

Humanitarian Innovation Fund Business Model Canvas Workshop Report

Introduction

The HIF was established to support ideas become truly impactful humanitarian innovations. A lot of its effort has been in funding early stage and implementation phase grants that enable successful prototypes and pilots of innovations. However, even innovations that are showing signs of success in terms of outcomes after these stages, often struggle to sustain themselves. One of the main reasons for this is that they lack a sustainable business model.

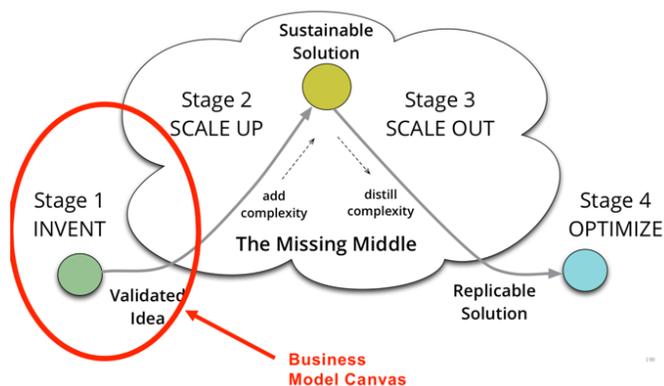
In June 2015 the HIF gathered together a number of grantees and innovation experts to look at the lessons that were being learnt in humanitarian innovation. Their combined experience was distilled into Seven Innovation Management principles.¹ The seventh principle is to 'Build Business Models for Sustainability at Scale,' where participants highlighted, once again, the need for successful business models for their innovations. In recognition of this problem, HIF decided to pilot a training workshop on the application of the Business Model Canvas methodology to humanitarian innovations.

Why use the Business Model Canvas?

The Business Model Canvas is best suited to the early stages of innovation where prototyping and pilots are most common. This can be seen superimposed on McClure and Gray's diagram on 'Scaling: Innovation's Missing Middle' below.²

In marketing this workshop, it was clear that the name 'Business Model Canvas' seemed both confusing, and off-putting to many. In the humanitarian sector, there are plenty of people, projects and organisations that have been burnt by individuals trying to implement ill-fitting and inappropriate private sector tools to humanitarian situations and problems. Wariness therefore, is often well justified. The Business Model Canvas, as put forward in Alexander Osterwalder and Yves Pigneur's book on Business Model Generation,³ and their website for the Strategyzer company,⁴ is aimed primarily at the private sector.

If used without understanding the nuances and intricacies of the humanitarian sector and humanitarian response contexts it could cause as much damage, as good. Attempts have been made to adapt the



¹ See 'HIF 2015 Progress Report' <http://www.elrha.org/wp-content/uploads/2016/01/HIF-Report-2015-F4-smaller-web.pdf> pp.10-11 accessed 16th March 2016

² McClure, D. & Gray, I (2014) *Scaling: Innovation's Missing Middle*, <https://assets.thoughtworks.com/articles/scaling-innovations-missing-middle-dan-mcclure-ian-gray.pdf>

³ See <http://www.businessmodelgeneration.com/book> accessed 16th March 2016

⁴ <http://www.businessmodelgeneration.com/> accessed 16th March 2016

model for social enterprises, most notably the Social Innovation Lab's 'Social Business Model Canvas',⁵ which do attempt to address some of the intricacies in the social sector. But the core fundamentals of these models remain firmly rooted in the original version.

However, despite being a tool designed for the private sector its simplicity is its power and if nuanced to align correctly with humanitarian contexts and organisations, it enables innovation teams to quickly map out possible business models their innovation. This is regardless of whether it is housed in a large UN Agency, INGO, or is the sole work of a small start up organisation trying to make a success of a world changing idea. Providing a pilot training in the use of the Business Model Canvas was HIFs first foray into support the development of sustainable business models for humanitarian innovations.

The Training

The participants in this pilot training came from humanitarian organisations, a number of whom were HIF grantees. There were start-ups looking at health innovations, maker technologists looking to scale, networks that were trying to understand how to create the best value for their members and for disaster affected communities, organisations providing process innovations to other humanitarian organisations and donors. The group was therefore quite mixed, tackling very different problems. This was a good test of the applicability of the approach across such diverse organisations and innovations.

Day 1: The workshop covered the following topics from the Business Model Canvas using private, development and humanitarian sector cases to tease out the nuances:

Value Proposition: What is the value your innovation or organisation is trying to create? E.g. are you trying to reduce malnutrition rates, or deliver more environmentally friendly WASH products?

Customer Segment: A Customer is defined as the individual, group or organisation you are trying to create this value for. Is it directly for disaster affected communities? If so, is there a particular vulnerable group? Or, is it actually for other Humanitarian organisations (H2H)? Participants were shown how to differentiate between users or their innovation, buyers, decision makers, recommenders and even saboteurs, in the adoption of innovation process.

Customer Relationship: This is how you engage with the 'customer.' Is it 'hands off' and remotely, such as enhancing the delivering large scale non-food item distributions through partners? Or is it close and collaborative, such as designing new community engagement processes with a handful of partner organisations?

Channel: How are you reaching and communicating with your 'customer'? Do you have effective accountability and two-way communication mechanisms with the affected communities that you are working with, that informs the development and dissemination of your innovation? Or are you trying to sell your innovation through humanitarian aid platforms such as AidEx?

Revenue: What is your revenue model? Who actually pays or provides the funds for your innovation? Is it solely an innovation grant? If so, what is the long term revenue model after this stage?

Activities: The key activities to make the innovation and sustain the business model of the organisation

Resources: The key resources that are required; people, processes, technologies etc.

⁵ <http://www.socialbusinessmodelcanvas.com/> accessed 16th March 2016

Costs: What are the key costs? What is driving them?

Partners: Who are the critical partners that the innovation relies on? Are there technology partners? Implementation partners? Local CBOs?

Once these areas were covered, participants were shown approaches to effectively communicate the logical flow through the canvas. The other critical aspect was to support participants in generating new ideas for improving and even revolutionising each aspect of their business model, not just for improving the innovation itself. Day 1 also included methods and approaches for prototyping, where lessons were shared on how participants had carried out prototyping in humanitarian settings.

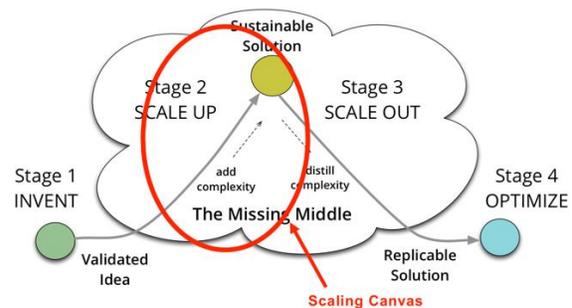
Day 2: On day two the participants went through a number of tools to help them work through how to improve their innovations.

Value proposition canvas: They spent time thinking through what they were providing for their target group and whether it really was meeting this groups different needs. This used tools from Osterwalder and Pigneurs latest book, 'The Value Proposition Design.'⁶

Testing business models: The group explored different ways to test their business models, and what would or wouldn't work in the humanitarian sector.

Business model layers: The last session on the Business Model Canvas was looking at how businesses have changed their models over time. We used a humanitarian innovation example over three stages of it's life in order to see how it had iterated its approach.

Scaling Canvas: The final session of the workshop reviewed the soon to be released Scaling Canvas.⁷ A checklist of key areas that an innovation needs to address during the Scale Up phase, as shown in the diagram on the right.



Feedback

Participants rated the workshop as 4.5 out of 5 overall, with all of the participants stating that they plan implement their learning on real projects, innovations and strategies they were working on. Although there are areas that participants felt could be improved, most notably in spending more time working on their own business models during day one of the workshop. All of them said that they would recommend this workshop to others who are working on the early stages of an innovation and even on organisational strategy.

⁶ <https://strategyzer.com/books/value-proposition-design> accessed 16th March 2016

⁷ See forthcoming McClure, D. and Gray, I. "Innovation Scaling Canvas"