

Analysis of Color Control Services using Business Canvas Model

Authors: Ali Alrabei, Shane Byron, Teodora Murareanu, Thérèse Verheyleweghen and Mustafa Askari

COMPANY CONTEXT

Color Control Services (CCS), located in Cluj-Napoca is the leading supplier of equipment and solutions for Color Control Group, which is the parent company based in Netherland. CCS operates in the flexographic industry and their portfolio consist of large international companies. These companies come from various domains such as 3D printing, package printing and others for which they design and produce high-quality products and spare parts.

BUSINESS MODEL CANVAS

The Osterwalder Business Model Canvas is developed by Alexander Osterwalder. It is a visual chart with elements describing a firm's or product's value proposition, infrastructure, customers, and finances. The model is a management tool, that can be used to develop the business model. The Business Model Canvas is widely used because it simplifies business structure and gives a better understanding for company's challenges and opportunities. The Business Model Canvas is structured into nine “building blocks” sorted into categories by their characteristics.

The first block is the value proposition, which is the value the company delivers to the customer to satisfy their needs. Customer segment, the second block are all individuals or businesses targeted by the company for selling their product or services. The third block, customer relationship refers to the type of connection a company forms with the customer segment. Through channels (the fourth block) a company delivers its' products and services to customers. Effective channels will distribute a company's value proposition in fast, efficient, and cost-effective ways. The fifth block, consisting of the revenue stream shows the way a company generates income from each customer segment. A business model is functionable through key activities, which represent the sixth block. Key activities consist of

everything a company must realize to fulfill and provide a valuable service. Key Resources (seventh block) are one of the most important parts of the canvas model. A company would also have to find their partners and build relationships with other businesses. Key Partners (eighth block) are essential for a business model to work. The last block, cost structure describes the most important costs generated while operating under a business model.

COLOR CONTROL SERVICE

Value proposition

The company is committed to deliver high quality products and to develop a strong partnership with its customers. A wide spectrum of solutions from manual, semi-automatic and fully automatic printing machines are offered.

Customer segment

Customers of CCS are their mother company ‘Color Control Group’, and two other companies active in the flexographic industry. As their business model is targeting a specific and specialized segment it is obvious that CCS operates in a market niche. CCS is heavily dependent of mother company, and their products and services are tailored on the specific requirements of Color Control Group.

Channels

CCS is exporting the finished product by land and sea to the customers. Customized machines are shipped to the Netherlands for quality control and final adjustments, while standardized machines are delivered directly to the customer.

CCS attends exhibitions to reach out to potential customers. Their most important channel is networking. A wide network is of high importance in a market niche to reach out to customers.

Customer relationship

According to Adrian Fodor, the general manager of CCS a very good relationships is created with both customers and suppliers. When asked how the company maintains customer relationships, his reply was “we offer them 24/7 support”.

Revenue stream

Color Control Group runs the financial operations. Sales price is calculated by Color Control Group and in case of a deal with the customer the production order is sent to CCS. Production cost plus a margin is calculated by CCS and invoiced to the mother company Color Control Group. Sales price is invoiced to the customer by Color Control Group and cashed in at due term. After cashing in the money, Color Control Group is paying the internal invoice to CCS. This structure satisfies the transferring price and allows a tax optimization inside the group.

Key Resources

Employees are the most important resource of the company as this is a production facility where assembly is still performed by people. Owning knowledge impossible to be obtained from other sources, employees also represent an intellectual resource. Due to importance of workforce, company sets high educational and experience standards and demands for their employees. In return, high wages, good working conditions and other benefits like health insurance are offered.

CCS is the only company on the market producing fully automated machines. If these machines would be protected by a patent, then the patent would represent an intellectual resource. As physical resources, the heavy production machines are the most important resource. Working capital is a vital financial key resource sustaining the daily activity.

Key activities

CCS' key activities contribute to meeting the customer's needs by supplying on time high quality products against a competitive price. Competent and committed employees and accurate production processes high quality for the final products. The main activities performed are cutting, drilling, bending, welding, assembly, and testing. Smart design of their products allows changes to the standard models and their customization. To keep up with the market, staff is open to new methods and trends used in the industry.

Key partners

Suppliers are the most important key partners. They deliver components for Leapfrog 3D printers and Flexologic machines. Suppliers are mostly local companies operating within a radius of 100 km distance from the production facility.

Considering that CCS products are delivered worldwide, delivery companies play a key role. A good delivery service is important to ensure a reliable delivery to the customers.

Cost structure

The cost is divided in two main parts: materials and labor force. Materials have a weight of 60% in the total cost, while labor costs cover the difference of 40%. This distribution of costs is consistent with metal processing industry.

To conclude, Canvas Model offered us an overview of the CCS present situations and helped us understand better their internal environment. To prepare the business for the long run we thought of combining this model with SWOT Analysis that can offer a better planning in the future. Taking into consideration the expanding plan of CCS, we think that this first step will help the business grow on each level.