT analysis is then regularly reviewed and updated to reflect new data, market changes, and business growth.

Steps to Conduct a Business Self-Diagnosis:

1. Conduct a SWOT Analysis: Identify strengths (e.g., unique resources, skilled personnel), acknowledge weaknesses (e.g., limited resources, skills gaps), spot opportunities (e.g., market trends, new technologies) and recognize threats (e.g., economic downturns, new competitors).
2. Understand Your Unique Value Proposition: Ensure your value proposition addresses customer needs.
3. Analyze Market Positioning: Evaluate your market position relative to competitors and conduct competitive analysis (e.g., offerings, pricing).
4. Evaluate Financial Health: Review financial statements (income, balance sheets, cash flow) and identify financial risks and inefficiencies.
5. Gather Customer Feedback: Collect and analyze customer feedback and identify areas for improvement based on feedback.
6. Revisit and align business goals with the current market.
7. Adjust strategies and plans as needed.

Business self-diagnostics is a valuable process that helps companies self-assess and improve their operations, strategies, and overall performance by leveraging on technology to digitally transformed their business. When done effectively, it can lead to significant improvements and a stronger, more resilient organization. However, it requires commitment, objectivity, and sometimes, a combination of internal and external insights to overcome inherent challenges.

2 The Business Model Canvas (BMC): Definition, Scope and Practice

The Business Model Canvas (BMC) is a visual snapshot representation of a business within a nine building blocks which include value proposition, channels, customers relationships, revenue streams, key resources, key activities, key partners, customers



Video 1: Developing a Business Model Canvas I with Adenike Adeyemi

segment and cost structure. The Business Model Canvas (BMC) is a strategic management tool that provides a visual chart with above elements describing a company's or product's value proposition, infrastructure, customers, and finances which provides:

- Holistic View: Provides a comprehensive and holistic view of the business, integrating all critical components into a single, coherent framework.

- **Strategic Alignment:** Ensures that all elements of the business model are aligned with the strategic goals and objectives of the company.
- **Innovation and Improvement:** Facilitates innovation by allowing businesses to explore different business models, identify gaps, and make informed decisions for improvements.
- **Communication Tool:** Serves as an effective communication tool that helps stakeholders understand the business model and align their efforts.
- **Adaptability and Flexibility:** The BMC is adaptable to various types of businesses, industries, and contexts, making it a versatile tool for startups and established companies alike

MSMEs in Nigeria can use different only collaboration tools like [Canvanizer](#), [Canva](#), [miro](#) and [Lucidchart](#) to design their business model canvas.

The Business Model Canvas

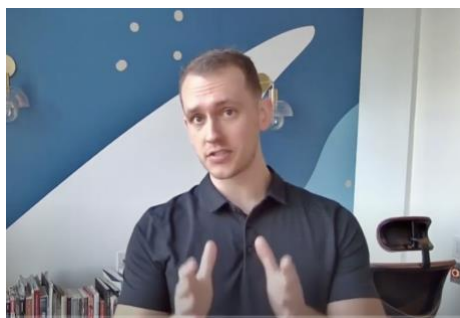
<p>Key Partners</p> <ul style="list-style-type: none"> • Who are our key partners? • Who are our key suppliers? • Which key resources are we acquiring from our partners? • Which key activities do partners perform? <p>Text Goes Here</p>	<p>Key Activities</p> <ul style="list-style-type: none"> • What key activities do our value propositions require? • Our distribution channels? • Customer relationships? • Revenue streams? <p>Text Goes Here</p>	<p>Value Proposition</p> <ul style="list-style-type: none"> • What value do we deliver to the customer? • Which one of our customers' problems are we helping to solve? • What bundles of products and services are we offering to each segment? • Which customer needs are we satisfying? • What is the minimum viable product? <p>Text Goes Here</p>	<p>Customer Relationships</p> <ul style="list-style-type: none"> • How do we get, keep and grow customers? • Which customer relationships have we established? • How are they integrated with the rest of our business model? • How costly are they? <p>Text Goes Here</p>	<p>Customers</p> <ul style="list-style-type: none"> • How do we get, keep and grow customers? • Which customer relationships have we established? • How are they integrated with the rest of our business model? • How costly are they? <p>Text Goes Here</p>
<p>Key Resources</p> <ul style="list-style-type: none"> • What key resources do our value propositions require? • Our distribution channels? • Customer relationships? • Revenue streams <p>Text Goes Here</p>		<p>Channels</p> <ul style="list-style-type: none"> • Through which channels do our customer segments want to be reached? <p>Text Goes Here</p>		
<p>Cost Structure</p> <ul style="list-style-type: none"> • What are the most important costs inherent to our business model? • Which key resources are most expensive? • Which key activities are most expensive? <p>Text Goes Here</p>			<p>Revenue Streams</p> <ul style="list-style-type: none"> • For what value are our customers really willing to pay? • For what do they currently pay? • What is the revenue model? • What are the pricing tactics? <p>Text Goes Here</p>	

Figure 2: Business Model Canvas Template

3 Key Components of the BMC Framework

The BMC framework consists of nine interconnected building blocks that collectively define a business's value proposition and operational model. These include customer segments, value propositions, channels,

customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Each building block plays a crucial role in shaping the overall strategy and success of a business.



Video 2: Business Model Canvass + Gen AI

- Customer segments help identify the specific groups of customers that the business aims to serve.
- Value propositions outline the unique benefits that the business offers to these customers.

- Channels and customer relationships determine how the business will reach and interact with its target audience.
- Revenue streams define how the business will generate income.
- Key resources, activities, partnerships, and cost structure all work together to support the delivery of the value proposition and ensure the business operates efficiently and effectively.

4 Value Proposition Design

A well-crafted value proposition is indispensable for a successful business. Nigerian entrepreneurs need to create unique and attractive value propositions that meet the specific needs and challenges of their target market. By understanding and highlighting the unique benefits of their products or services, entrepreneurs can effectively attract and retain customers. Clearly communicating the value, they offer helps entrepreneurs stand out from competitors. In summary, investing time and effort into developing a strong value proposition is vital for achieving long-term success and growth in Nigeria's competitive market.

To design a value proposition, you will need to;

1. Understand your target audience's needs, pain points, and preferences.
2. Determine what makes your products/services valuable to customers.
3. Develop clear and concise statements that communicate the benefits of choosing your business.
4. Gather feedback from potential customers and adjust your value proposition accordingly.

5 Customer Segments and Targeting Strategies

Identifying and understanding target customer segments is crucial for developing effective marketing and sales strategies. For Nigerian entrepreneurs, exploring various customer segmentation approaches—such as demographic, psychographic, and behavioral segmentation—can help better understand their target market and tailor their offerings to meet specific needs and preferences.

Importance:

- **Focused Marketing:** Enhances campaign effectiveness by targeting specific customer groups.
- **Resource Optimization:** Increases return on investment by efficiently allocating resources.
- **Customer Satisfaction:** Boosts loyalty through personalized experiences and products.
- **Competitive Advantage:** Helps businesses stand out by understanding unique customer needs.

Key Steps:

1. Divide Your Market:
 - Segment by demographics (age, gender, income).
 - Segment by psychographics (lifestyles, values).
 - Segment by behavior (purchase history, brand loyalty).
2. Determine Potential Segments:
 - Evaluate segment size, growth potential, and profitability.
 - Assess competition within each segment.
 - Identify specific needs and pain points of each segment.
3. Customize Marketing Efforts:
 - Develop personalized messages for each segment.
 - Use the most effective marketing channels for each group.
 - Highlight relevant product/service aspects for each segment.
4. Monitor and Adjust:
 - Track key performance indicators (KPIs) like conversion rates.
 - Gather and analyze customer feedback.
 - Continuously refine strategies based on performance data and feedback.

6 Channels and Distribution Channels

Effective channels and distribution strategies are critical for delivering value to customers and scaling a business. In Nigeria's dynamic market, entrepreneurs must utilize both online and offline channels to reach and engage with their target customers. This includes e-commerce platforms, social media, digital marketing, and physical retail outlets.

Importance of Channels and Distribution Strategies: For Nigerian entrepreneurs, choosing the right channels is vital for several reasons:

1. **Market Reach:** Different channels help in reaching a broader audience.
2. **Customer Engagement:** Engaging customers through their preferred channels improves customer satisfaction and loyalty.
3. **Competitive Advantage:** Utilizing diverse channels can differentiate your business from competitors.
4. **Efficiency:** Effective distribution ensures timely delivery of products and services, enhancing operational efficiency.

Key Steps to Implement Effective Channels and Distribution Strategies:

1. Evaluate Various Channels:

- **Online Platforms:** E-commerce sites like Jumia, Konga, and Amazon can help reach a wider audience.
- **Social media:** Platforms such as Facebook, Instagram, and Twitter are essential for digital marketing and customer engagement.
- **Physical Stores:** Retail outlets and market stalls are crucial for reaching customers who prefer traditional shopping experiences.
- **Direct Sales:** Personal selling, either through sales representatives or direct outreach, can be effective for certain products and services.

2. Choose the Most Effective Channels:

- **Understand Your Audience:** Analyze your target market to determine which channels they frequent and prefer.
- **Budget Considerations:** Choose channels that align with your budget while offering the best return on investment (ROI).
- **Channel Synergy:** Select channels that can work together harmoniously to reinforce your marketing efforts.

3. Combine Multiple Channels:

- **Integrated Approach:** Use a mix of online and offline channels to create a seamless customer experience. For example, promote products on social media and provide purchase options both online and in-store.
- **Consistent Messaging:** Ensure that your brand message is consistent across all channels to build brand recognition and trust.
- **Cross-Promotion:** Leverage each channel to promote the others, such as using social media to drive traffic to your e-commerce site or physical store.

4. Track Channel Performance Metrics:

- **Key Performance Indicators (KPIs):** Monitor metrics like customer acquisition costs, conversion rates, sales volume, and customer retention rates.
- **Data Analytics:** Use tools like Google Analytics, social media insights, and sales data to gather and analyze performance data.
- **Adjust Strategies:** Regularly review the performance data and adjust your strategies accordingly to optimize channel effectiveness.

- Evaluate various channels for reaching customers, such as online platforms, physical stores, or direct sales.
- Choose the most effective channels based on your target audience and budget.
- Combine multiple channels to maximize reach and effectiveness.
- Track channel performance metrics to identify strengths and weaknesses.

7 Revenue Streams and Pricing Models

Revenue streams are the different ways a business can generate income. For Nigerian entrepreneurs, these can include e-commerce sales, subscription-based services, digital marketplaces, and advertising revenue, among others. It is essential to understand and diversify these revenue streams to ensure financial stability and support business growth. While pricing models are the methods businesses use to determine the prices of their products or services. Effective pricing models take into account production costs, the perceived value of the product or service, and market demand. Dynamic pricing strategies can adjust prices based on real-time market conditions and customer preferences, helping to maximize profitability.

Nigerian entrepreneurs need to utilize digital technologies to create diverse revenue streams. By leveraging data analytics and market research, they can develop effective pricing strategies that align with current market trends and customer needs. This approach helps to maximize profitability and enables businesses to scale successfully by;

- Identify various revenue streams such as online sales, subscriptions, digital marketplaces, and advertising.
- Set prices for your products/services based on production costs, value proposition, and market demand.
- Experiment with various pricing strategies to find the best balance between generating revenue and maintaining customer satisfaction.
- Continuously monitor market conditions and customer preferences, adjusting your pricing strategies to stay competitive and profitable.

8 Key Resources and Partnerships

Nigerian MSMEs need to understand how to identify and utilize key resources and partnerships to position themselves for success in the digital marketplace. This involves building strong relationships with suppliers, distributors, and other stakeholders to ensure efficient operations and a smooth supply chain. They should also learn to use digital tools, platforms, and networks to enhance their operations, reach new markets, and collaborate with strategic partners. Traditional networking and community engagement remain vital for building relationships and maximizing opportunities. Utilizing data analytics and market research can inform better decision-making and drive innovation. A balanced approach that combines digital and offline strategies is crucial for long-term sustainability and growth, especially for Nigerian women and youth entrepreneurs.

Key steps for resource and partnership management include:

- Identify the essential resources needed to deliver your value proposition.
- Decide whether to build resources in-house or partner with external entities.
- Identify potential partners who can provide complementary resources or capabilities.
- Establish clear agreements outlining roles, responsibilities, and expectations. [\[1\]](#), [\[2\]](#), [\[3\]](#), [\[4\]](#), [\[5\]](#)

9 Cost Structure and Financial Planning

Cost structure in a Nigerian business context refers to the breakdown of all expenses incurred during business operations. This includes both fixed costs, like rent and salaries, and variable costs, such as raw materials and labor. Understanding the cost structure is crucial for Nigerian businesses to effectively manage expenses, determine appropriate pricing, allocate resources wisely, and ensure financial sustainability.

Every MSME in Nigeria should possess the ability to analyze their cost structures meticulously, identify areas for optimization, and create financial models that support sustainable growth. This knowledge is vital for making informed decisions and can significantly contribute to securing funding or investment for their ventures. Additionally, entrepreneurs need to grasp the cost implications of their business models and develop robust financial planning strategies to ensure long-term viability.

Key steps for cost structure analysis and financial planning in a Nigerian context include:

- Identify all costs associated with running your business, considering both fixed and variable expenses.
- Allocate funds strategically to different areas of your business based on priorities and expected revenues.
- Forecast future expenses and revenues to anticipate financial requirements and potential obstacles.
- Identify and address potential financial risks through contingency planning and insurance to safeguard business operations and assets. [\[1\]](#), [\[2\]](#), [\[3\]](#), [\[4\]](#), [\[5\]](#)

10 Innovation and Adaptation Using BMC

Innovation and adaptation within the Business Model Canvas (BMC) context involve the dynamic process of creatively modifying and evolving elements of the business model to respond to market changes, exploit emerging opportunities, and address evolving customer needs. It encompasses both incremental improvements and radical

transformations in the way a business delivers value, captures revenue, and manages resources.

Steps MSMEs can Innovate and Adapt Using BMC

- **Regular Review:** Make it a practice to regularly review and update the BMC. This keeps the business model dynamic and responsive to changes in the market.
- **Customer Feedback:** Actively seek and incorporate customer feedback into the BMC to ensure that the business remains aligned with customer needs and expectations.
- **Market Research:** Conduct ongoing market research to stay informed about industry trends, emerging technologies, and competitor strategies.
- **Experimentation:** Use the BMC as a framework to test new ideas through small-scale experiments before full-scale implementation.
- **Cross-functional Teams:** Involve cross-functional teams in the BMC review process to gain diverse perspectives and foster a culture of innovation.
- **Scenario Planning:** Use the BMC to create different scenarios and assess how the business model would adapt to various market changes or disruptions.
- **Training and Development:** Invest in training and development for employees to build the skills necessary for innovation and adaptation.
- By leveraging the BMC in these ways, MSMEs can systematically identify opportunities for innovation, adapt to changing market conditions, and create more resilient and competitive business models.

11 Scaling and Growth Strategies with BMC

Scaling and growing a business involve implementing strategies that can handle increased demand, expand market reach, and improve profitability without proportionally increasing costs. To do this, the BMC is an important tool that MSMEs can use to assess their business and develop their growth and scaling up strategies.

Using the BMC to scale and grow a business involves systematically analyzing and optimizing each of its nine components. Here are some basic strategies for scaling and growing a business using the BMC:

- **Market Expansion:** Identify new customer segments that align with your value proposition. Consider different demographics, geographies, or verticals.
- **Customer Diversification:** Diversify your customer base to reduce dependency on a single segment. This can include exploring B2B (business-to-business) if you're primarily B2C (business-to-consumer) or vice versa.
- **Enhance Existing Offerings:** Improve your products or services based on customer feedback to add more value and stay competitive.

- **New Value Propositions:** Develop new products or services that address additional customer needs or pain points, broadening your market appeal.
- **Omnichannel Strategy:** Utilize a combination of online and offline channels to reach customers more effectively. Integrate physical stores, e-commerce, and mobile apps.
- **New Distribution Channels:** Explore new distribution methods such as partnerships with other retailers, online marketplaces, or direct-to-consumer models.
- **Loyalty Programs:** Implement loyalty programs to retain existing customers and encourage repeat business.
- **Personalization:** Use customer data to offer personalized experiences and communications, enhancing customer satisfaction and loyalty.
- **Recurring Revenue Models:** Introduce subscription services or maintenance contracts to ensure steady, predictable revenue.
- **Diversify Revenue Streams:** Develop additional revenue streams such as complementary products, consulting services, or training programs.
- **Scalable Infrastructure:** Invest in scalable technology and infrastructure, such as cloud computing and automated systems, to handle increased demand efficiently.
- **Talent Acquisition:** Hire skilled employees who can support growth initiatives and bring new expertise to the business.
- **Process Optimization:** Continuously improve and streamline core processes to enhance efficiency and reduce costs.
- **Innovation and Development:** Focus on R&D to create innovative products or services and stay ahead of the competition.
- **Strategic Alliances:** Form partnerships with other companies to access new markets, share resources, or co-develop new products.
- **Outsourcing:** Outsource non-core activities to specialized firms to focus on scaling your core business activities.
- **Cost Efficiency:** Identify areas where costs can be reduced without sacrificing quality, such as through bulk purchasing or renegotiating supplier contracts.
- **Economies of Scale:** Optimize operations to achieve economies of scale, reducing per-unit costs as production increases.

12 Demo of Appropriate Digital Tools

Digital Tools	Description	Subscription
Canvanizer	Canvanizer is a cloud-based collaboration tool designed specifically to help teams brainstorm and develop ideas visually.	Free Startup: \$25 per year

	<p>Canvanizer offers a library of templates based on popular visual frameworks like the Business Model Canvas and the Customer Journey Map. These templates provide a structured starting point for brainstorming sessions and workshops.</p> <p>Benefits of Using Canvanizer: Improved Brainstorming Sessions Enhanced Team Communication Clearer Project Visualization Remote Collaboration</p>	Standard: \$75 per year
Miro	<p>Miro is a popular online collaboration platform designed to help teams work together visually and remotely. It's like a giant digital whiteboard where you can brainstorm, plan, and organize projects in real time with others. Here's a breakdown of what Miro offers: Miro provides an infinite canvas where you can add sticky notes, mind maps, diagrams, documents, and more. Multiple people can work on the same board simultaneously, adding edits, comments, and even video chatting within Miro. This makes it ideal for remote teams. Miro offers a library of templates to jumpstart your projects. There are templates for brainstorming sessions, user journey maps, business process modeling, and more. Miro integrates with various project management and design tools you might already be using, allowing for a smoother workflow.</p>	Free Starter: \$8 per month Business: \$16 per month
Lucidchart	<p>Lucidchart, is a web-based diagramming application that allows users to visually collaborate on projects. It's essentially a giant digital whiteboard where you and your team can brainstorm, plan, and organize things visually in real-time. Lucidchart helps teams visually map out workflows, identify bottlenecks, and plan projects more effectively. Visualizing ideas and plans through diagrams can significantly improve communication and collaboration within teams.</p>	Free version Individual: \$11.93 Team: \$13.50 Enterprise
Canva	<p>Canva is a popular online design platform that empowers people of all skill levels to create stunning visuals. Launched in 2013, it has become a go-to tool for individuals and teams around the world. Here's a breakdown of what Canva offers:</p> <ul style="list-style-type: none"> • User-Friendly Interface • Rich Template Library • Extensive Design Assets <p>Common Uses of Canva:</p> <ul style="list-style-type: none"> • For creating eye-catching social media graphics for various platforms like Facebook, Instagram, and Twitter. • For designing engaging presentations with powerful visuals and layouts. 	N23,900 per year for the Pro plan

	<ul style="list-style-type: none"> • Crafting flyers, posters, brochures, and other marketing materials with a professional look. • For making invitations, planners, worksheets, and other printables for personal or business use. 	
Videos	Description	Length
Video 1: Developing a Business Model Canvas with Adenike Adeyemi	This video explains Business Model Canvas in a very detailed ways for easy understanding.	10 minutes 44 seconds
Video 2: Business Model Canvas + Gen AI	This video explain the process of generating the Business model Canvas using ChatGPT. The video will also help participants learn how to write a proper prompt.	22 minutes 39 seconds

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