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Social business model canvas:

Reconciling commercial and social value propositions of social enterprises

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Introduction

The growing interest in embedding social value in enterprising organizations, accompanied by the need for lean product and value development (Ries, 2011), demands visual frameworks that are both readily applicable to practice while at the same time grounded in cutting-edge management thinking. This is especially the case in the social enterprise sector, which welcomes tools and frameworks that can enable better understanding of commercial and social value dynamics.

This paper is an attempt to build on my previous work on frameworks for sustainability and social enterprises. As these fields are growing, visual tools and frameworks provide both academics and practitioners better understanding of social enterprise dynamics. Moreover, visual frameworks can enable better decision-making especially given the dynamic nature of the sustainability and social entrepreneurship fields. Visual frameworks also allow for the better "making-sense-of", offering vivid representations and abstractions that can affect strategy formulation and business model design.

Revisiting the social business model canvas

In a previous paper, I built on Osterwalder and Pigneur's Business Model Canvas (2010) via a Social Business Model Canvas (Aure, 2014) (see Figure 1). This refined framework captures the interplay between commercial and social value generation and provides a perspective on how to reconcile these seemingly disparate factors. The philosophy behind this framework is the dual yet cyclical relationship between an enterprise's business model (commercial value) and social value model. This framework can help the entrepreneur align and synchronize these value creating systems – i.e. making sure that successes in managing the social value model contributes to the success of the business model and vice versa .

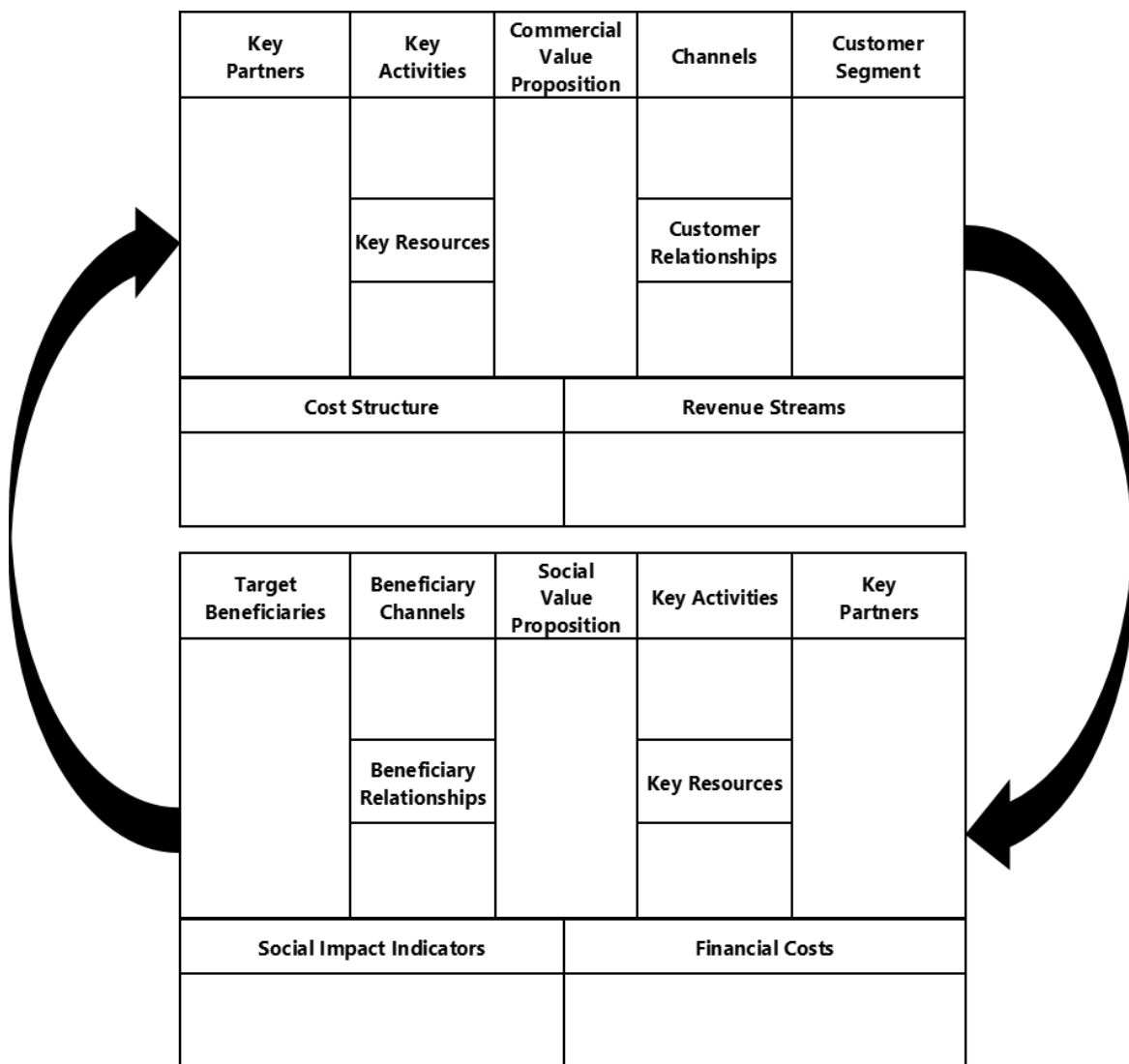The social business model canvas is primarily

Key Partners	Key Activities	Commercial Value Proposition	Channels	Customer Segment
	Key Resources		Customer Relationships	
Cost Structure			Revenue Streams	

Target Beneficiaries	Beneficiary Channels	Social Value Proposition	Key Activities	Key Partners
	Beneficiary Relationships		Key Resources	
Social Impact Indicators			Financial Costs	

Figure 1. Social business model canvas (Aure, 2014)

anchored on two important stakeholders – the commercial segment, or the traditional customer; and the social segment, or the intended beneficiaries. For the commercial segment, the enterprise aims to create, communicate, and deliver value (or in marketing speak, solve a customer's needs and wants) and make money in the process. 'Socializing' this dynamic, social enterprises serve beneficiaries by solving a pressing need, such as livelihood concerns or poverty alleviation. The social business model canvas shows that as the organization creates, communicates, and delivers value to commercial segments (customers), capturing economic value becomes a necessary part of social value creation (e.g. profits sustain livelihood of target beneficiaries). On the other hand, as the organization addresses beneficiary needs by providing them supplier/producer partnerships, this helps create the commercial value that addresses the needs of the customers.

Developing commercial value propositions

Before proceeding to the proposed framework, I discuss the foundational frameworks from which I derived the social business value proposition canvas.

Value Proposition Canvas

The Value Proposition Canvas was derived by Osterwalder and Pigneur from the Business Model Canvas. This visual framework focuses on two general maps: product and value proposition design (left side, or the "Value Map") and customer observation (right side, or the "Customer Profile Map") (see Figure 2).

Value Map. The value map is composed of the (1) products and services the value proposition is
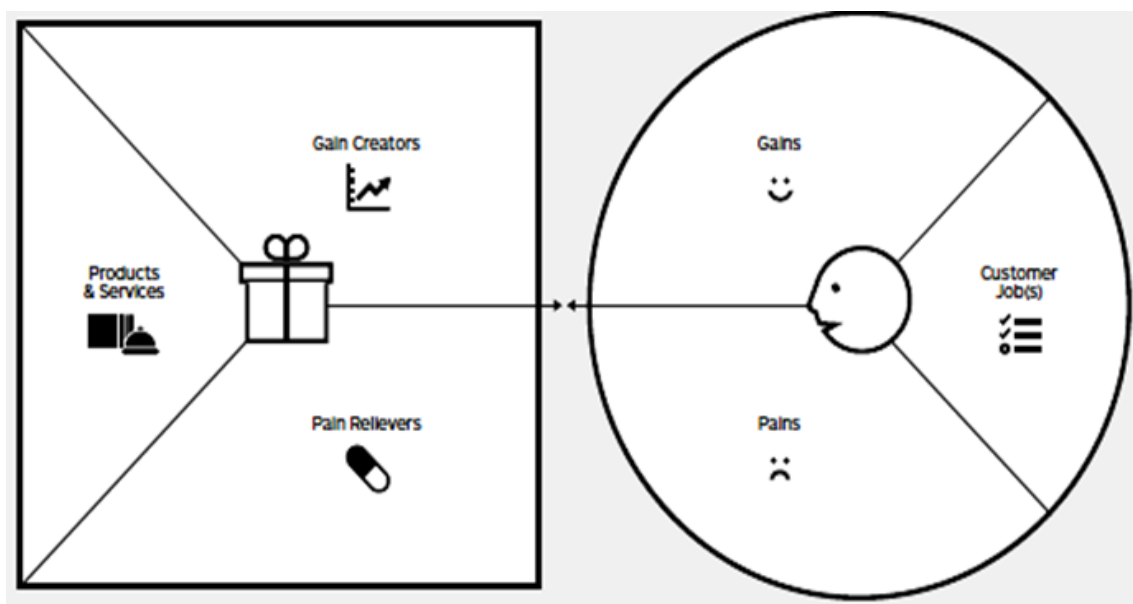

Figure 2. Value proposition canvas (Osterwalder & Pigneur, 2014)

built around, (2) gain creators, which are the factors that describe how products and services create customer gains, and (3) pain relievers, which show how products and services alleviate customer pains.

Customer Profile Map. The customer profile map is formed by (1) customer jobs, which describe what customers are trying to accomplish in their work or daily lives, as expressed in their own words (Osterwalder & Pigneur, 2014), (2) gains, which describe the outcomes customers want to achieve or the concrete benefits customers are searching for, and (3) pains, which describe negative outcomes, risks, and challenges related to the jobs they want to perform.

Value Proposition Builder

This framework was developed by Barnes, Blake, and Pinder (2009) to illustrate the process and dynamics of developing value propositions. As the value proposition canvas provides a placeholder on which to place ideas, the value proposition builder of Barnes et al. (2009) clarifies the necessary processes or steps (see Figure 3).

'Socializing' the frameworks – from commercial to social value

I find that these two frameworks, much like the Business Model Canvas, can be 'socialized' or re-
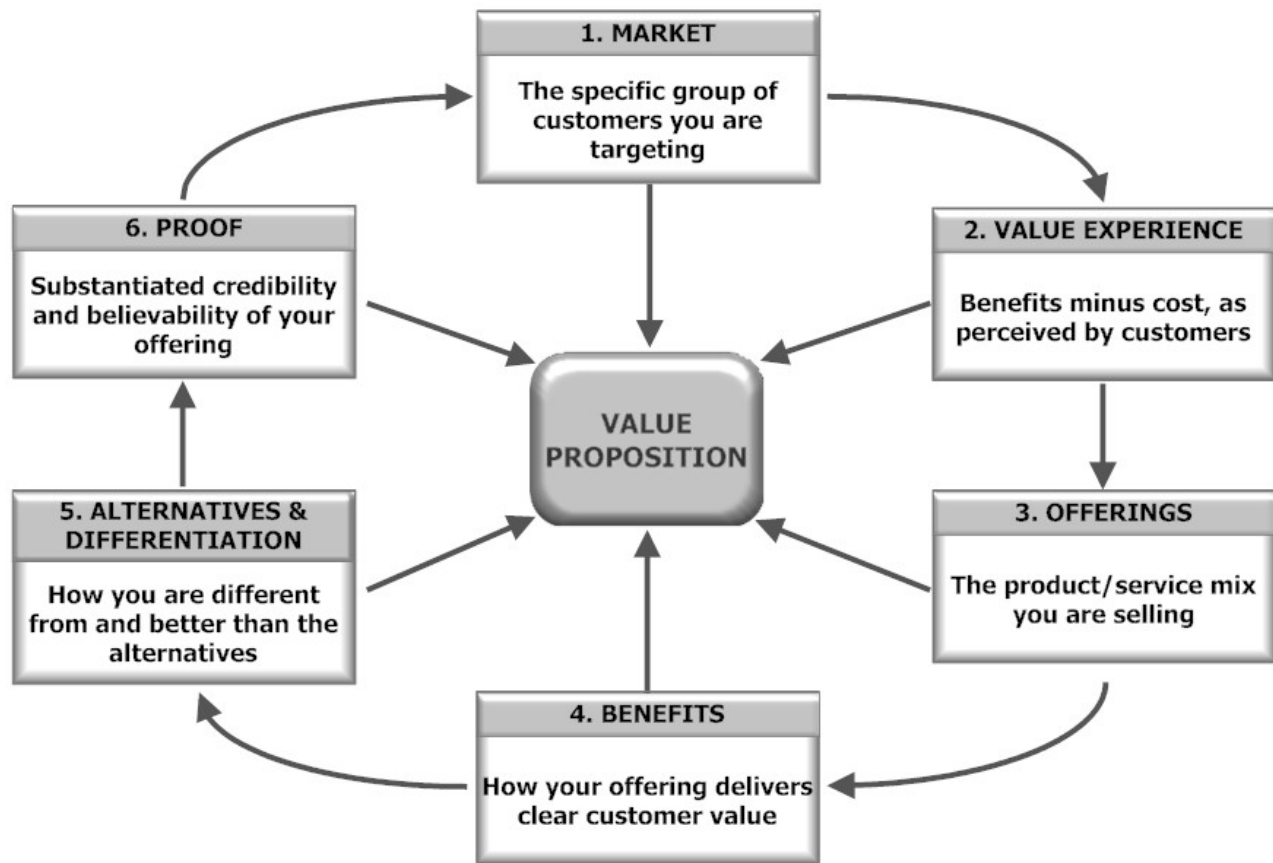

Figure 3. The Value Proposition Builder™ (Barnes et al., 2009)

applied for social entrepreneurship contexts. On Table 1 are the initial changes I propose, which will facilitate the creation of the Social Business Value Proposition Canvas.

Social Value Proposition Canvas

From Value Map to Social Value Map. Deriving from the commercial value map, the social value map is composed of the (1) social value or social problem to be solved, (2) social gain creators, which are the factors that describe how can create gains for the beneficiary that is rooted in

addressing a pressing social problem or an enterprise's mission, and (3) pain relievers, which show how the social value or social product solves the intended beneficiaries' challenges.

Beneficiary Profile Map. The beneficiary profile map is formed by (1) beneficiary needs, which describe what intended beneficiaries aim to accomplish in their lives, preferably as expressed by them or from a needs assessment research, (2) social gains, which describe the outcomes that beneficiaries aim to attain which can increase their quality of life or address their beneficiary needs,

Table 1

Socialized version of Barnes et al.'s Value Proposition Builder™ (2009)

Barnes et al. (2009)'s Value Proposition Builder	'Socialized' Version
1. Market: understanding the specific group of customers you want to target.	1. Beneficiary: understanding the specific group of beneficiaries who need to solve socially relevant problems that the enterprise can feasibly target
2. Value experience: defining and understanding precisely what it is that your customers value.	2. Social value experience assessment: defining and understanding precisely what it is that the beneficiaries truly need
3. Offerings: mapping, defining, categorizing and managing the lifecycle of your offering around value.	3. Social offerings: mapping, defining, categorizing and managing the life cycle of your offering around value.
4. Benefits: taking the external and internal views of your value experience and prioritizing them including the cost component (price and customer risk).	4. Social benefits: taking the external and internal views of your value experience and prioritizing them, including feasibility
5. Alternatives and differentiation: what the alternative are to using your organization and how and why you are different (and better) than those alternatives.	5. Social positioning and differentiation: assessing whether other organizations can do your mission or serve your target beneficiaries better.
6. Proof: benefits realization techniques, evidence of your ability to deliver the customers' desired value experience.	6. Social credibility: shows evidence of the firm's ability to deliver the beneficiaries' desired value experience; can be visually shown by the Social Business Model Canvas.

and (3) social pains, which describe negative outcomes, risks, and challenges to the needs they are trying to address.

Social Value Proposition Builder

From the listed processes promoted by Barnes et al. (2009), I propose the following modifications to realign their trademarked value proposition builder into a more social perspective: (1) from market → beneficiary; (2) from value experience → beneficiary needs assessment; (3) from offerings → social offerings; (4) from benefits → social channels; (5) from alternatives and differentiation → social positioning, and (6) from proof → social mission and commitment.

Building the social business value proposition canvas

Based on the frameworks synthesized above, I propose the Social Business Value Proposition Canvas that aims to properly link commercial and social value propositions integral to the management of social enterprises (see Figure 4). A key limitation of this early iteration of the canvas is it assumes that the target commercial segment is different from the target social beneficiary – which is how some social enterprises manage their firms (Aure, 2013; Habaradas & Aure, 2014).
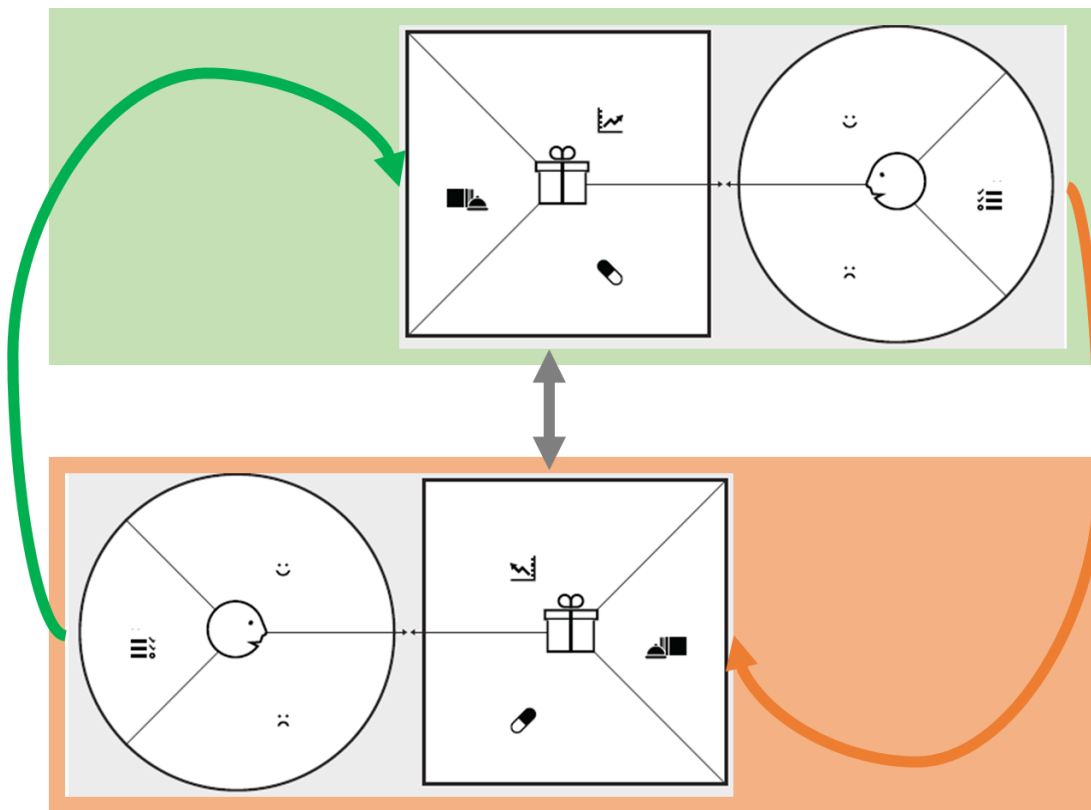

Figure 4. Social business value proposition canvas

The key alignments and links to this framework are the following:

1. Alignment between the business value product/ proposition and the social value product / proposition
2. Business target segments as possible co-creators of the social value product
3. Beneficiary segments as possible co-creators of the business value product

Alignment of commercial and social value propositions

A key question this framework forces the social entrepreneur to answer is: how can I ensure that the product I am offering to my customers can efficiently and sustainably complement the mission or social value I am aiming to address? Alignment between these two propositions help in the management of the social enterprise, in the sense that these two are not viewed as conflicting balancing acts, but rather, as a reconciliation. This addresses the tenet of "doing well *by* doing good" and veers away from the "doing well versus doing good" mindset.

Treating commercial segments as co-creators of the social value proposition and vice-versa

I propose that what truly separates an authentic and sustainable social enterprise from corporate versions of CSR is how commercial segments are strategically chosen to be part of a system that co-creates the social value proposition. For example, in the case of ECHOstore and Human Nature, the aspirational organic lifestyle of the customers fuels the livelihood of farmers and communities

the enterprises target. The commercial segments' demand for organic products encourages the farmers and communities to continue creating their organic products – the value desired by the commercial segments are deeply intertwined with the beneficiaries' capability to deliver value.

Conclusion and future research

This introductory research was able to build a preliminary iteration for linking both commercial and social value propositions. I recommend that future research test these frameworks, perhaps through qualitative case study analyses of social enterprises. Practitioners can also be consulted through workshops in building on these frameworks to ensure applicability.

Furthermore, these frameworks can be aligned as well to cutting-edge innovation, strategy, and entrepreneurship frameworks such as Kim and Mauborgne's Blue Ocean Strategy and Ries' The Lean Startup. The Social Business Model Canvas and the Social Business Value Proposition Canvas provide visual cues that encourage social entrepreneurs and academics to think of how two systems of value creation can be better aligned better. These frameworks attempt to truly pursue the ideals of "doing well by doing good" – reconciling business and societal need, proving that these two need not be pursued in a separate and exclusively independent manner.

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