



# CBO Business Model Canvas & Instructions

Every sustainable organization is built on a sound business model. The business model of a nonprofit or coalition consists of multiple components, which together create value for the community and sustain the entity over time.

While several tools can define an organization's business model, Atrómitos recommends using a Community Based Organization Business Model Canvas.

A canvas is a tool for facilitating a group discussion on a topic. In this case, the subject is the organization's business model. Using a canvas allows you to capture what may seem like abstract ideas and organize them into specified categories. It enables you to identify and test assumptions.



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1. First, enter the mission of your organization at the top. This way, it is front and center, and you can frequently go back to it as a reminder.
2. Now, define the problem that your organization seeks to resolve
  - » Ex. the increasing rate of substance use disorder in New Hanover County in North Carolina).
  - » Once you identify the problem, then identify the solutions. The solutions are the programs or activities you implement to resolve the identified issue.
  - » Your answers should flow from your problem. Not the other way around.
3. Skip over the Value Proposition section and come back to that last.
4. Next, identify your constituencies.
  - » For community-based organizations (CBOs), it is necessary to identify and address two distinct constituencies – Customers = funders/donors and Beneficiaries = users or recipients of the services.
  - » A CBO must bring value to both. As a mission-driven organization, you first need to identify your beneficiaries – those who are experiencing the problem that you seek to resolve.
  - » Once that is done, identify your customers.
5. Once you've identified what you seek to resolve, how you desire to determine it, who you will fix it for, and who will help pay for that work, you need to identify what you need in place to do your excellent work.
  - » These are your partners and resources, and infrastructure. When identifying partners, do not attempt to list the entire universe.
  - » Take the time and consider who you identify as a critical partner. An essential partner is someone with that you could not do some or all of your work.
6. Now identify what resources you need (staff, volunteers, etc.).
  - » This includes leadership, governance, marketing materials, computers, and software.
7. In Deployment, you must describe how you get your services/activities/programs out to your customers and beneficiaries.
8. Now, let's talk dollars and cents.
  - » In cost structure, identify how much you spend to do what you do. You can add the total, but we encourage you to identify at least the top 3 expenses.
  - » Evaluate whether you are spending money in the most effective areas. Understanding the actual costs to deliver your services enables thoughtful decision-making.
  - » Note: actual cost is likely not the same as what you include in contracts or grants.

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9. A note on the more complex financial elements. In general, CBOs have about 7 sources of revenue available to them:
  - » Government Contracts
  - » Foundations
  - » Individual Donors
  - » Events/sponsorships
  - » Fee for service
  - » Earned income (commercial activity)
  - » Membership
10. Most organizations can manage 1 to 2 forms of primary revenue and a couple of secondary revenue sources. This means that by necessity smaller organizations that do not have large infrastructure and staff rely on 1 source of revenue to cover the majority of expenses.
  - » The idea of revenue diversity is not truly attainable.
  - » Understanding what your full universe of revenue options are, what you need to manage each, and having a process in place to grow and diversify over time in a smart way is part of the continuous development and evaluation of your business model.
  - » That is the point of a fund development program.
11. In the Revenue Mix portion of the canvas you should enter your sources of revenue and indicate how stable this funding is.
12. Next is your capital structure, which includes all your assets, such as cash, investments, buildings.
  - » It is important to understand what your capital structure is because having access to unrestricted funds can be critical during uncertain times.
  - » Your capital structure also captures your liabilities. In this section enter your top two largest assets.
  - » Are they liquid, restricted? What are your two largest liabilities? Do the liabilities fit within the mission?
13. What performance measures are you measuring and monitoring to determine if you are bringing value?
  - » In this case, value means achieving buy-in and support, making a measurable impact, and achieving financial sustainability.
  - » Don't just identify performance measures required as part of grants; identify all measures that help you understand how the CBO is performing as a whole.
14. Now lastly, define your value proposition. You'll note the value proposition lies in the middle of everything.
  - » This is because you need to understand all of these components to define your value proposition.
  - » A value proposition is a statement that explains the benefit of something as compared to an alternative, the problem it seeks to address, and how it is distinctly better.
  - » What value do you bring to your customer? What value do you bring to your beneficiaries? What value do you bring to your partners?

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**MISSION**

**PROBLEM**

**SOLUTION(S)**

**VALUE PROPOSITION**

**CUSTOMER**

**BENEFICIARY(IES)**

**PARTNER(S)**

**RESOURCES/INFRASTRUCTURE**

**DEPLOYMENT**

**COST STRUCTURE**

**REVENUE MIX**

**CAPITAL STRUCTURE**

**PERFORMANCE MEASURES**