

Webinar

BMC as a design tool for market systems interventions- Application and Impact

November 3rd, 2022

Hosted by **Innovision Consulting**
Exclusively for Markets in Crisis (MiC) Members

Sampan is a traditional boat used by the fishermen in the southwest coastal areas of Bangladesh for fishing in the Bay of Bengal. It symbolizes resilience of a community who work against the odds of the nature to earn a living.
Photo: Rubaiyath Sarwar



About Innovision

Founded in 2008, Innovision is an international development consultancy operating out of Dhaka, Abuja and London.

With 35 full time technical staffs and associates and more than 20 associate consultants, Innovision has led 350+ projects in 20 countries in agriculture, industries, health, WASH, finance, nutrition markets and on extreme poverty, livelihood, women's economic empowerment, gender based violence, climate change and disaster risk reduction, refugee crisis management.

Dhaka | Abuja | London



Topics of Interest in today's webinar

What is a Business Model Canvas (BMC)?

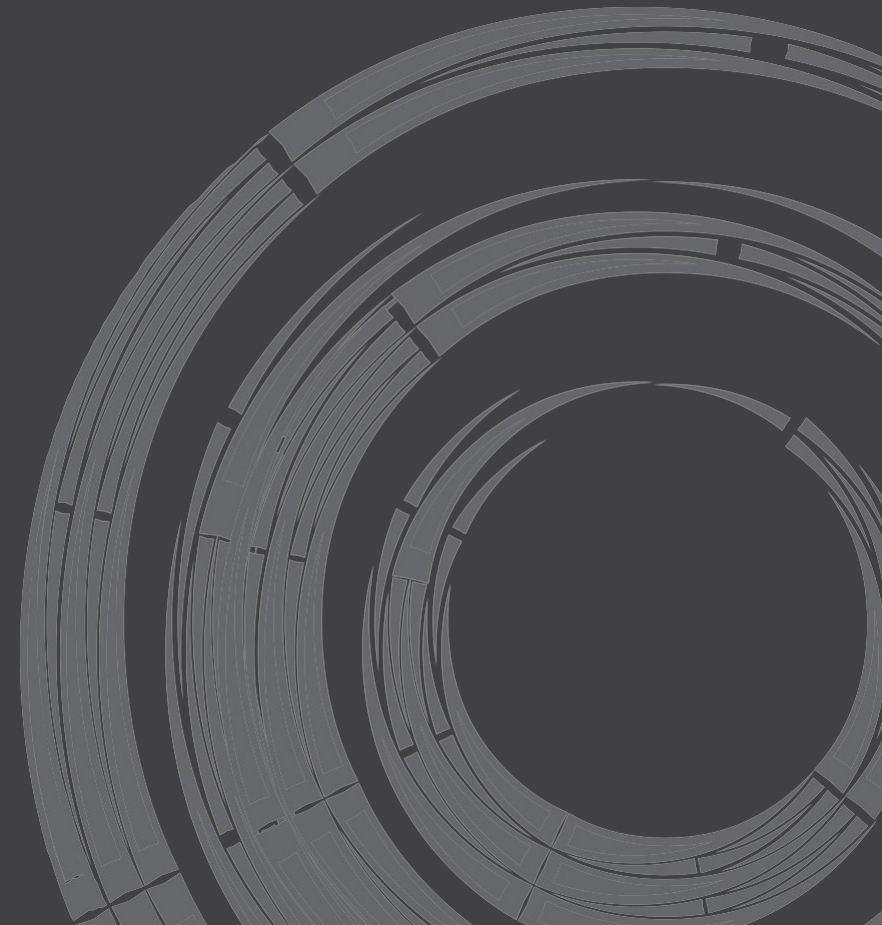
How is it relevant to market systems development?

Who is it for?

Who should be using it and when?

What are the expected impacts?

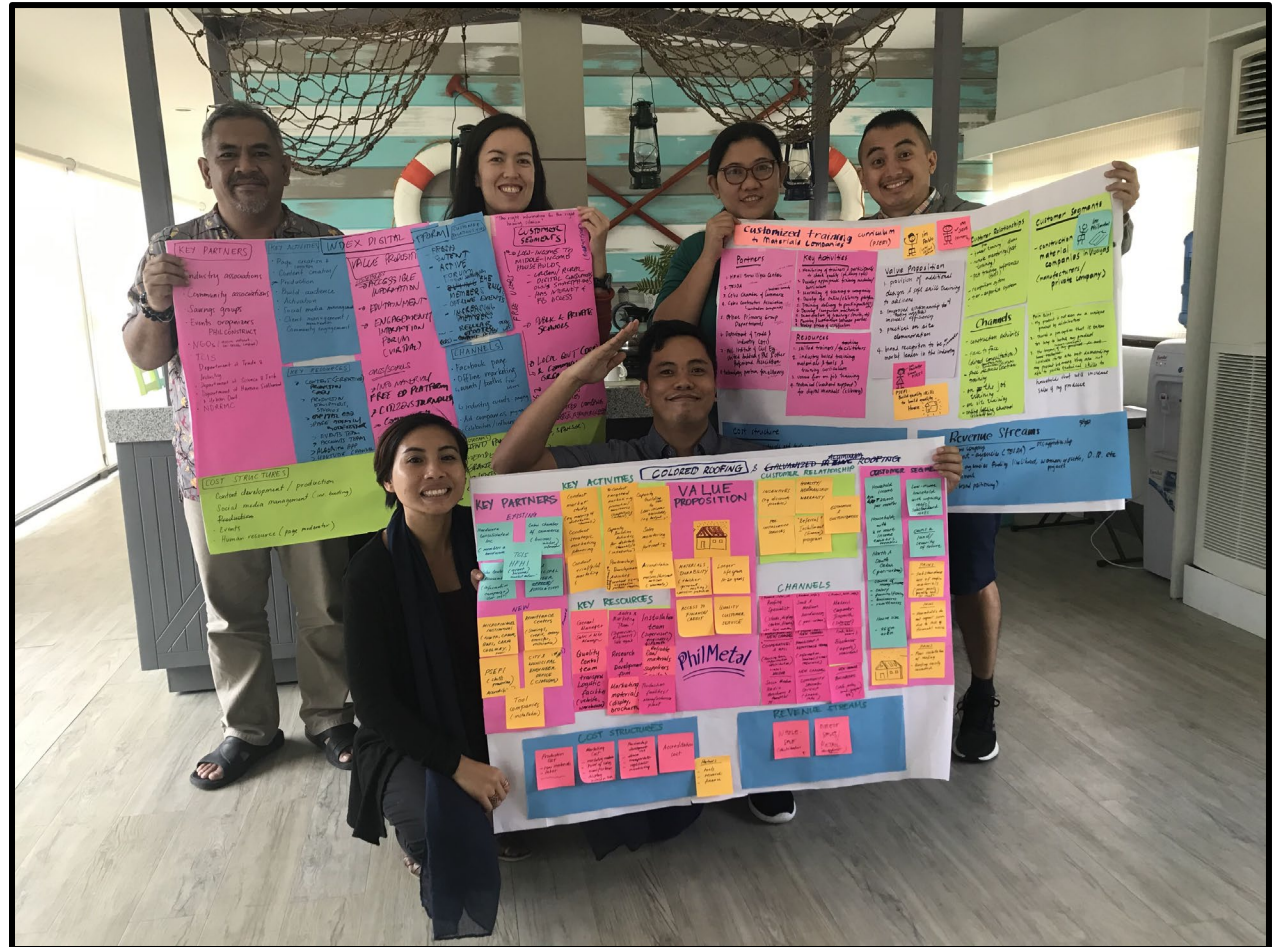
How does Innovision support projects and organizations to adapt BMC?



“ Without change there is no innovation, creativity, or incentive for improvement. Those who initiate change will have a better opportunity to manage the change that is inevitable. ”

- William Pollard

William Grosvenor Pollard (1911–1989) was a physicist. He was sometimes referred to as the "atomic deacon".



Innovision is supporting the world of development practice to adapt new tools and apply them in practice to design innovative and inclusive solutions to poverty challenges.



Understanding the Context

The Dimensions of Systemic Change

Facilitating Systemic Change → Solving Root Causes in the Systems → Scalable and Sustainable Solution

Private sector/ lead firm → Developing and delivering the solution → Pro-poor growth → Targeted Impact

Commercial Viability → Private sector/ lead firm/ Market Sustaining the solution → Evolution and Growth

Crowding in → Scalability

While connecting these dots we face myriads of questions!

What could be the systemic solution?

How will It support the targeted enterprises/ beneficiaries?

Who has the incentive to solve?

What will incentivize them?

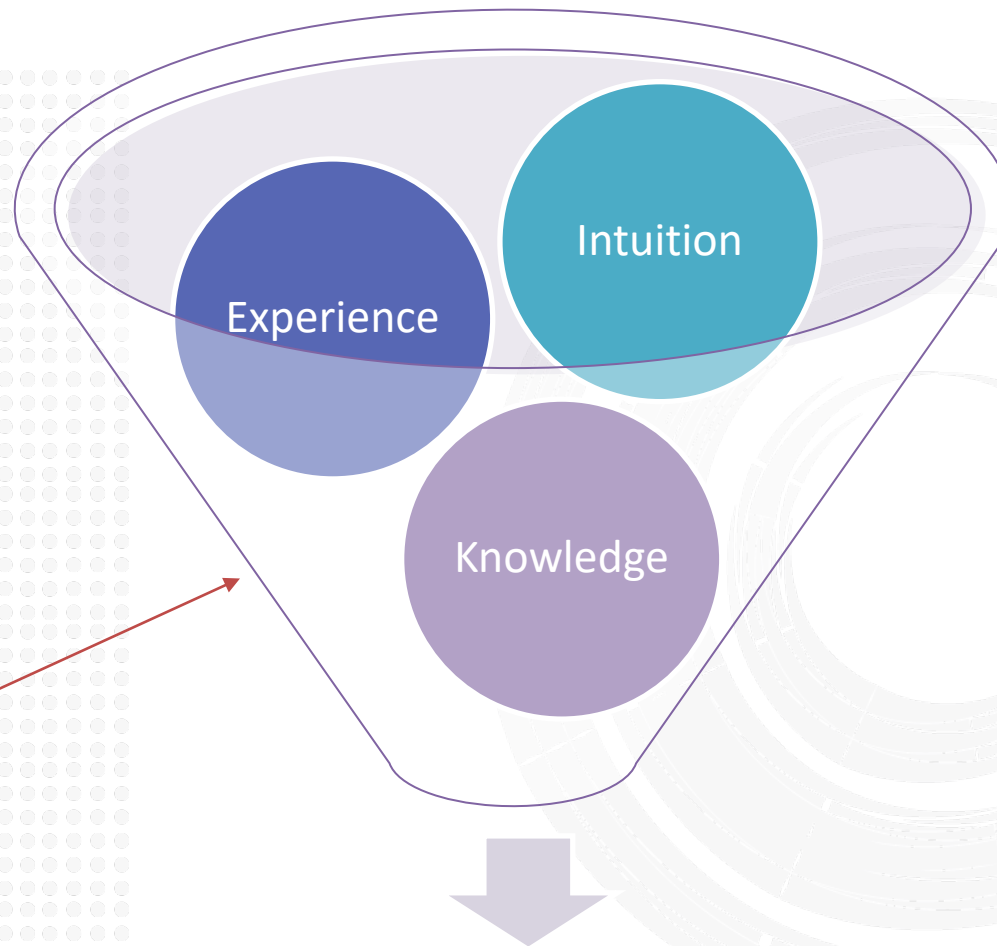
Why they are not doing it now?

What would make it sustainable and scalable?

What activities and resources should the facilitator provide and why?

Design Questions

Framework



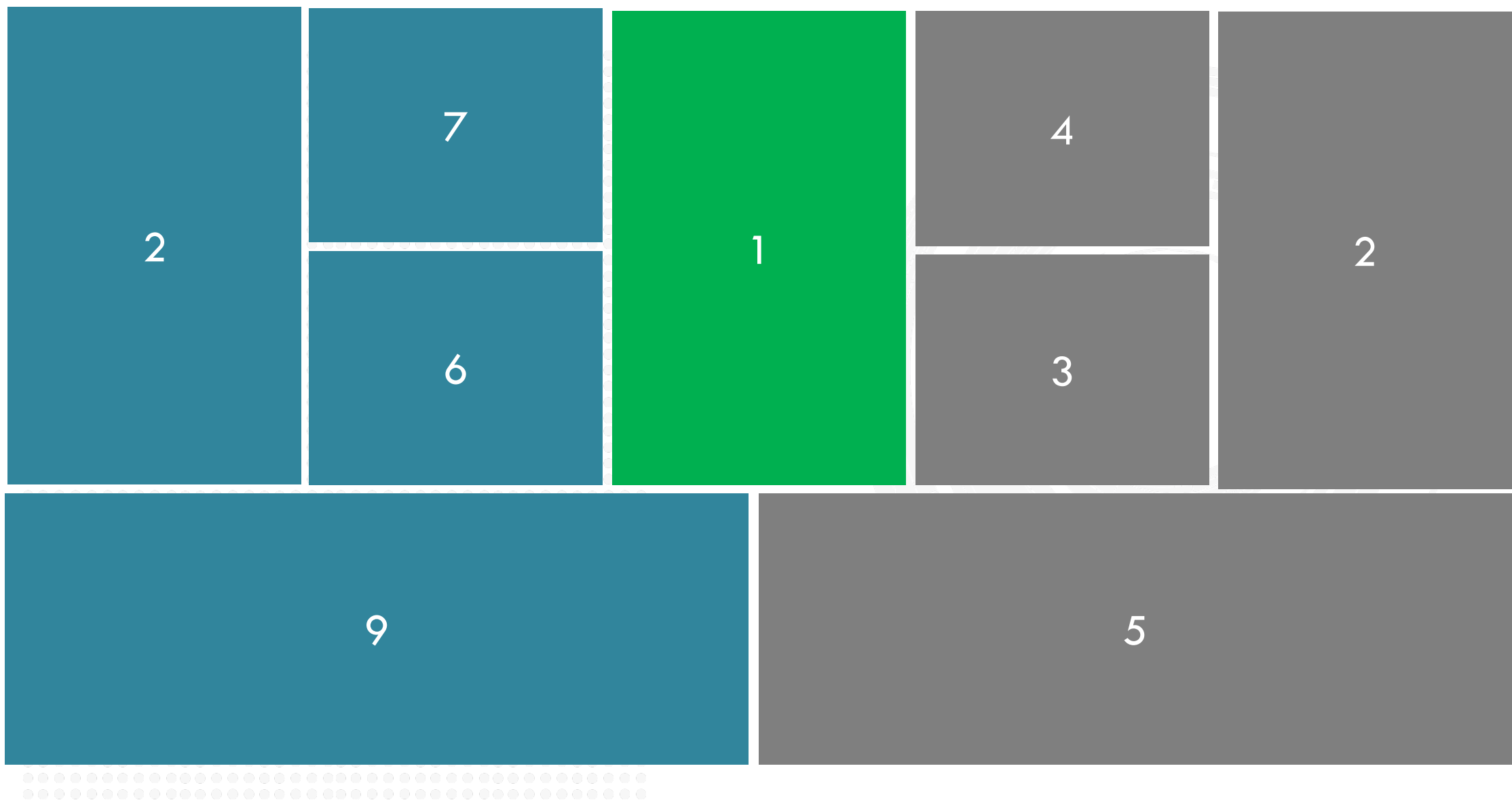
Strategic Vision and Plan



Building the Framework

Concepts that we want to connect





Key
Partnerships

Key Activities

Key Resources

Value
Proposition

Customer
Relationship

Channels

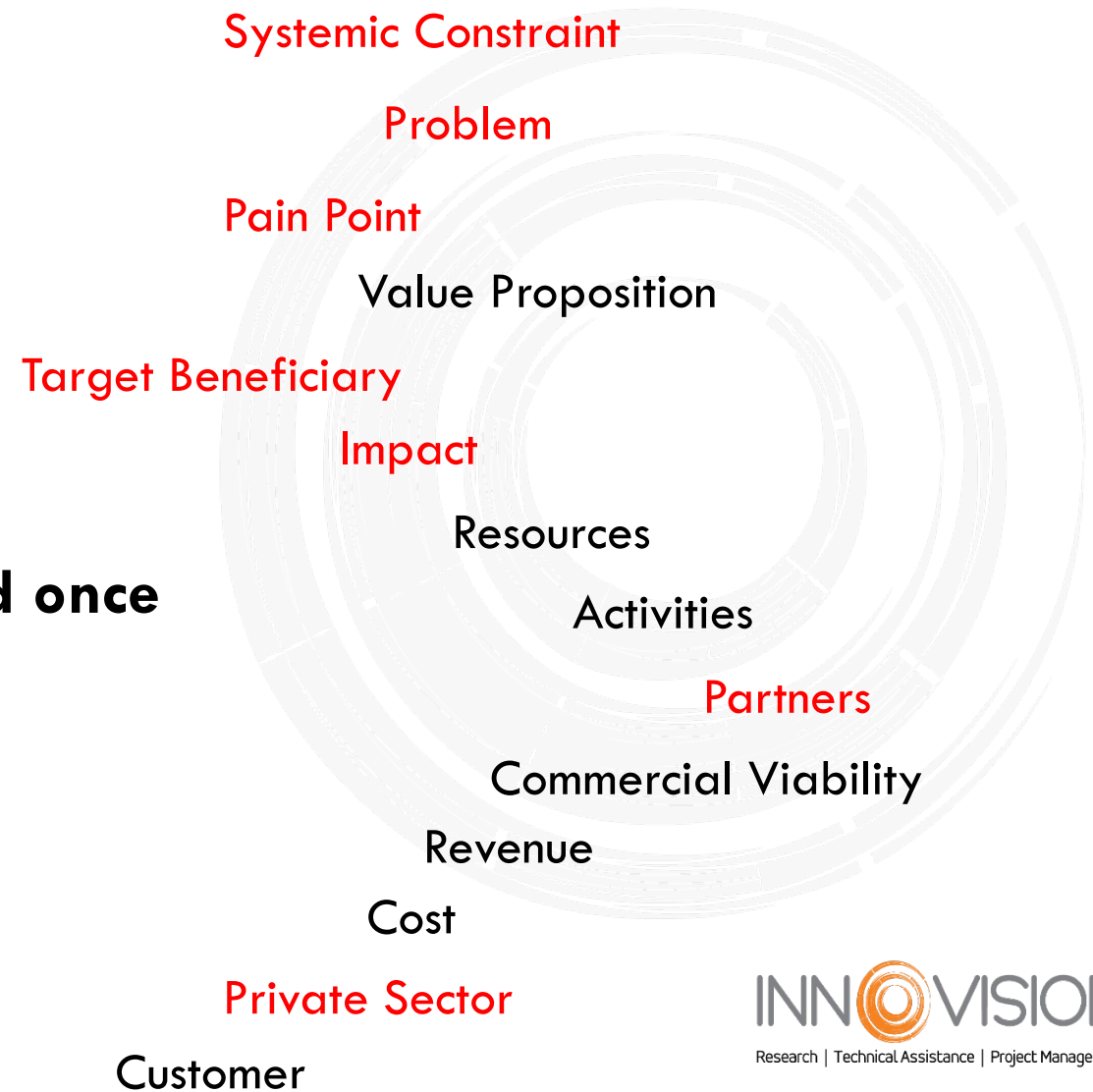
Customer
Segment

Cost Structure

Revenue Stream



**Where are the red marked once
on the BMC?**



A

B

C

Key
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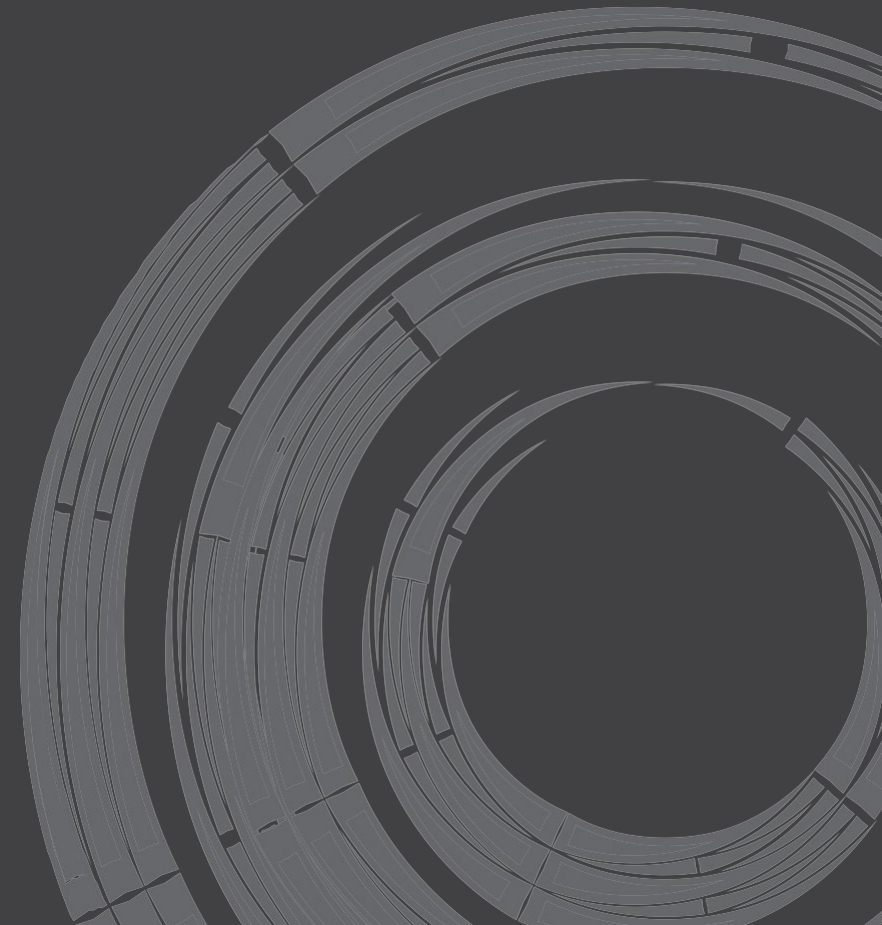
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A project which is working on aromatic rice finds a problem- mechanization has led to displacement of female workers and the female workers constituted majority of the work force.

How do we support the displaced female workers?



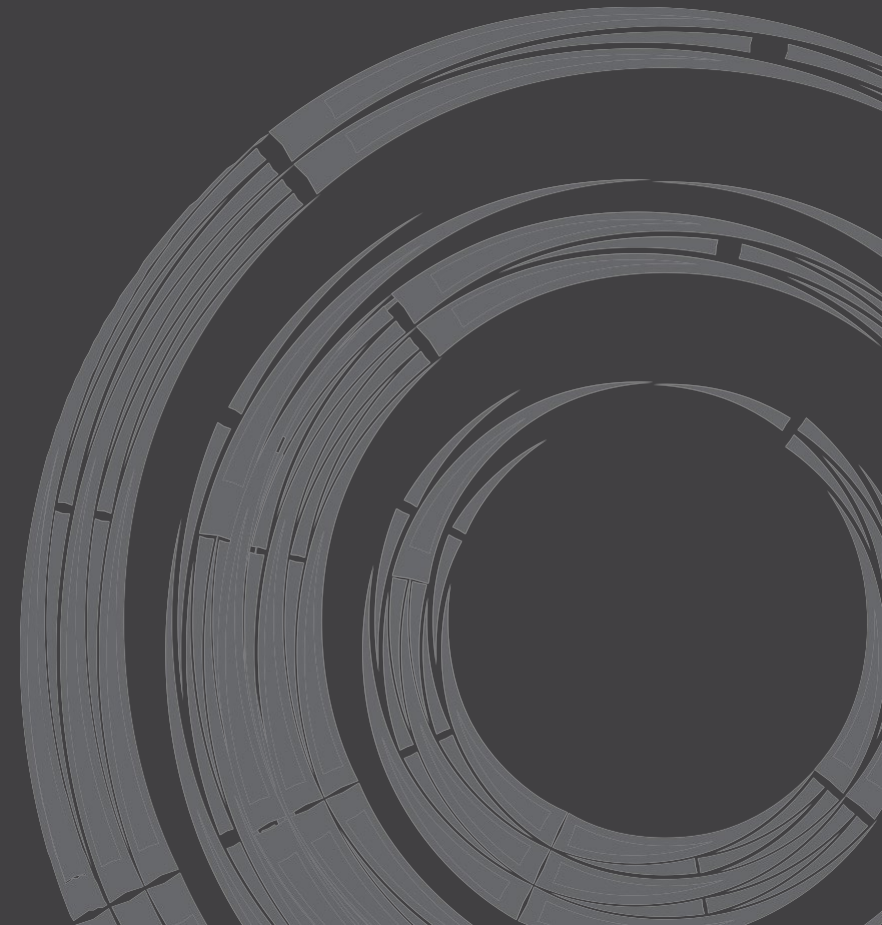
Market analysis showed that there is opportunity to stitch rice bags for rice buyers.

Market Analysis showed an untapped opportunity

But there is currently no organization that is employing the displaced female workers to stitch rice bags in the locality; demand is met through bags supplied from other regions.

Pain Point of the Female Workers: I have lost job; I have some skills. But there is no local opportunity.

Pain Point of the Rice Buyers: Quality of the bags are poor; it affects the quality of the rice

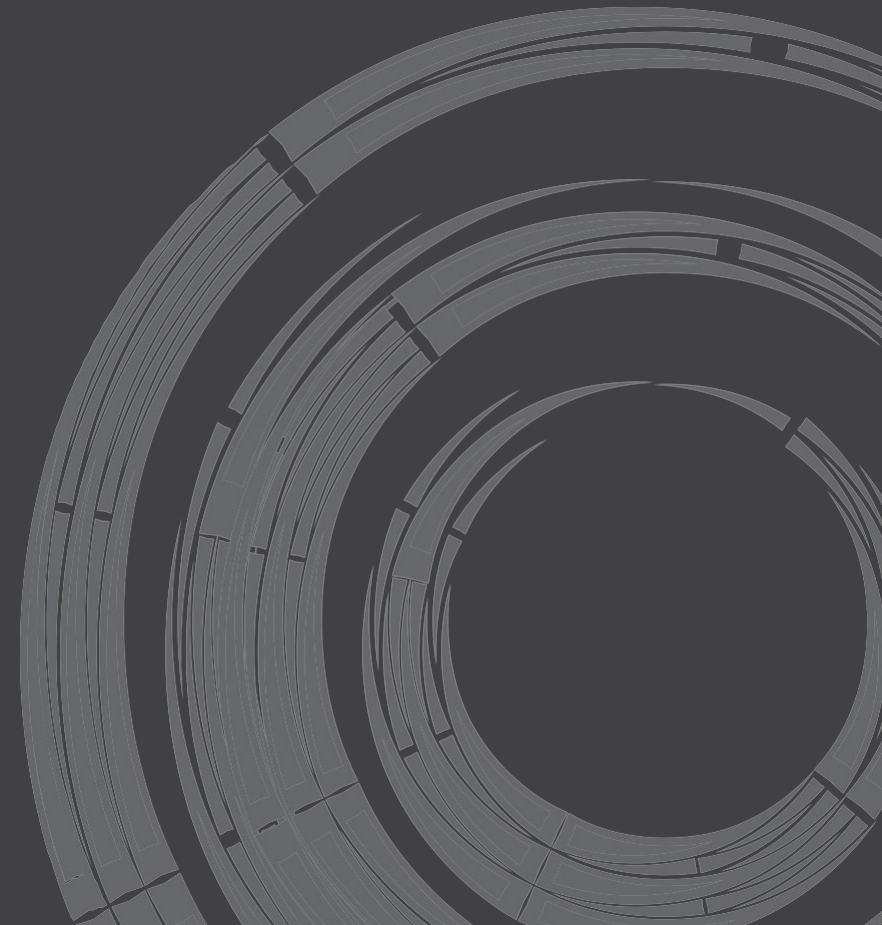


Idea: Support producer group to set-up stitching units to for rice bags

Project frames a solution

XX rice producer groups are onboarded to set-up the stitching units!

The cost of the stitching units is provided for by the project



Systemic Constraint

Pain Point

Solution/ Intervention

Key Activities

Key Partnerships

Key Resources

Value Proposition

Customer Relationship

Channels

Customer Segment

Cost Structure

Revenue Stream

Mechanization leading to displacement of female workers

No alternative opportunities for female workers; buyers suffering from poor quality rice bags

Stitching Units for Displaced Female Workers under Management of the **Producer Groups**

National Skills development agency

National cooperative agency

Machine Suppliers
Local MFI

Recruitment and training of female workers; negotiation and agreement with buyers

Stitching machines
Fabric
Capital

Core: Quality rice bags

Pivot: Produced as specification

Minimum defect
On time delivery

Regular call
Whatsapp
Co-creation
Joint promotion

Core: Contract manufacturing
Pivot: Direct retail
Direct made to order

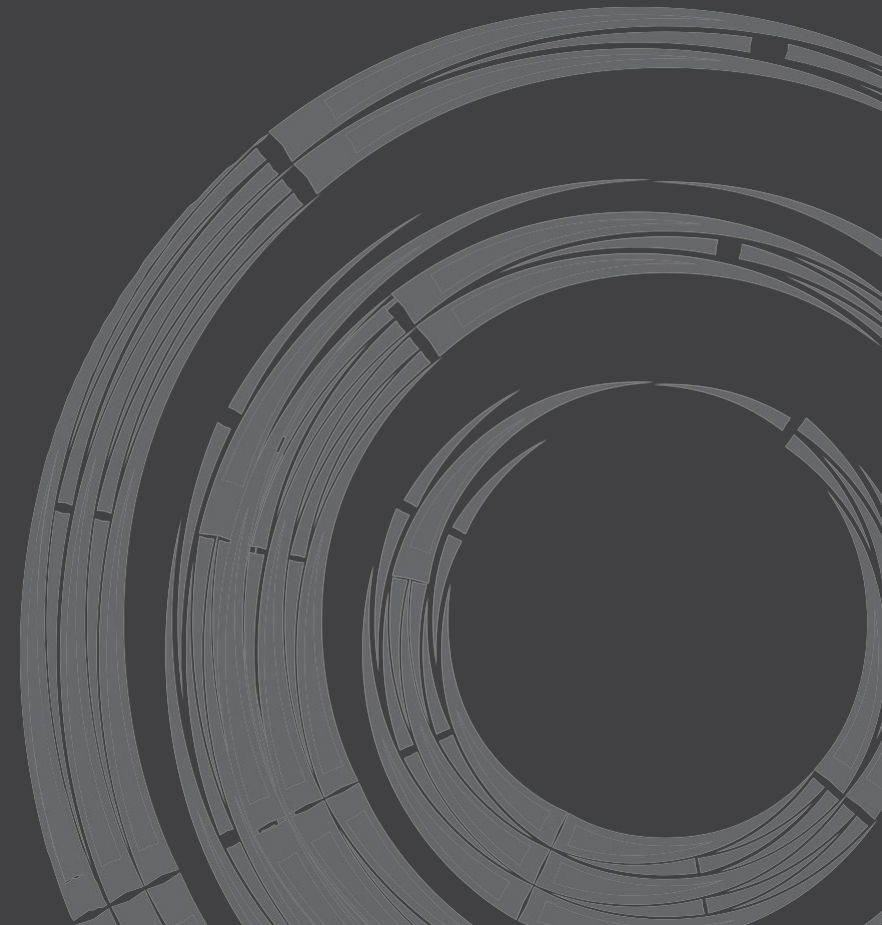
Rice Traders/
Buyers/ Importers

Pivot: Local Fashion wear and accessory buyers

Machine Purchase
Maintenance and Replacement
Office and administration
Transportation
Raw Materials

Commission/ margin from the sales

Where is Impact?



Mechanization leading to displacement of female workers

No alternative opportunities for female workers; buyers suffering from poor quality rice bags

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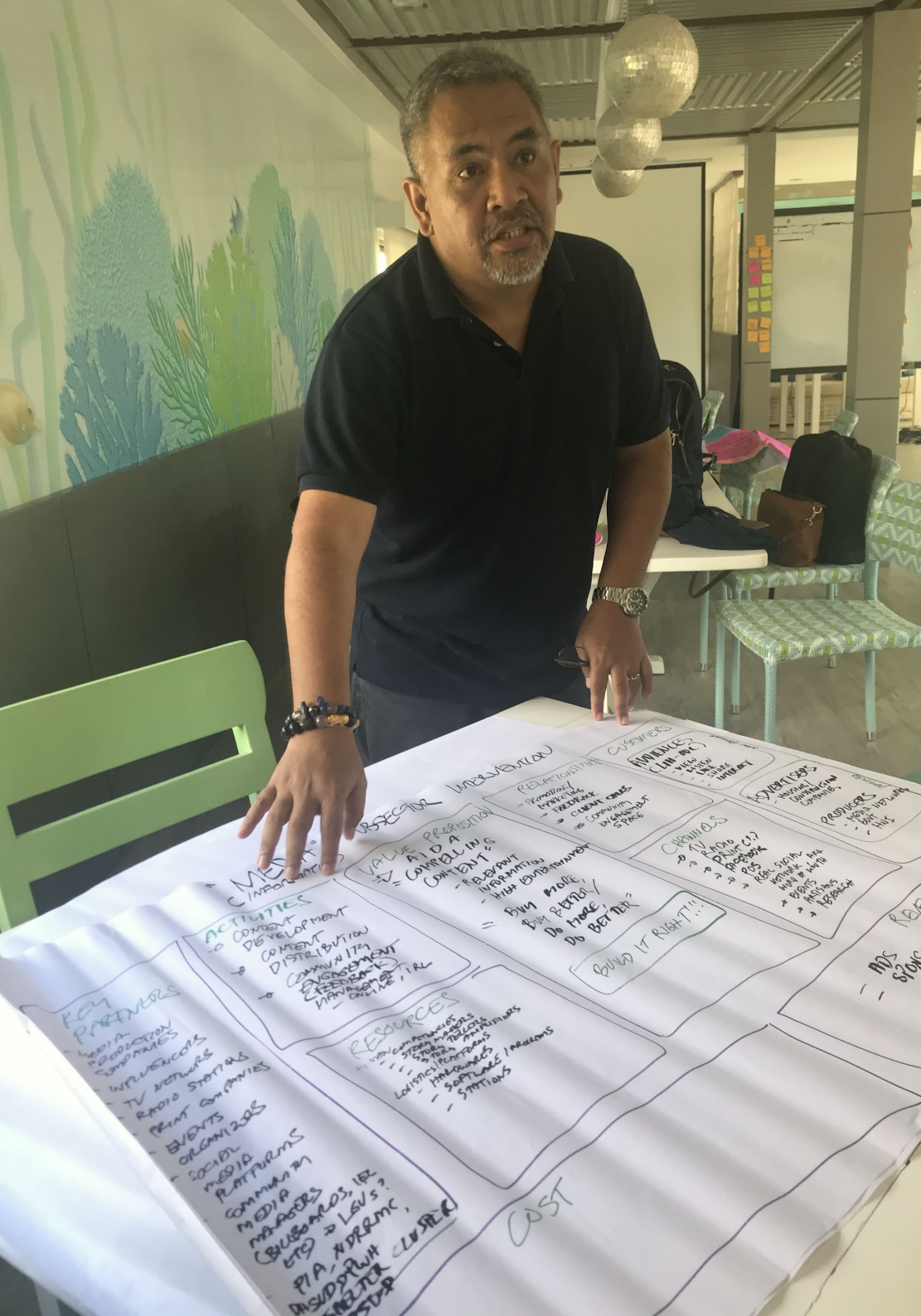
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Commission/ margin from the sales

of female workers who have been employed # of existing and new producer groups managing the stitching units # of new buyers (rice trader as well as fashion accessory buyers)

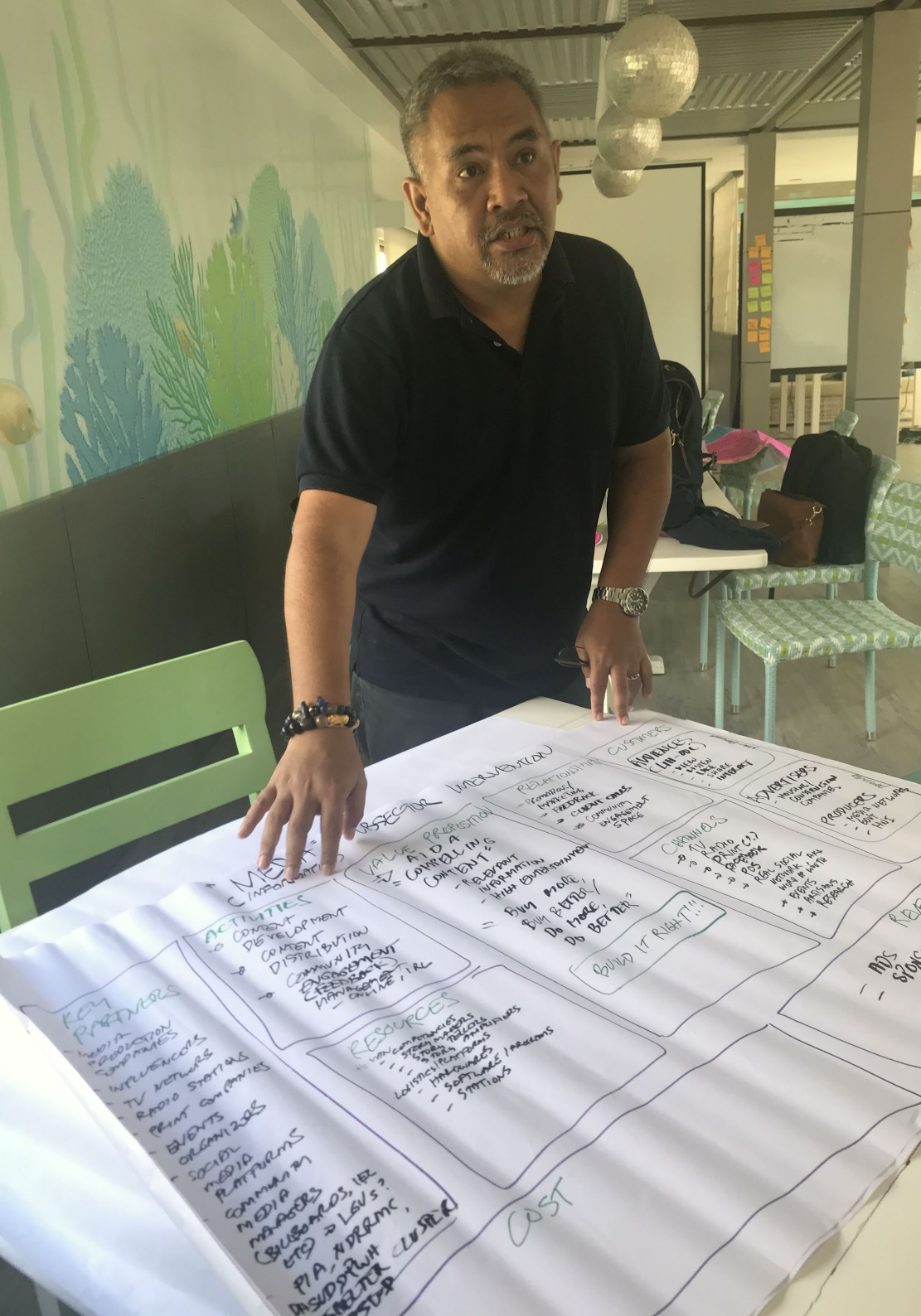
How do we facilitate scale and sustainability by using the canvas?

- **Sketching the initial business plan based on market analysis, fill in the gaps in market analysis**
- **Building the BMC in partnership with the holder of the plan (in the example,, the producer groups)**
- **Support to set-up and customer acquisition:** the project supported the producer groups to acquire customers which in this case are the rice bag buyers; an alternative business model could be to set-up the stitching units in partnership with the buyers; however one buyer might not have the economies of scale and might not also want to trade with other buyers; the producer groups appear to be the best anchor;
- **Building capacity:** The project funded the set-up (key resources), facilitated training and development (key activities) and partnerships that can assist the producer groups to grow; the producer groups worked on the pivot and the growth



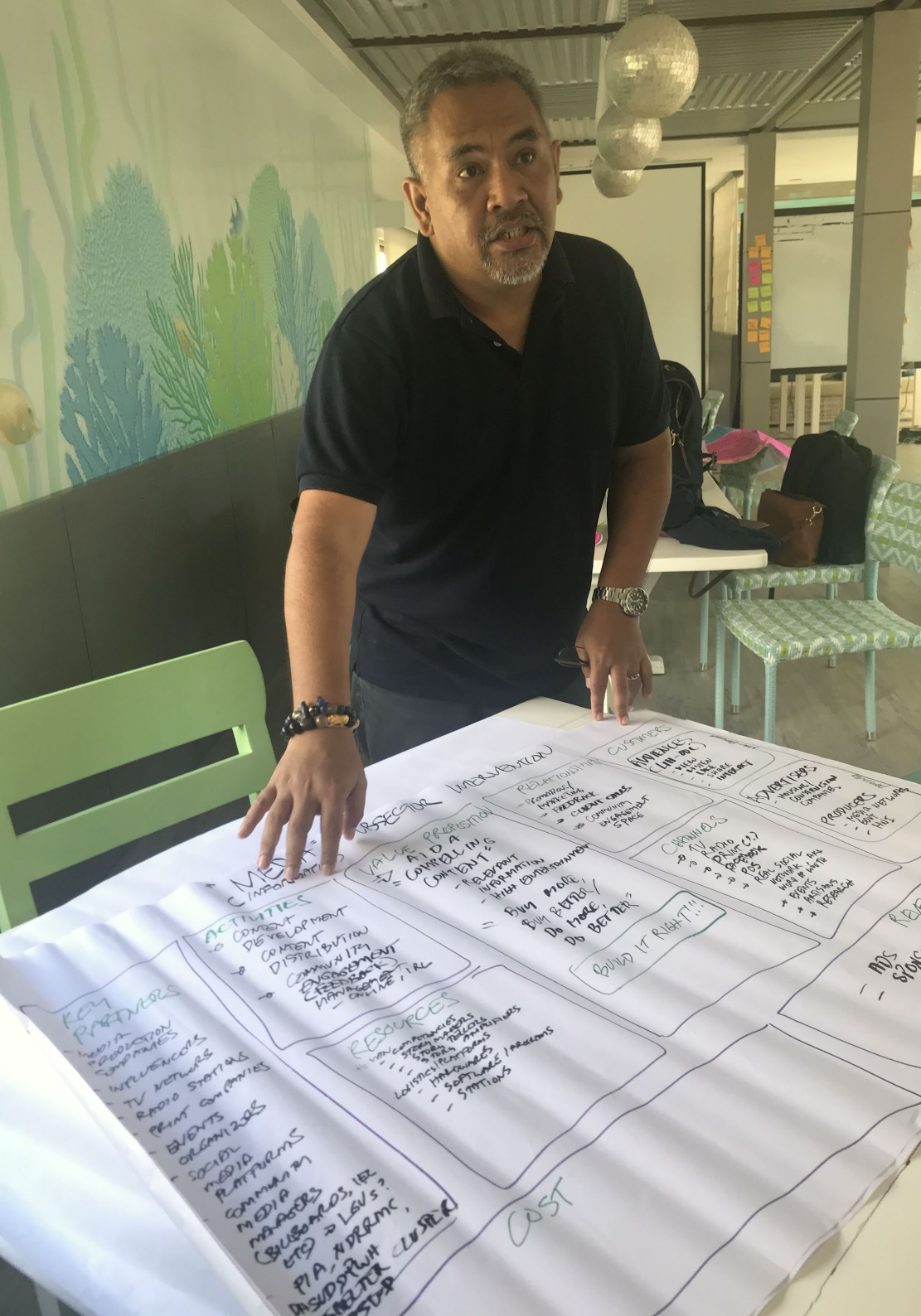
How do we facilitate scale and sustainability?

- **Commercial viability:** In the example, there is demand for the bags; there is demand for diversified products manufactured from the same units; but is it enough for the producer groups to procure new equipment, undertake marketing activities, replace old machines, recruit more female workers? Can they fill in the funding that the project provided? Could the project facilitate other commercial source for funding?
- **BMC allows us to critically review the support structure of the project in context with revenue streams and cost structure to define how much support and what support is essential to make the solution commercially viable**
- **It allows us to right size the scope, define the exact nature of support and have the vision to commercial viability at the very onset**



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Does it apply to fragile contexts and for basic services?

- **Extreme poverty:** It can allow us to map the provision for cash transfers, asset development, micro-finance; it can also allow us to assess and design facilitation activities to allow micro-businesses to grow
- **Finance/financial inclusion:** Can be an excellent tool to facilitate solutions like MFS based services, agent banking etc.
- **WASH:** Can be used to design interventions around hygiene latrines, water treatment facilities, new/ innovative technologies etc.
- **Skills development:** Can be used to facilitate commercially viable training solutions, skills centers/ TVET centers etc.




Who is it for?

- The BMC is either generic- for all private sector who are expected to implement the model or specific for one partner
- There can be several business models for the same solution; each model is specific to one private sector partner

What does it not show?

- The pathway to systemic change
- Crowding in of other companies
- The core plan does not show systemic constraint and its like to the model; it also does not show impact (we have solved this issue in our framework)

We assume that if there is commercial viability for the solution and there is enough demand/ or the market is large enough; others will crowd in with alternative business models as the project demonstrates the business case

A woman wearing a vibrant red hijab is focused on her work, operating a vintage-style sewing machine. She is seated at a wooden table, and the machine is positioned in front of her. The background is a solid blue wall, and the lighting is soft, highlighting the woman's concentration and the texture of the red fabric.

How can we help?

Online short training (15 hours)

Face to face project/ organization
specific BMC workshops (3 days)

International training for MSD
professionals in Bangkok, Thailand
(proposed)

The BMC is embedded in our market
analysis and technical assistance
services for MSD projects.

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