



MODULE

SUSTAINABILITY BUSINESS MODELS FOR AGRIPRENEURS

Unit 3 | Activity 1

My sustainable business model canvas



60min



- Pen and blank paper
- ACORN's sustainability business model canvas template
- To have completed Unit 1, Activity 2
- To have completed Unit 2, Activity 2

DESCRIPTION

This activity will help you fill in ACORN's sustainable business model canvas, by using the template provided and the tips suggested. In the end, it will allow you to have a finalised sustainable business model canvas explaining what your sustainable business idea is and how you could implement it to create economic, societal, and environmental value.

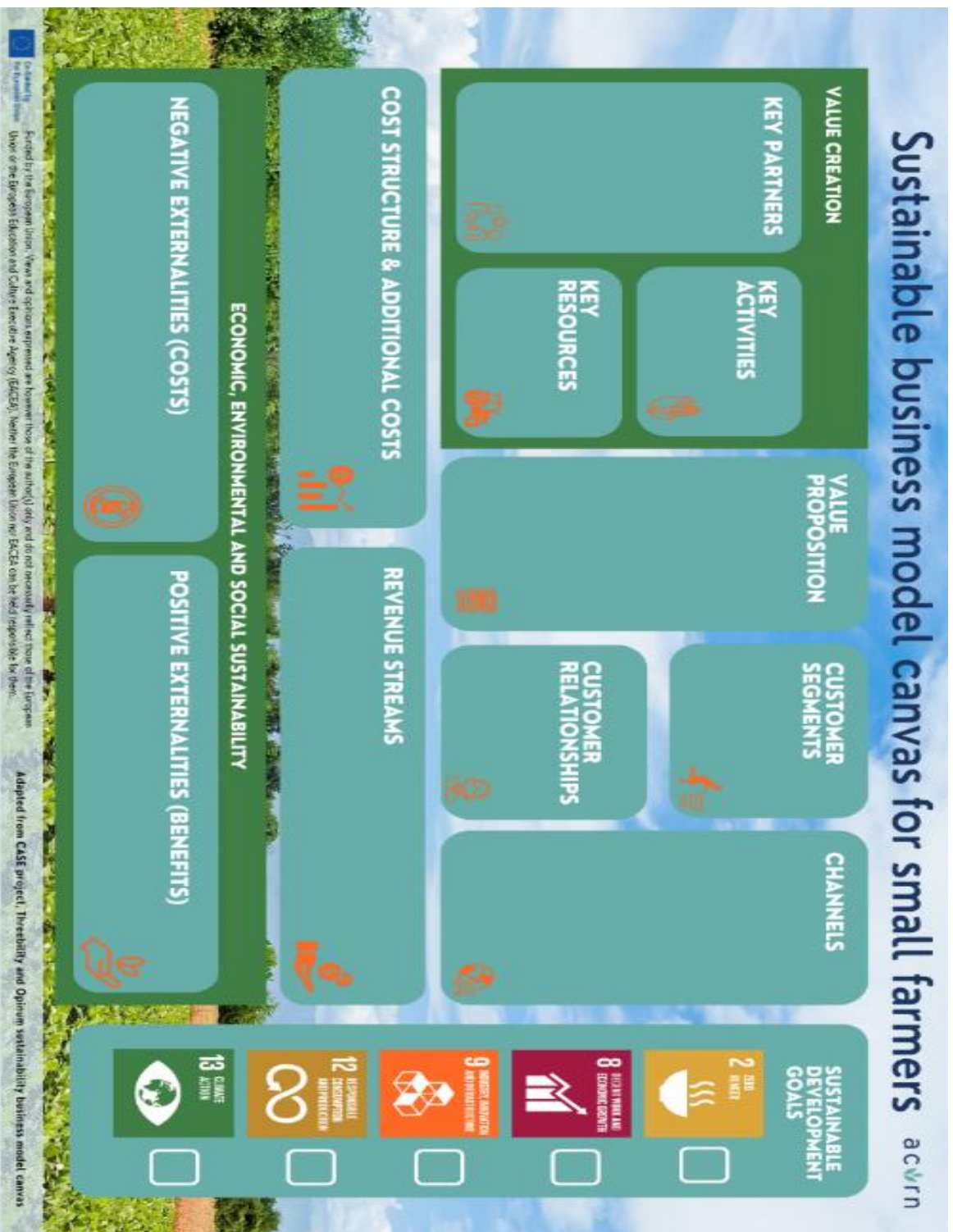
THE ACTIVITY

Here is ACORN's sustainable business model canvas template. Analyse it carefully to make sure you understand what is requested in each field.



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Sustainable business model canvas for small farmers acorn



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THE THEORY

ACORN's sustainable business model canvas will allow smallholder farmers to validate their sustainable business model, as identified in **Activity 1.2: Is my business sustainable?** and **Activity 2.2: What are the key elements of my sustainable business model?**

Small farmers are invited to **reflect on a business model value proposition** for their business regarding what is good, what opportunities they have and what needs to be changed from social, economic, and environmental perspective.

You will find a detailed explanation of what needs to be considered in each field of ACORN's sustainable business model canvas, followed by practical examples from the agrifood sector.

How is ACORN's sustainable business model canvas structured?

ACORN's sustainable business model canvas has all the needed elements that allow small farmers to create a business value proposition towards a more competitive and sustainable business model. It is based on key ideas – and not a comprehensive content description – to allow small farmers to reflect on the current business concept and the future viability of a more sustainable business approach.

Based on current practice, a **business model canvas** is a one-page document that summarises the key questions the business owner needs to answer to have a clear idea of its business idea, value proposition and how to implement it.

In the case of ACORN's sustainable business model canvas, these key questions are divided into six main elements, since besides the economic criteria, the business model also focuses on the social and environmental consequences of the business idea.

There are also other examples of sustainable business model canvas templates that you can consult, such as the ones created by the **CASE project**¹, funded by Erasmus+, **Threebility – tools for sustainable development**², a German start-up founded by a university professor that promotes tools and games for sustainable products and business model innovation, and **Opinum**³, a software company active in the energy and environmental sector.

Therefore, the key questions included in ACORN's sustainable business model canvas correspond to the different elements agrifood business owners need to consider when reflecting on their sustainable business idea and are built upon the three examples of sustainable business model canvas from the CASE project, Threebility and Opinum.

¹ www.case-ka.eu/index.html%3Fp=2174.html.

² www.threebility.com/sustainable-business-model-canvas.

³ www.sustainablebusinesscanvas.org/.

Sustainability is, thus, seen as part of the small farmers' core business. The elements may be grouped as follows:



Get to know ACORN's sustainable business model canvas elements

Field n°1: Key partners



Key partners are crucial for the success of any business. In the case of small farmers, they can help your product to get faster to the market, either at the local, national, or international level. They are usually either the suppliers – suppliers of other products or services that you need to create or grow your own product, e.g., food for your livestock – or the distributors of your product, e.g., local markets, supermarkets, with these last ones delivering your product directly to the end consumer.

Another type of key partners is those who can be seen as relevant to complement your product, either adding value to an existing product, e.g., you own a vineyard and partner with a chocolate company, to sell wine and their selected chocolate as one piece or by creating a completely new revenue stream, e.g., you have a plantation of a given product and decide to allocate some land to eco-tourism. From a sustainability point of view, key partners can also help you compensate your negative social and/or environmental externalities by helping your business be more socially conscious and integrated into local or national circular economy initiatives, e.g., partnering with local municipalities for the distribution of not sold production surplus, to support local vulnerable people.

Main questions to consider	Main motivations to partner
<ul style="list-style-type: none"> ● Who are my key partners? ● Who are my key suppliers and distributors? ● Can I cooperate with partners from other industries to add value to my business? ● Who can help with negative social and environmental externalities? ● Who can help me make the whole supply chain sustainable, transparent, and circular? ● Which key resources am I acquiring from partners? ● Which key activities do my partners perform? 	<ul style="list-style-type: none"> ● Product and/or process optimisation & economy. ● Lower risk and uncertainty. ● Acquisition of resources and activities. ● Maximised social and environmental impact.

Field n°2: Key activities



Key activities are the most important activities that the business should do on a regular basis, so that it can run smoothly. For small farmers, this means the production of goods, e.g., the production of consumer goods such as vegetables or fruit, product development, e.g., taking care of the livestock and production of meat or transformation to other meat-based products and sales.

From a sustainability point of view, small farmers should look at their key activities and reflect on how to adjust them and what type of technologies or new processes should they use to ensure environmental and/or social sustainability. For example, a small farmer that produces vegetables and/or fruit can change the packaging of these products from plastic to card, or a meat transformation manufacturer can integrate new technological processes to ensure that all meat is used and there are no losses in the production process. Circular economy initiatives can also be considered.

Main questions to consider	Types of activities
<ul style="list-style-type: none"> ● What are my key activities? ● What key activities do I do that differentiate my business from other market players? ● Do my activities positively influence my distribution channels, customer relationships and revenue streams? ● How should I manage negative social and/or environmental externalities caused by my activities and adjust them to ensure sustainability? ● Which enabling sustainable technologies can be used? 	<ul style="list-style-type: none"> ● Production/manufacturing. ● Problem solving (either because of market need or to solve sustainability issues). ● Platform/network.


Field n°3: Key resources



Key resources are the critical assets a company needs to operate, and they can be physical (e.g., machinery, facilities, natural resources), intellectual (e.g., skills, patents, brands), human (e.g., human resources) or financial (e.g., foreign investments, crowdfunding). These apply to all sectors, including small farmers.

Sustainability should also be considered in the resources small farmers need to conduct their daily business, particularly in the use of natural resources (e.g., proper irrigation systems with timers so that water consumption is controlled and not wasted, particularly in the hours of sun).

Main questions to consider	Types of resources
<ul style="list-style-type: none"> ● What unique resources does my business have to positively influence my value proposition, distribution channels, customer relationships and revenue streams and be able to compete? ● Which natural, energy and technical resources do I need, and can I replace them for more sustainable (or use of) resources? 	<ul style="list-style-type: none"> ● Physical. ● Intellectual property. ● Human. ● Financial.


Field	n°4:	Value  proposition
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The value proposition defines what a business wants to bring to its customers and what makes a business proposition so unique. In this case, it is important for small farmers to clearly identify the main benefits of their products and sustainable business for their clients. This is also an important reflection regarding what differentiates your business from other market players.

Sustainability is, in this case, the most important aspect of the business model that you, as a small farmer, are trying to build. It is the key driver for positive externalities and perhaps what will differentiate your business from other small farmers who are your direct competitors for your existing products. For example, if you are producing biological fruit and vegetables and are branding them as biological in the market, stating your business is eco-friendly, this might be considered your competitive advantage, your value proposition towards the selling of the same product by another similar producer. On another note, if you are considering complementing your production business with eco-tourism, this is your value proposition and the baseline for your sustainable project.

Main questions to consider	What could be the added value of your business
<ul style="list-style-type: none"> ● What products do you offer that add value to the market? ● Which one of your customer's problems are you helping to solve? ● Can you solve your customer's problems more sustainably? ● Why will your customers prefer your company's product? 	<ul style="list-style-type: none"> ● Newness. ● Performance. ● Sustainability. ● Customisation. ● "Getting the job done". ● Design. ● Brand/Status. ● Price. ● Cost reduction.


<ul style="list-style-type: none"> ● Are you selling different products depending on your customer segment? ● Which customer needs are you satisfying? ● Can you transform sustainability into customer value? 	<ul style="list-style-type: none"> ● Risk reduction. ● Accessibility. ● User experience.
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Field n°5: Customer segments 

Customer segments imply the selection of a target group for your product. As a small farmer, you need to be able to clearly identify who your customers are, since you are not able to sell to everyone. This is your time to reflect on the type of customer you want to address and if you are considering a B2B, i.e., when you directly deal with the customer, selling your product directly to the end-user, for instance, in a local market where you have your own stand or a B2C, i.e., when there is a third party that manages the interaction between you and the end-client, for instance, distributors or supermarkets.

From the sustainability point of view, it is important to always keep in mind if your customers act sustainable and which target customers may help you to promote your sustainable solution. For instance, perhaps you want to target supermarkets that already sell biological products for you to sell your own, since this usually means that their clients, the end-users, will be looking for that type of product. You are, thus, certain that they are supporting a sustainable lifestyle.

Main questions to consider	Types of customers
<ul style="list-style-type: none"> ● For whom are you creating value? ● Who are your most important customers? ● What do you know about your customers (what they do, what they like, what are they consumer habits, etc.)? ● How can you enable your customers to act sustainable? ● Which target customers may help you to promote your sustainable solution? 	<ul style="list-style-type: none"> ● Mass market. ● Niche market. ● Segmented. ● Diversified. ● Local.

Field n°6: Customer relationships 

Customer relationships are the way you interact with your clients. Here you should reflect not only on the type of customers (e.g., local markets, supermarkets, other local farmers) you have but also on the type of relationship you want (or should) build with your customers and identify the best strategies to retain them (e.g., providing a personalised service, with tailor-made products, adapted to each customers' need, providing added-value products, differentiate in the way you distribute your products).

As a small farmer, you want to avoid customers looking at the competition for reasons related to "having the lowest price", and sometimes this means building trust with your customers that they can rely on you for better quality, differentiation, etc. (e.g., you own several cows and produce milk. Your final product, already with packaging, is higher than other competitors, but your milk is quality certified, and you brand your cows as being raised in green meadows and only eating what nature provides. You let your customers see the cows, and the meadows and you tour them throughout your milk production facilities, so they can see with their own eyes the quality of your product, and you build this trust with them).

Sustainability, in this case, is a matter of identifying if your customer relationships satisfy your customer's expectations and are, at the same time, sustainable and, if not, how can your current relationships be more sustainable. Picking up on the example of the milk production farm, this can mean, for example, that when you partner with a new supermarket, you are aware of the sustainable policies being implemented, particularly in the distribution process, and agreements are made so that your product maintains its "sustainability stamp" across the value chain.

Main questions to consider	Types of customer relationships
<ul style="list-style-type: none"> ● What type of relationship does each of your customer expect from you to establish and maintain with them? ● Which ones have you already established? ● How are they integrated with the rest of your business model? ● How costly are they? ● Which customer relationships satisfy the rest of your business model? ● How can you make your current relationships more sustainable? 	<ul style="list-style-type: none"> ● Personal assistance. ● Dedicated support. ● Self-service. ● Automated services. ● Communities. ● Co-creation.

Field n°7: Channels



Channels represent all the ways you will use to communicate with your customers in all the phases of your business cycle. These channels can be related to communication (e.g., emails, phone calls, marketing), selling or distribution of your product, meaning any kind of interface of the company with the client. They are relevant so that your customers can be aware of your product's value proposition, and ultimately purchase and use your product. Particularly in the case of small farmers, channels are important due to the direct relationship that usually they have with their distributors (e.g., for supermarkets) or even with the end-users (e.g., for local markets).

From a sustainable perspective, this is perhaps one of the most important stages of your business model canvas to reflect on it. You should take into consideration how you can make your distribution channels more sustainable and circular (how you can be included in current circular economy networks or create your own distribution channels, for instance, by making use of your partnerships) and how to best communicate the sustainable aspect of your product to your channels.

Main questions to consider	Channel phases
<ul style="list-style-type: none"> ● Through which channels do your customer segments want to be reached? ● How are you reaching them now? ● How are your channels integrated? ● Which ones work best? ● Which ones are most cost-efficient? ● How are you integrating them with customer routines? ● How can you make your distribution channels more sustainable and circular? ● How do you best communicate the sustainable aspect of your product? ● What happens at the end of my product life cycle (if applicable)? ● Can my product be profitably recycled, upcycled, reused, refurbished (if applicable)? 	<ul style="list-style-type: none"> ● Awareness: how do you raise awareness about your company's product(s)? ● Evaluation: how do you help customers evaluate your organisation's value proposition? ● Purchase: how do you allow customers to purchase specific products? ● Delivery: how do you deliver a value proposition to customers? ● After sales: how do you provide post-purchase customer support? ● How do you evaluate the sustainability in each of these phases?

Field n°8: Cost structure & additional costs



In this field, you should list the main costs that your business will have to support your key activities and resources, as well as the delivery of your value proposition. You should reflect

on your current costs and how sustainability can also represent a cost (e.g., buying new tech machinery, changing from plastic to card distribution, and regularly monitor and report on sustainable activities).

As a small farmer your costs might relate to production (e.g., seed, water, manpower, machinery), distribution (e.g., trucks, boxes, marketing campaign) and sell (e.g., renting of stand at a market).

Main questions to consider	Types of costs
<ul style="list-style-type: none"> ● What are the most important costs inherent to your business model? ● Which key resources are most expensive? ● Which key activities are most expensive? ● Is your business more cost-driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) or value-driven (focused on value creation, premium value proposition)? ● Which resources and activities are the least sustainable? Do sustainable alternatives exist? Is switching economically reasonable for your business? 	<ul style="list-style-type: none"> ● Fixed costs (salaries, rents, utilities). ● Variable costs. ● Economies of scale. ● Economies of scope.

Field n°9: Revenue streams



The revenue streams determine the way the customer will pay for the benefits (i.e., products) received and they always need to be more than the costs for the business, so that there is profit. Revenues can be obtained in several ways, from direct sell for products with immediate payment (which is usually the case for small farmers who trade at a more local level) to a monthly payment, pre-purchase, etc. (which is usually the case for small farmers who have expanded their business and are able to sell to large distributors, such as supermarkets). Tax bonuses and subsidies or third-party funding can also be considered here, since agriculture is greatly supported by Governments and EU institutions, particularly sustainable agriculture.

Main questions to consider	Types of revenues
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<ul style="list-style-type: none"> ● Which are existing and possible revenue sources? ● For what value are your customers willing to pay for your product(s)? ● For what do they currently pay? ● How are they currently paying? ● How would they prefer to pay? ● How much does each revenue stream contribute to overall revenues? ● Are customers willing to pay for sustainability? ● Can your company create a unique advantage due to sustainable proposition elements? ● Do price structures exist that incentivise sustainable customer behaviour? 	<ul style="list-style-type: none"> ● Asset sale. ● Usage fee. ● Subscription fees. ● Lending/renting/leasing. ● Licensing. ● Brokerages fees. ● Advertising.
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Field n°10: Negative externalities (costs)



Negative externalities occur when delivering your value proposition (i.e., product) causes a harmful effect to a third-party. Many businesses have negative externalities with economic, ecological, and societal costs and your business model canvas should reflect those. This is a direct question to the business owner what you think is the negative impact of your business.

For small farmers, this could mean agri-food production with the overuse of natural resources or the long-term use of pollutant machinery in the selection and packaging process, among other examples. Therefore, listing these negative externalities offers a unique opportunity to better position your business and unleash new business opportunities, that you have previously considered while reflecting on other fields of your business model canvas (e.g., more sustainable production practices, new tech-based machinery, being integrated into the local circular economy initiatives, etc.).

In fact, an extra question is asked to see how your business can compensate for this, as negative externalities can be hidden opportunities that could generate more revenues (for instance, like the many examples already provided of taking advantage of a non-agricultural land owned by the small farmer to partner with eco-hotels or other lodging entities that provide sustainable accommodation).

Main questions to consider	Types of negative externalities
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<ul style="list-style-type: none"> ● How does my value proposition negatively impact my environment and community? ● How does my value proposition negatively impact my partners? ● How does my value proposition negatively impact my resources? ● Which key resources I use that are non-renewable? ● Which key activities use a lot of key resources? ● How does my value proposition negatively impact my channels? ● How can I evaluate (what instruments can I use) the eco-social impact? ● How can the effects that I have identified be minimised? 	<ul style="list-style-type: none"> ● Economic. ● Environmental. ● Societal.
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Field n°11: Positive externalities (benefits)



Positive externalities are the positive aspects of a business, that benefit the business owners and third parties. They are important since they create adhesion from customers, employees, and partners.

As a small farmer this means, for instance, adopting a more sustainable production, optimising the use of natural resources, balance manpower with machinery (to incentivise job creation) or even be integrated in circular economy initiatives at a local level regarding waste disposal, recycling, changing consumer habits (e.g., going from plastic to card packaging), among other good initiatives.

Main questions to consider	Examples of positive externalities
<ul style="list-style-type: none"> ● How will your value proposition positively impact your environment and community? ● How will your value proposition impact your product and revenues? ● How can these sustainable effects be maximised along the product life cycle? 	<ul style="list-style-type: none"> ● Decrease CO₂ emissions from selection & packaging or transforming processes. ● Improve water management during production. ● Lower pollution levels during production and distribution.

<ul style="list-style-type: none"> ● Who are the beneficiaries of your positive impact? Are they potential customers? ● Can you transform the benefits into a value proposition? If yes, for whom? ● In what way will your value proposition target one or multiple United Nation's SDGs? 	<ul style="list-style-type: none"> ● Improve workers conditions & create new jobs.
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Field n°12: United Nation's SDGs



The main objective here is to let small farmers check the SDGs targeted by their sustainable business model, once the canvas is completed, as they are the blueprint to achieve a better and more sustainable future.

Five SDGs have been pre-selected by the ACORN project, considered relevant for small farmers to achieve sustainable activities and use of resources. They are as follows:



End hunger, achieve food security and improved nutrition and promote sustainable agriculture

- Promoting a sustainable agriculture and supporting small-scale farmers.
- Provide equal access to land, technology, and markets.
- International cooperation for investment to improve agricultural productivity.

Related topics: rural development, food security and nutrition and sustainable agriculture.



Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all

- Sustained economic growth, high levels of productivity and technical innovation.
- Encourage entrepreneurship, job creation, full/productive/decent work.
- Eradicate forced labour, slavery, and human trafficking.

Related topics: green economy, sustainable tourism and employment, decent work for all and social protection.



Ensure sustainable consumption and production patters

- Reduce the ecological footprint by changing the way we produce and consume.
- Efficient management of our shared resources, resource efficient economy.
- Disposal of toxic waste and pollutants.
- Encouraging industries, businesses, and consumers to recycle and reduce waste.
- More efficient production and supply chains, food security.

Related topics: chemicals and waste, sustainable consumption and production and sustainable tourism.



Take urgent action to combat climate change and its impacts

- Reducing the effects and adapt to climate change.
- Reduce economic losses from climate disasters, integrate disaster risk measures.
- Invest in low-carbon development, support vulnerable regions, human security.
- Sustainable natural resource management.

Related topics: atmosphere, climate change, small island developing states, national strategies, and SDGs integration.

Overall, ACORN's sustainable business model canvas will allow you to adapt your current business to future sensitivities related to sustainability and market changes and prepare for a solid sustainable business plan.

Developed by our organizations



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