thecanvaskit

Rapid business model prototyping for nonprofits

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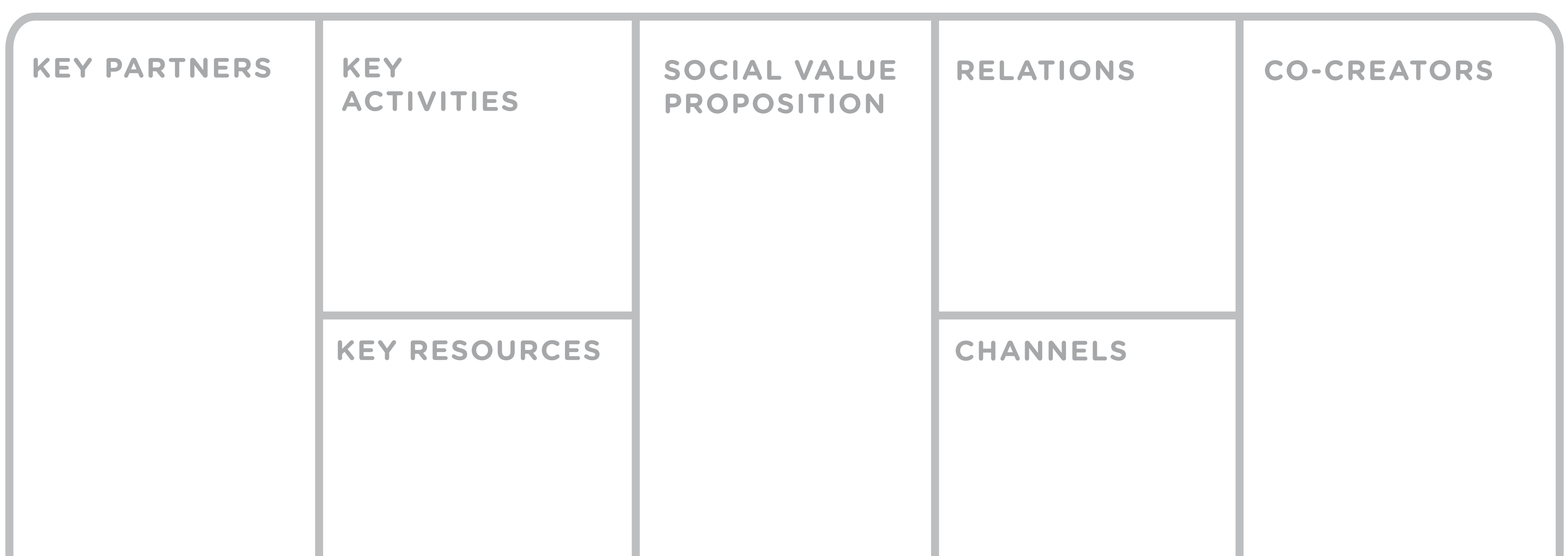

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DECODING THE BUZZ

5% canvas, *95%* individual skill set

The social sector is caught in the crossfire of some the biggest ideas of our time: Human-centered design, design thinking, Lean Startup, et al.

But something was missing. Changemakers still scrambled over the ambiguity. The conversations out there spoke of the "why," but little of actionable know-how aside from "tips & tricks."

How might one take all that advice and bring it down to earth for a small team to practice in *manageable* steps?

The Canvas Kit invites you to start with the *heart* of your organization: The business model. Rather than a disconnected encyclopedia of "tips & tricks," what's conveyed here is a way to *chain* the bare essentials together towards creating the canvas from start to finish.

Chaining these skills towards the creation of a paper prototype — *a strategic physical artifact* — makes it more likely that the skills applied will become *tacit* knowledge.

Finally, I introduce *process*. It's not for stifling with a rigid formula, but to *connect* these skills and *unify* team direction. Get comfortable with the basics first, then get a feel for what you can modify later.

tacit knowledge

Knowledge built up over time through *experience.*

Let's set the **tone, intent, and expectations**

Dedicated to the *pioneering* nonprofit that wants to thrive, rather than just survive.

The Canvas Kit is for nonprofit leaders, staff, and their stakeholders who want to rapidly prototype a new business model, or solve conflicts in their current one.

The approach guides you through a fluid step-by-step process to create one paper canvas. It blends Lean Startup principles, concepts from human-centered design, and applied creativity — all keys to achieving breakthroughs and overcoming problems in any business model.

Creating this "blueprint" is your main goal, but to achieve it, the kit also teaches how to collaborate together with *speed* so that you can create an accurate one — meaning, a canvas that *isn't* riddled with old data or assumptions. This prototype can then be used to inform new revenue strategies.

One last thing: You'll see that this is biased towards **simplicity** and **action**. Why? Because meaningful insights are gained through **immersion in the field** to better understand what's *real* and what *isn't* real about your nonprofit. Just enough guidance is presented so that you can get out there and start verifying things on your own. In *Lean Startup* talk, this venturing out into the real world is called **"getting out of the building."**

prototype [proh-*tuh*-tahyp]

A prototype is a tangible mock-up like a *sketch, drawing, or physical model* that represents the **future state** of something. It provokes people for feedback and inspires ideas on what that *something* might be like in the future.

The three rising and **irreversible trends**

What's making this *inevitable* for all nonprofits? Here are the three themes that make your business model **top priority.**

TREND

1

TIGHTENING RESOURCES

The Nonprofit Finance Fund's State of the Sector Survey for 2013 says that **low financial resources** is a persistent problem. Here are some notable stats from the survey:

- 42% of survey respondents report that they **do not have the right mix of financial resources to thrive and be effective** in the next 3 years.
- 1 in 4 nonprofits has **30 days or less cash on-hand.**
- Over the next twelve months, **39% plan to change the main ways they raise and spend money.**
- 23% will seek funding other than grants or contracts, such as **loans or investments.**

Visit the link to this survey to get a fuller picture. **What other insights can you draw?**

The economic climate is worsening. Donor funds are getting strained and nonprofits are being provoked to complement traditional sources of funding with new revenue streams.

Nonprofits are also being prompted to withdraw from self-limiting attitudes that hold them back. This includes the "charity mindset," the starvation cycle that many nonprofits are forced to accept, and accepting donor money with strings attached which make nonprofits deviate from their original vision.

Also, Guidestar, Charity Navigator, and the BBB Wise Giving Alliance kickstarted an awareness campaign in the summer of 2013 to advocate the end of using the "overhead ratio" as a sole indicator of a charity's overall performance.

Nonprofits are problem solving enterprises at the core. They need the resources *and* infrastructure to achieve their mission.

TREND 2

RISING COMPLEXITY

Change and **complexity** mean different things to people, but just what *exactly* are we all up against? Let's unpack the buzzwords together and define what change really looks like for the **lean-thinking, design-oriented, 21st century nonprofit**:

- Globalization
- New government policies
- Big data
- Shifting marketplaces
- Evolving technologies
- Evolving communications
- Changing attitudes and preferences from donors, clients, and constituents

Sometimes, nonprofits forget how these paradigms affect the total scope of their mission.

One assumption to discard is the belief that we're unaffected. Our mission frontiers have shifted indefinitely and they'll continue do so at a rate that we cannot control. The underlying events of these paradigms make up a vast ocean of complexity which all nonprofits **must inevitably navigate.**

Think about how many organizations find later on that their mission and objectives have become misaligned. How long and how well did they play catch-up?

The kit helps you make sense of hidden opportunities **now**, rather than *later* when a crisis suddenly hits.

Here's a quick example

One organization has stuck with direct mail for a long time. But in the age of responsive website design and social media, multiple channels like Facebook, Twitter, and email can be leveraged together. Even their website isn't quite designed for the times. How might they use social media to expand advocacy or increase donations? How might one find out what its audiences think or prefer? How might they reshuffle resources in their organization to make way for these changes?

TREND
3 LEAN STARTUP, LEAN NONPROFIT

A different kind of capacity-building is needed. Right now, there's rising interest by nonprofits into the lean startup movement.

Why? Because nonprofits share similar challenges with startups:

- ✓ Constrained resources: **Time, money, and energy**
- ✓ The need to **experiment, test, and measure outcomes, and eventually reiterate** on a product or service.
- ✓ The need for **agility, creativity, and flexibility** in operations
- ✓ Operating under conditions of **extreme uncertainty** (relates to Trend 2)

With that said, you also have to acknowledge this one thing alone:

In a world of rapid change and constant flux, one of the greatest risks anyone can take is to design anything based on "common sense" and other untested assumptions.

You don't *have* to be a tech startup to adapt lean startup concepts and attitudes. **A startup is any human enterprise that provides value.**

Programs and services in the social sector can endure long cycle times before results can even be evaluated. And in between that time, a *lot* can change. That's why testing assumptions first is a crucial part of the kit. It helps us see which of our efforts create true **value** and which ones might actually be **wasteful.**

The meaning of value and waste isn't all that different for nonprofits, either. **Value** is the benefit created through programs, services, and other activities. **Waste,** on the other hand, is anything else that consumes time, energy, and money, yet doesn't create any benefit.

We can use a similar lens and ask:

"What in our business model creates real value, and what might be wasteful?"

Value
The benefits created through your programs, services, and other activities.

Waste
Whatever else consumes time, energy, and money, yet creates *no* benefit.

ASSUMPTIONS
ESTD. YESTERDAY

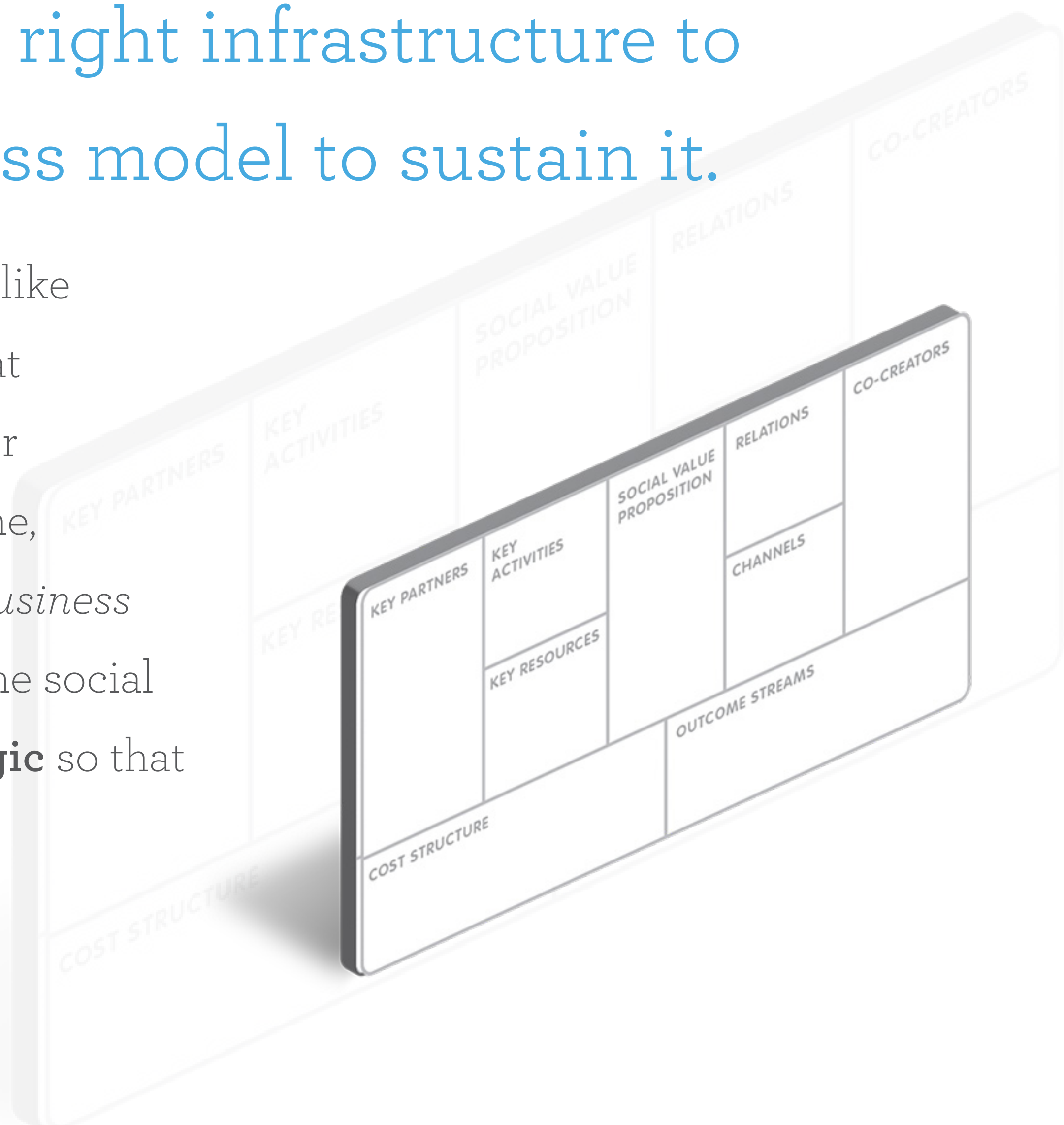
*One of the greatest risks anyone can take is to design **anything** based on "**common sense**" and other untested assumptions.*

Start with your **business model**

VISUALIZE HOW RESOURCES FLOW THROUGHOUT YOUR NONPROFIT

Nonprofits need **two** things to adapt: The right infrastructure to maximize outcomes, and the right business model to sustain it.

Before you can decide what to change, you have to know what you look like first. **The original Business Model Canvas** is a one-page visual tool that demonstrates the 9 key elements of any enterprise. Dr. Alex Osterwalder first developed this idea for his dissertation at the University of Lausanne, Switzerland, and then later refined the canvas in his best-selling book *Business Model Generation*. The canvas has been praised in both business and the social sector as **the fastest way to convey any organization's "business" logic** so that clear strategic decisions can be made.



So why redesign the canvas for nonprofit organizations?

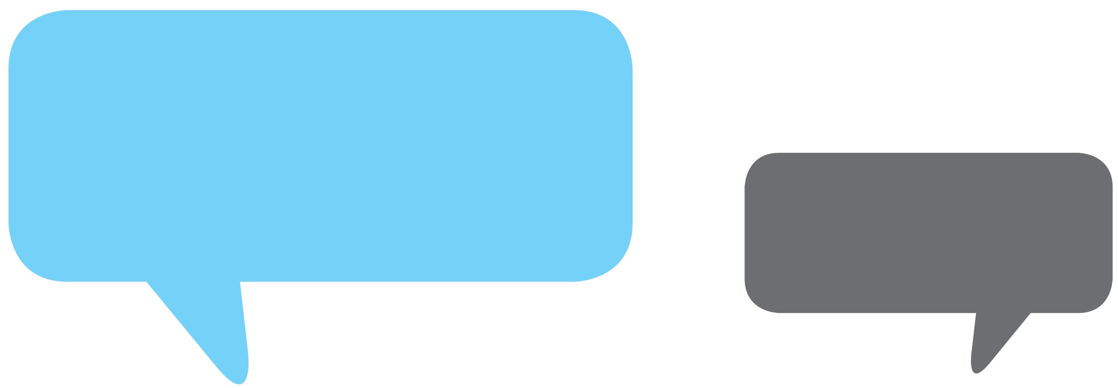
The **nonprofit business model canvas**

WHY REDESIGN ONE FOR NONPROFITS?

Well, there are two major reasons. First, the Nonprofit Business Model Canvas was redesigned to better match the logic and context of nonprofit operations.

Since the original canvas was released under the **Creative Commons Share-Alike** license, anyone could revise the canvas according to different contexts as long as original credit was retained and the same license was used. I like using the analogy of a ship sailing through an ocean. Your **canvas** is like a blueprint showing your ship's anatomy. You'll have to cast off one day, but is your vessel designed to navigate and sail through unpredictable waters?

A ship in port is safe, but that's *not* what ships are built for.



Second reason?

Many of the business model challenges are unique to nonprofit operations:

1. Making sense of challenges unique to the nonprofit sector: Mission creep, mission drift, misaligned social value proposition, unfocused resources, lack of overall strategy, underfunded, etc.

2. For the nonprofit, the “customers” may be the clients or the beneficiaries that receive services.

3. You also have to consider the fact that you have a social value proposition in which donors expect a “social return.”

4. Diverse stakeholders: Volunteers, beneficiaries, investors, philanthropists – all which can be further segmented.

5. Dynamic stakeholders relationships. For example, a donor might not just be a donor, but also be a beneficiary of services.

6. Diverse outcomes: You also need volunteers, membership sign-ups, behavior change, mission-related outcomes etc.

7. Multiple Social Propositions: one for beneficiaries, one for donors.

8. Emerging trends that prompt nonprofits to revisit their canvas blueprint more often than usual: Marketplace trends, cross-sector collaborations, political developments, web and technology advances, etc.

9. Rapid immersion, rapid prototyping and continual reiteration where necessary

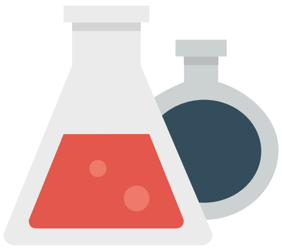
10. Emphasis on qualitative design research to test assumptions.

A framework to take you through **exploration**

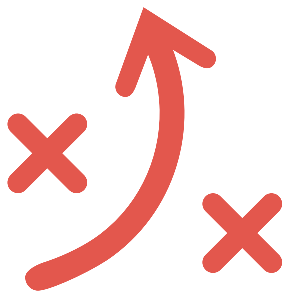
PUTTING A NAME ON A PROCESS THAT WE ALL DO NATURALLY

While many people have done their own nonprofit canvas redesigns, the *Canvas Kit* focuses on crucial questions that nonprofits needed to answer:

Do you know your **true and full costs?**



Do you have the **operational foundations and revenue models** to *adapt* to the future?



And if not, how might you **improve, change,** and **build momentum** *right now*?

The problem? These questions couldn't be answered by the nonprofit board alone. They couldn't just download the canvas, discuss it amongst themselves, then write out what they *felt* to be the answers, the solutions, and then just leave it at that. Not without going out into the world, investigating it, and *validating* it.

They also couldn't exclude **the participation of other staff, volunteers, and stakeholders** who might hold meaningful insights which might lead to breakthrough ideas.

Finally, there's the danger of hyper-focusing on the tool. It wasn't just the canvas that mattered, but *what* and *how* the data was collected.

Would the canvas really be an accurate depiction of where the nonprofit stood? Or just based on old data and personal feelings?

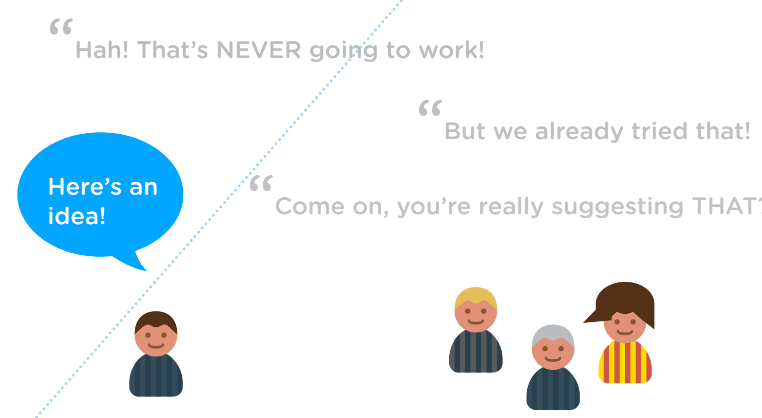
I've presented a structured but fluid step-by-step process to counteract those dangers and keep team discussions **productive**. It's a modified version of what is essentially called the *Osborne-Parnes Creative Problem Solving Process*. I've added it here to help *unify* and *focus* your team's efforts.

CPS is an **open** process that goes way back. Many contemporary design and innovation firms have modified it to fit the context of the industries they specialize in.

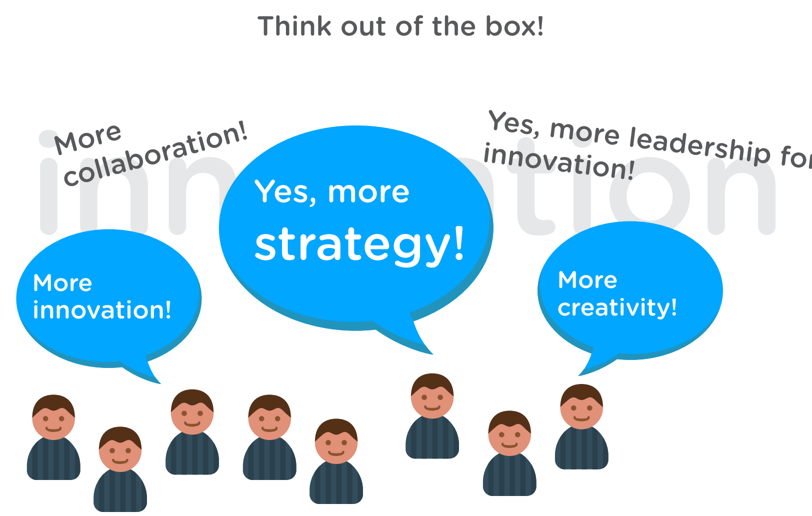
You'll also see the same necessary *collaboration* skills:

1. **Diverging:** Generating a vast quantity of ideas or new questions.
2. **Converging:** *Wisely* evaluating for the best ideas.
3. **Deferral of judgment:** Avoiding the premature judgment of ideas.

Strategic Conversations: The Canvas Kit's process is about structuring everyone's creativity together for maximum productivity.



What's *unproductive*? Judging ideas too early. It's like accelerating and braking at the same time. **Deferral of judgment** is a skill that separates the two, and it can mean the difference between finding *truly* breakthrough ideas, or forging on with the same old, same old.



One last thing: This is a proactive process. It's true that thinking differently requires thinking *creatively*, but it also requires us to do it continually. And real creativity isn't just about having one great idea, but about implementing (or reiterating) on ideas that have both **novelty** and **social impact**: That can be through a new service you've created, or a better business model that helps your organization evolve.

So before getting to your great ideas on *what* to **change** or **create** in your business model, you have to know where you stand in your current one, **first.** You must create your first snapshot of the big picture.

- Well, what kind of data do we need?
- Where are our limited resources *really* going?
- What's really providing value, and what's actually wasteful?
- How do we know what to design and how to make it?

Read on.

Radio Noise: Everyone seems to be talking about creativity and social innovation these days. That's fine, but most advice and articles are clobbered with **ambiguity and clichés.** What's really missing from the conversation is defining explicitly *what* these underlying skills are, and **how** to develop them.

Testing assumptions with **design research**

WHAT DOES IT REALLY TAKE TO DEEPLY UNDERSTAND PEOPLE?

The goal is to deeply understand people, their motivations, and aspirations. The standoff between market research vs. **design research.**

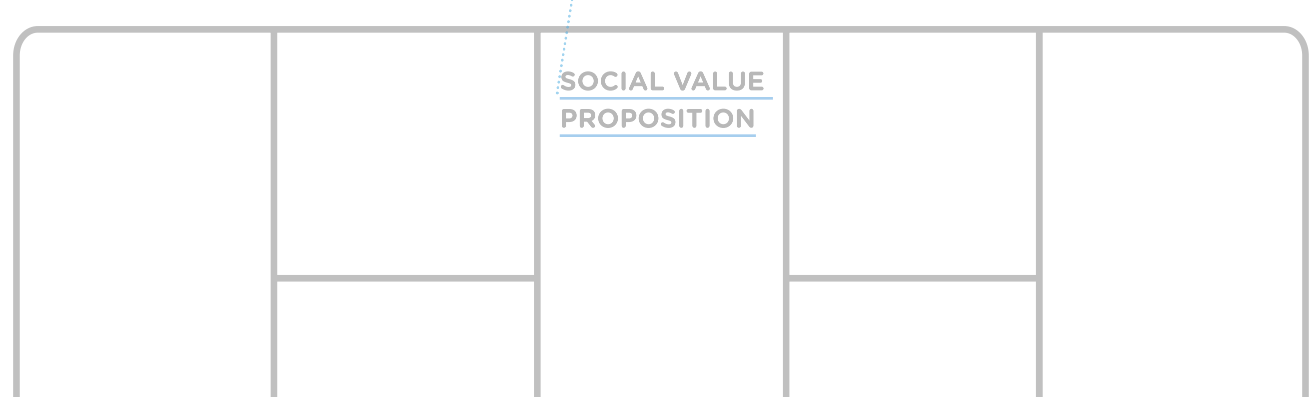
Market research is used to predict the behavior of large groups. It can be used to predict mass responses and what large groups of people *might* do.

But this data won't tell you what your clients' or constituents' real motivations are. It also won't explain why your services or programs aren't achieving the desired results. Finally, it won't tell you what service to make, or *how* to make it.

That's what **design research** is for: To seek the hidden details and deeply understand *unmet* needs. You'll see here a high emphasis on ethnography and design research, but don't worry about the terminology so much – The point here is to deeply understand people, their motivations and aspirations. And then to use our own **humanity, empathy, and understanding** to quickly inspire the design of your business model.

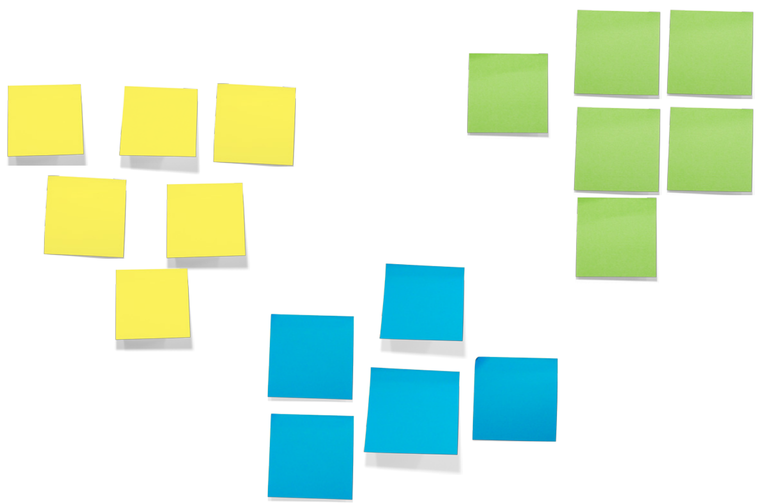
The Canvas Kit has a growing repository of these tools you could use to dig deep for the information you need.

Design research looks for *peculiar* and *unique* data to discover unmet needs, trigger new insights, and inspire new ideas.



Why visualize **your data?**

GO BEYOND SIMPLE SWOT CHARTS AND VENN DIAGRAMS



A part of rapid collaboration comes from how well we communicate and connect the dots.

Let's recap: Before deciding what to change or create, we must first understand what's creating value and what's just waste.

We know that the original canvas template has been redesigned to better suit the nonprofit context.

We know that the Canvas Kit's modified CPS process will structure everyone's thinking for maximum productivity around the canvas.

We know that design research is used to find unique and peculiar data to inspire the design of our business model. It's good for seeking unmet needs and testing assumptions.

Now once we've collected all this data, how do we make sense of what the data tells us? Well, many methods in the kit will help you make sense of all of the information.

THE BENEFITS OF SENSEMAKING THRU **VISUALIZATION?**

- ✓ Build a shared exploration and understanding among teammates
- ✓ Build a shared sense of idea ownership
- ✓ Memoing on post-its allows you to instantly manipulate and move data around on the canvas
- ✓ Trigger flashes of insight and special aha! moments
- ✓ Scan and engage the data better: Capture patterns, hidden insights, hidden assumptions, and discrepancies
- ✓ Helps counteract one-sided, one-dimensional conclusions

NONPROFIT BUSINESS MODEL CANVAS

VERSION 2.0

OPERATIONS LEVEL

ENGAGEMENT LEVEL

KEY PARTNERS

Who are our key partners and suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform? Example partnerships:

1. Strategic alliances between non-competitors
2. Coopetition: strategic partnerships between competitors,
3. Joint ventures to create new "x"
4. Cause Marketing alliances
5. Advocacy alliances
6. Buyer-supplier relationships to assure reliable supplies.

KEY ACTIVITIES

Which key activities do our social value propositions require? What activities are needed to sustain operations? Examples:

1. marketing
2. campaigns
3. events
4. production
5. development
6. training
7. networking
8. research
9. service delivery

KEY RESOURCES

Which Key Resources do our Value Propositions require? What other key resources are needed at the engagement level? The operations level? Examples:

1. physical,
2. intellectual
3. human
4. financial

SVP (social value propositions)

What programs and services do we deliver? What problems or challenges are we trying to solve? What value do will we deliver to co-creators? What's in it for our co-creators?

RELATIONS

What kind of relationships do co-creators want from us? What bonds do we establish and maintain with them? Examples:

1. community
2. co-creation
3. accountability
4. self-service
5. direct action
6. automated services

CHANNELS

How do we reach co-creators? How do they want to be reached re: the delivery of our Value Propositions? How do we provide ongoing communications, support, and awareness? Examples:

1. brick + mortar
2. online
3. mobile
4. purchase touchpoints

CO-CREATORS

Who are our stakeholders? For whom are we creating value? Who helps us create Outcomes or our Value Propositions? Examples:

CATEGORY 1

1. investors
2. philanthropists
3. high donors
4. low donors

CATEGORY 2

1. clients
2. constituencies
3. recipients

CATEGORY 3

1. volunteers
2. participants
3. collaborative partnerships
4. advocacy

CATEGORY 4

1. customers
2. members

COST STRUCTURE

What does it really cost to run our nonprofit operations? What costs are inherent in our business model? Which Key Resources and Activities are the most expensive? What does it cost to run and maintain the Operations Level?

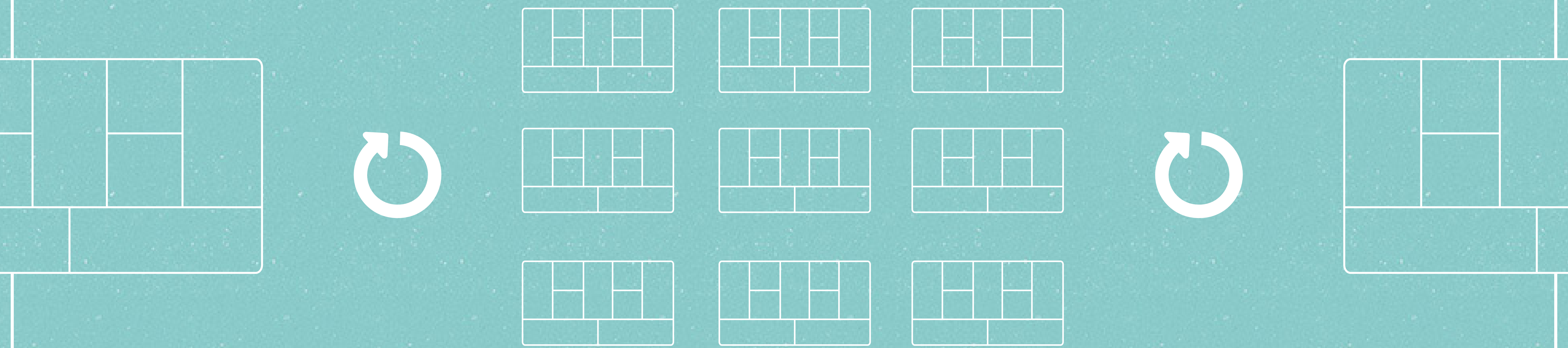
Examples:

1. OpEx, overhead, and administrative costs.
2. fixed costs, variable costs, economies of scale / scope.

OUTCOME STREAMS

What value is the co-creator truly willing to return or contribute? What routines and processes do they prefer? Mission related milestones?

1. FINANCIAL OUTCOMES: donations, grants, sales proceeds, x revenue, membership sign-ups, one-time transactions, recurring transactions
2. NON-FINANCIAL OUTCOMES: behavior change, x social impact, mission-related milestones and outcomes, membership sign-ups



SOME LAST WORDS BEFORE YOU ENGAGE

NOW THAT YOU KNOW

THE KIT WILL BE IN CONSTANT REITERATION

There's no doubt the nonprofit sector is slowly adapting itself to new ways of thinking. The pace is slow, but it's getting there. But I think individually, *you* can get a head start and *stay* ahead. With that said, the kit will strengthen and update over time. But the goal will always remains the same:

Complete a canvas from start to finish, and help nonprofits create new options for themselves.

AND FINALLY

BE DELIBERATE AND COMMIT

Prototypes inform *what* to change.

But the final *act* — implementation — comes from you. Be deliberate and commit to the process at least once, and see what you dig up.

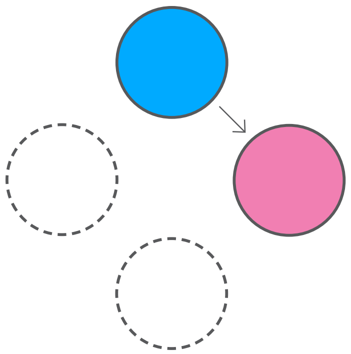
When it does come time to execute change — like remodeling your business model — then you must act on it.

Remember: We don't resist change itself, but the path *towards* it, the initial discomfort coming from doing things differently for the *first* time. All paths to self-discovery are like this. After all, we always face something new in our routine lives which force us to think differently or creatively than before, whether that's a riveting email, a shakeup in our relationships, or just in our daily activities. And no matter the outcome, we always overcome it: Either a job well done, or a hard lesson learned.

We might assume it's the *lack of resources* that holds us back from doing anything. But now it's time to test that first assumption. It's time to find out where you stand and see what options you *can* create.

Crossroads:

What are the costs of **change** versus the costs of things *staying the same?*



This scenario demonstrates:

1. Clarification
2. Ideation

MOVING INTO CLOUD IT

Dolphin Research Organization (DRO) is a Hawaiian nonprofit dedicated to the study, rescue, and research of Spinner dolphins. They perform educational outreach with schools, on-site workshops and classes, marine research, and environmental project development.

The DRO has improved their Social value propositions and thus expanded their different financial outcome streams. Aside from memberships, private foundation grants, a gift shop, and generous corporate donations, they've also built small on-site attractions and interactive programs that engage the public. This has supported their facilities since they operate in both a natural setting and high tourist area.

Research and teaching is always an important part of their work. They've also expanded the educational aspect of their mission by implementing internship programs and college accredited courses.

A GLIMPSE INTO THE CHALLENGES

The nonprofit is growing fast. As their member base, business processes, and public attention flourish, this also means that their IT backbone needs to be redesigned to support their growth.

DRO has long depended on traditional outsourced IT: Website hosting, file storage and backup, email, break-fix issues, etc. Their house file is tracked on an Excel spreadsheet.

They still operate a legacy IT infrastructure. Email and website hosting is outsourced, too. Memberships and donations are growing, but scalability is becoming a nightmare.

CLARIFICATION

DRO wanted to move parts of their IT infrastructure to the cloud, but the ripple effects need to be visualized. It's best to get the full picture to see where they should focus their energy. Clarifying situations is the heart of framing complex challenges.

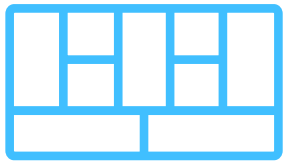
In canvas-speak, the current IT infrastructure is a Key Resource. It helps staff carry out their Key Activities like donor management, print newsletters, and other marketing.

Key Partners are strategic partnerships with people and institutions. They provide Key Resources or do those Key Activities in which they can't do in-house. Here, it's the local print shop and the outsourced IT company who handles their email, websites, and hardware.

Cost Structure deals with the stuff that has substantial costs in maintaining the operational side of things. In this case, it's salaries, office leases, facility upkeep, and the fees associated with that local IT services company.

Plotting what they know

Team members plotted their canvases individually before merging theirs on a bigger one on the whiteboard. This became the canvas for testing what they thought they knew about their business model. **(Fig 1)**



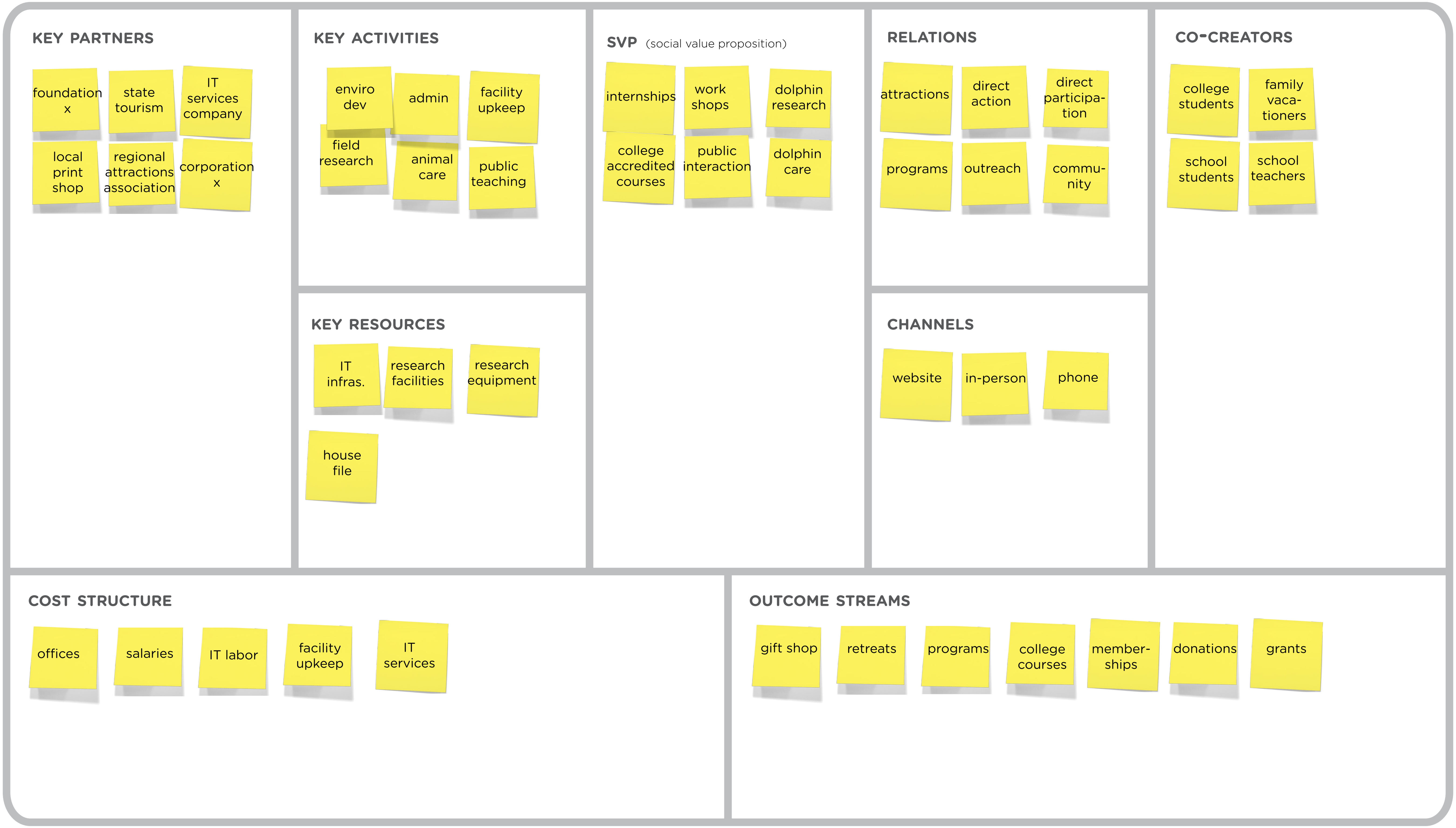
1ST CANVAS: Assumption Canvas

Validating and seeking new facts

Each team member gets a copy of **(Fig 1).** They use it as a reference before exploring and verifying what they know. The group also developed some great prompter questions about what data and facts they needed to seek out. Here's a couple of them:

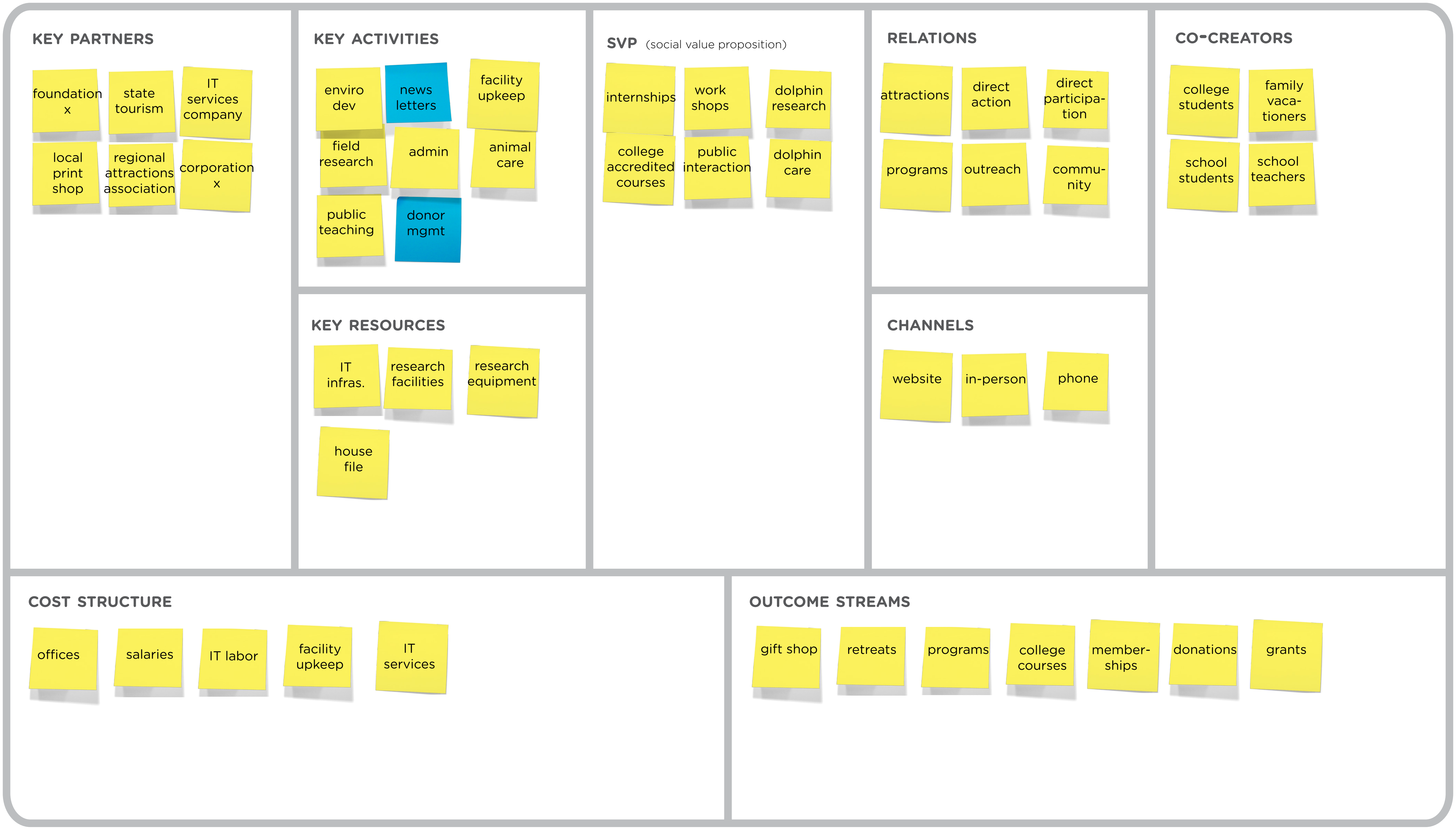
- Who, or what, needs priority?
- Why are we, or others, really seeking this kind of transition? And how much work would it take to migrate their data?
- What would the true costs be in the long-term?
- Any staffing or training issues?

FIG 1: 1ST CANVAS



1ST CANVAS: PLOTTING WHAT WE KNOW SO FAR

FIG 2: 2ND CANVAS



UNCHANGED

NEW ADDITION

2ND CANVAS: AFTER TESTING ASSUMPTIONS, ONLY A FEW EDITS WERE NEEDED

- How might moving into the cloud affect overhead costs?
- Administrative costs?
- How does it affect our staff's Key Activities?
- What's the impact on Stakeholders or Co-Creators?

This also helped formulate the right kinds of questions before they gathered information through internal interviews.

Many of the productivity and workflow concerns came from staff members who were already discontent, so the team already had good starting points so that they can further clarify the issues.

The team had made it a priority to be both timely *and* thorough. Each member was given autonomy in collecting staff feedback before the deadline.

Making sense of the data

The team gathered as much data as they could before their agreed-upon deadline. Everyone had new Aha! Insights jotted on their reference canvas.

They met up together again and used a simple sensemaking tool — the affinity map — to group insights onto sticky notes and discover important and hidden themes about their data. (not shown)

Using the canvas + new exploratory data to create an affinity map.

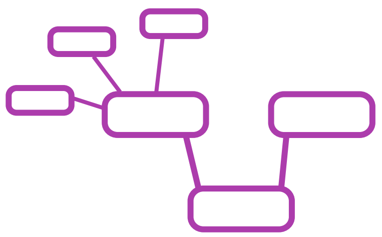
Here's what they now know: Only a few edits were needed on top of their 1st canvas. They realized maintaining the house file ate up so much time and energy that it might as well be called a key activity. Another key activity, and the biggest part of their marketing, were print newsletters. **(Fig 2)** is the 2nd canvas which is the closest depiction of their true business model *at the present moment.*

They realize only one staff person manages the Excel house file. Whenever someone else needed access, a copy of it would be sent through email, and it was hard to track revisions and human errors. If they ever hired new staff, multiple people might need access to it. Sending large sensitive data like this was not just a productivity issue, but a security issue, too.

Some staff members wanted to start an official blog and send email newsletters, but most website concerns — whether a tech glitch, new addition, or minor change — always needed to be coordinated through their outsourced local IT services which consumed a lot of time and personal energy.

Staff members even struggled to navigate their own website. Contact information was scattered and out-of-date. It wasn't optimized for mobile, and the layout was counter-intuitive. First-time visitors failed at finding the information they needed. They discovered some real instances where people randomly called any listed phone number they found just to ask specific questions. Websites are mission critical since most of the activities in their Social Value Proposition block relied on prospects visiting the website to find specific information.

Finally, the local IT services company doesn't do website design per se — but for a monthly fee — still hosts their website using a basic, non-responsive website template.

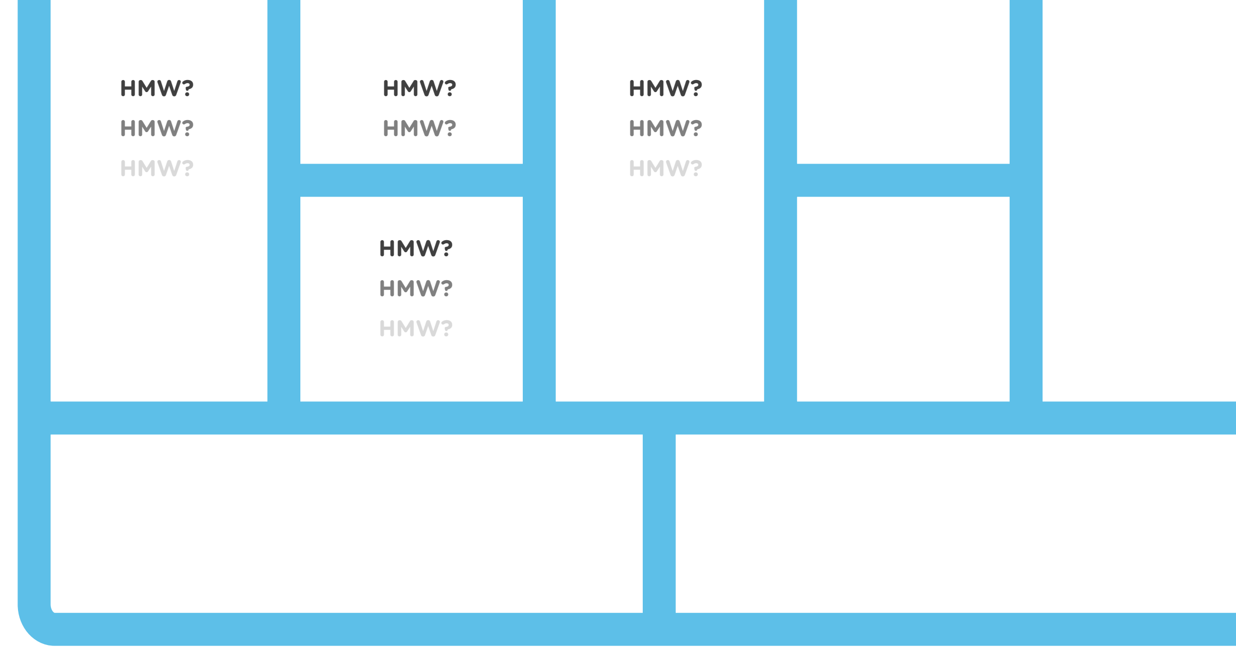


AFFINITY MAP

A SENSEMAKING TOOL

Used to group large amounts of data into logical themes.

Benefits: Facilitate clear communication, maximize meeting productivity, and foster team alignment.



Plotting the top three challenges: Using the canvas, affinity map, and prompter questions, they made a long list of challenges using simple and direct sentences. There were so many to choose and they knew they couldn't focus on all of them. So they agreed to narrow the long list down to their top three most pressing challenges. They wrote their concerns in the format of "How Might We?" (HMW)

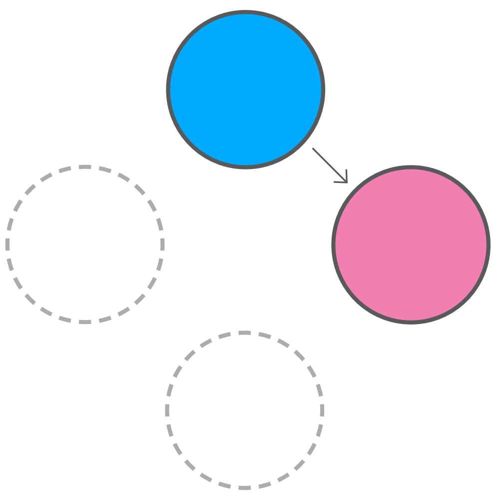
LISTS
AN IDEATION "TOOL"

Don't underestimate lists! Sometimes you just don't need a "tool" or method to generate ideas. Ideas may flow so fast that *just writing them out* is the best way to capture everything before you forget it all.

1. *How might we create a website that better accommodates our "business" processes?*

2. *How might we add blogs and email newsletters to our existing marketing workflow?*

3. *How might we better manage donors, volunteers, and constituent databases?*



IDEATION

With the situation clarified, it was time to create a paper prototype of what might be added or improved in the business model.

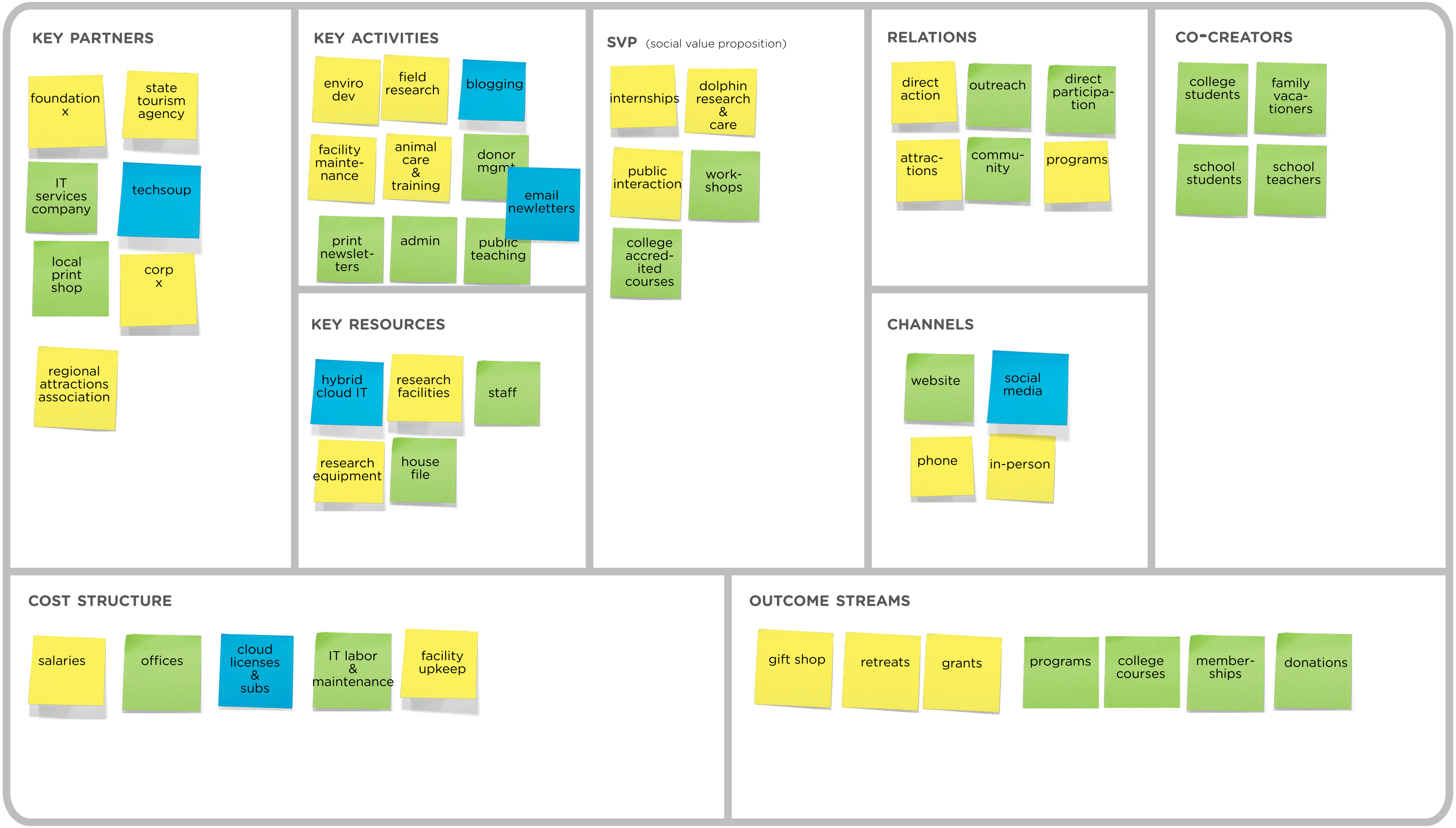
The team allowed two weeks to let these new challenge statements sink in. Everyone was encouraged to **generate** and **incubate** new ideas in their own time.

It was understood that sometimes our best ideas also arrive when we're away from the drawing board.

There are plenty of ways to approach this part before the group reconvenes in two weeks. Some opted to focus on the blocks in question and just write a long list of ways to solve the **HMW challenge statements**.

One can also take a copy of their nonprofit's 2nd canvas and jot their new ideas as long as they focused on solving the challenge statements. The only caveat would be to remember that any addition, change, or removal will also impact surrounding blocks.

FIG 3: n^{TH} CANVAS



UNCHANGED IMPROVE NEW ADDITION

n^{TH} CANVAS: A COMPLETED PROTOTYPE.

Example 1st prototype

Remember the still pond analogy: The ripples come from blue and green stickies.

Here's their first paper prototype **(fig 3)** if we took into account their top three HMWs. Let's roleplay one person's thinking for each block.

KEY PARTNERS

Unchanged: Foundation "x," state tourism agency, regional attractions association, corporation "x"
Improved: IT services company, local print shop
New: TechSoup

Techsoup becomes an important partner in providing most donated software and discounted cloud subscriptions.

DRO reduces time and money spent for local IT services. They come in only when hardware "breaks." They no longer provide email and website services. Instead, DRO may begin developing a migration strategy into either Google Apps or Office 365. This eases up the Cost Structure in the long-term.

KEY ACTIVITIES

Unchanged: Environment development projects, field research, facility maintenance, animal care & training
Improved: donor management, print newsletters, administrative, public teaching
New: e-newsletters, blogs

Staff training on new cloud apps wouldn't be too much of a problem because staff had already tried them out on the side. Most cloud apps are designed to be intuitive and easy to use.

The DRO may hire a professional firm to redo the website as part of its marketing strategy. The staff's blogging and editorial workflow may improve. And with a new website, they'll have a chance to do e-newsletters so that co-creators and various audiences can easily stay up-to-date and connected.

With a possible CRM (constituent relationship management system) looming, much of its donor management processes can be placed on auto-pilot. It may be easier to change, update, and organize information. It may be easier to segment the user base according to how much they pledge, donate, or communicate with the nonprofit.

KEY RESOURCES

Unchanged: Research equipment, research facilities
Improved: House File
New: Hybrid IT

Key resources can mean human, physical, financial, or intellectual. They help execute key activities. Here we see both human and physical resources improved. A hybrid IT infrastructure may alleviate some painful productivity issues that staff struggled with. Cloud solutions could improve project management, file storage, and document collaboration. Also, with a cloud CRM, the house file can be better organized.

A professional firm specializing in nonprofit website design might be brought in. They would have the know-how to integrate the nonprofit's website with CRM systems with their internal business processes (donations, automated membership renewals, etc).

COST STRUCTURE

Unchanged: Salaries, facility upkeep
Improved: Offices, IT labor & maintenance
New: Cloud licenses & subs

If the nonprofit decides to migrate to Google Apps or Office365, then local IT services like email and website hosting may be cut. That same IT services company may just provide break-fix services. If Techsoup happens to be a Key Partner, the nonprofit may qualify for discounted cloud licenses and subscriptions.

SOCIAL VALUE PROPOSITIONS

Unchanged: internships, dolphin research & care, public interactions
Improved: workshops
New: college accredited courses

DRO's social value proposition is embedded in their mission: "the study, rescue, and research of Spinner dolphins."

But what makes them different from the other research organizations? They're the only organization in their locale that offers internships, college accredited courses, workshops, and public interactions with dolphins. So they're not just any research organization. They encourage invite the public to be a part of the organization's daily activities. And they've been doing this well for many years.

They do plenty of educational outreach. Is it possible that their website and cloud application portfolio can assist in better organizing and communicating to the public about their social value propositions?

DRO also offers college accredited courses. What are their current teaching processes like? One interesting possibility here is employing a Learning Management System (LMS) like Instructure's Canvas to make teaching more accessible and enjoyable for both instructors and students. Keep in mind that this idea now strays from the original three challenge statements to focus on. It's important that the idea is put on the backburner for another time.

RELATIONS

Unchanged: Direct action, attractions, programs
Improved: Direct public participation, outreach & marcom, community
New: None

Relations delve into the ways we develop bonds and relationships with our co-creators.

DRO has various attractions, programs, and workshops that engage co-creators. This leads the way to pleasant experiences but memorable relationships with its community. With cloud computing and a website redesign, there's a good chance that communications and outreach will improve.

CHANNELS

Unchanged: Phone, in-person
Improved: Website
New: Social media

Social media is a different issue altogether, but with the way cloud applications integrate with social networks, one could consider it a future idea especially if the benefits are compelling enough. This might also prompt them to start thinking about how social media might weave into the rest of its marketing strategy. CRMs and cloud solutions can integrate with the new website and the rest of its business processes. The website is more than an online presence, but also a central communication hub.

CO-CREATORS

Unchanged: Direct action, attractions, programs
Improved: Direct public participation, outreach & marcom, community
New: None

The DRO was smart enough to segment their audiences into main categories of co-creators who typically visit their facilities: College students, public school students, teachers, and family vacationers.

As mentioned before, email newsletters and blogging might let staff better communicate and interact with their co-creators.

OUTCOME STREAMS

Unchanged: Gift shop, retreats, grants
Improved: Programs, college courses, memberships, donations
New: None

How do people sign up for programs? College accredited courses? How do they manage their donations and memberships? The business processes of these outcome streams may improve along with other key activities.

WHAT WAS ACCOMPLISHED?

This is the kind of strategic conversation that should be happening with the nonprofit business model canvas.

The Clarification stage reminded them that migrating some IT to the cloud is not just a productivity matter, but also a business decision. They needed to ask what the real costs of change may be. Any ripple effects have both benefits and drawbacks which weren't realized before.

This helped them become better informed and better prepared for the ideation stage of the process.

CONTEXTUAL INTERVIEWS

Observing participants in a work-based context lets you find new and critical insights which might've been impossible from traditional interviews.

RECOMMENDED FOR BLOCKS: Social Value Proposition, Stakeholders

Use contextual interviews to probe the existing design of your programs and services

Contextual interviews outshine traditional Q&A in two ways:

- They allow you to observe and probe as someone uses your product or service within their social and physical environment.
- They reveal why they do certain things as they do it. Sometimes we forget the small but insightful details of our experiences, details which could be overlooked in traditional interviews.

Contextual interviews are also work-based. You watch and engage the participant as they perform the work. This triggers valuable details which can yield new insights or validate other qualitative data collected elsewhere. Observing participants in a work-based context lets you quickly probe and posit a new question which might've been unavailable from a traditional interview.

Environmental & Experiential Triggers
With traditional interviews, your verbal vocabulary is the only cue, or trigger, for the participant to recall their experiences. Social or physical environment of the interview is irrelevant.

In contextual interviews, the social and physical environments matter because it also informs you of their influences related to the usage of a product or service.

Teacher and Student Roles
The interviewer takes on an inquiring "student" role and the participant takes on an active "teacher" role. As the participant performs and explains the work being done, the interviewer observes, takes notes, and probes further.

YOU NEED

- list of questions
- tape recorder
- camera
- pen/pencil
- paper
- supportive team members

PRECAUTIONS

- Use informed consent forms, if necessary.
- Preferably no more than 2 or 3 should be in your interview group so that the participant doesn't feel overwhelmed.

HOW TO DO IT

Step 1: ESTABLISH THE RELATIONSHIP

Make the participant comfortable. Clarify the intent of the interview. Explain that the participant will take on an active “teacher” role while you will take on a “student” role. If you are recording audio or video, ensure you get the participant’s permission.

Your list of questions is merely a starting point: It’ll help you focus on the kinds of insight you’re seeking, but know that the interview’s flow will take unexpected turns.

Step 2: ENGAGE

As the task is being executed, engage and inquire. Allow the participant to guide you as they perform the work. Be ready to improvise or posit new questions on-the-fly. Observe closely. Write quickly. Contextual interviews have a certain flow: The next question may not arise until the participant does something new or interesting. If something is unclear, or something new or insightful occurs, ASK the participant to elaborate.

Step 3: REVIEW and WRAP-UP

Ensure that future meetings and follow-ups can occur in the future. Review the audio, film, and other notes you’ve captured together with teammates and gather the key takeaways.

TIPS

- Active Observation: Heed non-verbal cues and body language; ask open-ended questions.
- After a sizeable amount of interviews, do affinity maps to sum up and synthesize all of your interview data.
- Suspend any judgments and beliefs as a student. The “teacher” knows more about the experience than you, so expect that you’ll learn something new.

AVOID

- Hypothetical questions: *“What would you do if...”*, Or any other questions that participants can’t clearly answer.

“

if i asked my customers what they wanted they would say a faster horse.

– henry ford