5 ways to use the Social, User & Financial Value Model for social innovation

In partnership with

nominettrust

Product design for social change

Shift

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Introduction

In spring 2013, we kicked off a different kind of partnership with the Nominet Trust, which created space to not just develop new products and services, but also to think hard about the processes and methods behind these research and design activities and to share what we learnt.

By the middle of that year, we had in place a process of asking ourselves three sets of simple questions at every stage of research and design and an internal commitment to giving equal attention to each:

1. How can we generate **social value**? What social problem are we solving? Exactly what are our measurable social outcomes and what can we learn from existing evidence about how to deliver them? How can we measure impact as we develop and grow these products and services?
2. How can we generate **user value**? What user problem are we solving? Exactly who is our user, how can we build a clear picture of their needs and how can we meet them? How can we assess the degree to which we're meeting these needs and demonstrating traction as we develop?
3. How can we generate **financial value**? Exactly what are our potential sources of revenue and how can we learn about the needs of these sources and how to meet them? How can we build a business model around these needs? How can we use them to inform ongoing design?

We started to describe these three buckets of aims, questions and criteria as our three strands of value - social value, user value and financial value - and built our design approach around the need for them all to be carefully understood, deliberately designed into products and services and relentlessly measured.

The phrase "not rocket science" came up fairly often in discussion.

Nevertheless, it turned out that this was a widely useful triumvirate of questions. We presented these ideas at a Nominet Trust gathering in summer 2013 and the approach proved useful. For example, it evolved, through discussion and testing with the Nominet Trust team, and was taken up as the Triple Helix of Social Tech Innovation and integrated into the Trust's assessment and support processes.

After several years of applying (and discussing) this approach, on the portfolio of Shift products, ventures and R&D projects and with partners and clients, the Social, User & Financial Value Model has kept on moving forward into a more intricate research and design methodology, helping us work on both new and existing products, services and programmes.

In 2017, through the next phase of our partnership with the Nominet Trust, we will open this up much further, hopefully creating a process that others can use all or, more likely, parts of.

Here are five specific ways in which this Social, User & Financial Value Model has proved useful.

i. Laying the foundations for innovation

Any design project, whether it sets out to create something new or improve something that exists, needs strong foundations.

We often refer to these foundations as “value models”, which reflects how they can be used to identify, understand and articulate the potential value that we intend to create in the world and provide the ongoing criteria for tracking progress as we develop and test this value.

Very often, social organisations and entrepreneurs have significant personal or direct experience of particular issues, audiences or markets and, if they’re working on existing products, services or programmes, considerable experience of implementing them. This experience is hugely important, but one of the aims of having a framework for design is that it prevents relying solely on experience and instinct, which inevitably contain assumptions and biases.

This is where the Social, User & Financial Value Model can be particularly useful. It forces you to ask fundamental questions and draw on insights, data and evidence outside of purely personal and organisational experience.

At Shift, we approach these underlying value models as follows:

Social value - how will we have profound, measurable impact?
At Shift, our social value models aim to draw on the best available evidence and provide the foundations for the greatest possible impact. They identify a) specific, measurable societal-level outcomes and (normally) individual-level outcomes b) the audiences whose actions will that drive these outcomes c) the activities evidence shows can drive these outcomes amongst these audiences.

User value - how will we meet the immediate needs of our users?
We take the target user segment identified through the development of the social value model and aim to create as detailed and sensitive a picture of their world as possible - their needs, preferences, priorities, challenges, aspirations; their relevant patterns of behaviour and significant social, cultural, environmental and commercial influences in their lives.

Financial value - how will we generate sustainable and scalable revenue?
We aim to identify and understand potential business models for the relevant sectors, categories, users and customers. Crucially, it forces the question to be asked early on - who is our customer? This customer - or main source of sustainable revenue - is often not found amongst users themselves, so this demands a different set of insights, data, feedback and examples to the user value model.

Running through all of these models are always a series of assumptions: the evidence for how to have impact is never clear cut, user segmentation is not a precise art and no degree of analysis can provide a recipe for generating financial value. The better understood and articulated these assumptions are, however, the more deliberately you can learn about them and reduce them.

ii. Running tests and evaluating progress

As you're designing something new or improving something you have, how do you regularly measure progress in a holistic way?

Strong foundations for innovation inform the direction and underlying criteria for this and the tests that you continue to run during each design cycle provide the data and insights. Using the Social, User & Financial Value Model to design and run these tests can be a really helpful way to make sure that what you're creating doesn't become skewed.

If you're testing becomes imbalanced and ignores one of the 3 strands of value, the product will suffer and problems like these can emerge:

a) The "If we can just force them to use it every week, this will change the world!" Problem
30 students in a room used the app and experience significant benefits in relation to a control group… began the impact report. Randomised controlled trials are great and we use them ourselves, but unless you design and run tests for user value just as rigorously and honestly, you can end up with a product, service or programme that no-one wants to use - no-one chooses, loves and reuses it and no-one will unless they're if forced to sit in a room for an hour a week. This is one of the reasons why the costs of things like engagement and adherence are often so high - because testing during design often neglects user value and motivations are glued on top of a service (e.g. prizes, vouchers etc) that hasn't had strong intrinsic motivations baked into it.

b) The "Loads of users + a few nice case studies = impact?" Problem
We've launched apps that have been downloaded half a million times and websites that get millions of visits and this traction – this user value - is very exciting. It is also easy to generate a bunch of case studies from amongst this broad usage that convince yourselves and others of impact. But, surrounded by all these great numbers, you have to force yourself to ask, if you care genuinely are about impact, "who is using this, for what purpose and with what impact?" If you test equally for each strand of value at every point, runaway user traction won't become meaningless.

c) The "Let's figure out the business model at the end" Problem
We have found ourselves obsessing exclusively about the sticky challenges of creating a product or service that delivers measurable impact and that users love. Surely, if we crack this often seriously challenging combination then we'll have a customer for the social value (e.g. commissioner, school, funder) and/or for the user value (i.e. consumer)? Sometimes this is true enough to make something work, but, more often, these customers can have very different needs which should be reflected in the core product experience or some of its key features.

So, how can you use the Social, User & Financial Value Model to design and run tests?
We're doing lots more work to identify, apply and evaluate a range of different tests for each strand of value at different stages of development, which we'll be sharing as we progress. But here are some tests for each that we've found particularly valuable….with as little jargon as possible:

a) Social value - are users doing the thing the Theory of Change said they needed to do?
A good Theory of Change is made up of evidenced causal links between: your target audience; the intended outcomes for this target audience; and the activities or behaviours they need to do to drive the outcomes. The stronger the evidence behind the links, the more you can extrapolate likely outcomes by tracking activities.

In other words, as soon as you have a testable thing, you can measure how people are using it and, if they resemble the activities detailed in the Theory of Change, you can be pretty confident that it's having the impact you want. So, way before you start doing RCTs or external, third party impact evaluation, you can track behaviour and estimate impact. It doesn't all have to be subjective feedback and case studies.

b) User value - Do users *really* like it?
Agile development methodology has lots to say about how to test and measure user value, such as Dave McClure's brilliant Pirate Start-Up Metric model (AAARR). We spend a lot of time talking about how to design and test for user choice as an indicator of genuine user value, because impact focused products, services and programmes often don't have to be chosen to go to market, but are made available by default (as part of a public service) or in a highly controlled environment (like a classroom).

Lightweight choice tests can be incredibly cheap and simple, so there really isn't much excuse not to run them. Here are 3 examples:

1. **Ads test** - buy or apply for some Google or Facebook ads and use your user segmentation work (or do some if you haven't) to try and get ads for your product or service in front of your target audience. Even if you've only got a concept proposition, this can still be useful - you can try and drive people towards a registration page for more information. You'll start learning immediately about a) how to better segment your target users and b) what motivates them.

2. **Pop up test** - set-up a presence in an environment where you know your target audience is going to be and, ideally, where they are primed to be making decisions about the needs your product, service or programme meets (Dr's surgery, school gates etc). Don't just plug away at a single offering, but instead try and recreate some form of choice - a small number of options that represent different articulations of your solution or, even better, different solutions that may well all be competing in the same space when you go to market.

3. **Closed platform test** - instead of giving your test group just one service (e.g. an app) to use in the 30 minutes you've got them for, give them a choice of several. Be realistic, of course, otherwise it gets demoralising - don't expect your 14 year old participants to spend their 30 minutes with your prototype healthy eating app instead of Facebook or Angry Birds. But do consider testing your offering against alternatives that have some proven user value.

c) Financial value - what do the people who will pay for it think?
Talk to potential customers, commissioners, funders, investors and donors as early as possible in the design process. Get propositions and prototypes in front of them as often as they will put up with and find out if it is getting closer to something they would purchase, commission, fund or invest in. Identify what specific elements are missing and return to these conversations when you have them. Make this stream of data a deliberate and direct part of the design process. You need to know what your customer (or equivalent source of revenue) is currently spending money on that solves the problem your solution claims to solve? If there is something else they are spending money on, why is that better? If they are not spending money on solving this problem, is it big and real enough to be able to create a new type of demand for a solution?

iii. Continually strengthening your foundations

Through every cycle of design, testing and learning, you can add to your datasets for social, user and financial value and add detail and accuracy to your models.

Early research to build these foundations and populate these underlying value models is a wonderful thing, but time and resources are scarce for this in our sector. Trusts and foundations often support innovation, but normally only after a robust concept is in place. It is, currently, much harder to get support for the research, consultation and analysis that goes on to support the development of that initial proposition.

So, your underlying value models for the first version of your product, service or programme might resemble a few scribbles and a head full of experience. But, this doesn't mean that you can't build up powerful underlying value models over time, because through every cycle of design, testing and learning, you can add to your datasets for social, user and financial value and add detail and accuracy to your models, for example:

- The Theory of Change often adapts to respond to exactly what users are doing with your product and, through further research, you update your evidence base to focus on a narrower, broader or significantly different set of outcomes.
- Target user segments normally shift as you learn more about who your solution appeals to and user personas become more detailed as you build a clearer picture of their shared needs, preferences, priorities and challenges.
- Potential business models are ruled in or out, generating further data research and consultation on customer needs, routes to market etc.

Every design cycle, every test and every conversation with an existing or potential user or customer is an opportunity to add new data to your underlying value models. Not only does this increasingly detailed and accurate view inform better design and measurement, it also represents a valuable asset for the organisation: it provides a reference point for the development of new strategies and business plans; it documents organisational experience and reduces loss of knowledge from changes in personnel; it demonstrates credibility to partners, funders or investors; and, sometimes, it becomes intellectual property that can be leveraged more widely for greater impact and revenue.

iv. Relentless improvement

There is no such thing as a perfect solution. Every product, service or programme that sets out to deliver impact, solve social problems and contribute to social ambitions can get better, adapt, improve and respond more directly and measurably to need.

However, most organisations, faced with the everyday challenges of delivering services, sustaining revenue and proving impact, find the question of continuous improvement very difficult.

The Social, User & Financial Value Model can play a helpful role in providing the starting points and structure for this process. For example, in **how organisations identify, assess and prioritise needs:**

Looking out across a range of activities or services and identifying needs and priorities can be stultifying, even with a strong organisational strategy in place.

By revisiting, re-engineering or creating new underlying value models, organisations provide a basis for identifying areas that need improvement in the following ways:

- **The social value model re-articulates and clarifies social outcomes and examines the strength of links between existing activities**, surfacing orphaned activities (i.e. which have no clear relationship with intended outcomes) or childless outcomes (i.e. which are crucial to the organisation's purpose, but not reflected in its core activities).
- **The user value model asks examines who organisational activities are affecting, who they are and whether their needs are really being met.** This process challenges a fuzziness that emerges within organisations about their users, forces proper segmentation and, ideally, focus on key beneficiaries, what their needs are and how to meet them.
- **The financial value model examines the relationship between social and user value and revenue and / or value for money.** This, again, can surface strong and weak relationships between cost, impact and user/customer satisfaction and generate financial criteria for prioritisation and improvement.

v. Reminding yourself why it's difficult

Driving profound, measurable and sustainable social impact is *incredibly* hard. Much, much harder than driving purely financial returns. This isn't purely because the resources available to those focused on social impact are, by comparison, so limited, but because the task itself is so much more complex and challenging.

We, as a sector, would benefit from doing more to define and quantify the nature of this challenge. Not so that we can justify ourselves when things don't work, but because when we understanding exactly why and how generating real social returns is so hard, we have to demand the highest standards in everything we do and we have to make sure we get the resources we need to reach and maintain these standards.

The Social, User & Financial Value Model can contribute to this.

Firstly, and most obviously, it helps identify and define the *extra job* that those working with a focus on social impact have. They have to create things that their users love and that generate sustainable revenue and (and?!) they have to deliver genuine and measurable impact in relation to a complex - and often evolving - social challenge.

Secondly, through the inverse or, at best, complex, relationships between the types of value you're trying to generate, it helps illustrate where the tensions lie. For example:

Social value vs user value - The demands of a social problem are very often different from the demands of the individual that is affected by or affects that problem. At their most extreme, they are polar opposites: for example, the food that most teenagers in the UK want to eat is radically different from the food that they should eat if we want a society that doesn't spend over £15 billion a year on the cost of obesity.

Social value vs financial value - This is so obviously the case at the wider level that it really doesn't need saying. But, at a more granular level, the nature of this tension becomes a very useful way to differentiate between social business models. If you're selling solar panels, there is only a modest tension between what you charge and to whom and your ultimate environmental impact. If you're selling health or microfinance services, however, there could well be a directly inverse relationship between the marginal financial gains and marginal social gains: the harder you push on profits and/or marketing to higher paying customers, the further you can move from profound impact amongst the users that will benefit the most.

User value vs financial value - When the user is different from the customer, which is often the case, a complex tension can emerge. One of our product teams has been hammering away at driving user value and social value in the same product experience, which has been no small task given the needs and priorities of this user and the complexities of the problem. What the customers for this product need and expect is different again and, every inch towards these needs is, potentially, an inch away from something users will love.

Finally, this model might help us define and set standards for the social sector.

This could sound exclusive or reductive - like solutions to society's problems and challenges can only come through deliberate efforts of the social sector. That clearly isn't true. Not only because gigantic global trends and changes, such as the industrialisation of India and China, have lifted hundreds of millions out of poverty, but also because a vast number of technological innovations have improved *everyone's* lives in innumerable ways.

However, we also clearly need an identifiable sector of organisations and individuals that are *dedicated* to solving social problems. The private sector's contribution to economic growth will continue to play a role in raising living standards and commercially motivated technological innovation will continue to trickle down. But, we know that this isn't enough. Not least because it has become very hard to discern the systemic benefits of the purely commercial parts of that system in modern developed economies. Post recession economic growth in the UK hasn't raised living standards for anyone but the elites, nor has it replenished the coffers of near destitute public services. Not least because, with inequality at its worst in over 100 years, fewer products and services developed for those near the top can or will trickle down to those near the bottom.

So, when an organisation has profound social value as its main objective, in addition to user and financial value, we need to recognise that this has significant consequences for the resources, expertise and support that this organisation needs to succeed. A health tech company providing products for users on lower incomes, who have more complex, costly and consequential health problems and infinitely less bandwidth to engage with solutions, needs more resources, expertise and support than a health tech company providing products for a middle-class *worried well* user. The difference between these organisations is that one is addressing their users' health problems as well society's health problems and just one is addressing their users' health problems. Currently, we're a very long way from ensuring that the organisation tackling the harder challenge has the resources it needs to do so.

By separating and acknowledging the immense challenge of generating all 3 strands of value, we can, perhaps, do greater justice to the organisations and individuals trying to do it and, hopefully, we can better equip them to identify, justify and maintain the resources they need.

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