

# Final Thoughts

March 24, 2014

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1. Strengthening the value equation
2. Competitive advantage 101
3. Systems thinking and large scale change
4. Success stories: Angaza & Equal Access
5. Draw three venn diagrams (discussion)

# Strengthening the Value Equation

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ROGER MARTIN AND SALLY OSBERG

GETTING BEYOND BETTER

# Value Equation & *Disruption*

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- Must build ventures with both value and cost in mind
- Willingness to Pay = Value or benefit – cost

## How to restructure the value equation

- *Increase value with no increase in cost*
- *Maintain existing value at lower cost*
- How does this apply to organizations in *Building a Successful Social Venture*?

# Value Strengthening Mechanisms

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## Value Enhancement Mechanisms

1. Leverage information transparency standard (*mindshift*)
2. Measurement rubric to change government's frame of value and accountability
3. Adding value to asset through new methodology

## Cost Diminution Mechanisms

1. Lower capital costs by borrowing technology from one context for use in another
2. Platform technologies (radically lower marginal costs)
3. Substitute lower cost labor
4. Lower cost product or service with no decrease in needed functionality

# Value Enhancement Mechanisms

Venture	Transparency Standard (Mindshift)	Adding Gov't Value (Measurement Rubric)	Adding Value to Existing Asset (Process Innovation)
Grameen Shakti			X
Sankara			X
Fundacion			X
Build Change	X	?	X
Digital Divide Data	X		X
Equal Access	X	?	X
Industree Crafts	X		X
Kiva	X		X
Vision Spring		?	X
Video Volunteers	X	?	X
Ziqitza			X
Husk Power Systems	X	?	X
Angaza	X		X

# Cost Reducing Mechanisms

Venture	Borrowing Technology	Cost Reducing Platforms	Substituting Lower Cost Labor (Task Shifting)	Creating Lower Cost Product/Service
Grameen Shakti	X		X	X
Sankara	X		X	X
Fundacion	X		X	X
Build Change	X		X	X
Digital Divide Data	X	X	X	X
Equal Access	X	X	X	X
Industree Crafts	X			X
Kiva	X	X	X	X
Vision Spring	X		X	X
Video Volunteers	X		X	X
Ziqitza	X			X
Husk Power Systems	X		X	X
Angaza	X	X	X	X

# Competitive Advantage 101 and Your Social Venture

Sources of Competitive Advantage	Venture Strategy (High-Med-Low Potential)
<b>Strong brand:</b> A brand name associated with high quality, for example, will attract customers more easily than a lesser-known brand.	
<b>Switching costs:</b> Costs to customers to switch to different company (e.g., once a customer has an iPhone, iPad, or Mac, the idea of switching out of Apple ecosystem is daunting).	
<b>Low Production Costs:</b> Ability to deliver products or services for a lower cost have an edge over competitors; may also enjoy economies of scale; or, develop base of operations in a region with low cost of labor.	
<b>Bargaining Power:</b> Power over suppliers (e.g., Wal-Mart can be demanding of suppliers) or customers (e.g., small number of airplane manufacturers makes it hard for airlines to shop around)	
<b>Uniqueness:</b> Offering is seen as unique so can help to maintain pricing power (brands matter less for things seen as a commodity).	
<b>Inside information:</b> Having information (e.g., on underserved market) that rivals lack. First mover advantage—if operating in another country can have an edge over others that might want to operate there.	
<b>Intellectual Property:</b> Patents/proprietary technology can be valuable	
<b>Scope:</b> Offering a wide variety of products or services or one-stop nature can attract customers who won't have to visit multiple venues.	
<b>Network Effect:</b> Ability to attract many users; companies with big networks can be powerful (e.g., eBay attracts sellers with how many buyers it has and vice versa). Cloud-based platform technologies as scaling enabler.	

# Systems Thinking

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LARGE SCALE CHANGE



# Paths to Scale

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## *Beyond Revenue and Impact Growing Faster than Expense*

1. The Market: Scalable business models
  - Branching or franchising
2. Large nonprofits: Philanthropies seeking “bang for the buck”
  - Catalyzing sector solutions
3. Networks
  - Affiliation Co-opt other organizations/ network of networks
  - Dissemination Social Movements / Imitation / Open source / Viral Spread
4. Government & Multi-lateral Agencies (UN, WB, IMF, OPIC, etc.)
  - From aid / welfare to “mind shifts” in public policy
5. *Disruptive Technology*
  - Lower cost, less wealthy, greater convenience

# Celebrating a Legacy: *Where Eric and I were on Saturday Night*

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- Tech Awards Videos
- Angaza & Equal Access
- <http://www.equalaccess.org/>

# Draw three Venn diagrams

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1. Scalable social innovation venture
2. Systems thinking
3. Reason + sympathy (what word would you substitute for sympathy?)

- *Enlightenment Now—The Case for Reason, Science, Humanism, and Progress*, Steven Pinker