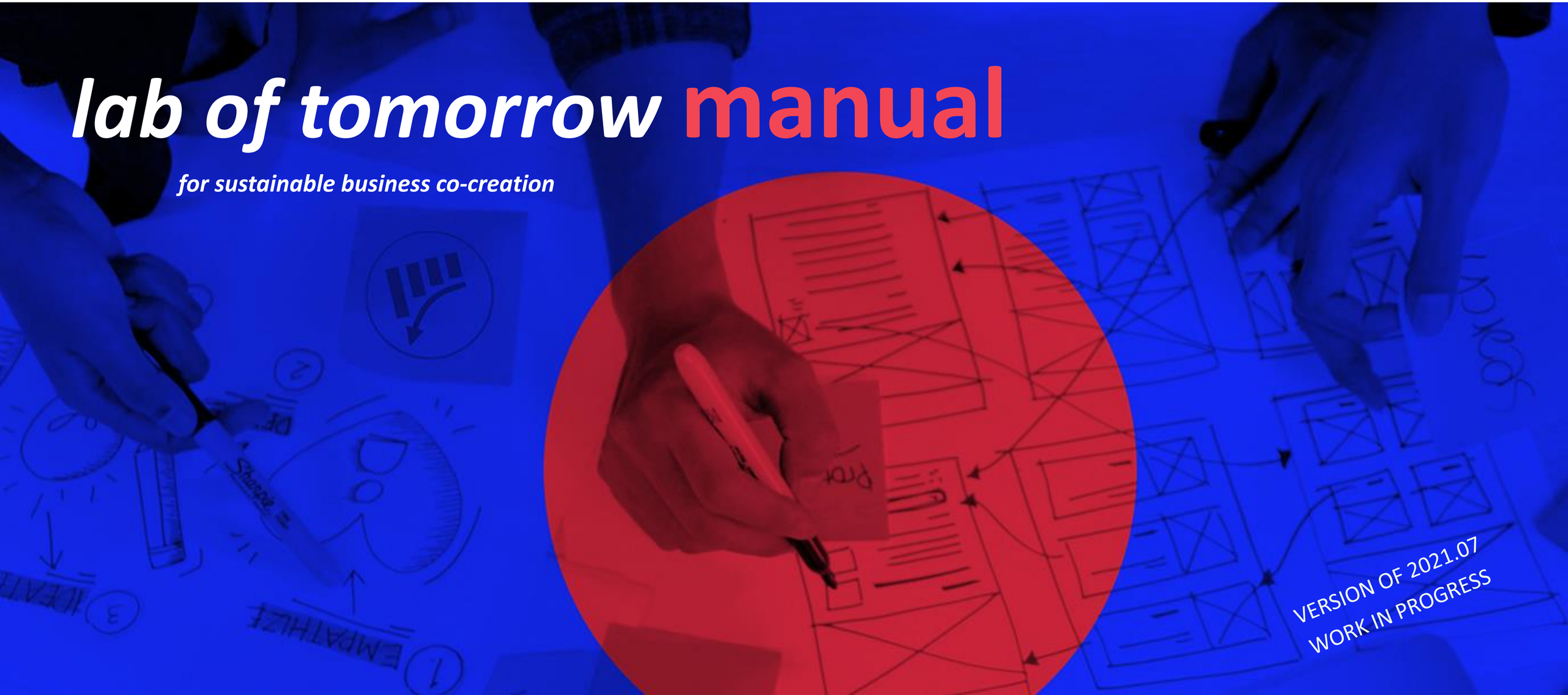
lab of tomorrow
NEW WAYS TO NEW BUSINESS

Federal Ministry
for Economic Cooperation
and Development

giz Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH

lab of tomorrow manual

for sustainable business co-creation



VERSION OF 2021.07
WORK IN PROGRESS

Preface

The *lab of tomorrow* (*lot*) approach is a new and effective way to engage the private sector in delivering lasting solutions to the Sustainable Development Goals (SDG): It offers development organisations a process and proven tools to catalyse tailored, innovative business ventures that address local SDG challenges. This manual consolidates the extensive experience that GIZ's *lot* project team has gained in conducting 10 such sustainable business development processes in collaboration with almost 300 organisations (as of August 2021). It provides comprehensive guidelines and supporting materials that enable other interested development organisations and projects to conduct *lot* processes in a self-directed manner.

The manual is written for both **project planners** and **process implementers**:

- If you are new to the *lot* process and would like to find out if it is relevant to you, you can view all key information on its elements and benefits in Chapter 1 – Basics.
- For a step-by-step guide to preparing or implementing your own *lot* process, go to Chapter 2 – Process.
- For tried and tested tools to assist you during implementation, please refer to the tool index in Chapter 3 – Toolkit. Relevant tools are also hyperlinked from each activity in Chapter 2.

You can navigate the manual by clicking underlined text and by clicking

- the individual elements of process illustrations
- the back button in the top left corner to go back to the previous level
- the sitemap button in the top right corner to go to a detailed, clickable directory of all manual contents.

We hope that the manual will inspire your work as much as ours.

– The lot team

***lab of tomorrow* website**
For the latest updates on current, upcoming and past *lot* processes and the resulting ventures, please check out our website.

The manual is written for project planners and project implementers. Look for the following icons:

Project planners

Process implementers

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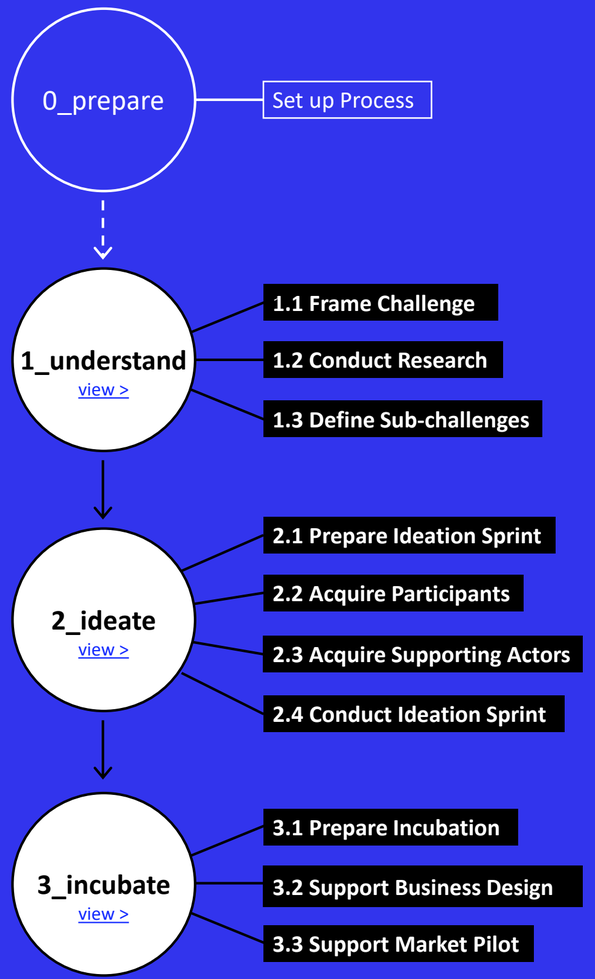
learn how to implement the *lab of tomorrow* process



access tools & templates

toolkit

Tool index with links to each tool on the *lab of tomorrow* website

Sitemap

SITEMAP

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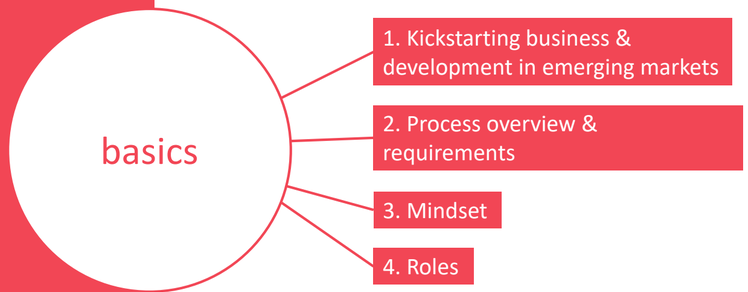
BASICS

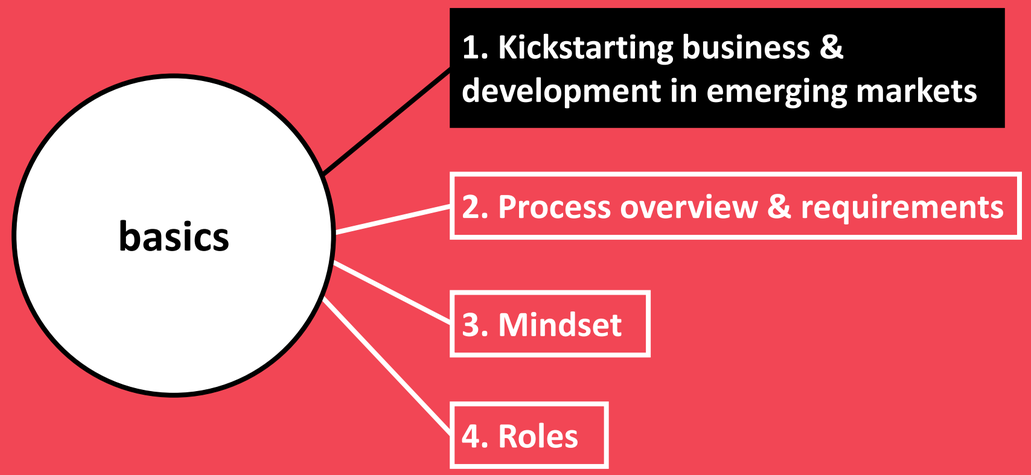
get to know the *lab of tomorrow*

What you'll learn

Understand what the *lab of tomorrow* process is and how it creates SDG impact through new business. Get an overview of the process contents, its design principles, the roles involved and the necessary resources.



get to know the lab of tomorrow



BASICS

Kickstarting business and development in emerging markets

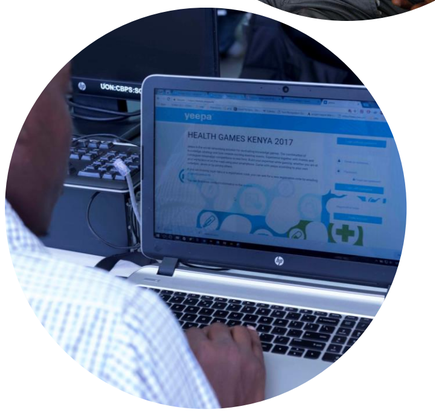
There are ample opportunities for creative business solutions that meet the twin objectives of lasting positive impact on the Sustainable Development Goals (SDGs) and profit generation for businesses. For example, have you heard about solar-powered cooling systems that enable Ugandan milk producers to access more distant markets, in exchange of a share of their extra profits? A commercial mobile fruit drying and processing unit, that enables Ugandan farmers to turn about 25% of their previous surplus fruit into cash? Or a digital tool for small-scale health service providers in Kenya, that facilitates stock management and timely sourcing of quality medication?

All these examples have one thing in common: they were developed in *lab of tomorrow* (*lot*) processes. Sustainable business models address development challenges in a self-sustaining manner, yet they often don't happen on their own. While some sources estimate that the SDGs represent a market potential of 12 trillion USD, businesses are often unaware of local needs and commercial opportunities. The *lab of tomorrow* changes this by identifying cases for sustainable business and enabling private sector actors to tackle these potentials.

The *lab of tomorrow* is an innovation process targeted at private sector actors who seek to co-create new sustainable business in developing countries. The results are viable joint ventures or start-ups owned and driven by the private sector that make a strong, self-scaling contribution to reaching the SDGs. The *lab of tomorrow* process comprises

- **Business case sourcing**: identifying unmet needs in developing countries that offer cases for sustainable business.
- **Participant sourcing & matching**: sourcing and matching of local and European entrepreneurs and company reps in international, interdisciplinary teams of 5.
- **Business Design coaching**: facilitating an Ideation Sprint and a subsequent 4-month Business Design program to enable our participant teams to ideate and develop new sustainable joint ventures or start-ups that tackle the identified business cases.
- **Partner network access**: helping participant teams to gain access to follow-up programs, investors, mentoring & collaborators.

Between December 2015 and August 2021, *lot* has generated 52 promising business models of which 11 are already running in developing countries and have attracted and aggregate 7 million Euro of 3rd party investments.



Benefits for different stakeholder groups

What makes the *lot* process effective? It aligns the values and interests of businesses, governmental and non-governmental development partners and potential users of solutions, and therefore produces shared benefits for everyone involved in the process. The graphic summarises benefits for key stakeholder groups.

ENTREPRENEURS AND BUSINESSES

- Harness new revenue sources by accessing new markets or developing new products or services
- Reduce risks associated with innovation, thanks to multi-stakeholder collaboration, coaching and other services to develop and validate their business solutions
- Network with potential partners, including local and European companies, investors and local political actors

DEVELOPMENT COOPERATION AGENCIES

- Harness private sector innovation capabilities, capacity, finance and skills for the SDGs
- Foster tailored innovations that effectively address local develop-ment challenges, rather than 'exporting' pre-defined solutions
- Promote long-term SDG impact through sustainable business models, as opposed to short-term, project-based approaches

TARGET GROUPS & VALUE PROPOSITIONS

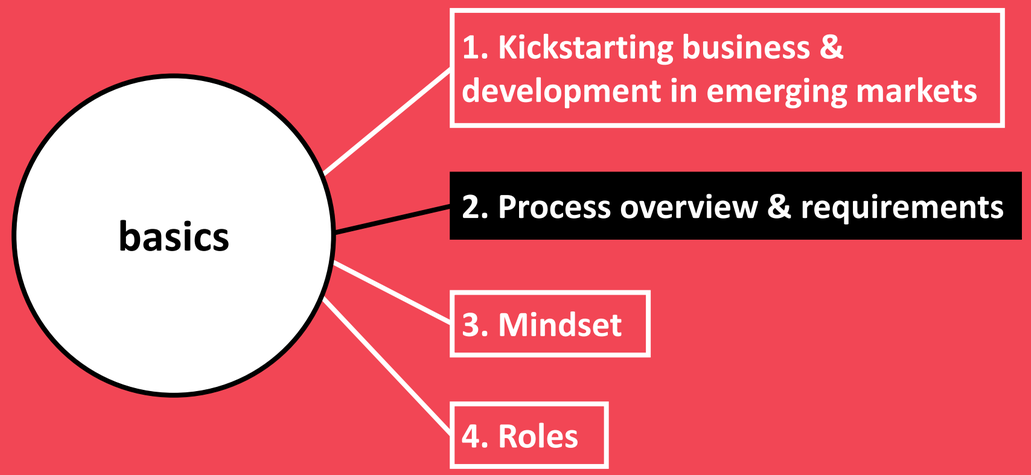
USERS

- Participate in the design of tailormade business solutions that address their needs
- Benefit from the resulting products or services, e.g. through economic, social or other SDG-related improvements

LOCAL GOVERNMENTS

- Strengthen cooperation with local and European companies
- Attract foreign investment and drive innovation in their country
- Use insights from private sector dialogue to reform the business enabling environment
- Tackle country-specific SDG challenges based on innovative, tailored business solutions

get to know the lab of tomorrow



The lab of tomorrow process at a glance

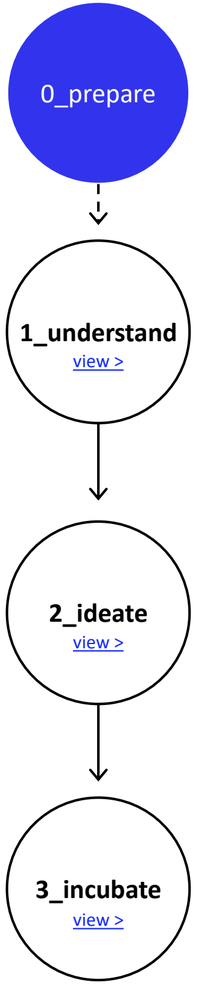
The *lot* process consists of four phases; each phase includes different workstreams and activities, which are explained in detail in Chapter 2 – Process. In essence, the respective focus in the four phases is to:

0_prepare the *lot* process: this phase typically involves defining a general development challenge that the process will tackle. It also requires taking key management decisions on how to technically and financially implement the *lab of tomorrow* process and what internal resources will be needed.

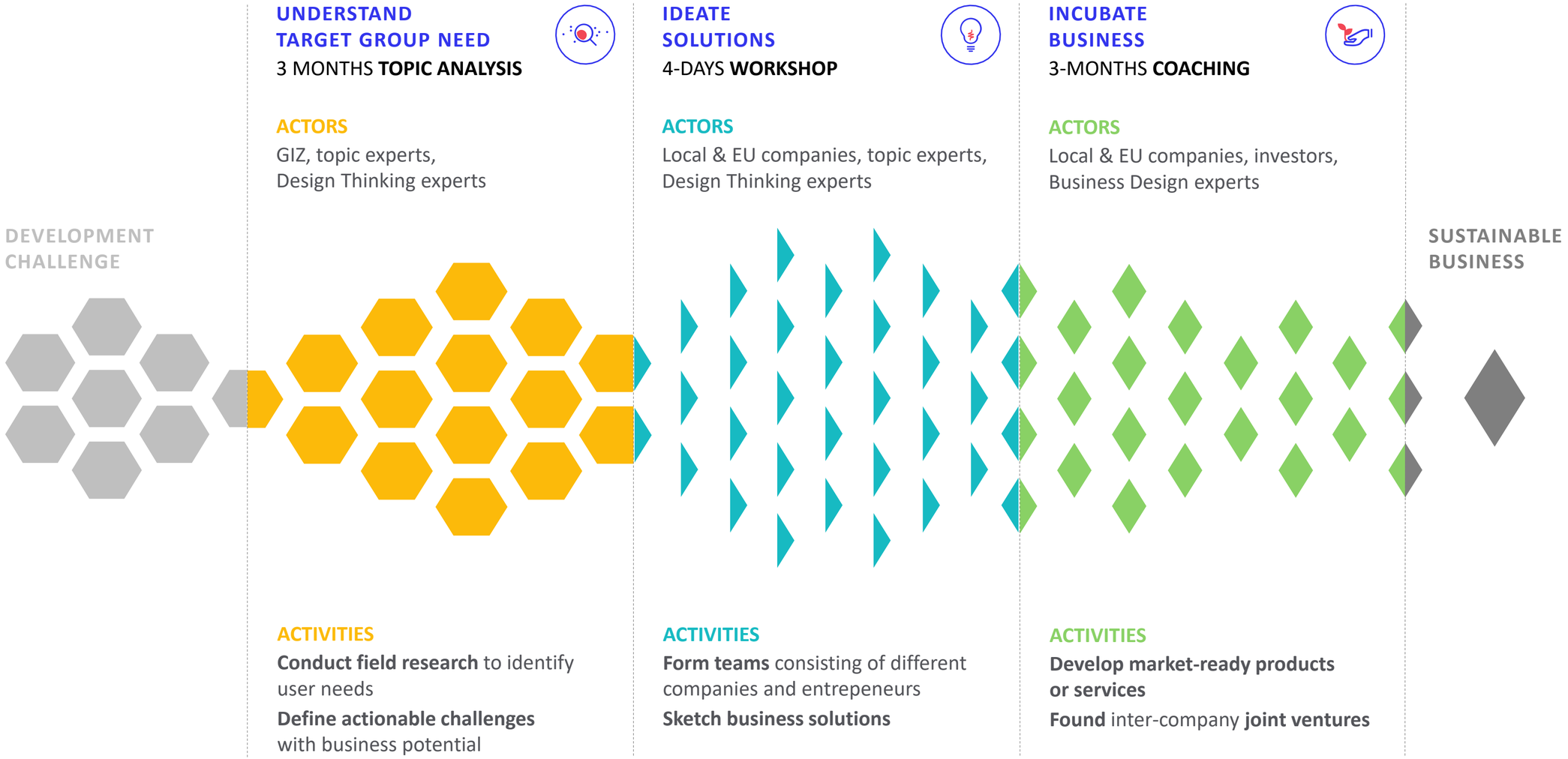
1_understand the development challenge that the process will tackle: uncovering unmet needs that can be tackled with business solutions. Understanding the interests and needs of all stakeholders is essential for this, especially those of local actors affected by the challenge. These insights form the basis for attracting suitable participants with the ideal backgrounds and capabilities for creating solutions to the identified unmet needs.

2_ideate, through the creation of sustainable business solutions: the participating private sector actors – often supported by actors from local public sector, civil society and academia – ideate tailored business solutions in small, interdisciplinary groups. This typically happens in an 'Ideation Sprint' – an intense 3-4 day workshop supported by professional facilitators. At the end of the Ideation Sprint, participants will have come up with an initial outline of their business model.

3_incubate the most promising business ideas emerging from the process: after the Ideation Sprint, participating teams can apply for incubation support – i.e. for refining, testing, and ultimately piloting their business model in the target market, to ensure that they address the needs of users in a practical and viable way. Typically, the incubation phase takes about 3-4 months and encompasses coaching for the teams by business design experts and might also include additional in-kind support. The incubation phase closes with a pitch in front of investors and follow-up program representatives.



The lab of tomorrow process at a glance



Typical steering structure of a *lot* process

***lab of tomorrow* team**
(consulting role)

Offers its free resources:
- *lab of tomorrow* manual
- tools for each process activity
- advises your project throughout your *lab of tomorrow* process

Process lead
(project management role)

Steers and manages the process:
- contracts Design Thinking experts
- manages process stakeholders
- acquires companies and entrepreneurs

Required resources:
- About 80.000 to 160.000 € budget for contractors
- About 50% time of a full-time expert over 6 months

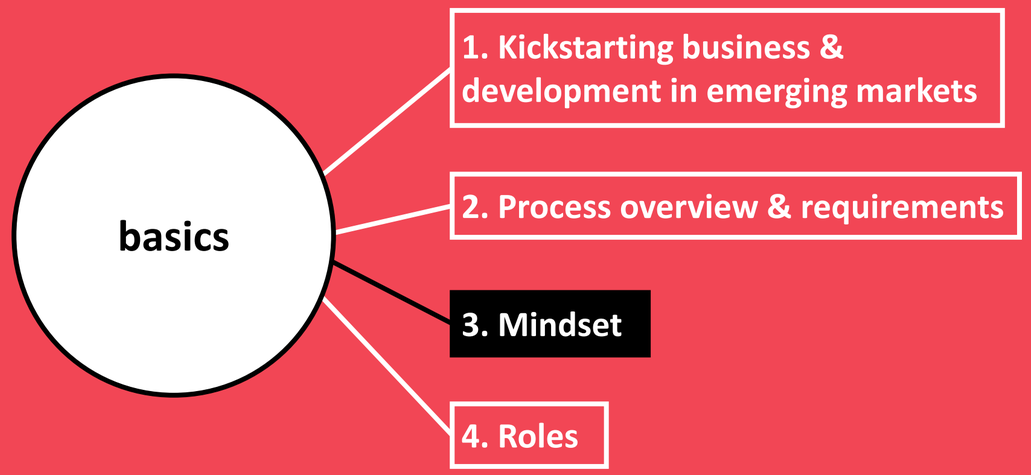
Facilitators
(implementing role)

Implement the process for the local project:
- conduct research to identify opportunities for sustainable business,
- facilitate the Ideation Sprint,
- coach the participant teams during Incubation

Resource requirements at a glance

- A *lab of tomorrow* process usually takes **8-10 months** – from defining the challenge to the emergence of teams with business solutions that are ready for piloting in the target market.
- Steering *a lab of tomorrow* process typically requires about **50% of the capacity of the responsible full-time expert (*lot* process lead)** over the course of the process (and may require additional support before important milestones).
- Implementing the process **typically requires 110-220 expert days of assistance through facilitators** (Design Thinking, Business Design) **and topic experts** (optional). The exact amount depends on a number of variables, including:
  - **Internal** availability of **human resources** within your own project for implementing the *lab of tomorrow* process
  - **Strength of** existing relevant **private sector network** of your project
  - **Need for** additional **research** on the development challenge and your target group(s)
  - The **desired number of business solutions** you would like to foster **(typically 2-6)**. Note: a higher number of desired solutions increases the chance that at least one solution will persist in the market, but also increases the cost of the *lab of tomorrow* process.

get to know the lab of tomorrow

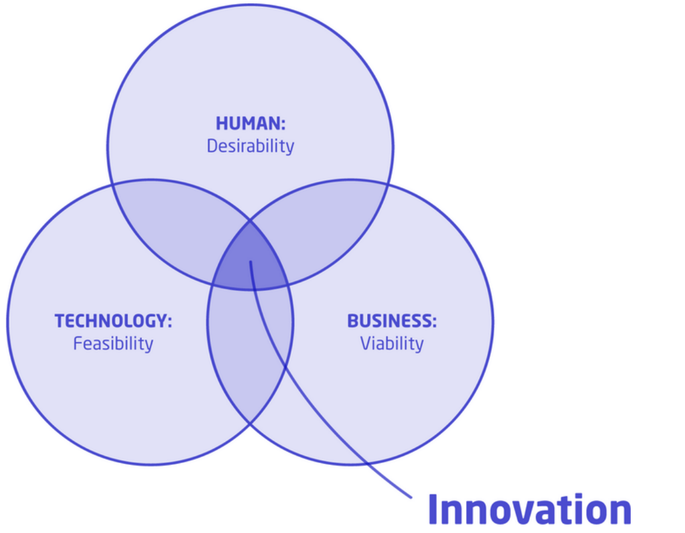


BASICS

Getting familiar with the *lab of tomorrow* mindset

In the *lab of tomorrow process*, we combine aspects from various agile methods and approaches – especially from Design Thinking and Business Design. We are convinced that a process that is based on these agile methods has the ability to yield great innovative solutions, as it encourages participants to think outside-the-box, focus on their would-be users and de-risk their product or service idea through prototyping and testing. To make the *lot* process a success, it is key that both you (the implementing team) as well as your participants (the venture teams) understand the different mindsets required at different stages of the process.

Usually, participants are comfortable in their established routines and have no time, patience, or courage to break out of them to try something else. That is why it is important to encourage them early on to go into this process with an open mind and provide inputs about the mindset along the way. Providing the participants with an holistic perspective of the approach and its possibilities is also a good way of showing the teams that leaning into an agile mindset can benefit them. In order to develop innovative and effective sustainable business solutions, the *lot* process combines three essential components: technical feasibility, economic viability, and human desirability - the latter one being the starting point and basis for any *lot* process.



Source: HPI

The focus on human-centeredness throughout the *lot* process is based on the Design Thinking approach. Design Thinking is a systematic, human-centered approach to solving complex problems. While traditional scientific and engineering approaches usually address a problem from the view of technical solvability, Design Thinking focuses on user needs and requirements as well as user-oriented invention.

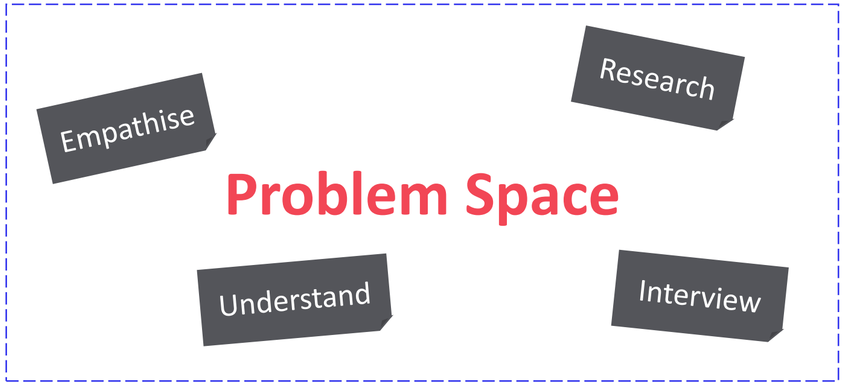
The lab of tomorrow process is more than just a collection of tools. It also requires you to take on the right mindsets at its different stages. Read more about these mindsets on the following pages.

In this manual, placed at the beginning of each lot process phase you will find a short mindset introduction, which will help you understand the key mindset aspects for each phase.

Additional Resources:
Design Thinking Mindset for Innovation (HPI)

The *lab of tomorrow* mindset: problem space and solution space

Part of adapting an innovative mindset is understanding why we do certain things a certain way, starting with the general understanding of the process. The process is divided into two major spaces – the problem space and the solution space. The problem space is all about exploring the problem. Here, we dig deep to understand the root causes of our problem/challenge. We talk to users, collect insights and analyse findings. In the *lot* process this part is done by the project planners and the project implementers. They need to explore this space in order to frame the challenge and define actionable sub-challenges. When they are done gathering sufficient insights, the process is given over to the participants, who use these insights to gain an understanding of the problem before entering the solution space. Only when entering the solution space, we think about how to solve our problem/challenge. This space is tackled by the participants of the *lot* process and starts during the ideation sprint. This space encompasses the generation of solution ideas as well as the prototyping, testing and validating of these solutions. Continuously testing and improving the solution before going to market is all part of the solution space. Separating the problem space and the solution space like this helps to focus on one aspect at a time and therefore create more problem-tailored and effective solutions.



The *lab of tomorrow* mindset: diverge and converge

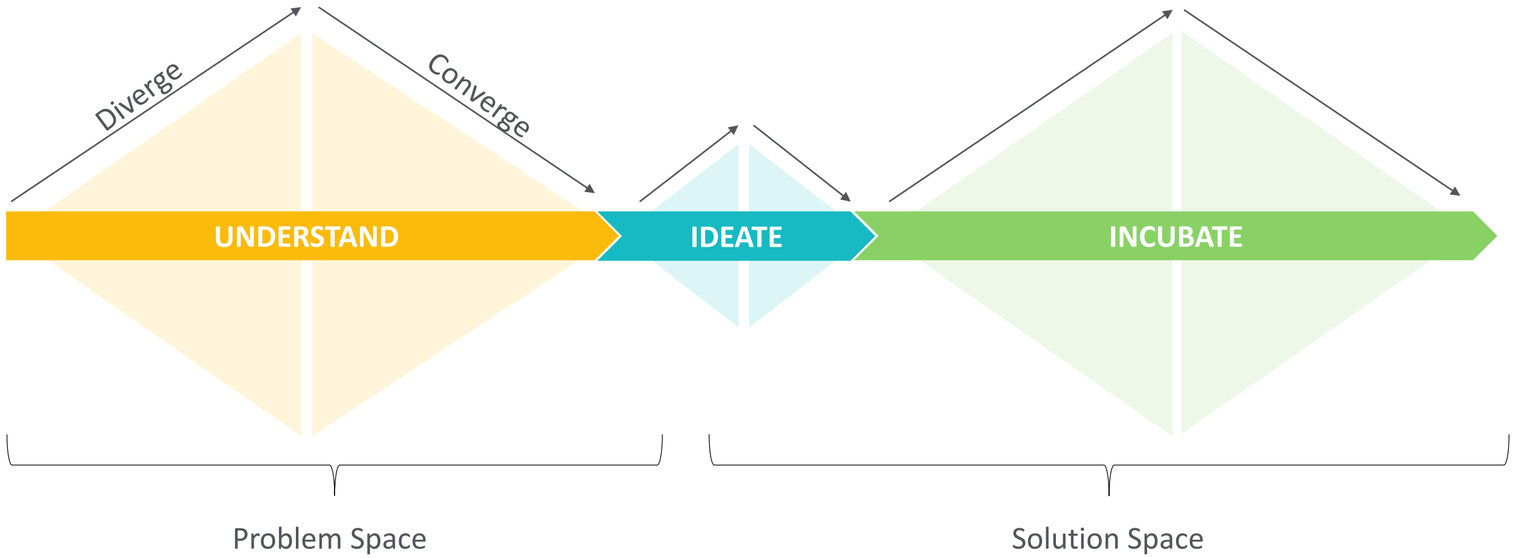
Throughout the *lot* process you will apply the diamond model. Here you switch between two modes: the divergent mode, which is all about opening up possibilities by exploring and suspending judgement and the convergent mode, where you evaluate the gathered information and make selections and decisions.

In the case of the *lot* process, we go through the diamond model thrice:

(1) **UNDERSTAND** phase: open up the problem space and discover all the needs and perspectives related to your problem. While still in the problem space, try to break down the information you have gathered and clearly define your problem.

(2) **IDEATE** phase: open up the solution space through ideating solutions ideas (a lot of them!) and converge by prototyping, testing and iterating the most promising solution ideas.

(3) **INCUBATE** phase: design the ideal business model around the chosen solution idea by prototyping, testing and iterating each component of the business – from customer segments, offering and value proposition to revenue model, pricing and distribution channels. Each feedback cycle brings you closer to your solution.



Key principles of the *lab of tomorrow* process

Besides embracing the problem and solution space and the diverging and converging modes throughout the process, there are a couple more key principles that will help you and the venture teams create strong solutions. User focus, co-creation, prototyping and iteration are the key principles of every *lot* process.

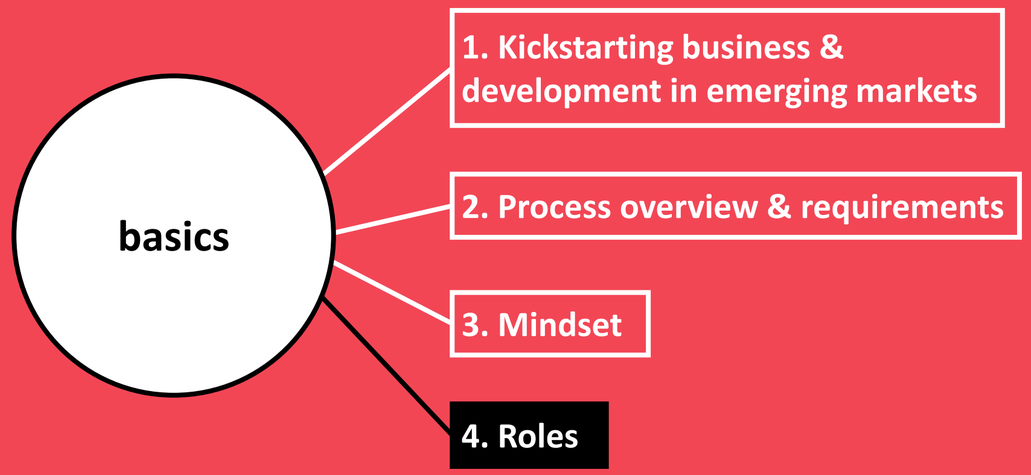
1. **User focus:** Understanding the needs of people or organisations affected by a specific development challenge is the basis for developing suitable business models. During the Innovation Sprint and incubation, business models are continuously tested and assessed with targeted users.

2. **Co-creation:** Co-creation refers to the joint development of business models by participants from businesses, governments, as well as academic, philanthropic or other backgrounds. By bringing in a broad range of expertise and perspectives, multi-stakeholder co-creation is a critical enabler of innovation.

3. **Prototyping:** Solutions are prototyped, tested and assessed as early as possible in the innovation process to verify their desirability from a user point of view, their technical feasibility and their economic viability. Prototyping thus reduces market risks and development costs.

4. **Iteration:** Business models are constantly refined in order to produce increasingly mature solutions.

get to know the lab of tomorrow



Overview of roles

The *lot* process includes three types of roles:

(1) Process implementers

Jointly steer and implement the process. This manual is written for the implementers. The core implementing team includes a process lead and several facilitators.

- *lot* process lead
- Facilitators (Design Thinking & Business Design experts)
- Topic experts *(optional)*

(2) Participants

Local and European company representatives and entrepreneurs working in interdisciplinary venture teams of 4-6 people to *co-create sustainable business models* during the Ideation Sprint and Incubation phases.

- Venture teams

(3) Process partners

Help to make the process a lasting success. Process partners may assume one or several partner roles; some organisations may also act as both participants and partners.

- Customers/Users
- Political partners
- Funding partners *(optional)*
- Topic experts
- Follow-up partners (Investors, incubators, accelerators)

Process implementers

lot process lead

The person with overall responsibility for the lab of tomorrow process.

The process lead typically is a staff member of a development organisation who seeks innovative solutions to a specific local development problem. They lead the overall organisation of the *lot* process, including the definition of the challenge, contracting of the facilitators and communication with all stakeholders. The process lead typically invests about 50% of their working time over a period of about 8-10 months for the *lot* process. Additional support by other staff might be required in busy times such as the acquisition of participants and the run-up to the Ideation Sprint. Factors influencing the workload are the number of venture teams that enter incubation and the extent to which tasks are outsourced to facilitators.

Facilitators

The group of people responsible for the methodological conduct and implementation of the process.

Facilitators are a team of consultants hired by the process lead. They are experts in Business Design and Design Thinking and should also by proficient in project management. In practice, the process lead often enters a contract with a single agency which sub-contracts associated consultants. Ideally, one agency should assist the entire *lot* process, and from the Ideation Sprint on, one consultant should support each venture team. Core tasks of the facilitators include conducting qualitative field research, implementing the Ideation Sprint, and coaching the venture teams during the Incubation phase. Depending on the process lead's budget and capacity, facilitators may also steer the overall project management, and help to define the development challenge.

Topic experts (*optional*)

Contracted expert(s) with profound challenge-related expertise.

The process lead may also hire consultants who are experts in the development challenge that the *lot* process aims to address. Areas of expertise may include knowledge of local markets, technological possibilities, legislation, cultural circumstances, and local language. The expert may help to define the challenge, assist in conducting research or advise the venture teams during the Ideation Sprint and Incubation phase. Contracting a topic expert is optional and depends on the human resources already available in the implementing team. Most past process leads have however chosen to bring in expert advice.

Participants

Venture teams

Interdisciplinary, international teams of process participants who co-create a sustainable business model that addresses the development challenge (or one of its sub-challenges) during the Ideation Sprint and Incubation phase.

- **Each venture team should include 4 to 6 participants** who are **committed to tackling the challenge with business solutions** and bring in relevant expertise and resources.
- The venture team members should consist of an **even mix of local and EU actors**.
- There should **never be more than 1 representative from the same organisation** in each team.
- **At least two thirds of the venture team members should be from the private sector**.
- Preferred private sector actor backgrounds include business operations, innovation, and research & development.
- Ideally, include **at least one entrepreneur and / or start-up business representative per venture team**. This increases the likelihood of sustained commitment after the Ideation Sprint.
- Non-private sector venture team members might stem from the public sector, relevant NGOs, academia, etc.

Private sector participants are crucial for making the *lot* process a success. They should bring:

- **Ideas or existing solutions which can be adapted to be part of the solution to be developed** (e.g. 2 actors per venture team with such)
- Openness to co-creation of new solutions (that may deviate from their existing solution approaches)
- Commitment to invest time and resources for creating a new business model and bringing it to market
- Capabilities, resources, and networks for bringing the emerging solutions to life (the support provided in the incubation phase is typically not financial)
- An entrepreneurial mind-set and hands-on attitude
- Dedication to sustainability
- Ideally, sufficient decision power within their own organisation

Process partners

Customers/Users

A party interested in buying, and/or ultimately benefitting from business solutions emerging from the lot process.

Involving users in the process is essential to ensure that business solutions are demand-oriented and viable. Depending on the business model, users can be divided into two groups: 1) Customers who enter into a direct commercial transaction with businesses emerging from the *lot* process. In practice, customers are often companies or political institutions seeking a solution that contributes to the SDGs – for example, innovations that stimulate economic growth, cater to underserved clients, or deliver a broader public good (e.g. reducing plastic waste). 2) Consumers who use and ultimately benefit from the business solutions, in line with SDG targets. They may purchase the solution from customers or receive it through other channels. In some business models, customers are also the direct consumers of innovative solutions. Note that beneficiaries of sustainable business models may not be limited to consumers, especially when solutions address a broader public good.

Political partners

An actor or entity which provides political backing for the process.

Political partners are local and international public sector actors with a shared interest in addressing the development challenge. They may facilitate the process through their network and provide important information on the policy and regulatory context of potential solutions.

Funding partners (*optional*)

A party interested in co-financing the process – either with financial or with in-kind resources.

Funding partners share the process lead's interest in finding solutions to the development challenge and are willing to provide financial support or in-kind support to the process. Their role as a funding partner also allows them to influence the framing of the challenge. Funding partners of past *lot* processes include companies, political organisations, and foundations.

Process partners

Topic experts

Expert(s) with profound challenge-related expertise.

Topic experts are individuals with outstanding insights in the field of the challenge. They typically stem from academia, the public sector, NGOs, civil society organisations or company associations. They may contribute in one or more of the following ways:

- Participate in the Challenge Framing Workshop to shape the focus of the lab of tomorrow process together with other topic experts
- Become interview partners to provide expertise to deepen the lot team's understanding of the challenge
- Become feedback providers to support the venture teams with dedicated expertise, e.g. in legal matters, market knowledge, etc.
- Conduct research for the lot process on a topic specified by the *lot* team.

Follow-up partners

A party offering continued technical or financial support to the emerging businesses after the end of the process.

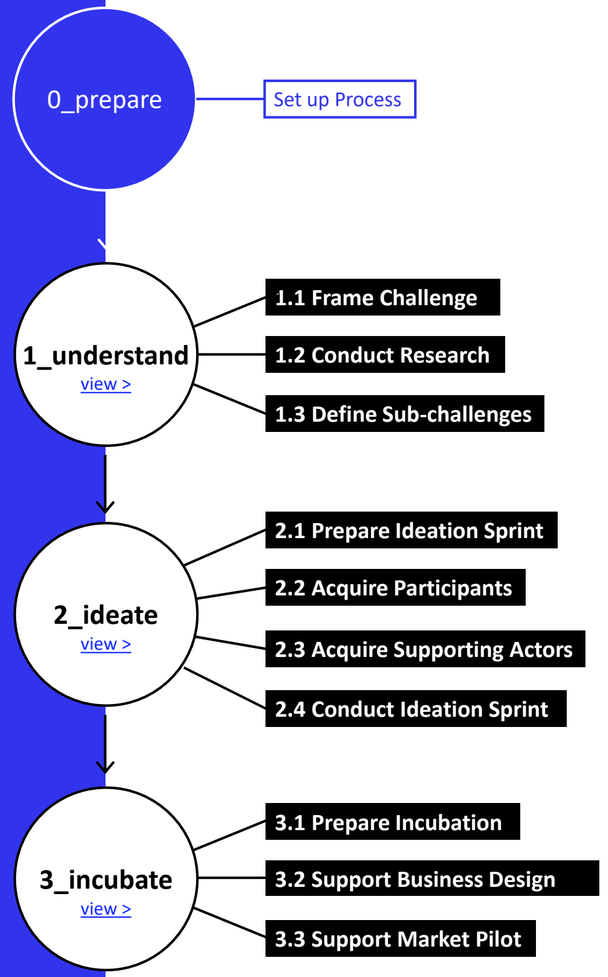
Follow-up partners are critical to facilitate the actual implementation of sustainable business models because the typical *lot* process ends at a rather early stage of business development. They may include:

- Incubator, accelerator, and similar programmes helping venture teams to bridge the gap between an early stage and fully operational business, e.g. through advice, networks, and seed capital
- Investors providing the financial means that venture teams need to scale their business operations

learn how to implement the *lab of tomorrow* process

What you'll learn

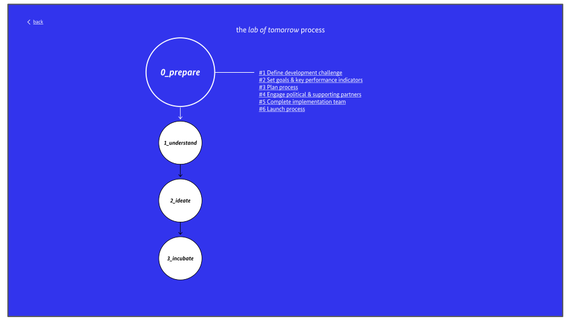
This chapter is a manual for the *lab of tomorrow* process. It guides you through the four process phases and explains all necessary workstreams and activities. Follow the manual to implement your own *lab of tomorrow* process in a self-directed manner!

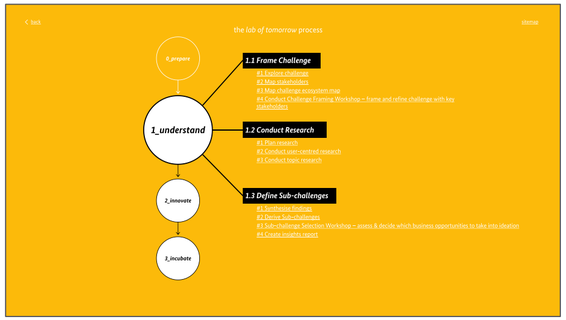


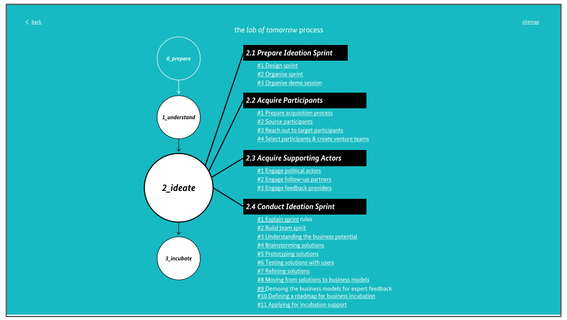
Tutorial

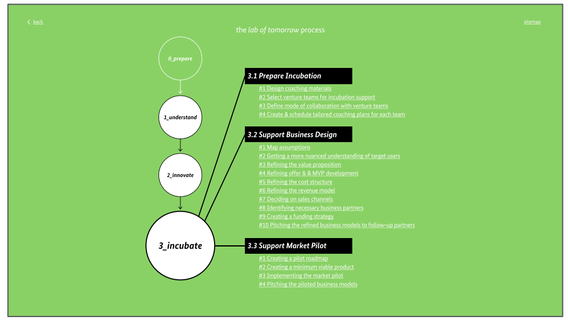
How to use the process manual: structure

The lot process has four phases: 0_prepare, 1_understand, 2_ideate and 3_incubate.

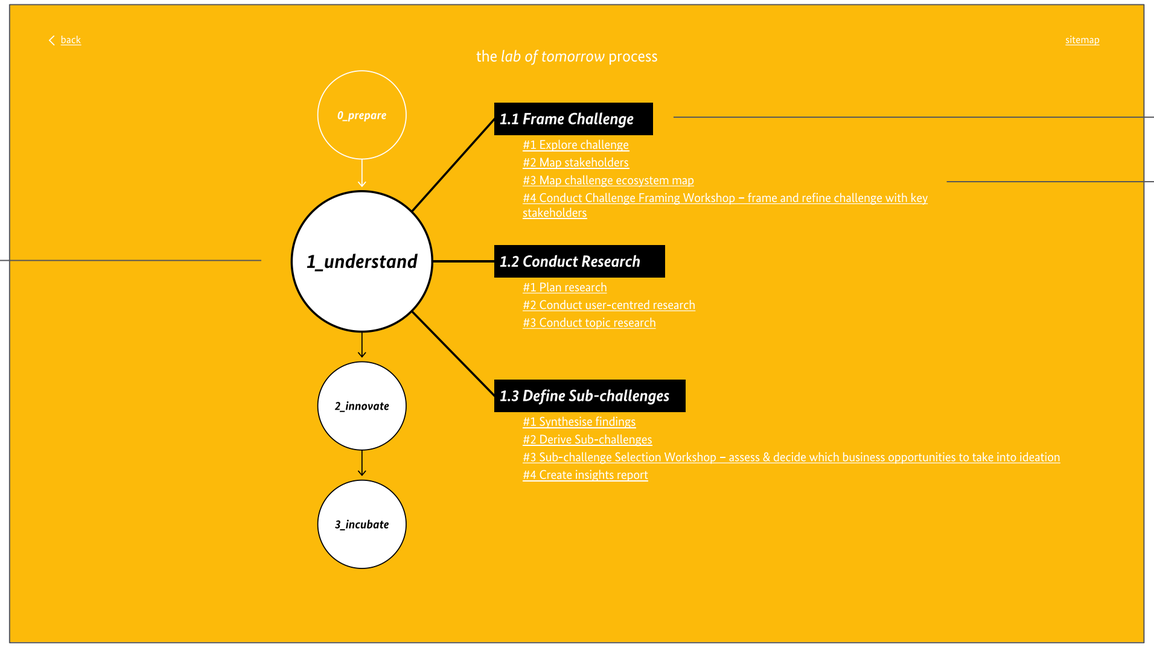








Each phase comprises one or more workstreams. Each workstream consists of a number of activities.



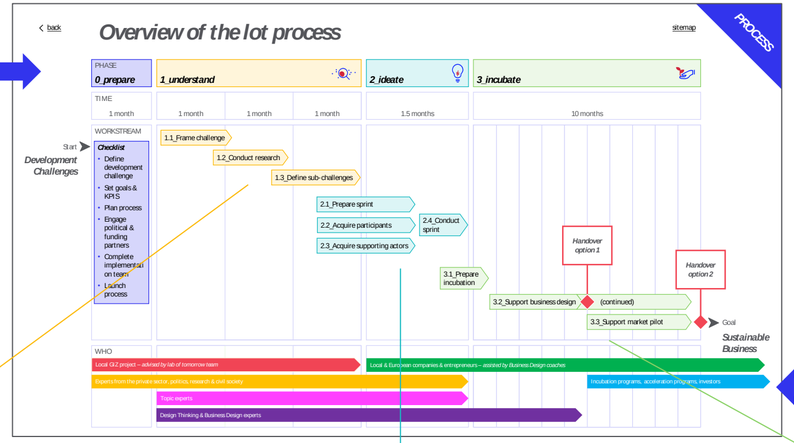
Phase

Workstreams

Activites

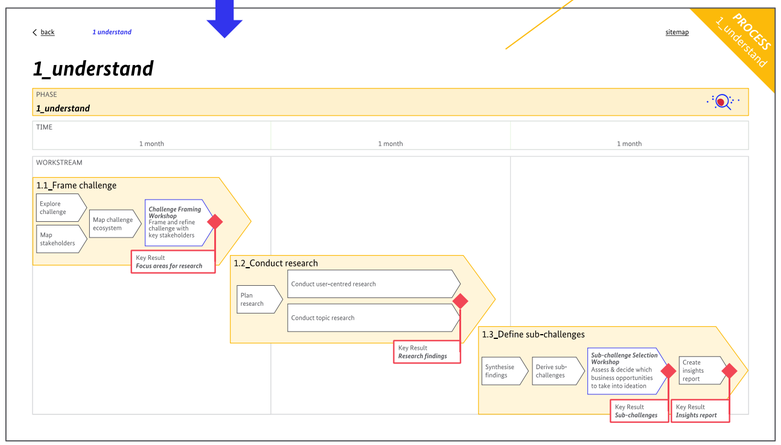
How to use the process manual: structure

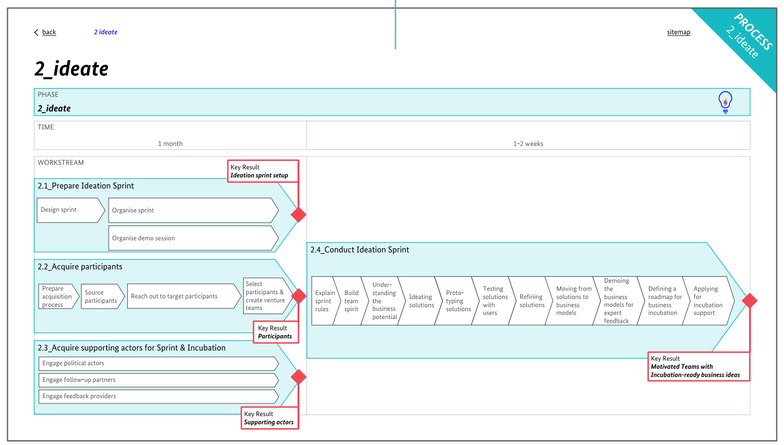
We have included charts to visualize the process. The overview chart let's you view the process on phase and workstream level.

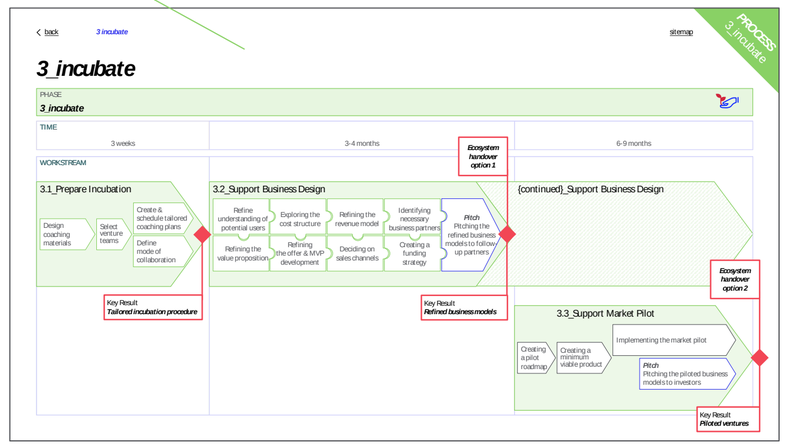


In each phase you find a more detailed chart that let's you view the workstreams and activities within the phase.

The colourful arrows below the chart visualise which actors are predeominantly active at different stages of the process.





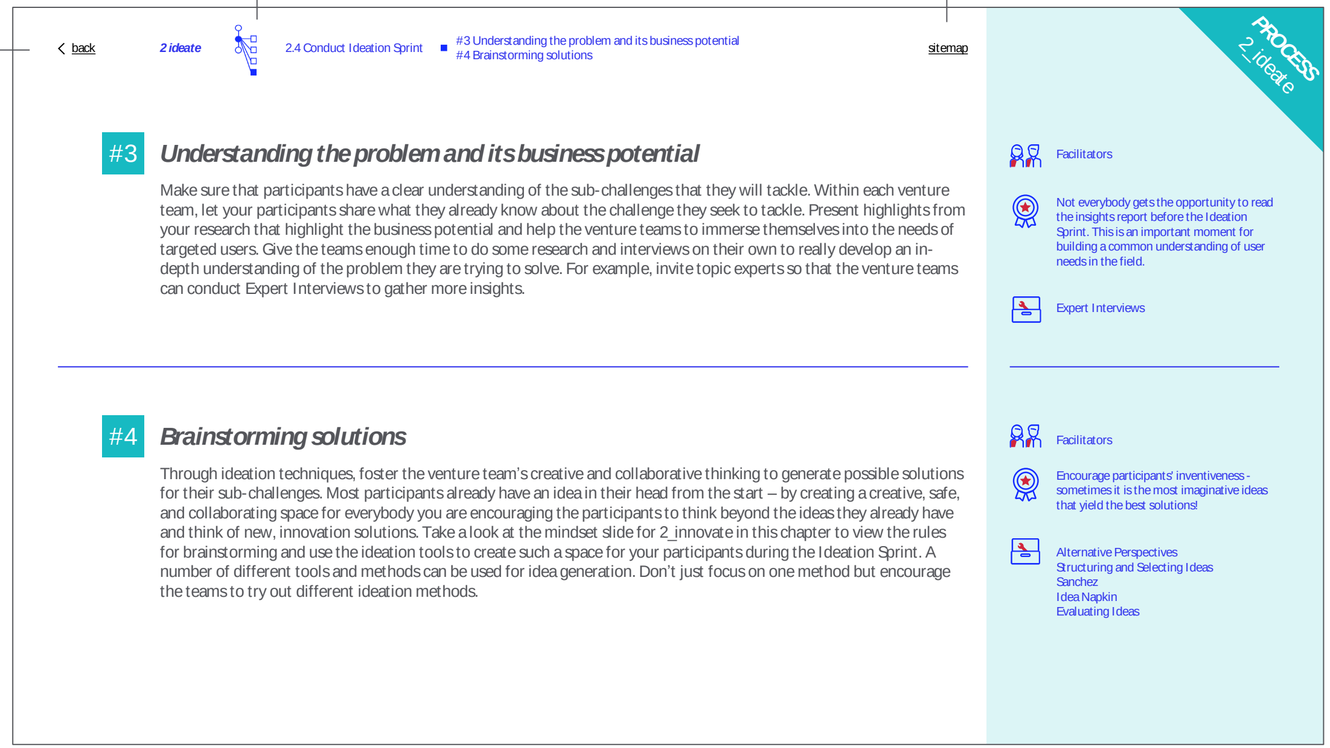


How to use the process manual: navigation

Navigation bar: Click to navigate between phase, workstream and activity slides

Click to view the sitemap for an overview on all handbook contents

Click to go back to the section overview



FURTHER INTERACTIVE ELEMENTS:

All process illustrations are fully clickable: hyperlinks will take you to the respective slides

Referenced tools in the sidestrip (see activity level) link to the downloadable file on the lot website.

PROCESS

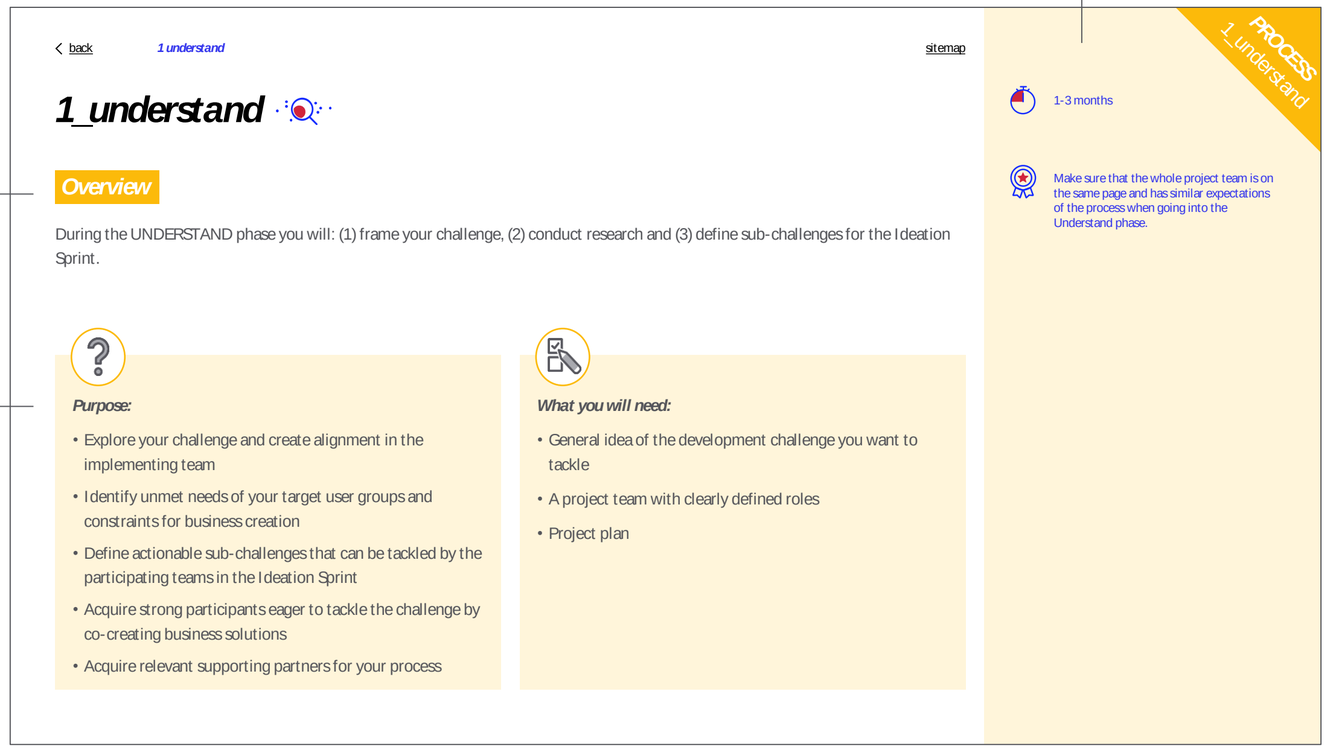
How to use the process manual: phase level

On phase level we have additionally included a mindset slide that helps you approach the phase with the appropriate focus.

Sidestrip with additional information

Overview of the phase contents

Description of the purpose and prerequisites for the phase



SIDESTRIP ELEMENTS ON THIS LEVEL INCLUDE:

- Timeframe
- Options
- Success Factors
- Links

PROCESS

How to use the process manual: workstream level

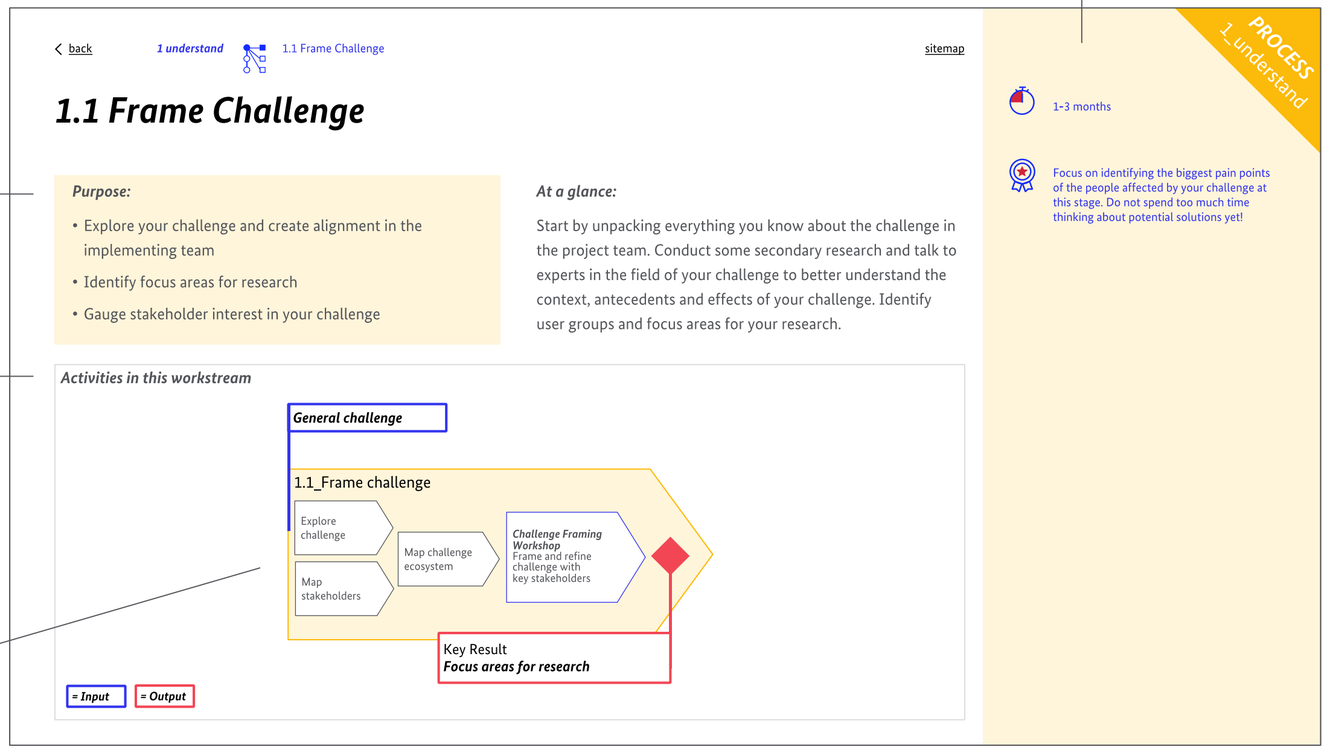
Sidestrip with additional information

Description of purpose of the workstream

Illustration of the contents and implementation flow of the phase / workstream

= Input **= Output**

Click on each activity (white arrows) to view its description



SIDESTRIP ELEMENTS ON THIS LEVEL INCLUDE:

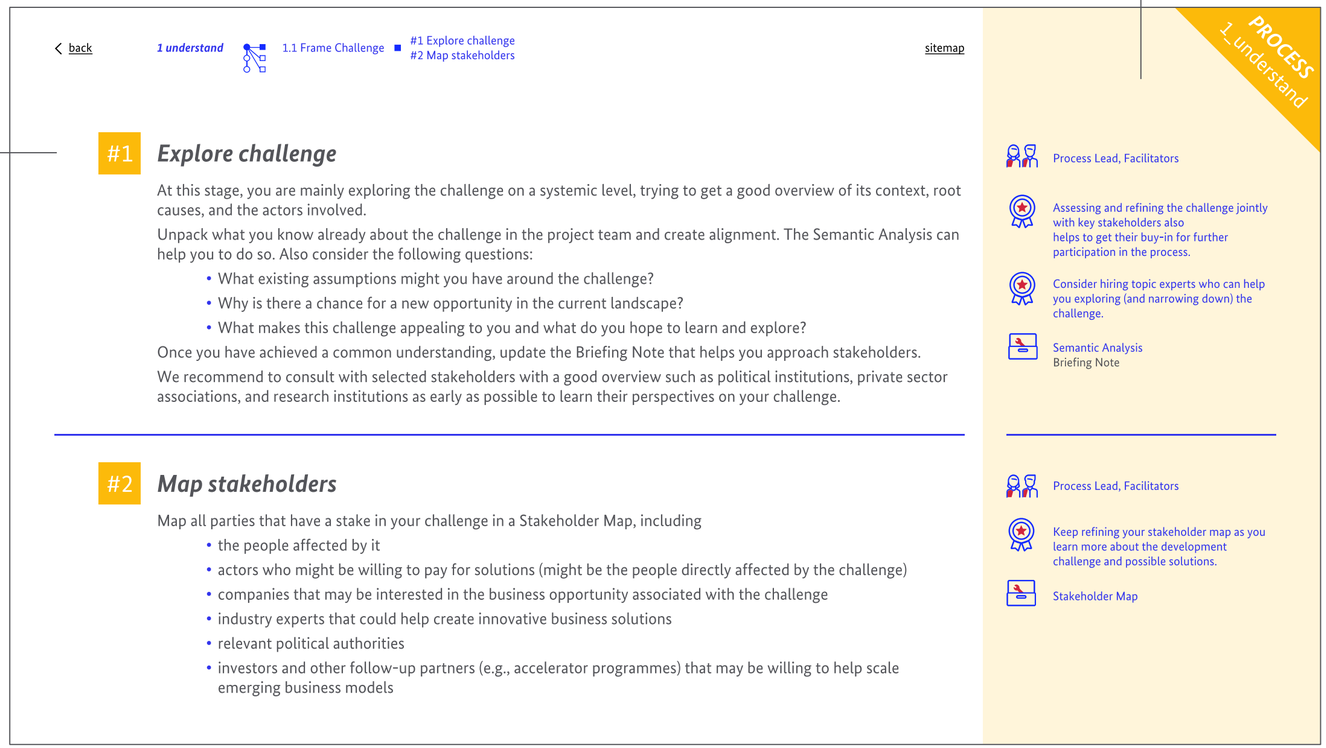
- Timeframe
- Options
- Success Factors
- Links

PROCESS

How to use the process manual: activity level

Referenced tools in the sidestrip link to the downloadable file on the lot website.

Detailed descriptions of each process activity



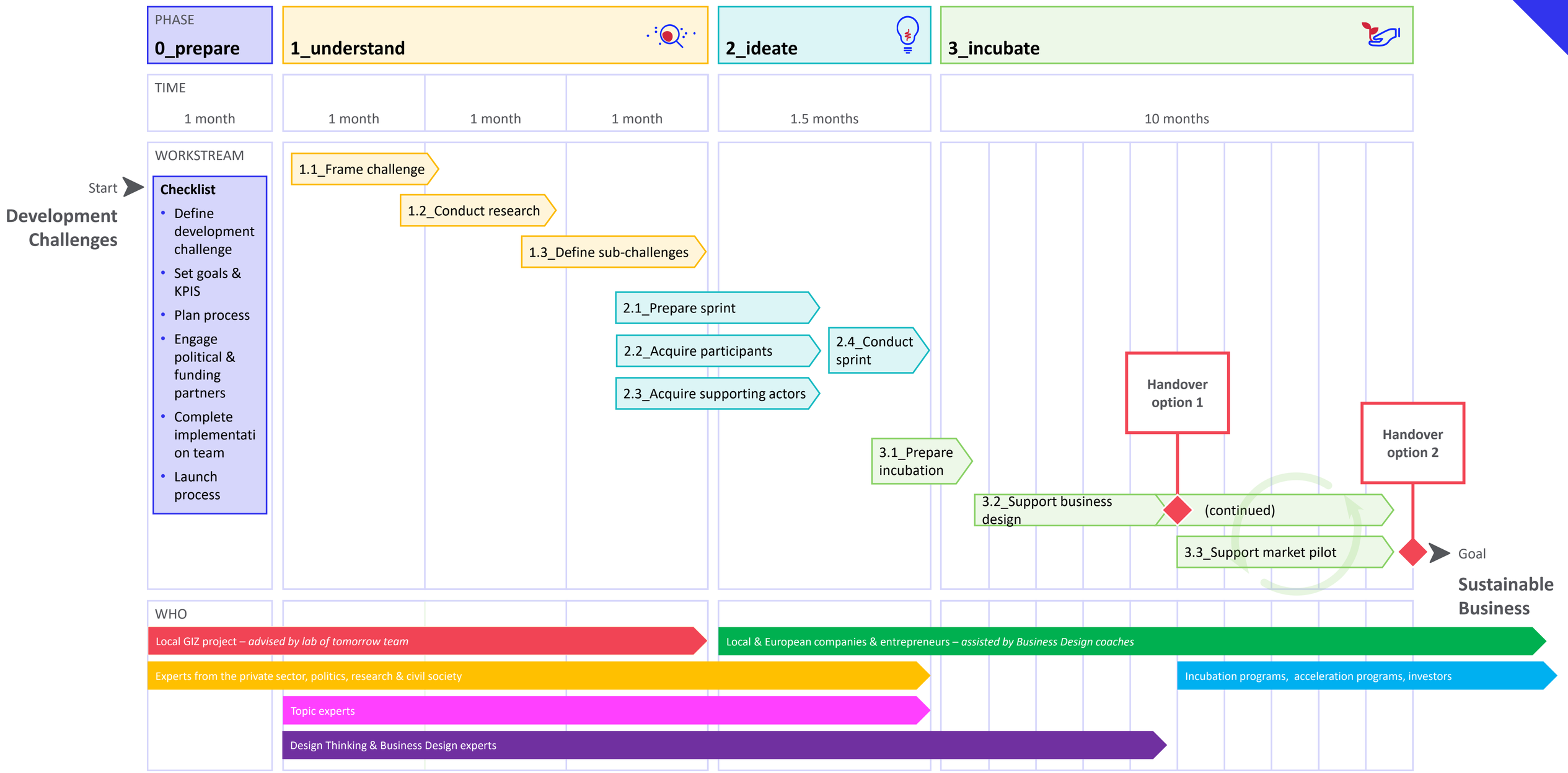
SIDESTRIP ELEMENTS ON THIS LEVEL INCLUDE:

- Roles
- Options
- Success Factors
- Tools
- Links
- Notes

Process overview

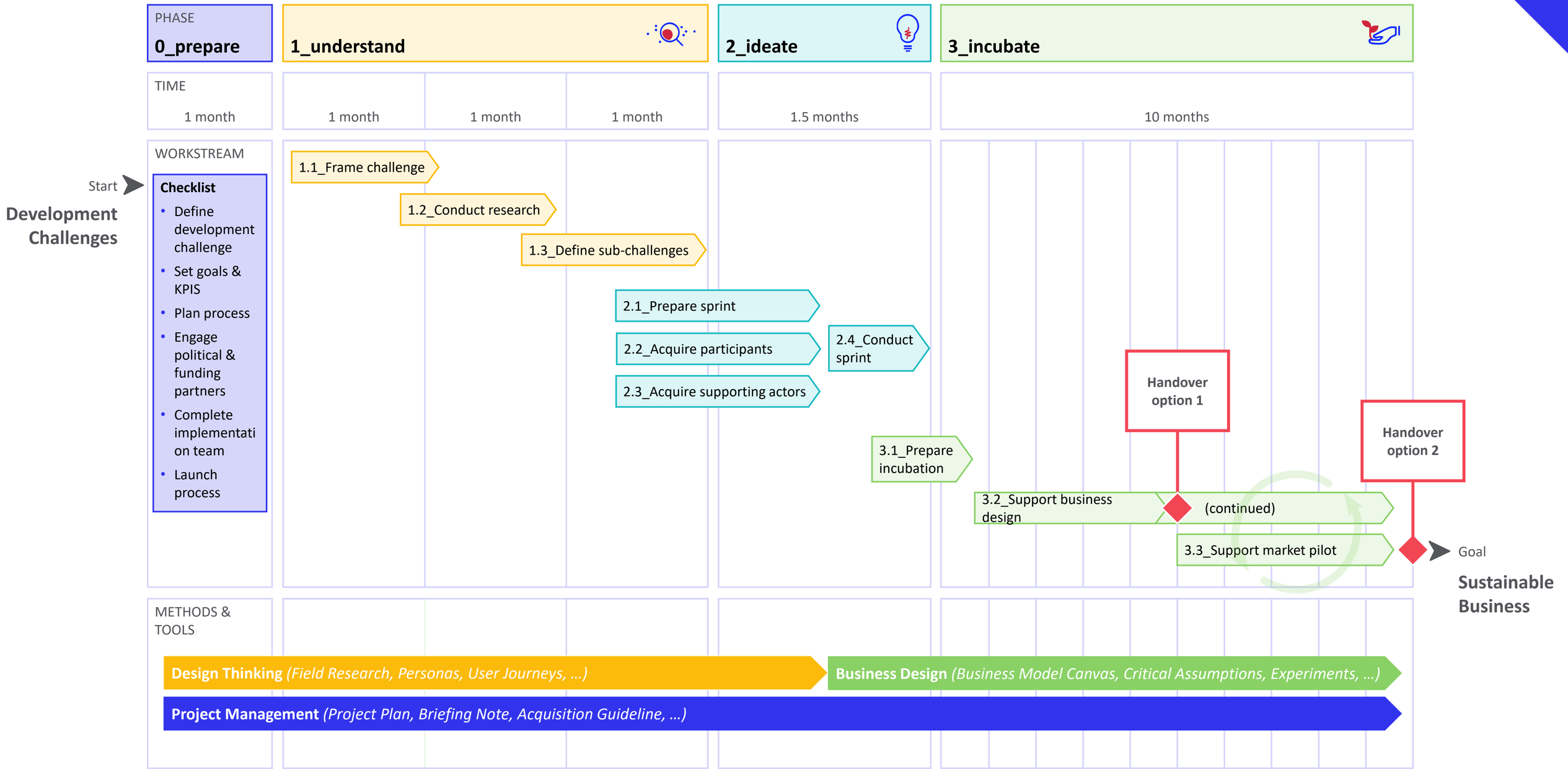
Overview of the *lot* process

PROCESS

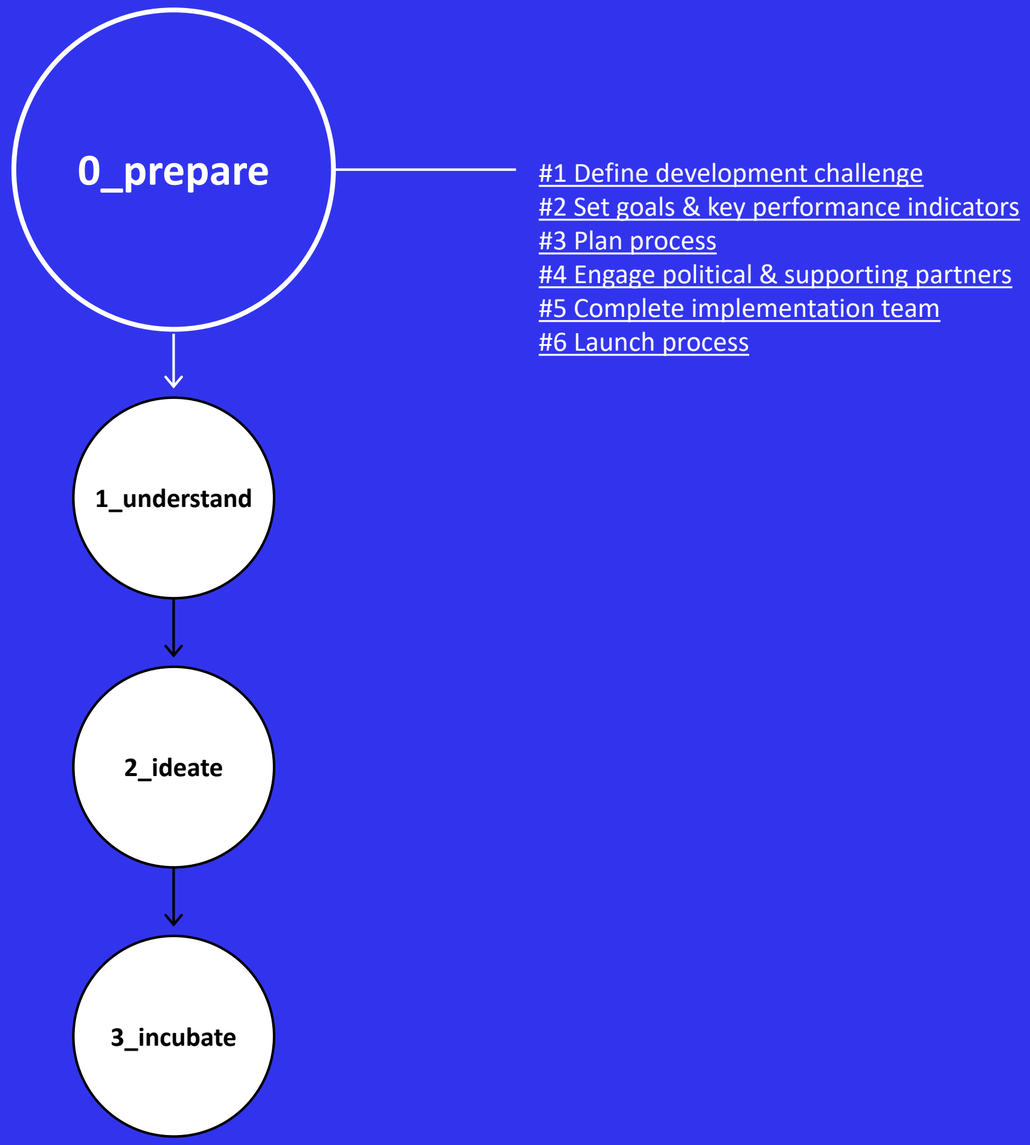


Methods & tools along the lot process

PROCESS



the *lab of tomorrow* process



#1 Define development challenge
#2 Set goals & key performance indicators
#3 Plan process
#4 Engage political & supporting partners
#5 Complete implementation team
#6 Launch process

PROCESS
0_prepare

0_prepare

1 month

Purpose:

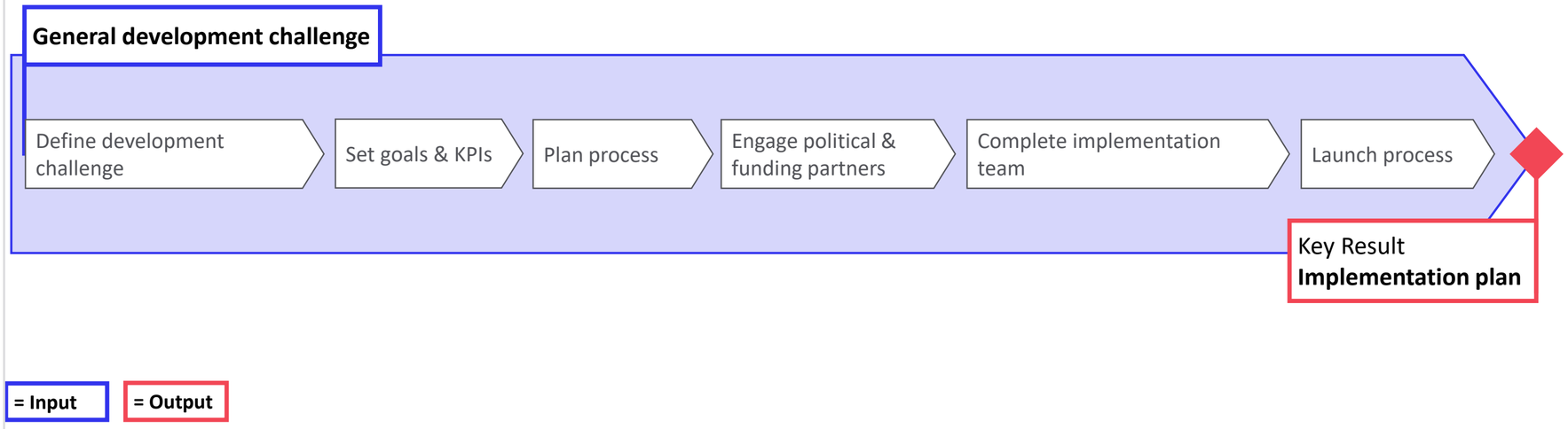
- Define which development challenge with business potential you want to tackle.
- Scope and plan your lab of tomorrow process.
- Allocate the necessary human and financial resources and launch the process.

At a glance:

Get started with your *lot* process by defining the topic, creating a lot process team, developing a realistic project plan, and setting clear expectations that will guide everybody through the process.

Take time and a realistic perspective when approaching the start of the *lot* process. Go through the Prepare activities conscientiously and make room for getting everybody on the same page. Setting up a clear working structure and expectations will benefit you along the process.

Activities in this workstream



PROCESS 0_prepare

#1 Define development challenge

To get started, define the development challenge you want to tackle with new business solutions. The challenge should neither be too broad to be tackled nor too limiting for creative solutions and offer both:

- Opportunities for viable business solutions (i.e., there need to be actors willing to pay for solutions to the challenge)
- Sustainability impact (i.e., solutions to the challenge should contribute to reaching the UN Sustainable Development Goals)

If you do not yet have a concrete idea for a development challenge, you may screen and narrow down relevant social and environmental challenges in the field of your work by asking:

- What are the unmet social, economic or environmental needs of our target group(s)?
- Why is there currently no solution?
- Is there potential for a sustainable business solution? If yes, you may have found the right challenge for your process

Once you have a general idea what the challenge might be, the **Challenge Quiz** helps you to quickly map and assess your challenge. The quiz will also prompt you to think about companies which might provide solutions.

We recommend to talk to some of these companies as early as possible in order to find out if the challenge is relevant to them and whether they see potential for business solutions.

Process Lead

BROAD VERSUS SPECIFIC CHALLENGES

A broad challenge...

+ is likely to attract more diverse participants
+ lends itself to a wider range of possible solutions
- may increase the cost and duration of the process.

A more specific challenge...

+ may enable more targeted participant acquisition
+ facilitates a more manageable research focus
- is likely to offer a more limited range of possible solutions

In order to move ahead, it is crucial that the consulted companies see the potential for business solutions to the challenge.

Assessing and refining the challenge jointly with key stakeholders also helps to get their buy-in for further participation in the process.

Challenge Quiz (coming soon)

PROCESS 0_prepare

#2 Set goals & key performance indicators

Based on your process goals, set KPIs for each phase and workstream of your process. These will help you keep track of your progress and provide an objective basis for collaboration with facilitators. Examples of KPIs include:

- the target number of participants (16 to 36)
- the target distribution of participant backgrounds (private sector, public sector or other)
- the target number of venture teams in which your participants will work (4-6)
- the target number of participants per venture team (4-6)
- the target number of venture team coaches (ideally, 1 dedicated coach per venture team)
- The target number of venture teams that should apply (or enter) the incubation phase (e.g., 5 out of 6).

Process Lead

Experience suggests that a process with more than 6 venture teams / more than 36 active participants is difficult to manage.

PROCESS 0_prepare

#3 Plan process

Planning your process ahead based on your defined goals and KPIs puts you in a strong position for efficient implementation. Begin by defining the overall set-up of the process:

- Which **financial and human resources** do you require? (You may use the **Cost Calculation** to gauge this information.)
- Which **partners** do you need for steering the process and making it a success?
- Which (rough) **timeline** do you envision? (Duration of each phase & workstream, including Ideation Sprint date and location.)

Next, think your process from the end by defining:

- the **duration of the incubation services** you will provide to emerging businesses
- the **scope of your incubation services**; typical options include providing general coaching, facilitation and advisory services only; providing additional targeted technical assistance and advice to specific business models; and / or additional financial support. At this point, you do not need to agree on every detail, but you should have clearly defined your service offer before starting your participant acquisition
- your **exit strategy** (see option in the sidebar), i.e., when do you plan to hand over the emerging businesses to investors or other follow-up partners such as other incubation or accelerator programs?

Planning ahead this way allows you to

- ensure clear expectation management with partners and participants
- contract facilitators based on clear terms of reference
- adopt a coherent project management approach.

Process Lead

EXIT STRATEGY

There are two exit options for your incubation services:

a) After Business Design (~ 3 1/2 months after the Ideation Sprint)
You assist the participating teams in creating the ideal business model for their solution but leave the support of market piloting to other partners.
Please note: At this early stage the teams may find it difficult to convince investors or support programms of their business ideas. It is crucial that you assist the venture teams in finding follow-up partners – e.g., through hosting a pitch in the end of the Business Design stage.

b) After Business Design and Market Pilot (~ 9 months after the Ideation Sprint)
You continue to support the venture teams throughout the pilot of their businesses in the target market. This requires extra resources for coaching. You may also provide additional financial or in-kind services to the teams to help them create and deploy their minimum viable product. Your support stops once there is clear evidence of the businesses' market potential. This exit option increases the chance of a smooth handover to follow-up programs or investors.

Cost Calculation (coming soon)

PROCESS
0_prepare

#4 Engage political & funding partners

Create a **Briefing Note** that helps you to approach potential partners (and participants) of your *lab of tomorrow* process. Information to include in your briefing note:

- Introduction to the lab of tomorrow process (goals, methods, timeline)
- Topic and background of challenge
- Benefits of participating or supporting the process
- How to get involved
- Contact

Use the briefing note to engage political partners whose backing you need (such as BMZ and relevant public sector actors from the target country).

You may also approach other organisations (such as relevant foundations or other development cooperation projects) who might be interested in co-funding your process.

Process Lead

Keep updating your briefing note throughout the process as you learn more about the challenge and its potential sub-challenges

Briefing Note (coming soon)

PROCESS
0_prepare

#5 Complete implementation team

A complete implementation team includes the roles ‘lot process lead’ and ‘facilitators’ and may optionally also include additional ‘topic experts’.

If the process lead and their team cannot take on the role of the facilitators themselves, they need to identify and contract external facilitators: suitable Design Thinking and Business Design experts for the implementation of the *lot* process. The facilitators should…

- have strong expertise in project management, Design Thinking and Business Design
- implement the process throughout the different phases (research, workshops, coaching, etc.)

Refer to the **Example Terms of Reference** for contracting suitable experts.

Additional topic experts may be contracted at this point or throughout the process in settings where the process lead and the facilitators lack necessary topic expertise (e.g., for framing the challenge or making effective decisions which sub-challenges to take forward for the sprint).

Process Lead

In-house or outsourced project management
In case of sufficient internal staff capacity and resources, the process lead may take a more active role in process management and delegate less to the facilitators.

Write precise and clear Terms of Reference clarifying responsibilities and KPI-based deliverables. Require the facilitators to assign one lead project manager to ensure efficient communication with the process lead.

Contract the facilitators as early as possible to ensure a shared vision and drive ownership.

Example Terms of Reference (coming soon)

#6 Launch process

Start your process with a kick-off in the whole implementation team by jointly reviewing and defining the

- process goals and format
- distribution of roles and responsibilities
- Means and structure of communication and collaboration.

Create a **Project Plan** for your joint implementation.

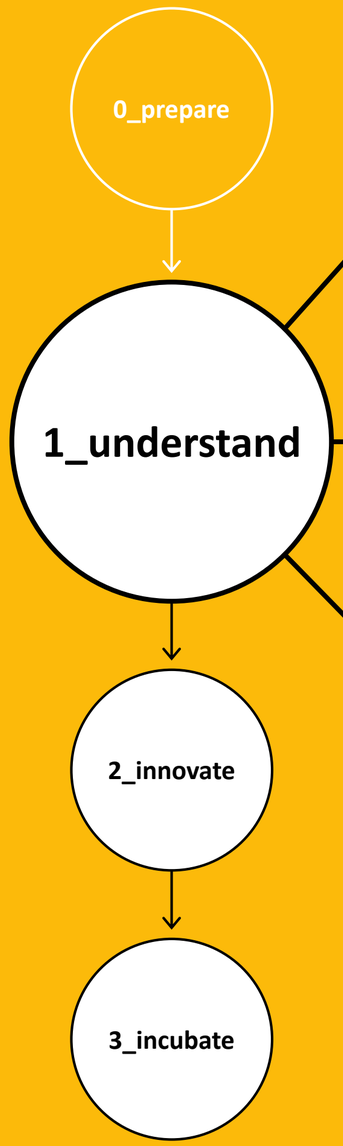
Process Lead, Facilitators

A shared project plan and clear distribution of roles and tasks are essential for making the process a success.

You may use an online, non-static project management tool (such as Asana or Trello) to manage tasks more efficiently.

Project Plan Example (coming soon)

the *lab of tomorrow* process



1.1 Frame Challenge

#1 Explore challenge
#2 Map stakeholders
#3 Map challenge ecosystem map
#4 Conduct Challenge Framing Workshop – frame and refine challenge with key stakeholders

1.2 Conduct Research

#1 Plan research
#2 Conduct user-centred research
#3 Conduct topic research

1.3 Define Sub-challenges

#1 Synthesise findings
#2 Derive Sub-challenges
#3 Sub-challenge Selection Workshop – assess & decide which business opportunities to take into ideation
#4 Create insights report

PROCESS 1_understand

1_understand

Overview

During the UNDERSTAND phase you will: (1) frame your challenge, (2) conduct research and (3) define sub-challenges for the Ideation Sprint.

Purpose:

- Explore your challenge and create alignment in the implementing team
- Identify unmet needs of your target user groups and constraints for business creation
- Define actionable sub-challenges that can be tackled by the participating teams in the Ideation Sprint
- Acquire strong participants eager to tackle the challenge by co-creating business solutions
- Acquire relevant supporting partners for your process

What you will need:

- General idea of the development challenge you want to tackle
- A project team with clearly defined roles
- Project plan

1-3 months

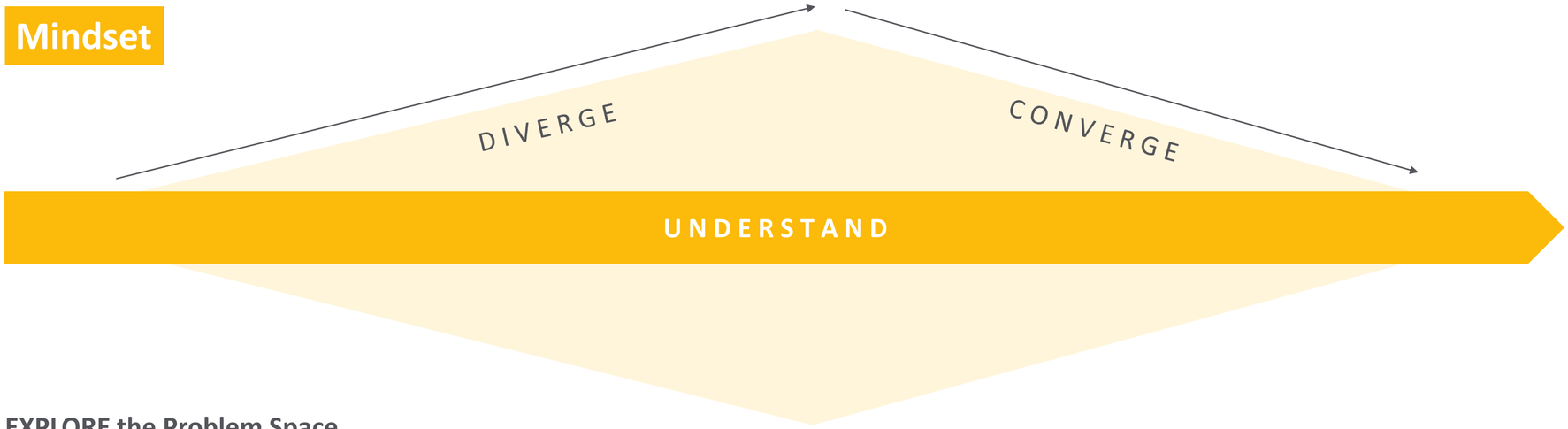
Make sure that the whole project team is on the same page and has similar expectations of the process when going into the Understand phase.

PROCESS 1_understand

1_understand

1-3 months

Mindset



Exercising empathy with the people affected by a challenge plays a big role in uncovering their unmet needs. Check this IDEO article to learn more: Empathy on the Edge

EXPLORE the Problem Space

During the UNDERSTAND phase, focus on identifying the needs and perspectives of people or organizations affected by your challenge in order to learn more about the problem(s). Do not think about solutions at this stage – that is the focus of **phase 2_ideate!**

HOW?

Be open-minded about all aspects connected to the challenge or problem. Try to understand and emphasize with different perspectives. Defer your own judgement and assumptions. Be curious and always dig deeper. Take the time to properly dive into needs and perspectives.

WHY?

Exploring and ultimately understanding the problem(s) of the challenge is the basis for developing sustainable business solutions. It is important not to get caught in one's own assumptions at this point, since they can lead away from all the insights gathered during this phase.

PROCESS 1_understand

1_understand

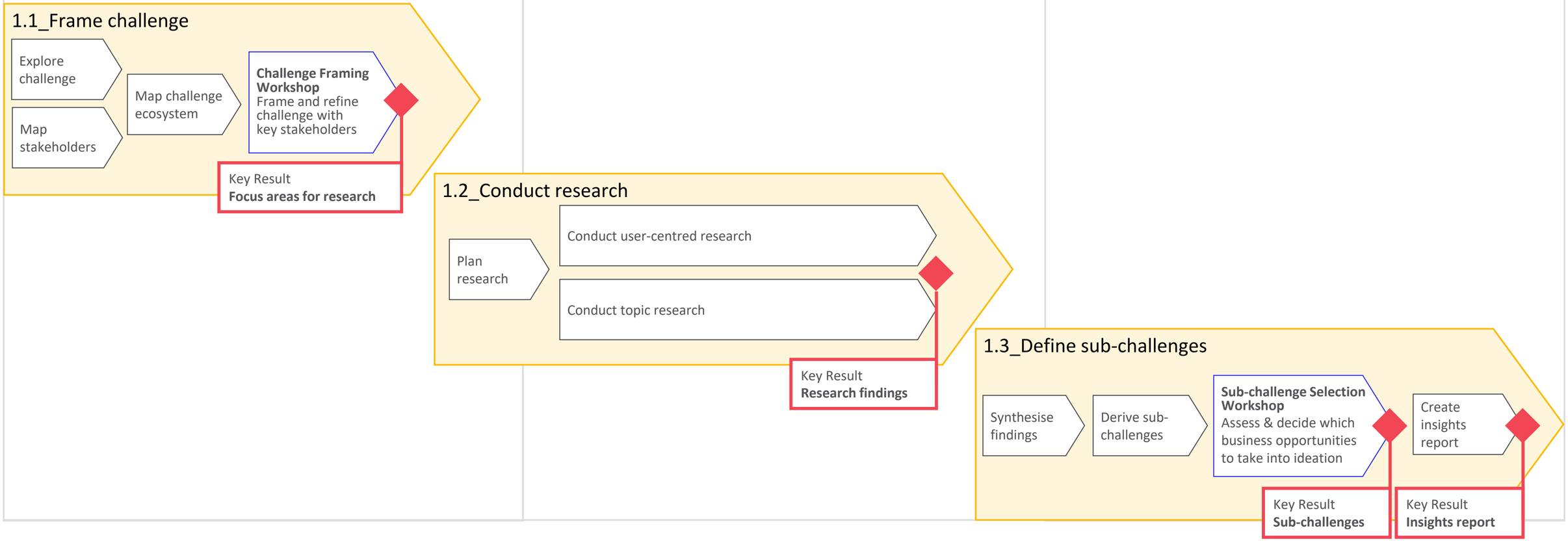
PHASE

1_understand

TIME

1 month	1 month	1 month

WORKSTREAM



PROCESS 1_understand

1.1 Frame Challenge

1-3 months

Focus on identifying the biggest pain points of the people affected by your challenge at this stage. Do not spend too much time thinking about potential solutions yet!

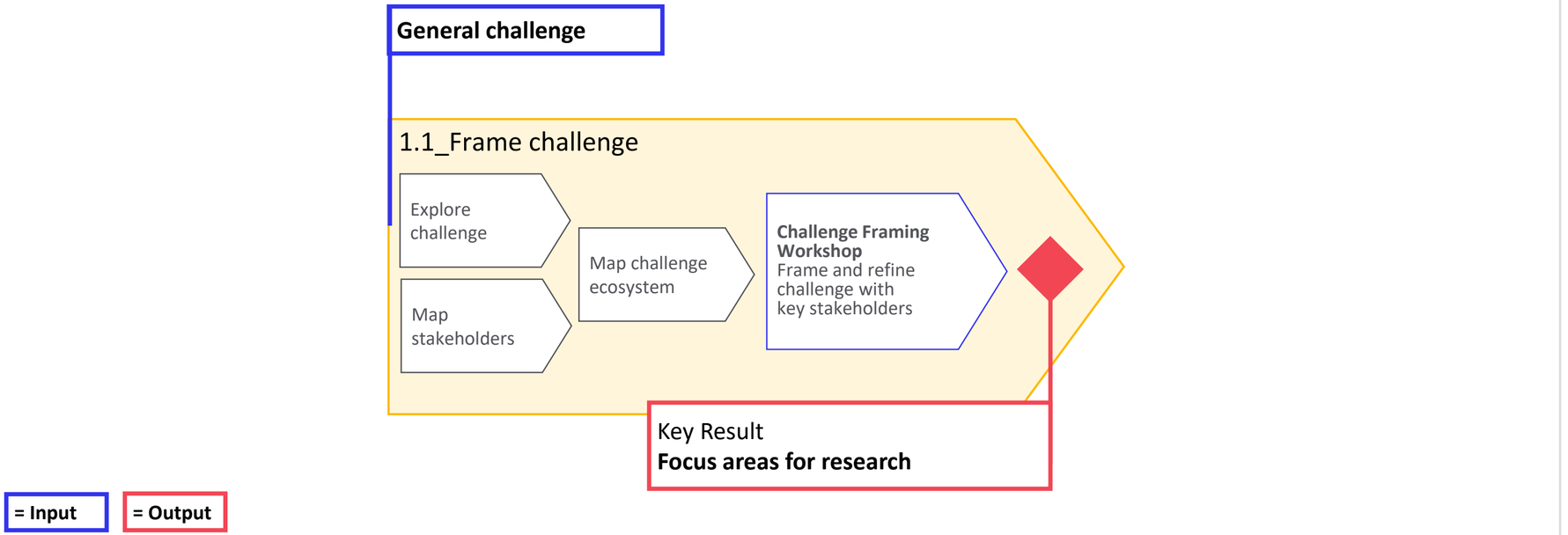
Purpose:

- Explore your challenge and create alignment in the implementing team
- Identify focus areas for research
- Gauge stakeholder interest in your challenge

At a glance:

Start by unpacking everything you know about the challenge in the project team. Talk to experts to learn about the context, drivers and effects of the challenge. Break down the challenge into its different components. Identify user groups, hypothesise about unmet needs and define focus areas for research.

Activities in this workstream



PROCESS 1_understand

#1 Explore challenge

At this stage, you are mainly exploring the challenge on a systemic level, trying to get a good overview of its context, root causes, and the actors involved.

Start by unpacking what you know already about the challenge in the project team and create alignment. The **Semantic Analysis** can help you to do so. Also consider the following questions:

- What assumptions do you have around the challenge?
- Why is there an opportunity for sustainable business in the current landscape?
- What makes this challenge appealing to you and what do you hope to learn and explore?

We recommend to consult with selected stakeholders with a good overview such as political institutions, private sector associations, and research institutions as early as possible to learn their perspectives on your challenge and frame it in its economic, cultural, political and regulatory context.

If your challenge is broad – e.g. spanning multiple sectors or occurring across different value chains – we recommend to break it down into different areas. This can help you to prioritise which areas of the challenge you want to focus on. To arrive at the different areas that compose the challenge, you may either break down the challenge directly or conduct a **Charetting** session in the project team to arrive at potential users and unmet needs that you can then cluster into areas.

Later on you can take these areas and the outputs from Charetting with you to the challenge framing workshop *(see #4 "Conduct challenge framing workshop" in this section)* and assess and refine the different areas together with key stakeholders of the challenge to make an informed decision which ones to focus on down the process.

Once you have achieved a common understanding of the challenge, update the **Briefing Note** that helps you approach stakeholders.

Process Lead, Facilitators

Assessing and refining the challenge jointly with key stakeholders also helps to get their buy-in for further participation in the process.

Consider hiring topic experts who can help you exploring (and narrowing down) the challenge.

Semantic Analysis
Charetting
Briefing Note (coming soon)

PROCESS 1_understand

#2 Map stakeholders

Map all parties that have a stake in your challenge in a **Stakeholder Map**, including

- the people affected by it
- actors who might be willing to pay for solutions (might be the people directly affected by the challenge)
- companies that may be interested in the business opportunity associated with the challenge
- industry experts that could help create innovative business solutions
- relevant political authorities
- investors and other follow-up partners (e.g., accelerator programmes) that may be willing to help scale emerging business models

Process Lead, Facilitators

Keep refining your stakeholder map as you learn more about the development challenge and possible solutions.

Stakeholder Map

#3 Map challenge ecosystem

Take a systemic perspective on the development challenge by visualising the relations and interactions of all involved stakeholders along the relevant value chain(s) in which the challenge occurs. This allows you to

- receive a visual overview of the entire ecosystem at hand
- understand relations and interactions of involved stakeholders and users
- reveal potential problem fields and opportunities within your development challenge context

You can create this overview with the **Ecosystem Map**. This visualisation is great for communicating and exploring the challenge with stakeholders and provides a great basis for your later research, as it helps you identify who to speak to and where problems arise.

If your challenge is too broad to be captured in a single map because it is spanning multiple value chains, you may create more than one Ecosystem Map. You may for instance create one ecosystem map for each focus area that you have discovered in *#1 Explore challenge*.

Facilitators

Creating the Ecosystem Map can also show your team where current blind spots are. These might be areas where more research or expert knowledge is necessary.

Ecosystem Map

PROCESS 1_understand

#4 Conduct challenge framing workshop

The challenge framing workshop is a 2-4 hour workshop with about 5-10 key stakeholders of your challenge. It helps you

- gauge stakeholder interest in tackling the challenge
- deepen your insight into the challenge
- select focus areas and identify starting points for your research
- identify relevant users
- hypothesise about users' possible backgrounds, problems, and needs

Brief your participants with your completed **Semantic Analysis** and bring a list of the most relevant areas of your challenge and the **Ecosystem Map(s)** to the workshop. During the workshop, let participants add to and refine the different areas of the challenge. Prioritise the different areas and choose the most relevant ones for your subsequent research. Have the participants work through the **Charetting** exercise for each focus area and mark the most pressing pain points in the **Ecosystem Map(s)**.

We recommend to involve stakeholders who can help you to obtain a good overview on the

- antecedents and effects of the challenge
- different stakeholders affected by it and their unmet needs / pain points
- local market and challenge-related business opportunities
- context (political, social, technological, ...)

For a help in acquiring relevant topic experts, check the **Topic Expert Acquisition Guideline**.

Relevant actors from the following stakeholder groups are of particular interest:

- academia
- private sector associations
- political institutions
- organisations representing potential users (you may also include actual potential users if feasible)
- civil society organizations.

Process Lead, Facilitators

If your development challenge is occurring in a single value chain, you may not need to break it down into different areas and prioritise them but can start with Charetting directly.

For an efficient workshop, prepare the Semantic Analysis and Ecosystem Map in advance.

You may also conduct multiple challenge framing workshops. For example, you may subdivide the workshop into two parts: the first part for conducting a semantic analysis, refining your stakeholder map and your ecosystem map. The second part for conducting charetting.

Follow up by inviting the workshop participants to in-depth expert interviews during 1.2 'Conduct Research'

Topic Expert Acquisition Guideline (coming soon)
Semantic Analysis
Ecosystem Map
Charetting

PROCESS 1_understand

1.2 Conduct Research

1-3 months

Purpose:

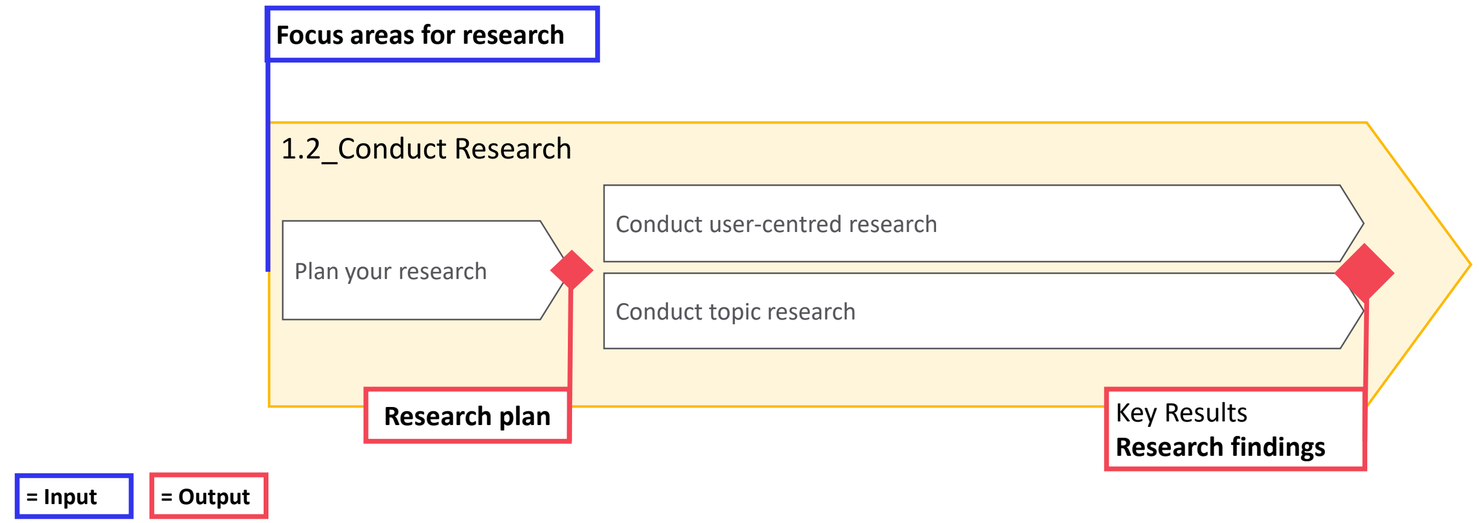
- Uncover the unmet needs of people affected by the challenge and learn what they value (– and what they would pay for)
- Identify the constraints that your process participants will need to consider when designing their business solutions (such as local market conditions, regulations, and technological standards)

At a glance:

After you have framed your challenge, it is time to zoom in: Deepen your understanding of the underlying problems and the potentials for business solutions through

- **user-centred research** (user and stakeholder interviews)
- **topic research** (secondary research)

Activities in this workstream



#1 Plan research

Take a look at the focus areas for research that you have identified in 1.1 Frame Challenge. The focus areas should be great starting points for your research, pointing you at who you need to talk to and what information you need to obtain.

Create a **Research Plan** and include information such as

- Who do you need to talk to?
- What do you want to learn from this person or organisation?
- Who will conduct the interview?
- What is the scheduling status of the interview?

Prepare **Interview Guidelines** for semi-structured **Empathy Interviews** according to the information that you want to learn from your target interviewees. Schedule interviews with the people of interest or, if possible, speak to them directly in the field. Such a “natural” setting also allows you to observe their everyday environment, which can go a long way in empathizing with them and in understanding their needs.

In your research plan, also make sure to distribute tasks for topic research to identify the constraints that your process participants will need to consider when designing their business solutions.

Great preparation also includes having a plan for the documentation of your findings. Come up with a strategy that allows each of your researchers to systematically capture data from their interviews or secondary topic research. Through your research you will likely dig up hundreds of interesting data points. For example, each researcher may first capture their notes individually on paper or in a digital document and filter out the most relevant information. This filtered, insightful information may then be captured on a shared online whiteboard, a shared online document, or another collaboration platform of your choice to join the findings from different researchers.

Facilitators

Research Plan Example (coming soon)
Preparing Empathy Interviews
Interview Guideline Example (coming soon)

#2 Conduct user-centred research

Qualitative, user-centred research in the field helps you to better understand the people and organisations affected by your challenge, including their unmet needs, motivations, behaviours, attitudes, and personal circumstances. This is done with the help of empathy interviews. To learn more about this technique, check **Preparing Empathy Interviews** and **Conducting Empathy Interviews**.

The most important group to understand and empathise with are the potential customers and consumers of would-be business solutions that might emerge from your process. Ideally, speak to them in their everyday environment and make the interview feel like a casual conversation. Engage all senses in your interviews: how people say things can often be more telling then what they are saying, and a glimpse of their circumstances can sometimes yield more information than a catalogue of questions.

Also talk to other stakeholders of the challenge. These might include potential solution providers (companies or entrepreneurs), universities and research institutes, political actors, civil society organisations, and NGOs, etc. Knowing different perspectives on the challenge will help you a great deal in distilling the most important information from your research findings, avail the definition of the right sub-challenges, and facilitate the invitation of suitable process participants.

Facilitators

Consider hiring local field researchers for deeper qualitative insights. They have a better understanding of the cultural context of their research subjects.

Capture key moments from your field research in photos, videos, or audio, if possible.

Preparing Empathy Interviews
Conducting Empathy Interviews

#3 Conduct topic research

Additional (secondary) research about the topic of your challenge can help you to get a more holistic understanding of it, including insights into:

- target markets and socio-economic trends
- political and regulatory circumstances
- technological possibilities.

This allows you to identify the constraints that your process participants will need to consider when designing their business solutions.

You may hire dedicated topic experts for this (see role ‘topic experts’ in category ‘process implementers’).

Facilitators, Topic experts (optional)

Consider hiring topic experts to explore technological and regulatory aspects and the market context of your challenge.

Preparing Empathy Interviews
Conducting Empathy Interviews

PROCESS 1_understand

1-3 months

1.3 Define Sub-challenges

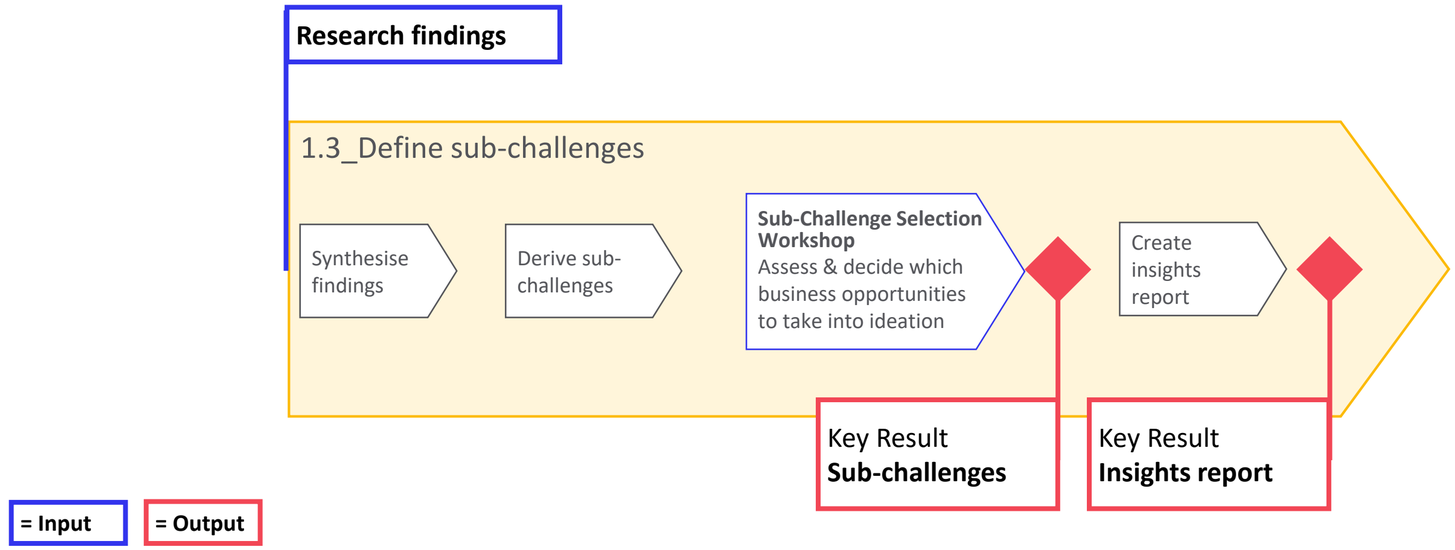
Purpose:

- Synthesise your research findings into insights
- Define actionable sub-challenges that can be tackled by the participating teams in the Ideation Sprint
- Create an insights report that will enable your process participants to create user-centred business solutions

At a glance:

You have gathered lots of information about the challenge, different user groups, their unmet needs, and the context of the challenge. Now it is time to make sense out of this information. Derive sub-challenges based on concrete user groups and their needs that can be tackled with new sustainable products or services. Compile insights for each sub-challenge in a report.

Activities in this workstream



#1 Synthesise findings

During your research your team spread out and gathered as much information as it could. Now it is time to get back together and jointly unpack what you have found.

First, each researcher should consolidate, summarise, and organise their research findings individually. Then you repeat the process in the group using **Storytelling/Unpacking**.

Once everything is unpacked and everyone is on the same page it is time to synthesise the findings further in order to uncover the unmet needs of one or more user groups

Using the **Affinity Map**, notice patterns and identify themes, identify connections and cause-effect relations, and extract insights about user needs and problems.

Based on your insights, create **Personas** for your target users that summarise the attributes of your users in illustrative way. Map the **User Journey** of each Persona to visualize the ways that they deal with the challenge today.

In addition to your user-related findings, also make sure to unpack and synthesise the contextual information you have gained about the challenge. What are the regulatory conditions in which new business solutions would need to thrive? How big is the market? What products or services are people using today to mitigate the challenge? Answers to these and more questions will later aid the development of business solutions.

Facilitators

Make sure that you share the research findings (especially the insights from the interviews) as unfiltered as possible. Some details that don't seem important to you, might turn out to inspire other trails of thinking for other team members.

Storytelling/Unpacking
Affinity Map
Persona
User Journey

#2 Derive sub-challenges

After conducting research and analysing your findings, it's time to reframe your initial development challenge or break it up into a set of actionable sub-challenges. Frame sub-challenges that are suitable starting points for the ideation of business solutions through the teams in our Ideation Sprint.

- Start by going through each of your Personas and their related User Journeys and develop a user-centered problem statement, the so-called **Point of View**.
- Proceed by converting your Point of View statements into **How Might We Questions**. HMW questions are jumping-off points for generating ideas: good questions are the foundation for clear, targeted, and user-oriented business solutions in the Ideation Sprint. A good example might be the question: *"How might we improve access to diagnostics in rural hospitals to help medical staff prevent and control non-communicable diseases in Ghana?"*

Facilitators

No sub-challenges might be needed if your initial challenge is narrow and actionable enough.

Point of View
How Might We Questions

#3 Conduct sub-challenge selection workshop

You may conduct a workshop with selected private sector stakeholders to gain their perspectives and assess their interest in the possible sub-challenges. Together you may refine the sub-challenges. Pick the most promising sub-challenges for the Ideation Sprint. Knowing your sub-challenges will allow you to acquire relevant participants for the sprint in a targeted manner.

Check the following criteria to evaluate the strength of your sub-challenges:

- Is there a clear target group? (Who will buy and benefit from a solution?)
- Is there a clear unmet need? (Which problem of the target group must be solved?)
- Are there potential solutions providers interested in creating new products or services that tackle the unmet need? (Which companies or entrepreneurs would be willing to provide a solution?)
- Are the constraints of tackling this challenge clear? (Under which conditions – such as regulatory restrictions, market does the solution need to work?)
- Is there potential for different types of solutions? (The corridor of potential solutions should be neither too broad nor to narrow. Different kinds of solutions should be possible to make the most out of the creative ideation process, but the sub-challenge should also not feel too broad to tackle.)
- Are there any technical or regulatory reasons speaking against the sub-challenge?

Process Lead, Facilitators

If you choose to conduct a workshop in this step, be pragmatic: a half-day workshop with 5-10 participants is typically enough. Sub-challenges can still be reframed later, even during the Ideation Sprint.

After having chosen your sub-challenges, you may conduct extra research if you feel that there are open questions remaining.

How Might We Questions

PROCESS 1_understand

#4 Create insights report

Capture your research insights for the overall challenge and each selected sub-challenge in an **Insights Report**. Make your insights accessible and tangible; where appropriate, video, audio, photos, and graphics beat text.

You may capture your insights in a presentation, website, or another suitable format.

Facilitators

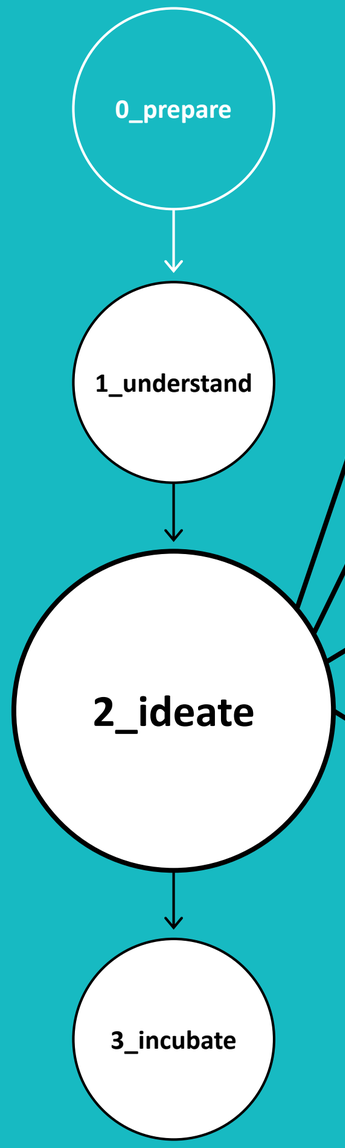
Good insights reports have 3 qualities.

1. They INFORM about what users need and want
2. They INSPIRE by motivating participants do find suitable solutions
3. They are MEMORABLE: They are written in a vivid and compelling way.

Make the report easy to understand and tangible. Consider replacing text with video, audio, photos, and graphics.

Insights Report Example (coming soon)

the *lab of tomorrow* process



2.1 Prepare Ideation Sprint

#1 Design sprint
#2 Organise sprint
#3 Organise demo session

2.2 Acquire Participants

#1 Prepare acquisition process
#2 Source participants
#3 Reach out to target participants
#4 Select participants & create venture teams

2.3 Acquire Supporting Actors

#1 Engage political actors
#2 Engage follow-up partners
#3 Engage feedback providers

2.4 Conduct Ideation Sprint

#1 Explain sprint rules
#2 Build team spirit
#3 Understanding the business potential
#4 Brainstorming solutions
#5 Prototyping solutions
#6 Testing solutions with users
#7 Refining solutions
#8 Moving from solutions to business models
#9 Demoing the business models for expert feedback
#10 Defining a roadmap for business incubation
#11 Applying for incubation support

PROCESS
2_ideate

2_ideate

Overview

During the IDEATE phase you will: (1) prepare the Ideation Sprint, (2) acquire committed participants, (3) acquire supporting actors for sprint and incubation, and (4) conduct the Ideation Sprint.

Purpose:

- Plan and prepare Ideation Sprint in which your participants will generate sustainable business ideas
- Acquire entrepreneurial participants eager to tackle the identified sub-challenges with new products or services and match them in interdisciplinary teams
- Acquire supporting actors for the sprint and subsequent incubation (experts, investors, …)
- Conduct the Ideation Sprint

What you will need:

- Clearly defined sub-challenges (if applicable)
- 4-6 teams consisting of 5-6 participants each

1.5 months

The Ideation Sprint as tried and tested in 14 previous *lab of tomorrow* processes is an intense 3-4 day workshop that can be conducted in-person or remotely. Its core components are

- team building of motivated interdisciplinary venture teams, each tackling a specific sub-challenge
- collaborative development of impactful business solutions in each venture team
- rapid prototyping, testing with potential users, and refining of solutions based on user feedback
- sketching viable sustainable business models for each solution in preparation of the subsequent incubation phase
- presenting the sustainable business model sketches in front of an expert review group for rapid feedback
- application for subsequent incubation support.

PARALLEL CONDUCT OF 3 WORKSTREAMS

The 3 workstreams

- “2.1 Prepare Sprint”,
- “2.2 Acquire Participants” and
- “ 2.3 Acquire Supporting Actors for Sprint & Incubation”

should be implemented in parallel!

PROCESS
2_ideate

2_ideate

1.5 months

Mindset

From Problem to Solution Space // EXPLORATION and IDEATION

During the IDEATE phase, the venture teams will start from clearly defined problems (sub-challenges) and then open up the space for solutions. At this point of the process, it is finally time to generate brilliant solution ideas.

HOW?

In order to leverage the creative potential of all process participants, encourage them to:

Build on the ideas of others

Encourage wild ideas

One conversation at the time

Remember your persona

Stay focused

Defer judgement

Be visual

Go for quantity

WHY?

Creating a safe space/no-judgment-zone, allows all team members to become creative and encourages out-of-the-box thinking, even if this is something they are not used to. We don't only want to come up with obvious solution, the goal is to dig deep and find innovative solutions. Sometimes this means something completely new, but often it means applying existing solutions to a new framework.

Additional Resources:

- TED Talk: David Kelley – How to build your creative confidence
- TED Talk: Tom Wujec – Got a wicked problem? First, tell me how to make toast
- TED Talk: Duncan Wardle – The Theory of Creativity
- TED Talk Tim Brown – Tales of creativity and play

PROCESS 2_ideate

2_ideate

PHASE

2_ideate

TIME

1 month | 1-2 weeks

WORKSTREAM

2.1_Prepare Ideation Sprint

- Design sprint
- Organise sprint
- Organise demo session

Key Result **Ideation sprint setup**

2.2_Acquire participants

- Prepare acquisition process
- Source participants
- Reach out to target participants
- Select participants & create venture teams

Key Result **Participants**

2.3_Acquire supporting actors for Sprint & Incubation

- Engage political actors
- Engage follow-up partners
- Engage feedback providers

Key Result **Supporting actors**

2.4_Conduct Ideation Sprint

- Explain sprint rules
- Build team spirit
- Under-standing the business potential
- Ideatings olutions
- Proto-typing solutions
- Testing solutions with users
- Refining solutions
- Moving from solutions to business models
- Demoing the business models for expert feedback
- Defining a roadmap for business incubation
- Applying for incubation support

Key Result **Motivated Teams with Incubation-ready business ideas**

PROCESS 2_ideate

2.1 Prepare Ideation Sprint

1 month

Purpose:

- Design your Ideation Sprint format and create working materials.
- Thoroughly plan and organise the Ideation Sprint as a basis for efficient implementation.

At a glance:

The Ideation Sprint is the core of the *lab of tomorrow* process. This is where participants generate new sustainable business ideas. By thoroughly preparing the sprint you lay the groundwork for successful business creation.

IN-PERSON VERSUS REMOTE SPRINT

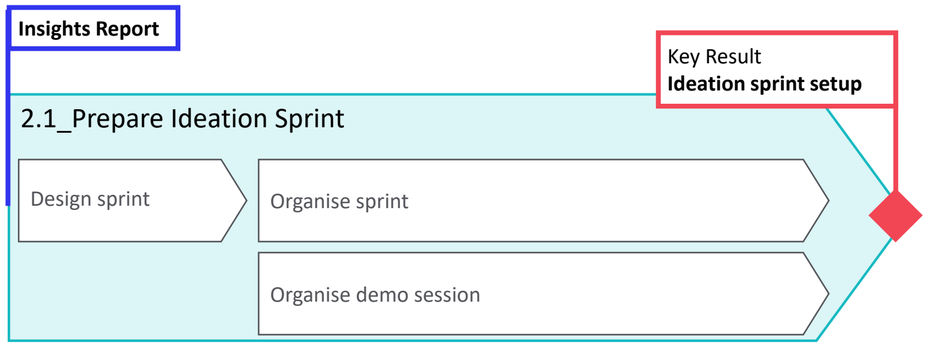
An in-person sprint...

+ facilitates an environment of trust
+ makes it easier to keep up a high energy level throughout the sprint and can help to reduce drop-outs
- may increase the costs and logistical efforts required

A remote sprint

+ is more accessible for participants from all over the world and all company sizes
+ makes it easier to document all work steps by using online whiteboards that can be continued to work on during incubation
- makes it harder to foster trust in the newly formed venture teams
- can lead to more distractions and participant drop-outs
- is more difficult to moderate and makes it harder to encourage active participation

Activities in this workstream



= Input **= Output**

PROCESS 2_ideate

#1 Design Ideation Sprint

Begin by conceptualising a **Macro Agenda**: planning the date and location, rough outline of the sprint and who you need to involve. A typical sprint takes about 3-4 in-person days (or about 7 half-day remote modules). Carefully weigh the pros and cons of an in-person or remote sprint (see option on previous slide) and adjust the Ideation Sprint design to your specific needs and objectives. Different setups can work equally fine!

In a next step, define the **Micro Agenda**: fill the **Macro Agenda** with live by adding details. Which sessions do you want to host on which day? What are the required inputs and desired outputs of each session? Which methods do you want to use? Which (technical) tools will you use?

After you have drafted the **Micro Agenda**, create working materials for your participants through which they can empathise with their target users and understand the constraints under which new business solutions need to thrive. Base these materials on the insights from your research and the chosen methods. Continue by designing and preparing working materials for all planned activities from your Micro Agenda. Refer to the *lab of tomorrow* toolkit for a comprehensive collection of Ideation Sprint tools (see tools for 2_ideate).

Facilitators

Thorough preparation is key. The Ideation Sprint aims to achieve a lot in just a few days. A lack of preparation may cost you valuable time.

If you are opting for a remote sprint, you will need to set up online whiteboards. Provide a technical onboarding to avoid frustration at the beginning of the sprint.

Macro Agenda Example (coming soon)
Micro Agenda Example (coming soon)
Tools for 2_ideate

LOCATION OF IDEATION SPRINT

In the target country

+ Easier inclusion of local actors
+ Facilitates user tests
+ Possibly cheaper
- If your organisation doesn't have any local staff: potentially more difficult to organise

Outside the target country

+ More feasible if you plan on having a majority of international participants
- Quality of solutions might suffer from lack of local context
- More difficult to implement user tests

#2 Organise Ideation Sprint

Find an inspiring venue to boost participants' creativity and collaboration.

If feasible, include cultural events into the sprint – you may for example invite local musicians to provide a sonic introduction on the first day and help participants to immerse themselves in the local context.

Carefully plan logistical aspects of your Ideation Sprint, including transportation and accommodation for the participants.

Organise catering according to needs – preferably local food.

Organise the documentation of the sprint (ideally photo and video).

Facilitators

Explore whether your process partners might be able to offer to a suitable venue.

In order to attract only committed participants, travel and accommodation costs should be paid by them.

Assess whether cultural and language barriers might affect your Ideation Sprint and plan how you can mitigate them (e.g., by hiring translators).

PROCESS 2_ideate

#3 Organise Demo Session

Prepare the demo session that concludes the sprint. In the demo session, the venture teams present their solution ideas and business model sketches to an expert feedback circle and a broader audience of potential supporting actors who might help the teams to further develop their ideas.

Select and invite suitable feedback providers from the local and international start-up ecosystem, such as investors and incubation and acceleration programs (see activity 2.3.2 ‘engage follow-up partners’).

You may distribute an **Evaluation Sheet** to the feedback circle in order to get more structured feedback.

Invite other relevant partners and stakeholders (e.g., management from sending companies, political partners, topic experts, etc.) to the demo session get the venture teams exposure and backing.

Process Lead, Facilitators

Expert review circles can be involved in-person or remotely.

Their physical presence at the Ideation Sprint…

+ facilitates a more engaging presentation and feedback experience for your venture teams
+ allows venture teams to benefit from additional expert feedback in selected working sessions
- is more difficult to organise than feedback via videoconferencing

Invite investors and representatives of potential follow-up programmes to the review group.

Invite the management from the companies that are sending their employees to work in the venture teams to get their backing.

Consider inviting your expert review group for additional feedback sessions during the business incubation phase.

Strong, energetic moderation and exact time keeping are crucial for a successful demo event.

Evaluation Sheet (coming soon)

PROCESS 2_ideate

2.2 Acquire Participants

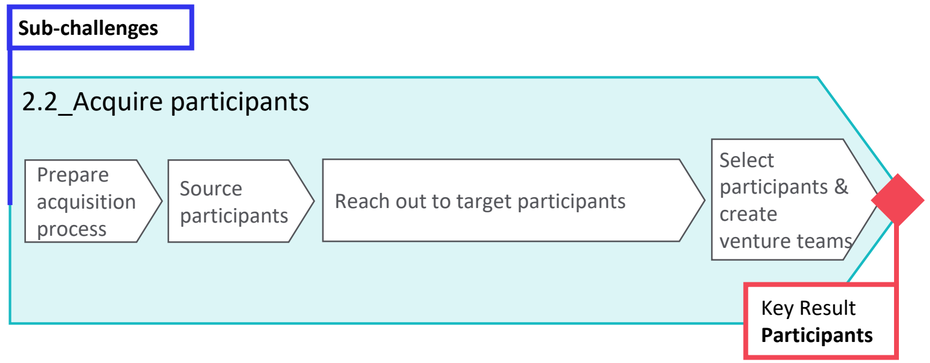
Purpose:

- Acquire strong participants eager to co-create business solutions for the given challenge(s)
- Create strong interdisciplinary venture teams and brief them about the sub-challenge that they are about to tackle

At a glance:

The participants are the most critical resource for each *lab of tomorrow* process. Selecting the right actors and composing them in well-balanced venture teams is crucial for making the process a success.

Activities in this workstream



= Input = Output

1 month

Number of participants

Opting for fewer participants...

+ leads to a more manageable process, requiring more limited human and financial resources
- means that fewer ideas are likely to be developed

Opting for a higher number of participants

+ increases the likelihood of generating at least one successful idea
+ reduces the risk of discontinuation of business ideas if any participants drop out.
- increases the amount of resources that you will need

Track and coordinate partner and participant acquisition in a shared contact management tool used by all implementing team members.

PROCESS 2_ideate

#1 Prepare acquisition process

Prepare your acquisition activities well to increase the chances of success.

Check the **Acquisition Guideline** to familiarise yourself with the acquisition process. It includes:

- Information about the ideal venture team composition
- Ideal participant profiles and participation criteria that should ideally be fulfilled by candidates
- A visualisation of the acquisition process and its steps
- Key selling points for winning over target participants.

Next, decide whether to take participation fee (see option in sidebar).

Design an **Application Form** that lets you assess the fit and commitment of candidates to the participation criteria. In the form, let candidates select the sub-challenges (if applicable) that they are most interested in to inform the composition of venture teams.

Update the challenge website of your process and set a clear deadline for applications.

Process Lead, Facilitators

A participation fee...

+ can help ensure that only committed candidates apply for your process
+ can increase perceived value of the process

- risks undermining the effectiveness of your process if a large or important share of participants are representatives from smaller organisations or businesses. In this case, it may be better not to take a fee.

Depending on the nature of your challenge and target participants, carefully consider whether or not to ask for a participation fee (see options for more details).

Close applications 1-2 weeks before your Ideation Sprint to avoid being overwhelmed by late applications.

Acquisition Guideline (coming soon)
Application Form (coming soon)

PROCESS 2_ideate

#2 Source participants

For each sub-challenge, search for adequate potential participants and add them to the **Acquisition List** (see tab in the lab of tomorrow **Project Plan**). Participants for each sub-challenge should include local and international company representatives and entrepreneurs. To facilitate participant sourcing:

- Contact entrepreneur and start-up networks
- Contact relevant company networks (such as industry associations)
- Contact universities
- Contact GIZ networks

You can find examples for each of these multipliers in the *lab of tomorrow* **Partner List**.

Process Lead, Facilitators

Get started with participants sourcing as soon as possible, or as soon as it makes for your process. Sourcing a good combination of local and European participants can sometimes take a while.

In your Acquisition List, note the capabilities and resources that make each candidate valuable for the lot process. This helps you to get an overview which capabilities and resources may be available through prospect participants and where there are gaps.

Participant Acquisition Guideline (coming soon)
Acquisition List in Project Plan (coming soon)
Partner List (coming soon)

PROCESS 2_ideate

#3 Reach out to participants

For each sub-challenge, create a longlist of companies that might be interested in tackling it with a profitable and sustainable new product or service.

To reach many potential participants at the same time:

- Consider attending events (conferences, fairs, workshops, etc.) where you can make contact with many potential participants.
- In addition, advertise your process through all available channels of the implementing team and your supporting partners (e.g., Twitter, LinkedIn, mailing lists).

Reach out to individual companies (or entrepreneurs) in a personalized manner (refer to the **Participant Acquisition Guideline** for additional guidance):

- Ideally, establish contact to the business development department of the target company (or another relevant department, such as research & development or innovations).
- Send out a Briefing Note prior to a personal phone call.
- In a phone call, brief them about the opportunity for business development that the lot process offers them. Make it clear that the goal of the process are profitable joint ventures with positive SDG impact.
- Present them the sub-challenges from your research. For each sub-challenge they are interested in, the company may send 1 employee.
- After the phone call, the business development department should be able to pick the employee within their company with the ideal background for participating in the *lab of tomorrow* process. This person should have strong expertise related to the sub-challenge they are set to tackle. Typical backgrounds for such personnel include *business operations*, *innovation departments* and *research & development*.
- Make it clear that the person needs to apply for the *lab of tomorrow* process via the application form on the *lab of tomorrow* website in order to participate.

Process Lead, Facilitators

In order to individualise your candidate outreach, make sure to understand their motivations and incentives, and how your process can be useful to them.

Manage expectations by making benefits and required inputs clear to your target participants. Be transparent about the terms and conditions of any potential financial or in-kind support you may provide during the incubation phase.

Participant Acquisition Guideline (coming soon)
Briefing Note (coming soon)

PROCESS 2_ideate

#4 Select participants & create venture teams

Select the most promising applicants, based on your participation criteria (for reference, see success factor in sidebar). Particularly crucial: each participant should be committed to invest time and resources to create new business, meaning that they are committed to participate in both the Ideation Sprint and Incubation Phase!

Assign your participants to different venture teams, each dedicated to one of your sub-challenges. Compose the venture teams according to the following criteria:

- **Each venture team** should include **4 to 6 participants** who are committed to tackling the same (sub-)challenge with business solutions and bring in relevant expertise and resources.
- The venture team members should consist of an **even mix of local and EU actors**.
- There should **never** be **more than 1 representative from the same organisation** in each team.
- At least **two thirds of the venture team members** should be **from the private sector** (non-private sector venture team members might stem from the public sector, relevant NGOs, academia, etc.)
- Preferred private sector actor backgrounds include business operations, innovation and research & development
- Ideally, **include at least one entrepreneur** and / or start-up business representative **per venture team**. This increases the likelihood of sustained commitment after the Ideation Sprint.
- **Include actors with a balanced set of areas of expertise, resources and networks** to each team. You may use the Venture Team Template for this. Actors should either bring:
    - **Existing solutions approaches** that could be adapted
    - **Access to the target group**/potential customers
    - **Product development expertise**
    - **Team development expertise**

After you have composed the venture teams, share your insights report to help them prepare for the Ideation Sprint.

Process Lead, Facilitators

Ideal participants bring:

- Commitment to invest time and resources to create new business (commitment to participate in both the Ideation Sprint and Incubation Phase!)
- An entrepreneurial mind-set and hands-on attitude
- Dedication to sustainability
- Openness to co-creation
- Expertise relevant to the challenge
- Sufficient decision power within their own organisation.
- For corporate participants, a background in business development, innovation management or business operations.

A larger number of participants does not necessarily lead to improved success. Fewer highly committed participants can create better solutions than a disengaged crowd.

Consider creating several venture teams for the same sub-challenge, if you have a high number of participants.

You can either assign participants to different teams before the Ideation Sprint or leave participants to form teams at the beginning of the sprint. The first option allows you to ensure a good mix of participant expertise and interests in each team and for team members to get to know each other before the Ideation Sprint. The second option facilitates a good fit of personalities on the team.

Avoid being rigid about your venture teams' composition – let members exchange their spots if necessary.

Participant Acquisition Guideline (coming soon)
Venture Team Template (coming soon)

PROCESS 2_ideate

2.3 Acquire Supporting Actors for Sprint & Incubation

1 month

Get the buy-in of potential follow-up partners by involving them as early as possible – e.g., by inviting their feedback on business ideas at the end of the Ideation Sprint.

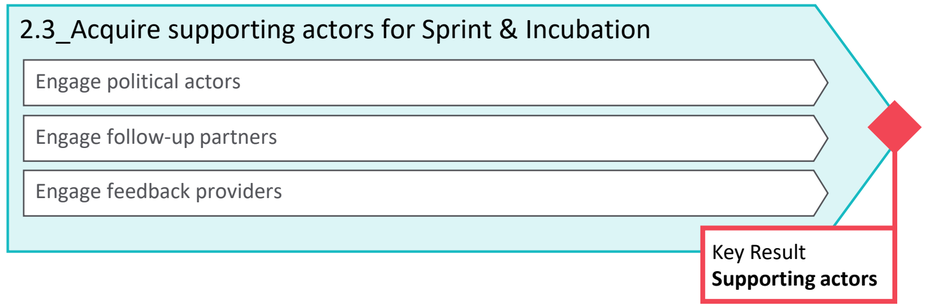
Purpose:

- Acquire relevant follow-up partners for your process (e.g., investors, business incubation and accelerator programmes)
- Acquire political actors who can give your process credibility and facilitate access to further partners
- Acquire potential costumers of solutions and topic experts as providers of valuable feedback for the venture teams

At a glance:

Acquire supporting and enabling actors that can help make your Ideation Sprint and subsequent Incubation a success by providing feedback, financial resources, or in-kind services to the venture teams.

Activities in this workstream



= Input **= Output**

PROCESS 2_ideate

#1 Engage political actors

Based on your stakeholder map, select and engage public sector actors who might support your process in one or more of the following roles:

- Opening words at the sprint
- “Jury” member at the sprint demo session
- Expert for feedback sessions within the sprint

Process Lead

Involve political actors whose backing is crucial to the success of your process and who can lend credibility to it.

Political Partner Acquisition Guideline (coming soon)

#2 Engage follow-up partners

Based on your stakeholder map, identify and reach out to relevant follow-up partners for the implementation and scaling up of the emerging business models after the end of your process, including:

- **investors** who can provide finance to one or more of the emerging businesses
- **incubators**, **accelerators** and similar **programmes** that can offer continued financial and/or technical support
- other actors who might offer in-kind or financial support to the teams, such as local GIZ projects or foundations.

Invite them to the demo session at the end of the Ideation Sprint and subsequent pitches in the 3_incubate.

Process Lead, Facilitators

Get the buy-in of potential follow-up partners by involving them as early as possible – e.g., by inviting their feedback on business ideas at the end of the Ideation Sprint.

Follow-up Partner Acquisition Guideline (coming soon)

PROCESS 2_ideate

#3 Engage feedback providers

Inviting additional feedback providers to the sprint can help the teams to improve their business ideas fast. You may select and engage:

- Potential customers/users of solutions (e.g., for validation/testing sessions during sprint)
- Subject matter experts (e.g., for conducting research during understand phase and potential input during sprint)
- Civil society organisations, NGOs (e.g., for understand phase and potential input/feedback during sprint)
- lot mentors (see also lot partner list)

You may also acquire different topic experts as a pool of “flying experts” at the Ideation Sprint who the venture teams can turn to throughout the sprint for information and feedback.

Similarly, you may engage one or two experts as researchers who the venture teams can turn to throughout the Sprint whenever they feel they need additional data (such as target group demographics, regularly conditions, etc.).

Process Lead, Facilitators

You may engage topic experts already involved in 1_understand (e.g. for the Challenge Framing Workshop or as interviewees).

Topic Expert Acquisition Guideline (coming soon)

PROCESS 2_ideate

2.4 Conduct Ideation Sprint

1 week

Purpose:

- Build team spirit
- Enable teams to generate impactful business ideas
- Filled in Sustainable Business Model Canvases
- Creation of MVP development roadmaps
- Team demo decks

At a glance:

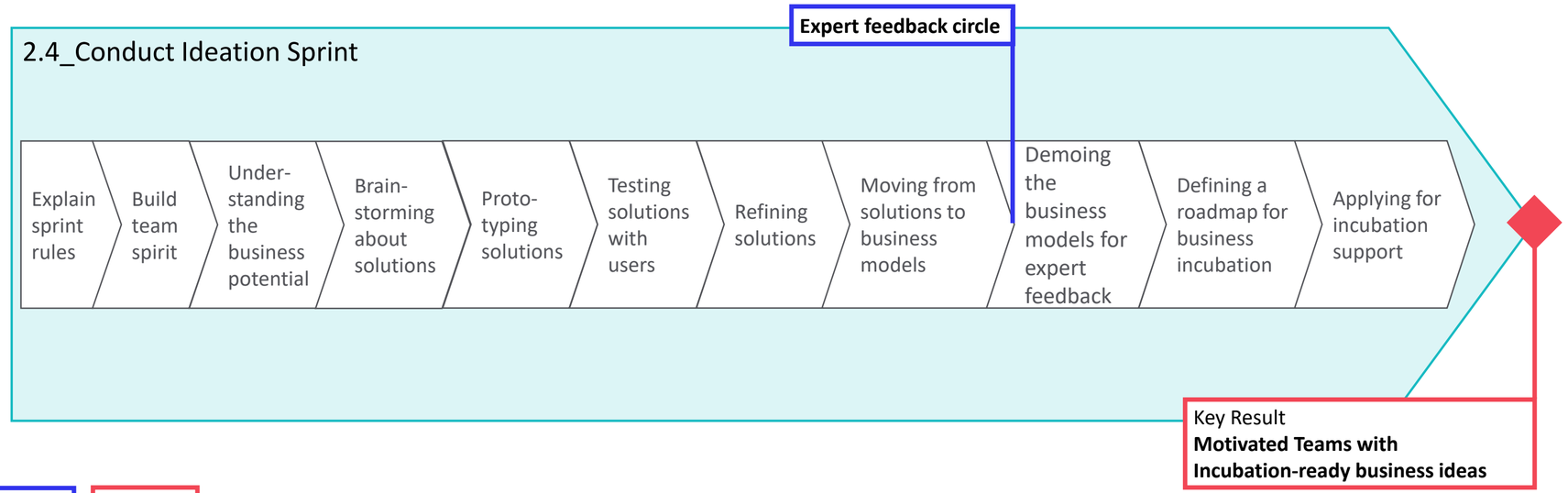
The Ideation Sprint is the beginning of the journey to new sustainable business solutions. This is where the magic happens: enable the venture teams to ideate impactful solutions for their chosen sub-challenges. Focus on building motivated teams with strong business ideas and encourage them to bring their ideas to life in the subsequent incubation phase.

Consider letting the team members get to know each other prior to the Ideation Sprint, e.g., via preparatory webinars.

Provide clear guidance on good practices in Business Design and SDG impact orientation. The latter requires continuous attention, especially to broaden private sector participants' traditional business design priorities.

Maximise opportunities for expert and stakeholder feedback to refine business ideas. Consider having the subject matter expert(s) on-site so that your venture teams can access their expertise at any time during the sprint.

Activities in this workstream



#1 Explain sprint rules

Provide a compelling introduction to the principles of the Ideation Sprint and make sure that all participants are at ease with its collaborative approach and required mindset. It is key that all participants collaborate at eye level to develop brilliant solutions in motivated teams. Don't hesitate to repeat the rules throughout the sprint. Check the mindset slide for 2_innovate in this chapter to view the most important rules to convey.

Facilitators

Ideation Sprints work best when everyone is clear about the rules and different mindsets that should be applied at different stages of the process.

#2 Build team spirit

Provide enough time and a fun method to allow your participants get to know each other – especially within their venture teams. The Ideation Sprint is the beginning of the Business Design process. Spending enough time on team-building is important for motivating your teams. A **Graphic Gameplan** can be a good start for the venture teams to come together and find a common motivation and vision for their ventures. Since the time during the sprint can be limited, encourage your teams to engage with each other outside of the sprint as well.

Facilitators

Leverage the expertise of your participants by fostering a collaborative spirit not just within but also between teams.

Graphic Gameplan

PROCESS 2_ideate

#3 Understanding the problem and its business potential

Make sure that participants have a clear understanding of the sub-challenges that they will tackle. Within each venture team, let your participants share what they already know about the challenge they seek to tackle. Present highlights from your research that highlight the business potential and help the venture teams to immerse themselves into the needs of targeted users. Give the teams enough time to do some research and interviews on their own to really develop an in-depth understanding of the problem they are trying to solve. For example, invite topic experts so that the venture teams can conduct **Expert Interviews** to gather more insights.

Facilitators

Not everybody gets the opportunity to read the insights report before the Ideation Sprint. This is an important moment for building a common understanding of user needs in the field.

Expert Interviews

#4 Brainstorming solutions

Through ideation techniques, foster the venture team's creative and collaborative thinking to generate possible solutions for their sub-challenges. Most participants already have an idea in their head from the start – by creating a creative, safe, and collaborating space for everybody you are encouraging the participants to think beyond the ideas they already have and think of new, innovation solutions. Take a look at the mindset slide for 2_innovate in this chapter to view the rules for brainstorming and use the **Ideation Tools** (see sidestrip) to create such a space for your participants during the Ideation Sprint. A number of different tools and methods can be used for idea generation. Don't just focus on one method but encourage the teams to try out different ideation methods.

Facilitators

Encourage participants' inventiveness - sometimes it is the most imaginative ideas that yield the best solutions!

Alternative Perspectives
Structuring and Selecting Ideas
Sanchez
Idea Napkin
Evaluating Ideas

PROCESS 2_ideate

#5 Prototyping solutions

Help your venture teams to concretise their ideas through rapid prototyping. The main purpose of developing prototypes is to explore whether solutions are desirable, feasible, and viable. **Prototypes** help visualise the ideas, for the venture teams and user testing, without them it is harder for teams to gain valuable feedback. In order to figure out which prototypes make sense for each team, let them fill out the **Experiment Template for First User Tests**. This will help the teams understand which type of prototype they need in order to test their solution with users.

Different solutions lend themselves to different Prototyping Tools, e.g.: prototypes built from paper, Lego or other building materials, **Storyboards**, idea napkins, **Wireframes**, and role plays.

Facilitators

Experiment Template for First User Tests
Prototype Examples
Storyboards
Wireframes

#6 Testing solutions with users

Help your venture teams get in touch with potential users for a **Basic User Test** of their prototypes. This allows them to collect feedback for refining their solutions.

Depending on the location of your Ideation Sprint and the types of target users, there are different ways to do quick user tests. You may

- let your venture teams go out and talk to potential users directly,
- invite potential users on site, or
- arrange video or telephone calls with potential users.

Facilitators

Make your teams test the relevance of ideas with potential users as early as possible. If that is not feasible, role-playing can help you to get feedback, too.

Foster exchange between your venture teams. All participants bring relevant expertise and can be a great resource for cross-team feedback.

Basic User Test
Feedback Grid (coming soon)

PROCESS 2_ideate

#7 Refining solutions

Help the teams to adjust and enhance their solutions based on the user feedback they received. What worked? What didn't work? How might the venture teams redesign their solutions to better meet the needs of their potential users? Refining solutions will also be important for the next phase, so ensure that this is something the venture teams understand and are able to conduct on their own.

Facilitators

Compile all questions and ideas emerging from the user feedback. If you can't act on all of them during the Ideation Sprint, they will provide valuable inputs to the subsequent incubation phase.

#8 Moving from solutions to business models

Guide venture teams in turning their solutions into sustainable business models by filling in the **Sustainable Business Model Canvas**. Help the teams answer these key questions:

- How are they going to create value for their users?
- How are they going to create social, economic and/or environmental value in line with the SDGs?
- What will be their rough cost structure?
- What revenue model suits their ideas best?
- How are they going to deliver their solution to users?
- What partners do they need?
- What is the eco-social cost of the solution?

You may also help the teams hone in on their value proposition (see bullets 1 & 2 above) using a **Value Proposition Canvas**.

Facilitators

Keep focusing participants' minds on the SDG impacts of their business models. This is not always easy given that many of your participants do not have a development background.

Sustainable Business Model Canvas
Value Proposition Canvas

PROCESS 2_ideate

#9 Demoing the business models for expert feedback

Have the venture teams to create **Demo Decks** and present their solutions in front of your expert review group at the end of the Ideation Sprint. This allows them to collect valuable advice for moving forward and will serve as a practice for the final pitch at the end of the incubation phase.

There are two ways to host your feedback session:

- on site, face-to-face
- digitally, streaming the teams' presentations live and having the experts provide feedback via video on a screen.

Facilitators

Consider inviting one or more members from your expert review group to provide ongoing feedback to your teams as "flying experts", for instance during the business modelling session.

Having one dedicated expert provide feedback on each of the four areas desirability, feasibility, viability, and sustainability can make the feedback process more efficient.

Demo Deck (coming soon)
Evaluation Sheet (coming soon)

#10 Defining a roadmap for business incubation

Let the venture teams revisit their **Graphic Gameplans** and assist them in agreeing on how they will address the expert feedback from the demo. This includes:

- Issues they need to focus on before entering the incubation phase;
- Issues that they need to work on throughout incubation; and
- Roles, responsibilities and resources in the venture team.

The roadmap should include steps towards MVP (minimum viable product) creation.

The definition of roles, responsibilities and resources can be done by means of a **Memorandum of Understanding**.

Facilitators

MoUs among venture team members can help to ensure commitment to the tasks agreed upon.

Graphic Gameplan
Mmemorandum of Understanding (coming soon)

PROCESS 2_ideate

#11 Applying for incubation support

Towards the end of the Ideation Sprint, present the procedure for entering the incubation phase again to your participants. Encourage venture teams with promising business ideas to apply for continued support to incubation. Make the **Criteria** for admission to the incubation phase clear. Along with a statement of their motivation and team structure, venture teams are typically required to submit their refined business model sketches and roadmaps with their applications by a fixed deadline.

Facilitators

As outlined in 0_prepare, you may choose to support business incubation through

- general coaching, facilitation, and advice;
- targeted technical assistance and advice to specific business models; and/or
- financial support.

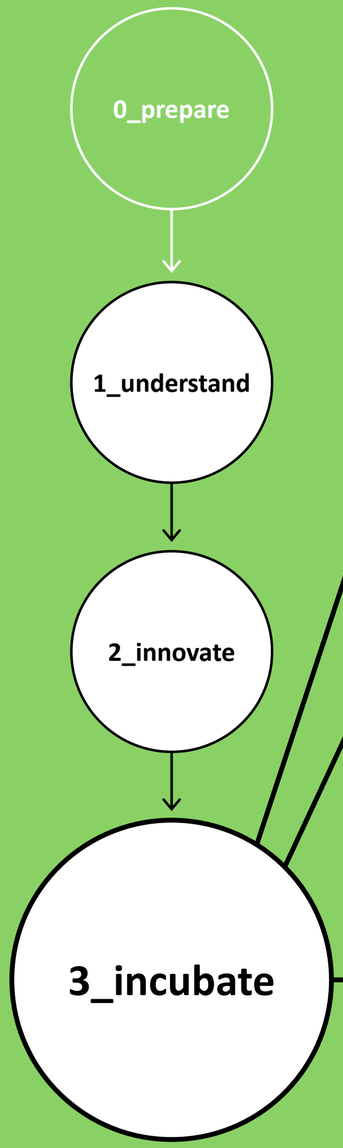
Communicate very clearly what forms of support you offer during the business incubation phase.

Participants must be well informed about the documents required for applications and the selection criteria you will use.
For instance, you might let the venture teams refine their business model sketches and roadmaps after the Ideation Sprint up to the application deadline and then base your decision on their refined business model sketches and roadmaps. For an example of criteria to apply, see tool ‘Selection Criteria’.

Start the Incubation phase as soon as possible after the Ideation Sprint to keep up the momentum. If necessary, facilitate venture team applications by helping them to complete the required documents.

Incubation Selection Criteria (coming soon)

the *lab of tomorrow* process



3.1 Prepare Incubation

#1 Design coaching materials
#2 Select venture teams for incubation support
#3 Define mode of collaboration with venture teams
#4 Create & schedule tailored coaching plans for each team

3.2 Support Business Design

#1 Map assumptions
#2 Getting a more nuanced understanding of target users
#3 Refining the value proposition
#4 Refining offer & & MVP development
#5 Refining the cost structure
#6 Refining the revenue model
#7 Deciding on sales channels
#8 Identifying necessary business partners
#9 Creating a funding strategy
#10 Pitching the refined business models to follow-up partners

3.3 Support Market Pilot

#1 Creating a pilot roadmap
#2 Creating a minimum viable product
#3 Implementing the market pilot
#4 Pitching the piloted business models

PROCESS
3_incubate

3_incubate

Overview

During the INCUBATE phase you will: (1) prepare the incubation phase, (2) support Business Design, and (3) support market pilot.

4-14 months

Designing the ideal business during incubation should be a flexible process. Each venture team must design all key components of their business model, but the exact order of activities and timing of the market pilot might vary between venture teams depending on the nature of their solutions.

Purpose:

- Support teams in designing the ideal sustainable business model for their solution
- Support teams in developing MVPs (Minimum Viable Products) and in piloting them in the target market
- Support teams in preparing and executing strong pitches in front of investors and other potential follow-up partners to ensure a smooth continuation of the ventures after the end of the process

What you will need:

- Assumptions for each Business Model Component (filled in Sustainable Business Model Canvas from Ideation Sprint)
- MVP development roadmap from Ideation Sprint
- Team demo decks from Ideation Sprint

PROCESS 3_incubate

3_incubate

Mindset

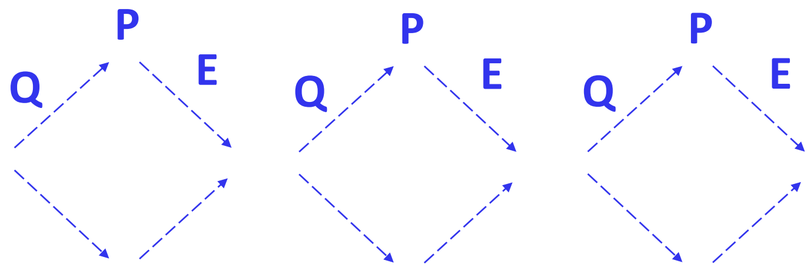
EXPERIMENTING in the Solution Space with the Business Design method
Throughout incubation, the venture teams design the ideal business models for their solutions and bring them to life.

HOW?
At this stage the teams apply the **Business Design** method by getting out from behind their desks and **making abstract ideas real and tangible**. They do so by testing each component of their business model – from their offer to their pricing model and distribution channels – with target users and stakeholders **through prototypes**.

WHY?
The venture teams reduce risks through a constant circle of testing, validating, and iterating the business models. As their offer and business start to take shape, the venture teams can quickly learn what is and isn't working.

The Three Steps of Prototyping

Prototyping is an essential part of Business Design. Instead of coming up with a plan for how every part of a business *could* work, design an ongoing sequence of small, rapid prototypes to learn how the business *will* work. This is a three-step process:



Q – Frame a QUESTION based on assumptions

P – Build PROTOTYPES to test with people

E – Collect EVIDENCE to inform future business decisions

Source: IDEO U

4-14 months

Critical tools in Business Design:
- **Sustainable Business Model Canvas**
  Used by the venture teams to map each component of their business
- **Assumption Mapping**
  Used to map the critical assumptions that would have to be true for each business model component to work
- **Experiment Template**
  Used to define suitable experiments for testing all critical assumptions

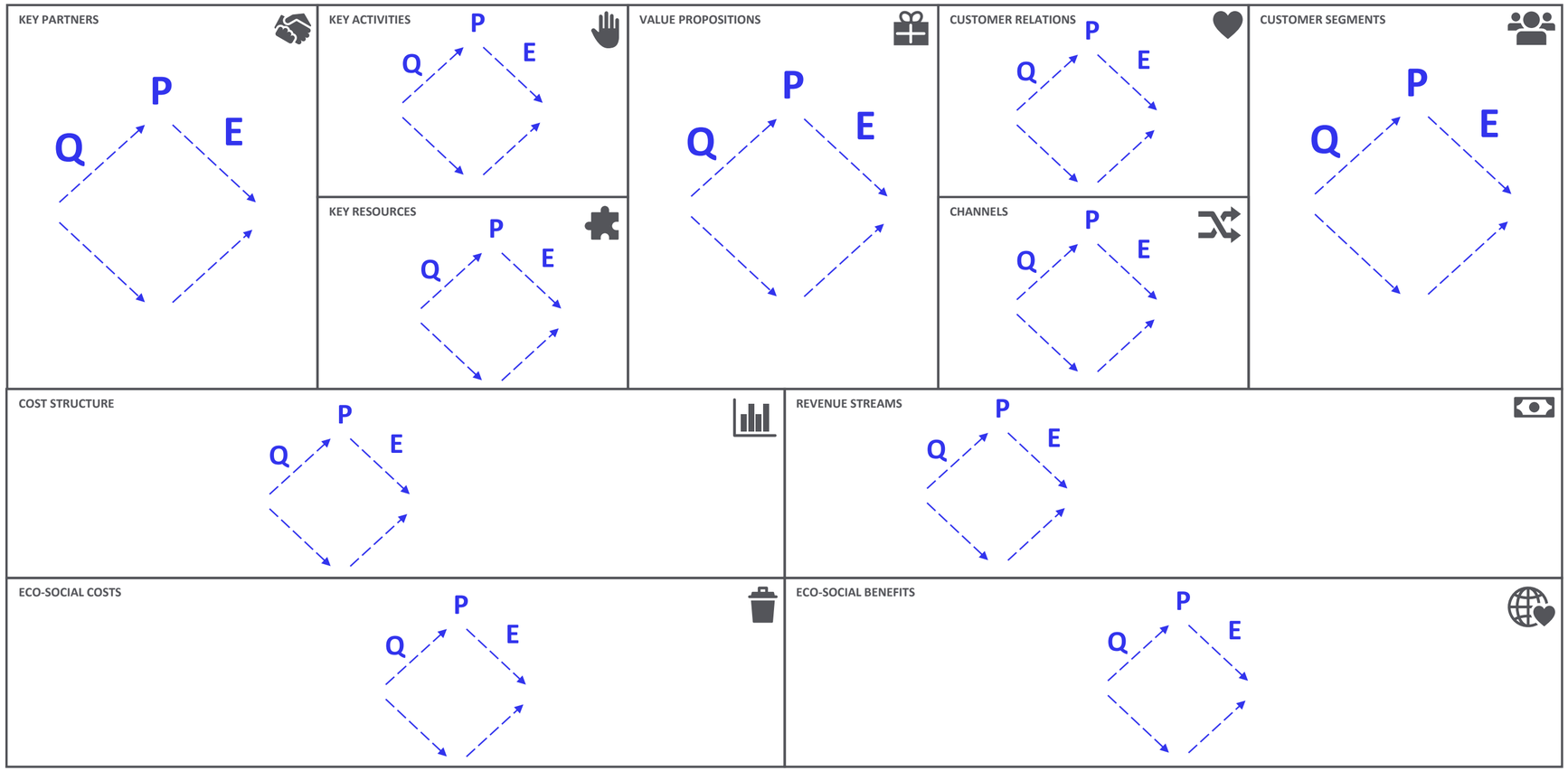
Additional resources:
- Chris Nyffeler, IDEO Executive Design Director - Why Everyone Should Prototype (Not Just Designers)
- IDEO U – What is Business Design?

3_incubate

Mindset

Business Design and the Sustainable Business Model Canvas

As you go through the incubation phase apply the question/prototype/evidence approach to each component of the Sustainable Business Model Canvas. Don’t assume – always validate all your hypotheses with actual user feedback.



Help the venture teams map their assumptions for each business model component, define experiments to test the most critical ones using the experiment template and support them in iterating each business model component based on the findings.

PROCESS 3_incubate

3_incubate

PHASE

3_incubate

TIME

3-4 weeks | 3-4 months | 6-9 months

WORKSTREAM

3.1_Prepare Incubation

- Design coaching materials
- Select venture teams
- Create & schedule coaching plans
- Define mode of collaboration

Key Result
Tailored incubation procedure

3.2_Support Business Design

- Map assumptions
- Exploring the cost structure
- Exploring the cost structure
- Refining the revenue model
- Identifying necessary business partners
- Refining the offer & MVP development
- Refining the offer & MVP development
- Deciding on sales channels
- Creating a funding strategy
- **Pitch** Pitching the refined business models to follow-up partners

Ecosystem handover option 1

Key Result
Refined business models

{continued}_Support Business Design

3.3_Support Market Pilot

- Creating a pilot roadmap
- Creating a minimum viable product
- Implementing the market pilot
- **Pitch** Pitching the piloted business models to investors

Ecosystem handover option 2

Key Result
Piloted ventures

PROCESS 3_incubate

3.1 Prepare Incubation

3-4 weeks

Purpose:

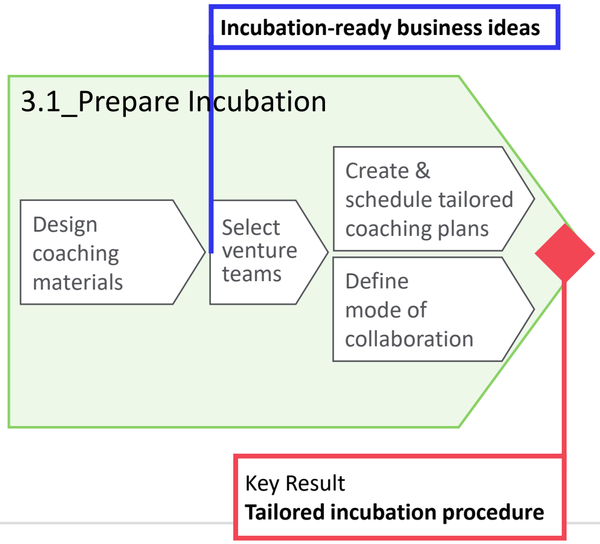
- Design coaching materials for a smooth work flow
- Select the most promising venture teams
- Create & schedule tailored coaching plans for each venture team
- Set up a working structure by defining the means of collaboration and communication in each team

At a glance:

Create an efficient procedure for testing, refining, and piloting the sustainable business ideas developed in the Ideation Sprint. Prepare the necessary coaching materials and other potential services that you might offer. In parallel, select the most promising venture teams for incubation support.

At this point you should have defined the scope and exit point of your incubation services to match the goals of your process (compare activity #3 “Plan Process” in 0_prepare for more details and the pros and cons of different exit points.).

Activities in this workstream



= Input **= Output**

#1 Design coaching materials

Develop and prepare all necessary materials for coaching your venture teams in designing their business. IDEO's Business Design method has strongly inspired the methodology and incubation materials suggested in this handbook. You can use these materials, customise them, or create your own materials. For an overview of key coaching components, check the list of activities in 3.2 Business Design.

Facilitators

If you choose to use Business Design as a method, we encourage you to consistently apply it throughout Incubation. Sticking to one method leads to a more coherent experience for your participants.

3_incubate tools

#2 Select venture teams for incubation support

Decide which ventures teams are fit for incubation. Not all venture teams will necessarily be able to qualify for the incubation phase – and that is ok. Make sure to select venture teams that bring a high level of motivation and promising business idea. Take a look at the provided **Selection Criteria** for more helpful criteria the teams should fulfill.

Process Lead

Consider feedback from the expert review group provided at the end of your Ideation Sprint. Use clear criteria and a simple assessment form for screening applications by venture teams. Select applicants quickly in order not to lose momentum.

Incubation Selection Criteria (coming soon)

PROCESS 3_incubate

#3 Define mode of collaboration with venture teams

Together with the venture teams, determine whether to conduct the coaching sessions remotely or in-person. Agree on the tools you want to use for working and communicating with the venture teams.

At this time, it would also be a good idea for the team members to think about how a team collaboration could possibly look like. This does not have to be set in stone yet, but it is helpful to think about everybody's preferred team formation when entering the incubation phase. While the team might not yet know what type of legal structure makes sense for their business solution, we strongly recommend getting the teams to think about this early on. A **Memorandum of Undertanding** can be a good starting point for formalizing the collaboration.

Facilitators

REMOTE VS. IN-PERSON COACHING SESSIONS

Remote

+ Feasible with dispersed teams
+ Potentially cheaper
- Weaker team experience

In-person

+ Helps venture teams to grow their team spirit
+ Helps coaches to build a motivational ambience
- Higher logistical requirements

Tools such as Google Drive and Slack have proven to be highly useful in past processes.

Memorandum of Understanding (coming soon)

#4 Create & schedule tailored coaching plans for each team

Plan a session schedule together with your venture teams and create a **Coaching Plan** based on your prepared coaching materials and the venture team roadmaps. Ensure that the schedule allows you to cover all aspects of business design (see activities in 3.2 Business Design) within a given timeframe.

Facilitators

You may opt for a more ad-hoc coaching style if a session schedule doesn't cater to the needs of your venture teams.

Experience suggests that it works well to organise your sessions over the course of 3 months, beginning a maximum of 2 weeks after the Ideation Sprint.

Coaching Plan Example (coming soon)

PROCESS 3_incubate

3.2 Support Business Design

3-4 months

Purpose:

- Support the venture teams in designing the ideal business model for their solutions
- Support venture teams in developing MVPs
- Help the teams to prepare and conduct a strong pitch in front of investors and other potential follow-up partners

At a glance:

At this stage the venture teams need to design each component of their business model to make their solutions desirable for users, financially viable for shareholders, and feasible to build and deliver. Help the teams to validate each business model component through experiments and to iterate based on their findings.

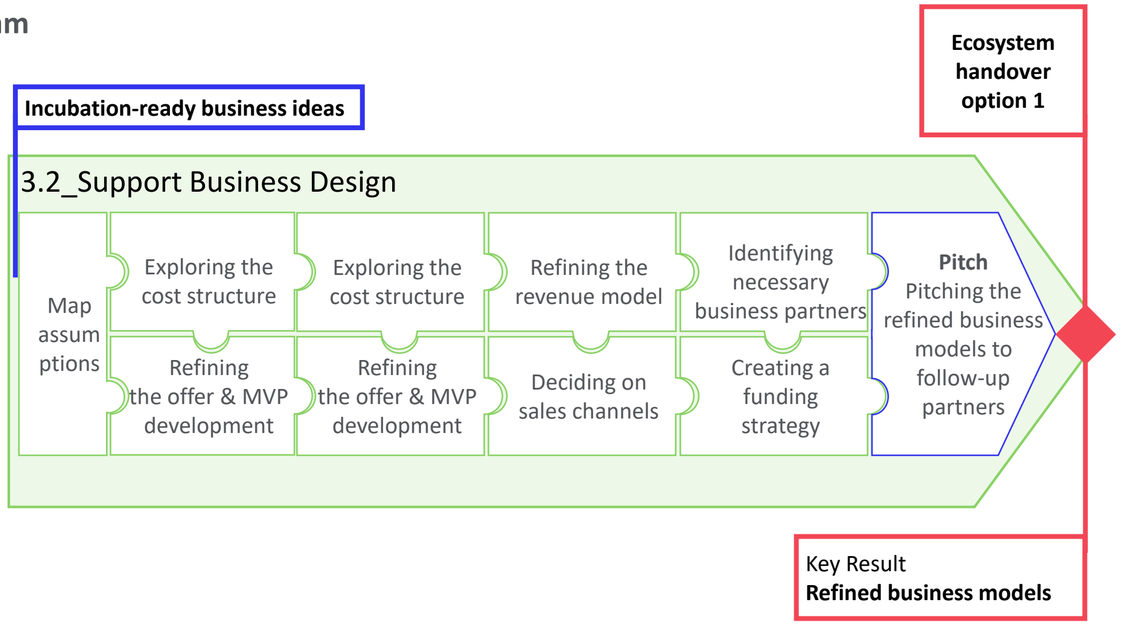
Help the venture teams to find compelling answers to 3 questions:

- **How will they create value?**
  The teams optimise their solutions by refining their value proposition, i.e., the benefits they provide to users, and their offer, e.g., the actual product or service they create.
- **How will they capture value?**
  The teams elaborate their cost structure and design the optimal revenue model for their businesses.
- **How will they deliver value?**
  The teams determine their sales channels and engage necessary partners for delivering their solutions.

Remind the teams: fulfilment of a human need is at the heart of every business. Designing a sustainable, successful business means deeply understanding people's behaviours and motivations beyond data and surveys.

The different activities in this workstream do *not* need to be completed in the order presented!

Activities in this workstream



Source: IDEO U

PROCESS 3_incubate

#1 Mapping assumptions

In the Ideation Sprint the venture teams have sketched each component of their business model in a Sustainable Business Model Canvas. Before they start working on each component, help them to map the assumptions that each component of their business model is based on using the **Assumption Mapping** template. This allows the teams to identify the critical assumptions that would have to be true for their business model to work.

In the subsequent steps of Business Design, the venture teams will test the critical assumptions for each component of their business model in experiments. Experiments create evidence that strengthens or refutes their assumptions, helping them to refine their business models, reducing risk and uncertainty.

For each critical assumption, the teams fill in an **Experiment Template** to describe the assumption they want to test and how they will do it. A good experiment should be measurable, and the pass rate should be set before the results are in. That is why the teams should also define measurement and success criteria in advance to be able to classify their test results later.

Facilitators

Assumption mapping is also a good way of identifying the right incubation coaching starting point for the venture teams.

Assumption Mapping
Experiment Template

#2 Getting a more nuanced understanding of potential users

This is the foundation of designing a strong value proposition, the essence of each business. Help the venture teams better understand: Who are potential users of their solutions? What are their needs? What are their attitudes, behaviours and motivations? Are the consumers of their product also their customers? If not, what is the relation between the two groups?

You may have the teams revisit their **Persona** or create an **Empathy Map** for this.

Facilitators

Persona
Empathy Map (coming soon)

PROCESS 3_incubate

#3 Refining the value proposition

Support the venture teams in enhancing their value propositions, i.e., the benefits provided to users of their solutions that are not provided by competitors. The value proposition determines the offer, i.e., the concrete product or service that the teams will need to create. Working on the **Value Proposition Canvas** helps the teams to structure their thinking.

Facilitators

Let each venture team prototype and test their value proposition repeatedly with their potential users to find out whether it resonates with them and how to improve it.

Value Proposition Canvas
Experiment Template

#4 Refining the offer & MVP development

Help the teams create a compelling product or service offer that creates the intended value for users and addresses the development challenge as effectively as possible. No business gets their offer exactly right the first time. Encourage the venture teams to build prototypes of their offer as fast as possible and test them with potential users.

This allows the teams to quickly take steps towards creating a **Minimum Viable Product** (MVP) – a basic version of their offer that already has all the key functionalities to make it a working product ready for piloting in the market.

Facilitators

It is crucial not to lose sight of the SDG impacts that your process set out to tackle, even for highly promising business ideas. Keep an open mind about both likely positive and potential negative SDG impacts of business models and continue to probe ways to maximise positive results.

Minimum Viable Product Examples (coming soon)
Experiment Template

PROCESS 3_incubate

#5 Exploring the cost structure

Let the teams unpack the cost structure of their business. Which costs are fixed? Which are variable? Which costs are essential for providing their solutions? Essential costs can be both fixed or variable. Have the teams create a **Cost Sheet**.

Facilitators

Start by letting your teams have a first go at listing the five to ten most important costs associated with their business model. Getting these out of their head and onto paper will help them to see some truths about their business.

Cost Sheet Example (coming soon)
Experiment Template

#6 Refining the revenue model

A **Revenue Model** specifies who will pay for your offer and how. Let the venture teams explore which revenue model suits their solution best. How can they maximise revenue? How can they create a frictionless paying experience for their users?

Facilitators

Encourage teams to think outside the box: Considering all stakeholders in their business, and what value they are getting and bringing, can offer clues about who is best placed to pay for your offer (e.g., advertisers or other partners, instead of consumers).

Revenue Model Sheet (coming soon)
List of popular Revenue Models (coming soon)
Experiment Template

PROCESS 3_incubate

#7 Deciding on sales channels

Help the venture teams identify the most efficient and viable ways for getting their solutions to their users. The teams can build prototypes to test which channels works best and refine based on user feedback.

Facilitators

Choosing Channels Tool (coming soon)
Experiment Template

#8 Identifying necessary business partners

Let your venture teams define which partners (e.g., suppliers or distributors) they need for bringing their businesses to life. Who do they need in order to create their offer and to deliver it to their users? How can they get these partners involved?

Process Lead, Facilitators

Assist your venture teams in making contact with potential partners where possible.

Stakeholder Map
Experiment Template

PROCESS 3_incubate

#9 Creating a funding strategy

Let your teams determine the funds needed for scaling up their business. Help them to identify, assess and engage different funders. These may include commercial investors, business angels, crowd-funding platforms, foundations, donor and other government agencies.

Help the venture teams to refine their **Demo Decks** into strong **Pitch Decks**. Provide constructive feedback to venture teams as they develop and practice funding pitches to the most appropriate potential funders. If you lack the internal capabilities, invite an external pitching coach to give the teams pitch training.

Facilitators

A good pitch needs rehearsal. Encourage teams to practice their presentations.

Funding Strategy (coming soon)
Demo Deck
Pitch Deck (coming soon)

#10 Pitching the refined business models to follow-up partners

Organise a pitch event where the venture teams present their refined business models in front of potential investors and other follow-up partners. This is a great chance for ensuring a seamless continuation of the emerging businesses after the end of your process. Expert feedback also helps the teams to move forward with a clear vision of how they can further enhance their businesses.

Process Lead, Facilitators

Leverage your partner network. Connect your venture teams with follow-up partners by inviting them to the pitch event - in particular incubation and acceleration programs. At this early stage, most businesses are not yet likely to attract support from investors.

Pitch Deck (coming soon)
Evaluation Sheet (coming soon)

HANDOVER OPTION 1: HANDOVER AFTER 3.2 SUPPORT BUSINESS DESIGN

(~ 4 months after the Ideation Sprint)

In the end of the Business Design stage the venture teams will have created strong business model concepts and should have already begun to develop their minimum viable products. This puts them in a good position for entering another incubation program or attracting early investments from business angels, their companies and peers.

Please note: At this early stage the teams however may find it difficult to convince most other investors and other support programs of their business ideas. If you stop your incubation support at this stage, it is crucial that you assist the venture teams in finding follow-up partners, such as local incubation programs.

PROCESS 3_incubate

3.3 Support Market Pilot

6-9 months

Connect your venture teams with follow-up programs and investors to ensure a seamless continuation of the emerging business after the end of your incubation support.

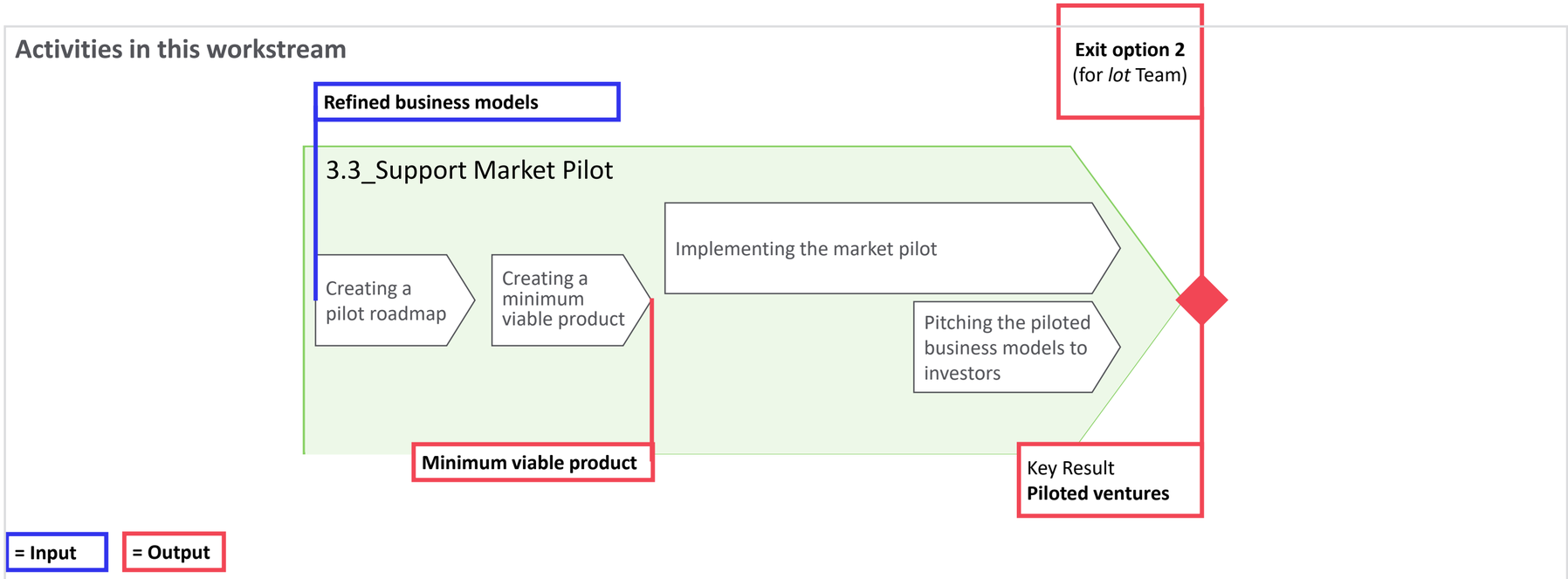
Purpose:

- Create minimum viable product
- Pilot minimum viable product in the target market
- Continue business design
- Pitch validated business model in front of investors

At a glance:

Help the venture teams to pilot their businesses in the market. Support the teams in (creating and) deploying their minimum viable product - a 'basic' version of their solution that enables them to gather valuable feedback from initial users. Based on the evidence from the market pilot, let your teams refine their business models.

Activities in this workstream



#1 Creating a pilot roadmap

Help the teams to develop a roadmap for their pilot. What do they need in order to create a minimum viable product? How will they go to market with it? What do they seek to learn through their pilot? How are they planning to attract investments or other follow-up support?

Facilitators

Consider hiring subject matter experts who can assist your venture teams in technical, regulatory or other relevant questions.

Pilot Roadmap Example (coming soon)

#2 Creating a minimum viable product

Assist the venture teams in creating a minimum viable product that they can pilot in the market. Depending on the nature of the business solution, this can be anything from a working prototype of an app to a physical product.

Process Lead, Facilitators

You may opt for a more ad-hoc coaching style if a session schedule doesn't cater to the needs of your venture teams.

PROCESS 3_incubate

#3 Implementing the market pilot

Support the teams in implementing their minimum viable products in the market. This is a crucial moment for collecting evidence on which parts of their business models work and which do not. Based on the insights, encourage your teams to continue refining their business models.

Process Lead, Facilitators

Connect your venture teams with potential implementation partners through your network.

#4 Pitching the piloted business models

Organise another pitch event where your venture teams pitch their refined and piloted business models in front of investors and other follow-up partners. At this stage, your venture teams should have collected enough evidence for attracting investments.

Process Lead, Facilitators

Consider an online event to minimise transaction costs.

Pilot Pitch Example (coming soon)

HANDOVER OPTION 2: HANDOVER AFTER 3.3 SUPPORT MARKET PILOT

(~ 9 months after the Ideation Sprint)

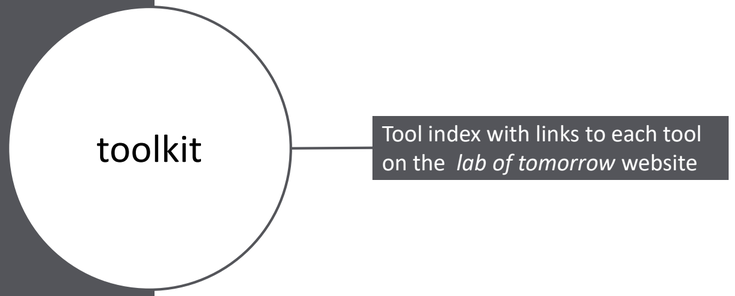
At this point the venture teams will have created a minimum viable product und will have deployed it in the target market. According to the feedback, the teams will have adjusted their business models and product.

By now, the teams will have collected clear evidence of their businesses' market potential. This exit option increases the chance of a smooth handover to follow-up programs or investors.

access tools & templates

What you'll learn

This chapter contains an index of all the tools and templates you need for implementing your own *lab of tomorrow* process: access the tools via the tool index and download individual tools or the whole toolkit from the *lab of tomorrow* website.



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Methods

Business Design

Business Design combines entrepreneurial and design skills to develop new products, services and business models. In order to create meaningful products, services, and business models, Business Design radically focuses on the fulfilment of human needs. This requires a deep understanding of people's behaviours and motivations that goes beyond data and surveys. Prototyping is an essential part of Business Design. Instead of coming up with a plan for how every part of a business *could* work, Business Design proposes an ongoing sequence of small, rapid prototypes to learn how the business *will* work by constantly testing every part of the business with users and stakeholders.

Design Thinking

Design Thinking is an agile management method that combines a range of human-centred design approaches – which focus on the needs and requirements of users – to develop desirable product and service ideas and solutions in interdisciplinary teams. Six key activities of the Design Thinking process are: understanding, observing, establishing a point of view, ideating, prototyping and test.

Ideation Sprint

In the context of a lot process, the Ideation Sprint is a short, structured workshop. It relies on Design Thinking and Business Design methods to facilitate the collaborative development of new business ideas and business models addressing SDGs with interdisciplinary participants.

Business modelling

Business model

In simple terms, a business model outlines how a company plans to make profit, with key considerations including the products or services that it will sell, the intended customer base and anticipated expenses. *Lot* processes to date have applied the following, more technical definition of a business model: "A business model is a representation of organisational value creation (how value propositions are made), value delivery (how value propositions reach and unfold for respective customers and further stakeholders), and value capture (how the focal company and its customers and further stakeholders obtain net value from their interaction)" (Breuer & Lüdeke-Freund, 2017, 122). Business models are often mapped onto a visual template or "canvas".

Sustainable business model

Traditional business models create financial value for their shareholders, while their products or services create benefits for customers. In sustainable business models, value is extended to both non-monetary forms of value and multiple stakeholders. In the context of *lot* processes, value generated by sustainable business models relates to economic, social and environmental benefits in line with the Sustainable Development Goals, for users (customers and consumers) of products and services, other public or private stakeholders, and/or the wider public. Sustainable business models are also financially viable for their shareholders, meaning that they are likely to be maintained in the long-term.

Glossary

Product development

Prototype

In Design Thinking, prototyping is an essential design step and refers (in a broader sense) to anything (such as a sketch, a model, or a role-play) created to elicit useful feedback from potential users or stakeholders. From products and services to advertisement, cost structures, revenue models, sales channels or entire business models – anything can be prototyped.

Minimal viable product (MVP)

A MVP provides just enough features (minimal functionality) to provide some value-add for early customers and allows gathering their feedback for future development. The basic idea is to gather feedback before investing in a full-fledged product. Implementing a small-scale pilot of a business model in a local market indicates the financial viability of the business model in the actual market setting and turns it into an investment object.

lot context

Sustainable Development Goals

The 2030 Agenda for Sustainable Development (SDGs), adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries to end poverty, improve health and education, reduce inequality, and spur economic growth – while also tackling climate change and working to preserve our oceans and forests.

Development Challenge

A development challenge is an unmet need of a clearly defined target group which offers potential for business solutions.

Overarching development challenge example:

“How might we prevent and control NCDs in Ghana in order to relieve the Ghanaian health system?”

Sub-challenge

Sub-challenges are suitable starting points for the ideation of business solutions through the venture teams in the Innovation Sprint.

Sub-challenge example:

“How might we improve access to diagnostics in rural hospitals to help medical staff prevent and control NCDs?”

Sub-challenge requirements:

- Target group defined (who will benefit from and / or buy a solution?)
- Unmet need defined (what do they need a solution for?)
- Market demand identified (willingness of one or more parties to pay for potential solutions)
- Constraints identified (under which conditions does the solution need to work?)
- Solution corridor restricted (sub-challenge allows for multiple solutions but is not too broad to tackle)
- No technical or regulatory reasons speak against the sub-challenge

Further Reading and References

Websites

- *lab of tomorrow* website
- IDEO website
- UN SDGs website

Articles

- Design Thinking Mindset for Innovation - HPI
- Empathy on the Edge - IDEO
- The SDGs as business potential – Business Commission
- Why Everyone Should Prototype (Not Just Designers) – IDEO
- What is Business Design? – IDEO U

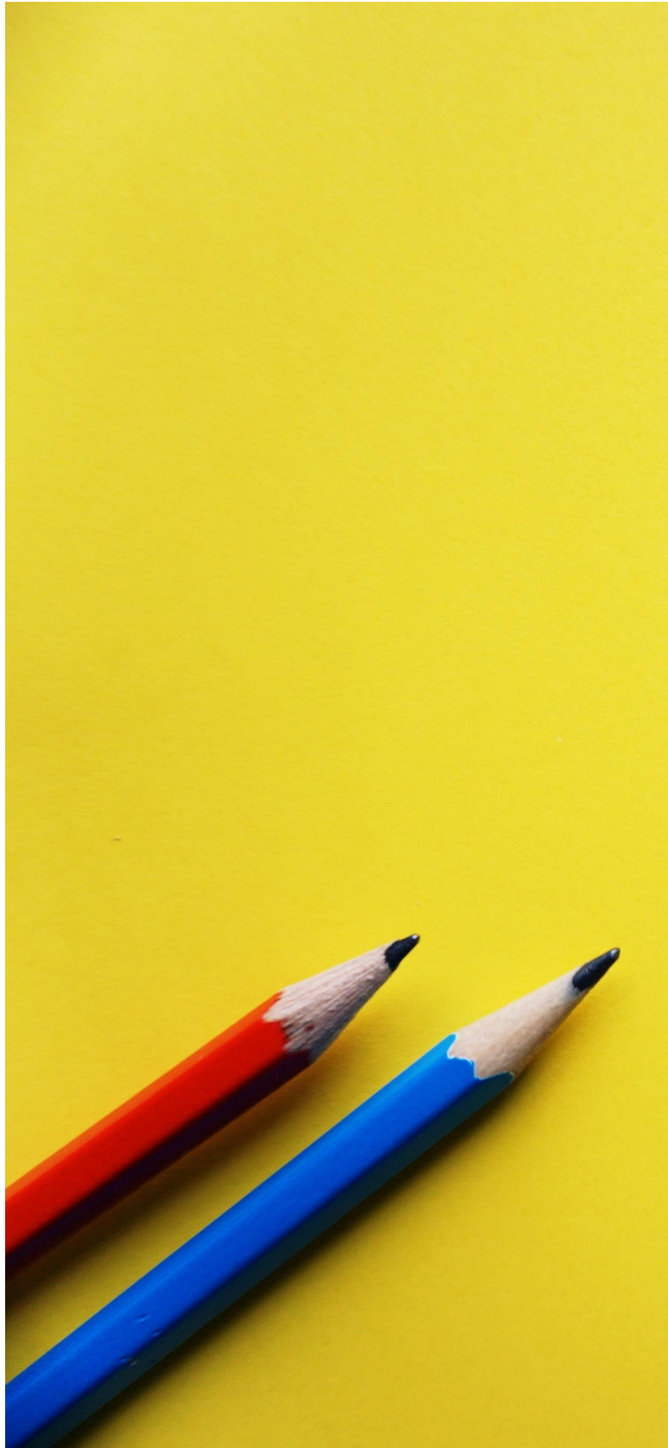
Videos

- TED Talk: David Kelley – How to build your creative confidence
- TED Talk: Tom Wujec – Got a wicked problem? First, tell me how to make toast
- TED Talk: Duncan Wardle – The Theory of Creativity
- TED Talk: Tim Brown – Tales of creativity and play

ACKNOWLEDGEMENTS

The handbook is based on the experience of practitioners, specifically with GIZ and its partners, and would not have materialised without their contributions. Many thanks go to those who provided invaluable support in the development and iteration of this handbook: Tobias Fehr and Rahel Meyer of the University of Sankt Gallen Competence Center for Social Innovation; Rim Bejaoui, Christoffer Brick, Christian Cimino, Sandra Doempke, Tarek Abdel Al Mohamed Hassan, Markus Luecke, Caroline Masabo, Stefanie Mayr, Andrea Miessner, Christina Pfandl, Meryem Richter, Stipanka Stanic and Johannes Wander of GIZ; Vera Kaempfer, Nele Kapretz and Héloise Le Masne of Impact Hub Berlin.

Finally, GIZ would like to extend special thanks to the authors David Brand, Prof. Dr. Henning Breuer of UXBerlin, Prof. Dr. Florian Lüdeke-Freund of ESCP Europe and their assistant Kiril Ivanov of UXBerlin, and Melina Heinrich-Fernandes. It is due to their exceptional work that this handbook is made available.



IMPRINT

This handbook has been developed by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).
The *lab of tomorrow (lot) project* is implemented by GIZ within the Private Sector Cooperation. The latter is
mandated by BMZ to develop products and provide information for European companies to implement the Agenda 2030.

Published by:
Deutsche Gesellschaft für
Internationale Zusammenarbeit (GIZ) GmbH

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Layout:
SCHUMACHER Brand + Interaction Design GmbH

Photo credits/sources:
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