

Product Design training at Hubspace

Bachelor Assignment Industrial Design Engineering
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Teaching BOP entrepreneurs product development

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Preface

The discipline of Industrial Design started as a discipline that researched need and tried to solve this need with a product. In the Netherlands the absolute necessity to design consumer products does not feel so urgent for me, because there are so many good designers here. That is why I wanted to go abroad, to a third world environment for the final assignment of my bachelor Industrial Design Engineering at the University of Twente.

This report presents my design research on how BoP (Bottom of Pyramid) entrepreneurs, who work at Hubspace, can be taught product design. For the entrepreneurs of Hubspace, product design is essential to get food on the table. That absolute necessity made doing this assignment an invaluable addition to my university education.

Thanks to all who supported me during this project. Especially to Juan, who not only helped me during my time in Cape Town, but also introduced me to Heart Capital in the first place. Also thanks to Mandy Shrimpton and Hadrien Renault, for answering tirelessly my sometimes difficult questions. And thanks to all other 'Hubbly Bubbles' who made my time in Cape Town an unforgettable experience.

Last, but not least, I want to thank Melilizwe Gqobo, the Hubspace host, for being open to changes and giving me a real 'township experience' in Khayelitsha, during the sleepover at his house.



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Summary

Heart Capital is helping the township inhabitants around Cape Town developing their economic status in a sustainable way. They do this through a network of social enterprises. One of their social enterprises is Hubspace, a shared officespace for entrepreneurs from the townships. The enterprises supported here, do not meet the quality standards Heart Capital expects. The company sees the development of design competences of the participants as a powerful tool to enhance the success rates of the incubated entrepreneurs. Therefore they want to broaden the content of the Pinnacle Program with a training on product design. The design of this training was started with an analysis of the present situation and of competences needed by entrepreneurs. This was succeeded by a literature research on knowledge which entrepreneurs need, after which the training was designed. Finally the first steps to implement the training were taken.

Analysis The analysis showed that a variety of things in Hubspace are different from what Heart Capital initially intended. Firstly the training program, called Pinnacle Program, is offered very irregularly to the entrepreneurs. By throwing up the Pinnacle program during the research, it became clear that the Hubspace entrepreneurs are characterized by a short term vision and a lack of focus in product design. The second difference involves Heart Capitals wish to incubate social enterprises, as the entrepreneurs do not have this as their primary goal.

The analyses of the designers' characteristics shows that they lack knowledge and ideation capabilities, but are not aware of the necessity of this.

Knowledge According to the analysis the entrepreneurs have to become aware of the knowledge they lack, for instance of their ideation capabilities. The knowledge will be transferred to the entrepreneurs by cases, projects or problems based learning. This knowledge has to cover the subjects of business development. According to literature, a company

has to have knowledge on four different disciplines, namely strategic capital, cultural capital, economic capital and social capital. Next to this, a company should be started via the lean start-up method.

Along this, knowledge on product design, based on four design methods, is also necessary. Firstly the innovation engine shows that the entrepreneurs need knowledge, a good attitude and imagination in order to innovate. Secondly, using design thinking can stimulate the entrepreneurs' imagination and thirdly co-creation methods can help them to create a product which fits the target group. Finally a variety of brainstorming methods are available which are helpful for the entrepreneurs.

Training design

The training, which can be added to the Pinnacle Program, consists of three parts, a workshop, a project management tool and an event. The workshop "Different perspectives" will enhance the entrepreneurs' knowledge by researching a topic individually, after which they will share their knowledge and apply it to their business. The project management tool "Blackboard" is a blackboard, containing a roadmap for a successful business start-up. This can also be used as a communication channel between Hubspace and the entrepreneurs. The event "Co-create!" brings stakeholders together with the entrepreneurs in order to identify problems, brainstorm and select solutions.

Implementation

Given the time remaining, only the "Co-create!" event was implemented. This showed that the entrepreneurs who participated found it difficult to take ownership of the process. As time was short, Heart Capital has to continue the implementation. To measure the efficiency of the training, the effect can be measured in Hubspace, for the workshop and blackboard, and on a university, in case of the event.

Heart Capital is recommended to give extra attention to the placement of and the achievements on the blackboard. Also the length of the time boxing during the event has to be reconsidered.



Samenvatting

Heart Capital helpt mensen in de townships rondom Kaapstad om hun economische status te verbeteren op een duurzame manier. Dit doen ze door verschillende sociale ondernemingen, waaronder Hubspace, een kantoorruimte waar entrepreneurs uit het township gebruik van mogen maken. De bedrijven die hier worden ondersteund blijken niet de kwaliteit te hebben die Heart Capital verwachtte. Het bedrijf zien de ontwikkeling van ontwerp competenties van de deelnemers als een manier om de kans op succes van de bedrijven te verhogen. Daarom willen ze de training die ze aanbieden verbreden naar product ontwerp.

Tijdens het ontwerpproces van de uitbreiding is eerst de huidige situatie geanalyseerd, waarna gekeken is naar welke competenties entrepreneurs nodig hebben. Hierna is een literatuurstudie gedaan naar kennis wat entrepreneurs nodig hebben, opgevolgd door het daadwerkelijk ontwerpen van de training. Uiteindelijk zijn de eerste stappen van de implementatie gemaakt.

Analise

De analyse liet zien dat verschillende dingen binnen Hubspace anders waren dan wat Heart Capital voor ogen had. Ten eerste werd het trainingsprogramma, genaamd 'Pinnacle Program', zeer onregelmatig aangeboden. Door het programma zelf te organiseren werd duidelijk dat entrepreneurs van Hubspace gekenmerkt worden door een korte termijn visie en geen focus in de productontwikkeling. Het tweede verschil is dat Heart Capital ten doel had om social Enterprises op te richten binnen Hubspace, terwijl de entrepreneurs dit niet als primair doel aanschouwden. De analyse van de ontwerpers karakteristieken laat zien dat de entrepreneurs van een heleboel dingen niet bewust zijn, te weinig kennis hebben en slecht zijn in brainstormen.

Kennis

Zoals de analyse laat zien, moeten de entrepreneurs bewust worden van welke kennis ze wel en niet hebben, onder andere van brainstormen. De kennis zal overgebracht worden door middel van cases, projecten en problemen. Deze kennis moet ten eerste gaan over bedrijfsontwikkeling. Volgens literatuur moet een bedrijf kennis vanuit vier disciplines hebben, namelijk strategisch kapitaal, cultureel kapitaal, economisch

kapitaal en sociaal kapitaal. Daarnaast kan het bedrijf het beste opgezet worden via de lean start-up methode. Ook kennis over productontwerp is belangrijk. Vier ontwerp methoden laten zien welke kennis dat precies is. Ten eerste laat de innovation engine zien dat om te innoveren, de entrepreneurs meer kennis moeten krijgen, een betere houding moeten krijgen en hun verbeeldingskracht moeten stimuleren. Ten tweede kunnen de entrepreneurs door middel van design thinking hun verbeeldingskracht stimuleren en ten derde kunnen co-creatie methoden helpen om een product te ontwikkelen wat echt bij de doelgroep past. Ten laatste bestaan er diverse brainstormmethoden die de entrepreneurs kunnen helpen bij het ontwerpproces.

Training ontwerp

De toevoeging aan het Pinnacle Program zal bestaan uit drie delen, een workshop, een project management tool en een evenement. De workshop "Different perspectives" zal de kennis van de entrepreneurs vergroten door hen allen individueel een onderwerp te laten onderzoeken, waarna ze hun kennis met elkaar delen en toepassen op hun bedrijf. De project management tool "Blackboard" bestaat uit een krijtboord met daarop een schema wat de stappen zijn om een bedrijf op te zetten. Dit kan als een communicatie middel dienen tussen Hubspace en de entrepreneurs. Het evenement "Co-create!" brengt de entrepreneurs samen met belanghebbenden om problemen te identificeren, te brainstormen en oplossingen te selecteren.

Implementatie

Vanwege de tijd is slechts het evenement "Co-create!" geïmplementeerd. Dat liet zien dat de entrepreneurs die deelnamen het lastig vonden om zelf het proces te sturen. Aangezien er niet veel tijd was, moet Heart Capital de implementatie voortzetten. Om te meten of het de moeite waard is, kan het effect van de training gemeten worden in Hubspace, voor de eerste twee onderdelen, en op een universiteit, voor het evenement.

Heart Capital wordt aanbevolen extra aandacht te geven aan de analogie op het krijtbord, en de plaatsing van het krijtbord. En aan het tijdslimiet wat is ingesteld tijdens het evenement.

Introduction

This report is the result of a Bachelor Assignment, realized as a collaboration between the University of Twente and the social enterprise Heart Capital. The project took place from april – july 2014 in Cape Town, South Africa.

Project objective

Heart Capital is a social enterprise with several ventures in their portfolio. They are situated in Cape Town and most of their ventures are active in the slums of the townships around Cape Town. One of these is called “Hubspace”. This social enterprise offers start-up entrepreneurs in townships access to a shared office space and incubator services. Their incubation program is called ‘Pinnacle Program’.

The Pinnacle Program is focused on business development. However, the quality of the enterprises does not meet Heart Capitals expectations. Therefore they want to improve the quality by the support of design competences.

The objective of this project was a training which can be added to the Pinnacle Program, and which will improve the product design of Hubspace entrepreneurs. To achieve this goal, an extensive analysis of Hubspace was done, followed by a research of what knowledge the entrepreneurs need to have in order to succeed. Finally a training was developed and partially implemented.

Method

The research starts with an analysis of the different parts that influence Hubspace and consequently the training program. This will consist of a literature research of Cape Town, Heart Capital and Hubspace, but also of a hands-on experience of running the Pinnacle Program and interviewing different stakeholders. A literature research will be done on designers’ characteristics and entrepreneurial competences. This will result in a number of competences which the entrepreneurs have to gain during the training program and a list of requirements for the training program.

Next a literature research on different aspects of knowledge will be done. The way knowledge can be transferred will be examined, followed by a research on business development methods, product design methods and ideation methods. Thirdly a training program will be designed, which matches the requirements and goals which are defined during the analysis and literature research. This will be evaluated and implemented as far as possible.

Report structure

The Analysis was conducted from a broad to narrow perspective, starting by an analysis of Cape Town and ending with an analysis of what competences the entrepreneurs need to have gained after completing the training.

In Chapter 2 the educational aspects will be discussed. The essential knowledge for the entrepreneurs and the best way to transfer this knowledge to them will be described. In Chapter 3 the designed training will be described. The evaluation and implementation of the training will be described in chapter 4. The report will end in Chapter 5, in which conclusions and recommendations are provided.



Chapter 1 - Analysis

Hubspace is influenced by many factors. The analysis starts with a broad approach and zooms in to the details. The history of South Africa is the first topic, followed with an explanation of how racial segregation influences Hubspace. Also the township location, Heart Capital its mother company, the Pinnacle Program, its training program, and entrepreneurs and enterprises influence Hubspace.

The chapter proceeds with an analysis of what designers and entrepreneurs are.

At the end of each section, the requirements are listed which specifically relate to that topic. All requirements are summarized at the end of the analysis.



1.1 History of Cape Town



Figure 1.1
Khoisan people

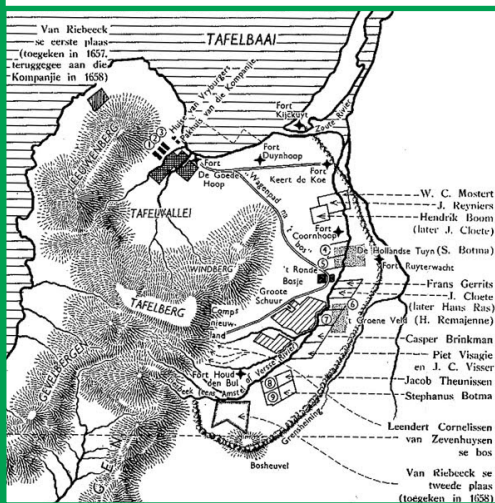


Figure 1.2
Map indicating Jan van Riebeeck's
hedge, which was built to keep away
the Khoisan.



Figure 1.3
Apartheid

The history of Cape Town starts in prehistoric times, when the San hunter-gatherers lived in Sub-Saharan Africa as nomads (Pinchuck and McCrea, 2012). About 2000 years ago, they were joined by the Khoikhoi, who herded sheep and cattle. The Khoikhoi introduced the idea of ownership and hierarchy to the San people.

The Khoikhoi and San peoples merged, they were named the Khoisan. They lived in units, ran by chiefs, until the Europeans discovered South Africa and disturbed the peace. The Khoisan are the ancestors of the present-day Xhosa people, who still live in tribes in South Africa. Nelson Mandela grew up in such a tribe (Mandela, 1995).

In the 1480s the Portuguese Bartholomeu Dias rounded Cape for the first time. To him it owes its present name: Cape of good hope, or Cabo de Boa Esperanza in Portuguese. Dias was also the one who communicated with the Khoisan tribes for the first time. Being scared of what the natives could do to him, he tried to intimidate them, using his slaves. This didn't make the Khoi-San favorable to the whites, a long history of racial hatred and misunderstanding had started.

Dutch heritage in the cape started to emerge when Jan van Riebeeck founded the city of Cape Town in 1652. It started as a supply post for ships sailing to the Indies. The bad feelings between black (Khoisan) and white (Europeans) was reinforced by Van Riebeeck's wild almond hedge, which he planted to keep the Khoisan at a proper distance.

During the next 300 years tensions between races only increased. It became even more complicated with the arrival of a third people. The slaves, coming from all over Asia, were brought by the white to work at the farms to supply the ships of the Dutch East Indian Company (abbreviated as VOC). Truthfully a "rainbow nation" was emerging.

After the Second World War, the South Africans elected the National Party. Gradually this party used their power to start the Apartheid regime, wherein several human rights were violated. Basically this meant all South Africans were divided into three groups, based on the color of their skin. A person could be qualified as white, coloured or buntu (black native Africans). Africans had to carry passes with them all the time, in which was written where, when and how long the carrier could remain in a certain place (SAhistory, 2009). Without a pass they could be sentenced to prison without proper trial.

Another measure was appointing certain areas to white, other areas to colored and others to buntu to live in. Suburbs like the famous 'District Six' in Cape Town, were demolished because the wrong race was living there. This is how townships came into existence: the buntu people were assigned

areas far away from the city centre, in townships like Khayelitsha (ironically the name means *New home*) and Mitchells Plain. In case of Districts Six, they were banned to Mitchells Plain. Nowadays the frustration which this banishment led up to, gives Mitchells Plain the highest criminality rate in Cape Town (Gebhardt, 2013).

After Nelson Mandelas release Apartheid only lasted one year and in 1994 a new democracy was installed. In three years South Africa moved from Apartheid to democracy, an amazing achievement no other country can boast on (Bland, 2012). Main thanks for this can be given to the national hero, Nelson Mandela.

However as Apartheid is only 20 years away, it is not a strange thing that it still influences today's thinking. It also influences how Hubspace is formed, as it has emerged from this culture. Therefore this will be investigated in the next paragraph.

Figure 1.4
Cape Towns logo showing the rainbow, reminding of "rainbow nation", Table Mountain and a name in three languages, English, Xhosa and Afrikaans.



1.2 Racial Segregation

The influence of social inequality is best seen in the racial segregation inside Cape Town. Neither inequality or segregation can be linked directly to poverty, but both have in common that they influence daily life. Three examples of how segregation is visible are differences in place, appearance and language. It started during Apartheid, the purpose of this paragraph is to show how it influences decisions made in Hubspace today.

Firstly racial segregation is caused by differences in place to live. Generally speaking the black live in the townships, the colored live in the suburbs and the white live in the city. As money is mainly earned in the white city, a lot of black people have to travel for at least one hour to work (de Swardt, 2005). These township inhabitants spend half of their wages on transportation. Hubspace is situated in the township, so the entrepreneurs have the advantage that they do not have to travel that far. But this also means they can not sell goods to rich people, because of the distance. Racial segregation defines the target group of the Hubspace entrepreneurs.

Secondly racial segregation is caused by differences in appearance. People are still prejudiced by skin color, showed my experience. It is not only the white persons, like the guy who was convinced township inhabitants are so dangerous that every white who goes in certainly gets killed. But also the colored persons are prejudiced, like the taxidriver who was convinced the unfortunate fate of the blacks was caused by their own laziness and lack of desire to move on. Finally also the black persons are prejudiced, too, like the little five year old boy, who instantly started jelling 'money, money!' when he saw white people.

As long as races judge each other like this on skin color, the racial segregation will be maintained. Although this is sad, it is reality and therefore Hubspace

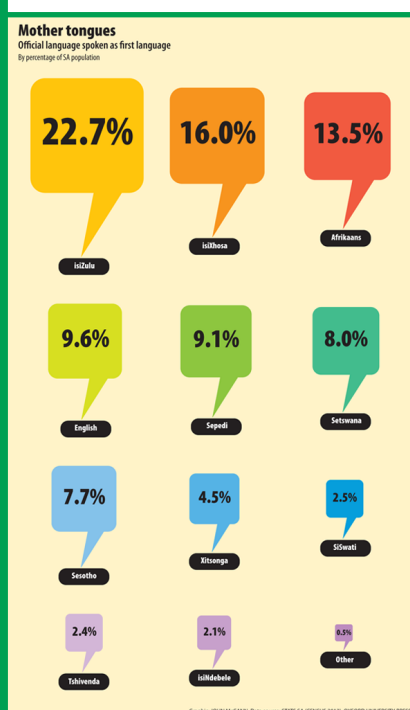
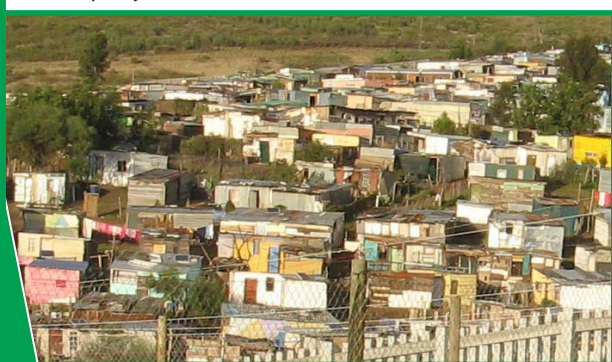


Figure 1.5
A great diversity of mother languages in South Africa.



Figure 1.6
Entrepreneurial activity in Khayelitsha

Figure 1.7
Township Kayemandi



is run by community members. It is difficult to convince the entrepreneurs of something they do not want to do by a white person. But they do listen to a host who is a fellow community member.

In Cape Town, three main languages are spoken. Although these languages can not be coupled to a race directly, it does prevent the races to fully interact with each other (de Swardt, 2005). Afrikaans is spoken by the white and colored, Xhosa is spoken by the black people. This is another reason for Hubspace to deploy community members as hosts. English is spoken as a lingua franca, but not all township inhabitants master it.

This proves what one of the Hubspace entrepreneurs once said: “Apartheid is still alive”. People still live separated by race, judge on appearance and cannot communicate with each other because of different languages. As a result Cape Town has a first world inner core with a thriving entrepreneurial economy and Cape Town has townships full of slums and poverty. Although it is a difficult task, Hubspace tries to bridge the gap between these two worlds, by bringing entrepreneurship in the townships.



Video 1

The link of this picture and QR code, directs to a visual impression of Hubspace.



1.3 Life in townships

Townships are the areas with the highest poverty rate in Cape Town. This is where every project of Heart Capital is situated. Although the government housing projects provided a lot of stone houses, a big part of the inhabitants live in slums.

The total amount of Cape Towns population was counting 3.7 million in 2011, according to official records (City of Cape Town, 2013). Only 1 million of these people live in the richer parts (Jumelet, 2014, p. 67). The other inhabitants live in townships on the Cape flats. The bigger part of the townships consists out of informal settlements, also called slums.

Since Apartheid fell, the townships became 2.4 times bigger, because chances for a job were better near town. However the unemployment rate is as high as 60 per cent. And the average income of the inhabitants who do have a job is R 1463 per month, approximately €100,- (de Swardt, 2005).

The City of Cape Town reports therefore that at least 47% of the households live in poverty, all of them situated in the townships.

The biggest township is named Khayelitsha, estimated to have 1.7 million inhabitants. In this township the first Hubspace has been founded, in 2013. Township life also means the never ending presence of gangsters. Different groups who are struggling to keep control of the township. They try to stop improvement activities, as the start of Hubspace, to the extent of threatening the initiators with murder.

Community Requirements

Wish: The training method involves the community at least once.

Wish: The training method decreases social inequality.

Wish: The training method brings potential purchasers together with the entrepreneur.

1.4 Heart Capital

Heart Capital wants to make a positive change in the townships. The company is a social enterprise. It is founded by Peter and Mandy Shrimpton. The goal of Heart Capital is to drive social change in a financially sustainable way. They do this with various daughter enterprises which tackle social and environmental problems. Their main projects are Foodpods, a vegetable farm in the townships, and Hubspace.

Although Peter and Mandy's goal is to make the enterprises financially sustainable, this is a struggle at the present. The enterprises are funded by money of investors and ran by unpaid interns from all over the world. The interns are working for Heart Capital for a time differing from 6 weeks to 6 months. Most of them are university students, from America doing their coöp or from Europe writing papers on what they do.

Heart Capital supervises everything what is done in Hubspace. Although Hubspaces hosts are responsible, the Heart Capital interns help them with everything. The interns also provide training at Hubspace (see chapter 1.6). However in Heart Capital nobody has experience with product design. So the training should not require any background knowledge of the interns who are involved in the process.



Figure 1.8

Heart Capitals office in Woodstock

Figure 1.9
Foodpods in Philippi



Heart Capitals Requirements

The interns involved with the training method will not need any background knowledge.

The graphics fit in to the Heart Capital House style.

The training method can be given at the various hubs in South Africa.

Wish: The training method uses only the available materials.

The training method may not cost more than 500 Rand.

1.5 Hubspace

The first Hubspace was founded in Khayelitsha. It is an experimental site in order to test the model. More Hubspaces are arriving soon in other townships like Philippi and Kayemandi. As said before, Hubspaces goal is bringing entrepreneurship to the township community. Hubspace does that by providing a shared office space, training entrepreneurs by running the Pinnacle Program and organizing community events.

Shared office space

The office is filled with objects which entrepreneurs normally do not have, like computers, telephone, printers and internet. In Khayelitsha approximately 20 entrepreneurs use this office. It has been designed to be a cheery environment, which serves as a home away from home for the entrepreneurs. Several resources are available for them, like a library next door, Heart Capital interns to get personal help, hosts who run the space and internet.

Pinnacle Program

The Pinnacle Program was launched to help them develop their business. More information on the Pinnacle Program can be found in chapter 1.6.

Community events

The main source of funding is community events and venue hire. Money can be raised during video nights or concerts given by local bands.

Of these three product design is influenced most through the Pinnacle Program. Heart Capital does not want to change the Pinnacle Program, but is open to additional activities. So new activities will be designed to be added to the Pinnacle Program, in order to teach design competences (chapter 1.11)

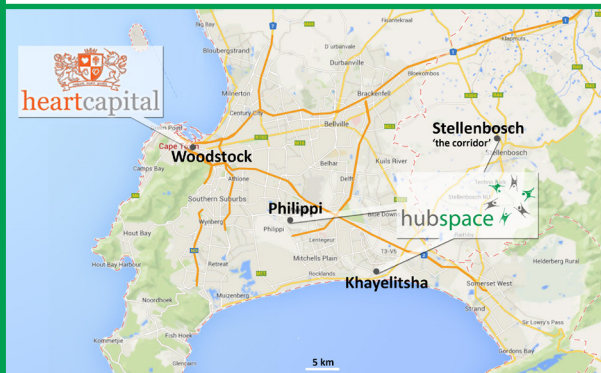


Figure 1.10
Map showing distances between Heart Capital in Woodstock and Hubspace in the various townships.



Figure 1.11
Hubspace entrepreneurs and host, Meli in the middle, at a Pitch Perfect event.

Figure 1.12
View from Hubspace Khayelitsha.
Township all the way to the mountains.





Figure 1.13

This collage gives an impression of Hubspace Khayelitsha.

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1.6 Pinnacle Program

The Pinnacle Program should provide three activities every week. There are a lot of activities which are possible, the intern who is responsible gets the freedom to do what he or she likes. The program is characterized by a starting activity named 'entrepreneurs competition', activities and a termination.

Entrepreneur competition

Hubspaces services are open for paying members. However very few entrepreneurs actually pay, as free membership is the prize of the entrepreneurs competition. Therefore one can say the entrepreneur competition is the start of the Pinnacle Program.

In this competition, four phases are identified.

Phase 1 obliges the entrepreneurs to complete and send an official application form to Hubspace. This application form consists out of several questions divided into four different sections, namely 'Personal details', 'Details of business concept', 'Business development' and 'Optional attachments'. Normally about thirty entrepreneurs will participate, twelve of them will continue to the next phase.

Phase 2 is featured by a development workshop, in which the applicants will learn how to pitch their business for a judging panel, what they will do in **Phase 3**.

Phase 4 exists of a meeting of the entrepreneur with the CEO. At the end of this phase ten people will be rewarded with a year's subscription to Hubspace.

Figure 1.14

Intern showing the Entrepreneurs competition marketing poster, made by one of Hubspaces entrepreneurs.





Figure 1.15
Hubspaces boardroom, wherein workshops take place. Entrepreneurs can hire this room.

Table 1.1
What?

	What?	Ideal situation	Reality
Individual help	Hosts	Skilled entrepreneurs	Community members
	Interns	Active on background for extras	They give workshops and run the Pinnacle Program
	Mentors	Local retired professionals coach an entrepreneur	Interns give individual help when other mentors aren't available
Group activities	Workshops	Given on demand by professionals	Given on random business topics by interns
	Coffee and Conversation*	Once a week	once per three months
	Pitch Perfect*	Organized by the hosts, every time other entrepreneurs pitch	Organized by interns, the same entrepreneurs pitch
	TEDxTeusdays*	At least 50% participation	No more then 20%, four entrepreneurs, attendance Never, because
	Nca Thursday	Every week	entrepreneurs find it to expensive.

Figure 1.16
Hubspace entrepreneurs and interns after a workshop on 'Business Model'-design.



The entrepreneurs are mainly selected on the business or product idea they have, they are not selected on entrepreneurial potential.

Activities

The entrepreneurs are supported in their business and product development during group activities and they are also given individual help. Heart Capital wants to provide the entrepreneurs with three activities per week. The most important kinds of activities are listed in table 1.1. There is a rather big difference from what Heart Capital wants to happen and what happens in reality. To get a good impression of the Pinnacle Program, the activities were done in a time span of three weeks. All activities which are in the table were tried at least once.

Explanation activities:

Coffee and Conversation: On Friday afternoons a professional is invited and all entrepreneurs have coffee together. Questions can be asked about entrepreneurship and product development in an informal environment.

Pitch Perfect: The biggest event of the year is the Pitch Perfect event. At this event ten entrepreneurs get the opportunity to pitch their businesses to a panel of judges. The award which is given to the winning entrepreneur is worth the effort, as it usually is a laptop.

TEDxTeusdays: Some TEDxTalks are watched and discussed. The lectures are mainly on business development or professional skills.

Nca Thursday: Nca is the Xhosa (language spoken in Cape Townships) word for 'yummy'. Everybody brings something from home for lunch and shares it with the others. All members participate, the goal of this activity is to provide for teambuilding and networking.

Running the Pinnacle Program during the research gave the following



insights:

- Three activities is a lot to do every week. Entrepreneurs do not want that many activities, because they want to continue working on their enterprise.
- At least one native speaker of English should be present, because some of the entrepreneurs have a thick accent.
- Running the Pinnacle Program is a fulltime job, it is not something what can be done as an extra.
- Attendance at workshops is low. The first workshop 6 entrepreneurs attended, next time only three and the third time nobody came. Therefore the use of the workshop for the entrepreneurs should be communicated very clearly.
- Very few entrepreneurs read the newsletter when it is sent weekly, therefore Hubspace should examine whether other communication channels are more successful.

Termination of the program

The goal is that enterprises are strong enough to find their own office after one year. After one year the free membership expires and they, officially, have to start paying. In practice the hosts discuss after one year which entrepreneurs didn't make enough progress. These entrepreneurs get 'fired'. It is hard to get payment after one year, because the entrepreneurs are used to not paying and when they are forced, Hubspace will be in trouble with the township community.

Pinnacle Program Requirements

The training is an addition to the present program, not a substitution.

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1.7 Entrepreneurs

The reason that the Pinnacle Program exists is the entrepreneurs. The training will be designed for them. What are the characteristics of them and their product development?

General characteristics

All entrepreneurs live in the township wherein Hubspace is situated. Entrepreneurs from other townships are not allowed in Hubspace, because of rivalry between the various townships.

The entrepreneurs highest education is matric, the South African final exams of high school. Only a few entrepreneurs attended higher education. The age of the entrepreneurs differs between 20 and 30. To illustrate what life is like, the persona "Chiko" tells a story of "a day in the life of Chiko" on page 18.

The entrepreneurs' life in a township does not only influence their own characteristics, but also how they develop their product. This is shown in the vision they have and the way they focus their product. To illustrate this, a comparison can be made with food.

Living in poverty means having to struggle for food every day. Township children are raised without the notion of challenges of tomorrow, but only those today. This is a means by which they can survive living in poverty. That is the way the entrepreneurs were brought up.

Short term vision

Running a business and developing a product is a complex process, one cannot do it in one day (Rasmussen et al, 2011). Some things have to be done for the long term, like having and maintaining a website or answering emails. Interviewing entrepreneurs showed that a lot of the entrepreneurs struggles with their short term vision. It is difficult for them to change this.

Focus of their product

Another challenge for them is focusing their product development. In order to buy food, money is needed. Raising money can be done in various ways. Product development means that one chooses a way and develops it into a perfect way to raise more money on the long term. This can either be a flagship product or product platform (Reinders, 2013). Focus means that one really knows what the purpose is of the enterprise, and this will give them a better market position on the long term.

When new entrepreneurs apply for the entrepreneurs competition, most of them have a list of things they can do. This can be as broad as: “security services, computer support and marshalling at schools”. Even after receiving business training at Hubspace the entrepreneurs do whatever people offer money for, their product development lacks focus.

When designing a training, these characteristics should be taken in account.

1.8 Enterprises

Peter and Mandy want to stimulate the emergence of social enterprises. Therefore the Hubspace enterprises are selected on the social aspect. Scholars use a wide variety of definitions of social entrepreneurship (Lansink et al, 2013). Before five examples of enterprises founded at Hubspace will be given, social entrepreneurship will be examined.

Social entrepreneurship

The word ‘social enterprise’ was first used in the Financial Times in 2009. They described it as the merge of profit, government and non-profit organizations. In South Africa the sum of charity organizations turnover is 350 billion Euros per year (Shrimpton, 2012). Although a lot of this money gets lost in corruption, it shows how big the market is for charity organizations.

Charities only want social added value and commercial enterprises only want financial added value. According to Heart Capital, a social enterprise





Chiko Chulumacha

Living in Khayelitsha, site C.

Age: 23 years

Member since: May 2014

Company: Ubuntu services

Owens this house:



"I woke up at 7 o'clock in the morning. Then I quickly walked to the shower block, which is just a kilometer away. There were 8 people waiting in a queue already, so I had to wait for half an hour. After my shower and porridge breakfast, I walked to Hubspace. This took a quarter of an hour. It is a save walk, because the government made a pavement last year, but still I had to be careful, as I was carrying a borrowed laptop.

At Hubspace I started my day, like I do normally, with checking Facebook. After half an hour I started thinking about what I could do for 'Ubuntu services' today, but I wasn't sure about it. After a chat with Meli I started checking my email, which I hadn't done for three days. It took me ten minutes to read them, as there were not really important emails to read. I only got a newsletter from Hubspace, which I never read, and some emails from potential customers. It wasn't necessary to answer the emails; all urgent matters are discussed via telephone.

For lunch I went to buy something at the Spar, just three buildings further down the street. The rest of the day I spent talking to other people, checking Facebook and working for my company.

Just before dark, at 5:30 p.m. I decided to go home, where my mother cooked dinner of pap and gale. My younger brother informed me that another of his gangster friends was killed. It worried me to hear that, when will they kill my brother? My sister told a nicer story, about how some of her classmates bribed their teacher to pass an essential exam.

Before my sisters' bedtime, we walked together to the toilet block, as it isn't safe for her to walk on her own after dark. At 22:00 pm I turned in myself."

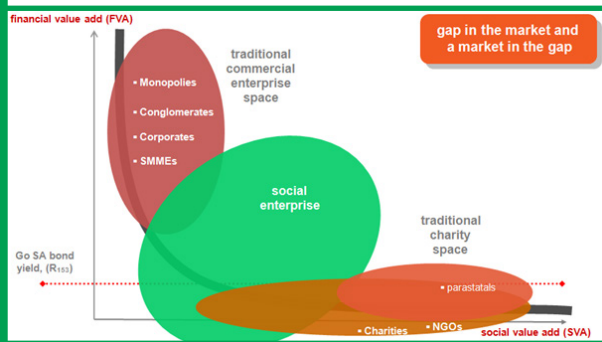


Figure 1.17
Diagram showing the workareas of charities, traditional and social enterprises, according to Heart Capital.

is a company who strives to earn money as well as to have a social impact. Most products or companies have an impact, but the social entrepreneur is very aware of this and wants to enhance this social impact in every way possible. Social entrepreneurship is a mindset.

A variety of scholars have given a definition of social entrepreneurship. Lansink et al (2013) sum these up and give this definition:

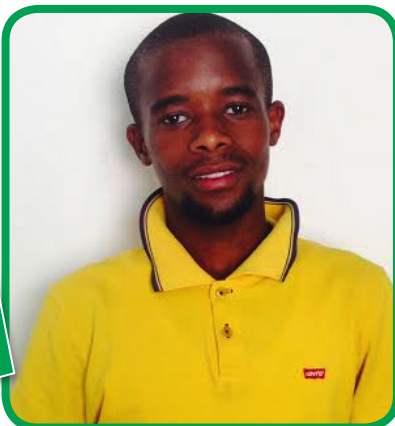
“Having the capability to identify an unjust equilibrium and the ability to recognize and create profitable business opportunities from this unjust equilibrium, placing the resolution of social benefits as a primary goal.” (p. 6)

Peter Shrimptons ‘mindset’ could be compared with this definitions ‘primary goal’. The entrepreneurs competition, however, does not select the entrepreneurs on having the right mindset, but on their idea (chapter 1.6). The entrepreneurs’ primary goal is earning money, which they do by solving a social issue. Therefore the primary goal of the training will not be designing a product for social enterprises, as this will remove the entrepreneurs’ motivation.

Enterprises

The enterprises in Hubspace have different target groups and impacts they want to achieve. Some emphasize profit and some are a non-profit organization. The following five examples give a clear illustration of the

Figure 1.18
Winners of Pitch Perfect april - 2014



diversity of the products they sell.

Entrepreneur: Zukile Mabombo,
Company: Khayelitsha Ushers cc
Product: Security services
Social impact: Security services in Townships are mainly run by gangsters. This makes K-Ushers unique and trustable.
Business partners: Two brothers run this company.

K-Usher offers security, in the violent environment of townships. They can provide secure parking by employing parking marshals for a customer and they can escort or accompany people to events or usher them into events. K-Usher is the secure way to

get there.

Entrepreneur: Sizwe Nzima,
Company: Iyeza Express
Product: Door to door delivery service of medicine
Social impact: Delivered medicine means sick people do not have to wait for hours at hospitals anymore.

Business partners: Sizwe employs around ten persons.

The pressure in health facilities to deal with the overflow of people waiting in queues for their medication is part of the everyday business of hospitals. Iyeza Express aims to solve the overcrowding in clinics by collecting and delivering the medication by bicycles on behalf of clients.



Entrepreneur: Thabo Skotoyi,
Company: MADTASC programs
Product: After school care program for children
Social impact: Reduced criminality and better English speaking by children
Business partners: none

Thabo identified a gap between the caregiver and the child, often there is no relationship between them in townships. His program will fill the gap by providing an after school care program that consists of tutoring and giving room to address social issues such as child abuse, drugs, etc. in a confident environment. Besides his own salary, office and printing costs, he does not need any income.



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Entrepreneur: Luleka Zepe,
Company: Elamilima Environment Project
Product: Cleaning environment by recycling
Social impact: Township environment is improved
Business partners: Luleka deploys volunteers to collect rubbish.

They initiate and promote programs that advocate for environmental clean-ups around Khayelitsha. They raise awareness about recycling and waste management and start recycling programs at local schools.



Entrepreneur: Vuyolewthu Dubese,
Company: Times of Ulutsha
Product: Newspaper for the youth of Khayelitsha
Social impact: A communication channel between rich business district and township.

Business partners: Four entrepreneurs, all with a different task.

'Ulutsha' is the Xhosa word for 'youth', so Vuyolewthu publishes a newspaper for the youths of Khayelitsha. Money to finance the publication is raised by advertisements. The



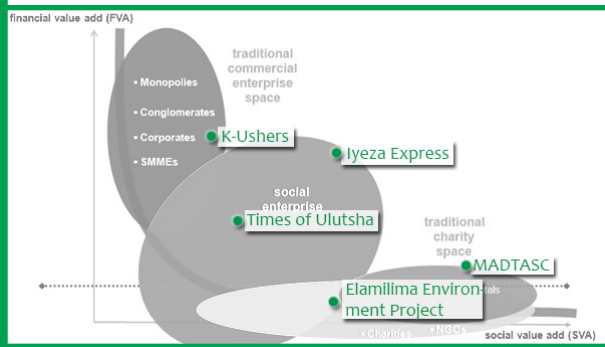


Figure 1.18

All Hubspace enterprises have a different orientation, but the social enterprises are most successful.

goal of the newspaper is to provide information on social issues in a fun and trendy way.

Figure 1.18 shows how the impact to money ratio is different for every enterprise. However Hubspace has seen that the entrepreneurs, like Sizwe and Vuyolwethu who are focused on both money and social impact prove to be most successful. Therefore it is advisable that the other entrepreneurs develop their product in such a way that it will also have these goals. The training should therefore raise awareness to the advantages social entrepreneurship gives.

Enterprises Requirements

The training method helps every entrepreneur in every work field.

The training method is fit for people with a short term vision.

The training method exposes the strengths and weaknesses of the entrepreneurs.

The entrepreneurs get feedback about their strengths and weaknesses.

Business partners who will work at Hubspace, too, will participate in the program.

1.9 Designers characteristics

The entrepreneurs need to gain designers characteristics. Efeoglu et al (2012) studied this and recognized ten characteristics which all designers share. Although these characteristics are more or less predefined at birth, one can develop them. When the entrepreneurs need to develop a better product, they will need to improve their designer characteristics, which are described hereunder.



Empathy - Designers observe and find it easy to put themselves into the position of persons affected.

Entrepreneurs are often convinced they are the target group themselves, because they live and work in their own community. However, empathy hasn't only to do with the customer, but also with understanding investors and other stakeholders. This is something they are not aware off.



Observation - Designers are actively participating in the observation, by interacting with the user.

As problems constrain the amount of money people will earn, the entrepreneur are always on the lookout for opportunities to improve. However the difference between a designer and a Hubspace entrepreneur is that a designer is observing for an unfinished product, where the entrepreneur is convinced the product is more or less finished. Awareness and acceptance of this could be a great gain for the entrepreneurs.



Curiosity - Designers reject traditional approaches, because they want to



do something new.

New possibilities are always welcome, as old ideas often have proven insufficient in the BOP community. The problem is therefore not being open for new ideas, but being able to find them.



Knowledge - Designers are characterized by being inter-disciplinary experts. They have knowledge in various domains and have one expertise. Both for running a business and designing their product the entrepreneurs need knowledge. As the entrepreneurs highest level of education is high school, they had to teach themselves the bigger part of what they know of business development.



Holistic thinking - Designers do not only look at the problem, but also at the context.

As the entrepreneurs do not have enough knowledge, they can not oversee properly what needs to be done in general. This ability does differ a lot from entrepreneur to entrepreneur.



Integrative thinking - Designer finds solutions which balance conflicting ideas.

Also the ability to chop a task into pieces and still keeping track of the interconnections between the pieces is a challenge when one hasn't got enough knowledge. Before one can really judge their ability on this, the entrepreneurs need to gain more knowledge.



Tolerance - Designers do not judge new ideas at first sight.

Influenced by a tremendous amount of curiosity, the entrepreneurs are always open to new ideas. The fact of their participation in Hubspace, which is the first of its kind, proofs this. But again, the problem is to create the want to find new ideas. Because tolerance does not only make them tolerant to new ideas, it also gives a reluctance to solve problems they encounter with previous solutions.



Pragmatism - Designers try to find solutions which are handy.

The handiness of a solution has always been given first priority. Easy solutions are preferred to fancy difficult ones by a lot of entrepreneurs.



Experimentalism - Designers research the best solution by trying over and over again.

As only few money is at stake, new solutions are tried. The drawback however, is that only one solution is ideated and tried. Which could prevent them to find a better idea.



Optimism - Designers will always keep faith in that a better solution will be found, whatever frustrating times may come.

Although life has shown the harsh side to the entrepreneurs, they never gave up. This shows that their extensive optimism.

The discussion of these characteristics shows that three main challenges face the entrepreneurs, when they want to become a better designer.

Firstly they need to become aware of what they do know and do not know. A good example of this is awareness of the lack of empathy towards certain stakeholders, like investors. Secondly they need to improve their knowledge on business and product development. And lastly they need to

1.10 Entrepreneurial Competences

grasp the fundamentals of ideation and brainstorming. If the entrepreneurs have tackled this, it will improve their product design.

Some of the entrepreneurs sell existing goods or known services, like the Khayelitsha Ushers. Other companies developed a product, they copied it and earn money with it. So how can product design and designers characteristics be helpful for them?

The first thing to be said is that no situation and no customer is ever the same. However similar the problem seems to be, there are always differences, especially in a pioneering society as a township community.

Secondly, every company which does not have a monopoly needs to keep innovating their product in order to keep getting customers (Hultink and Schoormans, 2004).

At last, but definitely not least, it is fascinating how entrepreneurial competences, as described by Rasmussen et al. overlap the design characteristics. The first competence Rasmussen identifies is 'Opportunity refinement competency'. This is the ability to refine the potential ideas to drafts which are wanted by the target group and other stakeholders. The entrepreneurs need to observe the problem, to be pragmatic and experimentalistic to be able to do this. The second competence is the 'leveraging competency', which means one can use different resources together to make the new business sustainable. Integrative thinking and holistic thinking is needed to do this. The last competence is 'championing competence', which relates to the personal commitment to the project. For this competence vision and strategy is needed, the entrepreneur needs to be full of optimism and needs to have empathy with the people he works with.

The entrepreneurial competences show that by improving their product, the entrepreneurs will also obtain skills that they need to run their business in a better way. This will influence all of the businesses, not just the ones which sell an innovative product. That's why it is essential for all of them to learn designing.



1.11 Training Competences

The description of the design characteristics and entrepreneurial competences shows different topics the training could tackle. The goals which the entrepreneurs need to reach during the training are summarized in six competences.

Ideation competences

1. The entrepreneurs are able to generate and refine ideas for their products.
2. The entrepreneurs are able to recognize strengths and weaknesses of enterprise.

Vision competences

3. The entrepreneurs are able to develop a vision for their enterprise.
4. The entrepreneurs are able to put a vision into practice.

Business model competences

5. The entrepreneurs are able to design a business model.
6. The entrepreneurs are able to examine the validity of their business model.

		Competences					
		1	2	3	4	5	6
Designers characteristics	Empathy	■	■				
	Observation			■			
	Curiosity						■
	Knowledge				■	■	
	Holistic thinking	■	■			■	
	Integrative thinking						■
	Tolerance	■					
	Pragmatism		■				■
	Experimentalism				■		
	Optimism	■		■			
Entr. Comp.	Opportunity refinement	■			■	■	
	Leveraging		■				■
	Championing			■	■		

Legend

■ Needed for competence

Table 1.2

To reach these competences they will need the designers' characteristics and entrepreneurial competences, as shown in Table 1.2. The first goal of the training is gaining the competences and the second goal is an improved product for every participating entrepreneur.

1.12 List of Requirements

Along with the requirements which were listed previously, there are some requirements which specifically involve the training. The total list of requirements can be found in attachment 1.

First of all some pre-assumptions were made. It is assumed that two hosts are available to arrange practical stuff for the training and interns are available for support. Another important assumption is that Heart Capital provides attending entrepreneurs. The training does not need to convince the entrepreneurs to attend.

Progress tracking

Both Heart Capital and the hosts want to improve the tracking of the entrepreneurs. Right now it is very difficult to judge how much progress every entrepreneur makes. This progress should be made clear by the training. This knowledge can also be used to convince potential investors to invest.

Instructor

As the instructor will be an intern or a host, any person who is fluent in English should be able to give the training. The preparation time for the various components should not exceed 3 hours.

Training method

The training should be fun to do, in order to make it more attractive for the entrepreneurs to participate. It should have a useful deliverable, in order to make the entrepreneurs content with Hubspace. The amount of participants should be able to vary between 5 and 10 people.

Contents

The goal of the training is that the entrepreneurs will develop a workable product or service for their target group, which solves the social problem they identified. In order to reach this goal, the entrepreneurs will be taught design thinking and lean start-up, as described in the next chapter.

1.13 Conclusion

Hubspace is a complex enterprise, with few funds available for extra training. Therefore the list of requirements contains a wide variety of demands and wishes.

The entrepreneurs need to gain the competences, stated in chapter 1.11 in order to get the designers characteristics and entrepreneurial competences.

The training will be designed in such a way that the entrepreneurs will gain the competences and, at the same time, develop their product.



Chapter 2 - Knowledge

This chapter describes the knowledge which is absent at Hubspace. First the transfer of knowledge will be discussed. What is the best way to teach the entrepreneurs what they need? The report will be continued with knowledge about business development, succeeded by a paragraph about product design. The chapter will end with a paragraph on ideation methods which can be helpful for the entrepreneurs.



2.1 Knowledge transfer

Product development needs to be taught in the training. This sounds as though the information will be lectured by a teacher to a class full of entrepreneurs. Several difficulties arise here. How can product development be taught, for instance, when no industrial designer is around? And how will the entrepreneurs react to this way of teaching?

More teaching methods are available, next to this traditional way, which is a *deductive teaching method* (Prince and Felder, 2007). Deductive teaching methods require a skilled instructor, who is not available at Hubspace. At the other side of the teaching methods spectrum are the *inductive teaching methods*. The instructor, who will be a host or intern, challenges the entrepreneurs to think for themselves. There are several kinds of inductive teaching methods which could be useful for transferring knowledge on product design to the entrepreneurs.

All inductive teaching methods are based on creating an environment in which the students start asking questions. This is called *inquiry based learning*, what is said to be the best way to teach innovation practices (Larsen and Sproedt, 2013). The methods differ, however in the amount of freedom and guidance which is given to the students.

The first method which Prince and Felder mention is *discovery learning*. This is what the entrepreneurs, unknowingly, have been doing while they were at Hubspace. They were presented with the problem of business and product development and had to work out the solution and the way to solve it individually, without any guidance. This method has proven to be unsuccessful to gain the needed competences.

The next methods are *problem, project and case based learning*. In every method the instructor presents the students a task which they need to fulfill. The tasks differ in how the outcome is defined. If the instructor presents a *problem*, the outcome is unclear to both instructor and student. This is a very vague assignment. A *project's* outcome is also unclear, but the instructor gives a list of requirements to the student which the outcome has to meet. The answers of a *case*, however, are already known to the instructor.

A case is the most suitable for Hubspace entrepreneurs when they haven't acquired knowledge yet. As they move on, their own business could be transformed into a project and finally into a problem, which is the most difficult, but also the most like real life.

The last inductive teaching method is called *just-in-time teaching*. This method needs a skilled instructor. The instructor would ask the entrepreneurs some questions about the workshops to see how far their knowledge extends on the topic. This gives the possibility to the instructor



to adapt the workshop to the level on which the entrepreneurs are at the moment.

When this method is used, the pre-assumption is made that all entrepreneurs are at the same level. However, this is not the case in Hubspace as some entrepreneurs have more experience than others. This problem together with the problem that a skilled instructor is needed, makes this method not preferable.

The research on different teaching methods shows that Hubspace has to be transformed into a community of inquiry during the training. It will be best to transfer the knowledge using cases, projects and problems.

2.2 Business Development

The first type of knowledge which has to be transferred the entrepreneurs is knowledge about business development and entrepreneurship. Although Hubspace calls their participants entrepreneurs, they are community members when they start their work at Hubspace. They have to become an entrepreneur. First the four mechanisms which are needed in an enterprise will be discussed, followed by a method how an enterprise can be started.

2.2.1 Entrepreneurship

According to Groen (2011) entrepreneurship can be defined in the following way:

Entrepreneurship is the setting and pursuit of a new goal by an actor who creates and maintains a pattern of effective behavior in interaction with others, in which greater efficiency contributes towards achieving financial results.

The four underlined parts are mechanisms which characterize entrepreneurs, also called capitals.

1. Strategic capital

Setting and pursuing goals is the first capital. The Hubspace entrepreneurs have to set a clear goal for themselves, something which they often do not do right now. This also links with the designers characteristics 'holistic' and 'integrative thinking' (chapter 1.9). In a company the CEO is mainly responsible for this task of setting and pursuing goals.

2. Cultural capital

Creating and maintaining a pattern of effective behavior is called cultural capital. The culture, communication and interaction processes, of the enterprise have to be designed by the Hubspace entrepreneurs. Right now, greater emphasize is put on the maintaining side. According to Groen (2011) the creating part never stops, as innovation is always needed. Cultural capital is found in sales and marketing people.

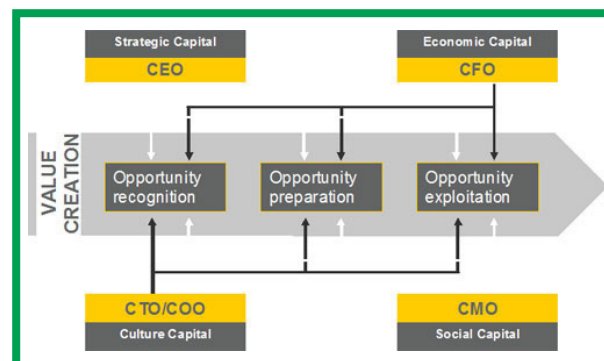


Figure 2.1

All kinds of capital are needed throughout all stages of business development.

3. Economic capital

Aiming to a greater efficiency provides an economic advantage. The entrepreneurs of Hubspace are convinced that their main problem is that they do not have enough funding. However, transferring the attention from 'what they do not have' to 'how to use what we do have in greater efficiency' can be very beneficial. Knowledge on finances and investments is needed for this.

4. Social capital

Teamwork, through interaction with others, is very important. Human Resource Managers are the persons in a company who pay special attention to this.

Very few people have all four capitals. Therefore the entrepreneur does not need to have these competencies himself. The point of this is that the entrepreneur will realize his/her shortcoming and will look for partners if needed.

2.2.2 Lean start up

When the entrepreneurs have found partners to cooperate with, they want to start their business as soon as possible. The general opinion in Hubspace is that the first step to start your business is writing a business plan. However, writing a business plan is based on the assumption that life can be predicted. The entrepreneurs think they have enough empathy with all stakeholders, even with the investors, to figure out the unknowns of their business development before starting. A lot of start-ups have proven this to be a false assumption (Blank 2013), especially in a BOP environment. The Lean Start-up method is based on the fact that predicting the unknowns is impossible. As the name states, it is based on the lean philosophy. Lean targets the company on creating value with as few as possible spilling (LeanSixSigma 2014). That is exactly what Hubspace entrepreneurs want, so this method can be very useful for the entrepreneurs.

The first step in 'lean start-up' is sketching out the hypotheses of how the entrepreneur thinks the business model is going to look like, in a framework called a 'business model canvas'. This method divides the business model into nine parts, namely Key partners, Key activities, Key resources, Value proposition, Customer relationships, Channels, Customer segments, Cost structure and Revenue Streams. The total canvas can be seen in attachment 2. This canvas is already known to the entrepreneurs, and they find it very useful.

The next step, however, would be a new experience for them. Because after the canvas is completed, the entrepreneur should go to the potential users and purchasers to get feedback on the canvas. After getting feedback, the hypotheses are revised and the cycle is started over again.

To fill in the canvas, the entrepreneurs need to have a clear idea of what their product is going to look like. Therefore the first step will be product design.



But in order to know what will create the best value for the stakeholders, they are asked to give feedback on the idea. In this way the entrepreneurs will spill as few as possible of the scarce resources they have got.

2.3 Product Design

The entrepreneurs need to introduce something new, in other words: they need to innovate. New ideas, however, often do not just pop out of your head. Often effort has to be made in order to get ideas, and to make matters worse, you can not follow a set of rules, like solving a mathematical equation. Designing is an irregular process (Larsen 2013).

Scientists have been trying to describe this process, because although one can not control the outcome, one can control the circumstances. Useful for Hubspace entrepreneurs could be the descriptions called the innovation engine, design thinking and co-creation.

2.3.1 Innovation Engine

Tina Seelig has studied innovation processes for 35 years in all kinds of situations (Seelig 2012). The outcome of this study is the innovation engine (figure 2.2). Seelig found out that innovation is simulated when the various components of the innovation engine are improved. Thus improving these components in Hubspace will improve the innovation practices here.

The component which is quickest associated with innovation is 'imagination'. Often people are convinced some people are born with a great imagination and some are not. However, with some help from ideation and brainstorm methods, as described in chapter 2.4, anyone can stimulate their imagination.

Imagination can also be stimulated and restrained by the 'habitat' in which innovation takes place. When the entrepreneurs are in a very dull environment, like a cubical office, it is not very likely they would come up with good ideas. A township, however, is full of creative low-budget solutions which people, necessity driven, invented. This informal and creative environment has been mirrored in Hubspace itself by graffiti paintings at the wall and cheery colors all around. A very good habitat to practice innovation.

The third component stimulating the innovation practices is 'knowledge'. Knowledge solves ignorance to problems and solutions. As High School is the main education, lack of knowledge can be a real constraint for the entrepreneurs. To enlarge their knowledge, the entrepreneurs can use 'resources', the fourth component. Hubspace offers some resources, like internet, interns and hosts to the entrepreneurs. As internet is a source with a lot of information, this should be sufficient. However entrepreneurs need to know how they can handle the gigantic size of this source, otherwise it is useless.

Figure 2.2
Tina Seelig's Innovation Engine



A good 'attitude' is the fifth component. A designers attitude is needed, as described in chapter 1.9, full of curiosity and tolerance. And is also one of perseverance and self-discipline. The entrepreneurs need to decide what their goal is, define their vision, and not stop until they have achieved it. Thus a good attitude involves a focus on one problem and solution; this tends to be different from the attitude of Hubspace entrepreneurs, who often have a short term vision and lack of focus in their business. The entrepreneurs have this attitude because of the 'culture' in which they grew up (chapter 1.7). Seelig realized this is a very important component of innovation, too.

Another characteristic from the township culture is that very few people who have changed their attitude, who have bettered their financial circumstances, stay living in their township. It is an interesting question whether Hubspace should try to change the entrepreneurs' attitude, because this could get them expelled out of their culture. However, Hubspace wants the enterprises to exist inside the community, which will hopefully prevent them to abandon their community.

The innovation engines inner three components are characteristics of the entrepreneur, while the outer components are outside influences. The training to improve product development will need to help the entrepreneur to gain enough knowledge, improved imagination and the right attitude.

2.3.2 Design thinking

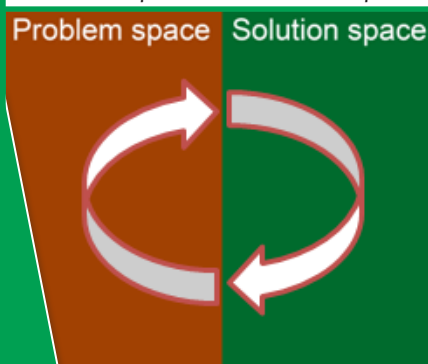
Whereas the innovation engine describes several components which are needed for innovation, design thinking describes a way of thinking which is beneficial for the designer. According to this model, the foundational elements of this way of thinking can be taught.

The first foundational element is a clear distinguished 'problem and solution space' (Efeoglu et al, 2013). More than half of the design time is spend on understanding the problem. The solution can only be good as the problem is understood. After finding a solution, it is checked again for problems. The designer iterates between both spaces.

The entrepreneurs often blame the 'lack of money', when things do not work out in the way they want. They spend little time in the problem-space, because of this. When they would spend more time in the problem space, they would find the reasons why they do not get funding. This example shows how the entrepreneurs can benefit from spending more time in the problem space.

The second foundational element is 'divergence and convergence'. An entrepreneur should not stick to the first solution, but explore more opportunities. If needed, these can be merged into a final draft. Design thinking is totally different from what the entrepreneurs are used to, at the present. This method could help them to develop their product

Figure 2.3
Design thinkings' first foundational element is iterating between the problem and solution space.



and get the needed competences. Therefore it could be very effective to teach the entrepreneurs about this method.

2.3.3 Co-Creation

Input from the components of the innovation engine, combined with the way of thinking of the design thinking method, gives an excellent design for the designer himself. However, the entrepreneurs are designing something for the community they live in. ‘Co-creation methods’ are based on bringing stakeholders, like community members and investors, together to develop a product which pleases them all.

Over time different ‘co-creation methods’ have emerged. They differ in which stakeholders they invite to participate in the process. The ‘co-creation method’ from Butterflyworks uses all stakeholders, whereas the ‘lead user method’ uses only the lead users of the product.

Co-creation method

Butterflyworks is a Dutch company which developed this philosophy into a working method for starting a company. They designed the seven steps of the co-creation method (Butterflyworks 2013). To illustrate the co-creation method, Hubspace enterprise Iyeza Express will be used as an example to show how the co-creation method could help Sizwe, the owner, bring the company to a different level. More information about this enterprise can be found in chapter 1.8.

1. Defining a social need

Sizwe defined the problem in the following way: ‘Sick people shouldn’t have to wait for their medicine. How can we solve that using available resources?’. Now the actor network (figure 2.6) can help to understand the problem-owners. This helps to identify the groups of people who should be involved in the co-creation process. Sizwe’s actor network should contain the prescribing doctors, as well as pharmacies, patients and their employees.

2. Background research

According to Butterfly Works (2013) the end-users are the most important actor of the co-creation method. Iyeza Expresses end-users are the patients who do not want to wait hours at the hospital, before getting their medicine. Important characteristics which have to be researched are their income, daily life rhythm, living conditions and family circumstances. A useful tool to examine this is a ‘persona’ and ‘scenario’, which will be discussed in chapter 2.4.

Next to user-research, also technologies should be researched. Sizwe experienced for example that some medicine should be cooled when they are transported. Especially in the warm weather of South-African summer this proved to be a challenge.

Finally a research should be done on potential partners of Iyeza Express. Partners could be pharmacists or local government. After Sizwe decided he would use bicycles to transport the medicine, another partner was identified: the bicycle dealer.

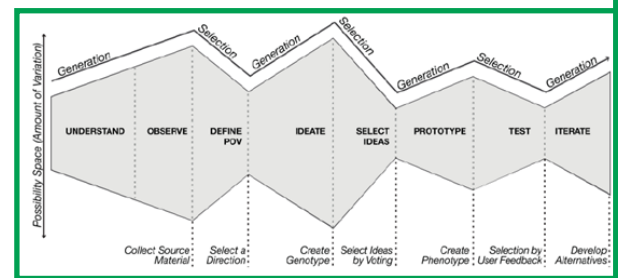


Figure 2.4
Design thinking's second foundational element is divergence and convergence during ideation.

3. Ideation of possible solutions

Most entrepreneurs stick with their first solution. However, the co-creation method encourages the entrepreneurs to think further, via the use of different tools. One of the tools is 'Random Connections'. The entrepreneur names something he has seen lately. Then he links it to his problem and finds a new idea in that way. When Sizwe would have seen a duck with chicks along the road, he could have come up with the solution of designing pop-up stand pharmacies, instead of delivering at the door. The duck would have represented the 'mother-pharmacy' and the chicks the 'pop-up pharmacies'.

After brainstorming, a prototype has to be made. This is easier for designing a new product than for a service, like our example of Iyeza Express. However, Sizwe could make a prototype of the cooling-mechanism for the medicine and of the computer system which is used to communicate the logistics in the company.

The outcomes of this step are three ideas which are the starting point for the co-creation workshop.

4. Co-creation Workshop

The event where all stakeholders come together to design the final product is called 'the co-creation workshop'. Sizwe has to invite doctors, pharmacists, patients, hospital owners, employees, etc. The first step is *set the stage*, which should diminish hierarchical boundaries between the participants. This is a very difficult step in Sizwe's case, because (white) doctors and (dark) patients are full of prejudices.

Next step is to *agree on the why and the outcomes*. It should be clear to all participants who Sizwe is and what his goals are. Thirdly the *known should be stated*, relevant information is presented in visual, user-friendly presentation.

The fourth step, *inspiration*, and the fifth step, *discovery*, are taken at the same time. Tools like 'Map the ecosystem', 'Issue Urgency Axis', 'Present your Prototypes' and 'Make user cases' are used to brainstorm in small ideation groups.

In the last two steps, *collate the discoveries* and *plan the way forward*, the different ideation groups come together to share their findings and decide what next steps will be taken.

It is difficult to say what would have been different in Sizwe's company if he did this workshop beforehand. Probably he would have come up with the same solution, but it would've been an substantiated decision.

5. Making a high end prototype

The outcome of the workshop will be detailed into a working prototype. In case of Sizwe's idea, a prototype will be made of the transportation box. This will involve the local industry as much as possible.



6. Pilot test on a small group

As it is difficult to make changes to a product when it is finished, the high end prototype will be tested on a small group. Necessary changes will be made and the product will be further developed to perfection.

7. Scaling up

After testing it on a small group, the product is ready to be spread out.

Sizwe found out after one year of running his company that express companies, like DHL, were interested in cooperation. So now his business focus shifts to a broader target group, namely post delivery. If Sizwe used the co-creation method when he started, he would have realized this opportunity beforehand. His company would have been even more successful.

Sizwe's story shows that co-creation could be really helpful for the entrepreneurs. In its present form it does require a lot of knowledge and perseverance from the entrepreneurs and other attendants; therefore it needs to be altered before it can be used in Hubspace.

Lead User method

Instead of using the average stakeholder in the co-creation process, the designer can also use lead users. Lead users are the users who use new products during the first period of the product life cycle. They need the product most desperately and already experimented with new solutions. Advantages of using lead users are that they are very keen on a good outcome and already thought about a solution. The lead user method also shows that even a few, well-chosen people can be very beneficial during product design.

Conclusion Design Methods

These ways of controlling the circumstances show that a lot of opportunities are open for improvement in Hubspace. The different components of the innovation engine show what the training should contain to stimulate innovation. Design thinking showed a way of thinking which will improve the entrepreneurs' capabilities and the final necessity is the cooperation with stakeholders, which can be done by using a co-creation method.

2.4 Knowledge on ideation

Design thinking and Co-creation teach the entrepreneurs a technique how they can control the circumstances. However, they do not describe how they can do ideation and brainstorming sessions. Dozens if not hundreds of techniques are available for them on the internet. To identify the best methods, selection criteria are defined and applied to over a hundred methods, coming from three sources of methods, namely from 'Design and Emotion society' (2014), 'Stanford Institute of Design' (Plattner, 2014) and 'Singapore University of Technology Design' (2012).

2.4.1 Selection criteria

#1. Materials needed

As Hubspace does not make any money at the present, everything should be as cheap as possible. Nothing extra can be bought, so the training should only use available materials, like sticky notes, printers, flipcharts and markers.

#2. Community involvement.

The co-creation method showed that community involvement is essential for product development. Therefore the method will get a higher score when the community can be involved.

#3. Background knowledge needed

Nobody in Hubspace is familiar with product design. Therefore the methods which require the smallest amount of background knowledge must be used.

#4. Deliverable

Because of their short term vision, the entrepreneurs prefer to see a useful deliverable after they did some work. It will motivate them to continue working when the ideation methods have a useful deliverable.

#5. Fun-factor

Another way of motivating the entrepreneurs is choosing methods which are fun to do.

#6. Usefulness

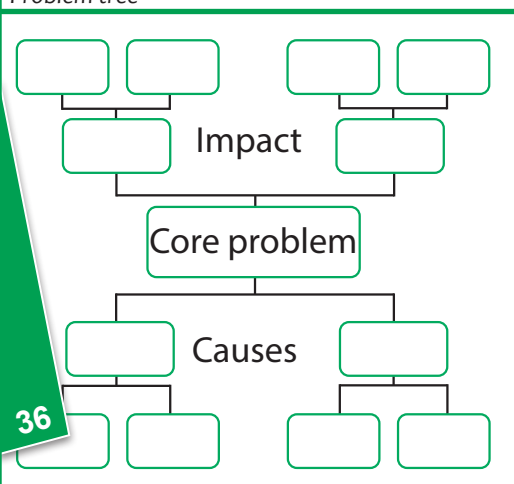
Some ideation methods are less effective in helping the entrepreneurs than others. Therefore the methods will be graded on usefulness.

2.4.2 Methods

After examination the following methods proved themselves to be useful for the entrepreneurs. Following the name, a short instruction is given of what to do. After that the use for the entrepreneurs is given.

Problem tree - Put the social need in the middle of a paper. Write the

Figure 2.5
Problem tree



causes (roots) underneath it and the effects (branches) on top, see figure 2.5. Ask the entrepreneur what he wants to solve.

This gives an opportunity to investigate the entrepreneurs goal and vision. It helps the entrepreneurs to realize why they do something.

Map the ecosystem - Draw the main stakeholder (eg. The customer) in the middle of a sheet of paper and draw concentric circles indicating the relative influence of various groups of people. Then discuss how the problem infects the various stakeholders.

This technique shows how the various stakeholders are influenced by the problem. It will help to choose a target group wisely.

Challenge assumptions - Many entrepreneurs already have a solution to the problem they identified and are convinced that's the best way to solve it. Discuss why they think this and find out what their assumptions are. Argue whether their assumption is valid.

Awareness is the main goal of this technique. Before starting to design, it is important to know what the assumptions are, in order to know what the limitations are.

Persona - Ask the entrepreneur to grab one of the provided pictures, the one which represents the target group in the best way. Ask the entrepreneur to tell a story about how that person spends a day and how he/she gets affected by the product.

As paper and a printer is available, pictures can be printed for this technique. The story telling forces the entrepreneur to think about the life of the customer, and helps the intern who hears the story to gain more empathy with the community, at the same time.

Actor network - Write down all involved groups or persons (actors) on a sticky note. Use one sticky note for one partner. Put all notes on one board and draw lines where actors are connected. Write down the requirements every stakeholder has.

The main goal of this technique is to help the entrepreneurs defining the list of requirements. It will help raise awareness of the lack of empathy with certain stakeholders.

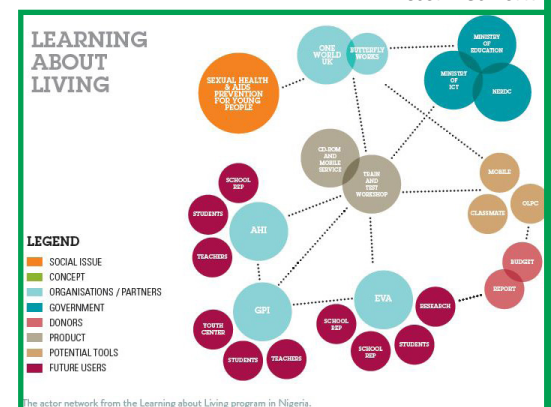
Extreme users - Make a mindmap of users who are extremes in the target group.

For example: The target group is children, grade 6 of primary school, the extreme users are disabled children, highly intelligent children, homeschool children, gangster children, etc.

Discuss what requirements these extreme users have for the product.

As this creates awareness of new requirements, it also forces the entrepreneurs to set boundaries to the target group. As most entrepreneurs want the target group as a big as possible, because they do not any money to fall through, this technique will force the entrepreneurs to focus their products.

Figure 2.6
Actor Network



Scenario - Ask the entrepreneur how he/she thinks the customer can buy and use the product. How does the customer get to know about the product? Why does he/she decide to buy it? What does he/she need to do before he/she can buy it?

Where 'Persona' helps to describe the user, this technique helps to describe the system. Designing a product is not enough to start a business. The system around it, containing ways how the product reaches the customer, also needs to be designed. Describing this system will show flaws in the plan which can be solved during a brainstorm.

Flowchart - Make a diagram which shows how using the offered service/ product arrives at the customer. Which steps have to be taken? Which people are needed and what do they do? Use sticky notes to make the diagram, draw lines which show the information flows.

A flowchart has the same goals as a 'scenario', it is a way of visualizing it.

Storyboard - Draw 3-5 pictures which explain how the user interacts with the product. How does he/she use it? In what circumstances does he/she use it?

As pictures require the product to be drawn in its environment, it will raise awareness to influences, which were not identified before.

Random object brainstorming - Ask all participants to get a random object from in or outside the room. When they come back, ask them how this object can (help) solve the problem.

This is a fun way to start a brainstorming session. It helps to connect items and find new solutions.

Mindmapping - Write a key-problem in the middle of a paper. Ask all participants to write down / draw a solution on a sticky note and organize the ideas around the middle (figure 2.7). If there is one popular solution, run a round on other solutions in that area.

The traditional way of brainstorming has proved itself to be effective.

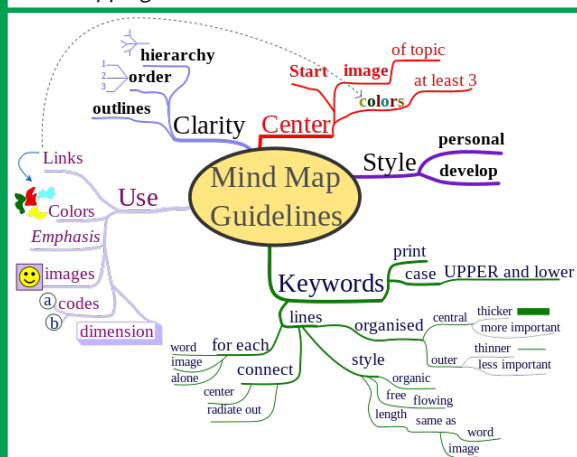
"Yes, and..." - This is a regular brainstorm, but the participants are only allowed to say "yes and", no "yes, but". Try it and see what ideas you come up with!

Because the entrepreneurs are forced to come up with more ideas, they will come up with more than one idea to solve the problem.

Environment change - How would the problem look like if it took place in another environment and how could you solve it? Use the provided pictures of other countries to answer this question. And maybe the solution you come up with will also be suitable for the entrepreneurs problem.

When the brainstorm is stuck, this can be helpful to reinforce the ideation flow. It will help the entrepreneurs to think bigger than the community in which they have lived their whole life. It will also

Figure 2.7
Mindmapping



S	ubstitute	...you change a component for something else?
C	ombine	...you combine or bring together?
A	dapt	...you adapt something to use for your problem?
M	odify	...you modify or change the item?
P	ut to other use	...you use it for something else?
E	liminate	...you get rid of it?
R	earrange	...you put it the other way arround?

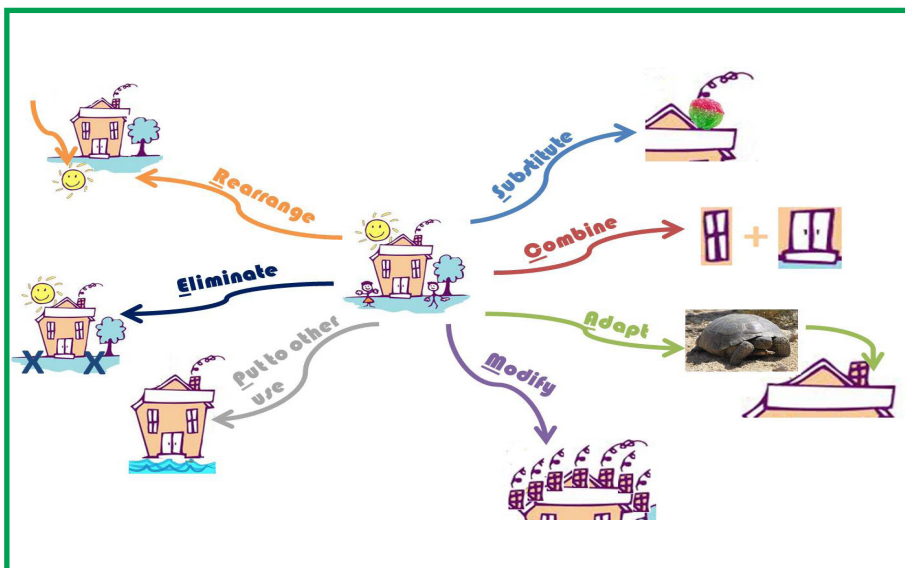


Figure 2.8
SCAMPER brainstorming

show them the limitations of their empathy.

SCAMPER – Brainstorm on ‘What happens if you ...’: Substitute, Combine, Adapt, Modify, Put to other use, Eliminate, Rearrange (figure 2.8).

This technique is useful for every situation or product which can be designed. As it is, it can be a great help to stimulate the entrepreneurs imagination.

Morphological Scheme - After the functions of the product or service are defined, a morphological scheme can help to find solutions for the sub problems and combine them to a final idea. List the functions in the first column and fill at least five column cells with solutions. Select combinations of solutions to combine them to ideas how the problem can be solved. Try to find unconventional combinations and how that helps you.

Most brainstorm methods focus on the whole product, but this forces the entrepreneur to chop the total task into small pieces and find an integrative way to combine them.

Hierarchical thinking - Make an overview from the various components which take part in the process. This is both, humans and used materials. After that, write on a post-it what actions have to be done. Ask the participants to place the sticky notes on the overview, where they think it belongs. Finally discuss how the actions can be performed by another component and what result that will give. For example: selling vegetables can be done by the farmer (human), but it can also be done by a machine.

The way of thinking which is used here encourages the entrepreneur to think outside the boundaries of his previous ideas.

Ranking - Write all ideas on separate sticky notes and rank them together to the group’s preference. Discuss together why you rank it in this way.

This selection method helps to start the discussion about which solutions are best.

Gut feeling - Ask the entrepreneur which he/she (dis)likes the most. After that, try to find out why that is and see if the others agree with him.

Like “challenge assumptions” this method creates awareness of prejudices which the entrepreneur has. Describing what is good in one idea also shows the strengths and weaknesses in others.

Points distribution - Give all participants 5 points (in the form of 5 sticky notes or stickers) and let them distribute them in the way they want. They can put all points on one draft, but also divided over five. The three drafts with the most points get chosen for further detail design.

In the South African culture it is very rude when an instructor does not give someone a chance to speak. To be sure all participants get an opportunity to give their opinion, this can be a helpful method.

Pugh method - Make a matrix with a sketch of each draft in each column and the requirements along the row. Then evaluate each draft using +, - or o, meaning that the concept scores good ‘+’, bad ‘-’ or neutral ‘o’. Then choose the ones with the most plusses.

This method really substantiates the decision which is made. The decision is made based on the strengths of the idea, without taking the weaknesses into account. Hereby it also gives a clear way forward, as the weaknesses will have to be solved.

Rating characteristics - For the final decision you can make a matrix again of the details and rate them this time with 1-5. 5 meaning: good and 1 meaning: bad. Add all scores and see which concept gets the best rate.

Opposed to the Pugh method, this technique does take the weaknesses into account. Therefore it can be a great help for the final decision.

2.5 Conclusion

There is a lot of new knowledge which can be beneficial for the entrepreneurs. The training should at least provide the entrepreneurs with knowledge about the four capitals, lean start-up, design thinking, co-creation method and ideation methods. In order to do this inquiry based learning has to be used, in the form of case, project or problem based learning. The innovation engine showed that not only knowledge should be improved, but also the entrepreneurs’ imagination and attitude.



Chapter 3 - Training Design

After a careful analysis of what Hubspace is and what it should be, a training program was designed to enhance design competences of the entrepreneurs. In the next section different possibilities will be discussed, afterwards an explanation of the threefold training is given. First the three parts will be discussed separately and finally the chapter will end with a paragraph on how the training parts fit together, and are most effective when they cooperate together.



3.1 Training development

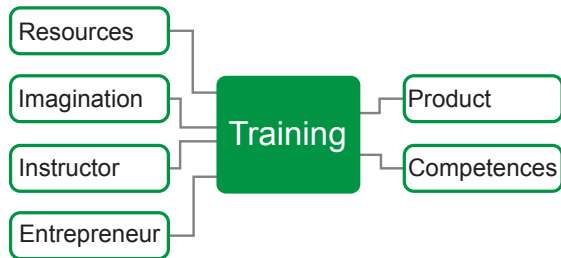


Figure 3.1
Process flow during training.

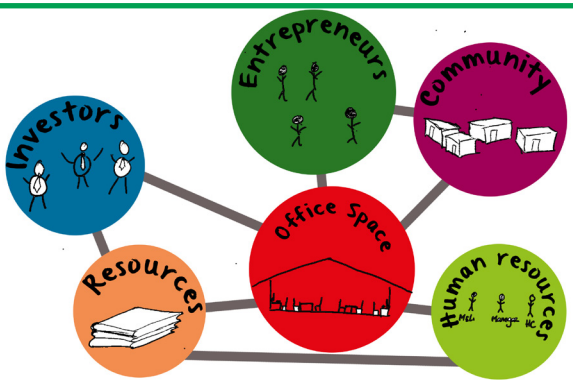


Figure 3.2
Actor Network of the training.

The ideation process for the training started with a process flow of what has to happen during the training, shown in figure 3.1. Resources of knowledge, imagination of people, an instructor and entrepreneurs are combined. Together they have to result into a product and the entrepreneur has to have gained the competences which are described in chapter 1.11.

For every input different options are possible, which are shown in figure 3.3. The column titled 'sources of knowledge' shows the resources. Group size shows different possibilities regarding the amount of participating entrepreneurs. The third column shows different ways of how the instructor can transfer knowledge.

Attractiveness for entrepreneurs

The entrepreneurs prefer workshops which are fun and new. During the training things like games, telephones and computers can be used to enhance the attractiveness of the training. The morphologic scheme in figure 2.12 shows how different tools can be beneficial for the entrepreneurs in order to gain the competences they need.

Training design

In the next paragraphs the final training design will be shown and explained. The training consists of three parts. First, there is a workshop which will improve knowledge on business development. Secondly, a project management tool is provided to track the entrepreneurs' progress and to show them the way forward. And thirdly, an event will be laid on, to offer an environment in which ideation and brainstorming can take place. The training will be added to the existing Pinnacle Program.

Figure 3.3
Morphologic scheme of inputs for training.

Source of Knowledge	Group	Knowledge transfer
		bla bla
BLACKBOARD		

Figure 3.4
Morphologic scheme of different tools.

tools	Professional Skills	Trade Development	Finances
Game			
Interactive telephone			
Computer			
Other			

3.2 Workshop “Different Perspectives”

3.2.1 What?

When the entrepreneur wins the competition, the jury will make a list of the strengths and weaknesses they identified in the entrepreneurs business.

Based on this list the entrepreneur is asked to research on a certain, business related topic, during a workshop. All entrepreneurs investigate a different topic. At the next stage of the workshop they tell each other what they learned during the research.

After lunch, they will design a sustainable business product for a business case, which will be one of the projects in Hubspaces portfolio, named Sandbag houses. They will be asked to emphasize their own specialty.

After doing this, they will be asked to go through the same process for their own enterprise, using the different views. This will be discussed in the group and each entrepreneur will give feedback to the other on his work field.

The workshop will take a whole day. The day's schedule can be found in figure 3.5.

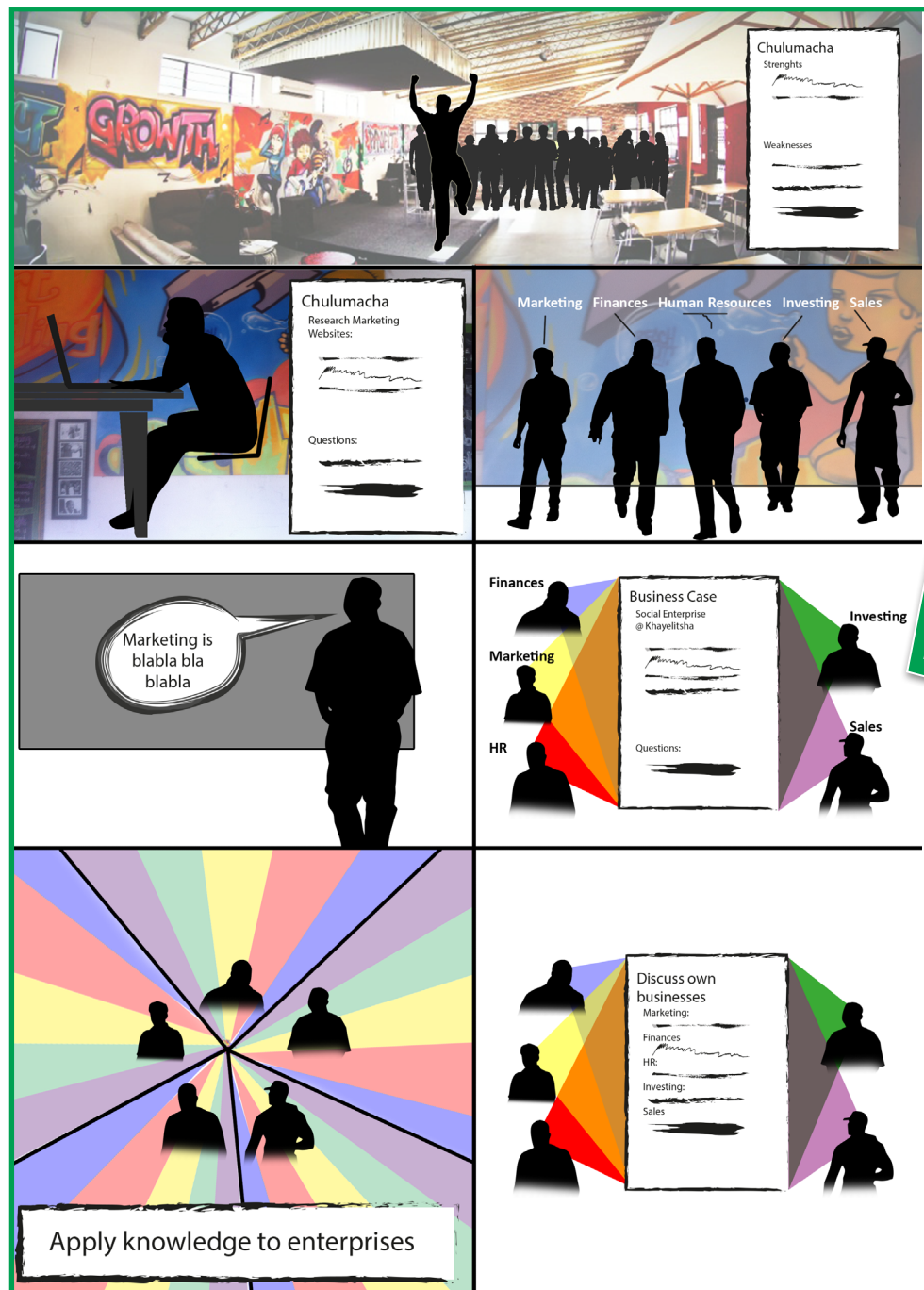


Figure 3.6
Storyboard of workshop.

9:00 - 9:30	Instruction
9:30 - 11:00	Research time
11:00 - 12:30	Present findings to eachother
12:30 - 13:00	Lunch
13:00 - 14:30	Working on case together
14:30 - 15:45	Apply knowledge to own business
15:45 - 17:00	Give eachother feedback

Figure 3.5
The workshop day's timeschedule.

Different perspectives

The different topics for the entrepreneurs to examine were selected by using the four kinds of capital which are needed in an enterprise.

1. Strategic capital

No topic was chosen which has to do with strategic capital, because the project management tool (chapter 3.3) focuses on this capital, and when an entrepreneur has to examine the tasks of the CEO, it will sound like he's the boss. However, questions on vision are added to the 'investor'-enquiry sheet.

2. Cultural capital

Sales – Create a strategy how the enterprise can sell its product.

Marketing – Create a strategy how the enterprise can show its product.

3. Economic capital

Finances – The basics of financial statements and financial predictions.

Investor – How the enterprise can get funding.

4. Social capital

Human Resources Management – The capability of managing a real team.

The inquiry sheets which are given to the entrepreneur consist out of some questions and internet addresses which he can use to answer the questions. The sheets on the topics which are already mentioned can be found in attachment 3. If the group is smaller than five entrepreneurs, the instructor has to make sure the enquiry sheets are as diverse as possible. When more people are participating, the list of topics with enquiry sheets should be expanded or two entrepreneurs have to examine the same topic.

Figure 3.7

Interns and locals building sandbag houses.



Figure 3.8

The same sandbag houses when finished.



Case

"Sandbag houses" is the business which has been chosen for the case. A sandbag house is, as the name tells, a house made of sandbags. The instructor, likely to be an intern, will be acquainted with the sandbag houses, because it is one of the enterprises of Heart Capital. A lot of interns have helped building them (figure 3.7), so it is easy for an intern to understand the case.

After applying the knowledge of the inquiry sheets to the case, the entrepreneurs fill in the social enterprise Business Model Canvas together. The total case can be found in attachment 4.

3.2.2 Why?

Innovation Engine

The workshops main focus is on the "knowledge" aspect of the innovation engine. It will teach the entrepreneurs how they can use the resources which are available for them. In this way they learn skills which will help them to enhance their knowledge outside the workshop as well as in.

Knowledge transfer
Although entrepreneurs

Although entrepreneurs prefer to do trainings which have a direct influence on their project, the description of the teaching methods showed that it is better to transfer the basics via a case. Therefore the entrepreneurs will work on a case before they apply the knowledge to their own enterprise.

Lean start-up and Co-creation

The main tool used in the ‘lean start-up’, the Business Model Canvas, will be used by the entrepreneurs during the case and they will later apply it to their own enterprise. Also the feedback, which is needed to validate the Business Model Canvas hypothesis is gained for the first time during the workshop, when the participants give each other feedback. This will be the first time that the entrepreneurs will see the strengths of co-creation. The Business Model Canvas which will be used, will pay special attention to social entrepreneurship. As Lansink et al (2013) recommended, the topics “social costs” and “social benefits” will be added to the classical Business Model Canvas.

Advantages

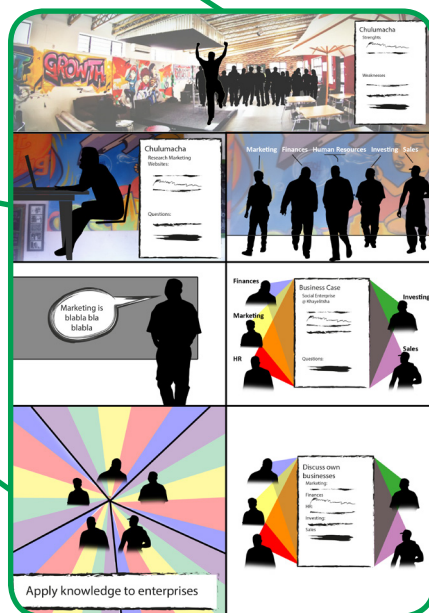
The different stages of the workshop have several advantages. Hereunder the different design choices are explained per stage.

The competitions pannelists will tell them their weaknesses because:

- Most entrepreneurs are unaware of their strengths and weaknesses.
- Helps tracking progress, as it benchmarks the beginning.
- Guideline for research topic distribution
- Improves judgement at competition

List with questions and websites
will help and teach them
investigating a topic in depth, using
inquiry based learning.

Entrepreneurs want a useful deliverable, this will convince them to attend next workshops too.



- Teaches how complex topics, like business development, can be chopped up into pieces.

This shows the power of multidisciplinary teams to them.

The review document will tell the hosts and interns what other training is necessary and it can be shown to investors.

3.3 Project Management tool “Blackboard”

3.3.1 What?

The achievement board contains a list of achievements which companies have to reach before they are investor-ready. This is a roadmap which shows them the way forward.

After winning the competition, the workshop “different perspectives” explains what the different achievements are. They will use the various inquiry sheets as a guide for their individual business development.

However, a Hubspace intern will be available at least one day a week for questions and will be inquiring how much progress the entrepreneurs make.

On Fridays the entrepreneurs always have a evaluation session. During these sessions they will get rewarded by the hosts if the entrepreneur reaches a goal.



Figure 3.9
Storyboard of how the project management tool can be used.

Blackboard

The board has been divided into two sections (table 3.1). On the left is a section which is a communication channel between the interns and the entrepreneurs. If they need help on a certain topic, they can put a sticky note in the box, underneath a topic, like Sales or IT. The intern who is responsible for Hubspace can find someone who can help the entrepreneur. On the right is the roadmap section. In order to make it more fun, less official and more fitting in the Hubspace culture, a description is made of the achievements. An explanation can be found in table 3.2.

The second type of co-creation is with interns. Heart Capital interns do not know in which phase the entrepreneurs are when they arrive in Cape Town. The board will give them an overview of this, what will help them to organize workshops which tackle the topics where the entrepreneurs are working on. It will enhance the influence of the interns on the creation of the enterprises at Hubspace.

Also co-creation by mentoring, especially mentoring by interns, will become more constant while using this tool. When interns mentor an entrepreneur for 3 to 6 months it is always a problem to find good succession when the intern leaves. In future the tool will show new interns in which phase the entrepreneur is, what will help to focus the mentorship sessions and make them constant, even when the intern leaves.

Advantages

Next to the advantages which are already mentioned, there are three more reasons why the blackboard is a useful part of this training.

Firstly, the entrepreneurs need regular training, not just three workshops. The blackboard encourages the entrepreneurs to keep researching and develop. Therefore the blackboard trains them on the long term.

Secondly the blackboard is a kind of gamification of the business development process. The process becomes a game and the different entrepreneurs become both competitors and colleagues. The celebration when an achievement is gained, will encourage all entrepreneurs to work hard.

Lastly the blackboard does not only improve product design, it also improves the business development. The board is very broad applicable.



3.4 Event “Co-create!”

3.4.1 What?

Three area's within Hubspace will be created for this training. The participating entrepreneur will visit all area's consequently.

1. A **problem area** is visited first.

The entrepreneur will describe the social need which he wants to solve. Available are buddies, interns and stakeholders, and materials to help them describe and investigate the problem.

The entrepreneur is asked to finish his investigation in have an hour. Then a bell will ring and the entrepreneur moves to the next area.

2. The **brainstorm area** is equipped with stuff the entrepreneur can use like scissors, sticky notes, flipchart, pictures of the target group, a decision tree on which brainstorm method is handy and people to help brainstorming. In the brainstorm area participants are not allowed to say “it is not possible”. Buddies who help brainstorming are interns, hosts, older entrepreneurs and community members.

When this period is over, the bell rings again and the entrepreneur takes the document with ideas to the selection area.

3. In the **selection area** the entrepreneur is asked to select the ideas they like most. They will be challenged to pick not only the straightforward ones, but also new and out-of-the-box ideas.

After the bell rings again, the entrepreneur goes back to the problem area, where he is asked to make a list of requirements to describe the problem. In the brainstorm area they will rethink the found solutions, now with a focus on how they can meet the requirements. The next selection-session will help them to pick an even better solution.

This cycle can be iterated as many times needed for the entrepreneur to get a good solution.

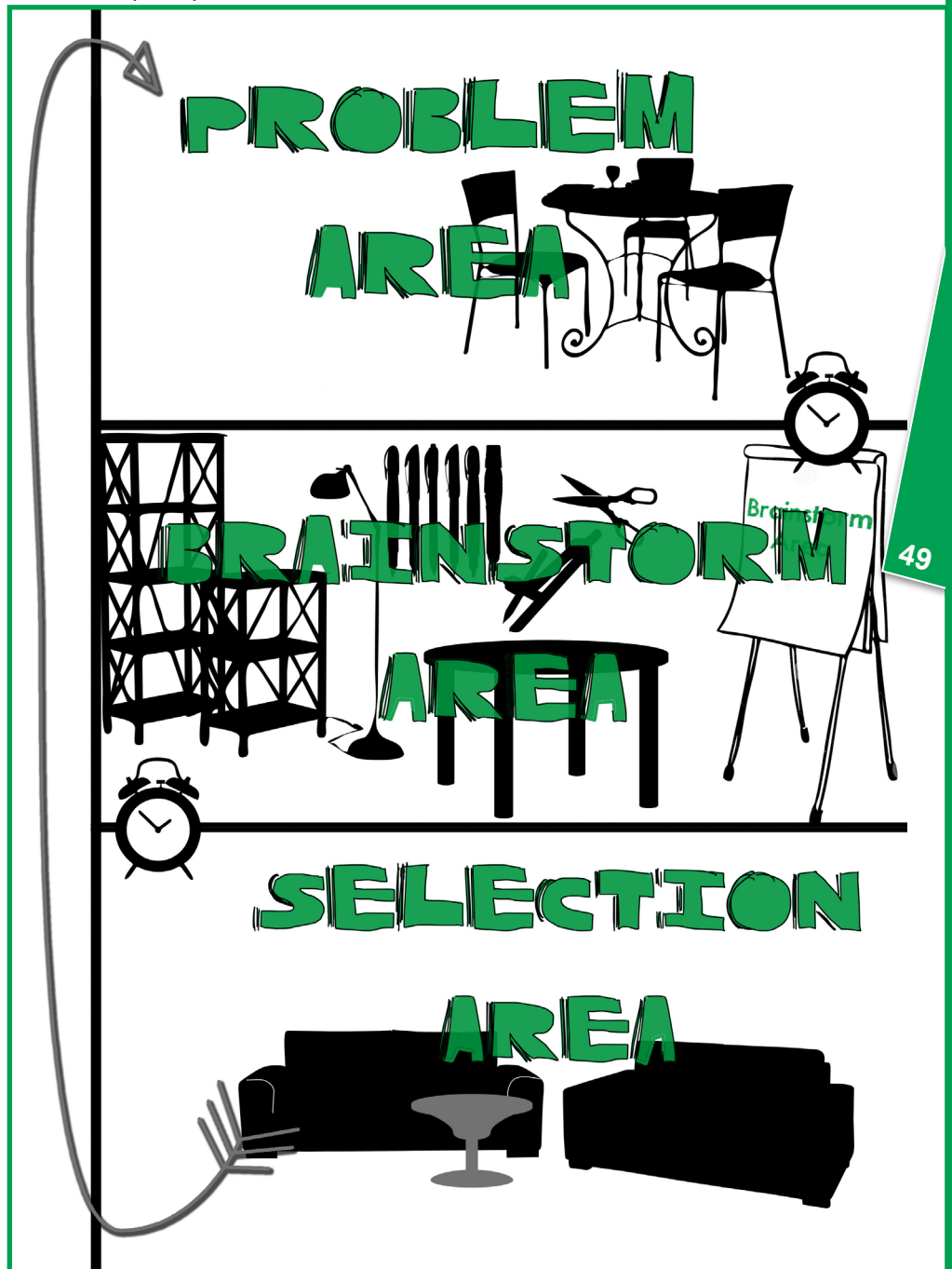


Figure 3.10
Storyboard of the various areas, during
the Co-create! event.

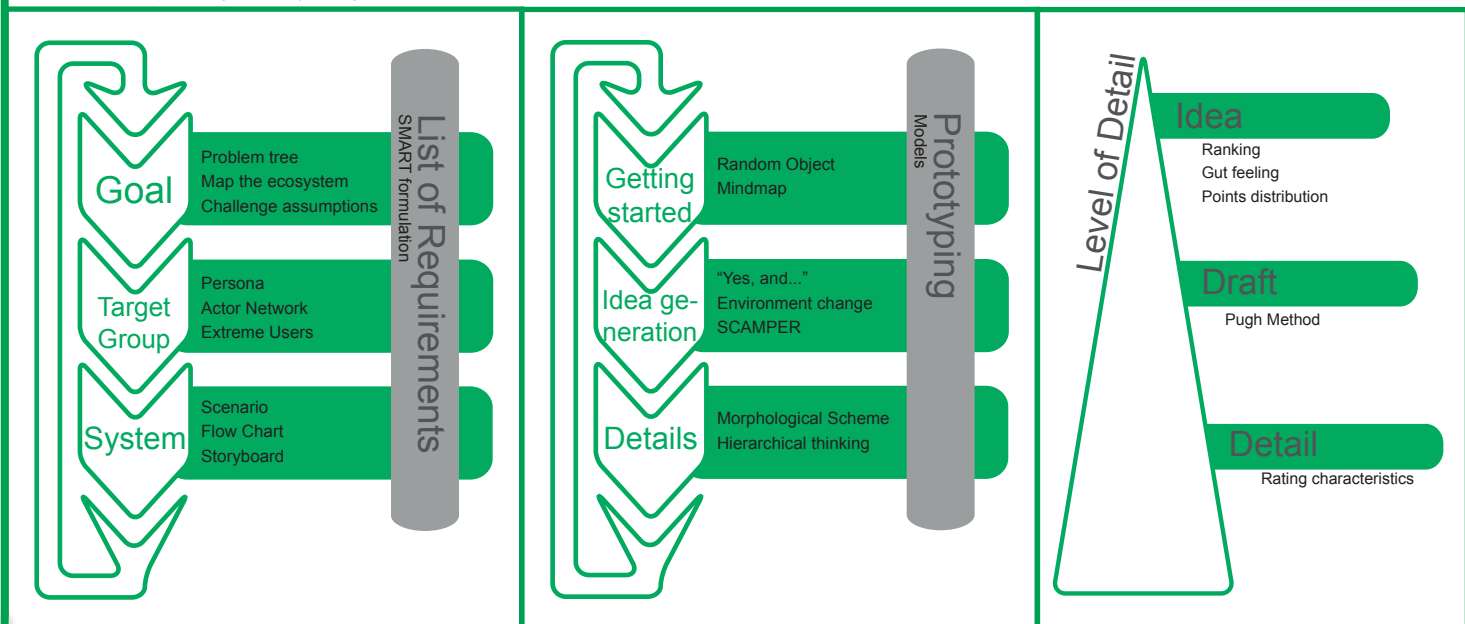
Buddies

Stakeholders, regarded in this workshop as buddies, have to be helpful for all entrepreneurs. The following people should be present at least, in order to guarantee good co-creation:

Problem Area	Brainstorm Area	Selection Area
Someone who gains an overview very quick (probably business man).	Creative person with crazy ideas	Someone from the township community
Emphatic person, who understands different target groups (can be community person)	Motivational person, who can help people to step out their comfort zone.	Someone who can chop down complex processes and put them into an overview
Problem identifier	Someone from township community	

The interns who facilitate the brainstorm do not have a design background. Therefore, they will get a manual in which the ideation methods, which were described in chapter 2.4, are explained. The interns, and the other brainstorm buddies, stay in the same area, in this way they only need information about that specific phase. To help them decide on which technique they should use, they get a decision tree, which is shown in figure 3.11.

Figure 3.11
Decision trees for respectively the problem area, brainstorm area and selection area.



Area's

The area's can be different rooms in Hubspace, but it is also possible to create area's with tape on the floor, or use different tables for the different area's.

The area's are visited by the entrepreneurs, individually. If an entrepreneur has business partners, they work together during the event. So they will visit the area's together.

3.4.2 Why?

Innovation engine

The event uses the fact that habitat influences the imagination. The habitat of the entrepreneurs changes to help them to get in a certain mood, like brainstorming-mood and selection-mood.

Knowledge transfer

In order for this event to succeed, the entrepreneurs have to take ownership of the process. Although they are still guided and helped by interns, they have to decide what problems are going to be solved and what solutions are going to be selected. Therefore this event brings them as close to real life as a training can do, their own business is like a problem in problem based learning.

Lean start-up and Co-creation

The whole event is centered around the goal of co-creating a product and validating a business model. Therefore it has everything to do with lean start-up and co-creation.

Lean start-up is centered around iterating between making hypothesis and checking them. The entrepreneurs get an opportunity to do this at the event.

Design thinking

The foundational elements of design thinking are taught to the entrepreneurs during the event. The first foundational element is a clear distinction between a problem and a solution space, what is done by the problem area and the brainstorm area. The second element is divergence, which is done in the brainstorm area, and convergence, which is done in the selection area.

Also the set time which is spend in a certain area is based on the design thinking method. Efeoglu et al (2013) state that timeboxing of a certain task is crucial. This will minimize the time spend on useless discussions on minor details. Awareness of a timeslot will help the entrepreneur to stick to important issues.

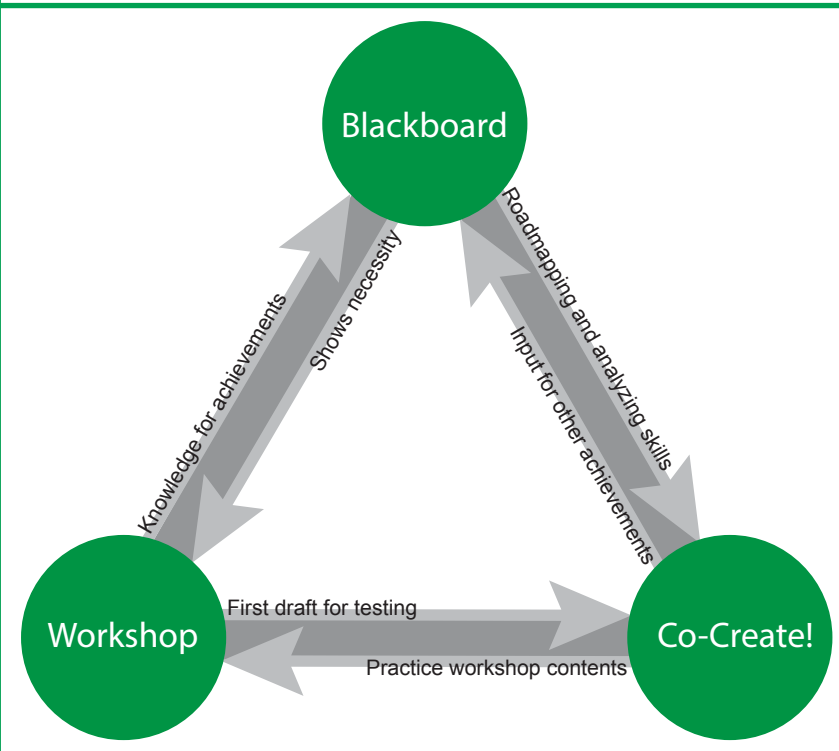
Advantages

Hubspace entrepreneurs are used to 'africa-time', that means an event does not start when they say it will, but approximately half an hour later. For this event this does not matter, because the event can start when one entrepreneur is present.

3.4 Cohesion

Although the training consists out of three parts, this does not mean one can be applied without the other two. As the innovation engines components are connected to each other, the training parts are too. An overview of how they interact is shown in figure 3.12.

Figure 3.12
Interaction between the components.



The most obvious connection between the three parts are the connections between the blackboard and the other twoparts, namely the workshop and the 'Co-Create!'-event. As the workshop and the co-create event are achievements on the board, the entrepreneurshaveto do theworkshop and participate at the co-create event. But besides attendance, the blackboard also provides road mapping and analyzing skills which the entrepreneurs need when they take ownership of the co-create process. The blackboard shows how a big task, as business development, can be analyzed and chopped into smaller pieces. This is exactly what they need to do during the co-create event, while designing their product. The blackboard also convinces the entrepreneurs of the necessity of the workshop, as the separate tasks can be rather overwhelming.

The workshop in turn, not only provides knowledge for the achievements of the blackboard, but it also allows the entrepreneur to make a first concept of his business model, which is the basis for the first co-create event. This concept will be tested and checked by the stakeholders during the event. At the same time they need the knowledge of the workshop in order to talk to investors and other stakeholders in equivalent expressions. The feedback which is given during the co-create event will be essential for the later achievements of the blackboard.

Thus the training is a unity consisting of three parts, leaving out one of them would make the training much less powerful.

Three aspects of the innovation had to be tackled in the training. Firstly

3.5 Conclusion

knowledge had to be gained. The entrepreneurs can do this with the workshop, which will be held at the beginning of their time at Hubspace. Secondly they had to achieve the right attitude, which they will be able to do when they follow the roadmap on the Blackboard. Thirdly their imagination needed to be enhanced, which can be done during the "Co-create!" event, which will be organized twice a year.

Chapter 4 - Evaluation & Implementation

At the beginning of this project a purpose and list of requirements was defined for the training. In this chapter the training will be checked on whether it meets the list of requirements and whether it fulfills its purpose, namely giving the competences from chapter 1.11.

After this, the implementation phase will be discussed. The findings of the event trials will be presented, followed with a measurement plan. This is followed with an overview of the opinions of the stakeholders, regarding the training. This section will be concluded with an overview of what Heart Capital has to do in order to make the training a success.



4.1 Check “List of Requirements”

Table 4.1

This table shows how the different requirements are met in the different parts of the training program.

Requirement	Reached:	In which part?			Description:
		Workshop	Blackboard	Event	
2.1	Yes				Host document
3.1	Yes				Background knowledge instructor
4.1	Yes				Different workfields
4.2	Yes				Short term vision
4.3	Yes				Strengths and weaknesses
4.4	Yes				Feedback
5.1	Yes				Business partners
6.1	Maybe				Convince investors
6.2	Yes				Brings together with investors.
7.1	Yes				Brand guidelines Heart Capital
7.2	Yes				Applicable for all hubs
8.1	Yes				Instructor background
8.2	No				3 hours preparation time
9.1	No				Use of available materials
9.2	Yes				Costs < 500 Rand
10.1	Yes				Instruction 1-3 hours
10.2	No				Maximum of 3 weeks
10.4	Yes				Not boring names
10.5	Yes	4 or more	∞	3 to 6	Number of participants
10.6	Yes				Usefull deliverable
10.7	Yes				Fun
10.8	Yes				Teambuilding
11.1	Yes				Community involvement
11.2	Maybe				Decrease social inequality
11.3	Yes				Bring together with customer
12.1	Yes				Ready to start
12.2	Yes				Design thinking
12.3	Yes				Lean start-up
12.4	Yes				Co-creation method
12.5	Yes				Progress tracking
12.6	Yes				Interesting for educated entrepreneurs.

Legend

2.1	Requirement
6.2	Wish
	Yes
	One time expense
	No

In the first chapter the list of requirements was discussed throughout the analysis. Finally this was summed up in attachment 1. Table 4.1 shows how the different requirements are met by the training program. Some requirements are linked to a specific part, like 11.1 ‘Community involvement’

to the event. In this paragraph to which extend the requirements are met is discussed per topic.

Goal

The goal of the training program had three parts. Firstly, the entrepreneurs have to develop a workable product or service. This is accomplished by the Blackboard, which teaches the entrepreneurs what is needed to create a business. And it is accomplished by the event, when the actual product is designed.

Secondly, they have to take notice of their target group, which they do during the event, when the stakeholders are present and have a great influence on the final result.

Thirdly they have to solve a social problem, this is done during the workshop, when they use the ‘social enterprise’ business model canvas and again during the event, when they are challenged to define a problem.

Hosts

The hosts will get the desired documents after the workshop and during the use of the Blackboard. The workshop results in feedback forms,

which the hosts get access to, and the entrepreneurs have to hand in progress document in order to reach a new achievement. This gives the hosts insight in the progress of the entrepreneurs.

Interns

The instructors are interns, because they run the Pinnacle Program. The instructor is facilitating during the training, therefore he or she does not need any background knowledge. The preparation time is more than the wished 3 hours, because the event takes some preparation time.

Not all interns are fluent in English, however there are always native speakers available. The scenario in paragraph 4.6 shows what life is like for an intern who facilitates the training program.

Entrepreneurs

Whatever work field the entrepreneur is in, the training program is always helpful, as it provides the process and not an end result. During the workshop the entrepreneur is asked to dig into his own strength and will get feedback by the other entrepreneurs on his other strengths and weaknesses. The entrepreneurs can work together with business partners during all parts of the training.

Stakeholders

The event brings together with both investors, community members and potential customers.

Heart Capital

All graphics are compatible with Heart Capitals brand guidelines. It also fits in the present Pinnacle Program, as that consists of events and workshops. The training doesn't cost a lot of money when it is installed, but the installation costs are approximately R500.

Contents

When the participants have finished the Blackboard, they can start their own business. During the training program the entrepreneurs are taught Design thinking, Lean start-up and Co-creation.

All requirements are met to satisfaction of the stakeholders, as discussed in chapter 4.5. The next important question is whether the training has the effect where it was designed for.

4.2 Check “Competencies”

The main function of the training program is to teach the competences of chapter 1.11 to the entrepreneurs. These competences are derived from the designers' characteristics, which are discussed in chapter 1.9.

Ideation competences

During the 'Co-Create!' event the entrepreneurs are taught how to use ideation methods and also how they can be critical to their own ideas.

Vision competences

Vision development is done during the planning process on the Blackboard. The entrepreneurs are challenged to think ahead and make a planning. Thus they will also be able to put the vision into practice.

Business model competences

The business model design process is taught directly at the start, during the workshop. The feedback session at the end of the workshop will teach them how they can check the validity of their business model. Another check will take place during the co-create event.

The six competences can be gained via the training program, when it is implemented successfully. In order to examine how the training program functions in Hubspace, it has been implemented as far as time allowed.

4.3 Event trials

Figure 4.1
Pictures of the first trial at Philippi.



In order to get a good result for the ‘Co-create!’ event, two things should work. Firstly the brainstorm buddies should be informed properly. Secondly the entrepreneurs should take ownership of the process. The event was tried twice in South Africa in order to measure both variables. The first trial was done in Philippi and the second in Khayelitsha.

First trial

In figure 4.1 some pictures can be seen of the trial at Philippi. Heart Capital interns organized this trial. To do this, two interns were asked to help at every area. They got a manual containing the decision tree and explanation for the different brainstorm methods. Four new entrepreneurs, three enterprises in total, were invited to participate.

During the preparation time, the entrepreneurs were called twice and emailed twice as well, to make sure they would not forget the event. However this proved not to be sufficient, as two of the entrepreneurs, who were working for the same enterprise, did not show up. Therefore the event was carried out for the two remaining entrepreneurs.

The brainstorm buddies were only interns. Although preparations had taken place to get community involvement, the interns did not succeed in getting them to help. However the interns were distributed over the areas in such a way that the buddies had the characteristics described in 3.4.1.

They both filled in a survey, to check what their beginning status was. The Heart Capital interns started with one entrepreneur, who took at least three quarters of an hour to define his social need. As the other entrepreneur had to wait that long, he got impatient and left the event.

To sum up, they encountered the following problems:

1. Time boxing is a challenge, as many entrepreneurs take a long time to describe problems.
2. ‘Problem area’ is misunderstood by a lot of entrepreneurs, as they only want to earn money, they do not realize they solve a social problem, they only see opportunities to earn money.
3. Interns did not understand why the different areas are needed.

The first problem resulted in that the entrepreneurs only identified problems and didn’t brainstorm on any solutions. This is exactly why time boxing is so important. Brainstorming can be done on some of the problems, without having clear what the whole problem is.

The second problem can be solved by changing the name to ‘money bag area’. However it is unclear whether this would be better, as this would reduce the use of this area because it focuses on looking for opportunities (which is useful in the pre-start-up phase) and divert from problems which can be solved (which is useful in the start-up phase). Further research on this problem is needed.

The third problem is solved by the making of the event blue print, which shows and explains the use of how things are done during the event.

As only two entrepreneurs showed up, nothing can be said about the efficiency of the training on stimulating the imagination.

Second trial

During the second trial the different stages of the event would be completed by the enterprise 'Times of Ulutsha', with the entrepreneur Vuyolewthu and one of her business partners.

It took place in the board room of Hubspace Khayelitsha. In the problem area they said their dream is to become a communication channel between the Central Business District (CBD) and township youth. Therefore their business model should contain how they are reached by the CBD and by the youth and how they reach the CBD and the township youth (see figure 4.2).

However, after brainstorming on the problem, the entrepreneurs left. Although they agreed to continue the brainstorm later, they never returned. The entrepreneurs didn't show any ownership on the process.

Benefits of the event

Before the event, they handed in their business model canvas, which can be seen in attachment 5 and figure 4.3. On this canvas the sticky notes are given the colors of the information channels which are needed to bridge the gap between CBD and the townships (compare with the colors of figure 4.2). The blue sticky notes are that vague that they do not say anything about the channels. One can see clearly that the Times of Ulutsha has not given any attention to what they can offer to the CBD in exchange for their funds. Attention had to be given to brainstorming on all four channels. They had never had this insight before.

Solution

This proves the discussion of the entrepreneurs in chapter 1.7, where the attitude of the entrepreneurs towards business development was explained. The entrepreneurs were not interested after only discussing a problem, because their business was not helped with that on the short term. Therefore the project management tool 'blackboard' is an essential component of the training, as it shows the need of things which do not have a direct result.

In order to be able to judge the efficiency of the training, more steps have to be taken. These steps will be discussed in the next paragraph.

The efficiency of the training tells us whether it is worthwhile to make the effort of organizing

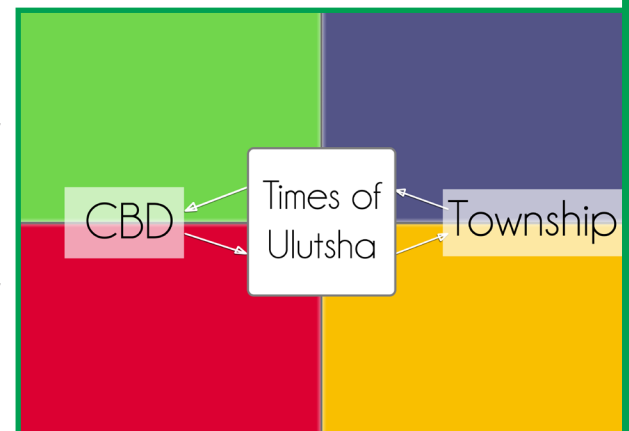


Figure 4.2
Schematic overview of the business goal of Times of Ulutsha.

57

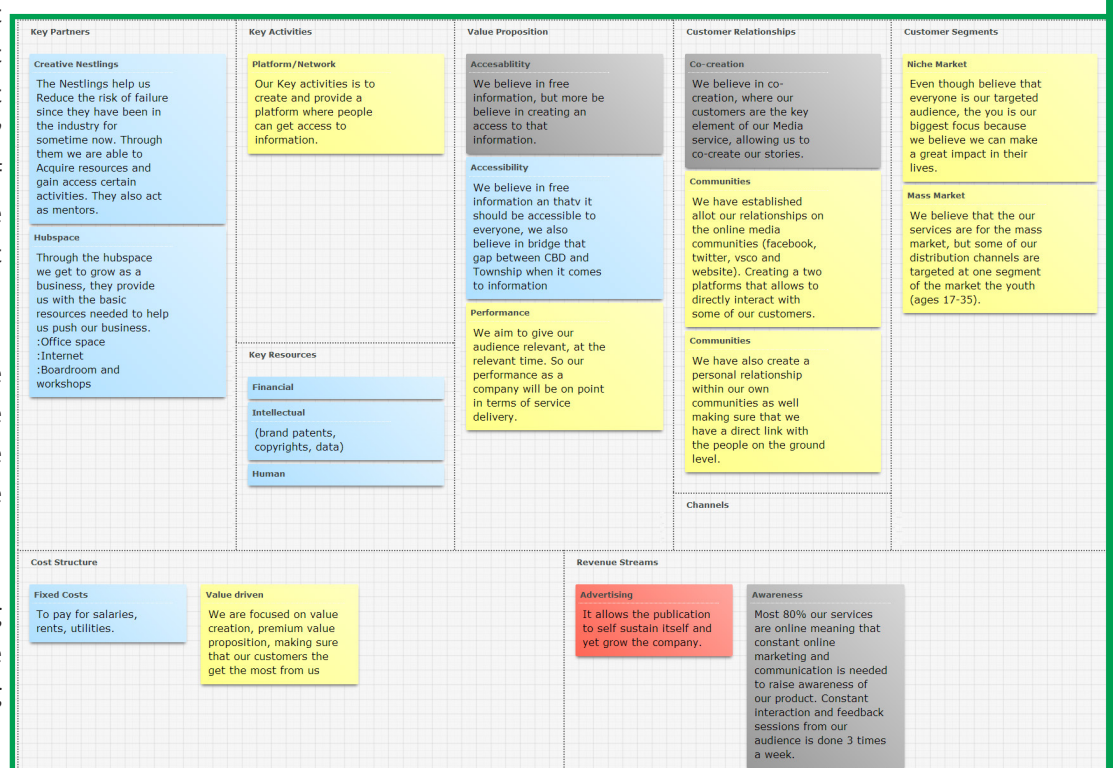


Figure 4.3
The Times' original business model, showing the entrepreneurs' emphasize on reaching the township youth (color yellow).
This BMC can be viewed in more detail in attachment 5.

4.4 Measuring Efficiency

the different parts of the training. However, measuring efficiency is a challenge, as it is difficult to determine what the starting point of the entrepreneurs is and what variables have to be taken into account. In this paragraph a recommendation will be done on how the efficiency of the workshop and the blackboard can be done and a measurement plan will be presented to measure the efficiency of the 'Co-create!' event.

4.4.1 Workshop

The goal of the workshop is to enhance knowledge of the entrepreneurs. This workshop should improve the knowledge on all subjects. This could be measured when a new group of entrepreneurs arrives at Hubspace. They can get the workshop, after which they get a survey which tests their knowledge on all topics. The same survey can be given to the older entrepreneurs at Hubspace, who did not attend the workshop. Comparing the results of the older entrepreneurs and the new entrepreneurs will give a good impression of the efficiency of the workshop.

4.4.2 Blackboard

The blackboard is a tool which works on the long term. Therefore it is difficult to measure its efficiency. However it can be measured in the following way.

Three groups of entrepreneurs will be made:

- Khayelitsha entrepreneurs will start their business without a blackboard.
- Philippi entrepreneurs will start their business with a blackboard, but without the workshop and 'Co-create!' event.
- Kayemandi entrepreneurs will start their business with the total training available for them.

After one year of work all entrepreneurs will write down their business model on a canvas. These business models will be graded by three business men who have a lot of experience with business start-ups. The graded canvasses will be compared and this will give a good impression of whether the blackboard really works.

4.4.3 'Co-create!' event

The goal of the event is stimulating the entrepreneurs imagination. In order to measure the efficiency of stimulating this, the other five components of the innovation engine should be as equal as possible. However, in Hubspace the level of knowledge and the attitude towards business development is rather different amongst the entrepreneurs and buddies. Therefore it is recommended to use university students to measure the efficiency of the event.



Step 1 – selection of the students.

The students who participate during the test should not be designers or business men, in order to make it comparable to Hubspace. At least twentyfour students should participate in groups of two to four.

Step 2 – instruction

The students will get two different kinds of business cases to chose from. The cases will be a description of the problems which the companies 4Dmedia and Iyeza express want to solve. They will be informed about the goal of the training and the judges criteria. The goal of the training is: “Develop a workable product or service for your target group, it has to solve the social problem of your case”. The judges criteria are based on six criteria which are essential for success in a BOP environment, based on the work of Lansink et al (2013).

1. Social value

The enterprise should focus on improving the social situation.

2. Customer

The enterprise should focus on the need of the customer, to do this the entrepreneur has to understand the need of the customer.

3. Focus

The business model should focus on a clear segment of the market. The target group should not be very broad, because this will result in a very vague and useless product.

4. Innovation

In an ever changing market, it is important to emphasize innovation. Therefore the solution should be innovative.

5. Resources

The available resources should be used to the maximum.

6. Income

The sources of income should be as diversified as possible. That means not all funding should come from one source.

Step 3 – dividing the students

The students will be divided into two groups.

Group one will start brainstorming without any help. In groups of three or four people they will make a business model canvas for one of the cases. Materials which are available at Hubspace will also be available for them.

Group two will be divided into 6 groups. These groups will attend a ‘Co-create!’ event. Their work will also result in a business model canvas.

All students will use the special canvas for social enterprises, which includes social impact and social costs.

Step 4 – judging the result

All business model canvasses will be judged and graded on a scale of 1 to 10, for each of the six criteria. The judges will not know which canvas was made during the event and which without the event. After this the results will be compared and the efficiency of the event in stimulating the imagination can be assessed.

4.5 Feedback from stakeholders

After designing the first draft for the training, feedback was asked from the various stakeholders. In order to get a balanced judgment, four groups of people were asked, namely 'Heart Capital', host, entrepreneurs and interns. All stakeholders were first shown a presentation, which showed the different parts of the training, including some questions about situations which were already identified as bottlenecks.

Heart Capital

Although Peter and Mandy were really busy at the time, Mandy really liked the different drafts and directly gave permission to paint the blackboard in Khayelitsha.

Entrepreneurs

The entrepreneurs were asked to pick one, which was their favorite. All entrepreneurs picked different drafts, after saying he or she liked them all. The workshop was best evaluated because of the knowledge on different topics and combining strengths. The project management tool was nice because it will encourage the entrepreneurs to keep achieving and it would be nice to see where everyone is working on. The event is positively evaluated because it involves the enterprise of the entrepreneur and because one can see progress right away.

Hosts

The interviewed host, liked all drafts. The biggest challenge he recognized was defining the reward for the achievements on the blackboard. Brainstorming on this gave the insight that a lot of opportunities are open, but as no money is available for this, the only thing Hubspace can offer is acknowledgement. The host didn't see any problems with the 'Co-create!' event. However he did advice to organize it, not only for the new entrepreneurs, although it was intended for them, but also for the old entrepreneurs, because they also need it.

Interns

The interns were asked to look at the training from the organizers perspective. They realized the workshop would be easiest to organize, where the others would really take some long term effort. However, enough interns are available, so it should be possible to organize those. Feedback from the different stakeholders showed that most problems were already recognized in advance. Everyone preferred other parts of the training, and over all, the three parts were positively evaluated.



4.6 Intern Scenario

The designed training is more than just a series of workshops. The blackboard, for example, has to get regularly support and input from Hubspace. In this way, the training design can also be described as a system design. An intern will be responsible for this system. To illustrate the various tasks of this intern, a scenario is written about intern Joe.

Figure 4.4
Persona Joe Heart

One week in the life of intern Joe.

Monday

Joe arrives at Hubspace and after saying hi to everyone, he looks at the board, to see which entrepreneurs need help. Two entrepreneurs need help, one with IT and the other with logistics. On the sticky note, indicating help is needed, he writes that help will be available on Thursday.

The rest of the day, Joe spends on inquiring the entrepreneurs how he can assist them and what their goals are for the week.

Tuesday

Today Joe spends his day at Heart Capital in Woodstock. He's preparing a workshop for Wednesday. While he was talking to the entrepreneurs on Monday, he realized a lot of the entrepreneurs have problems with organizing their administration. Therefore he planned to do a workshop on this topic.

To make sure as many entrepreneurs as possible participate, he calls them all to inform of the workshop topic. They already know the workshop is taking place, because it takes place every week.

Joe also makes sure two interns, one who's specialized in IT and one who's in logistics, are going to join them to Hubspace on Thursday.

Wednesday

Joe takes the minibus to Khayelitsha, but gets delayed because someone was murdered along the road they wanted to take. When he arrives at Hubspace, he spends the rest of the morning chatting with the entrepreneurs and doing some last minute preparations for the workshop in the midday.



Joe Heart

Intern at Heart Capital for 6 months.

University program:

Social entrepreneurship Institute

Northeastern university, Boston, USA

Age: 20 years old

Living in: Observatory



He also reminds the entrepreneurs who needed help, to be there on Thursday. In the midday he gives the workshop to six entrepreneurs.

Thursday

The whole day is spent mentoring the entrepreneurs. Sometimes Joe writes down the questions, to investigate them later, but most questions he's able to answer right away. However, he's glad he could ask the other interns to help on IT and logistics, because he has no experience with that.

When the entrepreneurs do not have any more questions, he writes and sends the weekly newsletter and starts to make arrangements for the events next week.

Friday

Another day at Woodstock is spent in order to organize coming weeks events. In three weeks a Co-Create event will take place, and next week a Pitch Perfect event will take place.

4.7 Heart Capitals turn

Implementation is something which can be done once, but a training is something that has to be done continually. Therefore Hubspace has to obtain certain goals before the training will work best. Note that the goals (besides 5 and 6) are goals of Heart Capital already. However this does not happen, therefore it is relevant to emphasize this.

1 Professionalize entrepreneur competition.

Right now the only panelists at the entrepreneurs competition are hosts and interns. In order to get a good list of strengths and weaknesses, this has to be expanded to a group of investors and other stakeholders.

2 Strengthen reflection session structure.

The Friday sessions, which are called 'reflection sessions', wherein the gained achievements should be awarded, occur every now and then. In order to guarantee the 'Blackboard's' success, the reflection sessions should occur regularly.

3 Guarantee attendance.

It was an assumption that Heart Capital will provide a structure that the entrepreneurs will participate in the training. Right now, Heart Capital does not provide this structure for workshops. Therefore this should get Heart Capitals full attention.

4 Older entrepreneurs check up.

The older entrepreneurs have to be awarded the achievements they already obtained.

5 Give training

The workshop 'different perspectives' has to be offered when new entrepreneurs arrive and the 'co-create!' event has to be organized twice a year.

6 Build a network of co-creators.

A lot of Capetonians are interested to help township inhabitants. It is handy for the intern who is organizing the 'co-create!' event, when they have a network of people he/she can ask for help.

7 Get Hubspace entrepreneurs enthusiastic.

Last, but not least, the entrepreneurs have to do it. Therefore Heart Capital should try to get the entrepreneurs involved and get them enthusiastic.

Although this is quite a long list, also a lot has already been done. The blackboard, for example, has been painted in Hubspace Khayelitsha and the achievements are defined. Also the 'Co-create!' event-blue print is written, this is a manual for the intern who organizes the event. Next to

Table 4.2

Overview of the materials which are needed for the different parts of the training. The checked materials are provided.

Needed materials

Workshop:

Competition Panelists sheet

✓ Inquiry sheets

✓ Case

Evaluation sheets .

Blackboard:

✓ Achievements
Explanation

Event:

✓ Blue-print

✓ Manual in area's.



the organizers manual, the buddy-manual has also been written. For the workshop the inquiry sheets are made and the case has been written.

4.8 Conclusion

The evaluation showed that on paper the training design fulfills all requirements. As all stakeholders reacted positively, Hubspace started the implementation phase. This was more difficult to measure, as the training takes a long time to be completed.

The two event trials at Hubspace, showed there were too many variables at the time to be able to say anything about the efficiency of the event. Therefore an additional measurement plan was made. As the variables will be controlled during this measurement, this will give a better impression of the efficiency of the event. Next to the efficiency of the event, also the other parts can be evaluated with the recommendations given in paragraph 4.4. The measurement of the blackboard will not only say something about the project management tool, but also of the whole training. Although this experiment takes the longest period, this will be the most valid measurement, because the different parts work together and reinforce each other.

Figure 4.5
During the last day of my research at Heart Capital, the blackboard got painted at a prominent place in Hubspace (arrow).





Chapter 5 - Conclusion



5.1 Conclusion

The objective of Heart Capital was to improve the product development process by inserting a training in the Pinnacle Program. During the analysis it was concluded that the main challenges for the entrepreneur during business development were their short term vision and their lack of focus. This together with a lack of knowledge and ideation capabilities meant many entrepreneurs did not succeed to design a product which would give them a sustainable business.

Knowledge that the entrepreneurs need, can best be transferred to them via case, project and problem based learning. They need knowledge on business development, product design and ideation methods.

The training program teaching product development to the entrepreneurs consisted of three parts. The first part, a workshop focused on providing knowledge on business development. After completing this, the entrepreneurs will have gained competence 5, which is being able to design a business model. The first step towards validation of the business model (competence 6) be made, during the evaluation session at the end of the workshop.

The second part is a project management tool, which helps the entrepreneur overcome their short term vision. Competences 3 and 4 are gained in this part, as it enables them to develop a vision for their enterprise and are able to put it into practice.

The third part, an event, focuses on product development. The other competences, 1. generate and refine ideas, 2. recognize strengths and weaknesses, and 6. examine the validity of a business model, are gained during this part.

Evaluating the training showed that the training program matched the list of requirements and that the entrepreneurs can gain the needed competencies.

During the implementation phase the event was tried twice and the training was evaluated by all stakeholders. A measurement plan was made, which gives a guideline for further research on the efficiency of the training program.



5.2 Recommendations

For further implementation of the training there are three recommendations.

Heart Capital is recommended to make one intern per Hubspace responsible for running this training, along with the Pinnacle Program. They have to guarantee continuity of their training, before the enterprises can get to a higher level.

The second recommendation is that two things of the blackboard have to be tried, before the efficiency can be measured. Firstly there was some disagreement within the various stakeholders whether an analogy with a goldmine should be made, because of the complex history of South Africans mines. More entrepreneurs have to give their view, before a decision can be made on this point. Secondly the placement of the blackboard should be tried out. For the older entrepreneurs, who have all achievements, it could be awkward when they host customers at Hubspace, that the customers can see that Hubspace is not only a shared office, but also a training centre. However, the efficiency of the blackboard will be less, when the blackboard is hidden, because the entrepreneurs will not be reminded of the steps every day.

The third and last recommendation is about time boxing during the “Co-create!” event. Although it is essential to use a timer, it is difficult to say in advance how much time has to be spent in the areas. This should be tried out during an event.

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Pictures:

Figure 1.1: http://static.flowsa.net/cache/ce_cache/made/f174ofdoae3cf255/013001793_960_472_80auto_s_c1_center-center.jpg

Figure 1.2: http://4.bp.blogspot.com/_HdnG9ucYmHw/S-qiM79wx8I/AAAAAAAAAJ0/KPTS-oSIEMM/s1600/hedge.jpg

Figure 1.3: <http://www.southafrica-travel.net/Medaia/Toilets.jpg>

Figure 1.4: CapeTownWorks: City report 2012-2013.

Figure 1.5: <http://cdn.mg.co.za/content/documents/2013/10/18/graphic-sa-languages.png>

Figure 2.1: <http://venturelabinternational.com/about-us/>

Figure 2.2: <http://tedxtalks.ted.com/video/TEDxStanford-Tina-Seelig-A-cras>

Figure 2.4: Efeoglu et al (2013)

Figure 2.6: Actor network: butterfly works

Figure 2.7: <http://www.nethruworks.com/wp-content/uploads/2014/05/MindMapGuidlines.jpg>

Figure 2.8: <http://fivewhys.files.wordpress.com/2012/02/scamper.jpg>

Figure 4.4: used www.canvanizer.com

Attachments

1. List of Requirements
2. Business Model Canvas
3. Inquiry Sheets
4. Case “Sandbag Houses”
5. Business Model Canvas - Example



1. List of Requirements

Goal

The entrepreneurs have developed a workable product or service for their target group, which solves the social problem they identified.

Pre-assumptions:

- 1.1. The entrepreneur's basic knowledge is high school education.
- 1.2. There are at least two hosts who can arrange the training methods.
- 1.3. Interns are available for support and supervising if needed.
- 1.4. Heart Capital provides a structure that the entrepreneurs will participate in the training.

Hosts

- 2.1. The hosts get a clear document delivered about the entrepreneur at the end of the training period.

Interns

- 3.1. The interns involved with the training method will not need any background knowledge.

Entrepreneurs

- 4.1. The training method helps every entrepreneur in every work field.
- 4.2. The training method is fit for people with a short term vision.
- 4.3. The training method exposes the strengths and weaknesses of the entrepreneurs.
- 4.4. The entrepreneurs get feedback about their strengths and weaknesses.

Business partners

- 5.1. Business partners who will work at Hubspace, too, will participate in the program.

Investors

- 6.1. The results of the training method will convince potential investors to invest.
- 6.2. Wish: the training methods bring together investors and entrepreneurs.

Heart Capital

- 7.1. The graphics fit in to the Heart Capital House style.
- 7.2. The training method can be given at the various hubs in South Africa.

Training method instructor

- 8.1. The training method can be given by any person, whatever background he or she has.
- 8.2. Preparation for the various components is less than 3 hours each.
- 8.3. The training method supervisor is fluent in English.

BOP facilities

- 9.1. Wish: The training method uses only the available materials.
- 9.2. The training method may not cost more than 500 Rand.

Training method

- 10.1. Instruction sessions of the training method take 1-3 hours each.
- 10.2. The total time span has a maximum of three weeks.



- 10.3. The training method is free for Hubspace entrepreneurs.
- 10.4. The training method has a nice name to convince the entrepreneurs that it won't be boring.
- 10.5. The amount of participants can vary between 5 and 15 people.
- 10.6. The training method has a useful deliverable.
- 10.7. The training method is fun.
- 10.8. The training methods will help building the team.

Community

- 11.1. Wish: the training method involves the community at least once.
- 11.2. Wish: The training method decreases social inequality.
- 11.3. Wish: The training method brings potential purchasers together with the entrepreneur.

Contents

- 12.1. After participating in the program, the entrepreneurs can start their own business.
- 12.2. The entrepreneurs will be taught design thinking methods.
- 12.3. The entrepreneurs will be taught the lean start-up method.
- 12.4. Wish: The entrepreneurs will be thought how to use the co-creation method.
- 12.5. The progress of the entrepreneurs will be tracked and documented.
- 12.6. Wish: the training method is interesting for educated entrepreneurs too.

Final Design

In the table at the right, one can see how the final design fulfills this list of requirements. Some remarks:

- Orange numbers are wishes.
- Requirements which are a statement, got a '-' at the "reached?"-bar.

Interpretation of some list-items.

8.2 - The event requires more than 3 hours preparation for the person who organizes it, for the buddies it does not require that long.




9.1 - The blackboard required the painting of a wall at Hubspace Khayelitsha. In Woodstock blackboards were already available.

10.2 - The blackboard takes 9 months to finish.

Requirement	Reached?	In which part?		
		Workshop	Blackboard	Event
1.1	-			
1.2	-			
1.3	-			
1.4	-			
2.1	Yes			
3.1	Yes			
4.1	Yes			
4.2	Yes			
4.3	Yes			
4.4	Yes			
5.1	Yes			
6.1	Maybe			
6.2	Yes			
7.1	Yes			
7.2	Yes			
8.1	Yes			
8.2	No			
8.3	-			
9.1	No			
9.2	Yes			
10.1	Yes			
10.2	No			
10.3	-			
10.4	Yes			
10.5	Yes	4 or more	∞	3 to 6
10.6	Yes			
10.7	Yes			
10.8	Yes			
11.1	Yes			
11.2	Maybe			
11.3	Yes			
12.1	Yes			
12.2	Yes			
12.3	Yes			
12.4	Yes			
12.5	Yes			
12.6	Yes			

2. Business Model Canvas

This is the Business Model Canvas, which is used during the workshop. It is based on the original canvas, found on www.strategyzer.com. The topics “social costs” and “social benefits” are added to create awareness on social entrepreneurship.

<h2>Key Partners </h2> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p>MOTIVATIONS FOR PARTNERSHIPS Optimization and economy Reduction of risk and uncertainty Acquisition of particular resources and activities</p>	<h2>Key Activities </h2> <p>What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams?</p> <p>CATEGORIES Production Problem Solving Platform/Network</p>
	<h2>Key Resources </h2> <p>What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?</p> <p>TYPES OF RESOURCES Physical Intellectual (brand patents, copyrights, data) Human Financial</p>
<h2>Social costs</h2> <p>How can I reduce the harm of my enterprise to the society? Which parts of the product can be replaced by more environmental friendly products?</p>	
<h2>Cost Structure</h2> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p>IS YOUR BUSINESS MORE Cost Driven (leanest cost structure, low price value proposition, maximum automation, extensive outsourcing) Value Driven (focused on value creation, premium value proposition)</p> <p>SAMPLE CHARACTERISTICS Fixed Costs (salaries, rents, utilities) Variable costs Economies of scale Economies of scope</p>	

Value Propositions



What value do we deliver to the customer?
Which one of our customer's problems are we helping to solve?
What bundles of products and services are we offering to each Customer Segment?
Which customer needs are we satisfying?

CHARACTERISTICS
Newness
Performance
Customization
"Getting the Job Done"
Design
Brand/Status
Price
Cost Reduction
Risk Reduction
Accessibility
Convenience/Usability

Customer Relationships



What type of relationship does each of our Customer Segments expect us to establish and maintain with them?
Which ones have we established?
How are they integrated with the rest of our business model?
How costly are they?

EXAMPLES
Personal assistance
Dedicated Personal Assistance
Self-Service
Automated Services
Communities
Co-creation

Customer Segments



For whom are we creating value?
Who are our most important customers?

Mass Market
Niche Market
Segmented
Diversified
Multi-sided Platform

Channels



Through which Channels do our Customer Segments want to be reached?
How are we reaching them now?
How are our Channels integrated?
Which ones work best?
Which ones are most cost-efficient?
How are we integrating them with customer routines?

CHANNEL PHASES
1. Awareness
How do we raise awareness about our company's products and services?
2. Evaluation
How do we help customers evaluate our organization's Value Proposition?
3. Purchase
How do we allow customers to purchase specific products and services?
4. Delivery
How do we deliver a Value Proposition to customers?
5. After sales
How do we provide post-purchase customer support?

Social Benefits

What is my social impact? Which value do I create for the society?



Revenue Streams



For what value are our customers really willing to pay?
For what do they currently pay?
How are they currently paying?
How would they prefer to pay?
How much does each Revenue Stream contribute to overall revenues?

TYPES
Asset sale
Usage fee
Subscription Fees
Lending/Renting/Leasing
Licensing
Brokerage fees
Advertising

FIXED PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation (bargaining)
Yield Management
Real-time-Market

3. Inquiry Sheets

The inquiry sheets help the entrepreneurs to do research during the workshop. Questions and websites are provided, so the entrepreneurs will be able to answer the questions. Using internet shows the entrepreneurs that this information is also available for them outside the training.

Inquiry Sheet Sales Manager

Sale is about how you can sell your product or service. These questions will help you to become a professional in sales.

What are the seven steps of interaction with your client?

<http://www.forbes.com/pictures/efkk45fiff/how-the-best-salespeople-mTake-the-sale/>

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____

What are the five stages of action in sales techniques?

<http://money.howstuffworks.com/business-communications/sales-technique1.htm>

1. _____
2. _____
3. _____
4. _____
5. _____

How should a sales professional deal with a client?

<http://money.howstuffworks.com/business-communications/sales-technique4.htm>

https://www.youtube.com/watch?v=T_npx6MIMUI

Further investigation:

<https://au.gradconnection.com/forums/thread/marketing-and-sales/top-10-sales-techniques/?page=last>

<http://en.wikipedia.org/wiki/Sales>



Inquiry Sheet

Marketeer

Marketing is anything you do to keep or get a customer. How can you do that? These four questions will help you to become a professional marketer.

What are the four P's and four C's and how do they relate to each other?

https://www.youtube.com/watch?v=KkBVzS_fj2g

P _____, P _____, P _____ and P _____.

C _____, C _____, C _____ and C _____.

What are the twelve steps of making a marketing plan?

<http://smallbusiness.chron.com/12-step-marketing-plans-14489.html>

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____
7. _____
8. _____
9. _____
10. _____
11. _____
12. _____

What are stakeholders and how can analyzing them be helpful?

<https://www.youtube.com/watch?v=fbUM12liGms#t=73>

http://www.mindtools.com/pages/article/newPPM_07.htm

For further investigation:

<http://en.wikipedia.org/wiki/Marketing>

<https://www.coursera.org/course/marketing>



Inquiry Sheet

Finances

Nobody will doubt the fact that managing your finances is crucial for entrepreneurs. However it also requires quite some knowledge to do this. After you answered the following questions, you will have a better idea of how you can manage your finances effectively.

Use the following websites to answer the questions:

http://simple.wikipedia.org/wiki/Financial_statements

<http://accounting-simplified.com/financial/statements/types.html>

https://www.youtube.com/watch?v=r_t3zjRx4cU

a. What is a balance sheet?

b. What are income statements?

c. What is a cash flow statement?

d. What is a statement of changes in equity?

How can you predict whether the company will work financially?

<http://www.entrepreneur.com/article/76418>



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Inquiry Sheet

Investor

To run your business, you'll need money. You can get money from investors. How do these people think? When will they give money to you? How does your company get money? These questions will help you to approach investors as a professional.

When are you ready to ask for investments?

<http://www.entrepreneur.com/article/81124>

What is a vision and how can you develop it?

<https://www.youtube.com/watch?v=I5Tw0PGcyN0>

<http://www.ultimate-small-business-tools.com/your-business-vision.html>

What are the characteristics of a good business plan?

<http://www.entrepreneur.com/article/81188>

Where do you have to pay attention to before you go to an investor?

<http://www.powerhomebiz.com/financing-a-business/finance-a-business/bank-loan.htm>

Further investigation:

http://www.unglobalcompact.org/docs/issues_doc/development/Framework_Social_Enterprise_Impact_Investing.pdf

http://www.ted.com/talks/simon_sinek_how_great_leaders_inspire_action/transcript

<http://sbinformation.about.com/od/credittloans/a/loanrelations.htm>



Inquiry Sheet

Human Resources

Sooner or later every entrepreneur will need employees to work for him/her in order to expand the business. How do you find them? What kind of people do you need? How can you work together as a good team? The Human Resources Manager investigates this stuff. The following questions will help you to investigate what someone like him does.

What are the different tasks of a HR manager?

<https://www.youtube.com/watch?v=9ZLbSk1Te68>

What makes a good team?

<http://thethrivingsmallbusiness.com/human-resource-management-in-small-business/>

What are the differences between a CEO, CTO, CFO and a COO?

<http://searchcio.techtarget.com/definition/CEO-and-others>

Further investigation:

<http://www.sensible-small-business-ideas.com/human-resource-management.html>

<http://smallbusiness.chron.com/human-resource-management-benefits-small-business-137.html>



4. Case “Sandbag Houses”

During the workshop, the instructor and entrepreneurs will discuss this case together. Everyone gets a print of these instructions.

Watch:

<https://www.youtube.com/watch?v=Ghr24iMAJJE>

This new technology has been innovated. But a technology is not a business. How would do you think you can earn money with this technology? You are a multidiscipline team and want to work together to build this enterprise. You have already found out the following things:

1. A house the size of a shack can be built in five days.
2. The total building costs are 30.000 Rand.
3. Advantages of a sandbag house are a good climate control and it is bullet proof.

First consider how you want your section of the business will look like, by answering the questions on your specialty. Then come together and make a business model canvas, and see where you come up with.

Sales: How would you want to draw attention to the sandbag houses? How do you want to make your customers interested in the houses? How can you make your target group desire a sandbag? How can you convince the customers that a sandbag is really worth the money? How can you convince the customer to take action?

Marketeer: What is your Product, Place, Price and Promotion? What are your stakeholders? What are your competitors?

Investor: Why do you want to start a business with Sandbag Houses? What problem do you want to solve and what are your goals with your business? How much money do you need in order to start a business with sandbags? What is your roadmap for the next year?

Finances: What kind of costs does a business like this have? What costs are on the balance sheet, income statements and cash flow statement of the sandbag houses company? How much are people willing to pay for a sandbag house? How many houses do you need to build in one year in order to make profit?

Human Resources: What kind of people do you need for this business? How many people do you need and what will they cost? How can you train the unskilled workers? How will you make sure they do the job you ask them?

After all of you have answered the questions on your own specialty, you discuss the ideas you have with each other. After that, you fill in the Business model canvas.



5. Business Model Canvas

This is the business model of "Times of Ulutsha".

