



# Strategic Business Canvas: Integration of Business Model Canvas and Strategic Management Process in Enhancing Competitive Advantage

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**Abstract.** In an increasingly competitive business era, companies must adopt a framework that integrates business model design with strategic management processes. Business Model Canvas has become a popular tool for describing business models. However, a more holistic approach is needed to address the complexity of the business environment. This article explores the integration of Business Model Canvas with the Strategic Management Process, resulting in a new framework called Strategic Business Canvas. The research method used is a literature review with an analysis of relevant literature. The research findings indicate that Strategic Business Canvas can provide a comprehensive view of the business model while allowing competitor monitoring and PESTLE analysis in the environmental scanning stage and monitoring Key Performance Indicators (KPIs) in the evaluation and control stage. The study concludes that integrating these two frameworks can improve a company's ability to respond to market changes and make more informed decisions. Future research is recommended to test the application of Strategic Business Canvas in various industries to measure its effectiveness empirically.

**Keywords:** Business Model Canvas, Strategic Management Process, Strategic Business Canvas, Environmental Scanning, Competitive Advantage.

## 1 Introduction

Increasingly tight business competition requires companies to continue to innovate and adopt frameworks that can help them compete effectively. One of the popular tools for describing business models is the Business Model Canvas (BMC), introduced by Alexander Osterwalder and Yves Pigneur. BMC allows companies to visualize and design their business models in a simple yet comprehensive way[1]. However, the rapid and dynamic changes in the business world, driven by technological advancements and environmental shifts, necessitate the emergence of innovative business models[2]. Furthermore, companies require a more holistic approach to business modeling that focuses on the design of business models and incorporates strategic elements within the management process.

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A Strategic Management Process (SMP) is a series of steps that include environmental analysis, strategy formulation, strategy implementation, and strategy evaluation and control[3]. By integrating BMC with SMP, companies can gain a more comprehensive picture of their business and the ability to integrate and respond to changes in the external environment through the environmental scanning stage and evaluate and control business performance more optimally. Environmental scanning allows managers and strategic teams to identify risks, opportunities, constraints, and threats to the growth and success of the organization[4]. This study aims to integrate BMC into the SMP process stages to produce a new, more comprehensive framework.

## **2 Methods**

This study adopts a qualitative approach using a literature review method to explore the interaction between the Business Model Canvas (BMC) and the Strategic Management Process (SMP), resulting in a new framework termed the Strategic Business Canvas (SBC). According to Webster & Watson[5], a comprehensive literature review provides a robust foundation for theory development, identifies areas requiring further research, and aids in summarizing previous studies. Data were collected from reputable scientific literature, including international journals and reference books, with the literature selection focusing on BMC, SMP, and their integration. Subsequently, the analysis for developing the SBC framework was conducted by identifying and categorizing each key element of the BMC by the stages of the SMP process. The findings of this study are discussed by highlighting the advantages of using the SBC compared to the BMC alone, which does not account for the aspects of SMP.

## **3 Results and Discussion**

### **3.1 Innovation in Business Model Canvas**

The Business Model Canvas is a framework developed by Alexander Osterwalder and Yves Pigneur in 2010, comprising nine fundamental elements. Within this framework, companies must identify customer segments to formulate targeted marketing strategies; offer value propositions through products and services that uniquely satisfy customer needs; utilize distribution and communication channels to deliver value; build customer relationships tailored to each segment; generate revenue streams from customer engagement; leverage key resources to operate and deliver value; execute key activities to sustain the business model; establish key partnerships to optimize operations and resources; and manage the cost structure, including both fixed and variable costs[1].

By managing the nine fundamental elements, companies can design effective, efficient, and sustainable business models. However, rapid technological advancements and environmental changes drive innovations in business models. Researchers are actively developing BMC components to enhance effectiveness across various sectors and respond to these changes. For instance, traditional business models are becoming obsolete due to market conditions and consumer preference shifts. Therefore, compa-

nies must innovate business models to ensure sustainable and long-term growth[6]. In the service sector, the Service Business Model Canvas (SBMC) was developed to enhance traditional business model strategies by combining market characteristics such as co-creation, which aims to increase cross-sector effectiveness[7]. Further research in solid waste shows that combining sustainability with business objectives is feasible. Integration of S.PSS tools into existing BMC structures provides a comprehensive strategy for developing sustainable and innovative business models[8]. These innovations reflect a concerted effort to refine the BMC for improved strategic planning and performance across industries.

### **3.2 Perspective Strategic Management Process**

The Strategic Management Process is a series of actions and decisions taken by management in determining the organization's long-term goals and strategies, which include environmental scanning, strategy formulation, strategy implementation, and evaluation and control[3]. The four main dimensions, encompass Environmental Scanning, which gathers and analyses external opportunities and threats alongside internal strengths and weaknesses to underpin strategic formulation; Strategy Formulation, which defines the organization's mission, objectives, strategies, and policies to create long-term action plans that leverage strengths and opportunities while addressing weaknesses and threats; Strategy Implementation, which executes the strategy through programs, budgets, and procedures, ensuring efficient resource allocation and organizational synergy to achieve goals; and Evaluation and Control, which monitors and assesses performance against the implemented strategies, making necessary adjustments to maintain the attainment of organizational objectives.

### **3.3 Perspective Strategic Management Process**

Although the Business Model Canvas (BMC) effectively visualizes, designs, and tests business models across various contexts, it has shortcomings from the perspective of the Strategic Management Process (SMP). The primary weakness lies in the insufficient emphasis on external environmental analysis. SMP highlights the importance of analyzing external factors such as competitors, market trends, and regulations influencing long-term success. In contrast, the BMC focuses predominantly on internal business elements without incorporating comprehensive performance evaluation and control. Integrating the BMC with competitor analysis and PESTLE is essential to address this limitation. The proposed solution involves adding two new blocks to the existing nine BMC blocks: Competitor Analysis & PESTLE (Political, Economic, Social, Technological, Legal, Environmental) to enhance the external elements and Key Performance Indicators (KPI) as tools for performance evaluation and control.

Integrating the BMC and SMP concepts produces a new Strategic Business Canvas (SBC) framework. SBC compiles a more structured sequence of business processes, including environmental scanning, strategy formulation, implementation, evaluation, and control. By adopting competitor analysis and PESTLE at the environmental scanning stage and KPI at the evaluation stage, SBC expands the BMC from nine to eleven

blocks. This allows companies to design, manage, and evaluate business models holistically according to long-term strategy needs. Based on the SMP perspective, the 11 blocks in the SBC are grouped as follows:

1. Environmental Scanning, including key resources, customer segments, key partner partnerships, and competitors & PESTLE analysis.
2. Strategy Formulation, including value propositions, revenue streams, and channels
3. Strategy Implementation, including key activities, cost structure, and customer relationships
4. Evaluation and Control, consisting of key performance indicators.

Competitor analysis is crucial for supporting strategic decision-making by understanding competitors' strengths, weaknesses, and actions to enhance the company's competitive position [9], [10]. Similarly, PESTLE analysis is important as it comprehensively evaluates external factors to support strategic planning and effective decision-making [11], [12]. Additionally, incorporating Key Performance Indicators (KPIs) into the evaluation and control stage enables objective monitoring, early problem detection, and effective decision-making to improve system performance and efficiency [13], [14], [15]. SBC aligns with strategic management theory, where Wheelen and Hunger[3] emphasize the importance of a continuous cycle of planning, formulation, implementation, and evaluation. This approach offers a more holistic business management, allowing companies to design strategies and implement and evaluate them effectively.

## 4 Conclusion

SBC, which integrates BMC and SMP, provides a more comprehensive framework and enables companies to manage their business models strategically. It includes deeper environmental analysis, more integrated strategy formulation, and measurable performance evaluation. However, implementing this SBC may require higher analytical capacity and additional resources, as it includes PESTLE analysis and competitor monitoring, as well as the determination of relevant KPIs, which may add operational complexity.

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