

Using the Philanthropic Services Business Model Canvas

Any business plan won't survive its first encounter with reality. The reality will always be different. It will never be the plan. – Jeff Bezos

The [Business Model Canvas](#) is one of the newer tools for planning new services, products, and lines of business. In a one-page visual chart, it captures brief answers to essential questions about customers, value proposition, resource uses, and more. It is meant to be a living hypothesis of how your answers to those questions survive their encounter with reality. It should be frequently updated as you learn more about your customers, their goals, and the success of your answers to meeting those goals.

Over time, the Business Model Canvas has been adapted for use by nonprofits, social enterprises, and government agencies. NCFP adapted open source versions for community foundations' use in the *Family Philanthropy Playbook*. There are two versions to download:

- An 11"x17" PDF version containing in each section a couple key questions and the appropriate Module in the *Playbook* to help you develop answers that make sense for your foundation.
- A blank 11"x17" PDF version into which you can type or write your answers and create your own canvas.

Each section of the canvas will prompt new internal discussions and research. Here are some hints for completing your canvas:

1. You can use the canvas for your entire suite of philanthropic services and products, or use it to develop or re-design a specific activity, tool, or service.
2. You should create a separate canvas for each customer segment. That is, your value proposition and cost model might differ for a couple with young children versus a family with three generations of adults. Or, your value proposition and internal resources needed may differ depending on how you tier funds and donor relationships. You'll know it is time to create a separate canvas when you're trying to jam a complex answer into one of the segments.
3. Because the canvas is meant to be a living document, it is common to have answers that are your current best guesses and value propositions that are in a pilot or test stage. It is meant to help you create smart hypotheses, test them out, and refine them based on what you learn.
4. Some organizations print the canvas in a large format (flip chart size or bigger) and facilitate group brainstorming, posting initial answers to a segment on sticky notes. We're guessing they spent time with popular nonprofit consultant and [sticky note devotee](#) Beth Kanter.

If you have questions about using our Business Model Canvas, or have ideas for modifying it, please contact community@ncfp.org.



Philanthropic Services Business Model Canvas Questions

The following questions serve as prompts as you develop your canvas. They're presented in an order common to business model creation, but you can follow the order that is most helpful to you.

1. Customer Segment(s)

For whom are we creating value (e.g. size of market, demographics, types and sizes of families, etc.)?

What are their motivations?

- Their goals: What are they trying to accomplish – what needs are they trying to satisfy – and in what contexts?
- Their pains: What gets in their way, frustrates them, or feels too costly in terms of time, money, or effort? What negative social consequences do they fear?
- Their gains: What would make their lives easier or lower barriers to starting and succeeding in their goals? What would make them look good to others in their family or the community?

How do we know these answers? If we haven't heard them directly from current customers and prospective customers, how will we reach out to learn more directly?

2. Social Value Proposition (SVP)

What product(s) or service(s) do we want to offer to help each customer segment in their philanthropic journeys? Is our "value add" to their lives:

- A "pain reliever," explicitly reducing time or effort, practical barriers, negative emotions, or other challenges that matter most to them?
- A "gain creator," explicitly producing basic benefits they expect, making their life easier, or even surprising and delighting them?
- Functional? Emotional? Helping with self-actualization?
- Clearly answering "What's in it for me?"

Can we consistently deliver our SVP with high quality?

Does our SVP stand out from other places they're seeking or receiving support?

- Indirect competition includes donors' confidence in their own giving strategies, their lack of time to dedicate to organized giving, free resources found online, and the trusted advice they receive from peers and nonprofits.
- Direct competitors might include philanthropic consultants, wealth planners and estate planners, donor-advised fund sponsors, giving circles and peer groups.

3. Impact Measures

What results are important for our foundation?

Ex) donor satisfaction, enhanced brand, more family members as donors, increased gifts, and successor generation involvement and retention

What progress will donor families and fund advisors want to measure for themselves?

Ex) satisfaction with giving, feel informed, have a plan, effective participation by family members, and successful transition of leadership within family

What results will the community see?

Ex) donor collaboration, DAFs aligned with community needs, fund advisors active in foundation initiatives, and younger family members become community leaders

How will we measure those results? Is it realistic to do so and report them to the board?

4. Desired Relationships

What type of relationship does each customer segment, and each member of a family, expect us to establish and maintain with them?

Ex) personalized, self-service, peer group, co-created, automated

How well are we meeting that expectation, and how costly is it to do so?

What type of customer experience are we offering?

5. Delivery Channels

How does each customer segment want to be reached with our Social Value Proposition (SVP)? Which channels of communication or touchpoints will best integrate with their work and personal routines?

Ex) mailers, their home, your office, online, mobile, advisor's office, coffee shop

Which channels are needed for each phase of engaging our customer: awareness, evaluation of options, use of our SVP, and feeling supported after use?

Which channels are working best for us now, and which need strengthened?

6. Core Capacity

What key internal resources are required to deliver our social value proposition?

Ex) core philanthropic services staff (time, skills, knowledge), physical space, proprietary tools and data

What is our plan to grow, hire, or outsource fundamental competencies in: discernment questions to help define purpose and legacy, generational dynamics, family systems, family dynamics, facilitation, supporting succession, differing styles and levels of due diligence and evaluation of grantees, and more?

7. Support Activities

What support do we need from the rest of our organization to succeed in delivering our Social Value Proposition?

Ex): board decisions, organizational culture changes, marketing, event management, legal, R&D, data and evaluation

Which supports are easiest to obtain? Which are hardest or most costly?

How will our need for that support change as our SVP evolves over time?

8. Partners

Who are our key partners and suppliers (people and enterprises that do things we don't)? Which delivery channels and supporting activities will they augment?

Ex) technology firms, professional development sources, professional advisors

What type of relationship do we want with each? How deep of a partnership?

Ex) vendor/supplier, collaborator, strategic alliance, joint venture, advocacy for our efforts

What types of partnerships and advisory teams can we grow with traditional professional advisors (wealth, legal, tax, family enterprise) and other service providers to wealthy families (counseling and addiction, conflict resolution, storytelling, and more)?

9. Financial Model

What revenues will we receive? If applicable, what is our pricing structure?

Ex) fund fees cover everything, fee-for-service charged, upcharged annual fee or subscription, underwriting by donors/sponsors, licensing of product/service, ads sales

What are the costs involved (delivery of Social Value Proposition, core capacity, support activities, channels, partners)? Which are fixed costs vs. variable costs?

What is the cost structure for the pilot or start-up phase? For full delivery?

What is our desired timeline for break-even or net revenues? Are there economies of scale that can be achieved later?

10. Risks and Barriers

How might our organizational culture fail to successfully “meet donors where they are” in their philanthropic styles, goals, and journeys?

What policies and practices may hinder our support for donors’ philanthropic journeys or our support for family philanthropy?

Ex) donor perceptions of the foundation’s partiality, donor needs for control, successor advisor policies, policies that exclude their advisory team, perceived or real loss of control

Which types of risk are most worrisome to our board? To our partners?

Ex) foundation reputation, individual relationship damage, financial, failure of a pilot program, opportunity costs