

Business Canvas Analysis for Frame Vastgoed

Authors: Dan Mihai Muntenasu, Dragos Venczel-Oros, Alex Engebretsen, Vilde Angelsen, Linda Jeanette Aasen

Frame Vastgoed is a Dutch real estate company based in Rotterdam, the Netherlands active in building, renting, and selling real estate properties to businesses and private persons. With around 30 employees Frame is rather a small-sized company. Their projects vary from very high-end ones to projects for the mass population. A few examples of their projects are the Porsche Centre Rotterdam, the Bay House, Rijnhaven district, or LeMoore Design Boutique Hotel.

Business Canvas Model is the tool employed to analyze Frame. Model consists of nine blocks used to evaluate key aspects of the business model. A brief description of the BCM is presented in the below diagram.



Customer Segments

Frame operates in a segmented market. Professional part is represented by hotels, supermarkets, luxury stores, office buildings, restaurants, and car showrooms. Residential part is represented by standard properties for rented and luxury properties for sale. Frame makes sure to understand customers' needs. Their buildings have a design and functionality appreciated by customers. Thus, Frame can implement projects for different customers with distinct needs.

Value proposition

Frame values its brand, and they show it by working with luxury or high-end companies. Consequently, they are a well-known and visible company in the Rotterdam area. Working in a high-end environment, they maintain high quality standards, leading to customer satisfaction. Frame invests in innovation, constantly looking for new technologies and better building materials to ensure quality. Properties are customized to fulfil customers' requirements.

Channels

Frame allocates huge resources to make sure they are visible. Their website and their social media presence are good methods to present themselves and their projects. A professional photographer and a social media expert were hired for providing professional information. Exhibitions are another channel used. High-end exhibitions are targeted to get in contact with both customers and partners. Each project has its' own website. For example, www.bayhouse.nl is one of them.

Customer relationships

Customer relationship is based on personal communication, face-to-face meetings being preferred over phone calls and e-mails. Cooperation throughout a project is very important for them to make sure the customer is satisfied. Several meetings are organized during project development. This approach allows them to maintain partnerships for future projects.

Revenue streams

Frame's revenue streams come mostly from rent and the rest from sales. They focus on signing long term contracts with tenants. Profitability for both parts (Frame and the tenant) is one of the criteria considered when selecting the tenant. However, all new projects are firstly offered to good old partners before looking for alternatives.

Key resources

A vital key resource for Frame is the capital, provided by banks and private investors. Human resource is another key resource. Some positions are covered by highly educated preferable Dutch employees and other positions like architects, construction advisors and project managers are outsourced. In building industry, and especially in a crowded and dynamic area like Rotterdam land is a scarce key resource.

Key activities

Frames' key activities are equity collection, preparation phase, real estate development, properties renting and selling. In general, the preparation phase takes up to two years, but exceptionally preparation time exceeds the building time.

Key partners

Frames' key partners are banks and investors, luxury brands looking to rent or buy their properties and building contractors. A limited group of 4-5 contractors is selected. They can handle highly complex projects and to provide high quality standards fulfilling Frames' requests.

Cost structure

Biggest share of Frame's cost is represented by the current projects. Other important cost elements are marketing costs, staff salaries, taxes, purchase of real estate portfolios and outsourcing expenses for architects, construction specialists, electricians, or other experts. When dividing total cost of a project on cost elements, approximately 60% is represented by the construction itself. The other 40% is divided between preparation cost and expenses with additional staff.

Conclusion

Business Canvas Model offers a simplified and representative picture for Frames' business. Key factors of the business were presented. Revenue streams consists mainly of renting properties but also from selling them. Frames' customers are both companies and private persons. 60% of the total cost is represented by the construction itself.

A potential risk is represented by financing. Banks and private investors providing the required capital. Development of complex construction projects for high-end customers involves consistent cash-flows.

Another potential risk is represented by customers. Ideally tenants' agreements should be signed before starting the construction. Limited competition and Frames' wide network contribute to mitigating this risk.