COCOREADO H2020 PROJECT

# FOOD SYSTEM INNOVATOR TOOLKIT

## CH5 Developing an idea into business

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COREADO
connecting consumers and producers to rebalance farmers' position

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# 5.1- Introduction

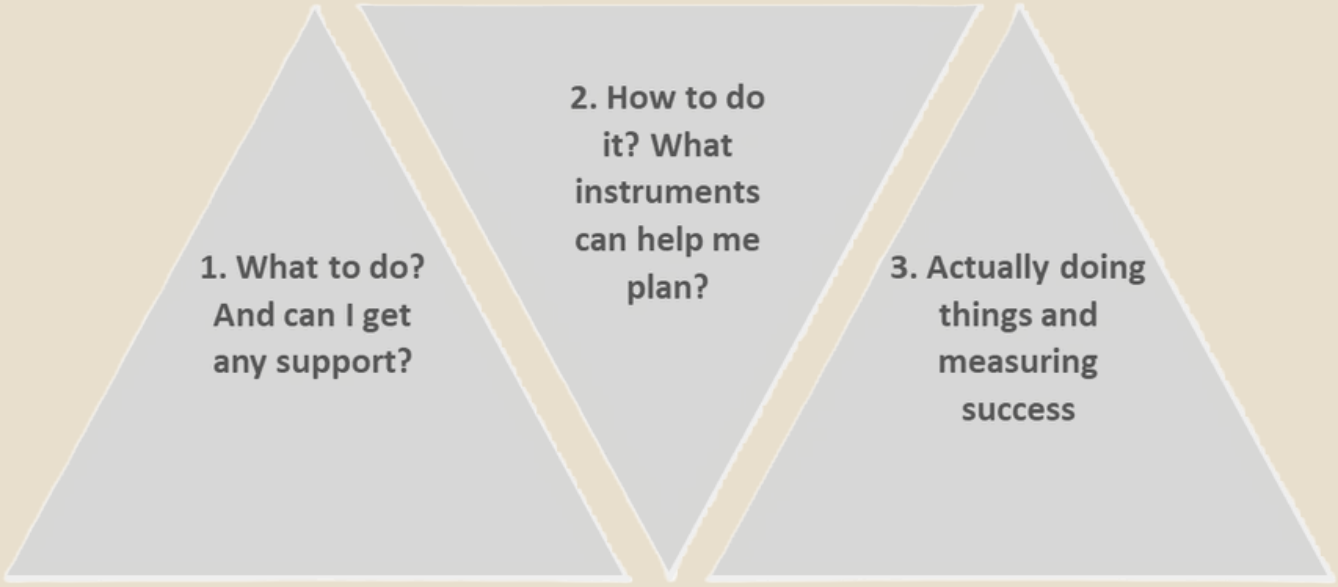
Seed initiatives involve preliminary ideas, not yet implemented in practice, whose objective is to improve the position of the farmer in the food chain and to create win-wins for producers and consumers.

This chapter presents the tools used in the COCOREADO ambassador training programme which aim to develop seed initiatives. It covers everything from fleshing out a preliminary idea to an initial definition of the business model.

In the following points, each of the tools is explained as a guide for their use.

# 5.2- Giving shape to an idea

To tackle food system challenges and induce sustainable transformations in food chains, new solutions that address both technical and social aspects of food-related processes are needed. During recent decades numerous initiatives have been launched at different levels, from very local to international, that propose a range of new conceptual and practical approaches to think about food and organize food chains. On the basis of the experience of seed initiatives, in this section we consider the development of novel local food initiatives which reconnect farmers and consumers and re-balance farmers' position in food chains.




## 1. What do you want to do? And can you get any support?

Introducing novelties in food chains implies some innovativeness. Likely, similar new food initiatives have already been launched elsewhere, but it is equally probable that in the given local situation the initiator is a pioneer who needs to break some prevailing rules and practices, and introduce new ones. In this section, we reflect on how to start thinking about the challenges you are tackling.

**A. Think about what YOU want to do**
It doesn't make sense to engage in a project you do not like or are not interested in. Think about **what it is that you would want to achieve**. This might be a difficult task; however, there are ways to better engage with this:
·Think about what you are passionate about
·Get inspired from examples

*Look for examples and best practices in Chapter 2 "Getting inspired from examples", and then continue gathering information online or by reaching out about practices that inspire you!*

- Discuss your ideas with likeminded people

Sharing your ideas with friends will help you to test out these ideas early on. Also, you might get some support from them.

- Reach out to people who have done something similar already

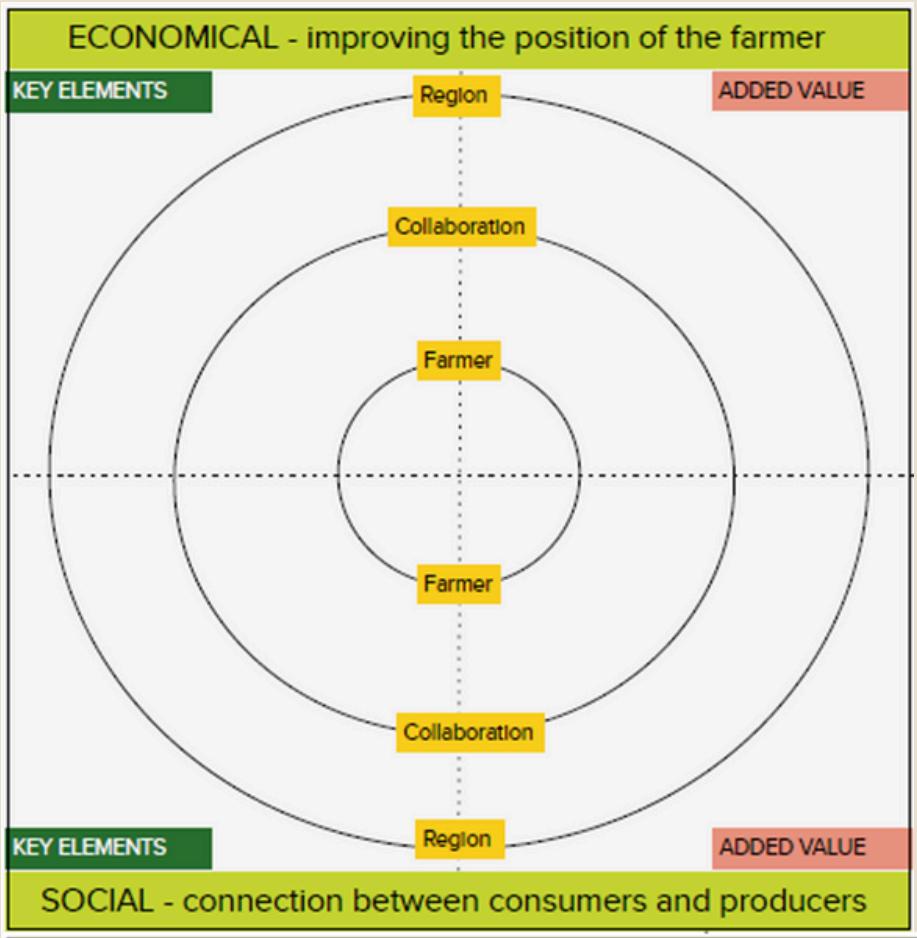
**B. What are the challenges of the local food systems?**

To arrive at a new solution for the local food system, one needs an understanding of what its deficiencies are, and what should be improved or fixed. This understanding can be gained in various complementary ways. Direct personal experience – either personal or from other stakeholders' feedback – probably provides the brightest insights. For a reality check, it can be useful to compare these personal experiences against available data sources.

- Talk with practitioners
- Use data to verify

Look for research and data that could help you.

- Test your idea against the problems you have identified




We offer a value proposition template (presented in Figure 1) to use in the process. It helps make the ideal future explicit, and aids in listing key elements of the initiative and the benefits or added value that the initiative can bring to the stakeholders and actors involved. The tool helps the actors articulate the common desired future and the intended value creation for all of them. In this way, the tool can stretch the ambition of the group and align stakeholders with the intended outcomes.

The template focuses on the two main goals of the COCOREADO project: improving the position of the farmer in the food chain (economical focus - upper side) and reconnecting the producer and consumer (social focus - lower side). In addition, some inspiration for key elements and possible added value are provided below the template.

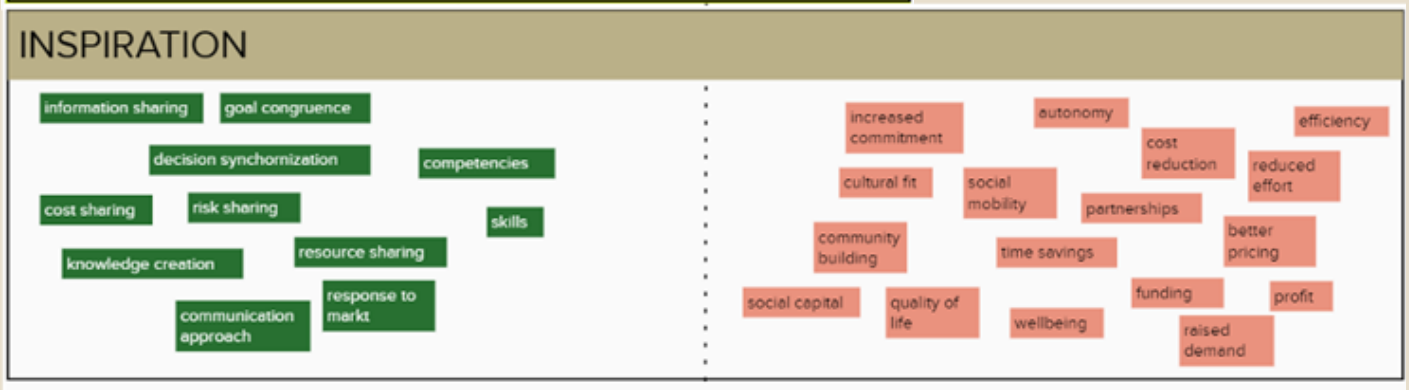



**Figure 1:** A value proposition template to approach and consider a new initiative

**C. Look for support**
Searching for support will look different depending on the initiative and the region; however, two essential elements that are sometimes overlooked are:

- Building alliances to collect the needed resources and skills;
- Looking for financial instruments

## 2. How to realise the initiative? What instruments can help me plan?

If you have reached this point, we assume you already have the idea you would want to work with, and have done some thinking about how the initiative will work. So now it's time to test the initiative and make sure that it can actually be functional and has the elements needed to survive. To this end, we recommend using a **collaboration model** – a set of exercises that allow you to structurally check what you will do.

To ensure that you benefit fully from these exercises, conduct this exercise in a group. Invite people who might be interested in the initiative and people who are competent in the issues that the initiative is addressing. Invite them to define the answers together.

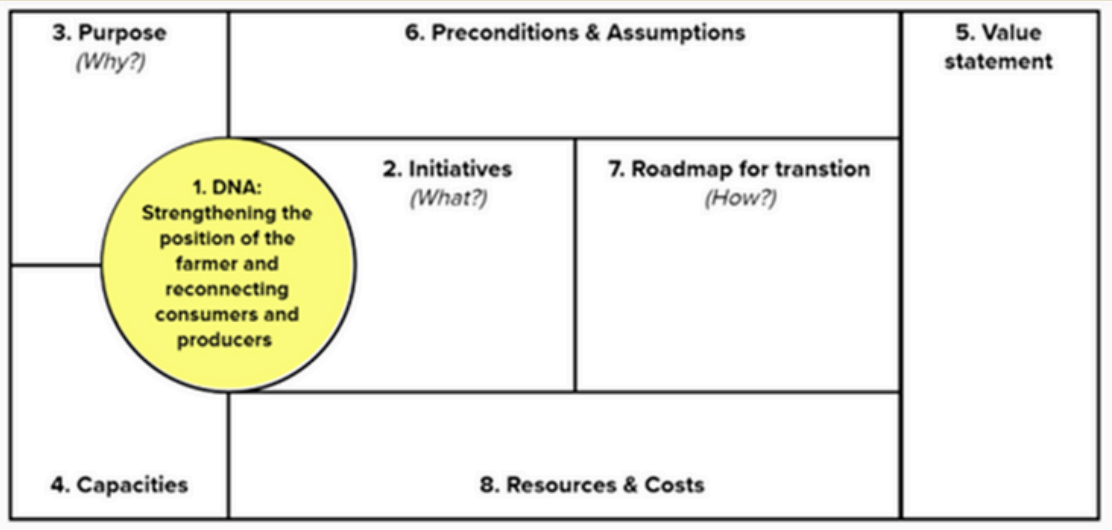



**Figure 2:** The overall structure of the collaboration model.

*"We want to create an Educational Unit in schools related to farms, rural ecosystem and food production process, including farm visits and farm products sales. To implement all this, the tools used in the trainings have been very useful."*

*Aitor Azkarate*
*"Farmers are our teachers" seed initiative, Spain*

# 5.3- Start defining the project

Identify:

- Purpose
- Skills and capacities needed
- Key groups/actors and value statement
- Preconditions and assumptions
- Roadmap for transition: actors involved and actions by each stage of the idea.

## A. Purpose: Why are you working on this project?

Use the tools provided to answer two main questions:

- Why is the initiative needed in terms of food systems? What shifts will it produce and how exactly it will help actors operating in the food systems? How will it make sure that the change is taking place?
- What personal goals do you link to the initiative? What would you expect to achieve? It's important to not lose your personal goals linked to the initiative.

## B. Skills and capacities needed: What skills, competencies, and insights are needed to make the initiative work?

Now that you know what you want to achieve, try listing the skills, competencies, and insights needed to achieve this. Start by just listing everything that comes to mind. Once you have listed a number of various capacities you will need, try clustering them. What are the most important skills, competencies, and insights that are crucial to achieve the envisioned impact? Which are important but not crucial? Which are optional? Try to make a hierarchy of requirements.

If you struggle with this task, here are a couple of questions that might help you:

- Are you aware of any similar initiatives? If so, how were they organized and what problems were they dealing with?
- How will the initiative work and how will it be linked to food systems? What skills, competencies, and insights need to be there to ensure that it works?
- Do the skills and competencies listed allow the initiative to engage with the key "whys" listed in the previous step?

Why are each of the identified skills, competencies, and insights crucial for the initiative?

## C. Key groups/actors and value statement: The value of the initiative

The purpose of this exercise is to identify how the world will look when the initiative is in place, after you have solved the problem. This is a challenging question because the answer might differ depending on whom you ask. So, you might start by raising the following questions:

- Who are the customers of the initiative? Which groups might benefit from the initiative?
- What problems do these groups have that the initiative will address? And how it will solve these problems?

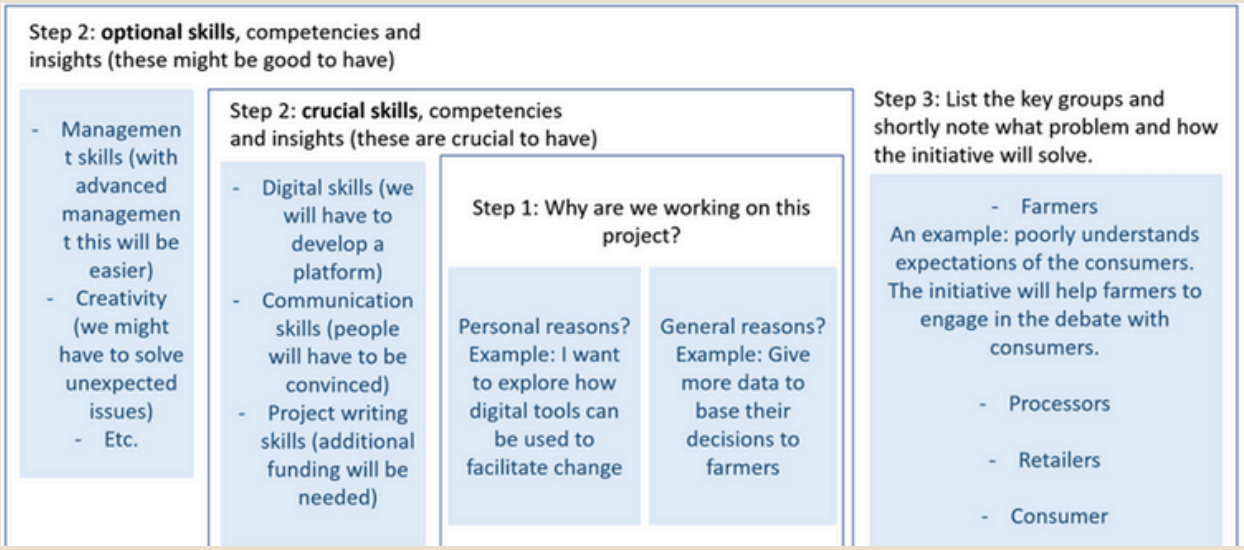



**Figure 3:** Project definition steps

# D. Preconditions and assumptions: Critically examine assumptions

In this step, the assumptions and preconditions that are crucial for the development of the initiative are identified. Two different exercises are proposed for this purpose.

## D1. "Many uses" exercise

This method is used to generate energy, creativity, and out of the box thinking, setting the stage for innovation at a later stage. Many objects encountered on a day-to-day basis have a 'fixed' meaning and purpose assigned to them. For instance, a chair is meant for sitting, a knife for cutting, a pen for writing, and so on. This preconceived meaning is useful in terms of efficiency of everyday cognition, but it can also prevent people from looking at things with an open mind. By explicitly directing people to relate to an object in novel ways and to rethink its meaning, value, and possible purpose, new opportunities and possibilities can arise. This method can be a good way to warm up people's "creative muscles" and support them in creatively approaching more serious topics or design challenges later on during a workshop.

## D2. "Sabotage" exercise

"Sabotage" exercise is a co-creation tool to identify blind spots in a project plan by taking the perspective of a saboteur. It has the potential to create strong internal support for the final project plan by stimulating divergent thinking: "What did we miss?"

Instructions:

1. The initiator of the project explains the prototype plan to the project team. The coach asks everyone (also initiators) to write on a post-it note one or two things that would make the plan fail. These can be internal or external events. As a coach, stimulate creative ideas and encourage people to point out cultural differences that could sabotage the plan.
2. Bring the group together and categorize all the ideas into clusters as you see relevant.
3. Distinguish between ideas that would be a nuisance and ideas that could really make the plan fail.

The result is a list of potential challenges, which can be considered to make or break assumptions.

## D.3 Roadmap for transition

The roadmap template should be filled out with the ideal version of the initiative. This should represent the ideal form the idea would take, without being limiting by what is deemed practical at this stage.

Afterwards, the next step is to work backwards from the ideal version to consider what intermediate stages there could be in order to reach the ideal version, on the top row x-axis of the template. Which actors are involved at different levels should be also considered, with the fundamental actors involved in the core team on level 1, actors actively involved but not part of the core team in level 2, and actors that are not actively involved but important for the project to succeed in level 3.

How to use the tool?

1. Actor levels: Write down the names of the actors at each level.
2. Stage of idea: Describe what each stage means for your project
3. Actions: Describe the actions that need to be taken at the intersection of the stage & actors involved

| | Stage 1: minimum viable ⇒ ⇒ ⇒ ⇒ | Stage 2: intermediate version ⇒ ⇒ ⇒ ⇒ | Stage 3: full version ⇒ ⇒ ⇒ ⇒ |
|---|---|---|---|
| Actor level 1: Farmers ⇒ ⇒ ⇒ ⇒ ⇒ | | | |
| Actor level 2: Collaboration ⇒ ⇒ ⇒ ⇒ ⇒ ⇒ | | | |
| Actor level 3: Region ⇒ ⇒ ⇒ ⇒ ⇒ | | | |

**Figure 4:** Roadmap for transition

# 5.4- Defining the business model

In this chapter, our focus centres on the Business Model Canvas (BMC) as a key tool in shaping business strategies. As we explore the components of BMC, we also delve into the concept of systemic evaluation. This involves a structured assessment to ensure that a business model is on target. The following presents a detailed breakdown of the BMC and a proposal for a systemic evaluation to improve the strategic approach of the initiative.

## A. Business Model Canvas

The Business Model Canvas (BMC) is a strategic management tool that helps shape and visualise the business model (Osterwalder & Pigneur, 2010). It consists of nine building blocks: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. These blocks represent the flow of what, how, and with whom value is created and how and to whom it is sold, thereby considering the possible costs and revenue flows. All the information is displayed in a one-page document, making it easy to obtain a holistic overview of the organisation.This can lead to new knowledge of your own organisation or a competitor organisation. The template is widely used in all types of businesses, including farming businesses.

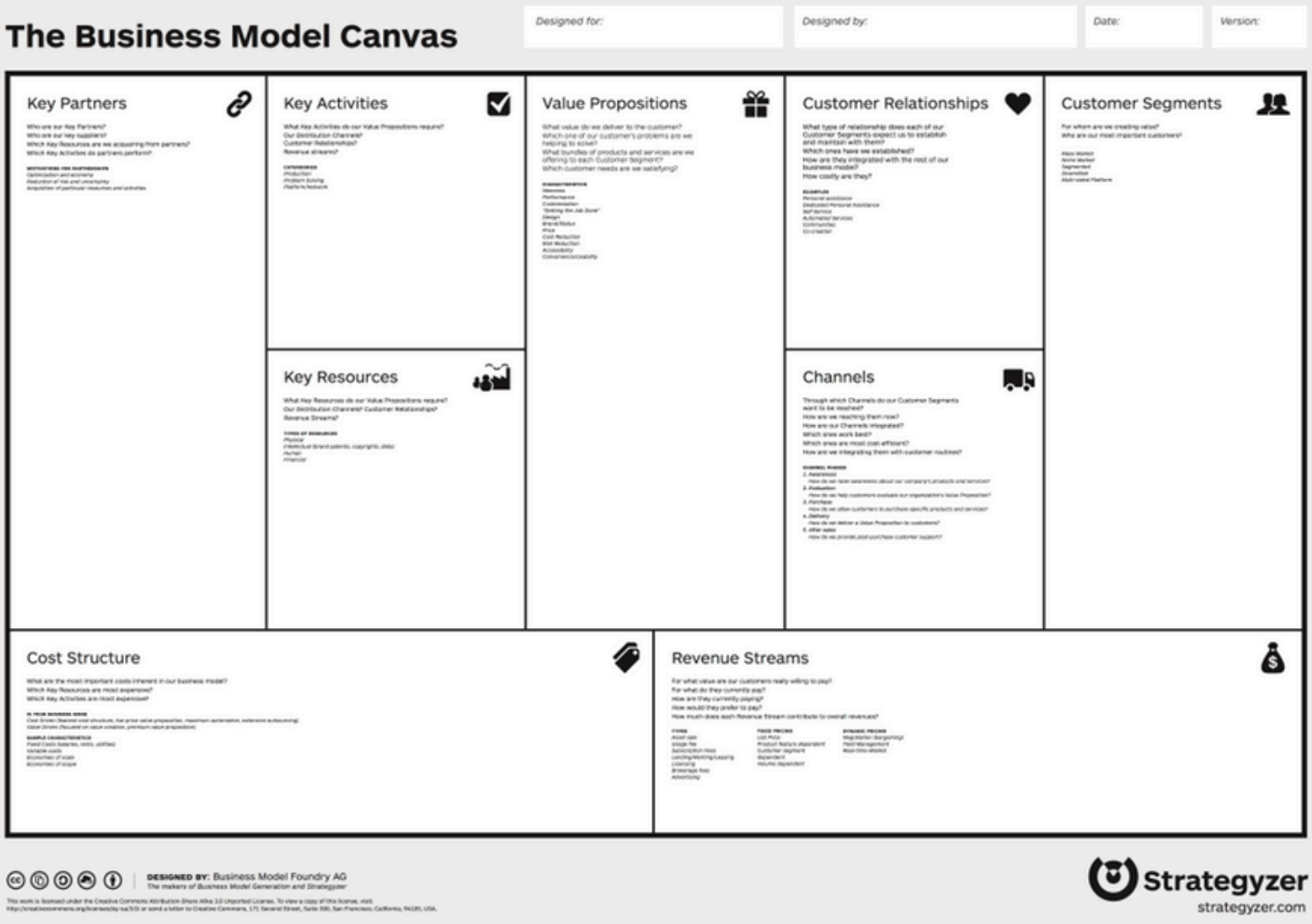



**Figure 5:** The Business Model Canvas

## 1 Value Proposition: description of product or service offering

Questions to answer:

A. What is your offer for the customer?

B. What combination of products & services do you offer?

C. What needs/problems of the customer do you solve with this?

D. What need of the target group do you solve? How do you fill the needs of the target group?

E. What obstacle of the target group do you remove?

F. How do you help the customer?

G. What makes your business different from existing competitors?

## 2 Customer Segments: customer segments or target groups, grouped according to needs or behaviour

Questions to answer:

A. Who are your key customers and what are their needs? Who do you focus on?

B. Who do you want as customers and who do you not want as customers?

C. Where do you find your customers? Where do customers come from?

D. Who is the decision maker within your target group?

E. What determines the buying behaviour (needs, purchasing power, spending pattern, etc.) of your customer?

## 3 Channels: description of way(s) of Value Proposition delivery

Questions to answer:

A. How do you reach your customers?

B. How do you make your customer interested in your offer?

C. How do you reach your customers for marketing, prospecting, sales, delivery, etc.?

D. What conditions must your company fulfil in terms of accessibility, parking facilities, accessibility, atmosphere, layout, appearance, etc.?

E. What image do you want to project and how will you achieve this?

F. What style (logo, slogan, decoration, etc.) will you use?

## 4 Customer Relationships: interactions & relationships with customers

Questions to answer:

A. How do you establish and maintain relationships with customers?

B. What type of relationship do you pursue with each customer segment (e.g. personal assistance, self-service, digital contact, automated service, community, cocreation)?

C. How is contact made with the customer?

D. When do you have contact with the customer?

## 5 Key Activities: activities performed to create Value Proposition

Questions to answer:

A. What are the main activities you need to do yourself to realise your offer for the customer? Think about: research, development, marketing, logistics, sales, production, etc.

B. What are the key actions/processes you need to undertake to:

- Deliver your offer
- Reach and convince your customer
- Build and expand your customer relationship
- Create value for yourself and your customer

6

**Key Resources: assets like infrastructure, knowledge, and financial resources needed to create Value Proposition**

Questions to answer:

A. What people and resources do you need internally in your company to realise your offer for the customer?

B. What are the key resources needed for realisation? Think about: brands, employees, knowledge, buildings, machines, financial resources, etc.

7

**Key Partners: partners who deliver resources or perform activities to help you create your Value Proposition**

Questions to answer:

A. Which external strategic partners do you need to successfully produce, realise, and sell your product or service?

B. Who do you call on additionally?

C. What services do the partners provide?

D. Which partners can strengthen your offer?

E. What do your partners possess that you do not (e.g. knowledge, products, money, machines, infrastructure)?

F. Which core activities do partners take over from you?

8

**Revenue Streams: information about income generation, pricing strategies, etc.**

Questions to answer:

A. How will you make money with your concept?

B. What are customers willing to pay for?

C. What are customers not willing to pay for?

D. What revenue model will you set up (that fits the chosen offering)?

E. How will you receive revenue (e.g. subscription, lease, licence, hourly rate, project price)?

F. How does a revenue model fit customer segment?

9

**Cost Structure: costs that occur through the creation of the Value Proposition**

Questions to answer:

A. What are the costs of developing your product or service?

B. What are the main fixed and variable costs?

C. Why are the costs incurred?

D. Which people and resources cost the most?

E. Which core activities cost the most?

# B. System evaluation of the initiative

### Change readiness assessment tool

This is a tool to assess and monitor different dimensions of early stage or new change projects. To stimulate a systemic approach, it's clustered around four themes (strategy, governance, design, and activation), and further divided into 8 dimensions (Figure 6). It can be used as a quick internal project evaluation of capabilities, organizational readiness, innovation capacity, and team development.

The rose diagram is used to compare team development over time of the project. This can be used in proposal and funding discussions to demonstrate the capacity level associated with program management. In the early stages the strategy and design themes are more critical to success, later governance and activation become critical.

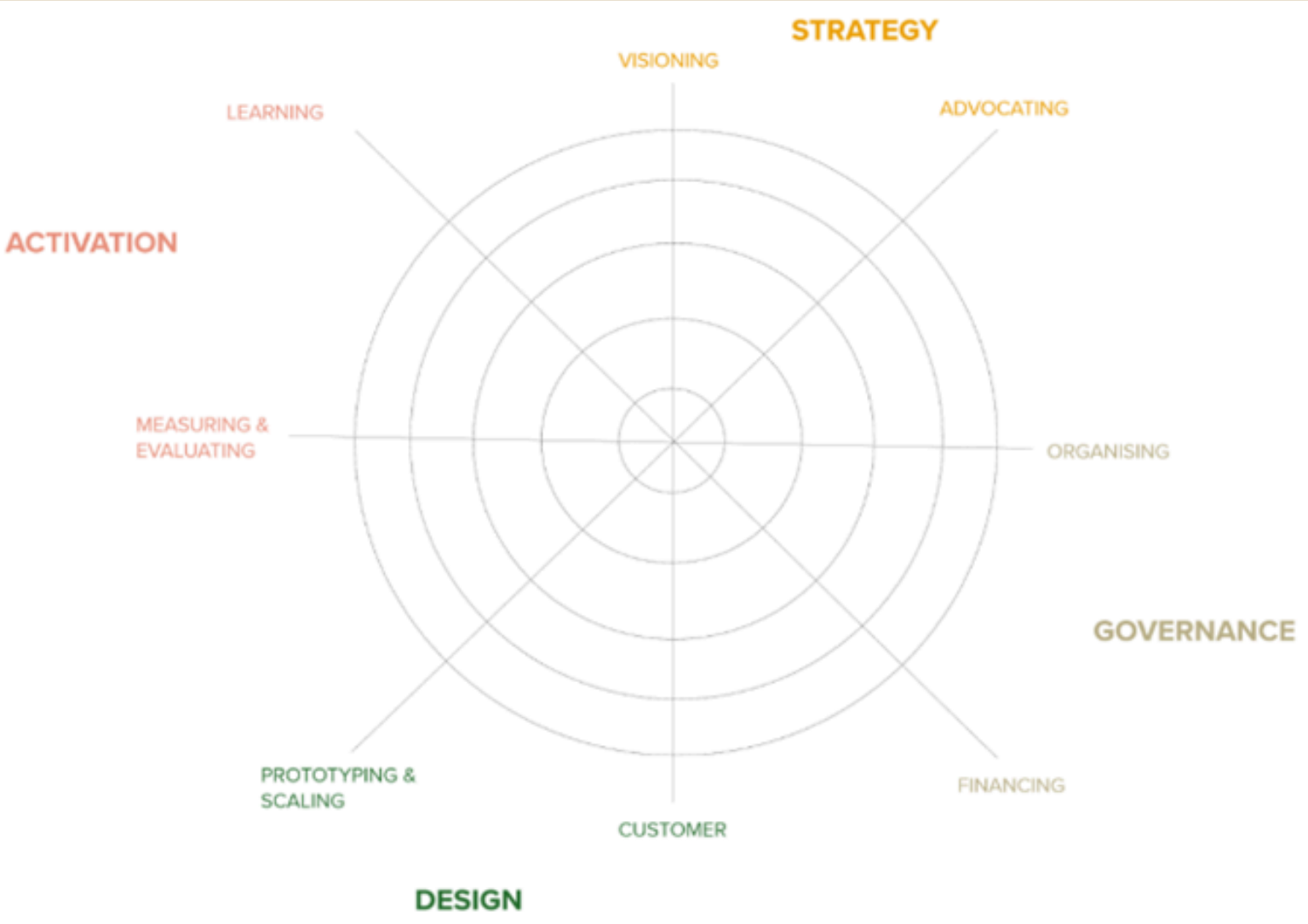



**Figure 6:** Change readiness assessment tool

## Eight dimensions prepared in four clusters

**1. THEME STRATEGY Visioning:** Think about the "why" question: do you have a clear and shared why?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | There is no shared vision and no shared mission. |
| **2.** | There is a plan to work towards a vision and mission with the team. |
| **3.** | There is a shared vision within the team. |
| **4.** | There is a shared vision within the team, but not with the key (supply chain) actors and/or customers. |
| **5.** | There is a shared vision with the team, key (supply chain) actors, and/or the customer. |

**2. THEME STRATEGY Advocating:** Do you have a realistic roadmap for change?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | There is no roadmap for change. |
| **2.** | Only stage 3 of the roadmap (dreaming about 'full version' of the initiative) is filled in, the rest of the roadmap is not completed. |
| **3.** | Stages (1, 2 and 3) of the roadmap are filled in. The other parts of the roadmap are not completed. |
| **4.** | Stages and actors of the roadmap are filled in. |
| **5.** | Stages, actors, and different actions in the roadmap are completed. The actors involved are aligned on the actions they need to take. |

**3. THEME GOVERNANCE Organizing:** Is the team complementary (in terms of skills and the abilities of each member)? Do you have an organization structure with clear role assignment?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | There is no team. They are still in search of complementary skills.<br>*An example of complementary skills in a team is if one person has technical skills and another person has more business-related skills, such as marketing or communication.* |
| **2.** | There is a team, but they don't have complementary skills. |
| **3.** | There is a team with complementary skills, but no specific roles are assigned to each member. |
| **4.** | There is a team with complementary skills, each team member has a specific role assigned. |
| **5.** | The skills of the team are in balance with the abilities of each member and roles are assigned. |

**4. THEME GOVERNANCE Financing:** What financial resources are available for the initiative? Does the team have plans for attracting future funding? Are these realistic and in line with the goals of the team?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | Financial resources are not available, the team is still in search of these resources. |
| **2.** | Financial resources are available for the initiative (current costs and benefits are balanced). There is no plan for attracting future funding. |
| **3.** | Financial resources are available for the initiative, and the initiative is viable (the difference between the current costs and benefits generates a net positive result). There is a plan in line with the goals for attracting future funding. |
| **4.** | The team is currently working on securing future funding based on the plan. |
| **5.** | Financial resources are available for the initiative and the initiative is viable. Future funding in line with the goals of the initiative has been secured. |

**5. THEME DESIGN Customer validation:** Did the team do a customer validation of the initiative? Is there any proof that customers (or your target group) are interested and willing to pay and/or participate? It might be the case that your "customers" are not paying for your services but someone else is. In that case we refer to them as your target group.

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | The team has not identified their make-or-break assumptions. |
| **2.** | The team has identified their make-or-break assumptions and talked with some potential customers or their target group who provided feedback. |
| **3.** | The team has developed a method to receive feedback from a large set of customers or their target group. |
| **4.** | The team has validated their idea with potential customers or their target group. They are looking into their interest and willingness to pay and participate in the initiative. |
| **5.** | The team has validated their idea with customers or their target group. They have proof of their interest and willingness to pay and participate in the initiative. |

**6. THEME DESIGN Prototyping and scaling:** Do you have a minimal viable product (MVP) or prototype to test new products and services?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | The team has not reflected on how to validate customer interest in future products and services. |
| **2.** | The team is working on a prototype/MVP to validate customer interest in future products and service. |
| **3.** | There is a prototype/MVP to validate customer interest in future products and services. |
| **4.** | The prototype/MVP is constantly adapted to new products under development. |
| **5.** | The initiative can successfully launch new products and services (continue innovating) in a cost-effective manner. |

**7. THEME ACTIVATION Measuring and evaluating:** Do you have processes in place to monitor and evaluate your initiative?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | The team has no processes in place to monitor and evaluate the initiative. There is also no intention to set up these processes |
| **2.** | The team is experimenting with different tools to monitor and evaluate their performance but has not set up a structure for implementation. |
| **3.** | The team has selected some tools and is now developing a structured approach: who needs to complete what tool and when. |
| **4.** | The team has selected a set of tools and developed processes to monitor and evaluate their performance. |
| **5.** | The team has tools and processes to monitor and evaluate the initiative. The outcome of these evaluations is actively used to improve the performance of the project. |

**8. THEME ACTIVATION Communication:** Does the initiative have a clear communication strategy based on the vision?

| SCORING | WHAT DOES THIS MEAN? |
|---|---|
| **1.** | There are no clear communication objectives, no clear target audience, no communication messages, and no channels have been identified. |
| **2.** | The key communication objectives are identified but no target audience, no communication messages, and no channels have been identified. |
| **3.** | The key communication objectives are identified, as well as the target audience.The communication message and channels are still lacking. |
| **4.** | The key communication objectives are identified as well as the target audience and clear messages adapted to these target audiences. The communication channels are still lacking. |
| **5.** | The key communication objectives are identified, as well as the target audience, and clear messages adapted to these target audiences and appropriate communication channels. This is combined in a coherent communication plan. |

*"The aim of the Food Hub is to give farmers various services as processing or packaging of their products, increasing their added value. Tools as Business Model Canvas and systemic evaluation helped me to better define the business model and priorities, before starting to implement the project."*

*Bledar Meta*
*"Food Hub Albania" seed initiative, Albania*

# FOOD SYSTEM INNOVATOR TOOLKIT

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