

Project Resource

Project resources are materials which have been produced during support from the Business Innovation Facility team to a specific inclusive business project. They include inputs provided as part of technical assistance and summaries of findings and outputs. They are adapted for wider use so that other practitioners can also make use of the material.

Creativity and innovation: creating new opportunities for inclusive business



What is this resource?

This document is a description of how the Business Innovation Facility worked with a group of NGO's in Bangladesh to help them to identify opportunities for inclusive business. It was written by Tom Harrison who designed and facilitated most of the activities described in the document.

The Business Innovation Facility was involved because a number of NGO's requested support to partner more effectively with companies and it became clear that this support should go beyond capacity development and training, in order to find actual opportunities that would interest business from a commercial perspective.

The aim was to catalyse a process that would lead to new partnerships between NGOs and business that would address a development challenge in an innovative way and commercially sustainable way.

Who is it for?

This document is relevant to anyone who is trying to stimulate innovation in inclusive business. It is especially relevant to NGOs (and others who are external to a business) who want to identify innovative, business-led solutions to development challenges, particularly in situations where companies are not yet involved.



Can NGO's identify opportunities for companies to develop new inclusive business models?

Background

The concept of 'inclusive business' suggests that there are opportunities for companies to provide new or tailored services and products to low income people, or source from small farmers and other non-traditional suppliers.

But how do companies identify these opportunities? One potential answer to this was explored at a Business Innovation Facility training session held in October 2012.

A group of Facility staff and guests from Bangladeshi businesses and NGOs, were taken through an exercise which started with a 'need' – for cleaning up a city where municipal services were failing – and took the group through a kind of 'thought experiment', using stakeholder mapping and partnership brokering tools to see whether a business-led solution would emerge.

The reaction from the group was interesting; some rejected the premise that it was possible for an inclusive business from 'outside' a business to develop, whereas others believed that may be possible.

Two hypotheses emerged:

1. Development of a new inclusive business model starts within a company, and the company can then recruit suitable partners, if required, to help to design a business model;
2. Real innovation in this sector can start from outside the private sector's current experience, and then suitable companies can be 'brought to' the opportunity.

This latter concept appears to resonate with recent insights from *Monitor* and *Acumen*¹. The report highlights what it calls blueprinting of new ideas, an early stage of which will require connecting business to the needs of potential low income customers or suppliers. Why? Because: *'The gulf in experience, understanding and skills that separates these groups of people is a significant barrier to the origination of high-potential inclusive business ideas.'*

It suggests that one action that can help in this regard will be to develop innovation capability in organisations that, unlike companies, have a good understanding of low income people and their needs.

Innovating for inclusive business

A workshop was designed to follow up the October training session. The workshop was designed to identify real opportunities for companies to develop new inclusive business models. The whole workshop, however, was also an exploration of the second hypotheses. **By encouraging people who work with low income people to identify business opportunities, could real opportunities be identified that could then be 'brought to' companies?**

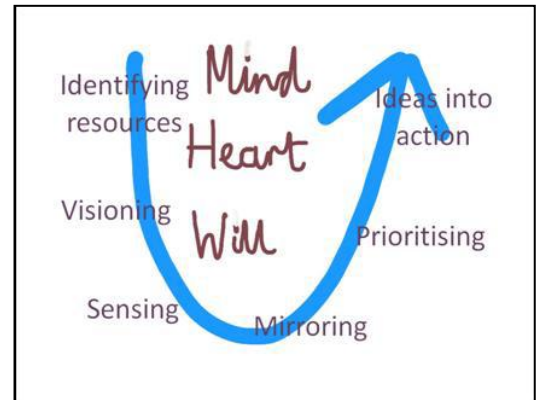
This document describes the methodology that was used and some of the outputs that were generated.

U theory for innovation

The workshop used U theory² as a guiding concept.

U theory, which is usually applied to broader social change, suggests that to innovate, it is necessary to go through a process that utilises a wider set of perceptions than is normally applied to a business problem. This is described in U theory as a journey that:

- 1....utilises the mind – i.e. people’s trained, analytical skills
2.is guided by the heart – i.e. what people believe is right or feel an emotional attachment to
3. ...is then driven by the will – i.e. what people or groups/organisations actually chose to do.
4. To complete the journey, the ‘heart’ again guides to prioritise, and then finally action is generated that is back in the realm of the analytical ‘mind’.



“We have learnt to trace with [companies] from Corporate Social Responsibility (CSR) towards inclusive business to identify where they are on that road ... this is where the skill is: correctly diagnosing the current situation and working with them to discover and articulate new futures...”

Soji Apampa, Business Innovation Facility Country Manager, Nigeria

This builds on theory that the conscious ‘mind’ we access is only a part of what the brain can do. What we perceive as our thoughts and ideas are driven by a much wider consciousness that is shaped by our experiences, good and bad, and by the training that we have given our brains. To innovate we need to be able to tap into a wider range of our brain’s ability than we can access by analysing a problem in a mechanistic way, although this is the start and end of the process.

The biggest mistake when dealing with innovation is to first focus on the rational mind. In order for a new insight to emerge, the other conditions must already exist. In short, connecting to one’s best future possibility and creating powerful breakthrough ideas requires learning to access the intelligence of the heart and the will.

Theory U: Leading from the Future as It Emerges: Dr. C. Otto Scharmer

U theory, as it has been applied to-date to stimulate social changes, uses group dynamics and actual journeys to significant places to facilitate this journey over a long period of time. To adapt the methodology for business innovation over a two day workshop, a series of creative exercises using drawing and painting was used instead. The idea was that creating a picture can unlock unexpected perspectives through a process that deliberately does not require or benefit from a linear, problem-solving analysis, which is the way most people are taught to address a business problem.

The next section sets out the process that was applied in the workshop.

Identifying resources and anchoring

Workshop participants were prepared for the journey ahead through an exercise that also identified the resources that each had that were relevant to the workshop topic. They were asked to draw a picture of their desk, placing items on the desk that also described the 'inclusive business' skills and experience that they were bringing to the workshop. They then shared these images with the rest of the group.

A number of presentations were then made, to set the scene and anchor the workshop. These included some inclusive business case studies, including one on the origins of mPesa.

"We didn't invent the need to send money home. People have always moved money around. They sent it in taxis and Matatus. They take time out of work and travel with cash. All we said is: here's a way to move money. It's quicker, it's cheaper, it's secure, and it's much more convenient for you. So putting together a proposition that hits exactly what the customers actually want to do with a mobile service was critical."

Nick Hughes, one of the founders of mPesa in Kenya, speaking at the SANKALP event in Mumbai in 2011

Sensing the opportunity

The group was then asked to reflect on the following questions around the theme: what is the 'next mPESA'? The questions were:

- What are the challenges and constraints that poor people face in their lives?
- How do they spend money and what do they buy?
- What are their aspirations and how would these be met at an affordable price?
- What opportunities will this offer to a business?
- What existing services and products are attractive to poor people?
- How can these services and products be tailored to be affordable to people on low incomes?

Instead of writing down answers, each individual was asked to make a picture that captured, from their own experience of being with poor people, an idea that may address these questions. Having made their picture, they then browsed each other's art, explaining what they had drawn and why, and asking each other questions that could build understanding. People were invited to make additions and refinements to their pictures as new insights emerged from this process.

Sharing and building

The next step was to get everyone to cluster themselves in groups of people who had made pictures that addressed a similar need or was in a related economic activity. Then, by taking scissors and glue to cut and paste their pictures together, or by developing a new picture together, these clusters were invited to make a second image of a business opportunity.

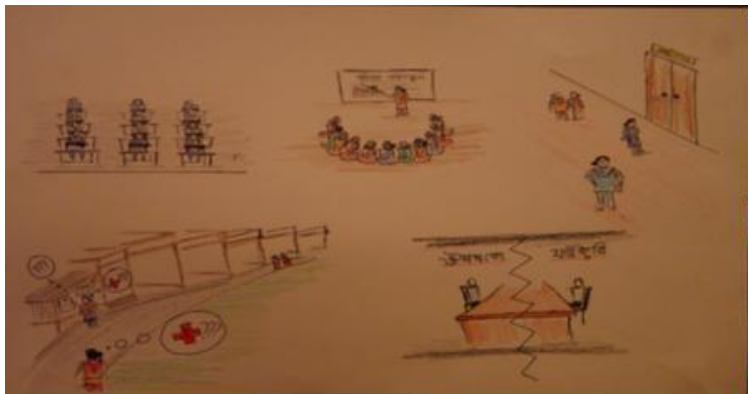
Mirroring

The final step was to share the emerging business models with the plenary. The group was encouraged to ask more questions and to 'play back' to the cluster what they thought they were seeing and hearing. This process, called 'mirroring' in U theory, can be an essential part of a creative process to start bringing the idea to something which is realistic and can be piloted or prototyped. As a first step to this, the group prioritised what were collectively felt to be the most promising opportunities that could be taken to business after the end of the workshop. A few of these ideas are outlined below.

Project idea: Shusthota

Garments factories are essentially labour-oriented communities. Like every other community, the factory community is based on three pillars: education, health and development. Unfortunately, these pillars can remain weak, due to a lack of focus on the members of these communities.

‘Shusthota’ is a comprehensive health and education project idea, targeted at these communities. In this model, common facilities will be developed by the factory in association with an NGO. Community hospitals will be set up within the factory premises or around it, which will offer free or subsidised healthcare for community residents.



A component of this healthcare will be childcare, which is one of the most common reasons for absenteeism in a factory setting. Peer education will also be introduced by the NGO. Over time, productivity of the workplace will increase. The investment in facilitating welfare services to the community will be outweighed by the significant profits it incurs from a healthy workforce.

Project idea: Shikor

The lands of northern Bangladesh suffer with *Monga*; the cyclical period of famine and drought that poses a threat to the livelihood of the region’s inhabitants. As a result, youth migration is high. A number of agro-experts have studied the region and have suggested, as a solution, the cultivation of tea during *Monga*. While this is not a solution for famine, properly developed tea would provide financial security for local farmers. However, due to a lack of support and training, there is a resistance to the introduction of cash crops (as opposed to food crops) which perpetuates the *Monga* problem.



‘Shikor’, a model based on an NGO-business partnership, would provide advocates for tea production and increase the awareness of its benefits. Training would also be facilitated. Despite the youth drain, tea cultivation can be successful because it can attract parts of the older population.

Companies would provide NGOs with resources to undertake further research on the detail of tea cultivation in *Monga*-struck regions and help create a strategy for the successful cultivation of rice and tea – which would tackle a number of the region’s problems.

Project idea: Uddipon

An acute lack of quality education exists for young children. The state-backed improvement in primary education is only beginning to happen and many young children are still unable to benefit from this shift. In addition, the lack of rich educational content for young children dampens their naturally emerging sharp intellectual potential.

Uddipon is an idea to target these children and their families by tapping into the world of eLearning. It bids for the creation of comprehensive, internet-based and interactive learning solutions. With the assistance of NGOs, companies will be able to sell their devices on microcredit and make it easier for people to use them. The children will be using them to learn and play interactively, and mobile tracking facilities will allow the companies to keep record of their individual achievements.



On the basis of these achievements, companies would provide financial rewards, incentivising parents/guardians to continue maintaining the device for their young charges. Commercially, telecom companies and ISPs would profit from the opportunities of increased ICT penetrations. ELearning organisations would benefit from solidly targeting their distance-learning customers.

“The process of creating something new in the world – be it a painting or a new social reality – requires us, not to plan it all out from the beginning, but rather to step forward, to act, to reflect on the results of the action, and then to take our next steps. If we represent the journey....along a U-shaped innovation path, we cannot stand at the beginning of the process and see the end: it is “around the corner”. We have to step forward and meet the new reality along the way.”

Adam Kahane, *Power and Love: A Theory and Practice of Social Change*

A final word from
the author.....
Tom Harrison

“This report reflects work in progress in Bangladesh. At least two of the ten or so project ideas that emerged are being taken forward in some form. The bigger picture – which is how to support innovation towards more inclusive business – is still in its infancy, and I hope that others will be inspired to test and refine the ideas outlined in this paper. I do believe that great ideas for inclusive business can emerge from outside of the companies themselves, and urge everyone involved in supporting such business activity to allow plenty of space for creativity.”

Additional resources:

You will find more ideas, information and resources on innovation and inclusive business on the **Practitioner Hub** (www.businessinnovationfacility.org).

There is a 'know how' section on **innovative business planning**:

<http://businessinnovationfacility.org/page/innovating-business-planning>

And other on **partnerships for inclusive business**:

<http://businessinnovationfacility.org/page/know-how-partnerships-for-inclusive-business>

The IAP Spotlight: **Innovation in inclusive business - simple strategies to boost innovation in your company**, looks at different types of innovation and how to introduce these into your company: <http://bit.ly/TGGPV9>

All of the existing **projects** are outlined:

<http://businessinnovationfacility.org/page/projects-landing-page-template>

And our '**Starter pack**' covers everything from what inclusive business means and who it involves, to what support is available and how to find it:

<http://businessinnovationfacility.org/page/starter-pack>

References

1. *From Blueprint to Scale: The Case for Philanthropy in Impact Investing* by Harvey Koh, Ashish Karamchandani and Robert Katz
2. *Theory U: Leading from the Future as It Emerges*: Dr. C. Otto Scharmer



For further information and to view other Project Resources, go to:
Practitioner Hub on inclusive business at: www.businessinnovationfacility.org

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