



ALMA MATER STUDIORUM  
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# Urban Farm: getting ready to start

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Rule no. 1: Wrong understanding of reality leads to wrong expectations

Rule no. 2: Economic sustainability has nothing to do with dreams. Economists are not interested in non-marketable dreams. We are interested in plans

Rule no. 3: A dream does NOT come true without a plan. If you want to practice Urban Agriculture and make it environmentally, societally and economically sustainable, you need a plan

Rule no. 4: To prepare a plan is a hard job. It requires time (3-6 months), knowledge, practice, and patience to learn. Complexity is complex. There are no shortcuts to make complex tasks easy

If you DREAM to start an Urban Agriculture start-up,

you should IMAGINE a Business Model,

that is a clear, detailed and true representation of the complex reality of your future organization. Business model is useful for forcing the start-upper to define:

- how his/her business will be organized,
- who will interact with whom,
- what goals and strategies will be pursued,
- what work the business will perform,
- and how it will perform that work.

Then, you have to consider:

- Processes and technologies;
- Motivation, goals and strategies;
- Organization;
- Rules, regulations and laws, internal policies and other guidance.

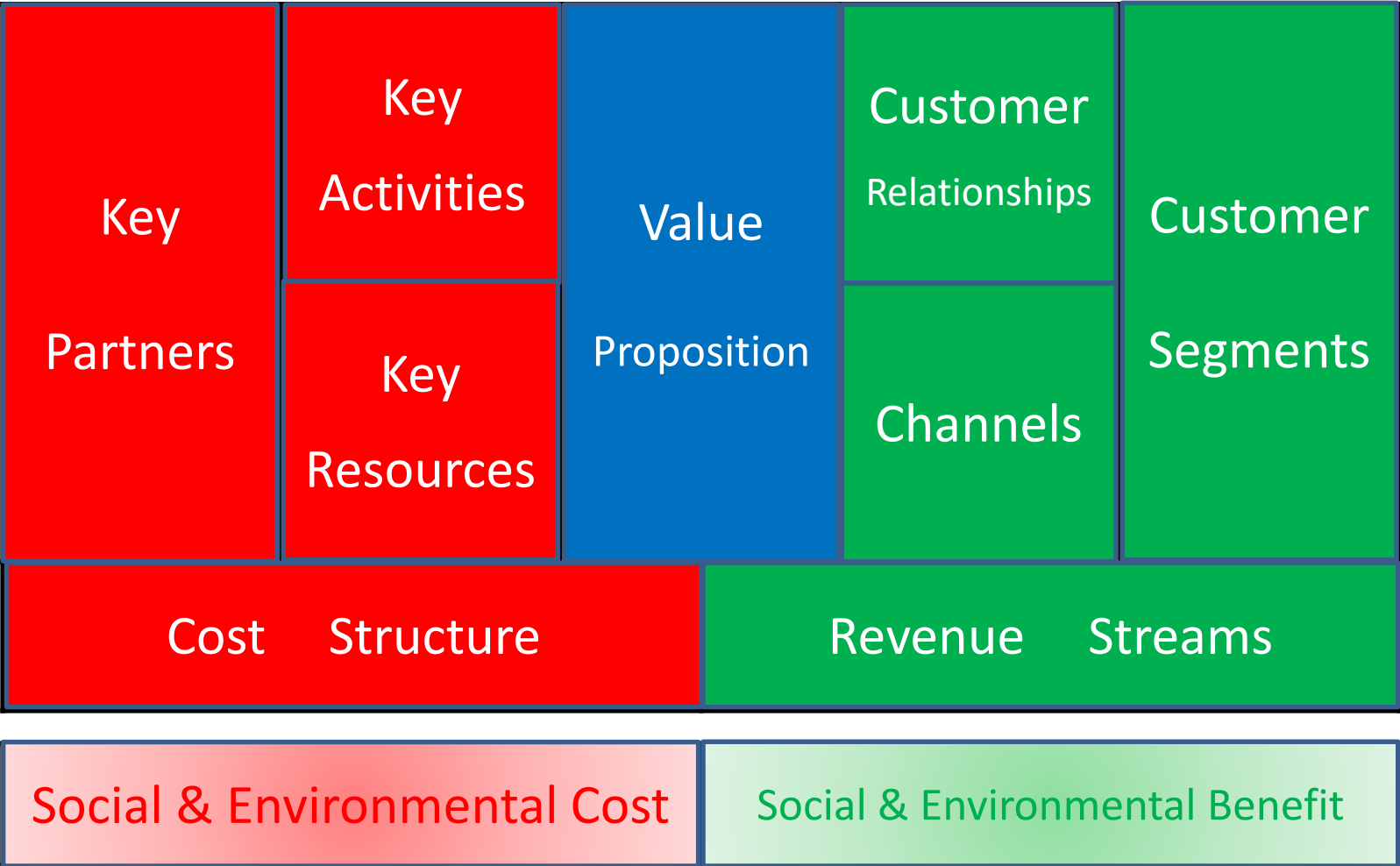
Canvas is not a solution, it is a tool to help start-uppers in preparing their effective Business model.

The challenge is that the **concept** should be simple, relevant and intuitive.

Usually, Canvas Business Models are described through nine basic building blocks.

The following Canvas is a model with 2 extra blocks that include social and environmental aspects

# The 9 (+2) Building Blocks



## Canvas Blocks

1. Key Activities Block describes the strategic activities aimed at increasing the performance of your business model
  2. Key Resources Block captures the company strategic assets that hold up the business model
  3. Key Partnership Block defines the network of suppliers and partners in your business model
  4. Cost Structure Block describes all (economic) costs incurred to operate a business model
  5. Social & Environmental Cost Block includes costs related to the social and environmental impact of the business
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6. Value Proposition Block identifies the bundle of products and services that create value for a specific Customer Segment

## Canvas Blocks

7. Customer Segment Block defines the different groups of people or organizations an enterprise aims to reach and serve
8. Customer Relationship Block describes the types of relationships a company establishes with specific Customer Segments
9. Channel Block describes how a company communicates with and reaches its Customer Segments to deliver a Value Proposition
10. Revenue Streams Block describes the revenue flows a company obtains selling products/services to a specific customer segment
11. Social & Environmental Benefit Block captures the social and environmental benefits generated by the business

Then, you have to prepare a Business PLAN

Business Plan is another tool.

A “business plan is a formal accounting statement which numerically describes a set of business goals, the reasons why they are believed attainable, and the strategic plan and managerial steps for reaching those goals. Hypotheses and visionary ideas [...] have to be transformed into numbers and need to be backed by reasonable and verifiable assumptions about future events and milestones”.

There is not one but thousands of templates to prepare a Business Plan:  
BUT in every BP there are:

- a descriptive part. Contents are quite similar to those of a Canvas Business Model;
- a quantitative part, aimed to estimate the expected values of the new business.



The quantitative part should consist of (minimum):

- 1. Investment Plan** (sources of funding and the capital structure of the business)
- 2. Revenue/Sales Forecast**
- 3. Expenses Forecast**
- 4. Projected Profit and Loss**
- 5. Projected Cash Flow**
- 6. Projected Balance Sheet**
- 7. Business Ratios**

AGAIN “to be backed by reasonable and verifiable assumptions about future events and milestones”.

Considering different levels of production and sales or different prices we can perform a sensitivity analysis, to realise how the expected values of the business can change.

If we are considering alternative Business Models, we should compare them.

While the values estimated in the quantitative sections of the BPs are directly comparable, we need a tool to compare the Business Models developed using Canvas and/or the descriptive parts of BPs.

A SWOT analysis could be effective, comparing the points of Strength and Weakness of the alternatives, and how those can be up sided by Opportunities and Threats

IF YOU NEED TO COMMUNICATE YOUR BUSINESS MODEL AND PLAN  
DON'T FORGET  
TO PROVIDE AN EXECUTIVE SUMMARY  
AND TO PREPARE A PITCH DECK

Sources and Citation from

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