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BUSINESS MODELS ON STARTUPS: A MULTICASE STUDY

MODELOS DE NEGÓCIO EM STARTUPS: UM ESTUDO MULTICASO

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ABSTRACT

The Business Model Canvas has become a business model heavily used in the initial design of startups that visualize a tool as a troubleshooter. With this, the issues that accompany the implementation process and the execution of the studied model, which strategically direct such startups. The purpose of this study was to verify how companies used and in what form the business model. Three startups were located in the city of Pelotas (RS, Brazil), selected because they exhibit different specificities. It was found that two of the three companies studied used the model in a structured way. However, a startup that achieved a progressive and non-disruptive development was just a startup that did not use Business Model Canvas. This response was published online with reference to initial references that are not contemplated. Finally, it can be considered that the success of the initialization is not directly available with the tool of the tool.

Keywords: Business model; Canvas; Startups; Entrepreneurship; Innovation.

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RESUMO

O Business Model Canvas tornou-se um modelo de negócios muito utilizado na estrutura inicial das startups que visualizam a ferramenta como um solucionador de problemas. Com isso, surgem questões que acompanham o processo de implementação e execução do modelo estudado, as quais direcionam estrategicamente tais startups. O objetivo deste estudo foi verificar como as empresas utilizaram o modelo de negócios. Foram objetos da análise três startups localizadas na cidade de Pelotas, no estado do Rio Grande do Sul, escolhidas por apresentarem diferentes especificidades. Constatou-se que duas das três empresas estudadas usavam o modelo de forma estruturada. Entretanto a startup que conseguiu desenvolver-se de forma progressiva e sem interrupções foi justamente a startup que não utilizava o Business Model Canvas. Esta alcançou uma efetividade no mercado justamente utilizando referências iniciais que não estão contempladas nos nove elementos da ferramenta. Finalmente, pode-se considerar que o sucesso de uma startup não está diretamente relacionado com a utilização da ferramenta.

Palavras-chave: Modelo de negócio; Canvas; Startups; Empreendedorismo; Inovação.

1 INTRODUCTION

The opening of new business brought technological advances that became more intense in the late 1990s, where “dot-coms” companies began to emerge rapidly. After this period, in the early 2000s, he presented the first works that approached client development, based on design and user centered, with a view of the active entrepreneur in the whole process and not in a passive way, as identified in the companies of the past (BLANK, 2012).

According to Lucht et al. (2011), companies innovate by market demand, and this is what makes innovation an essential topic in the business world. For many companies, this issue is at the heart of their competitive strategies, making them different from others in the market. According to the authors, the needs of the market change, as do the organizations and their methods of work.

When the requirement to create, innovate and launch new products or services becomes a constant practice in the market. It is necessary for the entrepreneur to understand all the forces that act in the environment, must know all the organizational context where it is inserted, in order to create a competitive advantage in relation to its competition (VALE; WILKINSON; AMÂNCIO, 2008).

According to Santos (2008), the successful entrepreneur is the one who provides the destructive creation, which seeks to ruin the current productive process and the competitive dynamic that is often cost-centered, introducing new ideas and positions, in order to Transforming the market that presents itself with risks and uncertainties. Thus, the challenge of being entrepreneur is not in the actions of setting up a business, but in the complexity of keeping it in the market that is constantly changing.

In the same context, the formatting of the organizational structures of some companies began to change and to be configured in a totally different way. The Canvas business model is a tool that gives the entrepreneur an overview of the business, thus facilitating the understanding of an improved logic in nine blocks, in order to generate value for the client. Concomitant with the new models, other methodological structures have emerged in order to keep up with the accelerated pace of innovation.

Building a business presents its own challenges, obstacles and critical situations until it reaches success. Each company starts from a different point and has its own context. And how do Startups work? Can they follow a business model like Canvas?

According to Blank and Dorf (2012), a startup is a company that is embedded in an environment of uncertainty, so it must act quickly to capture the largest number of customers to ensure their survival.

This study aims to verify whether Startups companies use the Business Model Canvas, whether structured or not, and whether the tool assists them in the success of the business. A sample with three startups, located in the city of Pelotas (Rio Grande do Sul state, Brazil) was used.

2 STARTUPS ENVIRONMENT

In compliance with Ries (2012), startups are human institutions designed to create new products and services under conditions of extreme uncertainty. The author adds that such institutions are prepared to deal with unknown situations. The growth of the internet has enabled a favorable environment for this type of company; products that involve technology as a competitive differential have stood out as a reference for new entrepreneurs that determine new behaviors in the market. For the author, the most important thing is not to delimit the size of the company, activity or sector of the economy, but rather to make it clear that it is always in conditions of extreme uncertainty. It also emphasizes that the simple fact of opening a new company, even with the exact copy of an existing business, can be an attractive economic investment, however it does not constitute a startup.

In this context of uncertainty, Blank (2006) states that nine out of ten attempts to launch products by these startups fail and fail to meet the initial expectations set at the beginning of the projects. The author also confirms that these failures are constant, because many projects do not contemplate the understanding of the real needs of the client and for that reason they are characterized in products without importance.

Likewise, Ries (2012) understands that startups are not only considered by the innovative product they present, but rather an organization that needs new types of leadership, management and tools that can help in contexts of extreme uncertainty. They exist not only to create products, make money, and meet the needs of consumers. They exist to create fully sustainable businesses that enable the continuous advance of the global market. Startups have a life cycle in the market and so they scale in some stages to achieve scalability and maturity. According to Maurya (2012), the three main stages of the cycle are: the fit between problem and solution, fit between product and market and scale.

The first stage determines whether there is a problem that is worth solving by addressing customer needs. The second stage is focused on testing whether the solution solves customer problems and verifying that what was built is what people really want. And the third stage seeks the growth of the business model. In conjunction with the internships there may or may not be the participation of certain stakeholders who finance or acquire part of these companies. Generally, in the initial stages it is more common that the investments are of own origin, of small funds, or of public organs. At other stages, the funds come from investors or private service providers.

Startups carry with them the immense potential of changing the fate of an entire economy based on competitiveness, as companies that stand out in taking risks by seeking innovation in their processes, the exponential direction is delimited as a clear objective of these organizations.

3 BUSINESS MODELS: THE CANVAS

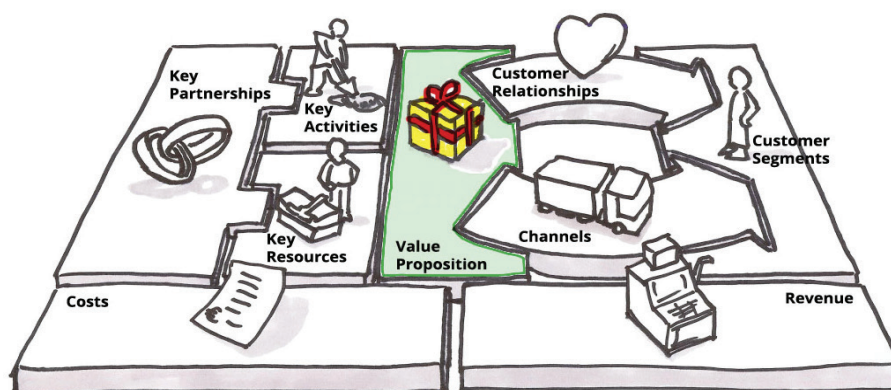
Osterwalder and Pigneur (2011) define business model as the logical basis on which an organization creates, delivers, and captures value. The creation of this tool had as main objective to help entrepreneurs to transform ideas into actions. According to the authors, the Business Model Canvas is a tool that communicates the plan of the business model integrating its diverse

aspects, facilitating the understanding for all involved in the process, besides, the model operates in synergy with the concepts initially quoted. Where the entrepreneur inserts hypotheses related to each of the elements of such a model, making changes based on validations made with the client. Canvas is divided in 9 pieces (Figure 1).

A) Key Partnerships: Any firm that wants to establish itself solidly in the marketplace is involved with a number of partners who structure a fully connected network in order to develop and gain scalability. Some types of partnerships are punctuated by Osterwalder and Pigneur (2011) and are distinguished in four different types that are: strategic alliances between non-competitors; Competition (strategic partnerships between competitors); Joint ventures to develop new business; And the buyer-supplier relationship in order to ensure reliable supplies. While motivations are shaped in this component, optimization, economies of scale, acquisition of resources and particular activities are structured to strengthen and reduce the risks characterized by uncertainties. Regarding the questions that must be answered in this component, the identification of the main partners and suppliers is of paramount importance for the development of the strategies. Subsequently, the identification of the resources that are being acquired from the partners and the key activities that the partners execute, finalize the questions.

B) Key activities: According to Osterwalder and Pigneur (2011), the key activities represent the main activities carried out by the company in order for its business model to operate. The key activities differ in the most varied contexts in which each type of business model is presented. Usually, these activities fall into one of the three groups presented below: a) production: relative to the product in a manufacturing; b) problem solving: relate to services provided and c) platform / network: mainly related to business on the internet. The main questions to be answered in this component are: What key activities does our value proposition require? What key activities do distribution channels need? What key business relationships do clients need? And what sources of revenue do the key activities need?

Figure 1 – Canvas illustration



Source: Osterwalder; Pigneur (2011, p. 44).

C) Key features: According to Osterwalder and Pigneur (2011), the component describes the most important and required resources to make a business model work, they must be represented in order to create and deliver a value proposition that reaches markets, Which maintains relationships and earns revenue. The main resources can be physical (buildings, machines, systems, points of sale and distribution networks); (Trademarks, scientific knowledge, patents, registers, partnerships and database); Human beings (people and their abilities); And financial (money, credit lines, as well as crucial actions to hire employees). Questions such as: what core

assets does the value proposition need? What are the key features of distribution channels? What core capabilities do client relationships need? What primary resources do revenue sources need? Permeate this component.

D) Value proposition: In the second moment, after having defined which clients to be served, it is necessary to establish a value proposition for them. The main reason customers switch one product or service to another is whether they actually know which product or service solves the problem, or satisfies the primary need. Each value proposition adds needed benefits to the customers. The creation of value for the customer takes place through different aspects that can be qualitative or quantitative, and are detailed according to: novelty; Performance; Customization; Doing what must be done; Design; Brand / status; price; Cost reduction; Risk reduction; Accessibility and convenience / usability. The questionings at this stage are identified as a fundamental point in the organizational structure of the Canvas Model. Questions like: what value to deliver to customers? What problems do the customers help the company solve? What customer needs are met? What packages of services does the company offer for each customer segment? Guide the entire organizational process of the tool.

E) Consumer relationship: The whole company must define the type of relationship that it intends to stipulate with each customer segment. According to Osterwalder and Pigneur (2011), these relationships go through personal and even automated aspects. Relationships can be focused on the following motivations: a) conquer the client; b) retain the customer and c) increase sales. This component addresses several categories that comprise taking a proposal of differentiated value to the client, and are presented as follows: personal assistance; Dedicated personal assistance; Self-service; Automated services; Communities and co-creation. The customer relationship categories are also sources of engagement, where they become an integral part of the whole process. The questions that should be answered in this component scale as follows: What kind of relationship is expected by each client segment? Which have already been established? What is the cost of each relationship? And how is each relationship integrated with the rest of the business model?

F) Channels: Channels become available as an important tool by which the company reaches the segment of customers and delivery of value proposition. The functions of the channels are designed to increase the knowledge of customers about the company's products and services, as well as understanding the evaluation of the value proposition, thus enabling them to acquire some specific products and services. Another important function is to provide them with support after purchase. According to Osterwalder and Pigneur (2011), the phases that permeate this component are characterized in detail in the following aspects: knowledge, evaluation, purchase, delivery and after-sales. To take the value proposition, the organization can choose a direct and private channel that involves sales staff, sales or own stores. In a second option, the organization chooses to choose an indirect channel where partners are divided between partner stores and the wholesale. Questions like: Through which channels do customer segments want to be reached? How will customer segments be affected? How do the distribution channels integrate? Which distribution channels are most efficient? Which have the best cost-benefit proposal? How can distribution channels be integrated into the customers' routine? Mark this element.

G) Customer segment: According to Osterwalder and Pigneur (2011), clients are of paramount importance for any business model and in order to better understand this element, it is recommended to use a segmentation process where they can distinguish groups of clients, Differentiating their needs, behaviors and other common attributes that arise in the process. Customer groups represent different segments if: a) they have different needs; b) are achieved through

different distribution channels; c) require different types of relationship; d) have different profitability and e) are willing to pay for different aspects of the offer. According to Osterwalder and Pigneur (2011), the customer segment can be categorized into: mass market, niche market, segmented, diversified, multilateral platform or multilateral markets. Each one of them has different characteristics in the business model. There are some questions that serve as objectives for this stage. Questions like: Who does the company want to generate value for? Who are the most important customers? Are guiding devices for the Canvas Model.

H) Cost structure: According to Osterwalder and Pigneur (2011) this component identifies the most important costs involved in the operation of a specific business model. The main structures of a business model require costs to develop and can be differentiated, through the focus that the company directs at this stage. The process of minimizing costs is present in all business models, which can often be structured to offer a competitive advantage in the market. However, some companies are set to direct their entire structure to offer a proposal of differentiated value, with the objective of customer loyalty. As a characterization, cost structures can be dimensioned into fixed costs, variable costs, economies of scale and economies of scope. In order to better understand this component, some questions such as: what are the most important costs for the operation of the business? And what resources and activities are more costly? What are the keys to structuring the whole process?

I) Revenue sources: According to Osterwalder and Pigneur (2011) this component represents the money that a company generates from each segment of customers. And they complement that if customers are the heart of any business model, the sources of revenue are the arteries. The company must realize how much the different customer segments propose to pay and list one or more sources of revenue for each segment. Regarding the pricing mechanisms, the contingent of alternatives can be defined as: a fixed list; Promotions; auctions; Market dependence; Dependence on sales volume or production management. According to the authors, there are two different types of revenue sources that may be in a business model, they are: a) income transactions resulting from single payment and b) recurrent income, resulting from the constant payment, coming from the delivery of a proposal of Value to customers or after-sales support.

Osterwalder and Pigneur (2011) specify some ways in which revenue sources are generated, presenting as follows: sale of assets; Usage fee; Subscription fee; Loans; You rent licensing; Brokerage fee and advertising. Complementing the sources of revenue, one must understand how the company defines the price of collection (forms of pricing). There are two pricing mechanisms that present themselves, such as static (pre-defined prices) or dynamics (market-defined pricing). The questions that should be answered in this component are presented in the following format: how much are the customer segments willing to pay? What do customer segments currently pay for? How do customer segments pay? How would you prefer this payment? And how does each revenue source contribute to overall revenue? When Porter (1989) analyzes the competitive advantage of his strategies, he argues that the scope of the segment, that is, structuring the understanding of consumer needs can result in a business efficiency in relation to its strategic position in the market.

Hooley, Piercy, and Nicoulaud (2011) complement by stating that understanding the needs of the segment may offer new opportunities that condition a company's revenue streams.

4 METHOD

This is a qualitative research and regarding the objectives, the research is characterized by exploratory nature. This type of research aims to explore some phenomena, in order to understand them with greater assertiveness (MALHOTRA, 2007).

The research has as reference point the verification of the use of the Business Model Canvas tool in three startups of Pelotas, as well as if the use of this one was given in an unstructured way, however, contemplating some essential elements of the Canvas Model.

Considering that the startups have different structures and specificities, it was decided to use the “multicaso” technique proposed by Yin (2015). The “multicasos” studies have a characteristic focused on the understanding and qualitative comparison of the phenomenon (YIN, 2015). For the author, this technique provides a broader scope of results, not limited to information from a single organization. According to him, documents, records in archives, interviewees, direct observations, participant observations, as well as physical artifacts, appear to provide evidence in order to substantiate the study.

The three startups were defined because they presented very different specificities. The startup A was presented with a lean structure and dimensioned its activities in an application, where startup B is of the logistic segment and was not directly involved with the digital resources. C startup has targeted its market in e-commerce. The startups were chosen for presenting in a structured and unstructured way the Business Model Canvas.

The research was developed based on the nine elements of the Business Model Canvas, according to Osterwalder and Pigneur (2011), which was presented in the theoretical review. The questionnaire was structured in open-ended questions that identified the Canvas as: key partnerships, key activities, key resources, value proposition, customer relationship, channels, customer segments, costs and revenue sources.

The questionnaire was applied through interviews with the owners of the startups, from April 11 to June 23, 2016. Evidence was collected through document analysis and observation in the companies studied.

After the interviews, a transcript of the answers given to elaborate the model used by each one of the companies was made.

5 STARTUPS ANALYSIS AND THE STRATEGIC APPLYING OF BUSINESS MODEL CANVAS

Next, the three cases with startups A, B and C will be presented, describing the company, the use of the Canvas tool and an analysis of the application of the tool with the success of the startup companies.

5.1 Startup A case

A startup A is a young company, started with 3 people in August 2012, as a design office at the Center for Business Incubation of Southern Region (CIEMSUL). In 2013 entrepreneurs created an application that functioned as a “check-in” system in which users gained real-time advantages and awards according to their score. The initial idea began with a cultural guide system, but in a second stage, the formatting of the tool was configured within a new perspective, in which gained strength in late 2013 and, through a crowdfunding campaign, managed to raise R\$ 30,000.00. It was considered, at the time, one of the largest campaigns in Brazil, until then. The following year, it received a contribution from Ventiur, an accelerator affiliated to the Startup Brasil program (national Startups acceleration program), which aims to raise funds for start-up companies. The company was also a finalist of the first edition of the Creative Brazil Award, the official award of the Brazilian creative economy. At the beginning of 2015, it was one of the 100 startups in growth stage to exhibit at the Campus Party.

Through Ventiur that startup A met the Business Model Canvas. In the maturation of the application, the Canvas Model was used in two perspectives: one for the commercial establishments and the other for the end users of the application.

In terms of the customer segment, the tool was divided among restaurants, cafes, cinema, theater, bars, parties, art galleries, bookstores, libraries, etc., ie the section sponsors (advertisers) as Figure 3 in the yellow quadrant. In the same element are also the smartphone users (android and IOS), people interested in culture and entertainment, mostly placed in an age range of 18 to 34 years who are in the pink quadrant.

In the following element, the value proposal was also exposed in two perspectives. In the yellow quadrant, where the establishments are located, the value proposition was configured in prospecting customers, including their loyalty. In this proposal, there is also the insertion of people in the mobile, in addition to being able to measure Return On Investment (ROI) through a database.

The value proposition is also presented to users through monthly and annual awards, real-time offers, and the possibility of providing cultural experiences.

Regarding the channels element, in the yellow quadrant where the establishments are, are the people (prospecting and attendance) and the remote (site, e-mail, control panel). Already in the pink quadrant are users of Facebook, Instagram, e-mail and website. All this structure to reach the customer segment and deliver the value proposition.

The relationship with clients is structured in the following way: the establishments are provided with a personal and automated assistance, the users being only with the automated attendance.

In revenue, the yellow quadrant comes in three forms: the first in usage rate (plans), the second in advertising and the third in licensing (franchising). In the pink module, E-commerce, festivals and cultural events complement this element.

In the other half of the Canvas Model, the key features are also divided between the yellow and pink quadrant, but they share the same resources that are: physical, intellectual, and human resources. These features are what make the business model work.

When addressing the key activities, which are responsible for the operation of the business, the yellow quadrant presents the following components: prospecting, service, relationship, marketing and maintenance. The pink quadrant shares three items in the yellow quadrant that are: relationship, marketing, and maintenance. The key partnerships or key partners are in the yellow quadrant and appear in this element as follows: graphic producers, accelerator, culture producers and franchisees. All serving as a driving device of the business model.

The cost structure also features a shared element, where the yellow and pink quadrants share the same costs and are exposed on Canvas as follows: personal, offline and online marketing, physical structure, and maintenance.

According to one of the owners, in the pre-acceleration process of startup A, the Business Model Canvas was very useful, although the complexity of the market meant that the tool did not develop in a staggered way and, therefore, the entrepreneurs decided that it was time to stop and close with the usability of the application, becoming available for 2 years for Android and IOS (Frame 1).

Thus, it was verified that the startup A used in a structured way the Business Model Canvas and contemplated all the elements proposed in the tool. Throughout the research, it was identified through the reports that, in the first moment, the model was widely used and met the basic requirements, pointing a direction for the company.

The Business Model Canvas was divided into two parts, in order to facilitate the understanding and rationale of the existing elements in the model. When analyzed in the perspective of Blank (2006), the startup sought to create a totally new market within its locality, where it could

facilitate the localization of users within a differentiated proposal of awards, such as the loyalty of possible clients from another perspective. In the general context, some shortcomings were recognized in the Business Model Canvas that hampered the development of the product in the market.

Frame 1 – Business Model Canvas of startup A app

| | | | | |
|---|--|---|--|--|
| Key Partners Graphic companies Accelerators Culture producers Franchisees | Key Activities Prospection Attendance Relationship Marketing Maintenance Relationship Marketing Maintenance | Value Propositions Prospection and loyalty Insertion on mobile Databases for measuring ROI Monthly and annual awards (gamification) Real-time offers (check-in) Cultural experiences | Customer Relationships Personal assistance Automated Automated | Customer Segments Cultural niche establishments (restaurantsn coffeesm cinemas, theaters, nightclubs, etc.) Section sponsors (advertisers) Smartphone users 18-34 yo Interested in culture and entertainment |
| | Key Resources Physical Intellectual People | | Channels Personal (prospection and attendance) Remote (site, email and control panel) Facebook, Instagram, Email, Site and App | |
| Cost Structure People; Online and off-line marketing; Infrastructure and Maintenance. | | | Revenue Streams Usage fee (plans); Advertising; Licensing (franchising); E-commerce, Parties; Cultural events. | |

Source: adapted by authors from the app.

According to the reports that were developed in the research, one of the main factors that hampered the progress of the company was the complexity of the market as well as the scalability of the tool. According to Blank (2006), after startups deliver their first product they realize that pioneering customers do not lead to scalability, and the various complexities of the market undermine the sustainability of the business.

5.2 Startup B case

Startup B began its activities between the end of 2015 and the beginning of 2016, its headquarters located in the city of Pelotas (RS, Brazil) and a branch in the city of Belo Horizonte (MG, Brazil). It arose from the need of the market to obtain sheds and pavilions of metallic structures in a customized format that would adapt quickly and quickly to the most diverse market segments. Its beginning was through a first company that was active in the events segment since 2010 and closed at the end of 2015, thus giving rise to the possibility of moving on to another project with a totally different focus.

The opportunity arose in a bidding process, where the owner identified a niche market in which he could act and develop, realizing that he had a prior structure to begin with and decided to start activities in the logistics area.

With a very clear objective, it advanced in the market positioning itself strategically in cost and personalization of the structures, followed with the focus in the agribusiness, port terminals, civil construction and Federal Government. He realized that he would be able to produce

structures with a very attractive cost-benefit and with more agility when it comes to normal building methods, since he did not use the foundations and beams.

The startup has a lean structure, having 3 professionals in production, 1 in the administrative and 5 employees in the assembly area, where necessary hire more to give flow to the production and assembly flow. The owner states that business development is simple. It works as follows: in the first stage some calls or business visits are made and even technical visits to identify the customer's needs; Subsequently, a budget is sent, specifying the values and production time; When approved, the company begins to seek the raw material to produce the structures.

Since the beginning of the company was through a bid, the owner states that he is always attentive to the bidding processes and participates actively in order to gain scalability in the market. Following the steps the product is taken to the assembly site and a structure is installed that meets all safety specifications such as: NR35 (work safety), NBR 6123 (structure safety) and ART (Technical Liability Note). The main competitive differential of startup B is to produce a structure called a two-storey shed, which exempts the foundation, being free of IPTU (urban land tax) and ISSQN (service tax of any kind), allowing a very attractive cost- Besides the versatility in its production.

These differentials have aroused interest in a wide range of segments, and currently the company has Embrapa, Brazilian Army, Brazilian Navy and the Post Office as its main clients. According to the owner, the company established in the initial phase the strategic guiding principles that are configured as follows: (a) mission - to guarantee excellence in the provision of intelligent solutions for storage and logistics, generating value for the brand, customers and staff; (b) vision - become the main company remembered when it comes to supplying lonely sheds; (c) values - ethics, professionalism, customer focus, service quality and human capital appreciation.

Startup B does not use the Business Model Canvas as a strategic tool, however in the development of the analyzes it was verified that some components of the model are used tacitly. For example, it is very clear to the business owner to identify the key customers (customer segment) that is demonstrated through the turnover and the valuation of their portfolio. Another example is the identification of the main problem of the client (value proposition), in the case the lack of space for storage of products, as well as the cost of implantation of sheds with structures that permeate the foundation in concrete, main problem of the sector. The verification of this deficiency meets the production mechanisms and the characteristics of the products produced by the startup B. The interviewee clearly identifies the needs of the market and tries to position the company to meet the demands that involve storage logistics.

When the approach turns to the customer relationship component, the owner has a clear focus on their strategies that are geared toward gaining new customers and market scalability. In relation to relationship, the owner points out some pillars that are structured in confidence, security and credibility.

In the revenue sources component, the owner conducted a survey with key competitors and clearly identified which values customers are really willing to pay and can follow a price policy that fits the current market environment. In this regard, it is clearly identified the main sources of revenue and the main strategy of this component, which is the sustainability of the business through the long-term rental of sheds.

The pricing mechanism identified by the researchers is also very clear in the owner's mind, which stipulates the values depending on the specificities and complexity of each client. In the main resources, the owner states that in this component the main resource is financial, where it allows the increase of production.

When addressing the major partnerships component, the owner explicitly views the key partners who are responsible for providing and executing the structures, stating that this relationship is based on trust and credibility.

As regards the cost structure, the owner stated that it is constantly evolving because the market is always volatile. The same is also true that the costs of the company are always aimed at providing the organizational sustainability, just like the financial alignment that is reflected in the negotiations and the growth of the company.

It is concluded that startup B does not use the Business Model Canvas in a structured way, but employs in its structure the main components of the model that are strategically organized to gain scalability in the market. The researchers identified some components of the Business Model Canvas (Frame 2).

Frame 2 – Business B Startup Canvas

| | | | | |
|--|--|---|--|--|
| Key Partners Suppliers Outsourcing workforce Haulers | Key Activities Negotiation Mounting | Value Propositions Solutions on storage | Customer Relationships Achievement of new customers and market scalability | Customer Segments Agribusiness Port terminals Civil construction Federal government Distributors |
| | Key Resources Financial | | Channels Direct sales Biddings | |
| Cost Structure Variable costs | | | Revenue Streams Long term shed rents | |

Source: elaborated by authors.

It is verified that startup B does not use the Business Model Canvas in a structured way and did not include all the elements. In the research, it was observed that the owner did not know the tool and that no strategic model was employed in a structured way within the company. Based on reports from the survey, the owner stated that he did not use any market segmentation studies, but it was clear that the company had a specific focus. Blank (2006) emphasizes that segmentation is not a synonym for differentiation, and the company often finds its strategic space because it understands other needs that the customer also has. Thus, it can be said that startup B strategically seeks to meet a specific and well-segmented need.

The survey pointed out that the owner was able to recognize who their best customers were and what the value proposition was brought to them. In the qualitative reports presented previously in the text, it is clear that the owner is certified as is the relationship with the customers and how their sources of income are organized. In the following elements, the survey pointed out that the owner highlights which key features as well as who their main partners are. When the cost is quoted, it was observed that the startup is well organized and aware of the variations that may appear during the execution process, where it states that the costs are extremely variable, because the clients have different specificities. The search results were explicit when channel elements and key activities appeared, since the owner could not identify which main activities and channels were used. Note that the owner knows which channels, but can not identify them.

The direct negotiation structure, like the biddings, is an integral part of the entire startup acceleration process. Already when the approach is turned to the key activities, it is highlighted all the involvement of the assembly as well as the whole process of negotiation that involves the growth of the company.

Critically analyzing the Business Model Canvas within startup B, competition analysis does not appear at any time. In the development of the research, it was found that the owner of

the startup was only able to position its entire structure because he did a thorough analysis of all his competitors, where he also stated that the stipulated values and possible strategies were based on the failures that the competition had. Regarding the structure of Business Model Canvas, the competition is not part of the elements proposed in the main screen, being a structural deficiency that could harm the entire organizational development of startup B in the market.

5.3 Startup C case

The startup C started with the initiative of one of the owners that negotiated products through the internet and identified that it would obtain a cheaper freight, using some sites that allowed discounts only in the negotiations realized in the platform.

The owner reports that there was no player that negotiated a freight discount, regardless of the platform used. It also identified that these platforms had a contract with the Post Office and achieved discounts for the established turnover.

Thus, startup C specializes in the reduction of freights in e-commerce, positioning itself strategically in the market, favoring logistically the small and medium-sized virtual stores. The purpose is to provide logistical competitiveness to the seller who has a low sales volume and, consequently, can not reduce his freight costs.

The C startup system enables integration with any shopping site that wants to become a partner of the company. It also uses the possibility of payment in installments on the credit card, which facilitates the time of negotiation, turning this option into a differential, since the Post Office does not use this possibility.

Another competitive advantage is always to provide the 10% discount on all freights, a benefit that the customer would not be able to obtain because he did not have volumes for such a discount. Therefore, they use the Post Office, because for volumes under 20 kg is the best option with regard to speed and price.

It has approximately 5,000 customers and a monthly scalability of 300 per month. It has a system that generates a product tracking number and through this number the customer can have information in real time. This mechanism is not limited to crawling only on business days, as is used in the traditional system. The owner states that the startup works with reverse logistics, enabling the return of the product in a simple and safe. Such logistics work as follows: the supplier removes a posting authorization from the company's website, which is sent in a pdf file to the customer, where he can automatically paste it in the box and send it back to the supplier. This work reduces the logistics time of the small supplier.

According to the owners, this system represents a large part of the company's business operations. The startup works with a business model in which practicality becomes one of the main value propositions, besides serving as a differential in what concerns logistics.

The process of using the tool in question is very simple, since the customer performs the registration on the website, fills in the data of who will receive the merchandise and opts for the form of delivery (express or economic), express with faster logistics and That has a longer lead time but with a more affordable price. Subsequently, the payment methods are chosen and then the sender receives a sticker with the details of the purchase, which must be placed on the product to be sent. The owners claim that their customers do not have to face queues to generate the label, having only the job of delivering the package at the post office.

With the high scalability that the startup acquired, the invitation came from CIEMSUL, the incubator of companies developed by the Catholic University of Pelotas, to be a senior start-

up within the project. It was through the university that the Canvas Model emerged as a possibility of improvement for the business.

The execution of the model is configured as follows: in the customer segment, startup C serves the small and medium-sized virtual stores, being the focus well determined by the managers. The value proposition is also very clear in the model, when it provides the freight economy as well as the practicality in carrying out the logistics work.

In channels, startup highlights the company's website and also the customer's tags that are part of the process of finalizing the deal. Regarding the relationship with customers, the owners affirm that the platform where this relationship happens is clearly easy to access, also highlighting facebook and e-mail as important negotiation tools and clarification of the correct use of the platform, as well as for possible doubts That may occur in the course of business.

Revenues are punctuated precisely by the percentage of handling per shipment, and owners note that each issue generates a percentage of revenue. In key resources, the site and the system are presented as key tools, concurrently with contracts with carriers and users. At this point, the researcher points out that in the model are the "carriers", however the startup C only uses the Post Office as the main and only.

As for the key activities, the website and the system appear again in conjunction with the disclosure made by the owners. The researcher identified a great effort of the managers to divulge the tool in the market. Referring to the key partners, we show the "carriers" and the payment gateway that are compliant with Larry (2014) interfaces used by e-commerce companies that serve to transmit data between customers, merchants and their banks. The channels of disclosure enter as a strategic partner in the communication of the platform. In costs, again the carriers and the payment gateway arise (Frame 3).

Frame 3 – Startup C Canvas

| Key Partners | Key Activities | Value Propositions | Customer Relationships | Customer Segments |
|---|---|--|---|--------------------------|
| Haulers Payment gateway Branding channels | Site and System Branding | Saves on portage Practicality Possibility of carrying the object until hauler without payment. | Plataform Facebook E-mail | Small virtual stores |
| | Key Resources Site and system Agreements with haulers Users | | Channels Site Customer label | |
| Cost Structure Haulers Payment gateway | | Revenue Streams Percentage by sending | | |

Source: elaborated by authors.

According to investigations by the researcher, it was verified that at the end of 2015 with more than 3,700 active clients, startup C had its contract canceled by the Post Office, where they could not generate more tags for their clients. After obtaining a judicial route, through an injunction, they returned to work.

In July 2016 the injunction was annulled by a lower court judge stating that startup C can not act with the Post Office until judicial release. Because of this problem, C startup can not act with its main partner, greatly impairing its activities.

During the research it was observed that the startup C uses in a structured way the Business Model Canvas and develops all the elements of the tool. In the research, the owner pointed out that the use of the same was a prerequisite for incubation and that CIEMSUL initially develops in all startups incubated.

Following Blank's (2006) studies, a new product trying to re-segregate an existing low-cost market provides a market share with less financial capacity to use it in order to achieve competitive advantage. According to the analysis made by the researcher, startup C develops precisely the market where small and medium-sized companies are located, which try to position themselves strategically, thus focusing on the cost of their movements.

The research developed made clear that the tool was a prerequisite for the development of startup, but it was not clear the strategies performed for each component, so when the questioning turns to the key partners, the negotiation structures directed is exclusively for the main partner of the business, making the startup hostage of a single organization that can interfere drastically in its future.

It was noticed during the research that the owners were realizing new partnerships that allowed the continuation of the business, they reported that because they did not deepen the tool and continued it, they did not develop in the first moment more partnerships, and that this posed problems that could be solved even before other larger ones happen.

When analyzing the Business Model Canvas used in startup C, it turns out that the tool has two very expressive gaps. In the first one, the lack of deepening of all the elements that already make up the model, because according to reports of the owners, these identified that the Business Model Canvas is used very well at the first moment, however in the course of activities may fall by the wayside. Already the second gap is the lack of one more component that could help in the whole process, which is precisely the competition addressed in the previous startup model. It has been identified that there may have been pressure from competitors who already had larger structures and more established contracts with their main partner.

It is concluded that startup C, despite having difficulty in business sustainability, presented the highest scalability indexes, and that structuring its partners again, strategically visualizing the competition, could be a national benchmark in a few years.

6 FINAL CONSIDERATIONS

The Business Model Canvas has become a tool widely used by companies worldwide known as General Electric, Procter & Gamble and 3M, its structural formatting has already targeted Brazilian companies such as RBS. The visual simplicity and practical utility of the model facilitates the visualization of the business, however, the specificity and variety of companies in the market direct the organizational context to a complex set of strategies that can undermine the operational progress of the Business Model Canvas.

However, the question arises that guides the study developed here, Is Startups using this tool? And what are the results achieved? The analysis developed in the research identified that only one of the startups had well specified the strategic guiding ones that lead to a possible organizational culture, like the mission, vision and values, important elements in the direction of any company that wants to develop in the market.

The research presented such guides precisely in the startup that did not know the Business Model Canvas, but directed the company with very clear objectives and established in the bases of the strategic references. According to Coes (2014), the structuring of the model could contemplate another element that would be defined as strategic value, where the organizational vision would contemplate strategic guiding.

When Osterwalder and Pigneur (2011) present the value proposition established in the Business Model Canvas, many directions that the company will actually get in a dormant context, here the developers of a given product or service keep waiting for the market reactions. To be able to define the definitive direction of the company. Most of the time, as previously mentioned, startups do not get this direction because they did not advance after the first contact of the product or service with the market.

Another important point that is not mentioned in the Business Model Canvas is the competition factor, which can guide many strategies and define the organizational future. The research pointed out that the only startup that had a focus on the competition was not aware of the Business Model Canvas and therefore, this block parallel to the model has become extremely important to guide the company in a competitive way. According to Coes (2014), the competing element should be placed in the model, because the proposed value will be compared with the competitive value propositions. Coes (2014) further states that competition directly influences the individual construction of each block. Soon, it was verified in the work that the element competition should be in evidence in the first steps of any startup that intends to stand out in the market.

Macro-environmental factors are also not referenced in the Business Model Canvas, thus making startups with little information regarding the threats and opportunities that may arise to benefit or significantly damage the company. These aspects placed initially in any strategy define the direction of some organization. The startups could with this element identify what to do in a more complex context, since when they lose this question they can stay in a static stage, where only what is happening will be observed, until finally closing and wondering what happened?

At the moment the analysis turns to the macro environmental factors, the researcher identifies that a previous study and the strategic positioning of this element within the initial model would be necessary. The new element would include the demographic, economic, technological, natural, socio-cultural and political / legal environments.

At any time Business Model Canvas is mentioned in the integration of the team that will develop the value proposition that will be taken to the consumer, with this it is not known, in the first moment, how it will extend an inclusion that allows the delivery of sustainable and assertive value. In its execution. Sinek (2014) points out that when staff fail to develop their integrative capabilities, they become less able to face the dangers of the market. From this perspective, it would be necessary to implement one more element to contextualize with all other blocks, as well as presented in the first moments of the configuration of the business model.

Another important point analyzed in the research was the performance of startups. Startup A stopped its activities due to the various complexities that the market presented, and startup C drastically reduced its scalability by contractual factors, having to reposition itself to try to achieve a sustainable model.

Startups are new to the business world. They are known to have rapid growth and are profitable, but the question is how they will stay on the market. In this study only one startup was able to develop progressively and without interruptions, the one that did not use the Business Model Canvas. It is concluded that the tool is very useful, but that its use in companies of the type startups still needs some adjustments.

This study worked with a small sample, but it made possible to think about other works in this area, since startups have an important participation in the region where they work and it is necessary to develop means for its continuity in the market.

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