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BUSINESS MODEL CANVAS AS A STRATEGIC ANALYSIS TOOL FOR A LOGISTICS COMPANY

A **business model** is a compact, simplified representation of a business. It allows you to describe and analyze the entire system of interrelated business processes. Business Model Canvas (BMC) is one of the basic methods for building a business model. It serves as a strategic management and entrepreneurship tool, allowing you to describe, design, challenge, invent and potentially change the business model. This methodology, developed on the basis of the best-selling Business Model Generation management book, finds application in leading organizations and startups around the world. Leading global companies such as MasterCard, General Electric, Adobe, and Nestlé, use the Canvas to manage strategy or create new growth engines [1], [2].

Any logistic company exist in the dynamic landscape, having a clear roadmap and a strategic approach is essential for navigating the path to success. For a transportation company, Business Model Canvas might involve detailing fleet management, logistics, customer service strategies, and other factors.

The following sections describes the elements of the business model canvas [3], [4]:

Customer Segments defines an organization's main target in the market. A customer segment is that part of the market targeted by the organization.

Value Propositions are the different products and services which the business offers and which create value in each of the customer segments.

Channels serve functions, including product campaigns, customer product evaluation, order purchases, device value delivery, and post-purchase client support.

Customer Relationships define how a company engages its clients, such as retaining the buyers and boosting its sales.

Revenue Streams includes the means and sources that the business gets income from. The business must understand what the clients are willing to pay for a particular product, which competes with several others in the same market.

Key Resources (human, financial, intellectual, and financial) enable an organization to create and provide the needed value proposition, reach target markets, build and maintain relationships with the customer segments and earn income.

Key Activities involve different actions that a company undertakes for it to operate successfully.

Key Partners includes all the key stakeholders that the business requires to be able to perform its activitie.

Cost Structure describes the financial obligations that a company has to meet while operating using a specific business model.

The figure shows an example of BMC modeling for a logistics company with the formulation of the main provisions in each part of the model.
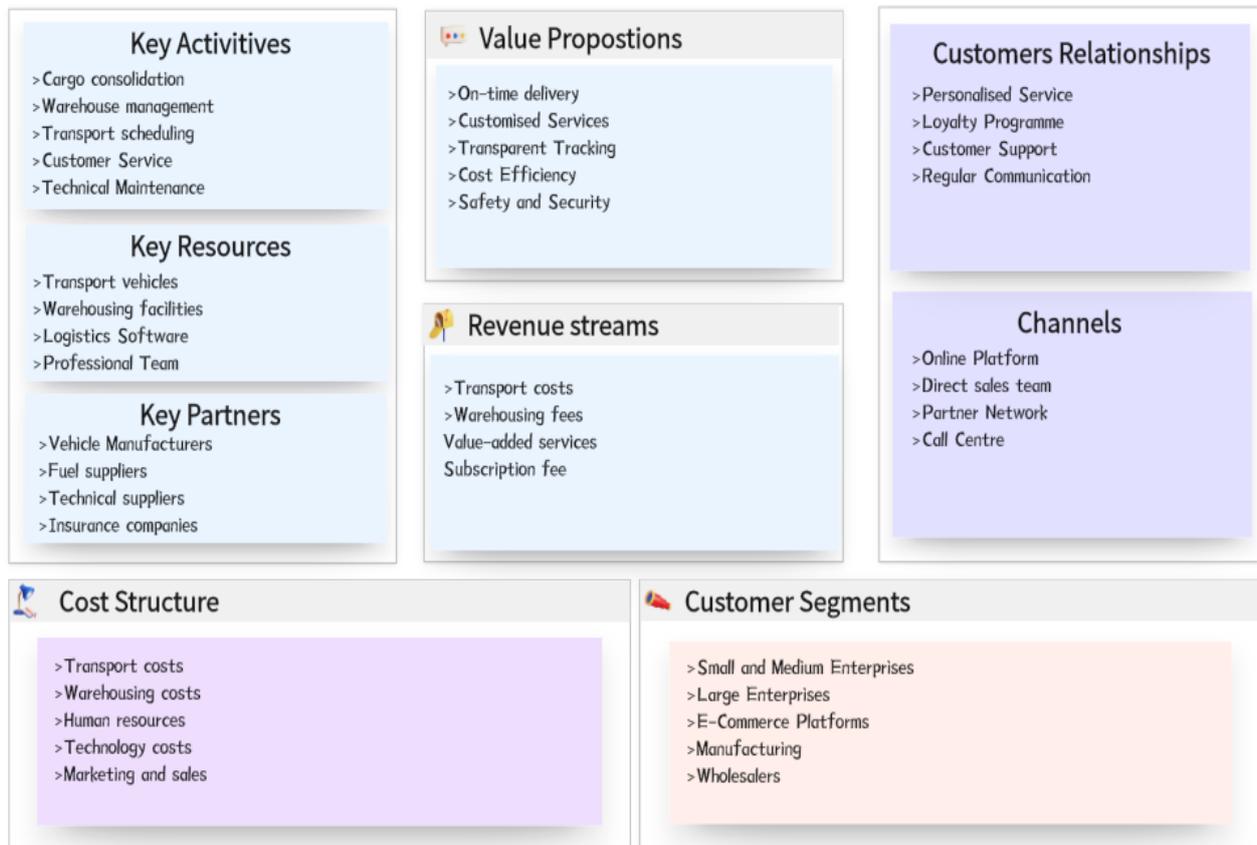

Figure – Logistic company Business Model Canvas

The sections shown in Figure describes the elements of the logistics company's fields of activity:

1. Value Propositions

• *On-time delivery*: Ensure goods are delivered on time according to the agreed time.

• *Customised Service*: Provide customers with tailor-made logistics solutions.

• *Transparent tracking*: Provide real-time cargo tracking service, allowing customers to know the status of cargo at any time.

• *Cost efficiency*: Reduce customers' transport costs by optimising the logistics network.

• *Safety and security*: Ensure the safety and integrity of goods in the process of transport.

2. Customer Segments

• *Small and Medium-sized Enterprises* (SMEs): Small and medium-sized enterprises that need reliable logistics services to support their business operations.

• *Large Enterprises*: Multinational companies that require global logistics services to support their supply chains.

•*E-commerce platforms*: online retailers that need fast and flexible distribution services.

•*Manufacturing*: Businesses that need to transport raw materials and finished goods.

•*Wholesalers*: Intermediaries that require large quantities of goods to be delivered.

3. Channels

•*Online platforms*: allow customers to place orders and track goods through websites or mobile applications.

•*Direct sales team*: directly connects with potential customers to promote logistics services.

•*Partner Network*: Work with distributors and agents to expand services.

•*Call Centre*: Provides telephone support to answer customer inquiries and resolve problems.

4. Customer Relationships

•*Personalized Services*: Provide customised logistics solutions according to customer needs.

•*Loyalty Programme*: Encourage customers to continue using the service through points and rewards.

•*Customer Support*: Provide quality customer service to ensure customer satisfaction.

•*Regular communication*: keep in touch with customers through email, social media and direct mail.

5. Revenue Streams

•*Transportation* Fee: Charge according to the weight, volume and distance of the shipment.

•*Warehousing Fee*: Provide warehousing services to customers and charge according to storage space and time.

•*Value-added services*: Additional services such as packaging and assembly are provided for a fee.

•*Subscription Fee*: Charge a subscription fee for customers who use logistics management software.

6. Key Resources

•*Transport Vehicles*: Various types of lorries and means of transport used for distribution of goods.

•*Warehousing facilities*: Warehouses in different areas for storing goods.

•*Logistics software*: software systems for optimising routes, tracking goods and managing orders.

•*Specialised teams*: logistics experts, drivers, warehousemen and customer service staff.

7. Key Partnerships

•*Vehicle manufacturers*: Provide high-quality transport vehicles.

•*Fuel suppliers*: Provide fuel for transport vehicles.

•*Technology Providers*: Provide logistics management software and technical support.

•*Insurance companies*: provide insurance services for the goods.

8. Key Activities

•*Cargo consolidation*: organise the collection and distribution of goods efficiently.

•*Warehouse Management*: Maintain warehouse inventory and ensure cargo safety.

•*Transportation scheduling*: planning transportation routes and optimising distribution efficiency.

•*Customer Service*: Provide quality customer service, handle complaints and enquiries.

•*Technical maintenance*: ensure the normal operation of logistics software and hardware systems.

9. Cost Structure

•*Transportation costs*: including fuel costs, vehicle maintenance costs and driver wages.

•*Warehousing costs*: warehouse rent, maintenance fees and depreciation of warehousing equipment.

•*Human resources*: employee salaries, training and benefits.

•*Technology costs*: software subscription fees, hardware renewal and maintenance.

•*Marketing and sales*: costs of promoting services and attracting new customers

In conclusion:

The business model canvas provides building blocks that define specific focus areas for a business to succeed. This report analyzed logistic company' application of the framework. Explore the business model in detail enables to identify both its advantages and drawbacks so that you can make an informed decision about whether or not to commit resources to take it forward.

Refrences

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