

4. OUTPUTS AND VALUE PROPOSITION

4.1. Objectives

In module 4 you will find out how to identify what values are most important to clients, employees and partners and how to deliver them. Clients' needs identification, competitive advantage creation and distribution channels will be discussed.

4.2. Background

Each enterprise wants to offer customers a certain value, that is a set of products or services that are meaningful to the target group. The value proposition is the basic distinction between what we offer and what is offered by the competition. The proposal of value aggregates the benefits that the client will receive. Value creation refers to both social value and market value. Market value is always created in the outputs phase; it is your final product or service. Your product or service can be as well your social value, for example if you are manufacturing sleeping bags for homeless people or services for handicapped people. It is critical to establish at what stage is the social value created. If this occurs in the inputs or transformation phase, then your social value does not overlap with your market value. For example: Ambrose is a good example of this double identity: its commercial clients know Ambrose as a provider of excellent quality designs and printing services, while underprivileged community members know Ambrose as a training and employment center for high-school drop-outs. Similarly with Delancey: some people might know Delancey as a moving company, a restaurant or a car repair shop, while others know Delancey as a rehabilitation center for ex-convicts. This double identity business model provides a framework through which almost any for-profit business can become a social enterprise by changing who is employed, how the work is organized and what social services are incorporated into the production of the commercial products or services. But in these scenarios the social value proposition and the market value proposition are two separate things to handle. This requires detail planning and two separate strategies aimed at two different target groups.

4.3. Useful questions

- Are your social beneficiaries also your market clients or are those two separate target groups?
- Why will the clients want to buy our products/ services?
- What value do we offer to the target group(s)?
- Why will people want to work for us/join our program?
- What can hinder your competitive position?
- What can strengthen your competitive position?

4.4. Module content

- Crossroads case analysis
- Beneficiary model canvas for social enterprise
- Customer model canvas for social enterprise
- Verification phase: 5 min pitch to verify your market value
- Worksheet for verifying market value of social venture

4.5. Useful links

<https://www.youtube.com/watch?v=swFkbdlPrd4>

<https://www.youtube.com/watch?v=yMzPtLOhlqA>

4.6. Case study

Crossroads



inspire

OUTPUTS AND VALUE PROPOSITION

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In module 4 you will find out how to identify what values are most important to clients, employees and partners and how to deliver them. Clients' needs, competitive advantage and distribution channels will be discussed.

Case study CROSSROADS



Case study CROSSROADS



- Who are the social beneficiaries of Crossroads?
- Who are the market clients for Crossroads?
- What is the value proposition of Crossroads for these two target groups?
- What can be the source of Crossroads competitive advantage as a training center and crafts shop?
- How do you assess the market success of social enterprises discussed during our training?

OUTPUTS



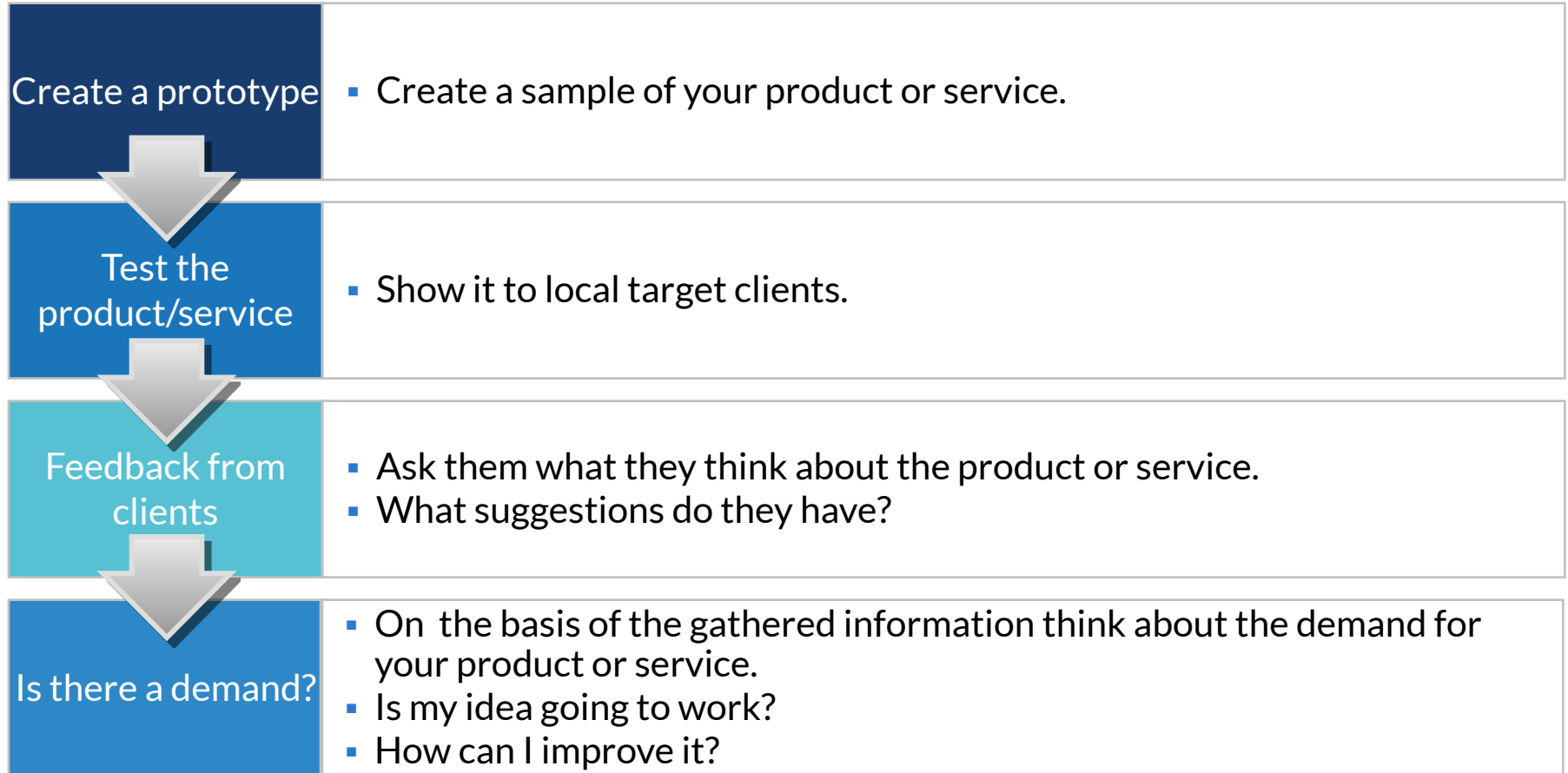
COMMERCIAL



SOCIAL

- Why will the clients want to buy our products/ services?
- What value do we offer to the target group?
- Why will people want to work for us/join our program?
- What can hinder your competitive position?
- What can strengthen your competitive position?

Verification of the idea



Mini sales pitch; validation of your market value proposition

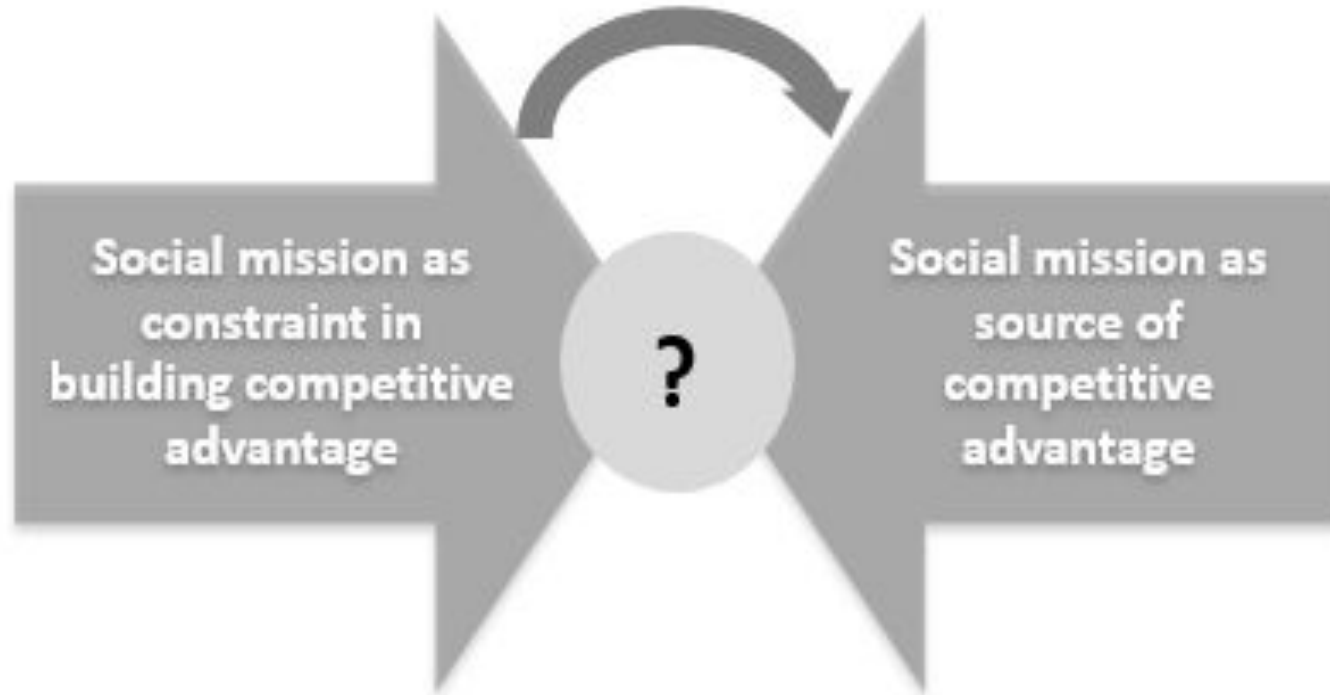


Students are asked to develop and deliver a five minute presentation (no slides) pitching their product/service to potential customer group. The audience fills in the provided worksheets.

In the worksheets, the audience must answer the following questions:

- Who is your target customer?
- What problem does it solve for the customer?
- Why is your offer better/comparable/more attractive than the existing offering?
- How will you reach your customer?

PURPOSE OF STRATEGIC PLANNING



How can your social mission be turned into your competitive advantage on the market?

SUCCESS FACTORS

1. Clear communication strategy: capturing website, dynamic FB page, Instagram etc.
2. Interesting and compelling story behind your product/service
3. Faces; make your product/service personal, connected to a real person
4. Create a community around your social mission
5. Provide an opportunity for your clients to engage in your projects
6. Connect with partners who are willing to promote and support your activities (universities, public administration, businesses)



Useful links

<https://www.youtube.com/watch?v=swFkbdlPrd4>

<https://www.youtube.com/watch?v=yMzPtLOhlqA>

Product/idea validation online tools:

<https://www.quora.com/What-is-the-best-online-tool-methods-to-validate-your-product-idea-quickly>

<https://www.feedough.com/startup-resources/idea-generation-validation-tools/>

Crossroads: Hong Kong



Crossroads is a foundation established by Malcolm and Sally Begbie. This couple is strongly dedicated to connecting the needy with the wealthy, creating channels of exchange, redistribution of material resources around the world. For years they did not start their own NGO, they would rather help other organizations through volunteering pro bono financial and communication services.

"Our goal was to use our training to help those already doing a good thing in a hard place."

After floods in Northern China in 1995, where over 2 million people were left with nothing, they started collecting needed textile in Hong Kong. They first managed the collection of goods among their friends and passed them on to charity organizations. This was a long process and goods did not stop coming. This action was so successful, that the Government suggested, that they are too big now not to be registered. The family got increasingly engaged and finally decided to keep carrying this activity in a professional matter. They had an idea for a new organization, so they started their own Foundation and started growing rapidly. They had this feeling, that many people around the world needed goods and HK was the perfect collection point because of a large population, many hotels and businesses. They applied for help to the HK Government and soon received access to a site with 8 rooms, where the goods could have been stored. Communication and cooperation with the local authorities was very important from the start. Soon, they didn't just collect clothing and bedding, but they were also receiving educational toys and supplies, furniture, computers and office equipment, medical provision, literature, stationery, household items, electrical appliances.

The Foundation was continuously growing and rapidly transformed from a local collector and distributor to a global connector, raising awareness about responsibility, sharing and coexistence. Although it is still based In Hong Kong, the organization distributes help around the world.

In the age of Internet they developed an online service, which is aimed at matching companies willing to donate and organizations needing help. The also created this kind of Internet tool for the United Nations. Thanks to this solution, any business, organization or individual can donate material goods such as furniture, computer, appliances, toys, clothes etc.



The phone keeps ringing every day. Crossroads receives numerous applications for specific goods from all around the world: a school in Serbia is waiting for desks, a hospital in Kenya needs surgery tables and children's hospital beds, a shelter in Mongolia is urgently waiting for warm clothes and blankets. All received goods are sorted, packed and shipped by Crossroads according to these specific demands. The shipment is usually sponsored by corporations and also organized by the receiving party. Because of close cooperation with local NGOs all around the world, they can operate from Hong Kong and leave the allocation of received goods to the local organizations.



The Foundation helped to equip medical facilities in Ghana, provided destroyed by war Serbian entrepreneurs with sewing machines, and the requests for help keep coming all the time.

Because the best way to help poor people is to give them jobs – this NGO opened a fair trade market and café where people can sell what they make

or grow: earrings made from former bullet shells in Cambodia, bags made by Indian women released from the sex trade, jewellery made from lacquered paper by war victims in Africa.

All activities are carried by 20 permanently employed members of staff and about 150 volunteers. Some of the volunteers are in between jobs and want to contribute their time and skills, others are refugees or unemployed who found a friendly harbor in the Foundation. All of these long term volunteers live at the site in simple housing and are provided with food.



Crossroads Foundation became a well-known Hong Kong based non-profit organization with a goal to connect people in need with the ones with resources and willing to help and make a difference in the broken world. The organization leads four groups of operations:

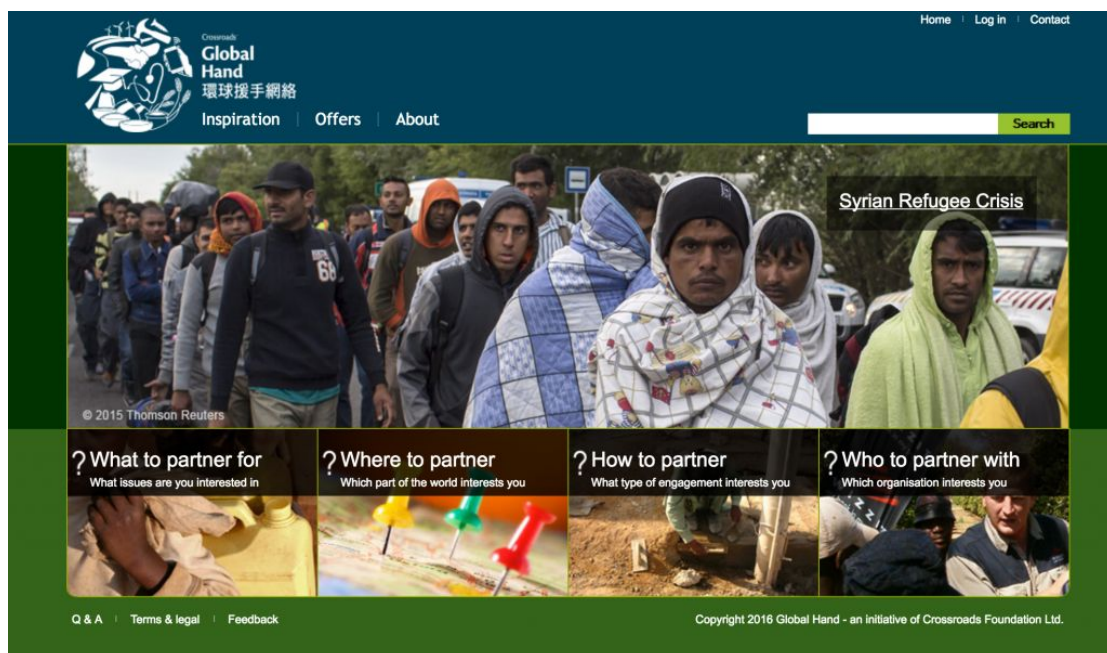
1. GLOBAL DISTRIBUTION: WHERE NEED MEETS RESOURCE

Business and private donors donate excellent quality goods, which are distributed to people in need, in Hong Kong and around the world. They help: children and women at risk, local communities, disaster victims, drug rehabilitation centres, the elderly, medical clinics and hospitals, orphanages, schools and universities, social enterprise initiatives, special needs groups, victims of human trafficking, vocational skills training centres and war damaged regions.



2. GLOBAL HAND: PARTNERING FOR A BETTER WORLD

Global Hand is a match-making service which links for-profit and non-profit organizations who want to partner to help meet global needs. Anywhere in the world people with quality goods or services to donate can offer them through Global Hand service. Crossroads will then pass on the offer to their network of NGOs in Europe, Africa, SE Asia, Central Asia and the Americas seeking the right ‘match.’



3. GLOBAL X-PERIENCE: STEPPING INTO ANOTHER'S SHOES

They offer simulation x-periences in which participants step ‘into the shoes’ of people facing global challenges: war, poverty, HIV vulnerability, blindness, environmental challenges, hunger. Following these simulations, they discuss how participants can engage with the challenges they have experienced, helping those in need.



Crossroads for years has been invited to the Economic forum in Davos, where it provides the simulation experience to its participants.

4. GLOBAL HANDICRAFTS: FAIR TRADE FOR A FAIRER WORLD

Leading a well-known saying: aid helps people today, an income helps them tomorrow, Crossroads created a Global Handicrafts Marketplace, which sells goods from people in need within Hong Kong, and around the world, on fair trade principles, with appropriate payment given to those who grew or produced them.



With time Crossroads was able to generate its own income. The free trade shop with goods made by many of Crossroads beneficiaries sells beautiful products. The Foundation became very popular for providing corporate CSR activities and teambuilding training - a unique experience of very professional simulations. Through these two channels those who have much, can receive what they are missing – awareness, sensitivity and compassion. Those products are priceless.

Global X-perience and Global Handicrafts aspire to be self-financing and generate income for the organization. Global X-perience works on donations from participants and Global Handicrafts generates income from sales.

Still, without its numerous volunteers, donors and sponsors the life-changing work of Crossroads would not be possible. The organization shares an excellent reputation among HK citizens and visitors from all around the world.

Questions:

1. Who are the social beneficiaries of Crossroads?
2. Who are the market clients for Crossroads?
3. What is the value proposition of Crossroads for these two target groups?
4. What can be the source of Crossroads competitive advantage as a training center and crafts shop?
5. How do you assess the market success of social enterprises discussed during our training?

WORKSHEET FOR VALIDATION OF THE MARKET VALUE PROPOSITION

| QUESTION | ANSWER |
|--|--------|
| Who is your target customer? | |
| What problem does your product/service solve for the customer? | |
| Why is your offer better/competitive/more attractive than the existing offering? | |
| How will you reach your target customer? | |