Business Model Canvas (BMC)’s Concept for SMEs in East Jakarta

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ABSTRACT

Setting up and building a business is not an easy matter. Not a few failed and eventually went bankrupt. It turns out that one of the reasons is a lack of careful planning. One business model that is considered effective is the Business Model Canvas (BMC), which is a management strategy for planning business concepts, infrastructure, and company finances and can be applied not only by start-up businesses but also by existing businesses. But, unfortunately, BMC is not widely known by SME players. Therefore, in this community service activity, socialization was carried out on the concept and application of BMC, with partners from the Sub-Department of Industry, Trade, Cooperatives, Small and Medium Enterprises, East Jakarta City Administration, as well as participants who are SMEs in East Jakarta. The socialization used the classical method, namely in the form of an explanation from the resource person through a presentation on the BMC concept followed by application in the form of a simulation/joint practice. The output of this activity is in the form of articles published in the Jurnal Pemberdayaan Masyarakat Madani (JPMM) indexed by Sinta 3.

Keywords:
Business Model Canvas, BMC, SMEs, East Jakarta

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INTRODUCTION

Setting up and building a business is not an easy matter. Not a few failed and eventually went bankrupt. As quoted in Billfazz (2020), 25% of businesses fail after one year of running. In the second year, 35% of businesses failed. The largest percentage occurred in the third year of business, which was 44% of businesses had to go out of business. That is, if 10 businesses appear, then in fact there will only be two to three businesses that can survive after the third year.

Then, the question arises why did this happen? Why are entrepreneurs unable to sustain the businesses they have worked so hard to establish and build? It turns out that one of the reasons is a lack of careful planning. Business people sometimes feel unprepared in the face of technological advances, increasingly critical consumers, very fast innovation from competitors, as well as market changes that are so dynamic. If as a businessman we do not plan our business well, then the business that is founded may only last a short time and then it will disappear without a trace, replaced by new players after three to five years (Rahmawan, 2017).

Furthermore, what must be done by business people to have a mature business plan and good management so that they can continue to survive in the market for a long time? According to Nugraha (2020), to achieve the desired business results, many business actors use the business model as a basis. And one of the business models that are considered effective is the Business Model Canvas (BMC) which is a management strategy for planning business concepts, infrastructure, and corporate finance and is generally applied by novice businessmen.

According to Maulana (2020), BMC can be used as a framework for evaluating business models. This analytical tool was coined by Osterwalder & Pigneur (2010) and is so popular in the international business world today. Many say that BMC is a method that can be understood quickly, and easily, but still explains the business model comprehensively. There are nine interrelated elements (building blocks) in BMC. These elements include Value Proposition, Customer Segment, Channel, Customer Relationship, Revenue Stream, Key Activities, Key Resources, Key Partner, and Cost Structure, as shown in the Figure 1.

Anggia (2020) stated that this strategy should be applied by startup entrepreneurs (SMEs) to plan and manage their businesses well. However, unfortunately, many SMEs still do not understand the concept and application of BMC when starting a business and they still need better access to information about the business model. Then, is BMC only suitable for people who are just starting a business? A study by Anggraini (2020) as quoted in Anggia (2020) was able to analyze local SMEs selling Baturaja food using the BMC, and then find the advantages and disadvantages that exist while creating several new strategies that can improve the business. Another case study in the Binus Bangun Desa (BBD) Program in 2018 also analyzed a local SMEs silversmith using the BMC. Through this concept, researchers can...
see the potential and resources owned by business actors, as well as the next steps needed to be able to develop their business further.

So, whether we are planning to start a business or are running it, this BMC concept can help design and evaluate the strategies used in the business, so that every choice and step taken can have a maximum good impact on the business. Therefore, based on the analysis of the situation stated above, this community service activity is entitled "Socialization of the Concept and Application of the Business Model Canvas for SMEs in East Jakarta". The SMEs actors in question can be prospective SME actors (just about to start a business) and can also be actors who are already running a business.

Referring to the situation analysis items described above, several partner problems are formulated as follows: a) there are still many prospective SMEs in East Jakarta who have business ideas but are confused about turning their discourse into a business plan; b) there are still many SMEs in East Jakarta who start businesses without proper planning and preparation; c) there are still many prospective SMEs in East Jakarta who do not know the concept of BMC; d) there are still many prospective SMEs in East Jakarta who do not understand the methods/methods that can be used to apply the BMC.

![Business Model Canvas](Image)

**Figure 1.**
Business Model Canvas
*Source: Zeintrinanda (2019)*
LITERATURE REVIEW

Rizan (2020) stated that the BMC is a template used to describe what kind of business we want to build or what business we are currently running as a whole and from various aspects. This concept was developed by Alexander Osterwalder & Yves Pigneur in 2010. This concept is very simply displayed on a single canvas and contains a map of nine elements.

The BMC is a business concept that is widely used today because it is structured. The BMC is a business management framework created to design how the business strategy will be executed. As the name implies, the BMC is made in an ideal image so that everyone has the same and real understanding of the types of their customers, expenses, how the company works and so on. With a simple framework, the BMC will make it easier to quickly see an overview of a business idea and plan for its realization. Not only that but, the user can also make decisions faster whether their business idea is profitable to continue or not. In the visualization, each element is represented by a column or box. This is what became known as the BMC template. With these nine blocks, the user can validate whether a business idea is potential or not (Hasibuan, 2021).

Rizan (2020) discusses these nine elements as components of BMC. 1) Value Proposition, which is the benefits offered to consumers, will determine the selected customer segment or vice versa. 2) Customer Segments, the business must determine whom to serve, and the company can determine to serve one or more segments. 3) Channels, promotional media to convey the value proposition, from customer awareness to after-sales service. 4) Customer Relationship, a business strategy for bonding with its customers. 5) Revenue Stream, the most vital component because in obtaining income (closely flow). 6) Key Partners, resources needed to realize the value proposition, but not owned by the company. 7) Key Activities, are bare business activities that aim to create a value proposition. 8) Key Resources, company-owned resources to realize the value proposition. 9) Cost Structure, is the composition of costs to operate the company in realizing the value proposition for customers.

The nine elements contained in the BMC based on Jurnal Entrepreneur (2018):

1. Customer Segments

The first element that users must have in starting a BMC is to determine which customer segment will be the target of the business. For example, an airline issues two products to meet the needs of two different customer segments, or two television stations present two different programs to cater to different customer segments. In this block, the user must be able to answer several things about their customers, such as customer jobs, customer gain, and customer pain.

a. Customer Jobs -- This block is filled to find out what work customers want to complete with the product or service. This work can be a task to be completed, a problem to be solved, or a need to be fulfilled. To make it easier to fill in, the user can answer the following questions:

1) Functional work that the customer wants to complete?
2) Social work that customers want to do?
3) Emotional work that customers want to get done? What are the basic needs of the customer that the user want to fulfill?

b. Customer Gain -- This block business model canvas is useful for explaining the benefits that customers expect or want from the business. Desire is meant here as the desire for functionality, social, emotional, and cost savings. To fill in this block, try to answer the following questions:
1) What savings do customers want – is it time, money or effort?
2) What results do customers expect?
3) Solutions that can please customers?
4) What are customers looking for – is its design, price, or full features?

After answering the questions above, try to rank what benefits are relevant to the customer or product. That way, the user can find out the customer's top priorities.

c. Customer Pain -- This block is needed to describe negative emotions, unwanted costs, situations, and risks, during or after the job is done. To make it easier to find out about customer pain, the user can answer the following questions:
1) What do customers find expensive – is it time-consuming, too much capital, or too much effort?
2) What makes customers feel bad, frustrated, annoyed, uncomfortable, and so on?
3) What is the solution now when there is poor performance – such as inappropriate features, poor performance, fast crashes, and so on?
4) What are the main difficulties and challenges for customers – is it hard to get something, resistance?
5) The risk that the customer is afraid of – is it a financial, technical, or social risk?

Similar to the customer gain block, after answering the questions above, the user must sort from the most relevant based on the customer. By knowing the weaknesses or fears of customers, the user can create products that can answer all the problems experienced by customers.

2. Value Proposition
The element referred to in this BMC is a barrier which is a product advantage, what are the real points that can bring benefits that a business or company offers to its customer segment? This is an opportunity for the user to describe the strengths and advantages that distinguish the business from other businesses. Before starting a business, the user must first know who the target audience is who might become customers of their product. What advantages can provide to customers? What product would like to offer? For more details, below are some questions in the value proposition that must answer and can be included in the business plan.
a. Product or Service – Try starting by writing down all the propositions of the product or service that want to sell, and whether the product can help customers improve their functional, social, and emotional work. After writing down all the value propositions of the product, match any values that are in the customer's interest; are important or not important. By answering all these blocks, the user can evaluate the value proposition that was previously only written without being matched to customer needs.

b. Pain Relievers -- In this block, the user should explain how the product or service that they are trying to market can alleviate the suffering and burden of customers. Where, this block will eliminate or reduce the contents of the customer pain block related to unwanted situations, caused customer risks before, during, and after the work is completed. Questions that need to be answered by companies relate to questions that exist in customer pain, such as:
   1) Could the customers save more time, money, or effort?
   2) Could the customer be better?
   3) Could the product solve the poor work performance?
   4) Could the product eliminate the risks that customers fear?

c. Gain Creators -- In this block, the user must explain how the product or service they are selling can make customers benefit. This block must be able to answer the questions in the customer gain block. Here are the questions must answer in block gain creators.
   a. Could customers save more time, money, or effort?
   b. Does the product deliver solutions that exceed customer expectations?
   c. Does it make the customer's job easier?
   d. Is it possible to provide a suitable positive result for the customer?

3. Channels
The channel referred to here is any media or means that we can use to deliver products or services. Channel is how we can convey our product to consumers. Through the use of the right channels, we can only convey value propositions to customer segments. This is one of the important elements of the BMC. So, try to think about the channels that the user wants to use well, because determining the channels is one of the important elements for the success of a business. Several questions should answer when deciding what channel to use such as how will the business products and services be delivered to the market. Or the way companies deliver products and services to customers.

4. Revenue Streams
The revenue stream is the most vital part, where the organization derives revenue from customers. This element of the BMC must be managed as much as possible to increase business revenue. Do not let any raw material, product, or performance not be utilized optimally. The user really should be trying to
figure out what strategies to use to get the most value from customers. Will the customer pay only once? Does your company have a monthly subscription fee? May the user give away a product for free and hope some customers upgrade to an id premium product.

5. Key Resource
A key resource is a partition in the BMC that contains a list of resources that companies should plan and have to realize their value proposition. All types of resources, ranging from raw material management, stock control, human resource management, and operational process management are considered in creating BMC. This point deals with the resources needed to create value for customers. Here, we must describe the assets needed are d to make this startup business model work. Where, these key resources are divided into 4 categories, namely:
   a. Physical: buildings, vehicles, machines, and distribution networks.
   b. Intellectual: brands, specialist knowledge, patents, and copyrights.
   c. HR: The people who will be the main resource, especially for companies in creative or knowledge-intensive industries.
   d. Finance: Lines of credit, cash balances, and so on.

6. Customer Relationship
Customer relationship is an element in the example of the BMC where the company establishes bonds with its customers. The user should answer this section to find out how they build relationships with customers. Where, customer characteristics vary, so we must understand how to win customers' hearts and retain loyal customers. Strict and intensive supervision is needed so that customers do not easily turn to other businesses just because of a poor relationship.

7. Key Activities
Key activities are all activities related to business productivity related to a product, where the main activity is to generate a value proposition. This point is needed as one of the most important business strategies that we must do to make this element of the business model canvas work. Where the main activities must be directly related to the company's value proposition. If these key activities are not related to the value proposition, then something is wrong, because the activities that consider most important do not provide value to customers. Key activities are usually broken down into three categories:
   a. Production -- this category refers to the delivery of products or services to customers. Usually, we should do this with high quality or high quantity, depending on the branding of the business.
   b. Troubleshooting -- finding new solutions to each customer's problems can also be the main task of the business. This is usually done by consultants or service organizations.
c. Platforms/Network -- the regular software network serves as a platform. For this reason, the key activities of such companies are to continuously update and innovate their platforms.

8. Key Partnership
This business model canvas element serves to organize the flow of goods or other services in the business. The key partner positions are useful for the efficiency and effectiveness of the key activities that have been made. There is nothing wrong with establishing good relationships to create a business cab with expectations. To fill this block, the user must make a list of important tasks and activities. To fill it, we can use suppliers and partners to make the business model work. There are usually three reasons for creating a partnership, for example, economies of scale, reduction of risk and uncertainty, also the acquisition of resources or activities.

9. Cost Structure
This business model is a financial consequence of the methods used in the business model that the ucreatesreates. Here, the user has to map out their costs and ensure that they match the business's value proposition. In this block, the user should be able to determine the most expensive and most important costs after the key resources, key partnerships, and key activities have been defined. Managing costs efficiently will make the business more efficient and can minimize the risk of loss. It can also define the right value proposition for the customer. In this last element, of course, proper financial reports and bookkeeping are needed.

After knowing the nine elements of a business model canvas, then we also need to understand how to create a BMC so that it can run effectively and efficiently (Rizeki, 2022).

a. Perform Competitor Analysis
Analyze good business competitors to add to our insight. We can see from the side of the success or failure of competitors as a lesson for our business going forward. Through this information, we can identify gaps that can be used to develop our business and reach the market better than competitors.

b. Ordering Elements Systematically
The next tip is to try to systematically sort the nine elements of the BMC so we know which priority to run. We can also strategize for a certain period. Because, the clearer the target time and goals, the easier it is to measure its success.

c. Connect Each Element
Connecting each existing element can help us to develop the right strategy. Every element in the BMC must connect and support each other.

d. Focus on the Current Condition
We can just make a business planning strategy for the future. However, it's good to focus on
strategizing with current conditions. This is because conditions can change at any time due to various factors, such as changes in consumer behavior or the emergence of new competitors. Therefore, it is important to focus on developing strategies with current conditions so that the calculations are more precise.

According to Juliawanti (2021), there is one more tip that can be done to make BMC, in addition to the four tips mentioned above, namely reviews. Do a review or re-check whether all elements are connected or not. Make sure one element with other elements support each other. Assessing each element can be used as a reference for reviewing the business model canvas that we compiled. That way, we can correct if that element is not quite right. Already understand the explanation about the BMC along with its elements and tips on how to arrange it. So, if we want to build a business, especially a start-up business with big profits, don’t be confused anymore. Remember yes, one element with another must be connected don’t forget to rate each element so that we know which ones to improve. BMC’s component could be seen in Figure 2. and Figure 3. In Figure 4. as shown it about applications of BMC.

![BMC's Components](image-url)
Figure 3.
BMC’s Components (2)
Figure 4.
Applications of BMC
According to Rizeki (2022), BMC has the following advantages:

1. It can help provide a quick overview of the business model and doesn't have unnecessary details compared to a traditional business plan.
2. The visual nature of the BMC makes it easier for anyone to reference and understand.
3. Makes it easier for businesses to edit plans and can be easily shared with employees and stakeholders.

The BMC can be used by large companies or start-ups with only a few employees.

1. In addition to the various advantages mentioned above, there are several disadvantages to using BMC as quoted in Andryanto (2021) below:
2. Unable to accommodate a business in a very early stage of development.
3. There may be risky assumptions in the business model, without offering a clear way to verify them.
4. Focusing on the final form of the business model canvas without specifying a strategy to achieve it.

MATERIAL AND METHOD

A needs analysis in the form of discussions conducted with SMEs in East Jakarta will be the second stage in this community service activity. Needs analysis needs to be done after previously the proposing team coordinated with the Sub-Department of Industry, Trade, Cooperatives, Small and Medium Enterprises, East Jakarta City Administration. From the results of this analysis, the proposing team wants to find out and at the same time map out the following: a) Are there any prospective SMEs in East Jakarta who have a business idea but are confused about turning their discourse into a business plan?; b) Are there any SMEs in East Jakarta who start a business/business without proper planning and preparation?; c) Are there any prospective SMEs in East Jakarta who do not know the concept of the BMC?; and d) Are there any prospective SMEs in East Jakarta who do not understand the methods/methods that can be used to apply the BMC.

After conducting a needs analysis, the team held recruitment of activity participants by asked them to fill out the google form that had been prepared. The Google form contains questions such as name, telephone number, products sold, business location, length of business, monthly operating profit, and capital needed to start a business.

In addition, the implementation team must also consider the training materials that must be relevant to the needs of the participants. Based on the needs analysis, the team carried out material mapping, which was divided into a) introduction to the concept of BMC; and b) how to apply the BMC according to the type of business that will be/has been run. The team seeks to develop training by not only introducing and deepening the BMC to SMEs in East Jakarta but also by inviting them to apply
this method through a simulation.
The targets of this community service activity are SMEs (just about to start a business or those who are already running a business) in the East Jakarta area. The activity was carried out using the classical method, namely in the form of an explanation of the resource person through a presentation on the BMC concept for 30 minutes. Next, an explanation of the BMC application in the form of a simulation/practice together for 1.5 hours. Discussions and questions and answers took place simultaneously with the simulation process. At the end of the activity, there was an announcement of the winners who had prepared the BMC well during the simulation.

**RESULTS AND DISCUSSIONS**

The stages carried out in this activity include:

1. **Activity Preparation**
   The team proposing community service made various preparations, which included: a) Coordinate with the Sub-Department of Industry, Trade, Cooperatives, Small and Medium Enterprises, East Jakarta Administration; b) Needs analysis with SMEs; c) Identifying recruiting participants; d) Contacting resource persons who are experts in the BMC; e) Prepare technical community service activities.

2. **Implementation of Activities**
   This community service has been carried out on July 13, 2021, with 108 participants. The activity was also attended by representatives from the Sub-Department of Industry, Trade, Cooperatives, Small and Medium Enterprises, East Jakarta Administrative City. Activities are held online through the Zoom Meeting application. The sequence of activities begins with the opening by the MC/Moderator followed by filling out the attendance list by the participants. After all, participants filled out the attendance list form provided by the implementing team for community service activities, it was continued with the presentation of material from the BMC resource person, namely Prof. Dr. Mohamad Rizan, MM. The BMC simulation and discussion guided by Ika Febrilia, SE., MM was carried out after the material was delivered to the participants. The activity was closed by giving souvenirs to five participants with the best BMC designs, door prizes for 10 participants, and symbolic certificates for all participants present.

3. **Activity Evaluation**
   This training activity is evaluated by looking at the achievement indicators as follows: a) All participants in community service activities who are SMEs in East Jakarta can understand the concept of the BMC; b) All participants in community service activities can apply the BMC; c) The participants of community service activities are absent the BMC to start or develop their business, with results that can
be seen after the benefits have been running for a maximum of 6 (six) months.

4. Reporting and Publication of Activity Outcomes

The Activity Report started sincerest 2021, precisely after the activity has been completed. At this stage team always coordinates in compiling reports on the implementation of activities progressively, in accolades of implementation. Meanwhile, the targeted activity outputs are articles published in the Jurnal Pemberdayaan Masyarakat Madani (JPMM) indexed by Sinta 3, articles compiled in early September 2021 and submitted in the 2nd week of September 2021. This article is planned to be published in June 2022, namely in Volume 6 No. 1.

CONCLUSION AND RECOMMENDATION

Setting up and building a business is not an easy matter. Not a few failed and eventually went bankrupt. It turns out that one of the reasons is a lack of careful planning. One business model that is considered effective is BMC, which is a management strategy for planning business concepts, infrastructure, and company finances and can be applied not only by start-up businesses but also by existing businesses. But, unfortunately, MC is not widely known, among SME players. Therefore, in this community service activity, socialization was carried out on the concept and application of BMC, with partners from the Department of Industry, Trade, Cooperatives, Small and Medium Enterprises, East Jakarta City Administration, as well as 108 participants who were SMEs in East Jakarta. The activity was carried out on July 13, 2021, using the Zoom Meeting application. The socialization used the classical method, namely in the form of an explanation from the resource person through a presentation on the BMC concept followed by application in the form of a simulation/joint practice.

The suggestions that can be given as an evaluation of future activities are related to the use of media. It is recommended that the activities be carried out offline so that the community service implementation team can directly guide the participants during the simulation. Participants can also ask directly about the obstacles faced when designing a business through the BMC working paper. Expanding the scope of participants can also be done as an effort to develop the ability to design businesses using BMC, namely by reaching participants throughout DKI Jakarta, not only SMEs in the East Jakarta area.
DOCUMENTATION
The following is a documentation of the socialization of the concept and application of BMC for MSME actors in East Jakarta which was held on July 13, 2021, ago.
Sosialisasi Konsep dan Aplikasi Business Model Canvas (BMC) untuk Pelaku UMKM di Jakarta Timur

Nama *
Your answer

Nomor Handphone *
Your answer

Produk yang Dijual *
Your answer

Lokasi usaha *
Your answer

Sudah berapa lama menyelenggarakan usaha *
Your answer

Berapa Profit (kesuntungan) Per-bulan *
Your answer

Model yang Diperlukan untuk Memulai Usaha *
Your answer
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