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## **BUSINESS SURVIVAL GROWTH MODEL (BSGM) CANVAS VS BUSINESS MODEL CANVAS (BMC)**

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**ABSTRACT:** *The term business model has been used in practice for several years, companies has created, defined and innovated their models of business directly or indirectly with the aim of gaining better positioning in the market place. This paper is aimed on establishing a comparison between business model canvas and Business survival growth model (BSGM), Although the Osterwalder business model canvas (BMC) is widely used and adopted by professionals globally but is yet to gain grounds in academics. The model information of BSGM model is written based on how the mechanism of BSGM canvas work. The understanding of business frameworks surrounding both models which forms the basis of this paper. With more insight into the comparison concerning both models. Moreover, business model canvas is one that has been widely adopted by professionals as a way to see business start-ups holistically. While BSGM explains the operational business system needed to setup new businesses to either survival or grow in the market place. This particular study is conducted based on tested business approach adopted by global brands and secondary based information on Businesses model canvas.*

**KEYWORDS:** Business Survival, Growth Model, BSGM. Canvas, Business Model BMC

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### **INTRODUCTION**

#### **What is Canvas?**

Canvas is a strategic management and lean start-up business model template. It is presented as visual shorthand, which consists of nine blocks and which helps to simplify complex organizations. It is a template for developing new or updating existing business models.

#### **What is Business Model?**

The term business model comes from the financial journalist Michael Lewis, who in his articles predicted that future companies will be based on business models connected only with the Internet. David T. Teece (2010) considers that “business model still has no fixed theoretical foundation in economics. “It is really difficult to identify those processes and components, which are necessary for business and would define a creation of value in a company comprehensively and fundamentally. Several authors define a business model as a system for making money. In their opinion, business model is an economic concept, which “produces “revenues and costs. It is a set of activities, which create profit due to the cooperation of processes and technologies.

Some other researchers argue that **the business model is a system of resources and activities, which creates value that is useful to the customer and, the sale of this value makes money for the company.** Business model can be defined as an approach adopted to the way of doing things with the goal of promoting revenue advancement in cash or in kind or diversification of

streams of income. The purpose of analysing business models is to deepen and broaden the knowledge about basic components of a business model. We see the importance of this aim in improving the functionality and economy of business models, and also in, discovering and developing competitive advantage, which can be detected by the companies themselves (Slávik, 2011)".

The concept of Alan Afuah (2003) divides model into 4 components, hence the determinants of profitability, which influence all the activities in company. Industry factors analysing impact of market elements: competitors, barriers and customers. Resources help to create value differentiation. Cost brings new type of value – low cost model. Positions are about looking for the right places, which are not occupied, or the company can deliver to the existing market new, interesting values. Cooperation of these components creates a successful business model and their uniqueness is a source of competitive advantage.

David Watson (2005) shows and evaluates business model through six components: competitors, customers, economy, management, products and suppliers. He offers new and unusual insights into each component. The competitors are defined by barriers of entry to market, threat of substitute products, competition within the industry and leveraging on the first mover advantage of market presence. Customers are evaluated according to their characteristics, types of contracts and payment rates. Author highlights the advantage of continuous discovery of gaps in the market. Economy of company is analysed considering to acquisitions, economies of scale, earning on the growth of another company, dividends and breakpoint. Management is evaluated by the moral view, conflicts checking, accounting rules, success in the past and relationship with partners. Analysis of the products is focused on the brand loyalty, competitive advantage, creating new products, differentiation, sale places and innovation of value chain. Suppliers are defined by their negotiation power and opportunistic buying. This model has a complex character. Its uniqueness is that the model analyses sector factors, such as competition, which belong to an environment of business model, but is not part of business model components for BMC but is a factor of the BSGM canvas.

The post-industrial 21st century is characterized by instability and turbulence in a business environment. Companies don't only change their products, but also the organisation's culture, approach to making sales and relationships with customers. They are trying to stay on the market, differentiate their brand from their competitors and create value added, giving them a competitive advantage over a time period. New technologies, better education, globalization, new communication tools and sophisticated distribution networks create new opportunities for business development. The main aim of this comparison is to identify similarities, mechanism of the model and possible differences. The development of small and medium enterprises is growing at a rapid rate, with new businesses entering into the market on a daily to compete for market share in the industry they are competing in. Moreover, the government has setup supports and policy for the emergence of these small and medium enterprises. In addition, a lot of universities now support entrepreneurship by setting up entrepreneurship centres. It is no news that entrepreneurship has been included into students' curriculum in universities, while providing chances for the students to come up with business innovation in creating an organisation that meets needs of consumers. Scalability of an industry can be categorized into 4 categories which are home industry, micro industry, secondary industry, and big industry. Which maybe caused as a result of the ever changing economy. The market leaders are majorly

dominated by the big companies. Small business most times don't even stand a chance of survival during crisis and critical situations. Due to the following reasons that:

- (1). Although the Small business can produce consumptive goods and services which are truly needed by the society,
- (2). But Small business agents utilizes local resources surrounding the business location, either the human resources, capital, material or production tools,
- (3). Most small businesses rely on its capital from the personal budget.

However, many Small Businesses have declared bankruptcy because of inability to compete with bigger competitors in the market place. Competition is one of the things that all of the businessman will experience in which the competition will involve all of the existing industrial lines either it is the competition among the Small Businesses, secondary businesses or the big ones. Therefore, it is important that small business adopts a strategy in facing competitors, which could either be the competition among the Small Businesses or among the secondary businesses. "For SMEs, the process of transforming into Multi-National Companies (MNCs) is complex, difficult, and hostile. During growth process of most businesses, most especially the medium-sized companies, who often suffer the fate of being acquired by another company or, merging into another competing company that are usually large MNCs". "The key areas for business success starts from the finance section of the business, which eventually becomes the driving force for the sales and marketing of the business. For a business to thrive it must first learn to maximise its finances to get the business off the ground". "Small businesses encounter many obstacles that prohibit their growth and even threaten their survival. These obstacles can be attributed to internal and external business forces acting directly or indirectly on the organisation influencing decision making of the firm to various degrees. "Failed small business ideas erupted from: lack of managerial skill such as financial, marketing and human resource management skills needed to operate the business successfully to stand on its feet.

## **LITERATURE REVIEW**

To help developing "a common and widely accepted language that would allow researchers who examine the business model construct through different lenses to draw effectively on the work of others" (Zott, Amit & Massa, 2011, p. 1020) we will start from the valuable work of the authors cited in which they conclude that the business model is "a new unit of analysis, offering a systemic perspective on how to do business, encompassing boundary-spanning activities (performed by a focal firm or others), and focusing on value creation as well as on value capture. These themes are interconnecting and mutually reinforcing." (ibid., p. 1038) Zott & Amit (2010) made another valuable contribution, i.e. in explaining the BM design from an activity system perspective. "Given the vital importance of the business model for entrepreneurs and general managers, it is surprising that academic research (with a few exceptions) has so far devoted little attention to this topic. We need a conceptual toolkit that enables entrepreneurial managers to design their future business model, as well as to help managers analyse and improve their current designs to make them fit for the future." (p. 217) They distinguish between design elements (which activities are performed, how they are linked and by whom they are executed) and design themes (novelty, lock-in, complementarities and efficiency) that describe the drivers of value creation. According to Zott & Amit these drivers (and their combination) influence the BM design significantly. An activity in a firm's BM is

defined as “the engagement of human, physical and/or capital resources of any party to the business model (the focal firm, end customers, vendors, etc.) to serve a specific purpose toward the fulfilment of the overall objective.” (ibid.). According to Magretta (2002, p.4) business models are “stories that explain how enterprises work. A good business model answers Peter Drucker’s age old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?” Value is at the heart of any business model. Moreover, it is relevant to understand what value is offered to which customers. In a first phase we ask to company’s management what they think the value is their company currently offers to customers, which is different from asking to customers what they value. We reserve the latter for the second phase of our BM tool (i.e. the evaluation).

In other words, Magretta is mixing the mapping and the evaluation of the business model. An interactive approach in which a “systemic perspective” interacts with the input from the management team telling the story behind strategic and tactical choices allows to gain insight into the BM and the dynamic interaction between components. Besides creating value companies should also capture value. According to some authors, capturing value comes back to earning money (Richardson 2008, Teece 2010, Bocken et al. 2014), whereas Zott & Amit (2010, p. 218) use a more interesting approach since the BM should explain how value is created for and captured by all parties involved. The focal firm and its suppliers capture value if profit is deduced. If a supplier is generating recurring business from the focal firm’s activities, the value capture will become more important for him and for the focal firm, the latter obtaining a stronger position to negotiate sharper purchase prices. A start-up company can be heavily focused upon creating value for customers without translating this into sustainable revenue and by consequence the cash drain risk will rise. Capturing value is a crucial challenge. Although the capturing of value mainly refers to the focal firm, it is also a significant criterion for external parties in evaluating to which extent they want to become a strategic partner.

According to Morris et al. (2005) six fundamental questions are the basis of any BM: how does the firm create value and for whom, what are the firm’s core competencies, how will it position itself in the marketplace, how will it make money and what are the entrepreneur’s time, scope, and size ambitions? In addition to the preceding definitions and descriptions of the BM construct we have already presented, Morris et al. include core competencies. This is a vital element since it shows to what extent a company gains competitive advantage and how it solidifies its role in the external value chain. However, the BM summarizes all core competencies involved in the realisation of a firm’s strategy, including those of external parties. Two questions posed by Morris et al. are underlying the BM but are not explicit elements of it. Firstly, since the BM is the reflection of a firm’s realized strategy (Casadesus-Masanell & Ricart, 2010) the market positioning is an implicit BM element. It is anchored in the strategy and the business model explains how the strategic choices are realized. Secondly, the entrepreneur’s time, scope and size ambitions can be valuable in terms of BM typology or taxonomy (i.e. it might impact the BM design and its system of activities), but it is not necessarily an explicit element of the BM. The income BM e.g. is defined as the group of firms that need to invest until a sustainable income level is reached. This characteristic might have

consequences on the business architecture but it is by itself not an element of a BM construct and representation.

According to Johnson et al. (2008, p. 52) business models “consist of four interlocking elements, that, taken together, create and deliver value”. These are the customer value proposition, the profit formula, key resources and key processes. The latter can be linked to interdependent activities of Zott & Amit (2010). Key resources are a much broader concept than Morris’ core competencies. They include human, intellectual, physical and financial assets needed to create, deliver and capture value (Osterwalder & Pigneur, 2010). Intellectual resources created within the focal firm are based on human competencies, physical resources critical to operate the business can be purchased from partners having the competencies to create and deliver the value to the focal firm. In other words, resources implicitly assume internal or external competencies (or a combination of both). Denominating its internal core competencies facilitates the firm to wonder whether it can outsource some activities. Moreover, key resources are linked to key activities (e.g. the distribution channel of a partner can be a key resource to the focal firm while the distribution itself is a key activity). Our single case study will offer more insight into the position of resources and competencies within the business model.

Osterwalder & Pigneur (2010) define the business model as a construct consisting of nine building blocks. It has some similarity with the more concise representation of Johnson et al. the latter starting with the value proposition including customer segments, whereas Osterwalder & Pigneur explicitly divide both. Johnson’s key processes include value creation (how to make) and customer related (how to sell) activities, whereas Osterwalder distinguishes between key activities, channels and customer relations. The functions of channels are raising awareness, helping customers to evaluate the value proposition, purchasing and delivering the value, providing post-purchase support. The component of key resources is identical in both approaches. And finally, Johnson’s profit formula summarizes the revenue model, cost structure and margins, whereas Osterwalder treats revenue and costs separately. In addition to Johnson, Osterwalder last BM component consists of key partners to which Zott, Amit & Massa refer when they state the boundary-spanning activities of the focal firm. Finally, Osterwalder proposes a fixed architecture of the nine components, whereas Johnson merely explains the four components and shows that they are linked.

**BUSINESS SURVIVAL GROWTH MODEL (BSGM) CANVAS**

Source: Business Survival Growth Model by (Eneanya 2019)

## Model Overview

### Terms Used for this Model

#### What is Organisational Culture?

Organisational culture is not just an idea that explains how things are done in your organisation, it is the made believe, norms and behaviour the organisational management set for the staff of such business. Organisational culture from my experience can either improve the way things are done or left to just decay regardless of how bad or good it affects the organisation. It defines expression and creativity acquisition rate among employees. Your culture either promotes proactive thinking from your staff which encourages innovations as a business owner or promote reactive thinking which encourages let things spoil first then we fix it. Read Chapter 1, the internal forces to learn more about organisation culture

#### What is Management?

Management for many is the life blood of any organisation, many scholars have coined various definitions to management, but from my knowledge and experience, management is the ability to manage and maximize financial, human, and technological resources with the aim of maximizing organisational growth and development. Many other scholars and writers approach management as Organisational Leadership. Management is a whole lot more than just leadership, it is the very core of any organisation or economy. Just for the purpose of simplicity, management are the decision makers of any organisation or economy. That is why when a company is acquiring another company, they disband the management team of that organisation with a different one. See management, from having a family: the wife and the husband are decision makers of that home while the kids acting as employees follow the decision made by their parents mostly as minors. Read chapter 1 to learn more on this subject

### **What is Revenue Advancement?**

Revenue Advancement can be equated with the combination of Maximizing revenue streams (money making) and minimizing your business cost acquisition through cost minimizer system or tools. Revenue Advancement is majorly possible when there is either constant flow of income in large sum over time or multiple streams of income within a short period of time. Whichever happens, organizations adopt various revenue models and diversification strategy to boost financial strength and profitability. **According to (Walker 2018) who explained 12 Powerful Growth Strategies to Increase Revenue to attain Revenue Advancement**

1) *Align Sales and Marketing*. The terms sales and marketing are often used interchangeably. However, these vital functions provide very different—and equally important—contributions to the company or organization. They are, in fact, the Yin-Yang that cultivate customers, generate sales, and serve as the fuel for your company. Marketing is, and should be, viewed as a critical investment for the financial success of the organization. Sales without an appropriate marketing function is costlier, less effective and reduces the bottom-line.

2) *Establish a formal referral program*. Data conclusively demonstrates that customer referrals are a significantly effective but extremely underutilized business strategy. According to Dale Carnegie, 91 percent of customers would give a referral, but only 11 percent are asked. Creating a formal referral program can allow your customers to help you grow by becoming a brand ambassador for your company.

3) *Expand your offerings*. Your customers and their needs are always evolving. And, so should your product and service offerings. Being aware of your customers' long-term needs, research and development or industry trends enables you to anticipate their future needs and position your company to service them. This approach also affords your company the opportunity to be first-to-market and a disruptor.

4) *Focus on customer relationships*. Per Marketing Metrics, increasing customer retention by five percent can increase profits between 25 and 95 percent. Providing exceptional customer service that creates long-term and loyal customers is a sound strategy to grow your business. Upselling or cross selling current customers is significantly more effective and cost-efficient than securing new clients.

5) *Develop strategic partnerships*. Many small business owners can benefit from strategic partnerships that enable them to service a larger client or business opportunity together. While horror stories abound, careful planning and due diligence can address many issues before they occur. Engaging professional help, including legal, financial and business experts, to form the partnership is the best approach for profitability and long-term success.

6) *Become a recognized thought leader/expert*. Here's a surefire way to elevate your reputation, build brand equity and attract ideal customers. Based on your industry and business, creating a blog, podcast, by-lined articles or other content to share your knowledge can be an effective strategy. Even sharing your expertise through speaking engagements, industry panels or other high-profile events provides an excellent opportunity to showcase your company and expertise.

7) *Increase your geographic reach*. Focusing on a manageable territory is smart. Developing opportunities to expand your customer reach is a significant growth strategy that should be pursued in a phased approach to ensure that additional customer requirements, logistics and costs are addressed.

8) *Develop a new client/customer base*. Data suggests that selling to new customers is between 5 and 20 percent successful. Notwithstanding this data, a focused effort to attain customers in new sectors, geographies or segments can be prudent. Knowing when to engage in new client

acquisition opportunities requires a well-thought-out strategic approach and flawless implementation.

9) *Just say no.* this is a big challenge for many small business owners. The ability to confidently and appropriately address difficult customers, to walk away from an ill-fitting business opportunity or to end a customer relationship requires the self-confidence and fortitude to opt-out. Learning to say “no” when it’s not a good fit or within your wheelhouse is a significant growth strategy.

10) *Elevate your brand.* When growing a small business, it is extremely important that your brand continues to evolve, as it can unlock competitive advantages for the company. Your brand is a dynamic asset that must always differentiate your company and its products and services. Oftentimes, as a company grows, its brand remains static and becomes ineffective as a new customer segment, geography or service offering is pursued. It is critical to remember that, as the company grows, you must elevate your brand and communications to address the new market requirements.

11) *Optimize your memberships.* Each year, small business owners expend significant funds to join business, trade or other membership organizations. Yet, they rarely take advantage of these memberships to share their expertise, elevate their executive profile or build mutually beneficial relationships. With the financial investment, consider the additional investment of your time and talent by chairing a committee, serving on the board or supporting an initiative. By engaging, you will showcase your leadership capability, will enable others to take notice of you and your company, and can leverage your engagement to increase awareness for you and your company.

12) *Manage your customer acquisition costs.* Opportunity cost is the value of a forgone activity or alternative when another option is chosen. Opportunity cost comes into play in any decision that involves a tradeoff between two or more options. The cost associated with the customer acquisition process is an important measure for a business to evaluate in combination with how much value having each customer typically brings to the business. Your customer acquisition cost evaluation should inform your pricing strategy.

**NOTE:** The Pricing Strategy and Other Forms of Revenue Based Model that will be described shortly in the coming pages all form the financial advancement of any organisation. When followed Possess a higher likelihood of business Revenue Advancement.

### **Human Resource Management System and Benefit**

Human resource management is a broad area of study that concerns the use of humans as key resources for organisation growth and development. To address one of the segment of human management is to look into the productivity of organisation staff. Which can be generally known as employer, employee productivity.

### **What Does Employer, Employee Productivity Mean?**

For productivity to exist there must be competency, capacity, and an enabling environment. Look at employer productivity as you the entrepreneur maximizing the output you give from the responsibility you oversee. Look at employee productivity as hiring competent staff and you creating a conducive working environment either online and offline. To get the best out of your organisation workforce. There are enablers to productivity, and enablers to de-productivity. Understanding the motivational key factors among your workforce. Happy employees breed high productivity among competent staff. In the next section you will understand how to promote productivity among your staff. If you have been.



Staff benefit is explained in chapter 3 of this book, there you will understand what is considered as a benefit or what is not.

### **Business Positioning**

- a. Brick and Clicks
- b. Franchising
- c. Logistics and Track Record
- d. Location

### **Definition of Business Positioning Terms**

**Bricks and Clicks** is a situation where a company that has both an online and offline presence allows customers to pick up products from the physical stores while they can place the order online. This model gives flexibility to the business since it is present online for customers who live in areas where they do not have brick-and-mortar stores. Ex: Almost all apparel companies nowadays.

**A franchise** can be a manufacturer, distributor or retailer. Instead of creating a new product, the franchisee uses the parent business's model and brand while paying royalties to it. Example: McDonald's, Pizza Hut.

**Logistics:** one or more of these kind of logistics takes place in an organisation. Which are either inbound logistics or outbound logistics or both?

**A] Inbound logistics:** Inbound logistics refers to the transport, storage and delivery of goods coming into a business.

**b] Outbound logistics:** Outbound logistics is the process of storing, transporting, and distributing goods to customers. The Outbound logistics process starts with a customer sales order, moves on to warehouse packing and ends with product delivery.

In simple terms, inbound logistics refers to goods coming into a business while outbound logistics refers to goods going out of a business.

**Track Record:** Businesses gain competitive advantage and opportunities over other brands through consistence, economies of scale gained over time and improving organisational performance via effectiveness and efficiency.

## **WHAT IS BSGM CANVAS?**

*The model generally explains that what is a survival system for one organisation is a growth model for another organisation and vice versa. A breakdown of BSGM is as shown below to explain what BSGM mean:*

**In the Survival Model of BSGM,** it explains that for any organisation to survive in today's fast-growing business environment they should be able to practically, develop, implement and evaluate the "Who", "What", "Why", "When", "Where" and "How" business questions of the business, while maximizing the internal forces acting within the organisation. That is responsible for either the growth or survival of the business.

**In the Growth Model of BSGM;** This involves growth forces from within the organisation and outside the organisation (internal and external) acting simultaneously to give the organisation an edge over competitors operating within the same industry. With the aim/objective of gaining the highest market share.

## How the Model Works?

### Organisational Model

Looking at the model like an organisational transport system that takes one from where you are to where the business wants to be. The model explains that the future and growth of any establishment starts from its **Culture which is the Block 1**, in every organisation culture exist. This can exist as either what is tagged as a good or a bad organisation culture, also known as corporate culture. It is the upper management duty and responsibility to define, sustain, promote and protect its culture from decay. For **Block 2**, containing **the manager's tools of managing the organisation and leadership style of managing the firm, the Strategy and Tactics are formulated by the firm's executives. To survive in the marketplace, diversifies its Revenue streams to remain in business.** Which is achieved as a result of the drivers of the firm's profitability or viability state. For block 3 to be self-sustaining, a good motivational system and tools has to be in place for the human resource in block 3 to devote more to the organizations development. The organisation expects the employee and employer to manage and develop the **Block 3, the business operations, marketing and business positioning** this contains **the Business process, I.C.T Systems** housing the business infrastructure and finally the **Business positioning** which is established by the joint effort of Block 2 and 4. This is usually triggered by, opportunity the drivers of Block 2 and 3 creates. Block 4, is designed and structured in such a way that block 1 is automatically preserved, and protected from external corruption that is not supported by the core values of the organisation and what they stand for. In **Block 4**, exist **the employee and employer productivity contained in the human resource management system.** which is consciously and unconsciously tied to the skills, work relationship and competency existing among the employee of the firm. The collective performance of the staff leads to the overall performance of the organisation in attaining its corporate goals and objectives. The common ground housing both employee and employer interest is the Staff benefit and welfare attached to the job. Demand is placed on the staff of the organisation to innovate and develop the block 4 of the BSGM system, In exchange for innovation or optimization.

**The Internal Forces** and Blocks are connected to each other such that if the Block 1 is bad and corrupted it automatically affects block 3 and 4, if block 2 is approached wrongly then, block 3 and block 1 is affected. If block 4 is approached, managed in an inappropriate way, it affects customer Lifetime value and block 2. This model explains that for an organisation to survive and grow beyond its current status quo, it must maximize the benefit each BSGM block has to offer. In reality the survival and growth model postulation is applied in each block of the BSGM system.

**The External Forces** acting on the diamond influences the individual block in which the forces are acting upon. For example, economic forces influence the purchasing power of the organisation to staff and other stakeholders. Which is controlled by the management and cash advancement running the organisation activities. Technological advancement influences the I.C.T systems and tools an organisation adopts to keep the organisation relevant and effective. The impact of the external forces usually has a direct or in direct impact on one or more blocks for an organisation internal forces acting within.

**Note** any organisation without this above business system is an organisation that is either barely surviving or is existing but not in business. With these in mind that the Business Survival Growth Model that what might be a survival system for one organisation is the next growth system for another organisation.

## MODEL COMPARISON OF BSGM AND BMC

### BUSINESS MODEL CANVAS RELATIONSHIP WITH BSGM



Source: [udemy.com/business-model](http://udemy.com/business-model)

## Business Survival Growth Model and Business Model Canvas

### Key Partners, Key Resources = Strategic Partnership

**In application of Business Survival – Growth Model (BSGM)** explains that strategic partnership is a product of utilized key resources leveraged from key partners to give the organisation an edge and better competitive power in the market place they are operating in. This Strategic partnership can exist as Founder to co-founder partnership, Joint Alliance with either competitors or non-competitors running complimentary products with the organisation, private to public partnership etc.

### Cost Structure and Revenue Stream = Diversifying Revenue Streams

**In application of Eneanya Business Survival – Growth Model (BSGM)** explains that an organisation Revenue Streams and continuation of survival is dependent on how the organisation is able to effectively manage its cash flow from its revenue streams of income. Which can either be a single stream of income or multiple streams of income. Revenue diversification is born out of the need to survive and remain relevant in the industry the organisation is operating in, using product lifecycle of launched products in the market place. The more successful a product performs in the market place, the better the survival of that organisation in the industry they are operating in. The following factors represents various criteria of revenue advancement for an organisation:

**Revenue Advancement (Surplus) = (Revenue > Cash outflow) + Extra Revenue inflow**

**Financial Sufficiency = Revenue > Cash outflow**

**Prospective Bankruptcy = Revenue < Cash outflow**

**Financial Survival = (Revenue = Total Cost) + (Expected profit growth)**

**Bankruptcy (Business Close down) = (Revenue < Cash outflow) + Debit backlog.**

### **Key Activities = Human Resource Management System**

**In application of Eneanya Business Survival – Growth Model (BSGM)** explains that one of the key resources of any organisation is the people (employees). The performance of any organisation is rooted on the quality of its workforce in the organisation. Although there are other resources that keeps an organisation effective and efficient. BSGM explains that other organisational activities that keeps the organisation productive, which revolves around the people that use and manage those resource activities. With a problem solving approach to Procedures + Core work tools (online and offline) + Event setup (people) = key Activities.

### **Channel and Customer Segment = Impact of Competitors and Market Segmentation**

**In application of Eneanya Business Survival Growth Model (BSGM)** explains that the absence of competition in any industry gives birth to market monopoly. The forces of market demand and supply of a product is rooted in the market presence and market share the product controls as against other competitors' product. A good example of this is, a change in price in any of the cola beverage drinks with a reasonable market share brings about a change in price in the rest. Another example is in the area of the cement industry, a change in price in Dangote cement can brings about a change in price of other cement producing brands in the country. If they are to remain competitive in the marketplace. Another example is the rivalry among Uber and Taxify brand in the transportation industry. This illustration explains the potency of competitors' impact in any industry. *Market Segmentation* on the other hand targets the demography, psychographics, and geography of certain markets. For an organisation to gain industry leadership or market dominance for their product or services, they would have to target an unsaturated or unexploited niche (segmented market) to gain first mover advantage. A good example of this is Telsa motors as against other automobile brands in the industry. Who maximized an unexploited market to produce electric automobiles that were driven by electricity over others that were driven by fuel. Marketing plays a vital role in market segmentation. The marketing objective is usually defined by the market to be segmented. Or Marketing objective can be described as the balance between a product and its market.

Marketing objective can be related to any of the following market:

- a) Selling new products into a new market
- b) Selling new products in an existing market
- c) Selling existing products into a new market
- d) Selling existing products into existing market

### **Value Proposition = Consumer Buying Journey**

**In application of Eneanya BSGM** explains that to continually sustain relationship with customers, a brand must continually add value to the customer, serving as a fuel to foster customer loyalty. We are in the information age where customers research about a brand's reputation before buying their products. It is the value to be gained by a consumer that influences the buying decision journey of that customer to be either instant or to take a longer time to convert. But if another brand offers superior value over another brand, compared to what the customer of a brand is currently enjoying, the customer is most likely to decamp from

the current servicing brand to the newest brand with superior value addition. Good brand value proposition is simply zero if the customers do not see any value been proposed or added to them. In other, value proposition to customers is equal to value added if customers see it as value to be added. Value proposition according to customer perception can range based on the following: a) Pricing b) Convenience c) Packaging d) This relationship which is what defines customer loyalty, customer retention and customer advocacy to the brand. e) Product to Customer experience including a host of other factors.

### **BSGM BUSINESS GROWTH CONCEPT**

There are two types of business growth to be considered:

- a) The organic growth (Internal Growth)
- b) The inorganic growth (External Growth)

**Organic growth** concerns business with keen interest in building stronger market position in the industry they are operating in. *Examples of this is:*

- a) Launch of new products
- b) Expansion into new geographical markets
- c) Exporting of goods
- d) New distribution channels
- e) Franchising

#### **Companies that have adopted organic growth system**

- a) ALDI
- b) Dominos
- c) Premier inn
- d) Domino's using franchise system

**Inorganic Growth** concerns businesses with keen interest in taking over other businesses. This has a potential to be transformational in terms of the scale and scope of the business example: is achieving economies of scale. Other examples include:

- a) Business takeovers of competitor's business
- b) Merger with competitors
- c) Acquiring a supplier or major customer
- d) Joint ventures overseas

#### **Companies that have adopted organic growth system**

- a) Cisco
- b) Tata
- c) Google

### **How Startups Can adopt the BSGM Model**

Using Business Survival Growth model, as a startup company the first Block to setup is **Block 2 of the model which is the Management System, Strategy and Tactics and Diversifying Revenue Streams**. More details about Revenue Advancement can be found in chapter 3 of this book. Once this has been setup, the next section to setup in your organisation is **Block 4 is the Business operations** which forms the business operations, your business system which will contain Marketing, business positioning and organisational processes. Although for some other companies, it is wise to setup up block 3 and block 4 simultaneously. While others will set up block 2 and block 3 simultaneously which automatically brings Block 1 to live. Whichever is developed first is dependent on the nature and the industry the organisation is operating in. Once all of that is setup, then your **business positioning in block 4** kicks in based on how you

have positioned your brand in the industry which majority of the time is primarily based on the operations setup of the business. At this point **Block 1** has already taken effect within the Management and employees of the organisation even at the inception startup phase of the business, this block is the **Organisational and Maintenance culture** showcasing the norms, behaviour and mode in which Organisational activities are been carried out within the organisation. Once completed **Block 3** comes into reality which is your **Human resource management system and Benefit phase which introduces automatic division of Labour. At this phase the organisation launches into its efficiency, effectivities and use of resources phase to remain competitive in the market place.** Adopting Human resource systems increases the propensity for organisation efficiency and effectiveness boost. Although, in some industries Block 3 drives Block 4 to reality in some others it is Block 2 driving block 3 and 4 to reality, it all depends on the type and nature of the business. In some other industries it is Block 4 that drives every other block into full operations. You must validate what works for the industry or business environment you are starting your business in.

**MODEL CANVAS**



“Business Model describes the rationale of how an organization creates, delivers and capture value (Osterwalder & Pigneur, 2010)”. Small Business can utilizes business model canvas as one of the strategies in facing the competition. This particular business model canvas describes the relation among the business owners and their partners as well as their customers. In this business model canvas, there are nine blocks which are related to each other, which are: (1). Customer Segment, (2). Value Proposition, (3). Channel, (4). Customer Relationship, (5). Revenue Stream, (6). Key Resources, (7). Key Activities, (8). Key Partnership, (9). Cost structure.

### How Startups Are Using Business Model Canvas

The rationales of using Business Model Canvas in facing the competition are:

S/N	9 Blocks BMC	Strategies
1	<b>Customer Segment</b>	<b>- The company must know who the directed target market</b>
	- There are two aspects that should be considered: 1. The demography aspect 2. The geography aspect	
2	<b>Value Proposition</b>	<b>- Creating value needed by the customers.</b>
	-Creating different value from the competitor	
	- Creating appealing packaging	
3	<b>Channel</b>	<b>- Prepare a distribution line according to the target market</b>
	- Prepare communication to the customers regarding the produced goods	
	- Create not only an appealing ads, but also a useful benefit for the customers	
4	<b>Customer Relation</b>	<b>- Build a connection with the customers. It can be from social media.</b>
	- Create customer service	
	- Create customer survey to find out the weaknesses of the product	
5	<b>Revenue Stream</b>	<b>- How the customers can get the product</b>
	- See the sales location adjusted with the target market	
	- What additional value which can increase the income?	
6	<b>Key Resources</b>	<b>- The resources that can be maximized, human resources, material or operational supporting materials, for example, the place where the activity takes place.</b>
7	Key Activities	- All of the activities that are prepared maximally, for example, purchasing material, doing promotion, selling and supervising the service on customers.
8	<b>Key Partnership</b>	<b>- Finding partners who can provide materials</b>
	-Partnering with government or private parties.	
9	<b>Cost Structure</b>	<b>- Making budget arrangement according to necessity.</b>
	- Making a report according to benefit and loss	

**Source:** Business model canvas as a solution for competing strategy of small business in Indonesia (Abdullah Umar, et al. 2018)

### **Business Model Canvas Limitation**

This model does not comprehensively define the company as a complex system. A business model should describe a system of creating revenue and value, their relationship with processes and provide a sufficient overview of the business model structure. Another weakness of this concept “is no connection of components into causal chain that would demonstrate the connectivity and bonds of elements. The concept does not allow the clear practical application to concrete numerical results (Slávik, 2011). The external environment may well determine the characteristics of the business model, but is not factored in it.

Business key partners play the role of procurement of resources and activities and for the formation of business alliances. Most businesses are usually found between cost and value driven model most especially for BMC, with inclination to minimising the cost-driven model. Resources that cost the most consuming 2/3 of business costs such as machines, technologies and employees. While activities that cost the most consume 2/3 of costs such as production, input logistics, warehousing and marketing. Development of new technologies consistently brings fundamental changes to the stagnant forms of adopted business models, operating on long-term principles.

### **CONCLUSION**

Business Survival Growth model (BSGM) is designed and developed by (Eneanya 2019) which was first mentioned in his book with the idea of a system that allows one to track his business system to either survive, grow or close business as a result of inability to compete in the marketplace. The BSGM canvas can also be termed as an operational business model which addresses the organisational setup serving as the foundation for the survival or growth system of any organisation. BSGM automatically covers up for the limitations of BMC by describing internal and external forces that can influence growth and development. Business model canvas is built on key processes replacing key activities, such as sales, marketing, production (operation) and is supported by human resource management, infrastructure and procurement. The similarities linking BSGM canvas and business model canvas is that they both help a business to see the clear picture of the business holistically. The BMC plays a critical role for a start-up business owner to understand his business idea in a glance. BSGM canvas on the other hand looks at the different systems and factors of a business that either keeps a business in its survival phase or launching the business to its growth phase.

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