

BUSINESS CASES FOR SCALING UP RESEARCH-BASED INNOVATIONS

Guiding Questions for Researchers

Laura Husak

Canadian International Food Security Research Fund (CIFSRF)
Agriculture and Food Security
International Development Research Centre (IDRC)
Ottawa, Canada
Contact: afs@idrc.ca

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Guiding Questions for Building Business Cases

The following questions are meant to serve as a guide for those who are going about preparing a business case for a food security innovation. The purpose of the guide is to provide some suggested topics for discussion or further investigation, but it should be noted that each specific context may require variations.

The guide includes tips and activities to generate discussion and assist in organizing data and tacit knowledge. The guide emphasize the nuances that may be needed when developing a business case for a model, policy, or other social innovation that is less tangible than a product or service delivered through private sector channels and markets.

The guiding questions seek to emphasize food security related considerations, including gender, cultural appropriateness, and levels of risk. It is a preliminary version and will be revises and updated upon further feedback from grantees involved in CIFSRF.

The sections follow the overall process of developing a business case:

- Step 1: *Understand process and objectives*
- Step 2: *Gather and prepare the data*
- Step 3: *Analyze costs and benefits*
- Step 4: *Tell your story*

The process of developing a business case is iterative, and therefore these are general steps, and may involve backtracking and redefining the vision, implementation and presentation of the business case.

These guiding questions developed are based on extensive reading on this subject. For in-depth list of references used in this research project, please refer to the **Resource Guide**.

Step 1: Understand process and objectives

When to answer these guiding questions: Preparation stage, before you begin building a business case

- **What do you expect to be able to achieve with the business case?**
 - Are you ready for external investment?
 - Are you exploring potential partners?
 - Are you trying to make a decision between different pathways? Or deciding what systems to invest in moving forward?

- **What is the specific objective of the business case?**
 - What specifically will the business case help us answer? What is its exact function in the project?
 - Does it make sense to focus on one innovation at a time? Or on a package of innovations together?
 - What key deliverables will be produced and by when?

- **Who needs to be involved in preparing the business case?**
 - Do we have people within the team that can prepare it?
 - What resources (human, financial, material, etc,) do we need to prepare the business case?
 - Can an external consultant or expert assist in the process?

- **Who are the key decision-makers and what is important to them?**
 - Who will the business case be presented to?
 - Who do we want to influence?
 - Who do we want to attract as a partner?
 - What role do we want this person/organization to play?
 - What is 'the ask'? (i.e. what are we asking of this person/organization?)
 - Are there any specific criteria that need to be met?
 - What is the degree of freedom? What are the constraints?

- **Are there key dates that are important to the business case?**
 - I.e. meetings, internal approval processes, external funding processes
 - How does the business case fit into the project timeframe?

- **What is the key success criteria?**

Step 2: Gather and prepare the data

When to answer these guiding questions: Gathering data, collecting evidence and testing assumptions

Innovation

- **Is the product/service ready to be delivered to users? Is it a complete solution?**
- What evidence do you have from pilot testing?
- What intellectual property do you own or are you planning to file for?
- How do people describe the product/service/model?
- What are the success criteria for your product/service/model?
 - Note: The type of innovation that you are developing will influence how you define success
- Is this a push innovation (science driven) or a pull innovation (market driven)?

Design Thinking:

- What design principles are you trying to follow?
 - Affordability?
 - Positioning?
 - Branding?
 - Image?...
- How do people use the product/service/model?
- What is the feasibility of adoption?
 - To what extent does it fit into existing practices?
 - What other inputs/practices may be needed to successfully adopt the technology?

Market

- Is your market proven to still to be proven?
- Do you have a projection of the number of customers/sales/market share your startup is aiming for in the next two years?

Existing Research:

- What are the trends, changes, needs, and growth patterns in this sector?
- Who may have access to market forecasts or research reports?
- What is relevant information about the product/service for the business case (avoid jargon, use layperson language)

- What background information or events from the past experiences with potential end users – including positive or negative – may be relevant to the business case?

Target Market:

- Who is the target group you are trying to reach?
 - Does your product/service/model reach a broad target group or a narrow target group?
- Where is the product/service offered? To who?
- What is the initial target geography?
- What is the accessible market compared to the market size?
- How can you profile customers to give them advice about products they might like or services that might fit their needs?

Awareness:

- What methods for promoting awareness have been particularly effective so far?
- Are those methods effective for reaching more marginal target customers?
- Are face-to-face interactions important for building awareness?
- Is demonstration important for your customers to see how the product/service works and why it is effective?
- Would loyal customers promote the product/service to a family member or friend?
Do you ask your loyal customers to promote the product/service?
- Can you use advertising?

Early Adopters:

- What are the characteristics of early adopters of your product/service/model?
- What characteristics best align with use of your product/service/model?
- Have your team prepare an easy-to-use instruction kit that can be shared with your early adopters
- Do you have contact information on customers who can describe their experience with your startup/organization?

Competitive Analysis:

- Who is your general competition (be specific)?
- Who is your direct competition (be specific)?
- Can you provide an analysis of any direct competitors?
- What other organizations are in this space?
- What examples of organizations working in different regions are working in this research space?
- What policies directly affect the feasibility of this approach?
- Are there major barriers to entry into this market?
- **Do you have first-mover advantage? If so, how will you maintain your edge?**

Market Analysis

- Why is your product or service needed?
- Who is your customer/target market?
- Where are they located? (National, international? Be specific as possible)
- Is this an existing market or a newly emerging market?
- What is unique about your product/service compared to similar existing products/services?

- Is your market potentially very big?
- What do you project as your market share?
- If an existing business or current sales: how much of the market to your currently 'hold'? How does this compare with the standards in your sector?

Value proposition

- What does the enterprise offer? What is the basic product/service that the enterprise is trying to scale?
- Can you make the added value of your product 100% transparent to your user/customer?
- What are the alternative ways that people can solve the problem and how does this solution compare?

Advantage:

- How could you convey the advantage of your product or service to a marginal target customer effectively?
- *Collect information about alternative actions?*
 - *Competitors or alternative practices*
 - *How will this product/service/model be positioned against other alternatives?*
- Does the product/service live up to its value proposition?

Sustainability:

- Does the value proposition include factors of social or environmental sustainability?

Delivery Mechanisms (feeds into Business Model)

- What product or service does this business offer?
- What does it take to offer this product/service to the target customer?
- What is the legal structure of this organization or distribution channel?
- What are the relevant sales or distribution channels that make sense for your product?
- What physical facilities are required?

- Rent or buy?
- Specify square footage or other quantification
- What other assets will you require?
- How do alternative products get to the end user?
- How does your business model differentiate your approach from others?
- How is it repeatable?

Customer Access:

- Do your customers have different income levels at different times of the year?
 - Why? I.e. Farming seasons, tourist seasons, cyclical labour, etc.?
 - What financing mechanisms may help customers with their cash-flow cycles?
 - Example: incremental purchasing, financing options, grace periods, etc.
- What are the other priorities your customers spend significant portions of their income on?
 - Example: heating in winter, home repairs after monsoon, and investments in livestock?
 - Does this change at different times of the year?
- What data will you collect from your customers?
 - What are they willing to provide?
 - How will you use the data to improve delivery?
- How can you ensure that customer interactions are repeatable?

Delivery Mechanisms for Products and Services:

- Can you partner with local retail stores to make your service available everywhere?
- How safe are the financial transactions in your business model?
- Can you connect your business with other institutions in your industry or sector?
- How can you help the base of the pyramid customers by selling your product or service?
- How can you encourage customers to reuse the product or service?
- Can you change a customer into an ambassador for your product or service?
- Can you deliver your product in an easy way?
- Can your customer return it?
- Can the product be sold as a service?
- Can you cover more needs with a common product or service?
- How can customers provide feedback?

Selling to Smallholder Farmers:

- Describe your customer and the value your customer gets from buying your product and/or service.
- *Access: is when a product/service is available when it is needed*

- What logistics are needed to get the product/service to the end user?
- What special logistical considerations are needed to reach marginal target groups?
- What existing purchasing habits do your target segments have? What are their actual buying behaviours?
- How close do you need to get to your customers? How far will they come to you for the product/service? Is it a last-mile service?
- How can you show your possible buyers what your popular products or services are?
- Can you set up a referral program?
- Can you set up a rewards program?

Sourcing from Smallholders:

- What links do smallholders already have with value chains? How can this be expanded?
- Who supports agribusiness companies in collaborating with smallholders? How is this collaboration organized?

Partnering:

- If you are seeking proposals for different models from potential partners, think about how the proposals will be evaluated? What criteria will be used? Who is involved in deciding?
 - Originality?
 - Efficient use of space and resources?
 - Risk minimizing?
 - Technical feasibility?
 - Total investment costs?
 - Timeframes?
 - Decision-making or value chain processes?
- What assumptions are being made in the delivery channels?
 - What needs to be tested?
 - Are there more efficient ways of doing things?
 - What experiments can be carried out?
- Is buy-in obtained from relevant teams or partners? If so, what level of support? (e.g. verbal, written, ongoing)

Models:

- How can you motivate large groups toward a common goal?
- Can you encourage other people to start up a community around your product, service or model?
- How can you allow users to constantly discover new things about your model?

- Can you enable open data through your model?
- Can groups engage with the models like individuals do?
- Can you reach more people with a free product?
- Have you thought of going digital?
- Can the model be personalized?
- How does your model create a community where people can discuss and discover?

Endgame:

- What is your endgame strategy?
 - Open source
 - Replication
 - Government adoption
 - Commercial adoption
 - Mission achievement
 - Sustained service
- Do you (or any partners) still want to retain 100% ownership?

Business Model Canvas:

- Did you fill in all nine elements of the BMC? (See below)

Key Partners <i>Who can help you leverage your model, since you won't own all resources or perform all key activities</i>	Key Activities <i>Which things you really need to perform well</i>	Value Propositions <i>The bundles of products and services that create value for your customers (each customer segment)</i>	Customer Relationships <i>The type of relationship you establish with your customers</i>	Customer Segments <i>People and organizations for which you're creating value (users and paying customers)</i>
	Key Resources <i>Which assets are indispensable to your model</i>		Channels <i>Touch-points where you interact with</i>	
Cost Structure <i>Mapping the business infrastructure will show the cost structure</i>			Revenue Streams <i>How and through which pricing mechanisms your business is capturing value</i>	

Social Business Model Canvas:

- Did you answer the components of the Social Business Model Canvas (if appropriate)?
- What is your social value proposition
- What are your impact measures?

<p>Resources</p> <p><i>What resources will you need to run your program? People, finance, access?</i></p>	<p>Key Activities</p> <p><i>Which activities will you be carrying out?</i></p>	<p>Type of Intervention</p> <p><i>What is the format of your intervention?</i></p>	<p>Segments</p> <p><i>Beneficiaries</i></p>	<p>Social Value Proposition</p> <hr style="border-top: 1px dashed #000;"/> <p><i>Impact Measures</i></p> <p><i>How will you show you are creating social impact?</i></p> <hr style="border-top: 1px dashed #000;"/> <p><i>Customer value proposition</i></p> <p><i>What do your customers want to get out of this?</i></p>
<p>Partners and Stakeholders</p> <p><i>Who are the key groups you will need to involve to deliver the program?</i></p>	<p>Channels</p> <p><i>How are you reaching your beneficiaries and customers?</i></p>		<p><i>Customers</i></p>	
<p>Cost Structure</p> <p><i>What are your biggest expenditures? How do they change as you scale up?</i></p>		<p>Revenue Streams</p> <p><i>Break down your revenue streams by %</i></p>		

Cost-Benefit Analysis

Costs:

- What are the costs of producing and delivering the product or service?
- What are the capital investments that are required to grow the model?
 - Anything that is capitalized must be depreciated (it decreases in value of the asset's life)
- What are the operating costs of delivering the product or service?
- What are the costs of goods sold? (Includes labour and materials required to produce what you are selling)
- What can we do to bring down costs?
 - What is the optimal unit size for customers to purchase?
- What are the intangible costs associated with the change?

Benefits:

- What revenue will be generated?
- What productivity savings will be realized?
- What are the intangible benefits?
- How do the benefits relate to the costs? (Positive? How significant?)

Value Chain:

- What is the optimal unit to purchase from input providers?
- Do you create or provide input and output links in the value chain?
 - Example: supplying inputs and purchasing outputs? Or connecting customers with other purchasers of outputs?

Monetization:

- *Revenue sources:* is the solution a product or service or both? How much do customers pay? How do they pay (cash, in kind)?
- Can you make money from micro-transactions?
- Can users customize the product or service at a low price?

Financial projections:

- What are the costs of operating as an enterprise? (costs related to human resources, capital assets, etc.) Make estimates for items for which you do not have precise data
- Do you know how much capital you need to help your startup/organization grow to the next goal?
- What type of financing is needed? (Loan, grant, etc.)
- Do you have a detailed plan for where you will spend the money you raise?
- What risks do these projections have?

Sales:

- Do you currently have sales? Specify amount (units and dollars) and timeframe acquired:
- How were these sales acquired?
- Will you charge sales tax? (Specify percentage)
- Are you acquiring new customers actively and how? If applicable, do you have a few large customers?
- Are you ready to provide regular growth metrics and financial reporting?

Step 3: Analyze costs and benefits

When to answer these guiding questions: when you are studying the inputs and data gathered and putting together a detailed case.

Analysis:

- What are the various scenarios that will be assessed? E.g.:
 - Ideal scenario
 - High and low levels of adoption
 - Do nothing scenario
- Are your financial projections realistic?
- Is your cost strategy viable? What does its success depend upon?
- How does the evaluation criteria match the costs and benefits associated with the proposed deployment model?
- What are the risks and rewards of the proposed scaling up strategy?
- What are the assumptions that remain?

Addressing any gaps:

It is likely that the business case will go through several iterations, from a broad assessment to more rigorous analysis, as more information becomes available over time. Preparing a business case is an iterative process that is not necessarily linear. It is important to account for gaps or inconsistencies that may emerge in the initial data gathering process.

- Based on questions above and other questions generated through the discussion, make a list of unanswered or unclear factors:
 - Mark which unanswered questions are actually based on assumptions or tacit knowledge that still needs to be tested or verified
 - Mark the level of significance of each of the unanswered questions:
 - Which are essential in order to present a convincing case?
 - Which are expected to become clearer over time?
 - Which are outside of the scope of the business case?
- Make a plan for who will find the answers, how they will collect the data and what sort of timeline they have to collect this data

If more data is needed, revise your action plan for collecting the data. Evaluate whether it is necessary and feasible within the timeframe and given the resources required.

Step 4: Tell your story

When to answer these guiding questions: compiling and organizing evidence, preparing to present the business case to the audience

Now that you have compiled the evidence it's time to craft your business case: remember its one part narrative, and one part hard data.

- Plan: organize the sections, identify which points to include first to catch attention
- Write: complete each section, add links, tables and annexes as needed
- Review: check your draft for clarity:
 - Is the core message clearly communicated?
 - Does the order make sense? Does it flow?
 - Is it easy to understand?
 - Does it have acronyms or jargon that a non-technical reader will find confusing?
 - Does it use keywords?
 - Is it believable? Does it make sense?
- Edit for grammar and clear, use direct wording and action words
- Have an external friend or colleague check for clarity
- Prepare a final draft

Prepare to present

- If you don't share your case, it's just a piece of paper!
- Depending on who your audience is, the format that you will present your findings will be different.
- You will have prepared a written document, but may need to prepare a presentation or other format that is appropriate for communicating with your audience
- Have a clear understanding of what assumptions/uncertainties/risks remain, and have a response for how to deal with these in the near and long-term future

Evaluate, reflect, and respond to new information and changing circumstances

- Remember preparing a business case is not just an exercise, it's part of a planning process that will be put in action
- Whether you achieve what you set out to achieve (funding, sway decision-makers, determine which path to follow, attract a partner, etc.) or not, the business case is just the first step.
- Whether for-profit or non-profit, you will have to attract attention, inform users, who may put your product/service into use, and you will have to provide support to maintain the customer relationship