Business Context Canvas

TEMPLATE

// AIHR Resource

Why Understanding the Business Context Is Important

Understanding the business context ensures that you consider all relevant business and external information to help you better understand the symptoms of a problem, diagnose underlying problems, and create solutions that are fit for purpose and impactful. In doing so, you build credibility with the business as you speak their language and demonstrate an understanding of their needs and realities. When you are seen as a credible HR professional, the business is more likely to share information with you, engage in the solutioning, and buy into your ideas.

To understand the business context, you need to consider various sources of information related to the industry, strategy, workforce, and business performance. You should also explore other sources of information to understand the business's biggest challenges, pain points, and priorities.

The six key questions provided in this template will help you understand the business context in three main ways:

1. They uncover where you may have blind spots and challenge what you already know about the organization.
2. They aid you in decerning and prioritizing relevant information that showcases business dynamics.
3. They create credibility by showing you understand the business.

Remember, adequately understanding the business does not mean having the answer to everything; rather, it means examining the information available to position solutions within the business's realities.

If you're ready to jump in immediately, answer the six questions on the next two pages. Otherwise, read the example on the last page to see how to apply the six questions in a specific organization to get you started.

Business Context Canvas: Six Questions

INDUSTRY

What industry does the business operate in, and does this have any implications for the business?

Additional prompts to explore:

- *What is unique about the industry?*
- *Are there any big changes that have happened in the industry recently?*
- *What is predicted for the industry in the short and long term?*

Look for the answer to these in:

- Industry reports
- Industry news
- Analyst forecasts

MARKET

How does the business compete in the market? What products and services set it apart from its competitors?

Additional prompts to explore:

- *How does the business position itself against competitors, and who are the main competitors?*
- *What is the company's market share?*
- *Who are the primary customers or target audience?*

Look for the answer to these in:

- Market research reports
- Company website
- Annual reports
- Financial analyst reports

PRODUCTS AND SERVICES

How is the business set up to deliver its products and services?

Additional prompts to explore:

- *What new products or services has the business recently launched, and are there any unique operational practices or distribution channels that give it a competitive edge?*
- *Does the business partner with other companies or outsource operations?*

Look for the answer to these in:

- Company website
- Annual reports
- Customer feedback
- Press releases
- Strategy and operating model documentation

Business Context Canvas: Six Questions

SUCCESS

What does success look like for the business?

Additional prompts to explore:

- *What are the key financial performance indicators (KPIs) the business tracks?*
- *What are the business's goals for geographic expansion or new markets?*
- *What are the business's long-term strategic goals?*

Look for the answer to these in:

- Strategic plans and business reviews
- Annual reports and financial statements
- Conversations with stakeholders

WORKFORCE

What does the workforce composition look like?

Additional prompts to explore:

- *What is the workforce's demographic composition?*
- *What percentage of the workforce is full time versus part time, and remote, hybrid, or on site?*
- *What is the breakdown of employees by department or function, and how has the workforce size and turnover rate changed over the past few years?*

Look for the answer to these in:

- HRIS
- Employee surveys

RISKS

What are the current pain points or risks that the organization faces?

Additional prompts to explore:

- *What financial and operational risks does the organization face?*
- *What are the major competitive threats and regulatory changes that could impact the organization?*
- *What are the potential threats to the organization's reputation and people risks impacting it?*

Look for the answer to these in:

- Conversations with stakeholders and employees
- Annual reports
- Risk reports

Example: Home at Heart's Canvas

Home at Heart is a retail company specializing in affordable, high-quality home goods and essentials. Operating in the retail industry, they cater to a wide range of consumer needs, from kitchenware to home decor. Read each block to follow how Home at Heart's HR professional, Dylan, answered the six questions in their business's context and the key takeaways from those answers.

INDUSTRY

What industry does the business operate in, and does this have any implications for the business?

Home at Heart operates in the retail industry, focusing on home goods and essentials. This industry is highly competitive and influenced by consumer trends, requiring the company to continuously innovate, manage inventory effectively, and maintain strong customer relationships to stay ahead.

Dylan's key takeaway: The competitive operating environment requires a focus on innovation and customer satisfaction while keeping operating costs as low as possible.

MARKET

How does the business compete in the market? What products and services set it apart from its competitors?

Home at Heart competes in the market by offering a wide range of affordable, high-quality home goods and essentials. Their commitment to exceptional customer service, exclusive product lines, and a seamless online shopping experience sets them apart from their competitors.

Dylan's key takeaway: The core capabilities that set the company apart are product innovation, customer service, and digital experience.

PRODUCTS AND SERVICES

How is the business set up to deliver its products and services?

Home at Heart delivers its products through a combination of brick-and-mortar stores and an efficient online platform. They utilize a robust supply chain and inventory management system to ensure timely availability and delivery of their high-quality home goods to customers.

Dylan's key takeaway: The business uses multiple channels to distribute its products.

SUCCESS

What does success look like for the business?

Success for Home at Heart means achieving a 95% customer satisfaction rate, maintaining an annual sales growth of 10%, and expanding its market presence by opening five new stores each year. It also includes building a loyal customer base, innovating its product offerings, and consistently delivering value and quality in its home goods and services.

Dylan's key takeaway: The company is prioritizing steady growth and market expansion.

WORKFORCE

What does the workforce composition look like?

Home at Heart's workforce is composed of a diverse team, including retail associates, supply chain specialists, customer service representatives, and corporate staff. The company emphasizes a culture of inclusivity and continuous development, ensuring all employees are equipped to deliver exceptional service and support the business's growth objectives.

Dylan's key takeaway: The company has a diverse workforce with various skill sets across multiple locations.

RISKS

What are the current pain points or risks that the organization faces?

Home at Heart faces challenges, including supply chain disruptions and the increasing competition from ecommerce giants. Additionally, the company must continuously adapt to shifting consumer preferences and economic fluctuations to maintain its market position and profitability.

Dylan's key takeaway: One of the biggest challenges for the company is how to keep up with changes and remain adaptable and responsive.