



Satakunnan ammattikorkeakoulu
Satakunta University of Applied Sciences

LINDA SALLMÉN

Developing a Business Concept with Business Model Canvas

Case Sali Events

DEGREE PROGRAMME IN BUSINESS MANAGEMENT
AND ENTREPRENEURSHIP
2020

Author: Sallmén, Linda	Type of Publication: Master's thesis	30.11.2020
	Number of pages: 55	Language of Publication: English
Title of the thesis: Developing a Business Concept with Business Model Canvas – Case Sali Events		
Degree Programme: Business Management and Entrepreneurship		
<p>The purpose of this thesis was to develop a business concept for the new business idea by Café Sali, the client of the thesis. Café Sali is a popular café in Old Rauma, and besides cafeteria work, the plan has been to expand the business into event and party planning services in the future. Because of the changing business environment and challenges brought by Covid-19, the need for developing the new business idea into a business model was found important. Hence, the idea of Sali Events was created. Instead of establishing a new company, it was decided that it was to be started under Café Sali.</p> <p>The theoretical part combined the key theoretical concepts related to business development. The objectives of the project were to study the key concepts of business development and the theory of the chosen development tool for this thesis, the Business Model Canvas, the BMC, by Alexander Osterwalder.</p> <p>This thesis was performed as a qualitative action research, and semi-structured interviews were used for collecting the key data for building the BMC. Benchmarking and content analysis were also used in order to learn from the similar companies that are operating in the field.</p> <p>As a result of the thesis, the BMC was developed for Sali Events, and its key services were conceptualized. The one-sheet document of the BMC, together with a longer report including the detailed descriptions of the nine building blocks, were presented to the client. The simplicity of the BMC and the relatively risk-free start were seen as indications to the goal for launching the business concept in the near future. The thesis also left ideas for further development processes, which were introduced in the final chapter of the thesis.</p>		
Key words: Business Model Canvas, business development, business model		

CONTENTS:

1 INTRODUCTION	4
2 BACKGROUND OF THE THESIS	5
2.1 Introduction to Café Sali	5
2.2 Background information.....	6
2.3 Market overview for a service concept	6
3 OBJECTIVES AND CONCEPTUAL FRAMEWORK	9
3.1 Objectives and delimitations of the study	9
3.2 Theoretical framework	10
3.3 Justification of the development method.....	13
4 BUSINESS MODELS AND STRATEGY	14
5 BUSINESS MODEL CANVAS	16
5.1 Customer segments.....	17
5.2 Value proposition	19
5.3 Channels	20
5.4 Customer relationships	21
5.5 Revenue Streams	22
5.6 Key Resources	23
5.7 Key Activities.....	24
5.8 Key partnerships.....	24
5.9 Cost Structure	25
5.10 Levels of BMC	26
6 STRENGTHS AND WEAKNESSES OF BMC AND VARIATIONS FOR IT....	27
7 TESTING THE BMC IN THE MARKET	33
8 RESEARCH METHODS AND DATA COLLECTION.....	35
8.1 Action research and design-based research.....	35
8.2 Semi-structured interviews.....	37
8.3 Semi-structured interviews with the entrepreneur.....	37
8.4 Semi-structured interviews with business partners	41
8.5 Benchmarking and content analysis	43
8.6 Ethical issues and credibility of the data	46
9 BUSINESS MODEL CANVAS OF SALI EVENTS	47
10 CONCLUSIONS AND FURTHER DEVELOPMENT IDEAS	48
REFERENCES.....	53
APPENDICES	

1 INTRODUCTION

This thesis is a qualitative action research for Café Sali ordered by the entrepreneur Iida Lampi. Café Sali is a privately-owned cafeteria located in the historical Old Rauma. Operating in the community, where net emigration rates are quite high, is yet challenging, and in order to stay in the business companies must innovate something fresh and different and new. Besides the cafeteria and restaurant products, Café Sali has done catering and event planning on a small scale; therefore, the idea behind this thesis is to develop a business model for the new concept, Sali Events that focuses on the event management. The vision behind Sali Events is to be able to offer professional event and party planning services in the future for both business-to-business (B2B) and business-to-customer (B2C) segments in the Rauma region. Instead of establishing a new company, it will be added as a new business branch to Café Sali's business.

The thesis is started with a study of the basic theoretical concepts related to business development. The main objectives are to study the key concepts of business development and the theory of the chosen development tool for this thesis, the Business Model Canvas, the BMC, by Alexander Osterwalder. The BMC is a visual tool for defining all the key aspects of a business. These are presented with the help of nine building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure. (Osterwalder et al. ... 2010)

The practical objectives for the thesis are to build a BMC for Sali Events, perform a research to gather information, and conceptualize the key business of the new company. The BMC of Sali Events will be presented both as a business plan type detailed document (appendix 1) as well as in a one-sheet document (appendix 2). The aim will be to develop it into a clear business concept that can be launched soon after

the thesis project is finished. Finally, the long-term purpose of this project is to create a new business opportunity for Café Sali to stay active in the changing world.

2 BACKGROUND OF THE THESIS

2.1 Introduction to Café Sali

Café Sali is a modern cafeteria in the heart of Old Rauma, established in 2008 by the entrepreneur Iida Lampi. Her vision was to create a cozy living room into the center of town, where all people around the world would feel warmly welcomed. Café Sali's mission is to give people a relaxing moment with a cup of coffee or tea and a delicious dessert or offer a healthy choice for lunch from the salad buffet enjoyed with their family, friends or colleagues. As the motto says, "Our tables are served for you, for your friends, and for your business partners" (Lampi 2010). Today, Café Sali seats around 75 customers, and besides the cafeteria products, Sali Lounge serves lunch, dinner and brunch. Also, the room in the basement of Lounge has been converted into a cabinet with 25 seats, which has become a popular space to organize parties and meetings.

Over the years, Sali's cabinet and the cafeteria have been the venue for various events: from private celebrations to company parties as well as public music nights and other events. Most of the time the events have taken place in the premises of the cafeteria, but small amount of revenue has come from different catering services outside of Sali. The key point has always been the tailored service provided for each customer; however, most of the time it has involved much more than just catering the food.

Today, Café Sali hires 12 people. Summers are busier due to tourists visiting Rauma, and each year Sali employs many summer workers as well. There are many good employees that would be willing to work more hours, and if there were more events, catering or other reservations, there would be more work hours for the employees and extra staff members. Therefore, Café Sali would be capable for making more revenue

with the existing staff, and that is also one reason why the focus is shifted to developing the event management.

2.2 Background information

The information written about Café Sali is based on the knowledge and experience of the author of this thesis. She has been working in Café Sali since its establishment in 2008 and has been part of the everyday operations and in close contact with the entrepreneur since then. She has been working as a sales manager, but also taken responsibility in decision making and development processes. The entrepreneur has officially been interviewed for the thesis two times, but the subject has been discussed with her many times over the past couple of years. The entrepreneur has given her full entitlement for this process.

Few years ago, the author of this thesis had an idea of establishing an event and party planning company on her own. However, she did not feel that the time was right at that time, and after the discussion with the entrepreneur, they decided that it would be less risky to expand the existing company instead. The new concept can be launched in a slower pace and very little resources are needed for the beginning due to the relation with Café Sali. Since Sali Events will be part of it, the work for the new concept can be done along the cafeteria work. If Sali Events starts to grow, the author of the thesis can focus on running its business more and work less in the cafeteria, where her work can be transferred to other employees. Especially in the unstable times like this, it will be the safest way to start a business.

2.3 Market overview for a service concept

In the EU 99 per cent of all organizations are small or medium sized companies. Most of the Finnish companies are small enterprise driven, or family owned companies operating in the local markets, just like Café Sali is. The significance of service sector is becoming more important for economic growth and development, while the economical structural changes are still an ongoing process in Finland. Customers do not purchase only a certain product anymore, but instead a complete solution around

it. (Viitala & Jylhä 2013, 16-22; Website of Eurofound) This proves that also Café Sali's business idea is following the trend. Whereas the public service sectors are cutting the personal services, people are buying them from private companies. For example, whereas before each organization had their own food canteens in the premises, today the local companies have lunch deals for their employees with Café Sali or other restaurants.

One of the biggest changes is that the services are now often provided by a network of two or more companies, clusters. The new business models do not take over all traditional businesses, as the basic needs of a consumer stay relatively same and the way of living changes slowly. However, traditional entrepreneurship must develop constantly. So called experience economy is becoming a concept of which people are willing to spend their money on; the value proposal is abstract things such as brand, relationships, knowledge, and ideas. A well-known example is the history of a birthday cake. In the agricultural society, a mother baked the cake by herself from the local ingredients, but when the industrialization period started, she purchased separately packed ready-made ingredients to speed up the process. During the service period, the mother was willing to pay money for saving her own time, so she ordered the cake from the bakery. Nowadays, the experience economy has changed people to outsource whatever is beneficial for them, and therefore the mother also hired a company to organize a memorable birthday party, and to get the birthday cake in the deal for free. (Viitala & Jylhä 2013, 23-4)

The new experience economy supports the key idea of what this thesis project aims to achieve with its customers. Based on the feedback that Café Sali has received over the years, customers both in B2B and B2C markets are willing to pay for quality catering services with complete event planning. For example, people are paying high price for personal training services even though there is a lot of information available for free, so on the contrary, they would be willing to invest on a professional planning their life events. Companies as well would rather outsource the planning and organizing of their annual parties than to waste the expensive time of a staff member to do something that is not his or her profession. The key in Sali Events is to serve with such a profession and care about the event, and that separates it from the competitors.

Although the changes in economy support the business idea of Sali Events, the local markets should be taken into consideration as well. The population in Rauma has decreased 8,9% during the years 2008-2018 (Website of Satamittari 2020), and the trend seems to go downwards in the future as well. Entrepreneurs in Rauma have started to worry about how to keep the town dynamic despite the changes in population, and there has also been interest in building a shopping mall in the center of the town. Many people living in Rauma see it as an opportunity; however, if the shopping mall will be built to the city center in the near future, the (international) chain stores of the mall will become competitors for the local small and medium sized businesses: the companies, of whose existence today is crucial to keep Old Rauma lively. Besides the clothing stores, the original floor plan of the new shopping mall has rental spaces for 10 restaurants or cafeterias (Pölönen, personal communication on 28.1.2019). When some restaurants have had to close their doors already in Rauma due to lack of customers, the new mall may be precarious for the local restaurants and cafés that are still operating. There is a fear that the big chains will take over the restaurant field in Rauma, and therefore the private companies must come up with innovations to survive.

The thesis was started prior to Covid-19; however, after the limitations and difficulties operating in the restaurants in spring 2020, the thoughts for developing the business became stronger. As the service economy is thriving, a new business idea is more often based on a service concept. Ideas will rise from the need: how could the customers be served better. Often there is a niche for certain kind of business, if no one has yet thought of a same business idea. Differentiation is a key to success, but before starting any business, the strength of the business idea should be tested from various aspects. (Viitala & Jylhä 2013, 40-1) Since Café Sali has already been organizing events on a smaller scale, it was a natural choice to continue developing that into a more efficient business concept, as there seemed to be need for professional event and party planning in the markets. Like most of the Finnish companies, Café Sali has applied for Business Finland's funds as well, and this thesis is part of the development projects for Café Sali. Based on these thoughts the thesis was started, as there was a need for developing an existing business into something new.

3 OBJECTIVES AND CONCEPTUAL FRAMEWORK

3.1 Objectives and delimitations of the study

The main objective of the thesis is to be able to develop the business idea into a business concept of Sali Events. Business development is the creation of long-term value for an organization from customers, markets, and relationships. All parts must operate cohesively in order to add long-term value, which encourages the growth of resources in the company. (Pollack 2012)

The author of the thesis came up with the business development idea to utilize the knowledge gained over the years and create more revenue for Café Sali with that. The knowhow and experience already exist in the company, however, there is the need to combine them together with a plan that helps grow the business in the future, and that is where the idea for the development project started. The mission of this thesis is to give the tools for the company to conceptualize the business in which they are already operating on a smaller scale but do not have a complete plan to run the business with whole potential.

The thesis is started with the theoretical research, which gives the guidelines for the project. The theoretical research objectives include studying the key theoretical concepts of how to develop a business idea into a business concept, to describe the difference between a business model and a strategy, and to focus on the theory of the Business Model Canvas and its variations, how it can be developed and tested in the markets, and why it is a valid tool for this project.

Once the theoretical background is collected, the focus shifts onto the practical development. The objective for data collection is to gather information and innovate new ideas for the development of the business model with interviews, and to research the work of similar businesses by benchmarking. Based on the data collection, the main objective is to develop the BMC for the case company in the field of event planning and management.

Event management is a vast growing field of business, although there are many ways of operating in it. Since the case company has been organizing many events throughout the years, it has gained good information of event planning and management in general. Event management means planning, organizing, leading, coordinating and controlling to work together in a case of temporary planned occurrences, events. The field of event management has been growing rapidly over the past couple decades, however, there are only a limited number of researches and literature about it. As mentioned in the book, since the variety of different events is so wide, there is no certain way of operating in the event management. (Damm 2012, 6-7) Therefore, this thesis is not focusing on the theory of event management, but instead the case company will find its own best practices for event management in the practical work by careful planning, testing, and learning. Gathering information of the competitors in the field gives valuable examples. Finally, and perhaps most importantly, innovating new ideas together with the entrepreneur is a vital part of the practical work of this thesis.

As a summary, based on the knowledge gathered about the business model development during the literature review, a qualitative action research is performed to gather more data for the practical work. The research objectives include gathering information from past experiences and research the work of competitors in the field by using benchmarking and content analysis. This will help in conceptualizing the key business activities of Sali Events. The practical objective, and the final outcome of this thesis, is to be able to hand out a completed BMC of Sali Events, both the one-sheet document and the longer report, for the entrepreneur of Café Sali at the end of this project.

3.2 Theoretical framework

The conceptual framework of this thesis consists of all the key theoretical concepts that are important in the development process of any business, and therefore it depicts the key elements of the literature review of this thesis (Figure 1). The arrows pointing upwards from the blocks indicate the linear order of the business development process. The figure is constructed based on the literature review done for the thesis, and it is an interpretation on the path that businesses develop by the author of this thesis. The

Business Model Canvas is one of the tools that can be used in business development and it is the main theoretical concept of this thesis, but there are others as well. Hence it is highlighted in the figure. The following paragraphs describes the steps in more detail.

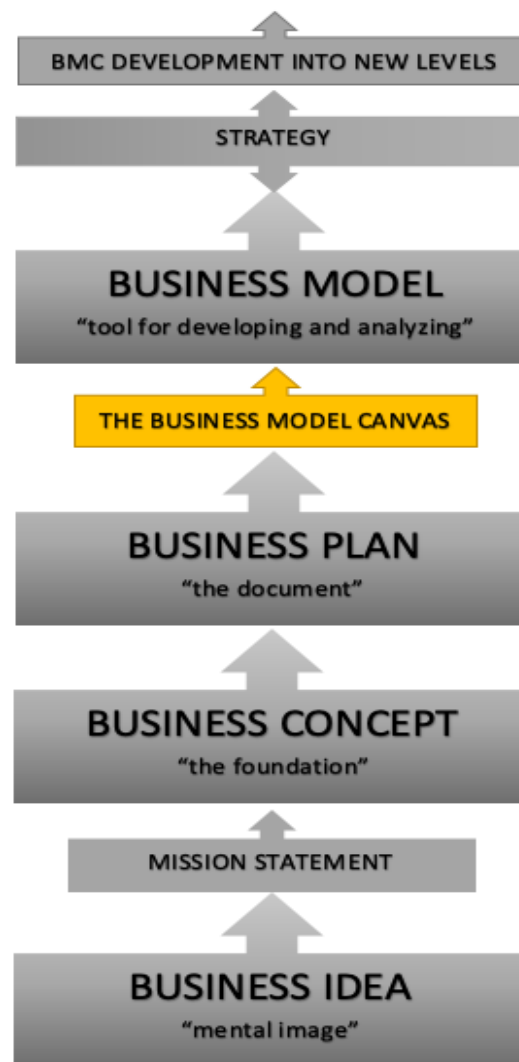


Figure 1. Conceptual framework.

A business idea is a mental image and an unproven concept; a starting point of any business. It should be innovative and unique. The business idea is developed into a business concept after defining the mission statement of the idea. A business concept can be used for financial gain, and its basic elements include a product or service, customer markets, operations and the desired image. Therefore, it answers to the questions what is sold, to whom, how is the process executed, and how to make customers buy. (Viitala & Jylhä 2013, 42-3) The term business concept has slightly

different definitions, and for example in Finnish literature, the term for both business idea and business concept are often the same word 'liikeidea'.

Each startup business should write a manual for their business concept, and that is called a business plan. Business plan will analyze, strategize, and package the business concept into a complete business, and the plan is required to make money with the business. A traditional business plan is often a long document with lots of writing, spreadsheets and market research, which many entrepreneurs may find difficult to write and update. (Amarsy 2015) Since this is a development process for an existing company, the author of the thesis was advised to research other options for more suitable way. A popular way of representing the business concept is Business Model Canvas by Alexander Osterwalder. Business Model Canvas, the BMC, is a modern way of developing a vision into a real business. The BMC is a shared language for describing, visualizing, assessing, and changing business models. According to Alexander Osterwalder, business model can best be described through nine building blocks that show the logic of how a company intends to make money. The blocks cover the main areas of a business: customers, offer, infrastructure, and financial viability. (Osterwalder et al. ...2010; 12,15)

A business model is one of the building blocks when developing a company. Its purpose is to define the key business idea of how the company creates value. (Newth 2012, 4; Spencer 2013, 7) In order to capture the value created with the business model, the company must have a strategy of how the business model is used. A strategy is built on the foundations of the business model. However, according to Steven Blank, none of the business models can handle the first contact with customers. Therefore, the sketch of business model canvas, and especially its value proposition, should be tested by an audience. (Järvinen & Kari 2017, 135) Testing the value proposition will most likely lead to an improved business model canvas, and therefore new levels of business will occur. Like Osterwalder says: "A company's business model is never finished" (Osterwalder & Blank 2012). Osterwalder sees the levels as an important part of the development process, and therefore the levels of BMC will be addressed in the thesis and pictured in the theoretical framework as well.

The main source of this thesis is Alexander Osterwalder's work, as he is the main developer of the BMC. He has written several publications about the subject. Besides the books, the website of Strategyzer is an official marketing channel for the BMC and products related to it. The website also contains videos, blog posts, and other valuable tools in relation to BMC. To deepen the theory and get another view of point, there are other authors that have put their own thinking around the BMC as well. Finnish entrepreneurs Mikko Järvinen and Matti Kari, for example, has used Osterwalder's theory in their research, and their book *Yritä, erehdy, onnistu* (Otava 2017) works as a valuable reference in this thesis as well.

3.3 Justification of the development method

The BMC is chosen as a key theoretical concept for this thesis due to its suitability for this type of development processes. The research includes the subject of entrepreneurship and business strategy in general, however, the focus of this thesis is not on establishing a company or writing a traditional business plan. Sali Events is planned to be launched as part of Café Sali's business, which means that a traditional business plan is not necessary as it would be highly recommended if establishing a new company. Instead, the research concentrates on business model innovation with the help of the BMC.

The BMC is often used for development purposes, and it covers the concepts of which are identified in the explanation of the business development: value for customers, markets, and relationships (Pollack 2012). The BMC is praised for its simplicity and visual way of presenting the business concept (Website of Strategyzer 2019). It is known for its easiness to use; the nine building blocks can be filled with, for example bullets or post-it notes during the development meetings. This was one of the reasons to choose the BMC for this project as well. The author of the thesis wanted to have a tool that could easily describe the development process to the entrepreneur, whose knowledge and ideas were used along the project. Instead of having to explain the long document in a form of a business plan, the BMC offered the one-sheet figure for the innovation. On the other hand, there was a need to create a complete business concept, and the BMC was chosen as it covers all the areas of a business.

One of the cornerstones of the BMC include the business partners. In this thesis, reliable business partners play an important role for the success of Sali Events in the future, and it is important that it is noticed in the business model as one of the building blocks, which is not the case in some other business models. Therefore, the data collection includes interviews with the potential business partners. The BMC offers an easy and simple tool for explaining the new business concept during the interview, because the one-sheet document is clear to present to anyone. Also, the value of it can be easily tested, for example, by interviewing customers or business partners; the required changes can be discussed one building block at a time. For a new business operating in a service sector, the simplicity is important and encourages for constant development.

Finally, the BMC was chosen due to its popularity in this type of business development processes. The BMC has been used in different fields of businesses successfully, and nowadays big companies, such as Nestlé and Microsoft, are using it as a strategic development tool. The theory of the BMC is introduced in more detail in chapter 5, and its qualities and variations in chapter 6.

4 BUSINESS MODELS AND STRATEGY

A business model defines who the customers are, what is sold, how to produce the offering, and why the business is profitable. It involves “the conception of how the business must operate given its value proposition, what its capability foundation should be, and whether it can be financially viable” (Newth, 2012, 4). Tomorrow’s competitive advantage is no longer based on innovative products or processes, but on innovative business models. The goal of every business model is to both create and capture value, although capturing has been challenging for many business models. (Gassmann, Frankenberger & Csik 2014, 6-9)

According to Saarelainen, that business models are the architectures in the business world, in which the key concepts of the business are described. The concepts must be analyzed as a whole, because changes in any of the aspects always affect the whole business. As a whole, a business model has multiple definitions; depending on the context, it can mean the revenue streams, organizational structure, product and service concepts, or value propositions. None of these are wrong, it depends on what is needed to be achieved. (Saarelainen 2013; 16,19) Depending on the objective or the field of innovation, there are different tools that can support the process of designing and innovating the business model.

Spencer offers another description to a business model; she says that business model like a lens, which helps the user to see the business more clearly. Depending on where the lens is focused, different things can be seen. The business model concept is described as a three-level complex, each level adding more to the previous one. The levels are called foundation level, differentiated, and adaptive business model. (Spencer 2013, 4-5)

Business model can often be misinterpreted with the term strategy. The key difference is that a business model is an internal system made of components and dynamics, whereas a strategy is a broader concept; it is more of an external competitive approach using the capabilities that has been developed in the business model. A business model identifies the need to be fulfilled (by a customer) and how the business will profit for reaching that value proposition. Strategy, in contrast, is about differentiating the business in giving it a competitive advantage. Furthermore, the business model helps in operating efficiently as a business in order to compete effectively and make the right strategy moves. Business model creates the values and a strategy captures it. Strategic, operational, and investment decisions can be changed by understanding what a business model is. (Newth 2012, 1-2)

Strategy describes how a company competes or differentiates itself from others. Competitive advantage means creating more value for customers or capturing value for the company relative to the competitors in the field. Creating a basic business model means developing logic for bringing resources and processes together to generate value for customers while making money. Strategy is not necessarily involved

at this point, yet, the survival is possible if there are no competitors. If the competitors are present, differentiators must be built into the business model in order to think strategically about how to provide better value than competitors do. (Spencer 2013, 6-7)

As a summary, business models are not strategies; they are tools or a concept to help building or analyzing the company; it is an entire system of resources and processes explained that will create and capture value for the company. A business model is the foundation on which the strategy is built. (Spencer 2013, 7) There are different tools that help in building and presenting the business model, but most of them have the same concepts.

5 BUSINESS MODEL CANVAS

The Business Model Canvas is a shared language for describing, visualizing, assessing, and changing business models. According to its creator Alexander Osterwalder, a business model can best be described through nine building blocks: customer segments, value proposition, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure (Figure 2.) Their function is to show the logic of how a company intends to make money. (Osterwalder et al. ... 2010, 12, 15)

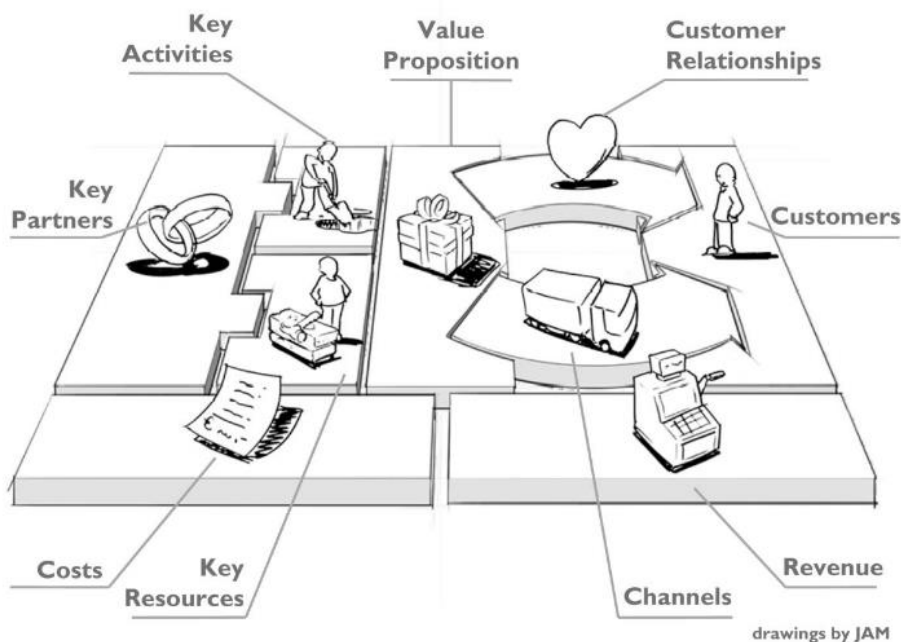


Figure 2. Business Model Canvas by Osterwalder et al. (2010).

The origin of the BMC derives from Osterwalder's doctoral thesis written together with Yves Pigneur in 2004. The vision was to create a business model that could be simplified to only a one page, but include all the fundamental aspects of a business model. The purpose of BMC is to help people to better lead strategic conversations about the existing business models and to implement new ones. The BMC makes the ideas more tangible. The BMC is praised for its simplicity. Osterwalder's idea is that if something is too complicated, people will not use it. (Pigneur et al. ...2014) This chapter describes the nine building blocks in detail, and in the end introduces an idea of how the BMCs can be developed into more efficient businesses.

5.1 Customer segments

Customer segments consist of the different groups of people or organizations that a company wants to reach and serve. Customers are the heart of any business model; without customers, the company cannot survive for long. They can be grouped into distinct segments with common needs, common behaviors and other attributes, and the size of the group may vary as well as the number of different groups. (Osterwalder et al. 2010, 20-21)

There can be many different types of customer segments. Mass markets include the value proposition, distribution channels, and customer relationships to a one large group of customers with widely similar needs and problems, and therefore the business models focused on them do not distinguish between the different segments. Niche markets, on the contrary, cater to specific, specialized customer segments, where the value propositions, distribution channels, and customer relationships are tailored to specific requirements. Niche market models are often typical for supplier-buyer relationships. (Osterwalder et al. ...2010, 20-21)

Some companies can address two or more customer segments with their business model. The building blocks can be modified, because the different segments have varying needs. When the differences are small and the business model needs slight modification, they are called segmented customer segments, but when a company serves two unrelated customer segments with very different needs and problems, they are called diversified segments. Some companies can also divide their segments into two or more interdependent customer segments, and those are called multi-sided platforms. Although the segments are very different, both are needed to make the business model work. Once the company has a clear vision of who they are creating value to and who are the most important customers, the business model can be designed around a strong understanding of specific customer needs. (Osterwalder et al. ... 2010, 20-21)

The attributes of different customer segments are described in customer profiles in a detailed way, which breaks the customers down into their jobs, pains, and gains. Jobs describe what the customer is trying to get done with the product or service that the business is offering. It can be something that they are trying to perform, a problem to be solved, or a need to be satisfied. Three different main types of jobs are: functional, social, and emotional job. (Pigneur et al. ...2014, 12; Järvinen & Kari 2017, 84-5) In addition, customers can also perform supporting jobs, when purchasing and consuming value. (Pigneur et al. ...2014, 12) Bettenscout and Ulwick have created a job-mapping tool to define the customer jobs. The goal is to identify what customers are trying to get done at every step and what must happen at each juncture in order for the job to be completed successfully. The steps are: Define, Locate, Prepare, Confirm,

Execute, Monitor, Modify, and Conclude. The steps will help to deepen the understanding of the jobs. (Bettenscout & Ulwick 2008)

On top of using the product or service to get the job done, a customer is trying to ease the pain triggers related to the jobs. A customer pain can be extreme or moderate, and they should be described as completely as possible when identifying the customer segments. The types of customer pains can be undesired outcomes, problems, and characteristics, as well as obstacles, and risks. (Pigneur et al. ...2014, 14) Also competitive services or products may cause pains. (Järvinen & Kari 2017, 86)

Gains are the outcomes and benefits that customers are expecting to get. Four types of gains can be identified: required, expected, desired, and unexpected. The gains include functional utility, social gains, positive emotions, and cost savings. A customer gain can feel essential or nice to have, and by understanding the exact measure for customer gains, the gain creators in the value proposition can be designed better. (Pigneur et al. ...2014, 16)

On top of jobs, pains, and gains, the customers can be profiled by demographic restrictions. These include, for example, age, demographic location, and gender. Also, expectations about customers' psychographics, behavior, and attitudes can be valuable; however, these expectations should be objective and recoverable. All in all, by defining jobs, pains, gains, and restrictions will give an answer to the key question to whom are the service or product for. (Järvinen & Kari 2017, 88)

5.2 Value proposition

The value proposition describes the group of products and services that create value for a specific customer segment. It is the main reason why customers choose the company over the competitors; whether it is quantitative, such as price or the speed of service, or qualitative, meaning for example the design or customer experience. Different elements can contribute to the customer value creation, such as newness, performance, customization, design, brand/status, price, "getting the job done", cost or risk reduction, accessibility, and convenience/usability. It answers to questions such

as what kind of value is promised to a customer, which problems does the product or service solve, which customer needs are satisfied, and what bundles of products and services are offered to each customer segment. (Osterwalder et al. ...2010, 22-3) The better the value proposition and a customer's needs meet, more likely is the business model to succeed. A good value proposal is clear, understandable and easy to communicate to the consumers. It must connect to the expectations of the customer segment; the pains that needed to be eliminated or relieved, and the gains that are the outcomes and benefits of choosing the certain service or product. (Järvinen & Kari 2017, 92)

Positioning is another point of view to the value proposition. It describes the key differences of the product or service compared to the competitors, and answers to the questions of are there any other options of getting the job done, are the other services or products in the markets as usable, and what are the differences compared to others. If the product or service is new to the market, another product or service operating in the markets can be used as a comparison in the positioning. (Järvinen & Kari 2017, 94)

The value proposition should be summed up to a short, 30 second elevator pitch, which has the key elements that increases the customer's interest to buy it. In today's marketing communications, often the shorter the better, and at its best, the value proposition can be compressed into seven key words. (Järvinen & Kari 2017, 96)

5.3 Channels

Communication, distribution, and sales channels comprise a company's interface with customers. Channels play a very important role in the customer experience, and they serve several functions, such as raising company's awareness, helping to evaluate a company's value proposition, allowing specific purchases, delivering a value proposition to the customers, and finally providing post-purchase customer support. Channels should include information on through which channels do the customer segments are best reached and how are they reached at the moment, how are the company's channels integrated, which ones work the best, and which ones are the most

cost-efficient, and how is the company integrating the channels with customer routines. (Osterwalder et al. ...2010, 26-7)

Channels have five distinct phases: awareness, evaluation, purchase, delivery, and after sales (Figure 3.). Each channel can cover some or all of these phases. They can be divided into direct, or indirect ones, as well as into owned, or partner channels. However, the crucial issue is finding the right mix to satisfy how customers want to be reached, in order to bring value proposition to market. (Osterwalder et al. ...2010, 26-7) It should be remembered though, that the different choices of channels may bring costs to the company. Therefore, choosing the right channels that fit to the cost structure is crucial. (Järvinen & Kari 100)

Channel Types		Channel Phases				
Own	Direct	Sales force				
		Web sales	1. Awareness How do we raise awareness about our company's products and services?	2. Evaluation How do we help customers evaluate our organization's Value Proposition?	3. Purchase How do we allow customers to purchase specific products and services?	4. Delivery How do we deliver a Value Proposition to customers?
		Own stores				5. After sales How do we provide post-purchase customer support?
Partner	Indirect	Partner stores				
		Wholesaler				

Figure 3. Channel types (Osterwalder et al. ... 2010, 27)

5.4 Customer relationships

Customer relationships outline the types of relationships a company establishes and maintains with specific customer segments. The types of relationships should be well clarified with each segment, as they can range from personal to automated. Customer acquisition, customer retention, and boosting sales may be the motivators behind it. Customer relationships can be divided into several categories, which may co-exist in a company's relationship with a certain customer segment. These categories are personal assistance, dedicated personal assistance, self-service, automated services, communities, and co-creation. (Osterwalder et al. ...2010, 28-9)

Steve Blank has coined the term 'Earlyvangelist', which means a customer who is willing and able to take a risk on a new product or service and build a foothold market

and shape the start-up's value propositions via experimentation and learning. (Pigneur et al. ...2014 118) In some cases, a person does not even have to be a customer to talk positively about the company; for example, a quick response to an email may spread positive vibes and the potential customer may talk about it already before purchasing anything. (Järvinen&Kari 2017, 99)

The customer relationship is close to the reputation of a company. The reputation is formed from the perception of customers, staff members, competitors, and other stakeholders. (Järvinen & Kari 2017, 99) Viitala and Jylhä bring up a stakeholder theory, originally invented by R.E. Freeman, which highlights that the position, needs, and importance of different groups linked to the company should not hurt destroy any of them. In other words, the business can work ethically, if it aims to notify the interests of different groups and recognizes their importance in its operations. (Viitala & Jylhä 2013, 370)

Overall, the customer relationship answers to the questions of what kind of relationship a customer is expecting from the company, which relationships have already been established, how costly are they, and how do the established relationships integrate with the rest of the business model. (Osterwalder et al. ...2010, 28-9)

5.5 Revenue Streams

The revenue streams represent the cash that the company generates from each of the customer segments. Revenue streams are like the arteries that flow through the building blocks. A company must successfully answer to several questions, such as how much the customers are willing to pay, what and how are they currently paying, how would they prefer to pay, what is the type of a revenue stream and the cost structure, and how much does each revenue stream contribute to the overall revenues. Two types of revenue streams can be identified: transaction revenues resulting from one-time payments, and recurring revenues resulting from ongoing payments to either deliver a value proposition to customers or provide post-purchase customer support. (Osterwalder et al. ...2010, 30-3)

Revenue streams can be generated through different ways: asset sales, usage fees, subscription fees, lending/renting/leasing, licensing, brokerage fees, or advertising. Each of these streams can have its unique pricing mechanisms, and the decision of which one to choose can make a big difference. The price can be either fixed menu price, such as a list price, or a price dependent on product feature, customer segment, or volume, or the pricing can be dynamic, such as negotiation, yield management, real-time-market, or auctions. (Osterwalder et al. ...2010, 30-3)

The pricing process is one of the most difficult tasks for a company. Customers need to feel good about paying the price and at the same time the company needs to get enough profit to survive. The process starts with identifying the cost structure of the product or service. There are several factors affecting the price, such as direct (production) and fixed costs, taxes, capital costs, marketing costs, objectives, and the desired quality image of the product or service. On the other hand, external factors have a big impact on the pricing as well. These factors include the general pricing level, number of potential customers, and the number of competitors. (Raatikainen 2011, 87) Once the company has figured its price floor based on the costs, it must also set the price ceiling, or the customer's maximum perception of the value. Based on the external factors, the price of the product or service will land on somewhere in between the floor and the ceiling. (Kotler & Armstrong 2018; 309, 218)

5.6 Key Resources

Key resources play an important role in the business model, as they allow the company to create and offer value proposition, reach markets, maintain relationships with customer segments, and earn revenue. Key resources can be physical, financial, intellectual, or human, and they are needed differently depending on the type of a business model. Key resources should answer to questions such as which activities are needed to keep the company's value proposition, and what do the distribution channels, customer relationships, and revenue streams require. (Osterwalder et al. ...2010, 37)

Entrepreneurs often use a significant amount of their time seeking for resources; even working on sales can be identified as such, as that will ensure the financial stability. Startup companies are often vulnerable due to their lack of some resources; although they may have financial support and partnerships, they can struggle with intellectual and human resources. This, however, is not an impediment for a startup. According to Howard H. Stevenson, a professor at Harvard University, the lack of resources in the beginning is not a problem, but instead acquiring them along the way is a typical path for many companies. All in all, the key is that in a successful business model the resources together with all the activities are financed with the income from the customers. (Järvinen & Kari 2017, 104-7)

5.7 Key Activities

Key activities describe the most important tasks and actions the company must do in order to make its business model to operate successfully. The key activities may consist of making, selling, and/or supporting. Making means manufacturing products, designing services, and solving problems. Selling includes promoting, advertising, or educating potential customers about the value proposition of a product or service. Supporting activities, such as human resources and accounting, help the company to run their business smoothly. Often the work is described as these different tasks, rather than in terms of the value that those tasks provide. However, it should be remembered that customers choose the company based on their interest in the value proposals they will receive instead of the task itself. (Clark 2012, 43)

The key activities should reflect the pain relievers and gain creators that were listed in the customer segments. If, however, they cannot be seen, the value proposal may not be completed. The value proposals can be stolen by the competitors, if they are not perceived in the key resources. (Järvinen & Kari 2017, 101)

5.8 Key partnerships

Networks and partners are important for companies, and they are seen as cornerstones of many business models. Companies create alliances to optimize their business

models, reduce risks, or acquire resources. Four different types of partnerships can be distinguished: strategic alliances between non-competitors, strategic partnerships between competitors, joint ventures to develop new businesses, and buyer-supplier relationships to assure reliable suppliers. Companies should define who are the key partners and key suppliers, what resources are acquired from them, and which key activities are performed by the partners. (Osterwalder et al. ...2010, 38)

The motivational factors behind forming partnerships derive from different reasons. Optimization and economy of scale partnerships are often formed for reducing costs, which can be received by optimizing the allocation of resources and activities. Partnerships can also help reduce risk in a competitive environment characterized by uncertainty, and competitors can form strategic alliances in one business area while competing in another. Finally, acquisition of particular resources and activities can also be seen as a motivation for partnerships, as the companies rarely own all their resources. Instead, the companies can rely on other companies to help extend their own capabilities, and these can be for example knowledge, licenses, or access to customers. (Osterwalder et al. ...2010, 38-9)

5.9 Cost Structure

Cost structure describes the most important costs incurred to operate the business model. All the operations, such as delivering value, maintaining customer relationships, and generating revenue, bring costs. Those can be roughly calculated after defining key resources, key activities and key partnerships. Some business models can be more cost-driven than others; some companies have built the business model entirely around lower cost structures. (Osterwalder et al. ...2010, 40)

Overall, companies are always trying to minimize the costs; however, lower cost structures are more important to some business models than to others. The business models can be divided into two broad classes of cost structures. Cost-driven business models have the leanest possible cost structure, which can be seen in, for example, the low(est) value proposition in price, maximum automation, and extensive outsourcing. Value-driven business models, on the other hand, focus on providing premium value

propositions and high degree of personalized services. Cost structures can be characterized as fixed costs, variable costs, economies of scale, and economies of scope. (Osterwalder et al. ...2010, 40-1)

Scalability is closely related to the effectiveness of the cost structure and business model itself. A scalable company means that the production capacity can easily deal with big increases in demand without straining or sacrificing the quality. Scalability is typical for software companies, for example, whose customers can easily download a software program. In contrast, companies offering personal services could possibly serve more customers to a certain limit, but every hour spent serving an additional customer needs resources, which adds costs. Therefore, financial scalability means that serving each additional customer decreases the cost structure, which makes scalable businesses often more attractive than non-scalable businesses from the financial point of view. (Clark 2012, 45)

5.10 Levels of BMC

According to Osterwalder, even the best business model is always just an assumption of how the business will operate, and most of the times it will be modified numerous times in the lifecycle of the business. Osterwalder states that none of the business models can survive the first contact with a customer, as it only represents the author's expectations and theories of customers and partners. This means that when the company has the first contact or sale with a customer, the assumed way of operating often changes, and the business model is modified into the next level. A functioning business model is difficult to develop, because only one wrong assumption in a certain area can disrupt the model. Therefore, the first business model canvas is only like a checklist; drawing out the vision of a business idea into the canvas works as a reminder to all the things that should be thought of. (Osterwalder & Blank 2012; Järvinen & Kari 2017, 119)

The second level means that the developer of the BMC starts to understand the connections between the building blocks. By that time, the business idea already has a story behind it, that can be told to the customers. Osterwalder also points out the

importance of strategy at this level; the author should be able to walk through the strategy to anybody. Each level builds up to the business model and deepens the level of understanding of the business. On a third level, the author should not only understand his/her own story, but also understand the dynamics that exist in different business models. The level of recognizing business models should be so deep that it would be possible to find similar patterns and understand the dynamics behind them. Studying and understanding other business models will be very helpful, as they are ready to be used in any similar patterns. (Osterwalder & Blank 2012)

Finally, the fourth level is evolving the business model, which means testing out several different business models to figure out what works. Creating new hypotheses and going out to test the effectiveness for prosperous customers will lead the way to a more efficient value proposition. (Osterwalder & Blank 2012)

6 STRENGTHS AND WEAKNESSES OF BMC AND VARIATIONS FOR IT

A business plan is like a guidebook for the company's success and it reflects the entrepreneurship in the company; a blueprint that defines the business initially and later on can be expanded. Traditional business plan includes the vision and mission, recognition and analysis of the markets and competitors, marketing plan and risk assessment, and the financial planning. Sometimes, the traditional business plan may seem too difficult to start with and in today's visual world where we live on there are other useful tools for writing "the guidebook" for the company. (Website of Onnistu Yrittäjänä 2020) During the recent years, the BMC has gained popularity over the traditional business plan according to Google Trend analysis (Figure 4.). Although the data is from 2015, it shows that the trend for BMC is uphill. (Amarsy 2015) Big companies like Microsoft, Mastercard, and Nestlé are now using BMC as well, when the goal is to look beyond spreadsheets, market research and financial projections.

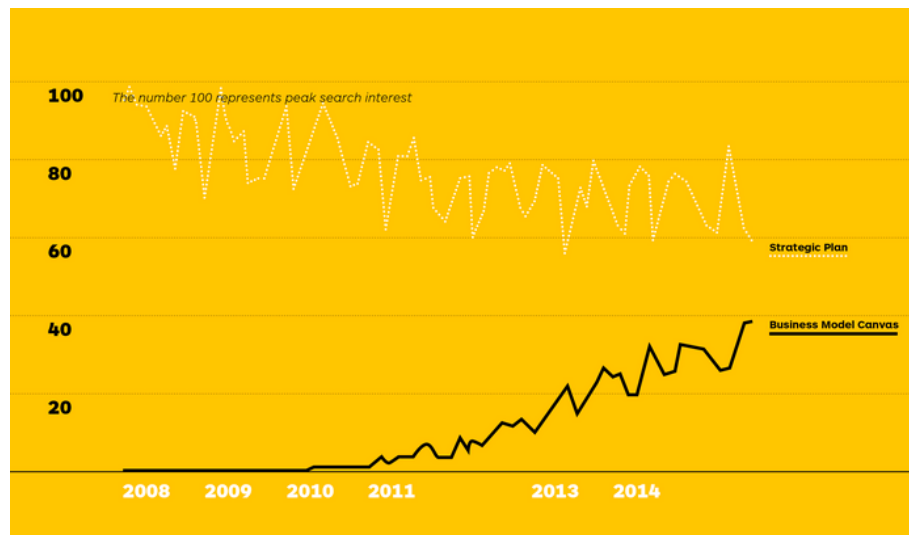


Figure 4. A google Trend analysis of the keywords “strategic plan” vs. "Business Model Canvas" (Amarsy 2015)

The BMC has been used in many different areas inside the companies. The majority has been using it in new business development purposes, but also in launching new products or services, and revamping existing business model and strategy. Strategyzer has conducted a survey in 2015 to find out the most typical reasons for using the BMC in different organizations (Figure 5.). It can be stated by the results that BMC is an extremely useful tool in many different development processes, and it works in various areas within companies. (Website of Strategyzer 2020)

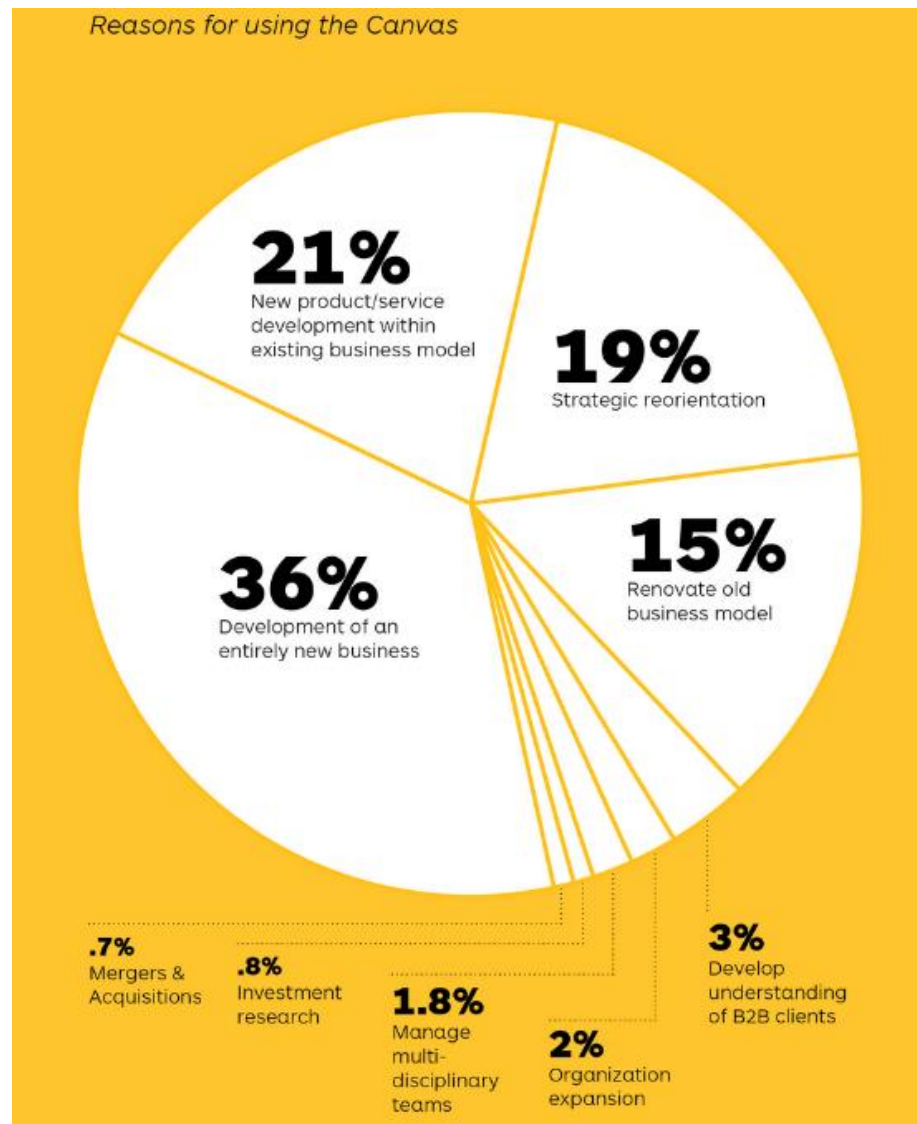


Figure 5. Reasons for using the BMC. (Amarsy 2015)

The BMC offers a valuable tool to present the business plan shortly in a clear and understandable way. Osterwalder et al. (2010) state that their motivation on building the BMC was to create a tool that everyone can understand easily. “We need a business model concept that everybody understands: one that facilitates descriptions and discussion. We need to start from the same point and talk about the same thing. The challenge is that the concept must be simple, relevant and intuitively understandable, while not oversimplifying the complexities of how enterprises function.” Since its introduction in 2008, the BMC is now utilized with more than 650 000 people around the world, and the Business Model Canvas has been downloaded more than 5 million times on the website of Strategyzer (by the year 2015).

The usage of BMC has been surveyed by the Strategyzer. The value that the BMC has brought to its users contributes to providing a shared language, that leads to better strategic conversations and better ideas. The BMC is especially praised for its visual, practical and intuitive aspects, which all often lead to better group discussions. Overall, the simplicity of it attracts; the nine building blocks are easy to understand, and the ideas can be simply written down to each block. Often entrepreneurs make the mistake of just focusing on building the product or service, but they forget the envision of how and to whom the product will be sold. The nine building blocks offer a functioning framework for documenting those ideas, and when it is time to launch the business into the markets, the carefully filled BMC will then have a good input to the marketing strategy, positioning statement and sales strategy. Finally, the BMC is a clear presentation for the business leaders to see their business on one page. Overall, it could be stated that the BMC is a focused and concise tool for defining the business in a short and clear way, whereas a traditional business plan is often a long document. The clear map also makes it easier to modify when then the business evolves. (Amarsy 2015; Young 2018)

Despite the popularity of the BMC, it has also been criticized due to its simplicity and lack of dynamics. Several researchers have stated that BMC is not complete at its current version, and the building blocks lack interrelationship within each component. In fact, any interplay between the elements cannot be identified and made explicit in the framework of the nine building blocks. Researchers, like Maurya, Fritscher and Pigneur, and Kraaijenbrink have modified the BMC to make it more dynamic, yet all of the changes reveal weaknesses regarding the specification of interrelationships and ignorance of changes over time. (Amarsy 2015)

Osterwalder himself has presented a modified BMC, the Value Proposition Canvas, which zooms into the details of two of the building blocks of the BMC, the value proposition and the customer segments. The Canvas has two sides; customer profile helps to clarify the customer understanding, and the value map describes how it is intended to create value for the customer. The key is to find a perfect fit between the customer segment and the value proposition. It answers to the question of what is doing the job for the customer: the product or service is killing the customer's pain of how it achieves the gains. Overall, the model makes the value proposition more

understandable and helps optimizing the product or service at the same time. (Osterwalder, 2014; Amarsy 2015)

Kraaijenbrink (2012) has created his modification of the BMC called Value Model Canvas (Figure 6.). According to him, the original BMC excludes strategic purpose, meaning the mission, vision and strategic objectives, which in the traditional business plan are defined as the starting points of the process. He also criticizes the BMC for excluding the competitors, who are crucial for every business model. He also states that some components are on different level of abstraction than other parts, which gives too much emphasis to certain aspects. In his Value Model Canvas, he emphasizes that the Canvas is not only for businesses but for all kind of organizations. Kraaijenbrink has removed customer relationships and channels from his model and merged key resources and key activities into key competences. He then has added a field strategic values for all kinds of values and purposes and organizations, and the competitors are added to the model by adding the variable of key rivals. (Amarsy 2015)



Figure 6. Kraaijenbrink's modified canvas. (Amarsy 2015)

Kraaijenbrink's model has been complimented for including the rivals into the model and having an arrow-like picture leading to the strategic values. This has been considered to promote the full description of a business model. On the other hand, key resources often cause difficulties, so including them into 'key competences' does not delete the issues. Finally, the customer relationships and channels seem to be quite

important for building a value proposition just for the right customer, so by excluding them out of his model, it may affect as a disadvantage. (Amarsy 2015)

Lean Canvas is another modification of BMC, created by Ash Maurya (Figure 7.). His adaptation has an emphasis on staying entrepreneur-focused and finding customer problems worth solving. It is ideal for early stage innovation projects and startups. In his Lean canvas, he proposes to address four issues that he missed in the original BMC: problem replacing key partners, solution replacing key activities, key metrics replacing key resources and unfair advantage replacing customer relationships. (Amarsy 2015)

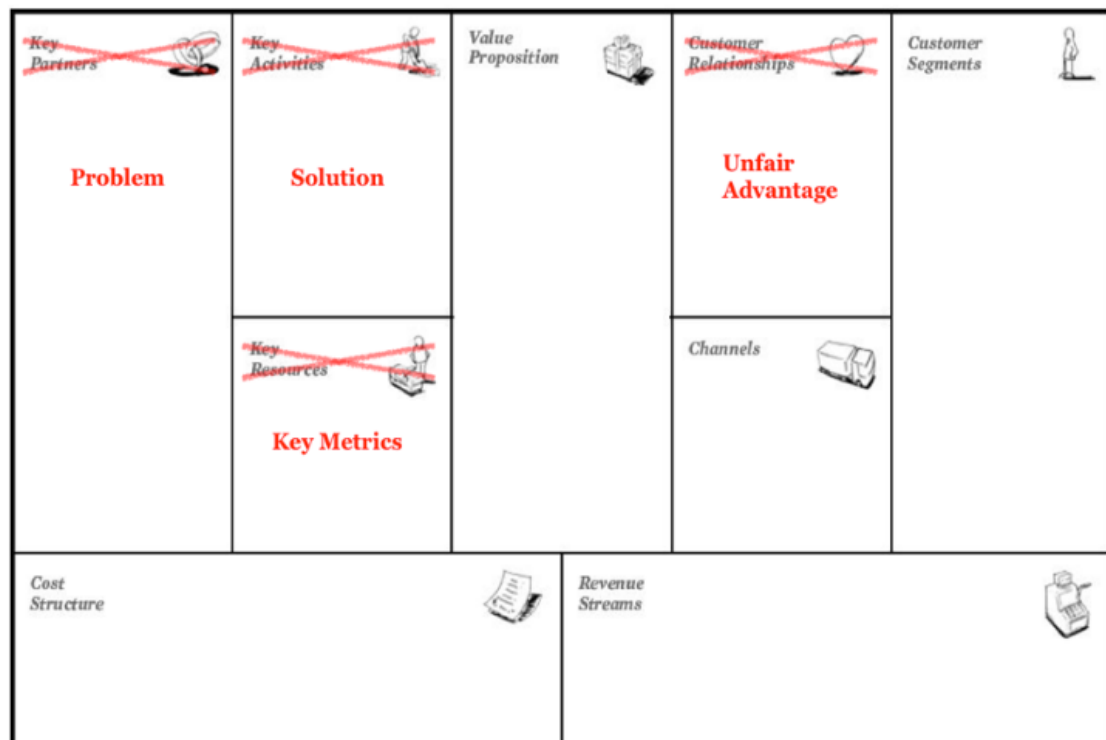


Figure 7. Maurya's Lean Canvas. (Amarsy 2015)

Maurya states that in the BMC, key activities and key resources are problematic as they serve people from outside to understand the company rather than helping the people inside the company. Furthermore, the key activities should be developed out of the solution by his opinion, and key resources in today's world are not really hard to find anymore. When it came to replacing customer relationships, he argued that every product should be built and developed with close contact to customers. He initiated a term "path to customer", but this was included into the channels box. Lastly, the 'key partners' was removed. Although most products need key partners, Maurya claims that most products do not fall in that category. (Amarsy 2015)

Overall, the business models all have their challenges. The users may have trouble understanding what should be included into each box, or what does value proposition mean. Some might think that important issues are missing from the models. The original BMC has several modifications by various researchers, and when in need for help writing a “guidebook” for a company, there are multiple different tools to choose from. The greatness is that the model can also be used as the base for any business plan: depending on the need and purpose, it can be modified with anyone to fit the needs.

7 TESTING THE BMC IN THE MARKET

Testing the business model is an efficient way of easing the uncertainty when creating a business model, and it would be beneficial to do already before the establishment of a new company, or if there are changes made for an existing company at any time. Testing is relatively easy and inexpensive, and the key idea is to provide valuable information to support the propositions of the author. The test methods focus mainly on the customer side of the canvas, where most of the uncertainties can be found. Therefore, customer segments, value propositions, channels, customer relationships, and revenue streams should be tested carefully. (Järvinen & Kari 2017, 119-120)

There are four typical ways to test the value proposition of a BMC: customer development interviews, online queries, test marketing, and developing minimum viable product. Customer development interviews encourage to talk to prospective customers. Interviews are cost-effective ways of getting better image of the needs and challenges of potential customers, and they also give an opportunity to test the idea and expectations. However, it may be time consuming, and results may reflect more on the customer attitudes and wants rather than their buying behavior; even if customers say they are wanting to use the product or service, it does not necessarily engage them to do so in real life. (Järvinen & Kari 2017, 120)

Internet based queries are fast and effective ways of testing the hypotheses of the business model. With the potential of today's social media, almost any wanted customer segments can be easily reached with minimum resources. However, due to the structured pattern, questionnaires rarely provide new data; instead, they are great tools to support the customer development interviews, when the questions are well defined beforehand. (Järvinen & Kari 2017, 120-1)

Test marketing tools, such as split testing and A/B testing, are valuable for gathering information from a larger sample about value proposition, channels, and revenue streams. A/B testing is a marketing technique, where two versions, A and B, of a web page or application is compared to see which performs better. They are shown randomly to the users, of which some are directed to the first version and the rest to the second. Statistics will compare the performance based on predefined indicators. A/B testing is often called a split testing; however, the definition of split testing is a solution for carrying out A/B tests. Whereas A/B testing uses changes close to the original, split testing is using comparison of significantly different components, such as old website versus completely renewed website. All in all, whichever tool is used, the reactions for test marketing will provide data about customers' behavior and costs for customer acquisition. (Järvinen & Kari 2017, 121; Website of AB Tasty 2019)

Minimum Viable Product (MVP) is a simplified prototype of the service or product, including only the necessary features needed for the first customers to test, use, or even purchase it. MVP is a valuable tool for continuing the development process, as it can provide data of customer behavior. Based on the information, their desires and needs will become clearer for the author, which will help to develop the business model further on. (Järvinen & Kari 2017, 121)

Overall, finding the most suitable way for testing the business idea with the prospective customers is a key to a better business model. Customers often have the most accurate information of, for example, the changes in the competitive field as well as opinions of their own needs, so the best thing to do is engage them to share their thoughts. (Järvinen & Kari 2017, 125)

8 RESEARCH METHODS AND DATA COLLECTION

This thesis is based on qualitative action research methods. A qualitative research means “any type of research that produces findings not arrived at by statistical procedures or other means of quantification” (Kuada 2012, 93). A qualitative research works well in a setting that enables the researcher to get close to what is studied and being familiar with the case (company) is an advantage in the quality research. Qualitative methods allow participants to participate in a better way, and for example to raise issues or innovate new, and therefore these methods are valuable when the study is concerned with gaining newer insights rather than finding confirmation for existing theories. (Kuada 2012, 93-4)

8.1 Action research and design-based research

The thesis project started from a need, which was to develop the business of Café Sali into something new. The change was needed in order to stay in business, and the force came from inside the company, when the author of the thesis was willing to develop the new business idea that would help the company in business. These factors were typical characteristics of an action research, but the research could also have characteristics of a design-based research.

A design-based research is mainly used on the educational field. It is a complex research method that does not have a clear definition. It combines development and research in a cyclic process of theoretical and empirical phases. Typical for the method is to utilize the knowledge of different interest groups along the continuous development and assessment. The design-based research has three attributes: the change derives from the need, the development leads to a usable result, and the development work creates usable knowledge. Although this theory has been used in the context of education and learning, it would be comparable to business development as well. (Pernaa 2013, 12)

The development process could also be identified as an action research, as the author is closely participating the whole process. An action research means research that

seeks for change through simultaneous process of taking action and doing research. The action research requires a lot of knowledge on the subject of change and the factors affecting it. The process consists of four major phases: planning, acting, observing and reflecting. Planning includes the analysis of the situation and development of a strategic plan. Action refers to implementation of the plan, observation includes evaluation of the action, and reflection means reflecting on the previous phases, as well as reflecting on the learning outcomes for the participants. These four steps are followed by the same steps, and the issues that may have risen on the first round are deleted if possible. The cyclic process of development is also typical for the design-based research method. Action research is a mixture of different research methods, and they can be either qualitative or quantitative. The key is to aim for change, teamwork and research. (Kananen 2009, 9-11; Zuber-Skerritt 2012, 10-11)

The action research was a suitable method for this thesis. Firstly, the key point of the research was seeking for change in Café Sali's business, and it was done by the author of this thesis who had a deep knowledge on the subject and was the key player in the development process. As the purpose was to develop the existing company, it was justified that the development process started from inside the company and not for example hiring someone from outside to perform a case study.

The key for creating BMCs is also to develop them further into new levels. Action research was a suitable method when innovating new business ideas, since the four steps of the action process could be identified during the development process of the BMC of Sali Events; the author took part in researching and planning the suitable way of building the concept, the action was done by collecting data and combining the knowledge into the first sketches of the BMC together with the entrepreneur, the changes in acting was tested on an ideal level with the business partners during the short interviews, and the results reflected into updating the first sketch of the BMC into the next version. Once the business is launched, the action cycle will start again, and especially the last two stages of observing and reflecting will become more dominant.

8.2 Semi-structured interviews

The primary data of this thesis was collected with qualitative interviews, because data was needed for the development of the BMC. Although the author of this thesis already had a deep comprehension of the company, the research process was done in cooperation with the entrepreneur of Café Sali. Entrepreneur's participation was important along the project, as she was the primary source of data when constructing the BMC for Sali Events. The data collection was done by conducting interviews. The interviews were held in Finnish due to the nationalities of attendees and it was recorded for further studies. A semi-structured interview was chosen due to its nature. A semi-structured interview is a non-standardized interview with a list of predetermined focused themes and issues to be covered. The questions and the answers, however, are not limited, and therefore both parties, the interviewer and the interviewee, have a certain freedom to change the order of the questions or themes as well as ask questions. The semi-structured interview encourages interviewees to bring out their views and opinions when it is desirable. (Hirsjärvi & Hurme 2001, 47-8; Gray 2004, 215-6) This is important when working on an innovation project. If the chosen method had not left the opportunity to add questions or comments, it would have been less thorough as there was the risk of not being able to construct the best possible questions prior to interview. A semi-structured interview gives the interviewer the opportunity to react to important subjects that may arise from the interviewee's answers to the predetermined questions, and for this thesis, those moments were often starting points for the most innovative work. Hence, the same method of data collection was also chosen for both interviews, the second interview with the entrepreneur as well as the potential business partner interviews.

8.3 Semi-structured interviews with the entrepreneur

The starting point for the interviews with the entrepreneur was the idea that she was not aware of the BMC as a development tool. On 16th of January, two days prior to the first interview, the set of predetermined questions was given to her on a paper (appendix 3). In this project, the interview questions were formed based on the BMC; all nine building blocks were covered with two or more questions per block. Although

she was not familiar with the theory, the questions were general questions that anyone participating in the development process could answer. The idea of giving the interview questions for her in advance was to give her more time to process the ideas, which could result in deeper level discussions during the interview.

The interview was held in person between the author of the thesis (interviewer) and the entrepreneur (interviewee) on 18th of January 2020. The interview was started with the short theoretical introduction of the BMC as a development tool in general, which was based on the theoretical part of this thesis. It was mentioned that the interview was recorded for further studies, which gave the freedom to the interviewer to fully focus on the discussion instead of writing down the answers. The nature of the interview was also explained; besides the predetermined questions, the interviewee could also ask questions at any point, or the interviewer could also add questions during the process. The author of the thesis found this extremely important during the process, as the possibility to ask questions would also ensure the reliability at least as far as understanding the questions correctly, which may not always be true in all interview situations. During the interview, the interviewee needed to be reminded to stay rational with the answers, but to think all the possible options, such as to remember that there could be potential customers in both B2C and B2B markets. She gave her ideas and thoughts on each of the nine building blocks, and she also wanted to know the interviewer's thoughts about each block of BMC. Although the author of this thesis already had her own assumptions based on her experience on the subject, the interview resulted in new ideas and development. For example, the idea of the service packages from consulting to turn-key projects were developed during the first interview.

The key message after the first interview was that the BMC seemed rational and worth developing. Most of the building blocks were quite clear and easy to develop; however, it was agreed that the key activities and the revenue streams needed the most development, as the services needed to be clarified for the future. The interviewer suggested that content analysis could be done to analyze the competitors, and the interviewee agreed on it. As a result of the first interview, the interviewer filled the first version of the BMC of Sali Events (appendix 4). Due to the introduction into the theory and an innovative atmosphere, the interview session took almost two and a half

hours. Overall, the entrepreneur was pleased with the progress, and the initial goal for launching the business was set to happen within a year.

The BMC of Sali Events' development continued with a second semi-structured interview with the entrepreneur on 21st of September 2020. The interview was recorded, and it was started again with the short introduction to the theme, because the last interview had been so long ago. The BMC sketch from the first interview was available for the interviewee during the second interview session, and it was stated to her that the goal of the second interview was to develop it further into a next level. The interview proceeded again with one block at a time following the suggested order by Osterwalder. Same questions were interviewed as in January, in order to find out whether the ideas have changed or developed. The atmosphere of the interview was kept open for additional questions from both sides. Although the business world has changed a lot within the year, it was stated that the original idea of Sali Events has remained as initially was thought. However, the biggest change since January's interview was that whereas before the target customer segments were intended to be larger companies and bigger events, the interviewee now thought that in today's world it would be smarter to focus especially on B2C segments and smaller events and parties.

For the second interview, the interviewer had also prepared a set of detailed questions in addition to the other questions that remained the same from the first interview (appendix 3). The purpose of those questions was to find out the practical operations of Sali Events in the future; how it will be operated and in what channels, and what will be included into the key services. The interviewer had already done research on the companies operating in the same field, and she showed the chosen websites to the interviewee during the interview. The 11 websites shown for the interviewee were chosen based on the availability of information on the website and/or the visual presentation of the website. During the interview, four websites were chosen for further content analysis. The benchmarking process is described in chapter 8.5.

During the second interview, financial issues were also discussed in detail, but with the entrepreneur's request the calculations were left out of the BMC due to their close relation to Café Sali. However, she stated that the easiest way to test the new business

in the markets would be to launch it as part of Café Sali, because it would be less risky than starting a new company. Most of the costs and resources can be shared, so the start would be easier. Her thoughts supported the author's thoughts in this subject.

The second interview also led to deeper discussion on the importance of reliable business partners. When organizing events, there are multiple players that have to work as a team in order to achieve the best results, such as the venue, catering, decorations, and such. During the second interview, the list of potential business partners for Sali Events was formed together with the interviewer and the interviewee. Business partners in this context mean businesses that operate in an industry that is related to event and party planning, and from whom Sali Events may purchase products or services that are important in creating value to the customers. The list contained current business partners of Café Sali but also desired potential partners suitable for the new concept. All that were found suitable and fitting for the values of the entrepreneur were listed. One of the key criteria was also the location of the partner companies; since Sali Events will mainly operate in the Satakunta area, it would be beneficial if the partners were in the same area. As a result, the list of 40 companies was constructed, and it was decided that they should be contacted for testing the business idea and asking for willingness to partnership. The ones that responded positively to the contact by the interviewer are listed in the Key Partners of the BMC report of Sali Events (appendix 1).

Overall, the second interview took little over two hours, and as a result, the first sketch of the BMC of Sali Events was developed into a second level (appendix 5). The interviewer filled in the BMC sheet during the interview based on the answers. The interviewee stated that the business idea was now becoming more concrete and the launching could be in the near future. "Sali Events will be an important addition to Café Sali's operations, and the goal is to start preparing it for launching as soon as possible", states the entrepreneur. (Lampi, personal communication on 21.9.2020)

8.4 Semi-structured interviews with business partners

As an addition for the primary data collection from the interviews with the entrepreneur, the 40 potential business partners on the list were contacted for a short interview during 21.-23.9.2020. Semi-structured interviews were chosen again as a method of data collection, as it was important to have the main questions predetermined but have the freedom to get deeper into the subject if needed. Due to a large number of respondents, a mass email or a survey with questions would have been less time consuming; however, the personal experience on how entrepreneurs respond to emails show that the response rate would have been much lower, and a lot of time would have been used for sending reminders. Therefore, the author of this thesis contacted the potential business partners via phone or face-to-face and they were requested for a short interview. In regard to Café Sali's large network, the contact information was mostly easily reached. 21 of the interviewees were interviewed with the first contact over the phone, eight were interviewed with the second call that was scheduled during the first call, and seven were interviewed face-to-face. Out of 40 companies, only two of them did not find time for the interview, and two could not be reached at all during that time period.

The contacted people from the chosen companies were business owners, or they had been working in the company for a long time. They were chosen based on the interviewer's and entrepreneur's experience of being suitable for the interviews. During the interview, the idea of Sali Events was shortly introduced to them, and some questions about future cooperation were asked (appendix 6). Besides the predetermined interview questions, the event planning during Covid-19 was a general topic in the interviews, but on the other hand many entrepreneurs stated that against all odds, summer 2020 in Rauma had been quite profitable, and people still organized and attended events and parties despite the national health recommendations.

All 36 of the respondents that were interviewed seemed interested in Sali Events and the possible collaboration. Many of the interviewees stated the fact that in this kind of market situation any cooperation projects are important. The partnerships were mainly said to include recommending each other's' businesses to customers. The idea for

collaborations was also to combine a booklet or a brochure magazine of the various businesses related to event and party planning. The handbook would be given to the customers who purchase services from Sali Events, and the purpose of it would be to help customers plan their party if they are only buying the consulting services. The handbook could include some discount offers to the shops and services listed in it, and on the contrary it will provide good reference marketing to the businesses. 81% of the respondents said that small discounts could be useful, and they would be willing to offer that for the customers or Sali Events, and it was agreed that the collaborations would be discussed in a meeting closer to launching the business. Overall the booklet would most likely be useful for all parties, as referencing creates free advertising for many business partners. For a reference, Café Sali has created a collaboration publication with the Sparkling Night team in the fall 2020, and it was useful for all the participants (Sparkling Weekend 2020).

Most of the interviews with potential business partners were kept very compact due to the number of interviews, but with some of the respondents the interviews involved innovative deeper level discussions about the BMC development of Sali Events. Only two of the interviewees had worked with wedding planners before, but most of them were not familiar with the field of business.

The average interview time was around ten minutes. The fastest interview was done on a phone and it lasted only four minutes. The longest interview was face-to-face. It lasted almost half an hour, and it included many additional questions about the collaboration of the company and Sali Events.

Overall, the results of the interviews filled the assumptions. The answers were quite similar with each of the respondents. All of them thought that Sali Events would be a good addition to Café Sali, and this would be a smart choice as no big investments were needed to start the business. On the other hand, there were concerns about the effects of Covid-19; however, people always find ways to organize parties and events, and perhaps they will need even more advice in the new restricted world. Therefore, all the interviewees also saw opportunities in working closely with Sali Events in the future, which was an important information for the future, and the list of partners could be used as a cornerstone in the BMC of Sali Events. Although the interviews took

some time and were not crucial for building the BMC of Sali Events, this was a good opportunity to have a reality check for the business idea. As the responses were positive towards the new business, it proved that it was reasonable to continue the development process. With these interviews, the initial BMC had already started to build into the next level.

8.5 Benchmarking and content analysis

For the development of the business idea, content analysis was done to be able to research the similar businesses in the field, the “competitors”. The process was started 17th of September 2020. They were not seen as direct competition, because most of them operate demographically in a different area. However, getting familiar with their business idea gave valuable hints for constructing the business model. The idea was to use the different companies operating in the field of event planning as an example, study their business, and potentially utilize some of the information gathered from them in the thesis. In a way, this is very similar to benchmarking. Benchmarking means comparing one’s products and processes to those of competitors or other successful companies in other industries in order to identify the best practices and find ways to improve quality and performance (Kotler & Armstrong 2018, 546). Benchmarking can be applied to business operations, sales, or products, and the goal is to improve their own processes and operations. Nearly all businesses in every industry use benchmarking as part of business strategy for constant improvement (Website of Tony Robbins 2020). According to Schiuma and Jarrar (2004), benchmarking can be identified as a learning activity for continuous improvement in order to take innovative inputs from the field. The process of observation and imitation is an important cognitive process that is part of benchmarking; the learning process involves observation of external practices and performances, comparison with internal ones, identification of knowledge gaps and finally the decision. The result is something new, deriving both from the integration of external inputs with internal previous knowledge to the innovation process. (Schiuma & Jarrar 2004, 612)

The goal for Sali Events was that with benchmarking the company’s “product” could be finalized: the clear service packages that can be conceptualized and advertised to

the customers in the future. Although there was already an idea of what kind of service packages Sali Events could be offering, the price level was questionable. Whereas before Café Sali had helped customers with their event planning for free, it was important to set the price level for the future. Content analysis was also done with photographers. They often have similar structure in their service content, and although the service is different, the idea of which kinds of service products are offered and at what price level is quite similar to event planning. Overall, service benchmarking is said to be more difficult than benchmarking in manufacturing, because the factors important to customers may differ from service industry and an area to another (Motwani & Sower 2006, 229).

The process started with identifying the companies that were benchmarked. Since there are no competitors in Rauma, the companies had to be chosen from outside of Rauma. Event and party planning is quite a vague area of business. There are big companies that focus on organizing mass events and exhibitions, and companies that focus on renting the ceremony hosts and entertainment for the events. There are also small entrepreneur-driven companies that mainly advertise their service as wedding planning, but also offer help in organizing other events. The latter is similar to the business model of Sali Events, and those type of companies were chosen as a subject for benchmarking. The benchmarking for this thesis was done only through the websites. The websites were found by internet search with the key words 'juhlasuunnittelu', 'hääsuunnittelija', 'tapahtumasuunnittelu', 'wedding planner', and 'hääkuvaaja'. Most of the key words were related to weddings, because the wholesome party planning is typical for especially in the weddings; however, the concept can be transferred to any parties and most events as well.

From each search, around 10 to 15 first results were checked, and the websites were analyzed based on the same criteria: a clear content, reliability and the access of information. Most of the companies could be found in each of the search despite the key words used, which showed that they were either active in their Google Ads marketing or they included popular search content. The search was also done with the key words 'juhlasuunnittelu Rauma', 'hääsuunnittelija Satakunta', and 'hääsuunnittelija Varsinais-Suomi' to find out about the competitors in the area. The closest service providers similar to Sali Events were found in Turku and Tampere area.

The companies operating in Satakunta were mostly offering event related services, such as ceremony hosts, music and technology for bigger events.

Out of all the websites that were analyzed, based on the criteria, 11 were chosen for deeper analysis with the entrepreneur in the meeting on 21st of September 2020, and then the service package benchmarking was done with 4 companies, which had most of the content available. Also, 3 websites of wedding photographers were analyzed as well. Most of the event and party planning companies had their prices only on request, but the ones chosen for benchmarking had the prices visible on the website. All of the four companies had divided the services into different packages and the price range was from 50 euros per an hour of planning to 8000 euros for an all-inclusive weddings or parties. All of them seemed to have the focus on wedding planning, which is something that the Finns have just recently adapted from abroad. All of them, however, listed other parties and events as well, and some had separate tabs for private and business parties.

When searching through the different event and party planning websites, most of them had rather complex websites. The information was not easily found and there were popup windows bothering and the content downloaded slowly. This was a great opportunity to learn what kind of website should be built for Sali Events for the future. The service packages of Sali Events were formed based on the information collected through benchmarking and the ideas were then discussed and modified with the entrepreneur of Sali during the interview. The five different service packages that were created based on the benchmarking can be found in the BMC in appendix 1.

Because only a light level benchmarking was performed based on website information of the companies, only a small part of the whole service could be identified from the companies. For this study, however, that was the initial need, and therefore the results were substantial. Once Sali Events has been launched, a deeper level research and benchmarking can be applied at that point.

8.6 Ethical issues and credibility of the data

“The ethics of research concern the appropriateness of the researcher’s behavior in relation to the subjects of the research or those who are affected by it.” (Gray 2004, 58) All research, where people are involved, have ethical concerns behind them. They can arise in all research stages of planning, implementation and reporting. (Hirsjärvi & Hurme 2001, 37-9; Gray 2004, 58-60)

The important statements that need to be respected in this thesis are:

1. Respect the case company values
2. Create your own work, do not copy anyone’s business idea
3. Ask permission for the interviews and obtain confidentiality
4. Provide accurate results despite what the assumption is.

This thesis was done thoroughly by following the ethical codes. During the research, all the references followed the standards, and they were carefully reported. To prove the credibility, the entrepreneur was asked to read the report and confirm that the report was accurate. Since the thesis is a public document, the business secrets were carefully discussed with the entrepreneur whether they could be published, and her requests were respected. It was important to state clearly where the information was used, and any issues that needed to be kept private were discussed. Although the nature of the thesis is not very sensitive, the purpose of the thesis is to give tools for business development.

In qualitative research, credibility and trustworthiness are the two factors that should be considered when collecting and analyzing the data and presenting the findings. Credibility pertains to the validation of the findings and results; it is said to be “the bridge between a researcher’s interpretation and reality” (Seale 2007, 377). Evaluating the credibility may be difficult especially when the data has been collected with semi-structured interviews, where the interviewer could affect the results by leading the questions and discussion to certain direction. In this thesis, the author was aware of her role in the process and was consciously focusing on keeping the interviews authentic. The interviews were recorded in case of any contradictions would have appeared. The questions were carefully planned so that they were not guiding the

results in any wanted direction, but instead are valid and reliable. The results may have not come out equal to the assumption, but the results were presented as they were received. The benchmarking results were used as an example and guidance when developing the business model, and not to cause any harm for the companies. It was also remembered throughout the process that it is not acceptable to copy anyone's business idea as such, but instead they could be used as an inspiration in the development process.

9 BUSINESS MODEL CANVAS OF SALI EVENTS

The following chapter introduces the practical work of the thesis, which has been the development process of the business concept of Sali Events. The presentation is constructed on the nine building blocks of the BMC (appendix 2).

The information presented in the BMC is based on the research work of this thesis, and it has been gathered during the interviews with the entrepreneur of Café Sali. For further developments of the BMC, the interviews with the potential business partners as well as benchmarking competitors has been performed. The final version of the BMC is a personal interpretation of the knowledge that the author of this thesis has gathered from the research and previous experiences. The detailed descriptions and reasonings of the BMC can be found in the appendix 1. However, a summarized business concept of Sali Events is presented in the following paragraph:

The key customers of Sali Events are living within a 50-kilometer radius from Rauma. In B2C markets they are busy people with healthy budgets and are often either young couples, middle-aged people, or foreigners living in Rauma. In B2B sector, the customers are mostly medium sized or bigger companies, and also associations and municipalities can be potential customers. With Sali Events, customers do not have to waste time on something they are not good at, but instead purchase the solution from professionals, who offer quality service with passion to their job. The service may not

be the cheapest, but it can save money in the end and help enjoy the best out of the special day.

The processes of Sali Events are kept transparent to the customers and their satisfaction is monitored during and after the process. They are able to reach the hard-working event planners at any time they need. Depending on the customer needs, they can either purchase consultation, help for styling, catering services, or a turnkey all-inclusive planning process. The service is always tailored for each customer to fit their needs.

Besides the service packages, Sali Events also rents out dishes and decorative items for customers. Key activities vary depending on the type of event, but each one includes connecting with customers and planning and designing. Other activities can be the implementation of the events, marketing related tasks, administrative tasks, and contacts with the business partners, who are the key to run the business successfully. The business partners include venues, photographers, bakeries, interior decorators, and catering companies for example. Sali Events also has the advantage of operating under Café Sali, which has been doing catering and event planning. Also, other key resources are shared with Café Sali, such as the office space, staff members, and website. One of the most valuable key resources is that there are two people who will be running Sali Events, the entrepreneur of Café Sali and the author of this thesis, both who have a lot of experience in the business. Therefore, there is always a backup if something happens to one. However, a lot of time must be invested in order to launch and run the new business. Personal time and salaries form the biggest part of the cost structure as well as marketing, but also fixed costs educational costs, and advertisement materials may bring extra costs.

10 CONCLUSIONS AND FURTHER DEVELOPMENT IDEAS

The purpose of the thesis was to develop a business concept for Café Sali's business idea Sali Events, which focuses on event and party planning. The project was initiated as there was a need to find out the best practices for turning the business idea into a

possibly profitable business concept in the future. Instead of establishing a new company, Sali Events was decided to launch as an extension to Café Sali.

The theory of the thesis introduced the concepts of business idea, business concept, business model, and strategy. In the beginning, market overview for today's service concepts in the small and medium sized companies was also introduced to justify the business opportunity for developing a service concept. The Business Model Canvas by Alexander Osterwalder was chosen to be the main theoretical concept for the thesis due to its nature as a development project for an existing company. The BMC is often used for development purposes, and it is praised for its simplicity and visual way of presenting the business concept shortly. Therefore, it was found to be a suitable theoretical background for the project. The theoretical review of the BMC in this thesis formed the guidelines for the practical work together with the empirical research. The practical work was constructed by following the nine building blocks that are typical for the BMC. The BMC of Sali Events was presented in chapter 9 and described in detail in the appendix 1.

The thesis was based on qualitative research methods. It was implemented as an action research with some characteristics of design-based research. The main methods for the qualitative research were semi-structured interviews, benchmarking and content analysis. Interviews were held with the entrepreneur of Café Sali and potential business partners of Sali Events. The entrepreneur was participating closely in the building process of the BMC for Sali Events, which was important as she was the client of this thesis. Besides the data collected with the interviews, the development of the BMC was also based on the interpretation of the author of this thesis. She has been working in the company for 12 years, and the initial business idea was hers. Working closely with the entrepreneur for over a decade made the development process rather easy as the ideas and thoughts were very similar. It was also stated that the business partners were seen as very important for the success of Sali Events in the future, and the interviews were a good opportunity not only to check their interest in collaborations but also to test the business concept. The interviews with the potential business partners indicated that Sali Events seems rational and worth launching. Although their thoughts may still change prior to launching, the relatively large

number of respondents suggest that the overall thoughts are positive towards the business concept.

Besides the interviews, content analysis and benchmarking were also performed during the research. The author of the thesis went through dozens of websites of the companies operating in the event and party planning industry, in order to find the companies for benchmarking. Four websites were chosen for deeper analysis, and content analysis was also performed for companies with similar business idea, such as photographers. At this stage, the benchmarking was done only by analyzing their websites, but for further development, the author of this thesis recommends for more detailed benchmarking or even a survey or an interview with the entrepreneurs in the event management industry to be performed. Surveys and queries are also practical for testing the value proposition of the company, so it is recommended to consider conducting them in the future.

As a result of this thesis, the key objectives were achieved and Sali Events now has a manual for their business concept presented both in a simple one-page sheet (appendix 2) and a longer report explaining all the blocks in detail (appendix 1), including customer segments and relationships, value proposition, channels, key activities, resources and partners, as well as revenue streams and cost structures. Based on the benchmarking process, five defined service packages have been created for Sali Events in the context of event and party planning. The service packages include consulting, styling service, all-inclusive packages, catering, and rentals of the dishes and decorative objectives. The concept has been developed to the point that it was stated in the beginning of the process, and the entrepreneur has showed excitement for

The simplicity of the BMC and a relatively risk-free start for the business indicate that it would be reasonable to use resources to test it in the markets. Also, the positive feedback from the interviews with potential business partners encourages to continue the process. The brand and the business strategy need to be built for the new concept prior to launching it. The finalized BMC was presented to the client, the entrepreneur of Café Sali, and it was agreed that that branding and development of the business strategy for Sali Events will be done during the next couple months. That will give enough time to build the website and official marketing materials. The business will

be launched in the spring of 2021, which will still be a potential time for reaching customers planning to organize summer events. However, as a recommendation, if the website for the party rentals can be built in a quick schedule, it could be launched and advertised already before Christmas time, since many people have get-togethers during the holiday season and they are often struggling with not having enough plates, silverware, champagne glasses, and glogg glasses, for example. Café Sali already has a storage space full of the rental items listed in the BMC report, so the start of the rental business will only require counting of them, taking pictures, and listing the dishes on a platform. The preparations have already been started towards the launching by making the detailed lists of the products, and there will be a BMC done for building a business model for the rentals only. Once the information of rentals has been added to the website, the marketing of the new service will be started. Especially in the beginning, the requests for rentals can be received via email or phone, and the web shop may be opened in the future into the website of Sali Events. The easiest marketing channel will be Café Sali's social media accounts and the business networks of Café Sali.

For a short-term development recommendation, Sali Events should create a more detailed marketing plan and focus on branding. The challenge will be to separate Café Sali and Sali Events from the customer point of view. The values and the brand image of Café Sali are more likely positive reflections to Sali Events, but consumers must understand that it offers much more than organizing parties only in the premises of the cafeteria. Although Sali Events has been chosen for the marketing name during this development process, the author of this thesis recommends considering the name change one more time prior to the launching. The future will also show whether Sali Events will be focusing more on events or parties, and this should also be considered when choosing the company's marketing name.

For the future development, it is recommended by the author that all the five different service packages created during this thesis will be taken into more detailed inspection, and it would be beneficial to create a separate BMC on each one of them. Especially the rentals is a distinct service from the others; however, each one of the packages could attract different customer segments, create slightly different value, and have different key activities. Also, different types of events could be better conceptualized

and commercialized, such as bachelorette parties, christenings, funerals, and company events. Once there is a certain “blueprint” for different types of events or parties, marketing will be easier to the customers. By developing the BMCs, it will help deepen the understanding of the business and possibly create more opportunities. Also, when the different services are conceptualized, it could bring benefits in a wider aspect than originally intended. For example, by creating a separate BMC for the service package of consulting, new channels and revenue streams could be found for it; for example, in today’s world, consulting could be done online, or extra revenue could be earned by selling an educational clip about party planning online with a small price.

Once Sali Events has been operating in the markets for a while, it is recommended that the effectiveness of the BMC should be rechecked. Other tools for business development could also be utilized in the development processes. Because the business concept is based on quality customer service, the recommendation is that it could be further developed with Osterwalder’s Value Proposition Canvas, which was described in chapter 6. The tool focuses on the relation of customer segments and value proposition with deeper analysis, and it may bring new aspects to the business in the future.

As a conclusion, the thesis project has been a long but an educational process into business development and entrepreneurship, and it has taken over a year to come to a completion. Great business ideas may form overnight, but often more time is needed to produce them and bring them into daylight. There are many business ideas, but only careful planning and conceptualizing will show whether they are worth converting into a startup. This thesis was started in a very different world that we are living now, and the business idea of event and party planning could be seen rather risky considering the circumstances. Despite the changes, however, people will always want to organize parties, and therefore the business development was continued, and finally the BMC of Sali Events introduced. The process showed that the BMC is a great tool for any business development processes. It will more likely be utilized not only for the development of Sali Events, but also other development processes in the future as well.

REFERENCES

- Amarsy, N. 2015. Why and How Organizations Around the World Apply the Business Model Canvas? <https://www.strategyzer.com/>
- Bettenscout, L. & Ulwick, A.W. 2008. The Customer-Centered Innovation Map. Harward Business Review.
- Casadesus-Masanell, R. & Ricart, J.E. 2011. How to Design a Winning Business Model. Harward Business Review.
- Clark, T. 2012. Business Model You: A One-Page Method for Reinventing Your Career. John Wiley & Sons. Inc., Hoboken, New Jersey.
- Dahlberg, L. 2011. Orientation guidebook for New Employees of Café Sali. Bachelor's thesis.
- Damm, S. 2012. How to Apply Best Practices to Small Scale Events. Diplomica Verlag, Hamburg.
- Gassmann, O., Frankenberger, K., Csik, M. 2014. The Business Model Navigator: 55 models that will revolutionise your business. Pearson Education Ltd.
- Gray, D. 2004. Doing Research in the Real World. London: Sage Publications.
- Hirsjärvi, S. & Hurme, H. 2001. Tutkimushaastattelu: Teemahaastattelun teoria ja käytäntö. Helsinki: Helsinki University Press.
- Järvinen, M. & Kari, M. 2017. Yritä, erehdy, onnistu: helppo opas yrittäjyyteen. Kustannusosakeyhtiö Otava, Helsinki.
- Kananen, J. 2009. Toimintatutkimus yritysten kehittämisessä. Jyväskylän ammattikorkeakoulu/ Tampereen Yliopistopaino oy.
- Khodaei, H 2019. Capturing Dynamics in Business Model Frameworks. <https://www.mdpi.com/2199-8531/5/1/8/htm>
- Kotler, P. & Armstrong, G. 2018. Principles of Marketing 17th edit. Pearson Education Ltd.
- Kuada, J. 2012. Research methodology: A Project Guide for University Students. Samfundslitteratur Press, Fredriksberg.
- Lampi, I. 2010. Café Salin omavalvontasuunnitelma.
- Lampi I. Personal meeting. 21.9.2020.
- Motwani J. & Sower V. 2006. Benchmarking in service industries. Emerald Group Publishing.

Newth, F. 2012. Business Models and Strategic Management. Business Expert Press, LLC. New York.

Osterwalder, A., Pigneur, Y., Clark, T., Smith, A., Pijl, P. 2010. Business Model Generation: a Handbook for Visionaries, Game Changers, and Challengers. John Wiley & Sons, inc; New Jersey.

Pigneur, Y., Osterwalder, A., Smith, A., Bernarda G. 2014. Value Proposition Design: How to Create Products and Services Customers Want. John Wiley & Sons, inc; New Jersey.

Osterwalder, A. 2014. Interview with Alexander Osterwalder-Business Model Canvas. Referred 18.11.2019. <https://www.stgallenbusinessreview.com/interview-with-alexander-osterwalder-business-model-canvas/>

Pernaa, J. 2013. Kehittämistutkimus opeptusalalla. Bookwell oy Juva.

Pollack, S. 2012. What, Exactly, is Business Development? Referred 29.11.2020. <https://www.forbes.com/sites/scottpollack/2012/03/21/what-exactly-is-business-development/?sh=76602ea77fdb>

Pölönen, J. Personal meeting. 28.1.2019.

Raatikainen, L. 2011. Liikeideasta liikkeelle. Edita Publishing Oy, Helsinki.

Ramfelt, L., Kjellberg, J., Kosnik, T.J., Röstwall, J. 2014. Gear Up. John Wiley & Sons, Ltd. UK.

Saarelainen, E. 2013. Kohti menestyvää liiketoimintamallia. Suomen Liikekirjat.

Seale, C. 2007. Qualitative Research Practice. Sage Publications.

Spencer, B. 2013. Business Model Design and Learning. Business Expert Press. New York.

Swathi, Y. 2018. 5 key benefits of using a business model canvas instead of a business plan. Referred 22.11.2020. <https://medium.com/@chimera.swa/5-key-benefits-of-using-a-business-model-canvas-instead-of-a-business-plan-55d5d727ba46>

Tuominen, K. 2016. The Path to Development: Benchmarking Manual. Oy Benchmarking Ltd.

Viitala, R. & Jylhä, E. 2013. Liiketoimintaosaaminen: Menestyvän yrityksen perusta. Edita Publishing Oy, Porvoo.

Osterwalder, A. & Blank, S. 2012. Tools for Business Model Generation (Entire Talk). Referred 21.11.2019. <https://ecorner.stanford.edu/videos/tools-for-business-model-generation-entire-talk/>

Website of AB Tasty 2019. Referred 19.11.2019. <https://www.abtasty.com/ab-testing/>

Website of Eurofound 2019. Referred 19.11.2019.
<https://www.eurofound.europa.eu/>

Website of Onnistu Yrittäjänä 2020. Referred 10.11.2020.
<http://www.onnistuyrittajana.fi>

Website of Satamittari 2020. Referred 10.11.2020 <http://www.satamittari.fi>

Website of Strategyzer. 2019. Referred 19.11.2019. <http://www.strategyzer.com>

Website of Sparkling Night Rauma 2020. <http://www.sparklingnight.fi>

Zuber-Skerrit, O. 2012. Action Research for Sustainable Development in a Turbulent World. Bradford. Emerald Group Publishing Ltd.

APPENDIX 1: THE BMC REPORT

(Confidential document)

APPENDIX 2: THE BMC OF SALI EVENTS

(Confidential document)

APPENDIX 3: INTERVIEW QUESTIONS

Semi- structured interview with Iida Lampi on 18.1.2020.

Keitä ovat mielestäsi Sali Eventsin asiakkaat? Kuvaile asiakasryhmien edustajia tarkemmin?

(B2C, B2B)

Mitä arvoa Sali Events tuottaa asiakkaalle?

Millaisena yrityksenä asiakas näkee Sali Eventsin?

Mitä kautta asiakkaat saavat tietää Sali Eventsistä?

Mitkä ovat tärkeimmät kanavat markkinointiin? Entä palvelun tuottamiseen?

Millainen asiakassuhde Sali Eventsillä on sen asiakkaisiin?

Miten asiakkaat pidetään tyytyväisinä?

Mistä Sali Eventsin myynti koostuu?

Millaisia palveluja Sali Events tarjoaa?

Millaisia resursseja Sali Eventsin toiminta edellyttää? (aineellisia, aineettomia, taloudellisia)? Mitkä ovat tärkeimpiä resursseja?

Mitkä ovat Sali Eventsin tärkeimmät ydintoiminnot? Entä tärkeimmät bisnestä tukevat ydintoiminnot?

Miten ydintoiminnot käytännössä tulevat toimimaan?

Keitä ovat Sali Eventsin tärkeimmät yhteistyökumppanit?

Mistä Sali Eventsin kulut muodostuvat? Mihin tulisi laittaa rahaa? Missä tulisi säästää?

Toisen haastattelun lisäkysymykset (21.9.2020):

Miten Sali Events tulee käytännössä toimimaan?

Pohditaan Café Salin alla jatkamista.

Millainen ilme yritykselle?

Missä mainostetaan?

Mitä palvelukokonaisuuksiin sisältyy?

APPENDIX 4: 1ST SKETCH OF THE BMC

1. HAASTATTELUN "TULOS"
Designed for: Sali Events
Designed by: IIDA LAMP
Date: 18.2.2020
Version:

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none">CaféSalin verkostotBNI -liigisetLeipomotvalokuvapaikatjuhlapaikat	<ul style="list-style-type: none">• Topparimiset, konsertit• muunneltukerho• toteutus• ostoiden vuokraus	<ul style="list-style-type: none">• Palvelua hyönteillä• Paikallinen, "oppi"• Puhuttamisnautuus• Ei halua, mutta lopputuloksissa• Jäistään	<ul style="list-style-type: none">• Palvelua hyönteillä• Puhuttamisnautuus, luottamus, kova työ• Puhuttamisnautuus, luottamus, kova työ• Heiposti tavotteiden	<ul style="list-style-type: none">• B2C / - B2B• Joulukunnon• Naiset joulukunnon tekijöinä B2C• Häiparit• Joulukunnon tekijöinä B2C• Joulukunnon tekijöinä B2C
Cost Structure	Key Resources	Revenue Streams	Channels	
<ul style="list-style-type: none">• Työntekijät: "myyjäisin omaa autamme"• Joulukunnon tekijöiden Café Salin kanssa toiminta, kirkko, palvelus, nettisivut & joulukunnon• Markkinointi	<ul style="list-style-type: none">• Café Salin iso puissa• tilat• työntekijät• kokenut• yhteistyökumppanit• palvelus	<ul style="list-style-type: none">• Ennen palvelupakettia• konsultoinnin alainen käteen palveluun	<ul style="list-style-type: none">• Henkilö, tapaminen• Salin tai muulla• Nettisivut• BNI, FB, Instagram	

APPENDIX 5: 2ND SKETCH OF THE BMC

The Business Model Canvas

Designed for: *Savi Events*

Designed by: *LiDA LAMPIN & LINDA JÄRMEN*

Date: *21.9.2020* Version:

Key Partners	Key Activities	Value Propositions	Customer Relationships	Customer Segments
<ul style="list-style-type: none">• yhteisöyhteiskunnalliset- Savi- BNI: iäit• Juhlapaikat• Juhlataimeläiset• Ravintolat / moctarit→ Café Savi ☺• Kukkakaupat• Valokuvayritykset• Leipomo• Ihmissuunnittelijat• Kauneus & kaivpamo• Pöytänohja• Vaatetuikereet	<ul style="list-style-type: none">• Asiakasrapamiset ja konsultointi- yhteydenotto• Suunnittelutyöt• Juhlavien toteutus• Aistamokeraus- keraus, hseuus, piteus• Netoinnit, some, mediaoinnit	<ul style="list-style-type: none">• Polveua hyämellä• Vapautta, omu -• smu• Paikallisuus,• luottamus• Auttamishalukkaus• Premium	<ul style="list-style-type: none">• yhdämlinen• luottamuseminen• ammattitaitoinen• kora työ• Asiantuntytyväisyys- Palautus• Helppo tavoitettavuus	<ul style="list-style-type: none">• B2C:- pariskunnat (häät)- nuoret- kesti-ikäiset parit- kunnat (perheväk)- Raima + muu- Jotakunta ja- pohjoinen varsinas-- broni?- Naiset päätäjien- tekijöinä- yhteisöjohtajat- (miche?)
Key Resources				
<ul style="list-style-type: none">• Keskustat toimittajat• Café Savissa• Netoinnit ja Saville• elämässä, helppo viä• evätsille välelän• Yhteistyöreseri• Kokeumus!• YHTEISTYÖKUMPPANIT!				
Revenue Streams				
<ul style="list-style-type: none">• Palvelupaketit• Konsultointi, pöytänohja, puu incuare, someus• Astia- ja konsultointi				
Cost Structure				
<ul style="list-style-type: none">• Oma aika → työntekijäkulut• Markkinointikulut, pöytänohja• Kuntot kulut → Café Savin kanssa yhteisiä				

APPENDIX 6: INTERVIEW QUESTIONS

Semi-structured interviews with possible business partners

Nimi:

Positio yrityksessä:

Yrityksen toimiala:

(Lyhyt kuvaus uudesta Sali Eventsin toiminnasta.)

Olisiko yrityksesi halukas ryhtymään yhteistyökumppaniksi Sali Eventsille?

Millaista yhteistyötä näkisit Sali Eventsin ja oman yrityksesi/työpaikkasi välillä?

Vaihtoehtoinen/lisäkysymys:

Olisitko valmis (hintaa alentavaan tai etuja tarjoavaan) yhteistyösopimukseen Sali Eventsin kanssa, mikäli Sali Events tuo yrityksellesi asiakkaita?

Näkisitkö itse todennäköisenä, että voisit suositella itsesi tai yritykseni nimissä Sali Eventsin palveluja?

Onko yrityksesi/edustamasi taho tehnyt aiemmin yhteistyötä hää-/juhlasuunnittelijoiden kanssa?

Oletko itse tehnyt aiemmin yhteistyötä hää-/juhlasuunnittelijoiden kanssa?

Oletko valmis yhteistyöpalaveriin myöhemmin tänä vuonna, kunhan Sali Events saadaan lanseerattua?