Word from Commissioner General

The Vision 2040 which will be broken down into six (6) National Development Plans (NDPs) and Sector Investment Plans (SIPs) details the strategic direction that Uganda will pursue to attain “A Transformed Ugandan Society from a Peasant to a Modern and Prosperous Country within 30years”. As a requirement, Uganda Revenue Authority's subsequent strategic plans will be aligned to the Vision 2040 and NDPs.

Based on the Vision 2040 revenue and expenditure projections, it is worth noting that enormous resources will be required to transform Uganda into the desired modern and prosperous country. By the obscure mandate that Uganda Revenue Authority (URA) is held responsible for in the medium term expenditure framework (mobilizing revenue for financing development programs), the authority has a substantial role to play in the realization of the required domestic resources. In order to mobilize these much needed resources, robust strategies are an essential requirement to have to support the already existing functional processes, efficient systems and competent staff in the revenue mobilization chain.

The introduction of the URA Business Model as a complimentary tool for strategy development and management should further concretize the strategies that URA can adopt to not only collect the required resources for financing the National Development Plans but to also provide the authority guidance on how to position herself to counteract the dynamic transformations manifesting from the regional block integration paradigm shift.

URA's Business Model (BM) is a simplified strategy management and development tool that is represented as a logical pictorial often referred to a Business Model Canvas (BMC). The BM or BMC highlights priority areas that URA will continuously focus on in the planning and implementing process as the authority efficiently and effectively executes her mandate. The model is threaded around the need to “focus on understanding our clients and their business orientation as we support them to be more compliant which compliance in tandem yields revenue”.

The Business model was developed by the URA Senior Management who ably represented every functional mandate and staff ideas. This handbook will help every reader to appreciate the journey that was taken from the initiation or conception, ideation, integration and the plans laid out to ensure that the model is put to great use. Enjoy the journey of URA's in-house innovation developed by and for Uganda Revenue Authority to keep Uganda Revenue Authority moving upward and forward.

Doris Akol
Commissioner General
Commissioner Domestic Taxes

Coordinating the institutional leadership throughout the conceptualization and development of this Business model has been such a memorable experience. Now that we have an internally built model to guide our revenue collection value chain, every effort needs to be put in making it operational and feasible for all functions across the authority.

I welcome you on this journey, enjoy it and innovate it!

Henry Martin Saka
Commissioner Domestic Taxes
URA’s Business model is another tool that has been introduced by URA to complement the already existing BSC. For the last ten (10) years URA has used the BSC to operationalize strategy and ensure proper monitoring. The adoption of the Business Model Canvas and its fusion with the existing BSC further testifies that URA is indeed focused to realize innovation, excellence and to adopt the best and proven practices as stipulated in our missions and vision. As a division held responsible for the providing technical advice in the development, communication and monitoring of URA’s strategy, the business model will and has already provided a bed-rock against which strategies are being sharped that will see URA the reach the horizon of clinching the desired 18% tax to GDP ratio by 2019/20.

The staff competence and capacity built over the past years has been a major driver in the development of the Business model (BM). This time around our in house Enterprise Architecture (EA) team with support and guidance from URA management have built this model from ground to glory. The collective in-house development of the Business Model using internal resources clearly reveals the visionary leadership and well-capacitated human resource that URA continues to develop.

With a total of three (3) sessions the URA Senior Management team made history in agreeing to the building blocks of the model and the linkage therein. I welcome you to be part of implementation journey of the Business Model as we put it to life through the various strategic elements in our Corporate plan FY2016/17 to 2019/20.

Word from Assistant Commissioner RPD

Milly Isingoma Nalukwago
Assistant Commissioner – Research, Planning and Development
About the URA BMC Handbook

This purpose of this handbook is multiple but it shall mostly be a reference point to help readers appreciate the intent and process that URA took in the development of the URA Business model. The handbook is presented in four paramount phases i.e. initiation, ideation, integration and implementation.
The Initiation Stage

The first stage of the development and introduction of the URA Business model was the initiation stage. This stage mainly involved the analysis and assessment of URA Business operations and environment to establish the need of the Business Model. The operational analysis and environmental scan was undertaken to establish grounds the gaps that the Business Model concept as complementary Strategy Management and Development was close. The initiation stage has been gradual but was mostly propelled back in FY2013/14 when selected URA staff were oriented in the Business model framework.
The Ideation Stage

Having identified the rationale and basis for the institutionalizing the business model as a framework to complement strategy management and development, the ideation stage was embarked on. The ideation stage concentrated on collecting, sieving, harmonizing and mapping out ideas and or concepts that relate to how the business model operates and the parties that will be at the fore-front of its operations. Engagements with Senior Management, Structural Review team and the RPD Management were convened which resulted into final URA Business model as shall be discovered in the subsequent pages. It took URA three (3) sessions spread across period of four months (from September to December, 2015) to develop the URA Business model.
The Integration Stage

The URA Business model has been integrated into the existing operational framework, strategy management and development approaches that URA has been using to develop revenue mobilization strategies. These included among others, Balanced Scorecard (BSC) and the URA philosophy (Mandate, Vision, Mission and Core-values).
The Implementation Stage

The final stage of this handbook shows the different channels through which the Business model will be used to inform the strategy formulation and management. The execution of the URA Business Model shall be visible in the development to the Corporate Plan or Strategy, Human Resource Management, Budgeting and Capital expenditure management. The implementation stages also provides a framework through which the URA Business Model shall be monitored and evaluated to assess its effectiveness.
The handbook content

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Acronyms

BCG  
Boston Consulting Group

BM  
Business Model

BMC  
Business Model Canvas

BSC  
Balance Scorecard

EA  
Enterprise Architecture

ERP  
Enterprise Resource Planning

FUEL  
Fired Up for Excellent Leadership

GDP  
Gross Domestic Product

GEAR  
Get Engaged and Re-energized

MDA  
Ministries, Departments and Agencies

MoFPED  
Ministry of Finance, Planning and Economic Development

NDP  
National Development Plan

PESTEL  
Political, Economic, Social, Technology, Environmental & Legal

PR  
Public Relations

SIPs  
Sector Investment Plans

SWOT  
Strength, Weakness, Opportunities & Threats

TV  
Television

URA  
Uganda Revenue Authority

VRIO  
Valuable, Rare, Inimitable Resources and Organization
1. The Initiation Stage
1.1 About the Initiation Stage

Like any other management approach that is being introduced into an institution, it was important that an in-depth assessment is made to ascertain the gaps and areas of improvement that URA Business model would close.

To this effect, the initiation phase was undertaken to assess the extent to which the Business model would add value to the Uganda Revenue Authority operations and strategies. Firstly, evaluative reports and their recommendations were reviewed. Reviews revealed that it was prudent for URA to embark on a journey of having a more client-focused approach to service management (Culture Definition Survey). In similar performance reports, URA has noted that there is uniformity in our operations where clients see URA as one. Finally, it was also established that instead of reinventing the wheel, the authority can leverage on existing well-built people, systems, process and stakeholders (Annual Revenue Reports) to mobilize revenues.

Informal and formal discussions were also convened with management teams to establish the extent to which the Business model would contribute to Uganda Revenue Authority’s mandate execution. Discussions all revealed that there is no documentation of how URA operates. Lastly, in the choosing of the Business model framework to adopt since numerous business model exist as shall be highlighted in the subsequent sections (see Page 8), every effort was made to ensure that URA adopts a business model framework that supports the realization of the URA mandate, vision, mission, core values and the Client value proposition. An evaluation was made to establish how the URA business model will be aligned to ensure that URA’s core existence and the foundational pillars are not delineated during its development.
Uganda Revenue Authority’s mandate is: “To assess, collect & account for Central Government Tax Revenue (includes Non-Tax Revenues) and to provide advice to government on matters of policy relating to all revenue sources”

In accordance to the mandate, it was ensured at the initiation stage that URA Business model creates uniformity and prioritizes those mechanisms that facilitate or enforce the assessment, collection and accountability (compliance) for Tax and Non-Tax Revenue. It was desired that Business model highlights avenues through which advisory on matters of policy are extended to not only the government but to clients and other stakeholders/partners

Uganda Revenue Authority’s Vision is: “To be a model of best practices and innovations in Revenue Services”

Uganda Revenue Authority’s Mission is: “To provide excellent Revenue Services with purpose and passion”

Core Values: “Respect, Integrity, Teamwork and Excellent”

In line with the vision, mission and core-values, the evaluation of what URA Business Model elements should be contained was also made. It was noted that the Business model should have features such as key resources (Staff, Logistics etc.) and activities which elements support innovation, provision of excellent revenues and also ensure the core values are lived by the staff. Under key resource for example, the business model was to elevate and elevates staff as priority and that they should be developed (cost structure) to continuously keep them competent to innovate and be motivated to serve the taxpayers with purpose and passion.

Uganda Revenue Authority’s Value Proposition is: “We promise to deliver timely and quality service through simplified and user friendly processes that will minimize the cost of compliance while ensuring fairness and equity. In the endeavor to meet our client needs, we shall exhibit high level of professionalism and integrity”.

In acknowledgement of the strides that URA has made in ensuring the processes and systems are simplified and automated to make it easy for the clients to comply with their tax obligations, it was ensured that the Business model continues to shape how URA reaches out to all clients.
1.2 Relevance of URA Business Model

The previous section provided a scope through which the Business model was developed however the justification and significance of having the Business Model remained unclear. Having noted that there were several gaps that could be closed by the URA Business Model, it was also important to establish the value addition the business model would make.

It was also noted that effective business operations are being introduced globally, mechanisms are being improvised to make quick but lucrative decisions, investments are no longer being made in single designations, how product or service are packaged to reach the final consumers has revolutionized – it was clear that operational changes over the years are endless.

In Uganda, we notice that companies that used to use postal mails to communicate across their branches are now shifting to emails or short messages (Text). Business-men and women are no longer traveling miles to trade destinations (Asia, Europe or America) instead they make orders for their goods and services through simple online clicks.

With these transformation, Uganda Revenue Authority can no longer fold hands or watch. For URA to remain mundane means the revenue mobilization avenues that URA will adopt may be irrelevant and likely ineffective. In response, the authority ought to position herself to match up with the global and regional changes in order to effectively collect revenue to support the government in executing her promised obligation to the citizens of Uganda.

The Business model was recognized as one of the many strategy management tools that would support URA continuous effort to remain on course and relevant to the changing business environment. Having a business model helps URA position herself in response to the changing environment and the innovations that are being introduced in processes and technology where less is being used to achieve much.
1.3 Business Models around the World

We often admire highly ranked companies who have made it to the top especially when the measure of their success by their market-share, brand visibility and popularity is used as a yardstick. In the admiration of these successful individuals and companies, there is a temptation often to ignore the internal co-creativity, thought process, innovation and effort behind the visibility, the popularity and market-shares that only meets the eye.

As a revenue authority, URA can draw a lesson or two from these companies since these companies continues to innovate their BM in order to remain relevant and agile. Just like these companies have operated, URA ought to emulate the discipline of streamlining and continuously reviewing strategy management tools that these companies have adhered to. Business models have also been innovated to support the process of strategy management. Another lesson that can be drawn from these companies is this, mammoth investment has been made to have functional and replicable processes and systems to support strategy execution. Lastly, when it comes to strategy formation, these companies have adopted a combination of tools to ensure that their operational efficiency, client-centric and revenue goal is attained. Tools such as the Balance scorecard, business-models, VRIO techniques, Environmental scans (using SWOT & PESTEL Analysis), Value chain analysis, BCG Matrix etc. are all used concurrently used to give these admired brands a competitive edge.
Away from the product and service oriented companies, when it comes to revenue service delivery, there are a number of revenue service agencies that URA could draw critical lessons from especially when it comes to their approaches and mainstream service delivery mechanisms. Revenue services providers have adopted sector-based tax administration approaches, they have built capacity of their staff and establish appropriate laws and regulation which elements are elevated by the URA Business Model. Whereas Uganda Revenue Authority adopted sector-based tax administration, it is desirable that a mechanism is established that could provide a single view of how these approaches shall feed into each other – again it was established that the business model was the only tool that could easily provide a basis through which client-focused taxes, automation, regulations and others could be viewed in a single lane.
1.4 Rationale for the Documentation

Uganda Revenue Authority has embraced numerous innovation in systems (eTAX, Asycuda, Data-warehouse, Enterprise Resource Planning (ERP)) and leadership development (FUEL, GEAR etc.), with each of the innovation it has been a requirement to have them documented. Based on this background effort was made to have a handbook developed to have a quick reference point on how the URA Business model was developed and shall be used to guide the operations of the Uganda Revenue Authority.

During the initiation and ideation stage, it was eminent that Uganda Revenue Authority was operating with a business model of sorts but it was not well documented and agreed to by all staff. Where documentation existed, no central point was available to all staff to refer to and apprehend the rationale of the business model.
1.5 Success Stories & Best Practices

A peruse through some companies’ performance records that have adopted the business model shows critical successes that have been registered. Apple Inc. adopted the Business Model approach and have even a step further to frequently reviewed her business model to re-model her value proposition (service offering) which revolves around provision of state-of-the-art and easy-to-use technology. Since the adoption of the business model that focuses on delivering a unique value proposition, Apple’s revenue has increased from US$8.2Billions (2004) to US$182.8Billions which figures that comparable to selected countries overall GDP.

Toyota Motor Corporation adopted the business model approach in which deliberate effort was made to profile and “Know your (their) Client”. Based on the new model, Toyota Motor Corporation reviewed its sales and production strategies and ensured that each client segment is provided with a product and services (value proposition or offering) that fits their needs and provides them the required satisfaction. Since the regeneration of how business is managed through this business model, the Toyota increased total car-sales from 6.7millions (2002) to 8.7millions units (2012).
1.6 The URA Business Model & Revenue Mobilization

Uganda Revenue Authority aspires to raise the tax-to-GDP from the current 11.6 percent to 18 percent by 2020 and to 38.31% translating into Ugx. 336 Trillion by the end of the Vision 2040 (see figure below). With this revenue growth direction, it is significantly appropriate that our approaches and strategies are well articulately defined to pronounce well what will do, how will do it and whom will do it to achieve the projected revenue collections. Various facets of the business model as shall be highlighted in the follow-on sections show numerous avenues through the different components of the authority shall blend together to realize the revenue projected herein.

Lastly, scores of organizations local, regional and international visit URA every year (a minimum of five (5) delegations are hosted) to learn from URA’s operational successes, opportunities and challenges. These figures of visiting organizations reveal that Uganda Revenue Authority continues to be an organization of excellence and worth being benchmarked on by other agencies. Having the business model will not only ease the process of helping delegation understand in the simplest means how Uganda Revenue Authority operates but it will also provide an another areas that could benchmarked on.

Desk research has also shown that not so many (if any) revenue agencies have provided substantial evidence that they operate following a business model, Uganda Revenue Authority is likely to be the first revenue authority and first ever government agencies to adopt the Business model approach in Uganda and in East Africa.
The Uganda Revenue Authority (URA) aspires to raise the tax-to-GDP from the current 11.6% to 18% by 2020 and to 38.31% translating into Ugx. 336 Trillion by the end of the Vision 2040 (see figure below). With this revenue growth direction, it is significantly appropriate that our approaches and strategies are well articulated to pronounce well what will do, how will do it, and whom will do it to achieve the projected revenue collections. Various facets of the business model as shall be highlighted in the follow-on sections show numerous avenues through the different components of the authority shall blend together to realize the revenue projected herein.

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Projected Revenue Collections for Vision 2040 (NDP 1 to NDP 6) in Ugx. Billions

<table>
<thead>
<tr>
<th>Period</th>
<th>NDP 1</th>
<th>NDP 2</th>
<th>NDP 3</th>
<th>NDP 4</th>
<th>NDP 5</th>
<th>NDP 6</th>
</tr>
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<tbody>
<tr>
<td>FY10/11-FY14/15</td>
<td>36,217.60</td>
<td>83,936.49</td>
<td>142,578.93</td>
<td>196,440.18</td>
<td>260,457.69</td>
<td>336,217.63</td>
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<tr>
<td>NDP 1</td>
<td>NDP 2</td>
<td>NDP 3</td>
<td>NDP 4</td>
<td>NDP 5</td>
<td>NDP 6</td>
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<tr>
<td>FY15/16-FY19/20</td>
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<td>FY20/21-FY24/25</td>
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<td>FY25/26-FY29/30</td>
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<td>FY30/31-FY34/35</td>
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<tr>
<td>FY35/36-FY39/40</td>
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As URA introduces the URA, its targets are set at Ugx. 12.9 Trillion for FY2016/17 to grow to Ugx. 22.8 Trillion for FY2019/20. Milestones will be tracked through these years.
2. The Ideation Phase
2.1 About the Ideation Stage

The ideation stage was conducted into two phases namely the conceptualization and the actual development of the URA Business Model.

During conceptualization stage, every effort was made to firstly understand the BM concept and how Business Models operate by appreciating the schools of thought, the underlying assumptions, advantages compared to the disadvantages etc. were all reviewed at the conceptualization stage. In addition, the Business Model Concepts, Best Practices, Do’s and Don’ts, Discipline, Definitions were researched about and comprehended. It was upon this concept grasping that the business model development sessions were convened with the URA leadership and management team. It was during the Business model development sessions that the senior management who represented all staff were guided to appreciate the ideology of the business model to which model content was discussed and agreed to. Agreement of what the URA business model should entail was reached through intense discussion, brainstorming and analysis of ideas submitted for each building block. The EAs provided more fine-tuning of the content of the URA business model as shall be shown later.
Part 1 of the Ideation Stage – Conceptualization
2.2 What is a Business Model?

A Business Model is a strategy development and management tool used to guide an organization in identifying priority areas that they can focus on as they deliver value to their clients. A business model in the simplest way guides the answering of the pertinent questions highlighted aside. *Business models can be used to describe and provide the rationale of how that organization creates, delivers and captures value.*

Business Models have been used by organization to shape the structure of organizations’ planning process, strategic direction and prioritization of their resources. Because of these numerous advantages that come along with having a business model, the justification (the business case) for developing URA Business model was made stronger.

Through experiences learnt from several organizations, it was also noted that having a URA Business Model would help staff appreciate and comprehend URA operations in its entirety from end-to-end. *The objectives of the URA Business Model are also enlisted aside.*

2.3 Business Model Schools of Thought

The Business model innovation is not a new field in the discipline of strategy management and development, there are several schools of thought that are referred to in the development and operationalization of business models. Among these are Boston Consulting Group Business model innovation, Accenture Business Model innovation, the Innosight Business innovation, Business Model generation etc. A brief explanation is provided for each of the Business Model Schools of thought below. From this list, Uganda Revenue Authority had to make a choice of which School of thought to adopt. Provided hereto is the decision process through which the final model school of thought was zeroed on.
2.3.1 Boston Consulting Group Business Model

Boston Consulting Group (BCG) business model innovation provides a business model framework that consists of two essential elements—the value proposition and the operating model. Each of these two essential elements has three sub elements.

The value proposition answers the question of what an organization (in this case URA) offers to whom? This component reflects explicit choices along the following three dimensions:

- **Target Segment(s):** Which clients does URA choose to serve? Which of the clients’ needs does URA seek to address?
- **Product or Service Offering:** What is URA offering the clients to satisfy their needs?
- **Revenue Model:** How is revenue being generated through the services that is being offered to the clients?

The operating model answers the question, how does URA profitably deliver the offering? It captures the Business’ choices in the following three critical areas:

- **Value Chain:** How are we configured to deliver on client demand? What do we do in-house? What do we outsource?
- **Cost Model:** How do we configure our assets and costs to deliver on our value proposition profitably?
- **Organization:** How do we deploy and develop our people to sustain and enhance our competitive advantage?
2.3.2 Accenture Business Model

The design of the Accenture business model is framed on the pillar that management and all the stakeholders of the organization have one view of the organization. The single line of sight by all organization’s personnel then informs the structure and the prioritization of the operations (that is to say the clients to serve, the value to propose to the clients being served, financial structure, revenue, cost and asset structures).

Accenture guides organizations desiring to use this type of model innovation to firstly identify their customers or clients. Once clients have been identified, mechanisms have to be invented on how best to keep them. On the side of the value proposition, the one size fits all ideology in delivering an offering is demoted. Accenture advocates for ensuring each of the client constituency is provided with specific and unique value proposition. As shown above, the Accenture structure of the business model further looks into the avenues through which the clients’ value will be delivered. The financial revenue, cost and asset implications are also highlighted in this framework.
2.3.3 Innosight Business Model

The Innosight business model innovation is based on a formulae used to determine the profitability of the organization.

The business model innovation by Innosight highlights that internal processes and key resources are pertinent and for an organization to provide an outstanding value proposition, the combination of these two (resources and processes) has to be in equilibrium.

Innosight puts the customer value proposition at the top from which all operations should be designed i.e target client, the processes, activities etc. As earlier mentioned, a profit formula is designed to articulate the revenue, cost, margin and resource on that side. Innosight then looks like Key processes and key resources from which the value propositions are done. The Innosight model further breaks down the key processes to include processes, rules and metrics and norms. Under the key resources, the innosight elevates People, Technology, Products, Equipment, Information, Channels, Partnerships, alliances and brand.
2.3.4 Business Model Generation

The Business Model Generation was developed by Alexander Osterwalder & Yves Pignuer of Strategyzer Institution. In development of Business model several aspects of an organization’s dynamics are put into context to include technological, financial, socio-economic, operational marketing and strategy development.

An organization serves one or several customer segments and these can be identified and placed in the customers block. Once customers are identified, then organization then seeks to solve the customer problems and satisfy customer needs or the value proposition. Value propositions are delivered to customers through communication, distribution and sales channels. Delivering a value proposition often is not enough, customer relationships are established and maintained with each customer segment.

Revenue streams result from value propositions successfully offered to customers. According the Business Model generation, Key resources are the assets required to offer and deliver the value proposition and materialize the channels. Resources are put to great use when critical key activities are identified. Some activities are outsourced and some resource are acquired outside the enterprise and this required Key partners. The business elements have a cost implication and this is reflected in the Cost Structure. In summary, the business model generation school of thought is holistic and links one building block to another.
2.4 Why the Business Model Generation Approach

A scope of how the business model should look like and the elements it should possess were clearly stated as indicated in Section 1.1. It had been mentioned that the business model should provide indication through which the realization of the URA Mandate, Vision and Mission and Core-values can be achieved. The business model generation approach was singled out based on the following:

i. The Business Model Generation can be easily integrated to other organization’s strategy management approaches such as Balanced Scorecard (BSC) where blocks can be fitted into perspectives.

ii. The business model generation was singled out because its simplicity an attribute that the Harvard Business Reviews recommend

iii. Finally the Business Model generation was chosen to maximize on the experience and skills that select URA staff had already acquired through some previous training. In short the, Senior Management along with the EA adopted the Business Model Generation based on its simplicity and comprehensiveness.

iv. It was also noted that the business model generation approach provides critical features that seem to be ignored by the other business model innovations – these include Key Partners, Revenue Streams and client relationship management among others.

v. Lastly, URA adopted the Business Model Generation on foundation that the nature of URAs operations fits in well this technique and can easily be linked to existing tools such as the BSC.

In an attempt to further understand, internalize and scrutinize the Business model Generation canvas was put to test in which a URA-Way business model was developed to reflect the building blocks of. The URA-Way architectural lay-out was further simplified and laid out to provide a stepping stone to the development of the URA Business model.
In an attempt to further understand, internalize and scrutinize the Business model Generation canvas was put to test in which a URA-Way business model was developed to reflect the building blocks of. The URA-Way architectural lay-out was further simplified and laid out to provide a stepping stone to the development of the URA Business model.

URA-way Business Model Explained

The URA-Way business model chronology starts with URA defining clearly who the clients are and clearly categorizing each of them in a specific group. The right definition and categorization of the client lays a foundation on which client offering to suit their needs are packaged. The most appropriate and relevant channels can then be identified to deliver the tailored offering to the clients. Client relationships remain essential and are need to be facilitated and given more attention to provide clients more reason to pay their taxes. A satisfied URA client will contribute to revenue streams that include both tax revenue and non-tax revenues.

Similar to the Business Model Generation canvas, the proposed URA-Way BM version was also designed in such a way that it highlighted key activities and resources that URA need to deliver the relevant value proposition or offering. These two (2) critical dimensions i.e. Key activities and resources provide URA an indication of the cost structure. Lastly the URA-way business model also acknowledges that there are key partners who must be involved support the direction that URA would be taking. The URA-Way business model version was simply for illustration purposes that was used to enable management understand the building blocks and their relationship in the context of URA Business. It is not in any-way different from the generic BMC. Therefore it was not adopted for use because of its complexity in explaining some core elements, thus the generic Business Model Canvas was used in the subsequent discussion and development process.
Part 2 of the Ideation Stage – Business Model Development
2.5 Business Model Development Process

Best practices show that the development process for business models is more successful when interactive, participative and inclusive platforms are created.

Deliberate effort was made by the EA team to extend invitations to all Senior Management and those functions deemed responsible for the execution key operations such as structural review, communication and others. It has also been noted that including majority of the organization’s personnel guarantees to a great extent commonality, ownership and understanding of the business model from the start.

Based on the recommendation hinted on above, pace-setting/guiding presentations, group discussions, individual idea solicitations, plenary presentations and quality assurance sessions were convened. In total, three (3) interactive sessions were held between October, 2015 and November, 2015 in which officers, supervisors, managers, assistant commissioners and commissioners made their contributions to the final content of the Building Blocks of the URA Business Model. During the highlighted session, presentations by the EA (Secretariat and Development Coordinating Desk) were made to cover aspects of the building block. Each building block definition and guiding principles were provided as well. In addition to the definition and what makes up each building block, clear illustrations and examples from other institutions were also provided.

During the three (3) sessions, follow-on open-discussions were then held amongst staff present during which each business model block content was discussed and a conclusive position of what each block entailed was reached.

For each block, staff presented their perceptions of what each block should comprise on post-it cards. The submissions made on the post-its informed the discussion and upon conclusion of the discussions, submissions were clustered into the different descriptions of what now is in contained in each of the URA business model building block. The EA team every after session would ensure that the description of each of the block content is analyzed and beefed up to enhance the explanations.
2.6 Lessons Learnt from the Development Process

During the development of the URA Business model, members made several observations. It was noted that Uganda Revenue Authority has to some extent been operating with a Business model, it is only that the said business model was not documented. The development process and the compilation of the journey in this handbook has since provided a quick reference point.

The collective development of the URA business model provides a platform through which management clarified and agreed uniformly on the description and definition of the some aspects of what, how and with whom URA operates and executes her mandate. Like in any other institution, the development of the URA Business model should trigger improvements in institutional efficiencies and productivity. With revenue authorities across the globe counteracting revenue-leakages through frauds, tax-planning, extravagant exemptions, it was important that URA Business model would support the process of addressing these challenges.
2.7 Outcomes of Discussions – the URA Building Block Content

In this section, we provide the definition and guiding principles that were shared with staff that participated in the development of the URA Business Model. In each building block, the final agreed position of the discussions are also provided.
2.7.1 Client Segment

**Definition**

*Uganda Revenue Authority has agreed to use the term Client instead of Customer and for uniformity’s sake, the term Client was used during the Business Model Development. Client segment building block defines the different groups of individuals, companies or government institutions that URA aims to reach and serve (in order that they will comply with the tax laws and procedures)*

Clients are the heart of any business model that without value clients (taxpayers), Uganda Revenue Authority would not be able collect to the required targets. In order to satisfy clients, Uganda Revenue Authority may group whoever is identified as a client into distinct segments according commonality of needs, attributes or otherwise. A business model may define one or several clients however consideration that has to be made by the organization to make a conscious decision about which segment to serve and which segment to ignore.

**Guiding Principles**

*In the context of Uganda Revenue Authority the Client Segment is identified as a set of individuals and non-individuals (Companies) URA has reaches and serves. The guiding principles below were considered in the identification of the URA Clients*

- URA desires to reach and serve them
- The Clients have common needs and behaviors
- These clients are reached through similar channels
- One or more value proposition are delivered to them
- The clients can be locked-in through same client relationship
Discussions and Conclusion

Prior the discussion, teams were given a opportunity to process and submit a list or characteristics of individuals and companies that URA has been reaching and serving or those that should be reached. Subsequent are the different post-it cards that were collected and displayed. Based on the guiding principles, the clients were grouped according to the common needs, behaviours and the value propositions that URA delivers to them.

It was observed that each of the submissions had a characteristic that could easily be related to the another as shown above. The guided discussions agreed that URA's client segments are identified as willing (Green), Unwilling (Red) and Potential (Yellow). The EA team further synthesized the submission to which precise description of each segment were provided as shown below.
1. Willing Clients

Willing clients are individuals and companies registered with URA for tax purposes. This category of client who are compliant with the Uganda tax laws. Willing clients frequently make timely declarations (filing). In addition to the filing their returns, willing clients make payments. In short, willing clients are compliant and maximally honour their obligation as taxpayers. Below are some parameters of how operational departments can identify behaviors of willing clients.

**Domestic taxes**

**Tier 1:** Clients that meet 100% (12 returns per annum) of the filing and payment requirements

**Tier 2:** Clients that meet 75% to 99% (9 to 11 returns per annum) of the filing and payment obligation

**International (Customs) taxes**

**Tier 1:** Clients who have gone through green lane and have no top ups

**Tier 2:** Clients who gone through the Blue, Yellow & Red lane yet have no top ups

2. Unwilling Clients

Unwilling clients are registered taxpayers who have found themselves in position that is contrary to the provisions of the tax law. Compared to their counterparts the willing clients, the unwilling clients are also registered in the URA register yet do not file or declare their taxable income on time. The same clients may file or declare however upon cross-examination, the content of their declaration may be found inaccurate. Unwilling clients often do not make payments as expected. Below are some parameters of how operational departments can identify behaviors of unwilling clients.

**Domestic taxes**

**Tier 1:** A client whose frequency of filing and payments is 1 to 9 returns (1%-74%) in a year.

**Tier 2:** Any client whose filing frequency is 0% and makes zero number of payments

**International (customs) taxes**

**Tier 1:** Client with top ups

**Tier 2:** Clients that are forced to declare and/or make payments

Legal Department also identifies clients that are unwilling as those from whom arrears or debt is collected from while the Tax Investigation department may also identify are those who are engaging in tax frauds and evasion cases whom investigation is made.

**Domestic taxes:** The parameters used to mark-out a willing and unwilling taxpayers are based on filing and payments especially for PAYE and VAT. While the amount (values) is critical, frequency is opted for.

**Customs taxes:** Revenue mobilization for international trade is transaction based. Several parameters have used categorize the client segments, these include the commodity lane, value of top-ups, inspection findings (under-valuation, misclassification, authenticity of support documents) and post-clearance audit findings.
3. Potential Clients

Potential clients are both individuals and businesses that are eligible to pay taxes and have taxable income yet remain imperceptible on the URA register. Potential clients are operational and they contribute to the economic worth (measured as Gross Domestic Product) of the country. It is also worth noting that potential clients are more likely to be registered with other institutions such as Uganda Registration Service Bureau, Municipalities, Town Councils or City Authorities thus deliberate effort by URA to match in-house data with the data available with other institutions could help get the potential clients on the URA tax register.
2.7.2 Value Proposition or “The Offering”

Definition

The value proposition building block describes the bundle of products and services that create value for a specific client segment. The term offering is sometimes used interchangeable to mean the value proposition.

The uniqueness and quality of the value proposition is the reason why customers turn from one company to another. In a government setting where the institution is the only entity providing that service or product (such as URA), the quality and ease to access that services becomes a great attribute to consider in packaging a particular value proposition. Each value proposition consists of a selected bundle of products and or services that caters for the requirements of a specific clients segment. In this sense, the value proposition is an aggregation, or bundle, of benefits that a company offers customers.
Guiding Principles

Uganda Revenue Authority by law is mandated to support government in the assessment, collection and accounting for revenue (tax revenues and non-tax revenues).

During the development of the URA BM, emphasis was put on the characteristics of URA’s value should consist to ensure that the propositions fit into how URA eases the process of assessment, collection and accounting for revenue and non-tax-revenues. The following features and guiding principles were considered in the identification and selection of the Value proposition.

✓ URA services creates value for the clients (enables them meet their tax obligation)
✓ URA value proposition maybe quantitative and qualitative in nature
✓ A URA value proposition solves a client’s problem and satisfies clients’ needs (doing business while remitting their taxes according to the laws of the land)
✓ A URA values should be innovative, has distinct mix of elements catering for segments needs
✓ URA value proposition is accessible, convenient, timely, simple

An ideal value proposition (product and service) should be accurate, visible, predictable, accessible, convenient, timely and simple.
Discussions and Conclusion

Proposals on the URA value proposition were presented on post-it notes. A tally of the post-its had a total of 9 substitutions making it the highest. Reduce or eliminate non-compliance can second. Below are the various submissions of the URA value proposition that were made by the session.

Discussions commenced on what URA offers to the clients based on the three groups identified above. The conclusion was that URA delivers three offerings with each proposition unique to each client segment. URA’s value proposition or service offering are as follows:

- **Tax payment Services**
- **Trade Facilitation**
- **Register, Assess & Payment Services**

- **Protection of Citizens**
  - Non-tax Revenue
  - Assessment
  - Safe & Secure Goods entry

- **Providing Tax information**
  - Reduce or Eliminate non-compliance
  - Tax Audit Services
  - Educate, Prosecute
  - Name and Shame
  - Personalized account management

- **Tax payment Services**
  - Trade Facilitation
  - Register, Assess & Payment Services
1. Enhance Compliance

For Willing clients, URA provides mechanisms that support the process of filing or declarations, payment, and reporting. In enhancing compliance, URA ensures that platforms and systems are made available for clients to register, self-assess, make payments and make reports. With international taxes moving to the trade facilitation direction vis-a-vis revenue collection, Uganda Revenue Authority for the Willing Customs clients provides the requisite trade facilitation.

2. Enforce Compliance

Enforce compliance as URA’s second value proposition is offered to the unwilling clients who as identified above include Smugglers, Non-filers, Under-declaring clients among others. In enforcing compliance, URA provides tax education, tax audits, anti-smuggling activities, prosecution among others. The intent of this value proposition is to reduce or eliminate non-compliance amongst clients. In doing so, URA puts in place various avenues to enable the unwilling clients transform their behavior and move to the willing client bracket.

3. Agency Services

Agency services are support services that URA provides to all clients (Willing, Unwilling and Potential) by virtue of its role. Agency services include provision of payment platforms for the registration of payment and accountability of such non-tax-revenues. Non-tax revenue include licenses, court fees, penalties, driving permits, passports etc. Agency services also include protection of population against counterfeit goods entering the country. By providing agency services, URA gets a privilege of getting information to further analyze the status of a citizen to establish whether they have taxable income or not.
2.7.3 Channels

**Definition**

The channels building block describes how a company communicates with and reaches its clients to deliver a value proposition.

Channels are any client’s touch points that play an important role in ensuring a memorable client experience. According to the Business Model Generation Innovation, channels serve several functions which include:

- Raising awareness on tax obligation amongst the willing, unwilling and potential clients.
- Channels are supposed in their set-up to help clients evaluate URAs value proposition through client satisfaction surveys.
- Functional channels should allow clients to honor their tax obligation (filling returns and making payments) with ease and are meant to be accessible.
- Although URA channels are meant to facilitate the process of delivering a value proposition, they can also be used to assist in the advisory role in the pursuit of helping clients meet their tax obligation.
Guiding Principles

There are pertinent questions that guide what should be considered as a channel for any institution—these may include; through which channels do our client segments want to be reached? How are we reaching them now? How are our Channel integrated and interlinked? Which ones work best? Which ones are most cost-efficient? How are we integrating them with client routine?

The following features and guiding principles were considered in the identification of URA channels:

- Channels are client's touch points. These channels are pivotal in creating a URA experience for clients
- Guide the evaluation of URA value proposition
- Avenue that deliver a value proposition to client
- Channel can be direct or indirect vs owned or collaborative
Discussions and Conclusion

The summarized post-its below formed the discussion from deliberations on what content is or not under the channels lines.

Conclusions from the discussions noted that URA has the following channels that are used to communicate with and reaches her clients segment to deliver a value proposition.
1. ICT Systems or Applications

ICT Applications include all inhouse and externally developed systems that URA makes accessible to her clients to support the process of TIN registration, filing, making payments among other services.

There are several applications that include Asycuda, eTAX, Electronic Cargo Tracking System. Feeback platforns have also been provided to clients to provide their suggestiosn on how URA can improve her service delivery.

2. Mobile Applications

URA channels her services through the mobile applications, the most common being the ASK-URA application. With the emerging optimization of the mobile-platforns and to also provide alternatives for filing and paying, URA provides mobile-money payment avenues.

3. Physical Offices

While Uganda Revenue Authority is responding with the evolution of making sure services are accesible everywhere and anywhere through technology, clients are still able to access URA services at physical offices. Physical accesspoints include URA Stations, Border Points, mobile tax offices, Liaison Offices, Field Offices and others.

4. Workshops

URA also provides select services through workshops (to include tax-clinics and Hubs) in which information maybe provided to clients or new changes in the tax laws are communicated.

5. Agents

Select services are also provided through agents. For example for customs operations, declarations and payment are handled through a clearing agents.

6. Call-Centre

Clients have the alternative of being supported directly through the 24/7 Call-centre. In addition, URA also makes telephone calls to her clients to relay the relevant information on their tax obligation is shared.

7. Web-portal

Uganda Reveue Authority has a full functional web-site that provides information about changes in the tax administration. Embedded within the web-portal are support forms used in the declaration or filing of taxes to be paid.

8. Media

Media plays an important role in shaping the corporate image of the authority but also provides an avenue through which communication is relayed to clients through Social Media, Television, Radio and others.

9. Collaborations

URA works through collaborations with the private sector, ministries, departments and agenices. In which services are provided to the clients at different levels.
2.7.4 Client Relationship

**Definition**

*The Client relationships building block describes the types of relationship Uganda Revenue Authority establishes with specific clients segments*

This segment clarifies the types of relationship an institution like URA wants to establish with each client segment. Relationship management avenues range from personal to automation. It is important that whatever the relationship management that an institution chooses, effort has to be made to maintain their functionality. Because the relationship management targets client and is about the client, every opportunity has to be availed to the client to provide feedback on how relevant and effective these relationship management avenues are.
Guiding Principles

Client relationships are always driven by the need to ensure that clients are acquired, retained and revenue is boosted at the end. The following guiding principles were referred to during the identification and selection of URA Client relationship platforms

- Client relationship is intended to attain client acquisition, retention and or boosting revenue collection
- URA client relationship may include dedicating a person, availing an automated service or a self-service
- The overall objective of Client relationship management is to lock-in client and sustain loyalty


**Discussions and Conclusion**

Deliberations made during the development process concluded that Uganda Revenue Authority’s client relationships are managed through Segmentation, Client Support, Automation and Regulations.

**1. Segmentation**

Uganda Revenue Authority further categorizes her clients (especially those under the willing client segment) based on the revenues each client contributes to the overall collection, the gross-turnover, the sector in which they operate among others. Preferential treatment is given for each of the clients accordingly.

URA’s client segments include; Large Taxpayers, Medium Taxpayers, Small Taxpayers and Micro-Taxpayer in the Domestic taxes while in Customs operations we mainly have Authorized Enterprise Operators (AEO) and Non-AEOs.

**2. Automation**

To lock-in clients, Uganda Revenue Authority automates her processes, systems and procedures to make it easy for them transact and meet their tax obligations. Self-service avenues have been introduced over the years through which clients can assess their tax liability and make payments without the involvement of URA. As part of the automation drive, URA interfaces and integrates systems so that both URA and taxpayers/clients have a single view of their transaction information.

**3. Client Support**

Time and again, clients encounter challenges or may require information and guidance as they consume the value proposition (service). To ensure that clients enjoy the experience with URA while transacting, client advisory and support avenues such as having a staff allocated to taxpayers, a 24/7 call-centre, Border Posts open all the time have been established.

**4. Regulations**

The Ugandan tax laws and procedures are on critical tool used to lock-in clients. Provisions within the law are provided through which the clients are compelled to keep on being compliant with the taxation law.
2.7.5 Revenue Streams

**Definition**

The Revenue streams building blocks represents the monetary inflows that Uganda Revenue Authority assesses or is collected from each client segment.

If clients comprise the heart of the business model, revenue streams are its arteries. It is important for the authority to always assess the process of the tax policy formulation and general administration the revenue each client segment will contribute based on their operations and how URA manages the relationship. Accordingly, each revenue stream may have unique administrative requirement, filling conditionality and others obligatory administrative requisites

**Guiding Principles**

The following guiding principles were referred to during the identification and selection of URA revenue streams

- URA revenues are the monetary value realized from each Client segment
- Revenues could be from one-time client or from recurring payments by compliant clients
**Discussions and Conclusion**

Deliberations made during the development process concluded that Uganda Revenue Authority’s revenue streams are Tax Revenue and Non-tax Revenues.

**Tax Revenues** include all Domestic taxes and International or Customs tax collected on different tax-heads ie. VAT, WHT, Excised Duty, Income tax and others.

**Non-tax Revenues** are all revenues collected on licenses, fees, penalties and fines on behalf of other institutions by URA.
2.7.6 Key Resources

**Definition**

*The Key Resources building block describes the most important assets required to make a business operate successfully.*

Every business model requires Key resources. These resources allow an institution to create and offer a value proposition, reach markets, maintain relations with client segments, and earn revenues. Different key resources are needed depending on the type of business. While one institution may require capital-intensive production resources another may just need to focus on the human resource quality. Key resources can be physical, financial, intellectual or human.
Guiding Principles

The following guiding principles were referred to during the identification of URA Key resources

✓ Key resources are enablers of value proposition execution, support client relationships

✓ Can be financial, human, intellectual and or otherwise

✓ Can be owned, leased or acquired from partners
Discussions and Conclusion

Deliberations made during the development process concluded that Uganda Revenue Authority’s key resources include the following...

1. Human Resource

Human resource encapsulates staff recruited, equipped and exhibiting characteristics of respect, integrity, teamwork and excellence to competently support the execution of revenue collection strategies. Under this key resource block, URA also recognizes the need to have good leadership and management that envisions and steers URA to excellence.

2. Physical Infrastructure

Physical infrastructure are mainly technology, the fleet, the machinery and the physical building that URA uses to ensure that their services are being delivered to the final users (ie. Taxpayers and other partners).

3. Banking Services

Since the tax reforms of 2004, tax payments are made through the banks compared to the cash payments. Banking services have become part and parcel of the key resources that URA has to prioritize. Banking services are provided through third party institutions who specifically offer financial services (banking) as their main stream business line.

4. ICT Resources

As earlier mentioned most of the URA channels through which value propositions (facilitate compliance, enforce compliance and agency services) are provided are powered through ICT. ICT has therefore become a critical resource through which the URA processes are executed. ICT elements may include Network, Software and IT equipments or communication platforms.

5. Branding

Revenue collections may instills fear amongst citizens. Uganda Revenue Authority’s critical resource to mitigate these fears that may result into hesitations to make revenue payments is branding. The URA brand is summarized in how the institution is perceived (its corporate image) by the communities and how URA earn respect and trust.
6. Legal Framework

Applicable laws and regulations are the main legal framework that URA relies on to support clients to meet their taxes. Legal framework is therefore a critical resource used in the operations of the authority.

7. Logistics

Logistics is part of the URA business operations that looks into the planning and management of inventory, facilities and personnel to ensure the smooth operation of the revenue mobilization effort. Logistics also looks at the procurement, maintenance and transportation of the different aspects of the organization such capital, machinery, personnel etc.

8. Data and Information

URA also depends on research, intelligence and other third party information in the process of its revenue collections. Such information is used to vet the return information.
2.7.7 Key Activities

**Definition**

The Key activities building block describes the most important things Uganda Revenue Authority must operate to impact (improve client compliance towards revenue generation)

Every business requires a number of key activities. Activities are the most important actions an institution must take to operate successfully. Like Key resources, activities are required to create and offer a value proposition, reach markets, maintain customer relationships and earn revenues. Key activities differ from one institution to another depending on the nature of the business.
Guiding Principles

The following guiding principles were referred to during the identification of URA’s key activities:

- Key activities are used to create and offer a value proposition
- Key activities are used to reach URA clients from where revenue can be earned
- Key activities are also used to maintain relationships
- They can be categorized as production, problem solving, platform or network from where clients’ need are resolved.
Discussions and Conclusion

Deliberations made during the development process concluded that Uganda Revenue Authority’s key activities are Compliance and IT operations as explained below.

1. Compliance Operations

Compliance operations involve every effort that URA makes to educate, facilitate, enforce and prosecute clients. The working formula in having Compliance operations as the only critical activities is that all other internal operation all contribute to one intent – improving compliance. These internal operations include Legal services provided, finance and administration, human resource management, tax investigation, research and development, internal audit and compliance among others.

2. IT Operations

URA has ensured its builds her operational capacity through leveraging on technology to improve service delivery. With the previous investment in technology, IT Operations stand out as critical key activity. IT Operations include mapping of processes, automation, ensuring ICT environment is available, accessible and reliable.
2.7.8 Key Partners

**Definition**

The Key Partners building block describes the network of suppliers and partners who support URA operations.

Institution initiate and maintain certain lines of partnership for diverse reasons. Partnerships have become a cornerstone of many business operations. Institutions create alliances to maximize on the areas that they have less resources or technical ability to execute. The intent of having partnerships with individuals and institutions is to reduce risk and acquire resources.

**Guiding Principles**

The following guiding principles were referred to during the identification of the key partners

- **Partners are strategic alliances, competition, Joint ventures, Buyer-supplier relationship**
- **Partners help the authority optimize the economy of scale**
- **Partners support the reduction of risk and uncertainty**
- **Partners collaborate with support the acquisition of particular resources and execution of specific activities**
Discussions and Conclusion

Deliberations made during the development process concluded that Uganda Revenue Authority’s key partners are;

1. Ministry of Finance, Planning and Economic Development

URA reports to the MoFPED but also partners with the ministry since it plays a pivotal role in the coordination of development planning; mobilization of public resources; and ensuring effective accountability for the use of such resources for the benefit of all Ugandans.

2. Ministries, Departments and Agencies

URA partners with several Ministries, Departments and Agencies of the Government of Uganda for different purposes. By the virtue of the role that these MDA play in the procurement of services and products, payment of staff and other transaction which have revenue components, URA support MDA their filing and payments but also moves a step further to ensure that potential taxpayers are identified and registered. Partner MDAs also support URA revenue in collecting revenues

3. ICT Service Providers

Telecommunications companies, Internet Service Providers (ISP), Original Equipment Manufacturers (OEM) etc are some of the ICT partners that URA has identified to support the authority in the process of revenue mobilization. Associations linked to ICT are also partnered up with.

4. Government

Apart from the MDA highlighted above under the category two (2), URA also recognizes and partners with executive arms of the government to ensure that there is political will as the revenue is being mobilized. URA therefore partners with the Judiciaries, Security agencies, Parliament, Office of the President, Solicitor General, Local Government among others.
5. Bank

Banks are another private sector arm that URA partners with to ensure that clients have alternative means to make payments for their tax liability in addition to using cash or mobile-money platforms. Associations linked to Banks are also partnered up with.

6. Development Partners

Development agencies such as Organization of Economic Co-operation and Development (OECD), International Monetary Fund (IMF), African Tax Administration Forum (ATAF), World Customs Organization (WCO), World Bank, Trademark East Africa (TMEA), Development for , DANIDA, United Nations, Department for International Development (DFID), Embassies among others have been identified and partnered with to provide technical and resource support to URA.
2.7.9 Cost Structure

**Definition**

*The cost structure building block describes all costs incurred to execute URA operations at station and headquarter level.*

Whereas there are several costs that an organization may incur, this block identifies the most critical ones that are involved in the creating and delivering the value proposition, maintaining client relationships and generating revenue. Costs can be calculated relatively easily after an institution has identified and defined what their key resources and key activities are but also who their key partners are and the contribution they bring on board.
Guiding Principles

The following guiding principles were referred to during the identification and selection of the key cost structure.

- All costs that are incurred to operate the business model (through defined strategies)
- They are calculated based on Key activities, Key resources and Key partners
- Costs can be fixed costs, Variable costs or otherwise
Discussions and Conclusion

Deliberations made during the development process concluded that Uganda Revenue Authority's main cost structure comprise of the following.

1. Compliance Operations Costs

Since compliance operations form the main part of the key activities, URA invests a tangible amount of its resources into this particular activities. It should be remembered compliance operations include education, facilitation, enforcement and prosecution activities that are undertaken at different levels.

2. Physical Premises Costs

URA expends on physical premises related costs that are related to technology, the fleet, the machinery and the physical building. These physical premises are what URA uses to ensure that their services are being delivered to the final users (ie. Taxpayers and other partners).

3. Marketing Costs

To instil confidence amongst the clients as URA collects revenue, intense marketing is undertaken. Marketing mainly targets uplifting the URA brand to ensure that the institution's corporate image is well received and held with high regard.

4. Human Resource Costs

Human resource cost encapsulates expenses related to the end-to-end management of the URA staff from the recruitment, development, maintenance and motivation of the staff. Where rewards are awarded to staff for different reasons, such expenses are also included under this component.

5. ICT Operations Costs

As earlier mentioned URA heavily uses technology to deliver services thus ICT Operations stands out as critical key activity and intend costs have to be incurred on this core component. ICT Operation costs expenditures on IT acquisitions, Maintenance of Systems and Equipment, Software Licencses, connectivity and other assorted IT Platfrom costs.
URA Business Model Canvas
3. The Integration Stage
3.1 About the Integration Stage

The integration stage mainly consisted of alignment of the business model components to other strategy management and development approaches to create homogeneity in the strategy formation processes.

3.2 URA Business Model & the Operating Model

Business models are often accompanied by operating model although some institutions have interchangeable used the two terminologies concurrently. Worse is when a Business Model is referred to as the organization’s strategy. The Business Model is not a Strategy but only facilitates strategy formation.

Contrary, the business model differs from an operating model in so many ways. An Operating Model in principle describes the processes that combine each of the business model components. Such could include the relation between resources at the disposal and how those resources are used to deliver the value proposition. Operating models could ensure how an organization delivers on its value proposition to the clients, the process and the accompanying decision process. Simply put the operating model can be illustrated in the work-plans and process-maps at different levels.

It is also important that to note that operating models guide the process of how best the combinations of people, process, information, and technology can be internally or externally blended together. In summary, the operating model is a subset of the business model.
3.3 Balance Scorecard (Strategy Map) & Business Model (Canvas) Fusion

Scholars recommend that more than one strategy management approach when well understood and structured out can co-exist to lead an organization to a greater horizon. In this case, the business Model has a perfect link to other strategy management methodologies such as the Balanced Scorecard.

It should be noted that the business model canvas is a great tool for the creation of a company’s business model but it’s important for business leaders to realize that the business model canvas on its own won’t get you where you want to go. This means that we have a gap between the business model idea, as depicted in the business model canvas and the execution of that business model. Luckily, we have a proven tool that can bridge that gap effectively: the strategy map.

What a strategy map does is translate your business model and its key elements into actionable terms. In addition, it allows you to depict the cause and effect relationships that you believe exist between the elements of your business model and then test whether they work as you expect. In essence, the strategy map serves two business-critical purposes: (1) it translates the key elements of your business model into terms that enable the consistent execution of the model across your organization; and (2) the consistent execution of your business model allows you to test whether it actually works in the real world (which provides you with valuable feedback for business model improvement if required).

At the Top of your Strategy Map (SM): Your mission and vision go at the top of your SM. Mission and vision are not elements included on the business model canvas but they are important items that provide essential cues when it comes to the execution of your business model and strategy. They can easily be added to your SM based on the conversations that occurred during business model generation. You should also include a statement of your Customer Value Proposition (VP), or the big, differentiating promise you are delivering to your customer based on your understanding of your target Customer’s/Customer Segment’s needs (CS), at the top of your SM.

The Financial Perspective: Here you outline your planned Revenue Streams (RS) and, the ways you intend to leverage them to achieve your objectives for profitable business growth. Additional objectives included here relate to the Cost Structure (C$) building block and they outline how you plan to use company assets in the most optimal way to support profitability.

The Customer Perspective: This perspective expands on your Value Proposition (VP) by outlining what your customer value proposition looks like in action and the experience and benefits you must deliver to your customer. Objectives relating to Customer Relationships (CR) included here outline how you want to act with and relate to your customer as part of your value proposition.

The Internal Process Perspective: Business model canvas elements addressed here include Key Activities (KA) (objectives relating to the specific critical activities required to support your customer value proposition and how they must work to achieve
that goal), Channels (CH) (objectives identifying the key channels that support delivery of your customer value proposition and how they must work to achieve success), and Cost Structure (C$) (objectives that outline how your key activities and channels must perform to support the cost structure required to achieve business profitability).

The Suppliers and Partners Perspective: In addition to objectives relating to supplier and partner-relevant Key Activity and Channel performance, this perspective includes Key Partners (KP) objectives that outline how you need to work with your suppliers and partners to execute your Key Activities via identified Channels both according to your desired Cost Structure and in a way that delivers your Value Proposition.

The Organizational Capabilities Perspective: Business model canvas elements built into this perspective include Key Resources (KR) (the physical, intellectual, cultural, and human (and the skills and capabilities they need) resources, and the financial and non-financial resource management attributes do you need to have in place AND how you will obtain and/or develop them), and Cost Structure (C$) (how you will invest in your key resources AND how you will use them in ways that support the delivery of your customer value proposition while also achieving a cost structure required for business profitability).

At the Bottom of Your Strategy Map (SM): Your company’s core values are the beliefs and principles that govern your organization’s behavior and support the execution of your business model. Core values are not included in the business model generation approach but they are critical for the consistent decision making and the successful execution of your business model and business strategy. You probably have a set of core values identified for your company – be sure to include them on your SM.

Each part of the business model fits in perfectly in the four perspectives of the Balance scorecard as shall be illustrated later. As earlier established, URA’s Business model which is illustrated using Business Model Canvas defines how URA is internally structured and organized to provide a value proposition (an offering) to her clients. The business model presents priority areas critical to URA’s business these include the clients, the services being offered, the resources and activities needed, the costs that will be incurred, the partners we work with and the revenues that will generated from each of the clients.

In so many ways, the URA business model compliments the strategy formation process. The Balanced Scorecard further translates strategy into measurable actions at all levels of the organization. Since during the process of developing URA Strategies, strategic direction can be drawn from a set of documentations. Priorities can also be picked from those identified by the URA Business model. Once the strategy has been defined and laid out, it is the balance scorecard that translates strategy into measurable actions. The BSC (strategy map) clearly relates individual strategic objectives to guide the authority to the realization of the overarching goal. The subsequent illustration represent the fusion of the URA BMC and BSC.
The URA Business Model Canvas and the BSC (Strategy Map) Fusion

Mission: To provide Excellent Revenue services with Purpose and Passion

Vision: To be a Model for best Practice and Innovation in Revenue Services

FINANCIAL PERSPECTIVE
- Revenue Streams: Tax-revenue, Non-tax Revenues
- Cost Structures: Information & Communication Technology, Staff, Marketing, Physical Premises, Compliance Operations

CLIENT PERSPECTIVE
- Clients: Willing, Unwilling, Potential
- Value Proposition: Enhance Compliance, Enforce Compliance, Agency Services
- Relationships: Segmentation, Automation, Regulations, Client Support

BUSINESS PROCESS PERSPECTIVE
- Key Activities: Compliance Operations, Information & Communication Technology Operations
- Key Partners: Ministry of Finance (MOFPED), Ministries, Departments & Agencies, Government, Banks, Development Partners, Information & Communication Technology Service Providers
- Channels: Mobile Applications, Agents, Call center, Physical Offices, Workshops, Web portal, Collaborations, Media, Information & Communication Technology Applications

LEARNING AND INNOVATION
- Key Resources: Physical Infrastructure, Information & Communication Technology, Brand, Human Resource, Legal, Data & Information, Banking Services

CORE VALUES
- RESPECT, INTEGRITY, TEAMWORK, EXCELLENCE
These portray the beliefs and principles that govern the behaviour and support the execution of our business Model
4. The Implementation Phase
4.1 About the Implementation Stage

The implementation stages mainly focuses on avenues that URA has created to ensure URA business model is put to effective use. Emphasized here is the contribution that URA Business model has made and continues to make in the strategy formation.
Dear staff,

I am pleased to unveil the first ever Revenue Authority Business Model developed by our own URA team. This strategy management tool defines how we have been conducting our business for the period 2011-2015.

This URA business model is such a powerful tool that sums up; what business we have conducted, how we have conducted it and with whom we have conducted our business for the last five years. The departmental management teams that have participated in the development of the model will enlighten you on its features and how it informs our day to day activities.

Each of the block interlocks with the others and this relational arrangement has surely provided us an edge of our critical performance that we have registered over the years. I will briefly take you through the how it works. In actual sense, we have been serving as in the client segment corner willing, unwilling and potential client. For each client, we tailored specific services that meet their needs. These services have been delivered through different channels such as Contact center, URA Mobile App, web portal and media.

The business saying goes that, better and cheaper to keep a client satisfied than acquire a new one. Based on this principle, URA has used client relationship management avenues like client support and segmentation (LTO, MTO, STO, AEO etc.) to lock in her clients. It is definite that satisfied client shall willingly contribute to the revenue streams. URAs clients only see the channels and services being offered, behind the scenes are key activities that are blended together with key resources to ensure that the services are delivered through appropriate channels to clients. I therefore await your insight through your respective Departments as part of the validation of the current business Model.

Doris Akol
Commissioner General
4.2 Unveiling the URA Business Model – the summary

The first unleashing of the Business model was through an email communication by the commissioner General. Here passionate message revealed the intended use of the business and how far it would go in bring unison in the planning and execution process.

4.3 Station-by-Station Visits

Senior Management made station by station visits in the Northern, Eastern, Central, Mid-western and South western. Part of the message that was relied to the numerous staff was the need to have URA shape the financing for development. Hinted on as a feasible mechanism of helping us drive Uganda to a middle income status country is the URA Business Model.
4.4 Contribution to the Structural Review

The engagement of the structure and RPD team was convened in January, 2016. Through the different discussions, a pilot HR operating model was shared with the structural. Observations were made that the compliance operations and the IT operations were pronounced. It was the proposed HR operating model that could inform the structural changes identifies with how URA needs to reach to the different categories of taxpayers that include the willing, unwilling and potential. Lastly, through the engagement, it was also notable that the partners and quality people are pertinent.
4.5 Strategy Formation

Business models provide leadership and management a single view of the organization on its strategic direction and performance. To this end, the Business model has been used to inform the formation of the URA strategy for the next four (4) years i.e. FY2016/17 – FY2019/20. Through the execution of the four (4) year strategy that has been well structured through the balance Scorecard methodology, it is anticipated that multitude of the current gaps in revenue mobilization will be closed. Most important to note is that the BMC has drawn URA’s attention to focus on the client segments holistically and deliver to them the appropriate services. Services will be further tailored to factor in the compliance needs of each client segment to ensure that each of them is satisfied and adheres to their tax obligation.
4.6 Business Model Monitoring and Evaluation Framework

An independent Business Model monitoring and evaluation guidance document which is presented in the form of Key Performance Indicators (KPIs) has been developed to accompany this handbook.

The purpose of the monitoring and evaluation framework is to provide guidance and a basis through which different URA functions integrate aspects of the business model into their strategies as they plan for and execute their mandate. The framework also provides indicators through which different aspect of the business model can be measured and reported on.

The provision of the indicators is part of an implementation strategy to ensure that each of the proposed building block content are incorporated in operations and measured. Carefully monitoring the business model through the KPIs will enable inform improvements in the URA business model and other innovation that will see business or operation in URA grow.
5. Frequently Asked Questions
Q1 What successes and lessons learnt have we as URA drawn from other organizations that are using Business model concept?

Extension research was made to establish the benefits and costs of having a business model. From the research, it was revealed that Business models have provided a number of benefits to companies such as sales and revenue growth, providing management one line of sight. Findings are provided in Section 1.5 of this handbook.

Q2 How does the business model respond to the external changing environment since BMC is more of an internal strategy management and development tool?

The primary use of the Business model is to inform strategies and prioritization of both focus areas and their accompanying resources. It is therefore important to note that URA Strategies from which corporate strategies are informed by the Business model have initiatives that guide URA on how best the institution can actually position themselves to respond to changing external environment.

Q3 How different is the client segmentation that URA has been running with (i.e. LTO, MTO and STO) from the BMC client segments (Willing, Unwilling and Potentials?)

The Client segments according to the Business Model are how we categorize based on their behavior in regards to their tax obligation such as Unwilling, Willing and Potential. The AEO, LTO, MTO, STO and Micro segmentation is a means of client relationship management where each of these clients maybe given preferential treatment in order to keep them locked in.

Q4 Where are the internal clients in the BMC?

Internal clients who are often referred to the other departments, division or sections that a function serves and provides support, or advice to?

There has been a confusion of the terms customers, clients then internal and external clients in the spheres of Uganda Revenue Authority. However since the development and adoption of the BSC, as an authority a mutual agreement was reached that URA clients are those that contribute to Revenue collection, on other words URA clients are taxpayers.

Q5 Food for thought: Agency services applies more to Willing & Enhance Compliance applies more to the Potential client

It was agreed during the Business model development that Agency services e.g. the provision of the payment platform of fees, license and penalties (passport fees, driving permits) and protection of citizen against smuggling in counterfeit products are those services that are consumed by all categories of URA’s clients. Therefore agency services are also consumed by willing. On the other hands, enhance compliance is a service packaged to further ease the tax-related transactions for the willing clients as they consumed URA services.
What is the URA Business model in summary, without pointing to the Business Model or even “Optimal compliance management”?

Key stakeholder is a person or group having an investment or interest in an enterprise. Stakeholders are often those who have interest and influence in the operation of the organization but they may not have direct responsibilities and tasks that influence the operation.

Key partners are a person or organization associated with operation of an organization who often share in both the risks and rewards of the joint effort. A partner brings something to the table—knowledge, skills, and/or resources—and stands to benefit in some way from the success of the project or the operations of the organization. URA prefers to use Key Partners

Is there any difference between a Partner and Stakeholder as provided in the URA Business Model canvas?

Uganda Revenue Authority is meant to ease Compliance to foster voluntary compliance

Similar to the previous question, is there any difference between a client and customer as provided in the URA Business Model canvas?

Customer is any person or organizations that procures and uses goods and or services from an organization to meet their needs while a client is also a person or organization that purchases and uses their goods and or service however also engages the organization for extra professional advice and client support thereby consuming more than their service and good.

Business models are used in forming strategies since through them an organization prioritizes nine (9) critical areas to focus on in order to deliver their value to their valuable clients from whom revenue is generated.
Q11 How is a Business Model Canvas different from the Balance scorecard (BSC) strategy map?

Business Model Canvas is a graphical representation of the nine critical areas that any organization chooses to focus on to generate revenues. These areas include Clients, the nature of service offered (Value proposition), the channels, the client relationship management approaches employed to lock in clients, the revenue streams, the key resources, the key activities, key partners and the cost structure. Through the Business model, an organization can have a single line of sight of where they are coming from and where they are going thereby crafting strategies.

Business Scorecard (BSC) Strategy map on the other is a logic linkage of the strategic objectives and how they are related to realize the overarching goal that the organization intends to achieve for a given period. The BSC and BMC have been fused as shown on Page 36.

Q12 Under the value proposition block, other than services, what else does Uganda Revenue Authority offer to her clients?

URA only offers services that are that often intangible. These include facilitate compliance, enforce compliance and agency services.

Q13 There are two (2) terminologies that are used interchangeably, the operating model and business model? What is the difference between the two models?

Since the business model has been fully defined from the start of this handbook, we can concentrate on defining the operating model. An Operating Model describes the processes that combine each of the business model components. It looks into how an organization distributes her resources to generate the value proposition, the processes of how an organization delivers on its value proposition.

Q14 What is the time-span for the model? When does it end?

A business model can stay operational for as long as the model is supporting the organization identify those critical areas that help in the mobilization of revenue. Best practices also indicate that business model should also be given time to be tested and tried during which avenues for staff to innovate are created. Innovations can include for example developing new compliance approaches, introducing effective channels e.g. e-wallet for tax payments etc.

The URA business model can be revised once the authority gets to a point where management gestures that the business model is no longer relevant or where evidence shows for example that all creative initiatives have been exhausted to help Unwilling Clients comply with the tax laws.

Q15 Where have we put those who are willing but do not have knowledge on to help comply?

For those clients that are willing but are not registered, they would fall under the potential category or segment.

URA recognizes that there are no registered clients who are willing to comply but don’t have knowledge on how to comply. The reason for this stand point is that effort has been made to provide those willing but “unknowledgeable” clients with the information on where to file or declare their taxes and a wide range of payment options have been invented to include banks, mobile-money payments and now PayWay. However, URA has strategically improved a range of channels to ensure that the willing but unknowledgeable are made more knowledgeable.
**Q16** Where in the business model are the regional states that Uganda has allegiance with, for example in the East African Community?

Regional states that include the EAC Partner states and soon to be Tripartite fall under the Key partners building block since they have an influence and interest in our operations.

**Q17** What channels are in place to support the unwilling clients?

Almost all the channels directly contribute to ensuring that the unwilling clients are helped to become willing. Collaborations have been initiated through which unwilling clients can get information about URA, the URA Stations are always open to allow clients get direct support from our experienced and courteous staff.

**Q18** Are the potential clients those who are on the URA tax register or not?

Potential clients as defined according to the URA Business model are all clients that are not on the URA tax register yet they are eligible to pay taxes by virtue of their operations (have taxable income either as a business or as individuals) and are of taxpaying age as indicated in the tax-laws.

**Q19** How have we catered for those who have taxable income but are not registered? Emphasis should therefore be on the potential clients to get them to become more willing

The URA Business model has defined her clients and it includes those who are potential client in other words they have taxable income but are not registered. Through the BSC, URA will and has crafted avenues through which those unregistered can be registered e.g. through TREP project, O’mugano Extravaganza etc.

**Q20** The URA business model has revealed the areas in which we have been putting emphasis for example, we have not been strategic enough to design a value proposition of the potential. However it is also notable that ICT is coming out strongly, what the rationale was followed pronouncing ICT across the model?

Uganda Revenue Authority has over the years made enormous investments in the ICT and this is depicted in the URA Business model too. The Modernization project I, II and the MCP through which the DTMP and other reform projects were been established, it is clear that URA has shifted to delivering her services through ICT platforms.

**Q20** People or Staff are very instrumental in the operations of any organization, why is the business model not depicting the level of importance that People have in an organization?

Potential clients as defined according to the URA Business model are all clients that are not on the URA tax register yet they are eligible to pay taxes by virtue of their operations (have taxable income either as a business or as individuals) and are of taxpaying age as indicated in the tax-laws.
6. Editorial Team
The compilation of this business model and its accompanying handbook would not have been possible without leadership of Ms Doris Akol, the Commissioner General Uganda Revenue Authority. The Editorial team also appreciates Mr. Henry Martin Saka, Commissioner Domestic Taxes who guided and moderated the sessions that led to the threshing of final contents of the nine building blocks.

Milly Isingoma Nalukwago
Ass. Commissioner - Research Planning and Development

The AC-RPD, Ms Milly I. Nalukwago provided technical oversight and backstopping during the development of the BMC and documentation of the URA handbook. Milly also played a critical role of coordinating the Senior Management during the ideation by bridging RPD thoughts to those of Senior Management. Lastly, Milly provided managerial support to the Secretariat (Enterprise Architecture team)
Stella Maris Nambaziira (Ms)
Manager - Enterprise Architecture

The Manager Enterprise Architecture provided the technical documentation, prepared the relevant reference materials and guiding materials in form of power point presentation. She undertook desk-based research from best practices, these were compiled and shared with senior management. Stella led all the guiding presentation sessions with the senior management to enable them appreciate the value of BMC and it’s relevant to URA. She as well structured the layout and quality assured the BMC and BM handbook to depict excellence and make them easy to comprehend.

Dennis Godwin Tumusiime
Supervisor - Strategy Development & Management

Dennis Godwin Tumusiime supported the Enterprise Architecture team in the development of reference materials to guide discussion sessions during compilation of the URA Business model. He was very critical in conducting desk-based research that informed the reference materials and power-point presentations. In addition he provided a set of other government or service oriented business model that the team pitched on to enrich the brain storming session. Dennis has been is the chief designer and complier of this handbook.
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8. Feedback from coauthors
The URA Business Model helps shift our focus way from revenue collections to function that make it an outcome

Doris Akol
Commissioner General

The URA Business Model helps provide a goal congruence to discourage dysfunctional behavior

Protazio Begumisa
Commissioner Internal Audit & Compliance

I am at a loss of words, this provides a single view of URA Business

Vincent Seruma, Assistant Commissioner Human Resource

URA’s Business model is URA’s DNA

Mathew Mugabi, Assistant Commissioner Executive Assistant to the Commissioner General

The Business helps us mature as an organization and helps us ensure that we succeed through the years.

William Kiganda, Assistant Commissioner Process Management (DT)

URA’s Business model provides a shared understanding of our business

Agnes Bagaya, Assistant Commissioner Enforcement Customs

URA Business model is a leap into the future for revenue administration. Places URA in a competitive position with tax fraud, smuggling and international taxation

Milly I. Nalukwago Assistant Commissioner Research, Planning & Development

URA Business model creates Ownership of our own business, helps us in building a culture through the interconnections

Charles Lugemwa, Ag. Assistant Commissioner Information Technology
The whole exercise has helped focus our role as URA and we are now able to put our operations in perspective

Irene K. Bashabe, Assistant Commissioner Tax Investigation

The development process has helped us identify the gap in our revenue mobilization efforts

Henry M. Saka
Commissioner Domestic Taxes

URA Business Model is a Reflection of where we are and how we will remain relevant 10 years to come

Geoffrey Balamaga, Ag. Assistant Commissioner Enforcement

URA Business Model is URA’s dictionary, URA Core and primary ingredients. It gathers views from each dimension of URA hence a representation of all that URA is about.

Stella Nyapendi, Assistant Commissioner Board Affairs and Policy Rulings

The business model is here to minimize the silos that currently exist in URA. This Business Model is a game changer

Sarah B. Banange, Assistant Commissioner Public and Corporate Affairs

The level of clarity provided by the URA Business Model helps us go into the soft side of the URA Business and the URA Culture

Alex Nuwagira
Supervisor, Tax Investigation

This is a big break through on our part. Things are now going to be much faster, simpler especially on resource prioritization.

Hadijah Namitala, Strategy Development and Management Manager

We are able draw the lines from the focus areas to the areas of prioritizing with this URA Business Model

Michael Ochan Otonga
Commissioner Corporate Services
The business model represents the URA business in the palm of our hands, thus providing a platform that fosters innovation and business growth.

**Stella Maris Nambazira**, Manager Enterprise Architecture

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I am very excited on a number of things about this model. First is the method we are using to develop our own URA model – the brainstorming session is good, after a healthy debate we agree on a common position.

The whole idea of developing a URA Business model has helped us move from the level of survival to a level of thinking. It has opened new doors for us to excel.

**James Kisaale**, Assistant Commissioner Trade

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The Business model depicts the innovations that are needed to create the new way of collecting revenues as the authority continues to finance the national development programmes of the government of Uganda.

**Dennis G. Tumusiime**, Supervisor, Strategy Development and Management

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The difficult part during the development of the Business model was defining the key activities. We need to think through what we do and articulate it better. Development of the URA Business Model has brought out our priorities focus. It shows what we need to focus on going forward.

**James Kiiza**, Assistant Commissioner Information Technology

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The business model represents the URA business in the palm of our hands, thus providing a platform that fosters innovation and business growth.

**Stella Maris Nambazira**, Manager Enterprise Architecture
ABOUT THE URA BUSINESS MODEL
URA’s Business Model Handbook – is a practical and inspiring blueprint for employees striving to improve the authority’s business with passion, innovation and purpose.

CO-CREATED BY TAX AND STRATEGY PRACTITIONERS
The URA Business Model Canvas was coauthored by forty eight (48) URA Employees. With the Commissioner General’s visit to more than half of the stations country-wide in a bid to disseminate the model, majority of the URA employees staff now appreciate the model.

DEVELOPED IN-HOUSE BY URA FOR URA
This handbook is built based on 618 proposals that were presented on post-it notes through representatives of all the institutional departments. A total of three (3) sessions spread across three (3) months yielded this new treasured business model handbook.

Enjoy it, Apply it and Innovate It.