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Business Plan of a Wellness Startup



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Abstract

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The aim of this thesis was to develop a comprehensive business plan for a wellness startup using the Business Model Canvas as a tool for business planning. The thesis employed practice-based research methods to gather information for the theoretical framework, which was constructed based on a review of relevant literature and previous studies. The Business Model Canvas was chosen for its simplicity, customer-centric approach and practical learning value.

The practical part involved using the Business Model Canvas template to create a business plan for the wellness company, focusing on the customer-driven perspective of the canvas, including value proposition, customer segments, channels, customer relationships, and revenue streams. The customer-driven approach allows businesses to align their business model with the needs and preferences of their target customers. However, it is important to consider other components of the Business Model Canvas for a holistic business strategy. Practice-based research has limitations, such as context specificity, potential biases, and limited scope, but it should contain critical analysis and scholarly requirements.

The thesis acknowledged the strengths and limitations of the Business Model Canvas and aimed to provide insights on its effective utilisation in the context of a wellness startup. The practical applications of the research findings were highlighted, as the business plan developed as part of the thesis can serve as a valuable tool for launching and growing a successful startup, benefiting not only the thesis author but also other entrepreneurs. Overall, the thesis aimed to contribute to the field of business planning and entrepreneurship through a practice-based research approach and a focus on the customer-driven perspective of the Business Model Canvas.

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1 Introduction

The aim of this thesis is to develop a comprehensive business plan for a wellness startup, with a specific focus on utilising the Business Model Canvas as a tool for business planning. The research problem at hand is centred around identifying the key elements of a successful business plan and investigating how the Business Model Canvas can be used effectively to structure and organise these elements. To address these research questions, this thesis employs practice-based research methods to gather information. The theoretical framework is constructed based on a review of relevant literature and previous studies in the field of business planning and entrepreneurship. The Business Model Canvas is a compelling choice for academic purposes due to its simplicity, customer-centric approach and practical learning value, making it an effective method for analysing, designing, and refining business models. The practical part of the thesis involves using the Business Model Canvas template to create a business plan for the wellness company. The process involves identifying and analysing the various components of the business idea. Through the use of the Business Model Canvas, these components are organised and visualised into a coherent plan, which serves as a concrete baseline for starting an actual business, that being the output of this thesis.

The core focus of this thesis is centred around the customer-driven perspective of the Business Model Canvas. These points are value proposition, customer segments, channels, customer relationships and revenue streams. By examining and analysing these components of the Business Model Canvas from a customer-centric perspective, this thesis aims to gain insights into how businesses can better understand, engage, and satisfy their customers. The customer-driven approach allows businesses to align their value proposition, customer segments, channels, customer relationships, and revenue streams with the needs and preferences of their target customers, resulting in a more effective and sustainable business model. However, it is important to note that the customer-driven perspective of the Business Model Canvas is just one piece of the puzzle in understanding and designing a comprehensive business model. A thorough review of the entire model, including other components such as key resources, key activities, key partners, and cost structure, is necessary to create a holistic and well-rounded picture of the company's overall business strategy and operations. (Clark, Osterwalder, Pijl, Pigneur & Smith 2010, 16-19.; Voigt, Buliga & Michl 2016, 8).

The thesis in hand uses a practice-based research method. This research method is an innovative approach to generating new knowledge through practical outcomes, and it can be used in several

fields such as arts, design, education, healthcare and business. In a thesis, the assertions of innovation and contribution can be expressed through these creative outputs, which are included as part of the submission for examination. These original outputs are not limited to traditional written analysis, but can also be creative tasks that reflect contemporary practices. However, it should be noted that practice-based research has some limitations. One limitation is that it is often focused on a specific context, and the results may not be directly applicable to other contexts, thus limiting its generalisability. Additionally, practice-based research can be influenced by the researcher's personal experiences and beliefs which may introduce biases that can affect the validity of the results. Moreover, in practice-based research, the researcher may not have complete control over all variables that can affect the outcomes, making it challenging to establish cause-and-effect relationships. Furthermore, the scope of practice-based research is often limited to a specific problem or issue, which may not be suitable for investigating broader or more complex research questions. Despite these limitations, a practice-based thesis should contain a critical analysis of the originality, location, and scholarly requirements of the work, demonstrating academic-level analysis and mastery of contextual knowledge. The thesis also acknowledges that the Business Model Canvas is just one of many tools available for business planning and that its effectiveness may depend on various factors such as the industry, market conditions, and organisational context. Therefore, the thesis takes a critical approach towards the Business Model Canvas recognising its strengths and limitations, and aims to provide insights on how it can be effectively utilised in the context of a wellness startup.

Finally, the thesis highlights the potential practical applications of the research findings. The business plan structured around the Business Model Canvas, developed as part of the practical part of the thesis, is intended to serve as a concrete baseline for launching and growing a successful startup. It is expected to be a valuable tool not only for the wellness startup but also for other entrepreneurs who may benefit from the insights and recommendations provided in the thesis. Overall, the thesis aims to make a scholarly contribution to the field of business planning and entrepreneurship by utilising a practice-based research approach, critically analysing the customer-driven perspective of the Business Model Canvas, and developing a comprehensive business plan for a wellness startup that can serve as a practical tool for launching and growing a successful business.

2 Business Plan

A business plan is a tool that can be used to systematically develop a business idea for the actual business. The plan usually shows whether the business idea is worthwhile or needs to be developed or even changed completely. The business plan should be clear and well structured so that the most important functions of the company can be seen quickly. These functions include information about setting up and running the business, as well as sales, marketing and profitability analyses. (McKinsey & Company 2000, 47-48.) The primary purpose of a business plan is to provide a comprehensive and structured document that outlines a company's strategic direction, operational objectives, financial projections, and other key elements for achieving business success. It serves as a roadmap for businesses, guiding decision-making, facilitating communication with stakeholders, and providing a framework for strategic planning and operational execution. A well-crafted business plan is essential for startups, small businesses, and established companies to articulate their vision, mission, and goals, assess market opportunities and risks, outline strategies for market entry, marketing and sales, financial management and operational efficiency, and demonstrate the viability and profitability of the business to potential investors, partners, and other stakeholders. Business plans also serve as a reference document for monitoring progress, evaluating performance, and making adjustments to the business strategy and operations as needed. Overall, a well-prepared business plan is a crucial tool for businesses to effectively plan, manage, and communicate their strategies and operations, and to achieve sustainable business growth and success. (McKinsey & Company, 29-30.)

The implementation of a business plan involves the systematic execution of strategies, actions, and initiatives outlined in the plan to achieve the stated objectives and goals. The process typically includes the following steps. First, establishing the organisational structure, roles, and responsibilities, and appointing qualified leaders to oversee the plan's implementation. This includes assigning tasks, setting deadlines, and creating mechanisms for monitoring progress and holding team members accountable. This is followed by allocating the necessary resources, such as financial, human, and technological resources, in alignment with the plan's priorities and objectives. This may involve budgeting, staffing, procuring equipment or technologies, and securing necessary permits or licenses. The third step is implementing the strategies and actions outlined in the business plan, including marketing and sales strategies, operational improvements, product development, and other initiatives as per the plan's recommendations. This requires effective coordination and communication among various functional areas and teams within the organisation.

Regularly monitoring and measuring the progress of the plan's implementation against set milestones, targets, and performance indicators is important. This allows for timely identification of any deviations or issues and enables corrective actions to be taken as needed. Reviewing and assessing the effectiveness of the plan's implementation and making adjustments as necessary to ensure that it remains aligned with changing internal and external conditions. This may involve revising strategies, actions, or resource allocation based on feedback, market trends, or other factors that may impact the plan's success. Effectively communicating the progress, achievements, and challenges of the plan's implementation helps in maintaining transparency, building trust, and garnering support for the plan's continued implementation. Continuous improvement is essential. Emphasising a culture of continuous improvement by learning from successes and failures, and leveraging feedback and insights to refine and optimise the plan's implementation over time. By following these steps, businesses can effectively implement their business plans and increase the likelihood of achieving their desired outcomes. (SBA, n.d.)

2.1 Benefits and Limitations

Before starting an actual business, it is good to think more carefully about the business idea and structure it into different areas of business. After considering the idea from various perspectives, it is easier for the entrepreneur to deal with abrupt surprises and prepare for potential risks or weaknesses. Risks should be mapped before starting the business operations. Thus, it is possible to prepare for them in advance. Potential risks must be identified so that their probabilities and effects on the environment can be analysed. Developing a comprehensive business plan is one way to minimise risk, as it steers operations forward in difficult circumstances. For example, risks may be related to doing business in a competitive market or there may be events or accidents that damage the area of business that the company operates in. (Hesso 2015, 180-183.) When the business idea is carefully planned and it is justifiable, it is easier for investors, business partners and others to see the potential and growth possibilities of the business. Therefore, the plan is also helpful in obtaining investments and financing, as it can be used to evaluate the profitability and qualification of the company. The plan also benefits the entrepreneur, as it enables the entrepreneur to perceive and structure the baseline and goals of the business. In addition, it helps to find the most suitable solutions for the entrepreneur and the business. The business plan pushes the entrepreneur to form a unified view of the business in general and the various factors involved in the operations of the business. (Osaavayrittäjä, n.d.) A business plan is a tool used to outline a company's objectives and strategies, but it is not a guarantee of success. Sales may be

lower than projected due to various factors, and there are limitations to a business plan that can prevent it from being successful. These limitations include unrealistic goals, rigid time frames, failure to anticipate future problems, insufficient information, lack of commitment, practical experience, and alternative plans, inadequate market knowledge, not considering SWOT analysis, delay in project implementation, prioritisation problems, inefficient manpower, lack of flexibility, and incorrect market assessment. Recognising these limitations and making precautions to avoid or amend them is crucial in dictating the overall accomplishment of any business plan. (QS Study.)

2.2 Different Business Plan Methods

It is important to note that different business plan methods may be more suitable for different businesses or industries, and the choice of method should be based on the specific needs, goals, and context of the organisation. Some of the common business plan methods include Traditional Business Plans, Lean Startup Methods, Business Model Canvas, and Strategic Planning Frameworks. The traditional Business Plan method involves a comprehensive and formal approach to creating a business plan, typically including sections such as executive summary, company description, market analysis, marketing and sales strategies, organisational structure, product/service descriptions, financial projections, and risk assessment. It is often used for internal and external purposes, such as securing financing from investors or obtaining loans from financial institutions. The Lean Startup method focuses on rapid experimentation and iterative development to validate business ideas, minimise risk, and optimise resources. It involves creating a Minimal Viable Product (MVP), testing and validating assumptions, and making data-driven decisions to refine the business model and scale the business. The Business Model Canvas uses a visual framework that captures the key components of a business, such as value proposition, customer segments, channels, customer relationships, revenue streams, key activities, resources, and partnerships. It provides a holistic view of the business and facilitates strategic planning and innovation. Various strategic planning frameworks, such as SWOT analysis (Strengths, Weaknesses, Opportunities, Threats), PESTEL analysis (Political, Economic, Social, Technological, Environmental, Legal), and Porter's Five Forces analysis (Bargaining Power of Buyers, Bargaining Power of Suppliers, Threat of New Entrants, Threat of Substitute Products or Services, Competitive Rivalry), can also be used as methods to guide the development of a business plan by analysing internal and external factors that may impact the business. (Berry, 13-15.)

The Business Model Canvas is a strategic tool that offers a visual and holistic framework for analysing, designing, and refining the business model of a company. It is often chosen in an academic context due to its effectiveness in facilitating a comprehensive and concise overview of the key components of a business in a visually appealing and accessible format. One of the reasons for choosing the Business Model Canvas is its simplicity and flexibility. It condenses the complexities of a traditional business plan into a single canvas, making it easy to understand and communicate the various aspects of the business model, such as value proposition, customer segments, channels, revenue streams, and more. This simplicity allows for quick iterations and adjustments as needed, which is particularly useful in dynamic and fast-paced business environments. Additionally, the model encourages a customer-centric approach by emphasising the value proposition and customer segments. It highlights the importance of understanding the needs, preferences, and behaviours of customers in shaping the business model, which is crucial for business success. This customer-focused perspective aligns with contemporary business practices that prioritise customer satisfaction and market orientation. (Puumala, 2017.) Furthermore, the Business Model Canvas promotes interdisciplinary collaboration and innovation. It encourages cross-functional teams to come together and collaboratively design and analyse the business model, fostering creativity, innovation, and strategic thinking. This integrative approach is aligned with modern business trends that emphasise the need for versatile perspectives to tackle complex and evolving business challenges. In an academic context, the model is often chosen for its practical and experiential learning value. It provides an interactive and engaging platform for students or researchers to apply theoretical concepts to real-world business scenarios, facilitating a deeper understanding of business strategy, innovation, and entrepreneurship. Overall, the Business Model Canvas is a compelling choice for academic purposes due to its simplicity, customer-centric approach and practical learning value, making it an effective method for analysing, designing, and refining business models. (SeAMK, 2023.; Varma, n.d.) Therefore, the business model used, and further implemented, in this thesis is the Business Model Canvas.

3 Business Model Canvas

Business Model Canvas is a tool for business planning developed by Alexander Osterwalder in collaboration with Yves Pigneur in 2010. The model consists of nine different building blocks (Figure 1). The blocks are different areas of the business. At the centre of them, is the value proposition of the company on which the operation of the business is based. The left side of the model focuses on the company-side perspective and the right side on the customer-oriented perspective (Voigt, Buliga & Michl 2016, 8). The things observed from the point of view of the business are the key partners of the company, core functions, available resources and the cost structure. From a customer-driven perspective, the customer relationships, customer groups, channels and revenue streams are examined. (Clark, Osterwalder, Pijl, Pigneur & Smith 2010, 16-19.)

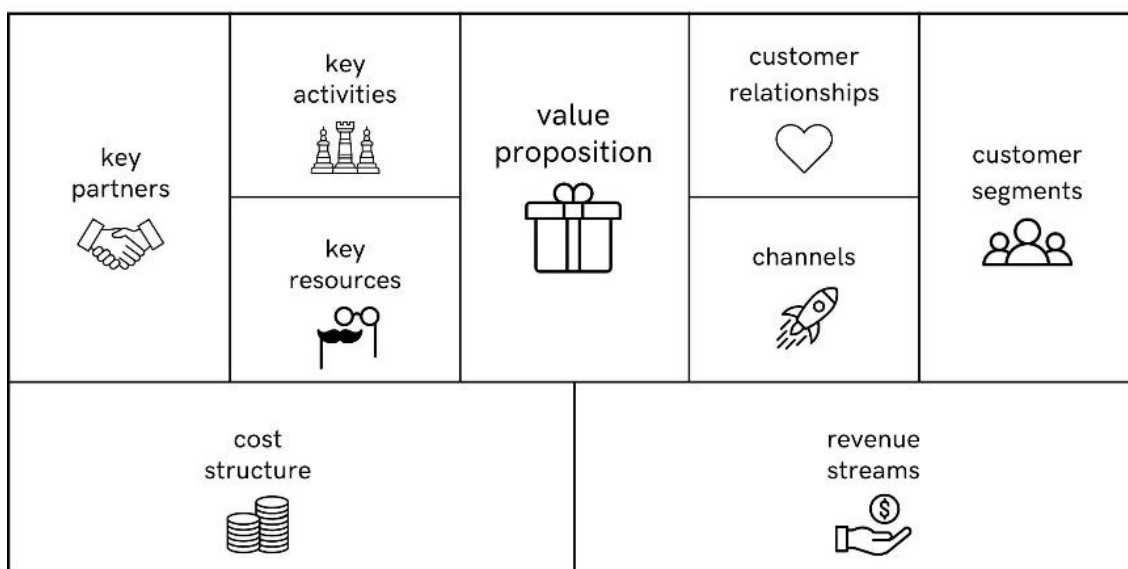


Figure 1. The Business Model Canvas and its nine building blocks (Clark et al. 2010, 15).

This thesis uses the Business Model Canvas tool, which is used to build a business plan for the wellness startup, which is the output of this project. This template is suitable for producing the output of this thesis, as it is a visual, simple and easy-to-understand tool for planning and developing a new business. Despite its simple appearance, the model includes all the business elements needed to build a business plan: value propositions, customers, structures, and financial viability. (Varma, 2021.) It allows efficiently to plan changes and conduct various experiments that could potentially be profitable for the future of the company. From the model, it is quick to see the entire business of the company condensed into a single paper. Therefore, these changes are easy to edit and adapt to the platform before they are implemented. The stages of the output

are explained in detail, which helps the reader to better understand the content, structure and entire perspective. The reader instantly gets a unified and concise overview of the business plan at one glance. (Puumala 2017.)

The Business Model Canvas is a popular tool used by entrepreneurs and businesses to plan and visualise their business model. However, there are also some limitations to this tool that should be considered. The model provides a high-level overview of the business model, but it may not provide enough detail to fully understand all aspects of the business. The canvas also is limited in size and may not allow for the inclusion of all relevant information. The Business Model Canvas places a strong emphasis on external factors such as customers and partners, but may not fully address internal factors such as team dynamics or company culture. The model's static nature is also a limitation. The canvas is a static tool and may not be able to keep up with the constantly changing business environment. The Business Model Canvas provides a framework but may not provide guidance on how to implement the business model or make strategic decisions. Furthermore, it is overemphasising revenue streams. The Business Model Canvas places a strong emphasis on revenue streams, which may lead businesses to overlook other important factors such as customer acquisition costs or long-term sustainability. Understanding these limitations help entrepreneurs and businesses make informed decisions about how to best utilise the Business Model Canvas in their planning and strategy development. (King 2017.)

3.1 Value Proposition

A value proposition is the company's promise of the value that its products and services provide to the customer (Venäläinen 2018). The examination of the Business Model Canvas starts from the value propositions formed by the company, on which the entire operations of the company are based. They benefit both the business and its customers. From the point of view of the enterprise, value propositions have a significant role, as they guide the firm's entire business and contribute to sales and marketing (Figure 2). With the help of the value proposition, the personnel of the company can do their tasks according to the same policy, as the value proposition reveals the most important things for the business strategy. From a customer-driven perspective, the promises show that the company is credible. They tell what a company can offer to meet the needs of a customer or solve a problem that the customer has. The company must always form its value proposition so that it meets the needs of its target customer groups. A value proposition is usually a short and concise description of a few words that shows what sets the business apart from the

others. However, the most important function of the value proposition is to determine what added value the products and services of the company bring to the customers. (Ebniun 2016; Venäläinen 2018.)

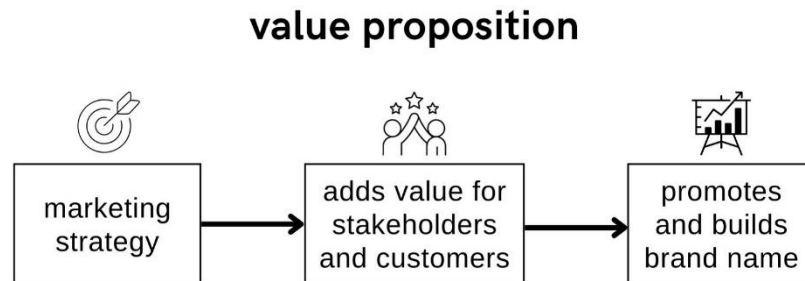


Figure 2. Crafting a value proposition: building your brand and adding value for customers through compelling statements (WallstreetMojo, n.d.).

For the customer, the value generated by a value proposition can be either quantitative or qualitative. Quantitative values include, for example, the price and speed of the service. Qualitative values constitute customer experience and product design, for example. A value proposition can be a response to a completely new and unconscious customer need or it could be a promise of something better, such as more efficient device performance. If the products and services of the business are tailored to a specific customer group, the value proposition can also be customised according to the special needs of the customers. Instead, if the business offers customers a new type of product or service, that has not previously been available to that target customer group, it is called adding value through accessibility. This usually requires new innovations that are targeted at a specific group of customers when they are launched. In addition, the design and appearance of a product or a successful brand can sometimes also create added value for the customer. (Clark et al. 2010, 23-25.) The most used method is to create the same value for the customer as the competitors offer but at a lower price. This is called a price-based value proposition. However, the effects of the price on the rest of the business must also be considered. If a price is too low, it does not yield enough revenue to cover the costs and does not generate profit. Yet, with a price-based value proposition, entirely new customer groups can be found who otherwise could not afford to buy the offered products or services at a higher price than the general price level. This way more visibility and new prospects can be obtained, i.e., potential customers for the company. (Clark et al. 2010, 24.) The value proposition can also be based on helping the customer in various situations, such as reducing costs or lowering risks. For example, the company can offer various auxiliary services that reduce the workload of the customer, save time and

money, or mitigate various things. Thus, the value proposition given by the company promises to help the customer in doing some individual task or work. (Clark et al. 2010, 24-25.)

The absence of a well-defined value proposition can pose risks to a business in both the short and long term, including lack of differentiation, reduced customer attraction, limited market fit, communication challenges, and unclear business direction. It is crucial for businesses, especially startups, to clearly define their value proposition to mitigate these risks and establish a strong market presence. Firstly, it may result in a lack of differentiation from competitors in the market, leading to potential customers choosing alternatives that offer a more compelling value proposition. This can result in lower customer interest, engagement, and conversion rates, leading to decreased sales and revenue in the short term. Secondly, a business may struggle to effectively communicate the benefits and value of its product or service to potential customers. This can lead to reduced customer attraction, as potential customers may not understand why they should choose the business's offering over alternatives. In the short term, this can result in decreased customer acquisition and slower business growth. Furthermore, a value proposition is closely tied to the concept of product-market fit, which is essential for long-term business success. Without a clear value proposition that aligns with the needs, preferences, and expectations of the target market, a business may struggle to achieve a strong product-market fit. This can result in a lack of demand for the business's offering, reduced customer loyalty, and difficulty in retaining customers over the long term. Moreover, a business may face challenges in effectively communicating its unique value and benefits to various stakeholders, including customers, investors, partners, and employees. This can lead to confusion, inconsistency, and misalignment in messaging and communication efforts, resulting in reduced engagement and interest from stakeholders in the short term. Lastly, the absence of a clear value proposition may result in unclear business direction and focus. A value proposition serves as a guiding principle for business strategy and decision-making. Without a well-defined value proposition, a business may lack a clear direction and focus, leading to scattered efforts, inefficient resource allocation, and suboptimal business decisions. In the long term, this can result in missed opportunities, increased costs, and reduced competitiveness, posing risks to the overall sustainability and growth of the business. (Invesp, n.d.)

3.2 Customer Segments

After defining the value propositions, the Business Model Canvas tool can be completed by mapping the operating environment of the company. It includes all the customer groups of the business. A company needs customers to succeed, which is why customer segmentation is important. Customer segmentation means targeting services and products to specific customer groups. Segmentation plays an important role in the planning phase of the business because through segmentation the company knows how to target its resources to key customers and thus offer more value to its most important customers. (Business Model Canvas n.d.) When allocating the right products and services to the customers who need them, it is easier to meet the needs of the different customer groups. Segmentation helps with this. Targeting makes it easier for a company to build and maintain its customer relationships. Through segmentation, the competitiveness of the company increases and the possibilities for expanding operations improve when the business knows how to price its products and services appropriate to the financial status of the target customers. (Savage, 2019.) Customer groups are formed based on their needs, behaviour and characteristics. Customers can be divided into different segments according to demographic, geographic or psychographic factors, for example (Savage, 2019). There can be one or more groups and they can be segmented in various ways (Figure 3). Segments can be separated from each other through assorted markets. These markets include mass markets, niche markets, segments that are only slightly different from each other, diversified markets and multi-sided markets. Demand in different markets varies according to customer groups. (Clark et al. 2010, 20-21; Ebnium 2016.)

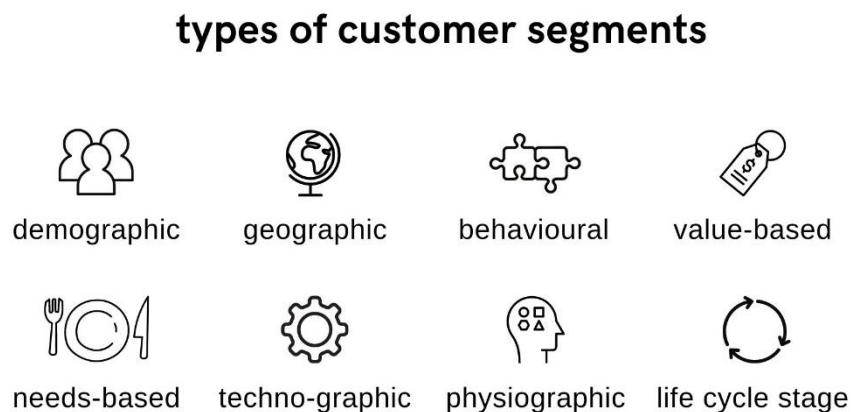


Figure 3. For businesses, there is no standardised segmentation method, but some methods are more used than others (Painter, 2022).

The mass market consists of a wide group of customers who generally have similar needs. Together, they form one unified customer base, to whom products or services are offered through mass production. Niche markets are the opposite of mass markets, as they form a small group of customers whose needs are set in a narrow sector. This customer group has certain requirements for which the company offers customised solutions. In a segmented market, the needs of customer groups differ only slightly, which is why they are usually separated from each other by similar value propositions. There are several customer groups of the same type, which is why the value propositions must be targeted to different groups according to their needs. Diversified markets differ from the previous. The customer groups are separate and have different needs. Because of this, there are also completely different value propositions for different customer groups. The multi-sided market is grouped into interdependent customer segments. There can be two or more segments, each of which the company needs to maintain its operations. (Business Model Canvas n.d.; Clark et al. 2010, 20-21.)

For a startup business, the absence of defined customer segments can pose several risks and challenges. Firstly, it may lead to ineffective marketing efforts as the lack of specificity in targeting the right customers can result in unfocused or generic marketing campaigns that fail to resonate with the intended audience. This can result in wasted resources and low conversion rates. Secondly, the absence of defined customer segments can hinder the establishment of a product-market fit. Gaining a deep understanding of the unique needs, preferences, and pain points of specific customer segments is crucial for developing a product or service that caters to their demands. Without such clarity, a business may struggle to identify the right product-market fit, resulting in a misalignment between the offerings and the actual customer demands. Thirdly, the lack of defined customer segments can lead to inefficient resource allocation. Startups typically have limited resources, including time, money, and manpower. Without specific customer segments, a startup may spread its resources too thin by attempting to cater to a broad and undefined customer base. This can result in inefficient resource allocation, lack of focus, and reduced chances of success. Furthermore, the absence of defined customer segments can result in missed opportunities. Different customer segments may have unique needs, preferences, or pain points that represent potential business opportunities. Without identifying and targeting specific customer segments, a startup may fail to address unmet needs or tap into niche markets, resulting in missed opportunities for growth. Lastly, the lack of defined customer segments can pose challenges in scaling business operations. Scaling a business requires a clear understanding of the

target customer segments and their needs. Without defined customer segments, it can be challenging to replicate success or expand into new markets, resulting in difficulties in scaling the business operations. (FasterCapital.)

3.3 Channels

Channels connect the business to its customers. The company is in contact with customers through various channels and through different activities such as communication, distribution and sales. How the channels work in practice affects majorly the customer experience. With the help of the channels, customers can get information about, for example, the products and services offered by the company. Channels also help convey the value proposition of the business to the customers. For this reason, it is important that the costs of using the channels are considered at the very beginning and it is determined which channels are cost-effective to maintain and which are worth keeping. (Clark et al. 2010, 26.) Channels are used to communicate with customers either directly or through an intermediary. They can be either the company's own or outsourced or a combination of both.

When using channels, usually there are five different stages, each of which has its task and purpose (Clark et al. 2010, 27). The first step is spreading awareness. This means that the company must consider which channel will be used to bring the services and products to the attention of the customers. If the company wants to get customers, marketing is vital. The company primarily uses the marketing channels that are best suited for the selected customer segments, i.e., they reach potential customers. The second stage is evaluation, which includes evaluating the value propositions by the customer. At this point, the company must consider what kind of channels it can use to help the customer in the evaluation. For example, customer surveys or feedback opportunities in various channels serve this purpose. The third stage is related to buying, where the company chooses the right channels concerning sale locations and distribution possibilities. The point of sale can be, for example, a boutique or an online store, in which case the choice of distribution channels depends on the length of the distribution route. In the fourth step, the company decides through which channels and in what form it will pass on the value proposition to its customers. The fifth and last stage is resale. In it, the business offers support to its customers through the chosen channels, even after making purchases. To ensure a successful customer ex-

perience until the end, it is important that communication and customer service continue between the customer and the company even after the purchase. (Business Model Canvas n.d.; Clark et al. 2010, 27.)

If channels are not defined or they are poorly chosen, it can result in various risks to a business, including ineffective communication, limited reach, inefficient sales, poor customer service, weak customer relationships, and inefficient resource allocation. It is imperative for businesses to meticulously consider and align their channels with their overall business model to mitigate these risks and achieve successful customer engagement, sales, and business growth. The absence of well-defined communication channels may lead to suboptimal or inconsistent communication with customers, resulting in confusion, misunderstandings, and a failure to convey the value proposition effectively. This can result in reduced customer awareness, diminished brand reputation, and missed opportunities to engage and convert customers. Moreover, hastily or inadequately chosen distribution channels may result in restricted access to target customers, diminishing the availability of products or services to potential buyers. This can lead to missed sales opportunities, diminished revenue, and limited market share. Defective sales channels or sales techniques may result in inefficient sales processes, leading to lower sales conversion rates, prolonged sales cycles, and increased costs of sales. This can impact the business's ability to generate revenue and achieve profitability. Furthermore, if service channels are not properly defined or implemented, it can result in inadequate post-sales support, customer service, or after-sales services. This can lead to dissatisfied customers, negative reviews, and customer attrition, impacting the business's reputation and long-term customer relationships. Insufficiently effective relationship channels can result in weak customer relationships, reduced customer loyalty, and missed opportunities for repeat business or word-of-mouth referrals. This can result in lower customer retention, reduced customer lifetime value, and increased customer acquisition costs. Lastly, poorly chosen channels may result in the misallocation of resources, such as time, effort, and money, leading to wasted resources and suboptimal business performance. This can impact the business's profitability, cash flow, and overall financial health. (Lumen Learning, n.d.)

3.4 Customer Relationships

Customer relationships play a pivotal role within the Business Model Canvas, encompassing the interactions and engagements that businesses have with their customers throughout the entire customer journey. These relationships are critical, as they directly impact customer satisfaction,

loyalty, and retention, which in turn can significantly influence the business's revenue and long-term success. Hence, it is imperative for businesses to establish customer relationships that are aligned with their overall business strategy, value proposition, and customer expectations. In order to achieve this, businesses must gain a deep understanding of their customers, their preferences, and their needs, as this understanding is pivotal in building and maintaining robust customer relationships that foster customer satisfaction, loyalty, and retention, ultimately contributing to the overall success and growth of the business. (Ebniun 2016.)

Interactions between the company and a customer segment are called customer relationships (Clark et al. 2010, 28-29). Depending on the segment, relationships can be either personal or automated. Personal relationships consist of the interaction between a company representative and an individual customer. Automated relationships are formed through automated services or self-service. In the relationship, the company is either directly or indirectly connected to the customer. When in immediate contact, the company makes direct contact with the customer. For example, when communicating face-to-face. In addition, the company can communicate with the customer indirectly. Relationships are often built around customer acquisition, maintenance or resale, for example. The quality of the relationship has a significant impact on the customer experience. The experience is influenced by the atmosphere of the relationship, the quality of the service received and the amount of general interaction between parties. Creating customer relationships is initially about acquiring new customers. Later the aim is to form sustainable and long-term customer relationships. After this, the already existing relationships are used to increase the customer base of the business. (Business Model Canvas n.d.; Clark et al. 2010, 28-29.) As seen in figure 4, customer relations are a broader concept that encompasses all interactions between a customer and a brand, while customer service is just one of these interactions (Sienkiewicz, 2023).

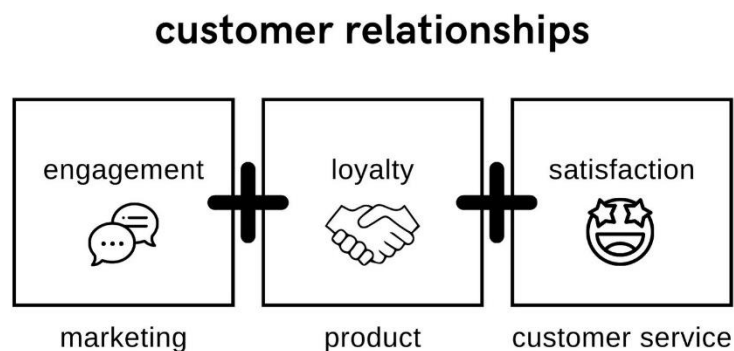


Figure 4. Customer service is an important part of building and maintaining positive customer relationships, but it is not the only piece of the puzzle (Sienkiewicz, 2023).

Managing and maintaining positive customer relationships is critical for mitigating potential risks and fostering customer satisfaction, loyalty, and retention. Businesses should strive to understand their customers, their preferences, and their needs in order to build and maintain strong customer relationships that drive customer satisfaction, loyalty, and retention, ultimately contributing to the success and growth of the business. One potential risk of poorly managed customer relationships is low customer satisfaction levels, resulting from a failure to meet or exceed customer expectations. This may lead to customer complaints, negative reviews, and ultimately, loss of customers. High customer churn rates, which refer to the rate at which customers stop doing business with a company, can also be a consequence of ineffective customer relationship management. This can result in a loss of revenue and decreased customer loyalty. Negative word-of-mouth, whereby dissatisfied customers spread negative reviews or feedback about a business, can also pose a risk to the business's reputation and lead to potential customers avoiding the business. This can result in a decrease in new customer acquisition and revenue. Additionally, poor customer relationships may lead to decreased customer loyalty, with loyal customers being less likely to repeat purchases, refer others, or provide positive reviews, while dissatisfied customers may switch to competitors. Missed opportunities for upselling or cross-selling, where businesses can offer additional products or services to existing customers, can also result from insufficient customer relationship management. This can impact the business's revenue and profitability. Furthermore, negative customer relationships can damage a business's brand image, leading to a loss of trust and credibility among customers, which can be detrimental to the business's long-term success. (Corner & Hinton, 2002.)

3.5 Revenue Streams

Revenue streams reveal how much and from where the company gets its income. Expenses are subtracted from income to determine how much the profit or loss is. Revenue streams keep the company afloat and help it succeed in business. The company must acknowledge what the customer is willing to pay. Based on these, it is considered how much the company should invest in the customer and in maintaining the customer relationship. Income forms either as a result of individual trading or recurring payment transactions. (Clark et al. 2010, 30.)

A company has different means to earn revenue (Figure 5). The most common source of income for the company is the sale of product ownership. For example, when the customer has paid the

full price for a physical product, its ownership is completely transferred to the buyer. Often, companies may also charge for the use of a certain service, in which case income is accumulated according to the amount of use of the service. Occasionally the source of income is the subscription fees, which the customer pays, for example, once a month to be able to use the services offered by the company. The company can also give credit, lend or enter leasing contracts for a fee. These still only apply to certain periods of time for which the customer is willing to pay. Income can also be license fees that a customer pays to be able to use a product owned by the company. Regarding commissions, income comes when the seller and the customer are brought together. Furthermore, the company receives money from advertising revenue. The amount of income and the profitability of the business predominantly depend on the pricing strategy of the company. The strategy is primarily either fixed or dynamic. Prices are unchanged in fixed pricing. In dynamic pricing, prices change according to supply and demand. (Clark et al. 2010, 30-31; Ebniun 2016.)

types of revenue streams

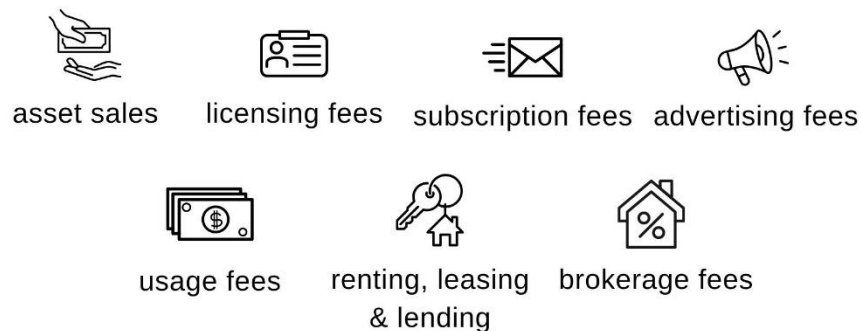


Figure 5. Various types of revenue streams (OpenClassroom, 2023).

Businesses should carefully consider and strategize their revenue streams, ensuring they align with their business model, market dynamics, and customer needs. Identifying and capitalising on new revenue streams, appropriately pricing products or services, and implementing effective monetisation strategies are important to mitigate risks and drive sustainable revenue growth for the business. One risk is over-reliance on a single source of revenue. This can pose significant risks to the business's financial stability, as any disruption or decline in that particular revenue stream can have severe consequences on the business's cash flow and profitability. For example, if a business relies heavily on a single product or service for generating revenue and that product or service becomes obsolete or faces a decline in demand, it can result in a significant loss of revenue and jeopardise the business's sustainability. Another risk is the failure to identify and capitalise on potential revenue streams. Businesses may miss out on opportunities to generate additional

revenue by not identifying or exploring new revenue streams that align with their business model, customer needs, and market trends. This can limit the business's potential for growth and diversification, leaving it vulnerable to changing market dynamics or competitive pressures. Additionally, pricing and monetisation strategies for revenue streams are crucial for the business's profitability. If businesses fail to appropriately price their products or services, or if their pricing strategy does not align with customer expectations or market conditions, it can result in poor revenue generation or reduced profit margins. Poorly executed monetisation strategies, such as offering products or services for free without a clear plan for revenue generation, can also impact the business's financial sustainability and growth potential. (GoCardless, 2022.)

3.6 Key Resources, Activities and Partners

The company needs various key resources to run its operations and implement value propositions. Resources include both tangible and intangible assets. The tangible assets include various machines and equipment, vehicles, raw materials, premises, places of sales and distribution networks. Intangible resources are related to brand awareness, patents, copyrights, partnerships and customer databases. Further, human resources and financial resources guide the operations of the business. Personnel resources are based on professional qualifications, experience, and proficiency. Financial resources consist of the funds that the company uses to maintain its operations, such as hiring personnel or other necessary expenses. However, since resources are always limited, the company must know how to use them effectively to be profitable and to have the opportunity to advance and progress. Resources must be prioritised sensibly from the point of view of the business because obtaining and using resources always cause costs for the company. (Clark et al. 2010, 34-35; Kukkola 2015.) Therefore, before acquiring resources, it is important to think about which resources are necessary for the business and which of them should be invested in and how much (Ebniun 2016).

Key activities of a company refer to the actions that a company needs to perform to do business in practice. All activities aim at fulfilling the value proposition of the company. A business model of the business largely dictates what kind of processes it needs in the different areas of its operations. The most important processes are often related to production, problem-solving and network software. Furthermore, channel maintenance, logistics and maintenance require actions. In production, operations are mainly focused on the design, manufacture and delivery of the prod-

ucts to the customers. Instead, problem-solving activities are usually used to solve customer problems. These functions are used by service organisations, for example. Know-how and advanced training are required to be able to respond to various problems of a customer. The operations of the network software are built, maintained and developed entirely on the different platforms of the network. The company can offer various services to its customers via the network, plan and target sales promotion measures, and manage other activities that need or use online programs as a platform. (Clark et al. 2010, 36-37; Ebniun 2016.)

The business can acquire partners and form co-operative relationships with other companies, the government or various communities. Suppliers, manufacturers or other companies often act as partners. Relationships help operations in many ways, such as business development, reducing and preparing for risks, and acquiring and managing resources. The parties of the relationship can co-operate with each other as partners or as competitors. When companies are partners with each other without competition, both parties benefit. Instead, when acting as competitors, the main task is together to raise awareness of the same industry. The business can also merge with another company. Together they form a completely new entity. (Clark et al. 2010, 38-39; Ebniun 2016.) With the help of co-operative relationships, the company gets more resources and functions to utilise. Thus, it can reduce costs when they are shared. The potential benefits of co-operation are that the company may get new customers from its partner's already existing customer base. In addition, it is possible to prevent risks and reduce uncertainty factors when cooperating to tackle them. (Business Model Canvas n.d.; Clark et al. 2010, 38-39.)

3.7 Cost Structure

The cost structure of the company consists of all the costs that result from running the business, for example, from the company's resources, processes and customer relationships. It shows the spending of the company and the areas that are cost-effective or financially unprofitable in the business. In every business model, the goal is to have the lowest possible cost structure. Generally, business models are compartmentalised into either cost-based or value-based models. In the cost-based model, the cost of the product or service is kept to a minimum and the savings to a maximum. In this case, the value propositions are based on a low price. Then, the functions are automated and outsourced to other companies as much as possible. In the value-based model, the focus is on generating the value of the product or service. The value propositions are high quality and the services are individualised. (Ebniun 2016; Clark et al. 2010, 40-41.)

Company costs are divided into fixed and variable costs. Fixed costs are unchanging expenses, which include salaries, rent, machines and equipment, for example. Typically, the amount of these costs is not affected by the fluctuations in production, but they are formed based on the passage of time. Variable costs vary with the variables, as the name suggests. These include various raw materials, other materials and accessories that are needed in the manufacturing process. Fluctuations in the amount of production have a proportional effect on the size of costs. In addition, sales are variables and affect variable costs in the same way. (Clark et al. 2010, 41; Osaavayrittäjä, n.d.) For a business to be profitable, the expenses must be lower than the income. To ensure this, the company must make estimates of future expenses and income to see what kind of operations are profitable and to what extent.

In the next chapter, the business idea is modelled in more detail, taking into account various aspects of the Business Model Canvas. While the main focus remains on the customer-driven perspective, including value proposition, customer segments, channels, customer relationships, and revenue streams, a comprehensive analysis is conducted from the viewpoint of a wellness startup. This comprehensive analysis allows for a thorough examination of each component of the Business Model Canvas to ensure alignment with the needs and preferences of the target customers. By adopting a customer-centric approach throughout the implementation of the Business Model Canvas, the business plan developed in this thesis aims to create a robust and effective strategy for the wellness startup, ensuring its viability and success in the competitive market. Furthermore, the practical application of the Business Model Canvas in the business plan development process serves as a valuable learning experience, providing hands-on insights into the strategic decision-making process for a startup. The meticulous analysis and integration of each element of the Business Model Canvas from a customer-driven perspective not only enhances the theoretical framework of the thesis but also contributes to the growing body of knowledge on business planning and entrepreneurship.

4 Modelling the Business Idea

The primary focus of the following chapters is on the customer-driven perspective in the creation of the business plan of a wellness startup. The process begins with a description of the original business idea and its potential implementation. Subsequently, the business plan creation process is portrayed using the Business Model Canvas, with a particular emphasis on the customer-driven perspective. The implementation process starts with the examination of the value proposition, followed by an analysis of the customer relationships, customer segments, channels, and revenue streams, all from the perspective of the customers. The perspective then shifts to the business, where key partners, core functions, available resources, and the cost structure are considered. The output is a finalised Business Model Canvas that supports starting a wellness startup (Appendix 1). In addition, it is important to note that a Business Model Canvas workshop was conducted as part of the research methodology. This workshop served as a critical component in refining the business plan, with a specific focus on the customer-driven perspective.

4.1 Prior Implementation of Business Plan

Mindfulness can be described as a state of awareness and attention that involves paying attention to the present moment without judgment or distraction. It involves bringing one's full attention to thoughts, feelings, and physical sensations, and learning to observe them without reacting or getting caught up in them. Through mindfulness practice, one can learn to manage stress, reduce anxiety and depression, and improve a person's overall well-being. One can learn to cultivate greater self-awareness and compassion and develop a more positive relationship with yourself and others.

The business discussed in this thesis is a hobby and a lifestyle of the entrepreneur, and it could be converted into a business and a secondary occupation. The industry in question is health and wellness. The idea originates from experiences and observations, how mindfulness and simply being aware of a person's feelings and sensations can improve one's quality of life, increase happiness, ease various mental illnesses, and relieve physical pain and various symptoms caused by the distressed nervous system. Will to help others and share those experiences are the driving factors to create a guide, or guides, for others to achieve the same level of happiness and satisfaction in life. These materials could be made available for free. However, the last few years have

made people around the world self-aware of the significance of well-being and health. In 2020, the size of the health and wellness market was estimated at over 4.3 trillion U.S. dollars worldwide. By 2025, the number is predicted to increase to almost seven trillion dollars. (Statista.) Thus, it would be a good opportunity to start a side business with low risks and costs.

The idea is to provide affordable and accessible mindfulness classes, courses and materials related to those courses online. As mentioned, mindfulness has become increasingly popular in recent years, and there is a growing demand for high-quality mindfulness resources that are accessible to everyone, regardless of income or location. By offering classes and courses for a low price or even for free, my business would be able to reach a wide audience and provide valuable resources to people who might not be able to access them otherwise. The potential impact on people's mental health and well-being is prominent and the potential growth and scalability in the online education market is rather lucrative. There is also a candid possibility to monetise the business. For example, paid, premium subscription services or courses could be offered, merchandise sales, or generating revenue through advertising or sponsorships.

4.2 Steps of Implementation

Practice-based research is a methodological approach that involves conducting research through direct engagement and active participation in practical activities related to a particular field or domain. It is an experiential approach to research where the researcher is actively involved in the practice or activity being studied, rather than solely relying on traditional data collection methods such as surveys or interviews. In practice-based research, the researcher gains insights and generates knowledge by immersing themselves in the practical aspects of the subject matter. This can involve engaging in hands-on activities, experimenting with different approaches, observing and analysing real-world scenarios, and reflecting on personal experiences and observations. The aim is to develop a deeper understanding of the practical nuances, challenges, and opportunities within a specific field or domain. (Candy, 2006.) While practice-based research can provide valuable insights and practical applications, it is important to critically assess the validity and reliability of the findings, acknowledge the limitations and biases, and strive for rigour and transparency in the research process. This critical assessment enhances the credibility of the research findings. The validity of the findings depends on the accuracy of the research process and the quality of the data collected. Since the research involves engaging in real-world activities, such as conducting a business model canvas workshop in this instance, there may be limitations in terms of the

generalisability of the findings to other contexts. The findings may be specific to the particular setting, industry, or participants involved in the workshop, and may not be applicable to other situations. Additionally, the validity of the findings may be influenced by potential biases, such as researcher biases, that may impact the accuracy and representativeness of the data collected. The reliability of the research findings also depends on the consistency and stability of the research process. The research process should be well-documented, transparent, and replicable so that others can verify and replicate the findings. However, practice-based research may be influenced by contextual factors that may change over time, such as changes in the industry, market conditions, or business dynamics, which may impact the reliability of the findings. It is important to acknowledge and address these potential limitations in the research findings. In practice-based research, it is important to critically assess the findings and interpretations. The researcher should be transparent about the limitations, biases, and potential sources of error in the research process, and acknowledge any uncertainties or limitations in the findings. The critical assessment also involves evaluating the strengths and weaknesses of the practice-based research method itself and considering alternative research methods or approaches that could provide complementary or contrasting insights. This critical assessment helps ensure that the research findings are reliable, valid and contributes to the overall accuracy and quality of the research.

The implementation steps of the research are data collection, data analysis, critical reflection and finally documentation. The process is illustrated in Figure 6. For this purpose, a mini-workshop is conducted. The workshop starts with data collection leading to analysing the collected data, critically reflecting on the results and finally documenting them. During the workshop, data is collected in the form of participant's inputs and ideas related to the various aspects of the Business Model Canvas. After the workshop, careful analysis of the collected data, looking for patterns, trends, and insights that emerge from the participant's inputs is done. Following the data analysis, critical reflection is undertaken to carefully evaluate the research process and outcomes. This involves critically examining the limitations, biases, and potential sources of error in the research, and reflecting on the implications of these limitations for the validity and reliability of the research findings. Additionally, critical reflection involves considering alternative perspectives, addressing potential biases, and exploring potential areas for further research or improvement in the research approach. Finally, research findings are documented.

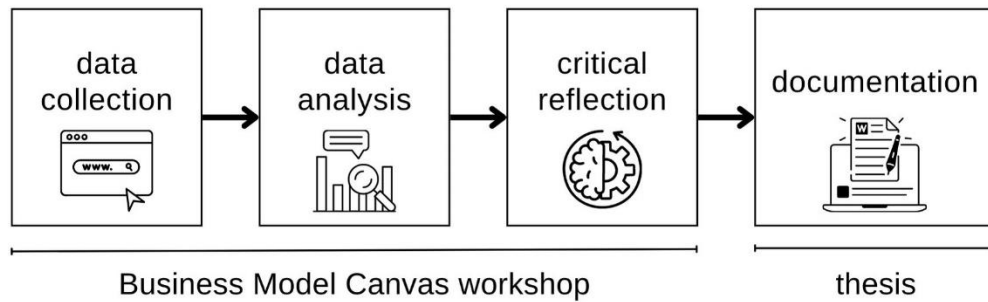


Figure 6. Steps for implementing practice-based research in this thesis.

The workshop conducted for this thesis utilises a practice-based research approach, applying established research standards and protocols. Through data collection, analysis, and critical reflection, the workshop aims to generate reliable research findings that contribute to the advancement of knowledge in the field of wellness startup business models. The purpose of the workshop conducted as part of this thesis is to apply a practice-based research approach in analysing and refining the business model of the wellness startup using the Business Model Canvas. The ultimate goal is to develop a comprehensive and effective business plan for the wellness startup that aligns with the needs and preferences of the target customers and provides valuable insights for launching and growing a successful startup in the wellness industry. Since the entrepreneur is a solo entrepreneur, they do the workshop alone. While it is possible for a person to do a workshop alone, it is generally more adequate to have a group of people involved in the process, preferably with different perspectives and expertise. This can generate more diverse ideas and solutions and can help to identify potential challenges and opportunities that may not have been considered otherwise. Additionally, working with others can provide valuable feedback and support. It can also help to refine the business plan. However, if doing the workshop alone is the only option, it is still worth going through the process as it helps to clarify the business idea and identify potential areas of improvement. It is a helpful exercise for an individual entrepreneur to work through the Business Model Canvas on their own, as it allows for focused and reflective thinking about different aspects of their business idea. Nonetheless, it can be favourable to have someone else brainstorm ideas or provide feedback during the workshop. Doing the workshop alone before starting the business helps the entrepreneur to gain clarity about their business idea and identify potential problems and opportunities. Once the business is in operation and there is a team or a partner, revisiting the Business Model Canvas helps to ensure that everyone has mutual understanding and is working towards the same goals. It can also help the team to identify areas for improvement and make necessary changes to the business plan to ensure its success.

When done alone, the Business Model Canvas workshop may have some limitations. One of the main limitations is the lack of diverse perspectives and expertise. When working alone, the entrepreneur may have limited knowledge about certain areas, such as marketing or finance, which can limit the effectiveness of the workshop. Additionally, working alone may lead to a lack of critical thinking and analysis, as the entrepreneur may not have someone to challenge their assumptions and ideas. When conducted properly with a skilled facilitator and engaged participants, the workshop can be a valuable tool for generating ideas and creating a shared understanding of a business model. However, it is important to recognise that the workshop alone cannot guarantee the success of a business. The Business Model Canvas is simply a framework for organising and communicating a business model, and the quality of the model itself depends on a range of factors, including market research, financial planning, and effective execution. Therefore, while the Business Model Canvas can be a useful tool, it is only one part of the overall process of creating and implementing a successful business model. In terms of reliability, the Business Model Canvas can be considered reliable to the extent that the process is conducted consistently and precisely. However, the reliability can be affected by the bias of the facilitator, the quality of the data used, and the level of expertise and experience of the facilitator. Therefore, it is important to have a skilled coordinator who is trained in the Business Model Canvas methodology and ensure that the process is transparent and based on credible data. This can help ensure that the process produces reliable results that can be used to develop a robust business plan. Overall, the practice-based research method in the thesis involves designing and conducting a Business Model Canvas workshop, collecting and analysing data from the workshop, interpreting and synthesising the findings, engaging in critical reflection, and documenting the research findings and outcomes in the thesis.

4.3 Implementing the Business Model Canvas

In this chapter, the implementation of a Business Model Canvas workshop as part of the chosen research methodology is outlined. According to a simple Google search, there are millions of Business Model Canvas templates available, some of them are free to use and some are behind a login or a paywall. It is also possible to make custom templates, for example, by using Microsoft Word or PowerPoint, or alternatively Google Docs or Slides. To jazz up your template, a graphic design tool can be used. In the present study, a custom template is made by using the online graphic design tool Canva basing it on a pre-existing template available on the internet (Varma 2021). The

created template is included in the appendices of this thesis as a visual representation of the Business Model Canvas used in this study.

Commonly, the Business Model Canvas is illustrated as a matrix that reviews the nine blocks of the BMC. The model can be worked on alone or in a group and the time used in the process can vary substantially. The tool is great for brainstorming and supporting discussion and planning. Because of its visuality and simplicity, the Business Model Canvas is also very easy to present and go through with possible shareholders or partners. For example, products or services and the value they create for the customer could be the first things to fill in the Business Model Canvas. Figuring out what is the genuine added value, that is brought to customers, is important because every action made by the entrepreneur should support that goal. The sections in the Business Model Canvas can be answered with keywords, there is no need to use full sentences immediately. If an area seems difficult to complete, move on to the next one and come back later. (Varma, 2021.)

The workshop was conducted with the aim of analysing and refining the business idea of the wellness startup from a customer-driven perspective. The Business Model Canvas, a widely used tool in business and entrepreneurship, served as the framework for the workshop. The workshop was structured as a solo brainstorming and reflection session. A pre-designed Business Model Canvas template, created using Canva, was utilised during the workshop to guide the process. During the workshop, each aspect of the Business Model Canvas was thoroughly analysed and reflected, with a particular emphasis on the customer-driven perspective. In the following chapters, the refined business model of the wellness startup based on the outcomes of the Business Model Canvas workshop is explored.

4.3.1 Value Proposition

In the context of a company itself, the value proposition is important because it defines the reason for the existence of the company and its purpose. It describes the unique value that a company offers to its customers and how it differentiates itself from its competitors. Having a clear and compelling value proposition helps the company to differentiate itself in the market, build brand awareness and loyalty, and ultimately drive growth and profitability. Furthermore, a strong value proposition can serve as a guiding principle for the operations of the business, strategic

decision-making, and resource allocation, ensuring that all activities and investments are aligned with the overall mission and goals.

As stated in chapter 3.1, the value proposition is a central element of the Business Model Canvas, as it is the foundation of the business model. Without a clear and compelling value proposition, it will be difficult for a company to attract customers and sustain its operations. Therefore, having a strong value proposition is crucial for the success of a business. It also informs other elements of the canvas, such as customer segments, channels, and revenue streams.

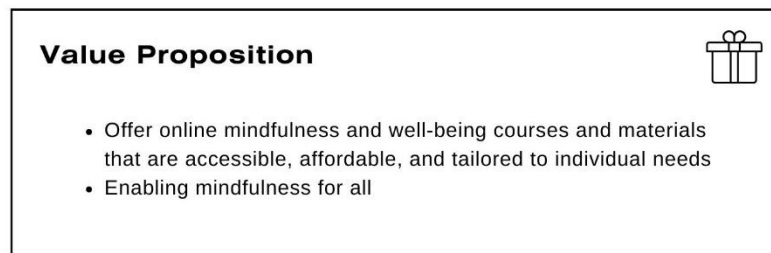


Figure 7. The value proposition of the wellness startup (Clark et al. 2010, 15).

The value proposition of the business discussed in the thesis is to offer online mindfulness and well-being courses and materials that are accessible, affordable, and tailored to individual needs, enabling mindfulness for all (Figure 7). From an entrepreneur's perspective, creating a value proposition involves identifying a customer need or problem and designing a product or service that addresses that need or solves that problem in a unique and valuable way. The entrepreneur must also consider the competitive landscape and ensure that their value proposition is differentiated from existing solutions in the market. Additionally, the entrepreneur must ensure that their value proposition aligns with their overall business strategy and goals.

4.3.2 Customer-driven Perspective

In this chapter, the focus is on customer-driven factors. These factors are customer segments, customer relationships, channels and revenue streams. The analytical approach employed in this chapter combines secondary data with practice-based research, allowing for a comprehensive examination of these factors from the perspective of the business model under investigation. The application of this process allows for a holistic understanding of the alignment between the business model and customer-driven factors. The conclusions drawn highlight the significance of customer segments, customer relationships, channels, and revenue streams in the context of the

business model under investigation, provide valuable insights for further analysis and contribute to the overall understanding of the business model.

Customers can be divided into different segments according to demographic, geographic or psychographic factors as mentioned in chapter 3.2. When deciding on the customer segments, the first question was that who would benefit from the business. Then it was reflected on what attributes would be relevant. For a business focused on mindfulness and mental wellness, for example, gender, ethnicity, sexual orientation or marital status are not significant factors in determining customer segments. Other factors such as age, location, occupation, interests, and behaviour are more relevant in identifying target customers. There may be some cases where these characteristics are relevant or irrelevant, but in general, it is important to focus on the attributes that impact the needs of a customer and the use of the products and services.

Interactions between the company and a customer segment are called customer relationships as written in chapter 3.4. The type of customer relationships that the business has depends on the goals and objectives of the company, as well as the needs and preferences of its target audience. The company can offer a self-service model, where customers purchase and access courses and classes online without the need for direct interaction with the company. The other option is to offer personalised support and coaching to customers, through one-on-one sessions or group coaching, for example. This can help deepen customer relationships and improve their experience with the business. Additionally, the company can offer a subscription-based model, where customers pay a monthly fee for access to a range of courses and classes, as well as other resources and benefits.

Channels connect the business to its customers. Also, they help convey the value proposition of the business to the customers as stated in chapter 3.3. However, it is good to keep in mind that not all channels are suitable for the company's business and audience, thus, it is important to test and measure the effectiveness of each channel to find the ones that work best. The base and foundation of the business will be its website and from that, a network of other channels is built to support it. The website of the company serves as the main hub for community engagement, with a forum or comment section where customers can interact with each other and with the company. Easy access is essential for building a community and engaging with customers. For example, Instagram, Reddit or Facebook can be used to reach a wider audience and attract new customers who may not have found the website otherwise. The key is to make sure that all channels are integrated and that the company is actively engaged and responsive to customers across

all platforms. Ultimately, it depends on the preferences and behaviour of the target market, so it is important to research and test different options to see what works best.

Revenue streams reveal how much and from where the business gets its income. They keep the company afloat and help it succeed as discussed in chapter 3.5. The primary goal of the wellness startup is not to generate significant revenue. The main focus of the business is on providing value to its audience. In this case, the entrepreneur believes it is important to prioritise the mission and values of the business above generating revenue. However, there are still some options to cover the costs and potentially generate some additional income. Ad revenue could be a potential source of revenue. If the website or social media pages attract a significant number of visitors or followers, it could be possible to sell ad space to relevant businesses or organisations. However, it is important to ensure that the advertisements do not detract from the user experience or contradict the values of the business. Additionally, it is important to consider the potential impact on the community and whether it aligns with the overall mission and goals of the business. Building a community and establishing a strong brand helps generate revenue through other means, such as sponsorships or partnerships with related businesses. It is worth noting that some of these revenue streams may take time to develop and may not be significant sources of income, especially when the primary focus of the business is on providing value to its audience rather than generating revenue.





<p>Customer Relationships </p> <ul style="list-style-type: none"> • Self-service • Automated • Community-based • Personal • Co-creation 	<p>Customer Segments </p> <ul style="list-style-type: none"> • Health and wellness enthusiasts interested in improving their overall well-being • Individuals dealing with anxiety or depression seeking mental health support • Individuals dealing with chronic pain or illness seeking alternative methods of treatment • Individuals in addiction recovery seeking support for their mental health and well-being • Seniors interested in maintaining their cognitive and physical health • Teachers and educators seeking to integrate mindfulness and wellness practices into their classrooms • Parents and caregivers interested in teaching mindfulness and wellness practices to children • Working professionals looking to reduce stress and increase productivity • Corporate clients interested in wellness programs for their employees
<p>Channels </p> <ul style="list-style-type: none"> • Company website • Social media platforms, Instagram • YouTube • Online forums and communities • Partnership and collaborations • Email newsletters • Possible mobile app • Possible podcast 	
<p>Revenue Streams </p> <ul style="list-style-type: none"> • Donations • Premium content and subscription services • Affiliate marketing • Corporate programs • Workshops or events • Merchandise • Sponsorships • Ad revenue 	

Figure 8. The customer-driven perspective in the viewpoint of a wellness startup (Clark 2010, 15).

This concludes the customer-driven perspective. The chosen components for the wellness startup are shown in figure 8. The five blocks seen in the figure represent the customer-driven perspective of the company. This means that they focus on understanding the customers and how the company can create value for them to generate revenue. Customer segments refer to the different groups of customers that the company targets, while customer relationships refer to the types of relationships that the company establishes with those customers. The channels refer to the different ways that the company reaches and interacts with its customers, while revenue streams represent the various sources of revenue that the company has. The next chapter will go through the company-driven viewpoint.

4.3.3 Company-driven Perspective

From the company-driven perspective, the things observed are the key partners of the company, core functions, available resources and the cost structure. This chapter goes through those components. The process and used methods are the same as before.

The key partners are important because they provide the necessary resources and support for the business to operate and grow successfully as stated in chapter 3.6. Similarly, partnering with payment and financial institutions helps streamline the payment processes and manage finances effectively. This saves time and resources and helps focus on other important aspects of the business, such as marketing and customer service. There are different ways to find and approach potential partners. Some can be approached directly like banks and the tax administration, but others require research, networking and time. To potential partners, the business can offer various benefits such as a mutually beneficial partnership, the opportunity to expand their reach, access to our customer base, and the chance to collaborate on joint projects or events. It is important to understand what value the business can provide to the potential partners and to communicate it effectively in the partnership proposals.

The business can uphold its value proposition through the key activities by ensuring that the activities are aligned with the needs and desires of the target customers as discussed in chapter 3.6. For example, when the value proposition is to offer high-quality mindfulness and well-being courses that are easily accessible online, the company must ensure that the key activities support this. This involves developing a user-friendly online platform that makes it easy for customers to access the products and continually improving and updating the products and services to ensure

that they remain relevant and effective. Additionally, the business upholds the value proposition by constantly seeking feedback from the customers and using this feedback to make improvements to the products and overall customer experience. Some potential short-term activities for my business are developing and refining the online courses and materials, establishing a strong online presence through social media and targeted advertising and conducting market research to better understand the target audience and their needs. As for long-term key activities, these include building a loyal customer base through personalised experiences and excellent customer service, expanding the range of products and services to cover a broader range of topics and interests, widening the business operations to other countries and regions, and naturally conducting ongoing market research to stay up-to-date with changing customer needs and preferences.

In the Business Model Canvas, key resources refer to the essential assets that a company needs to create, offer, and deliver its products or services to the customers as stated in chapter 3.6. These resources can be physical, financial, human, or intellectual. The key resources are critical to the success of a company and are necessary for the business to operate effectively. Identifying and managing key resources is an important part of developing a successful business model. To fulfil the value proposition, set to the business, some key resources that are needed are technology infrastructure, content creation resources, administrative and financial resources and partnerships. There is also a need for the necessary technological resources to develop and deliver online courses and materials. Furthermore, there is a need for resources for creating and curating high-quality content, such as videos, audios, texts, and graphics. Furthermore, there is a need for administrative resources, such as software systems, payment processing, and customer support. Financial resources are needed to cover the operational and other expenses. Partnerships with relevant organisations, businesses, and individuals provide access to additional resources, expertise, and networks that help achieve the value proposition more efficiently and effectively.

The cost structure of the company consists of all the costs that result from running the business as mentioned in chapter 3.7. There are various types of costs that a company incurs, depending on the nature of the business and its operations. Some of the fixed costs of the company include expenses related to website hosting, domain registration, software licenses, legal and accounting fees, rent or mortgage payments for possible office space, insurance, tax, and any ongoing marketing or advertising expenses. These costs do not vary with the level of sales or production and are necessary for the day-to-day operation of the business. Variable costs are expenses that vary in proportion to the level of activity or output of the business, and they can increase or decrease

depending on the volume of sales or the level of production. Some examples of variable costs for the company are the cost of materials for creating and distributing online courses and materials, marketing and advertising expenses, transaction fees for payment processing services for online purchases, hosting and cloud computing costs for online platforms and software used by the company and customer service and support costs for addressing customer inquiries and feedback.

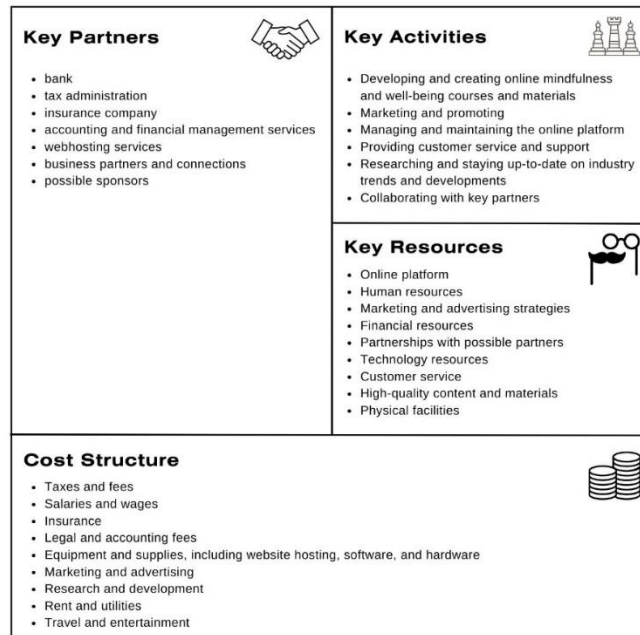


Figure 9. The company-driven perspective of the wellness startup (Clark et al. 2010, 15).

Figure 9 represents the company-driven perspective of the Business Model Canvas. This perspective refers to the internal operations and resources of a business, including its key partners, resources, activities, and cost structure. This perspective looks at how the business can optimise its internal processes and resources to create value for its customers and achieve its objectives. In contrast to the customer-driven perspective, which focuses on understanding and meeting the needs of the target customer segments, the company-driven perspective focuses on the internal workings of the business and how it can best allocate its resources to achieve success. Both perspectives are important in developing a comprehensive business model that can effectively deliver value to customers and generate sustainable revenue for the business. In the next section, the research findings obtained through the practice-based research approach are presented and discussed.

4.4 Research Findings

The research conducted in this thesis aimed to develop a comprehensive business plan for a wellness startup by utilising the Business Model Canvas as a tool for business planning. The research questions revolved around identifying the key elements of a successful business plan and investigating how the Business Model Canvas can be used effectively to structure and organise these elements. The aim was to gain insights into how businesses can better understand, engage, and satisfy their customers by examining and analysing the key components of the Business Model Canvas from a customer-centric perspective. The concrete output of the research was a business plan of a wellness startup made by utilising the Business Model Canvas (Figure 10). The custom template was made to visualise the results. A full-scale version of the plan can be found in the Appendices (Appendix 1).

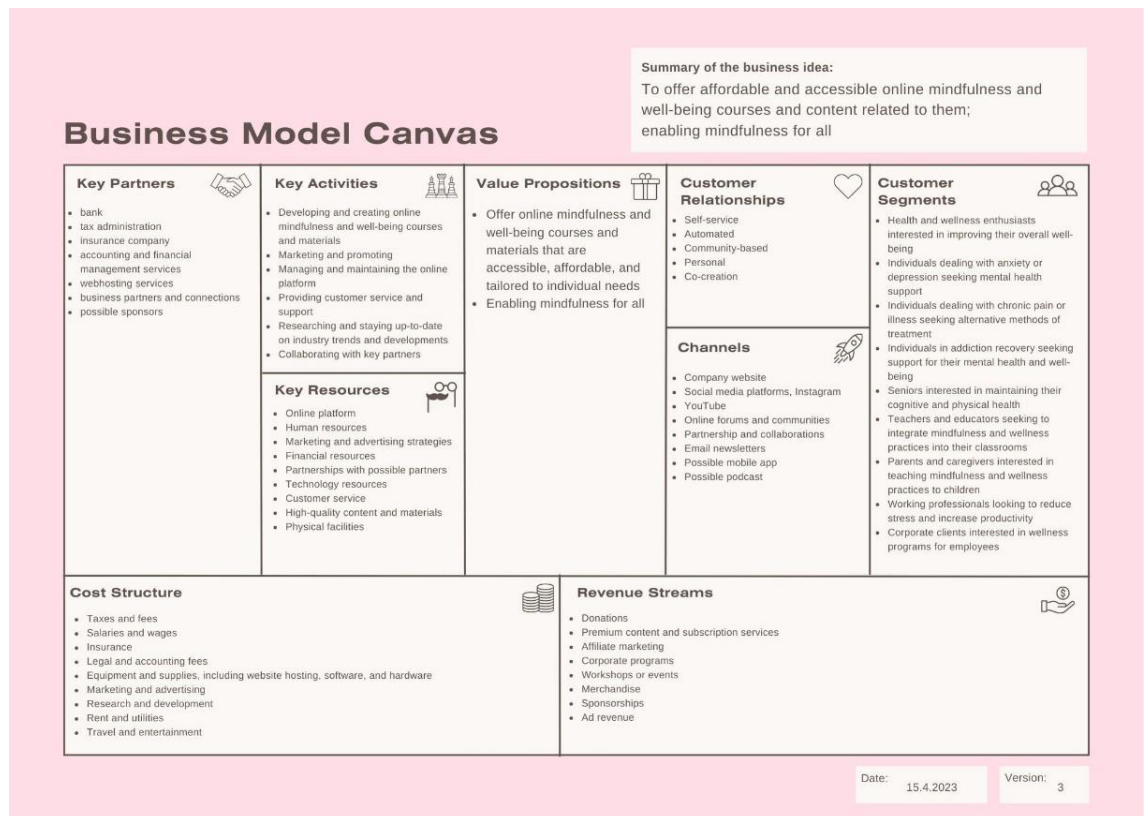


Figure 10. The output of the thesis; a business plan of a wellness startup (Varma 2021).

The research conducted on the Business Model Canvas revealed that while the tool is useful for business planning, it has certain limitations that must be taken into consideration. It was also discovered, that the model suits well for businesses that prioritise customer-centric values. However, it is important to note that the Business Model Canvas is a simplified approach to business

planning and therefore may not be suitable for all types of businesses or industries. Further research is needed to develop a more comprehensive planning tool that addresses the limitations of the current model. For example, qualitative research on the same topic could yield more comprehensive results. Moreover, the study found that the individuals involved in the canvas creation process play a crucial role in the resulting business plan. This factor introduces an element of variability in the outcomes and may pose challenges when attempting to replicate results. Therefore, it is important to consider the expertise and experience of those involved in the canvas development process when evaluating the effectiveness of the Business Model Canvas. Ultimately, these findings underscore the need for a critical approach towards the Business Model Canvas and highlight the importance of developing a more nuanced understanding of its strengths and limitations. In light of these observations, it is important to acknowledge that practice-based research can introduce a degree of subjectivity into the investigation, which may affect the validity of the findings. The research undertaken in this thesis provides valuable insights into the potential establishment of a wellness startup. While the findings offer a solid foundation for the business, they are not extensive and further work is required to develop a comprehensive business plan that includes crucial aspects such as product offerings. Therefore, it is recommended that additional research and analysis be conducted in order to refine the business concept and ensure its viability in the market.

Based on the research, it is recommended for entrepreneurs or business owners who are considering using the Business Model Canvas, it is important to keep in mind that the tool can be a useful starting point for business planning, but it may not provide a comprehensive solution for all types of businesses or industries. It is important to evaluate the strengths and limitations of the model based on the specific context and goals of the business in question. Additionally, the individuals involved in the creation process of the canvas play a significant role in the outcome of the resulting business plan. Furthermore, entrepreneurs or business owners should be aware that the Business Model Canvas may not provide a complete picture of their business plan, and additional research and analysis may be necessary to refine the concept and ensure its viability in the market. Overall, entrepreneurs and business owners should approach the use of the Business Model Canvas with a critical mindset and be willing to adapt and refine the model to suit their specific needs and goals.

5 Conclusion

The aim of this thesis was to develop a comprehensive business plan for a wellness startup using the Business Model Canvas. The study focused on identifying the key elements of a successful business plan and investigating how the Business Model Canvas can be used effectively to structure and organise these elements from a customer-centric perspective. The thesis in hand employed practice-based research, and the study was implemented using several steps, including data collection, data analysis, critical reflection, and documentation. To conduct the research, a Business Model Canvas workshop was conducted to collect data from participant's inputs and ideas related to various aspects of the Business Model Canvas. After the data collection, the data was analysed thoroughly to identify patterns, trends, and insights that emerged from the participant's inputs. Following the data analysis, critical reflection was performed to evaluate the research process and outcomes. This involved examining the limitations, biases, and potential sources of error in the research and reflecting on the implications of these limitations for the validity and reliability of the research findings. Additionally, critical reflection involved considering alternative perspectives, addressing potential biases, and exploring potential areas for further research or improvement in the research approach and this concluded the workshop. Finally, the research findings were documented in this thesis.

The research found that while the Business Model Canvas is useful for business planning, it has limitations and may not be suitable for all types of businesses or industries. The study also highlighted the importance of considering the expertise and experience of those involved in the canvas development process when evaluating the effectiveness of the Business Model Canvas. Moreover, the research emphasised the need for a critical approach towards the Business Model Canvas and the importance of developing a more nuanced understanding of its strengths and limitations. Based on the research and its findings, it is suggested that entrepreneurs and business owners should evaluate the strengths and limitations of the Business Model Canvas based on the specific context and goals of their business. Additionally, they should approach the use of the model with a critical mindset and be willing to adapt and refine the model to suit their specific needs and goals.

The learning assessment for this thesis process encompasses topics that include but are not limited to, Business Model Canvas, business planning, entrepreneurship, and research skills. The overall evaluation aims to assess the understanding of the key concepts and skills required to

create a comprehensive business plan using the Business Model Canvas tool. The ability to conduct research using appropriate methods and sources can be demonstrated. After the thesis process, a good understanding of how the Business Model Canvas functions and its purpose in creating a business plan was obtained. The key components of the tool and how to utilise it to identify and organise the critical elements of a business idea can be interpreted. It has been concluded that the ability to think critically, analyse data, and apply creative problem-solving techniques to develop a viable business plan for a new company should be demonstrated. Furthermore, the utilisation of the study's findings in a customer project done in April 2023 by the author demonstrates its real-world application. It should be noted that the project is distinct from the thesis.

The possible next step, after finishing the thesis and writing the business plan, could be creating a minimum viable product (MVP). An MVP is a basic version of the product or service that is designed to test the market demand and gather feedback with a minimum amount of effort and the least amount of development time. (Ries 2011, 94-96.) By creating a minimum viable product, the business idea can be validated and made sure there is sufficient demand for online mindfulness courses and classes before investing significant resources into building out the full product offering. The minimum viable product can be a simple online course or a series of classes that can be offered to a small group of potential customers for free or at a reduced price. The feedback from these individuals can then be used to improve and refine the product before launching it to a wider audience. This approach can help to minimise risks and ensure that the final product meets the needs and expectations of the target market. (Ries 2011, 94-96.)

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Cover page image

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Summary of the business idea:
 To offer affordable and accessible online mindfulness and well-being courses and content related to them; enabling mindfulness for all

Business Model Canvas

<p>Key Partners </p> <ul style="list-style-type: none"> • bank • tax administration • insurance company • accounting and financial management services • webhosting services • business partners and connections • possible sponsors 	<p>Key Activities </p> <ul style="list-style-type: none"> • Developing and creating online mindfulness and well-being courses and materials • Marketing and promoting • Managing and maintaining the online platform • Providing customer service and support • Researching and staying up-to-date on industry trends and developments • Collaborating with key partners 	<p>Value Propositions </p> <ul style="list-style-type: none"> • Offer online mindfulness and well-being courses and materials that are accessible, affordable, and tailored to individual needs • Enabling mindfulness for all 	<p>Customer Relationships </p> <ul style="list-style-type: none"> • Self-service • Automated • Community-based • Personal • Co-creation 	<p>Customer Segments </p> <ul style="list-style-type: none"> • Health and wellness enthusiasts interested in improving their overall well-being • Individuals dealing with anxiety or depression seeking mental health support • Individuals dealing with chronic pain or illness seeking alternative methods of treatment • Individuals in addiction recovery seeking support for their mental health and well-being • Seniors interested in maintaining their cognitive and physical health • Teachers and educators seeking to integrate mindfulness and wellness practices into their classrooms • Parents and caregivers interested in teaching mindfulness and wellness practices to children • Working professionals looking to reduce stress and increase productivity • Corporate clients interested in wellness programs for employees
<p>Cost Structure </p> <ul style="list-style-type: none"> • Taxes and fees • Salaries and wages • Insurance • Legal and accounting fees • Equipment and supplies, including website hosting, software, and hardware • Marketing and advertising • Research and development • Rent and utilities • Travel and entertainment 		<p>Revenue Streams </p> <ul style="list-style-type: none"> • Donations • Premium content and subscription services • Affiliate marketing • Corporate programs • Workshops or events • Merchandise • Sponsorships • Ad revenue 		

Date: 15.4.2023

Version: 3