

Solutions Innovation Process



Overview



Connecting the World's Poor to Their Potential

GRAMEENFOUNDATION.ORG

Who said the poor *don't want* financial services?

In November of 2012, Safaricom and the Commercial Bank of Africa launched M-Shwari. It took the Kenyan market by storm.

On the first day they had 70,000 new customers. Within the first month, 1 million M-Shwari customers had accumulated 1 billion Kenyan Shillings (KES) in savings and borrowed 1 billion KES.

With more than 50% of unbanked and rural populations in Kenya already using M-Pesa, M-Shwari is reaching a large number of poor customers.

The logo for M-Shwari, featuring the word "M-Shwari" in a green, sans-serif font. A red curved line underlines the "M" and "Sh" of "Shwari".

A product for M-PESA customers that allows people to save and borrow money through their phone while earning interest on money saved.

ON THE FIRST DAY —

70,000

CUSTOMERS SIGNED UP

IN THE FIRST MONTH —

1 billion

KES ACCUMULATED AS SAVINGS

9 MONTHS POST-LAUNCH —

4 million

CUSTOMERS SIGNED UP

Grameen Foundation's **solutions innovation process** tests and scales the next generation of products and channel innovations that reach mass market with commercial benefits for scaling partners and social benefits for poor users.

This guide will help practitioners who want to introduce human-centered design practices at their organizations, and to develop and scale products that provide social and commercial value for poor customers.

01 An overview of Grameen Foundation's solutions innovation process.



02 A real world example of what this process looks like when designing products for the poor.



Since 1997, **Grameen Foundation** has been at the forefront of helping the world's poorest people become financially self-sufficient through access to financial and information services.



More than
2.7 billion
poor people don't have access to
financial services

198,651 rural farmers have
been helped by **1,139**
Grameen Community Knowledge
Workers (CKWs) in Uganda

CARD Bank and Cashpor
achieved savings outreach of
54% of those living below
\$2.50/day and **27%** of those
living below \$1.25/day

Grameen Foundation developed the solutions innovation process while collaborating with a number of clients on **product and channel innovation.**



CARD Bank **Philippines**

We developed new savings products and enhanced existing ones using the ATM machines and mobile delivery channels. The products reached 400,000 poor customers while transforming CARD Bank from a credit-led to demand-driven financial services provider.



Cashpor Microcredit **India**

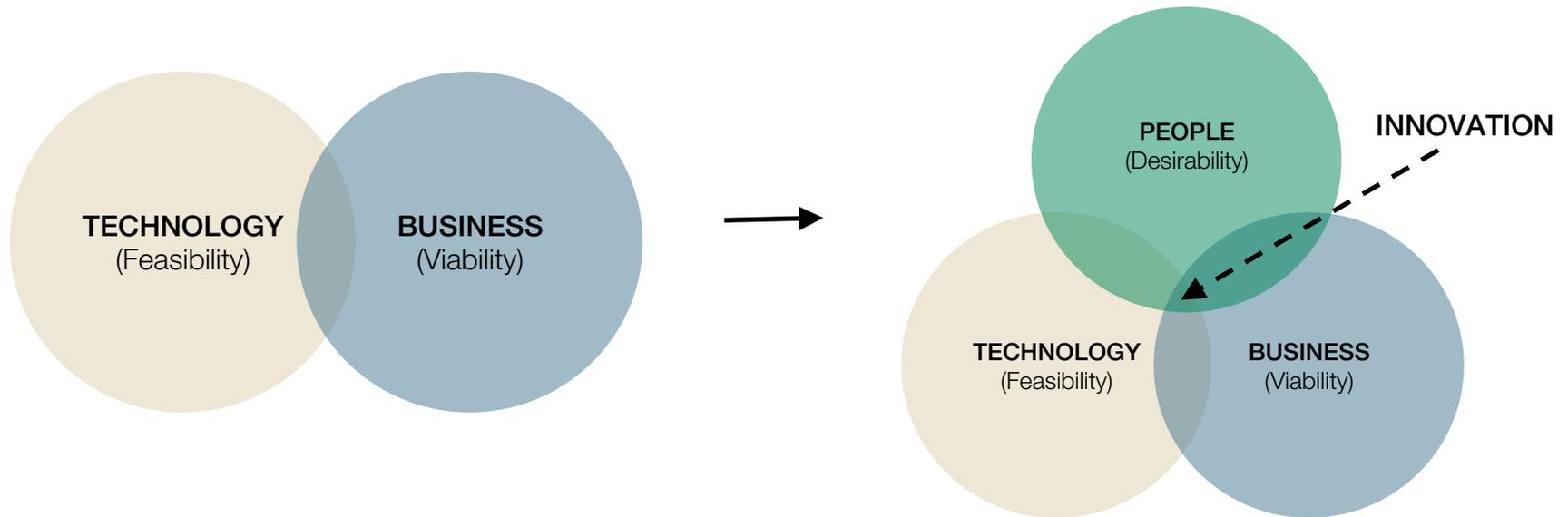
We helped Cashpor to introduce mobiles as a channel to reach more than 100,000 poor customers and used it to provide safe and affordable savings products.



MTN **Uganda**

We designed a mobile financial service with MTN that gave poor customers financial visibility and access to credit through a partner bank.

The solutions innovation process is a holistic approach that combines **human-centered design** principles with **scalable business practices**.



Most product development is based on business objectives and technological capabilities. But these products rarely satisfy their target customers.

Human-centered design ensures that people's needs, desires and unique abilities help shape the product or service being created and how it is delivered. It helps teams build empathy with the people they are designing for and gives those people an active role in the process.

The solutions innovation process incorporates **three principles** of human-centered design.



Research activity inside a user's home

We design in context

Throughout the design process we make countless visits to the field to learn about the poor people who might benefit from the products being developed.



A designer generates ideas together with an engineer

We collaborate

Our teams are interdisciplinary and bring multiple perspectives to complex problems. We collaborate further with partners, users and subject matter experts.



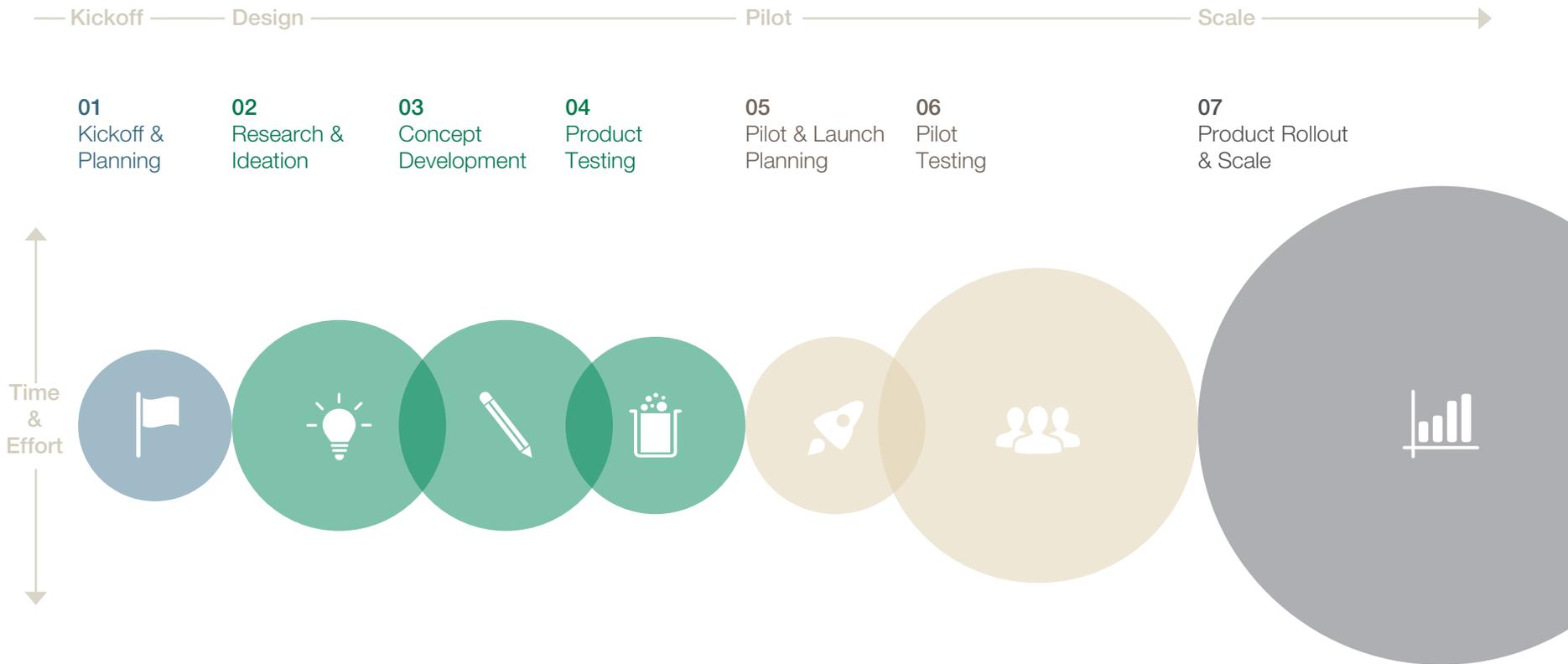
Testing a prototype in the field before it goes to market

We iterate

We prototype ideas early and often and test them in the field to ensure our concepts meet the needs of the poor before spending time and money to create complex designs.

There are **7 phases** in the solutions innovation process.

Each project is unique. We recognize this and adjust our process phases accordingly. Some of our projects span all seven phases while others are a deep dive into key phases.



Now let's get started! The next slides will show you how the Grameen Foundation innovation team works with scaling partners and end users to develop breakthrough products.

In this example scenario, Grameen Foundation and Bank Z develop a savings tool for poor users in Uganda.



End users

The target customers for the product or service.



Scaling partners

The organization that brings the product or service to market.



Innovation team

The team that facilitates process and works with the end users and the scaling partners.

Meet the end user

Edward

Edward is a farmer and also owns a small shop. He earns \$40/month from the shop and his maize farming provides \$300/year after harvest.

Like 80% of Ugandans, Edward is unbanked. Though he has savings, he said he would never put it in the bank because he does not think banks are for people like him.

“My savings are too small for a bank to give me help. Besides, the nearest bank is almost 25km away!” – Edward



Meet the scaling partner

Jennifer

Jennifer is a product development manager at Bank Z. Her bank recently undertook a major strategic redesign in which the senior leadership decided that it would attempt to reach the poor (80% of Ugandans).

Because of increasing competition, it was no longer profitable for the bank to serve just the middle and upper-income earners. Jennifer was tasked with developing new products to suit the bank's new strategic direction.

Jennifer knows very little about the financial behaviors of the poor and has hired Grameen Foundation to help.

“I am happy that my bank wants to develop services for the poor but I think we don't know enough about this segment. I don't know where to start...” – Jennifer



Meet the innovation team

Grameen Foundation

Grameen Foundation offers an interdisciplinary team skilled at applying the solutions innovation process to a variety of contexts and unique challenges. They are designers, technologists and business strategists; facilitators, researchers and makers.

The team has years of experience in their respective domains, but embraces a beginner's mindset each time they approach a new project. They are willing to experiment and open to learning from their mistakes because they know it's the best way to find the right solution.



Sara, Project Manager

I use my broad and comprehensive experience, skills and knowledge to direct all activities related to managing the engagement with project partners like Bank Z.



Kate, Principal Designer

I ensure that the process is adhering to our Solution Innovation Principals and lead other staff members in the development of innovative products that suit the needs of poor clients like Edward and scaling partners like Jennifer



William, Research Support

I find sites to execute the research, find key informants to interview, and help with translation where necessary. My team will also participate in both synthesis and ideation sessions led by Lisa.



Brad, Commercial Analyst

I support in analyzing key product performance data within partner organizations and am responsible for building up the commercial models for any new product proposed to partner organizations.



Jeff, Technology Engineer/Advisor

I work with Sara to document the existing IT systems and make suggestions on what would have to change for products to go to market. I also document and analyze existing ICT systems and processes. With partners resources, we develop an environment for testing and a strategy to support efforts to scale.

Phase 1

Kickoff & Planning



Jennifer and the innovation team start by doing **research within their organization** to determine key needs in the market. Through stakeholder interviews of staff at various levels, Jennifer is able to determine a strategic direction for the innovation process. The innovation team also helps her with a landscape analysis to guide her towards opportunities for innovation.



Jennifer sharing ideas at a kickoff workshop

Key Output

Direction Statement

Key Activities

Project Charter

Used as a term of reference, it serves as the authority to move forward once it is approved by a senior leader in the organization. It provides a high level understanding of the problem being addressed, roles and responsibilities, project objectives, and who the key stakeholders are.

Landscape Analysis

This is an assessment of the various contextual factors that may shape the innovation process. The analysis points to opportunities for innovation within business and in the broader market (e.g. competitive trends, regulations, etc.).

Stakeholder Interviews

The main findings of these interviews are summarized as strategic insights. The interviews uncover product opportunities, organizational constraints, product development processes and existing organizational skills.

Collaborative Workshop

The collaborative workshop occurs after the kick-off meeting. Participants determine the structure of the innovation process, identify key stakeholders, define go and no-go areas and develop the direction statement.

Phase 1

Kickoff & Planning



Collaborative Workshop

The innovation team organized a workshop with Jennifer's team to align the project scope. They presented the main findings of the stakeholder interviews and landscape analysis. This helped the team to develop an effective "direction statement" – a clearly articulated problem that would drive the rest of the innovation process.

Their direction statement – How can we develop savings products for farmers which capture the billion Ugandan shillings which are hidden under mattresses?

"Defining a direction statement helped keep the conversation productive and focused and made sure we were all working towards the same goal!"
– Jennifer



Innovation team discussing quotes captured during the stakeholder interviews

Tip –

The direction statement should be broad enough that it can generate a wide range of ideas, but clear enough that the entire team understands the goal.

Phase 2 Research & Ideation



The innovation team takes Jennifer and her colleagues into the field where **they meet potential end users** like Edward. This provides insights about why their existing products may not be suitable for poor clients. The innovation team's commercial analyst, Brad, helps Bank Z to analyze data on uptake and usage of their products. This helps them to identify key features that could be integrated into new products that are being developed.



The innovation team leading interviews with potential end users

Key Output

Insights & Ideas

Key Activities

Field Research

Researchers usually meet with potential end users in their environment (i.e. home, business). They create various tools to get at insights quickly and effectively, synthesize the findings and then turn them into product ideas during ideation.

Data Analysis

The team analyzes an organization's internal data on uptake and usage of existing products.

Synthesis

The large amounts of data collected from the field research are combined with data analysis to provide insights, opportunities and design implications.

Ideation

The team generates product ideas in a collaborative session, using various tools to stimulate thinking. The top ideas are usually refined and turned into concepts in Phase 3.

Phase 2 Research & Ideation



Field Research

The innovation team takes Jennifer into the field to learn more about how poor people spend their income. The team met Edward in his home and used various props to facilitate an engaging conversation about his daily routine.

The team used the Income Expenditure Tracking Tool with Edward. In this activity, they had him map his income and expenditures for each month. One insight they learned from this was that school fees are a huge expense. Making these payments are important to Edward and he would often prioritize school fees over other expenses.

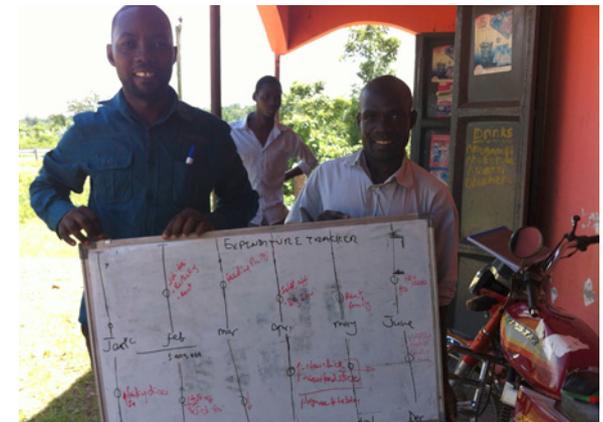
Tip –

Asking participants to role-play scenarios from their daily routines can yield actionable insights and work in a variety of interviews.

“We were surprised to learn that Edward was such a good saver, and put away nearly half of his income under his mattress, mostly for school fees. We also learned that for Edward to move money to the bank, he wanted some reward like the promise of credit in the future, to recognize his good savings behavior...” – Jennifer



Role playing with fake money at Edward's home



Incoming Expenditure Tracking tool at Edward's home

Phase 3

Concept Development



Jennifer worked with the innovation team to translate the field insights into **viable savings concepts**. Her team then developed early business models for the concepts to get executive buy-in and pulled in their technology manager to see what would need to change on their platform for the product to be implemented.



Jennifer and her colleagues reviewing concepts developed by the innovation team

Key Output

Refined concepts and business model

Key Activities

Concept Development

Concept development is often done with storyboards, a series of images that depict a scenario and highlight key elements and features of the user experience. Low fidelity representations of product and service concepts help communicate ideas and generate early feedback from customers and stakeholders.

Business Modeling

Business modeling is the process for designing the business model strategy- ie. the value proposition, customers services and channels, partners and activities etc. This also includes preliminary ideas for how the products could make money and the key costs to consider.

Concept Validation

Concept validation is the process of testing early concepts with potential users to get feedback on design. Feedback is used to refine it further and helps to determine top product concepts.

Phase 3

Concept Development



Concept Validation

To explore the different ways that each concept might be used by an end user, designers from Grameen Foundation sketched a variety of scenarios in storyboard format. From these storyboards, the team was able to identify the most important parts of the user experience. The team also brought storyboards into the field to solicit early feedback from potential users, which helped inform further iterations.

“We presented potential users with the school fees savings and credit product. They loved it! They also gave us some great input on how we could improve the offering, which the innovation team incorporated into the design” – Jennifer

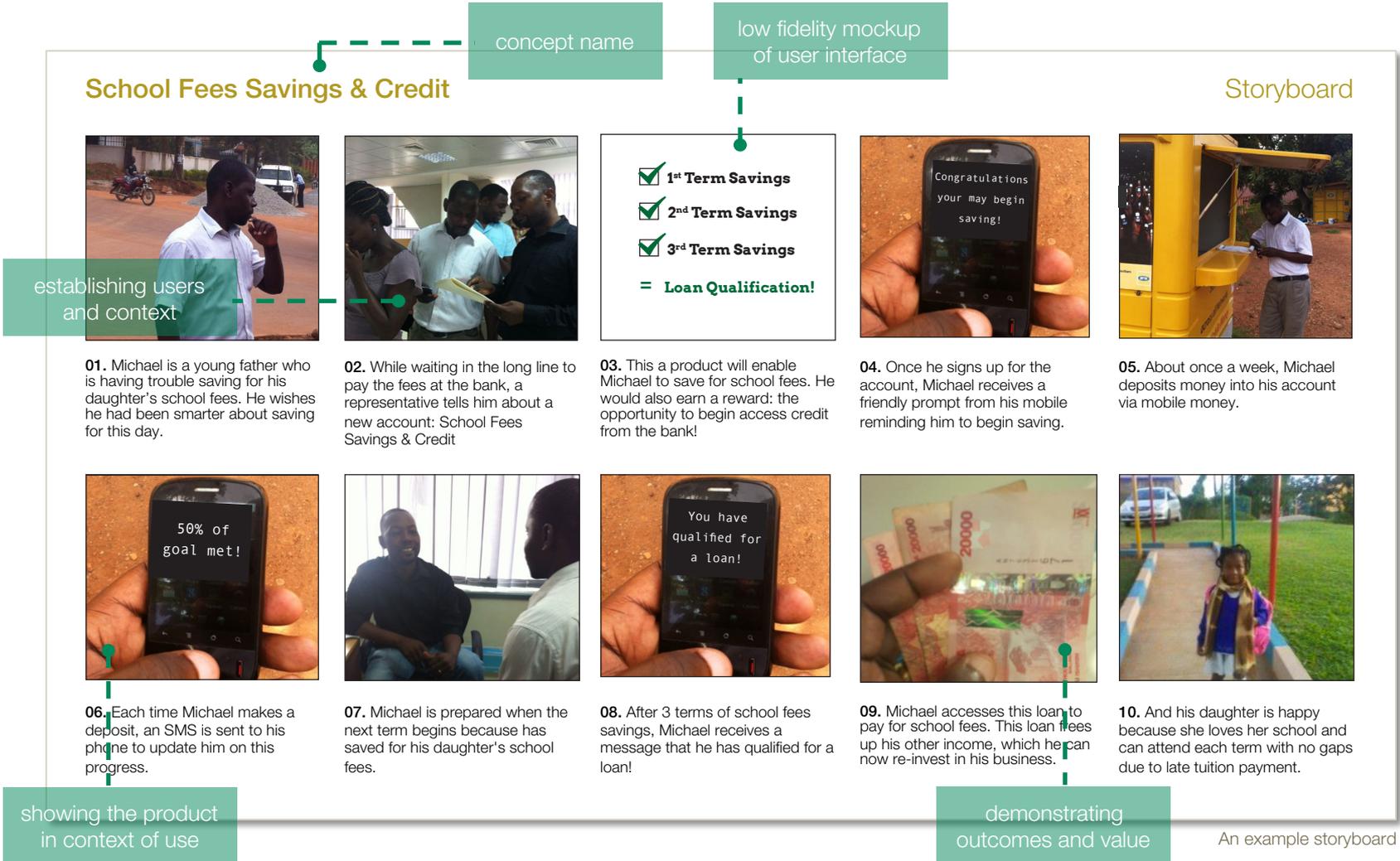
The team then created paper prototypes and tested them in the field with people like Edward. The prototypes are hand drawn sketches of the interface that represent key screens within the user experience. Low fidelity prototypes like these test whether a concept is viable before effort is spent on developing the actual interface.



The innovation team showing the storyboards to a potential end user

Phase 3

Concept Development



Phase 4

Product Testing



After soliciting feedback from the field, the two teams created a **functional prototype** and arranged for a USSD channel to test in a live environment. They focused on usability, and technical performance. The team also began focusing on refining the business case. To get the go-ahead from executive stakeholders, Jennifer demonstrated the commercial viability of the product and the volume of savings the bank could capture from users like Edward.



A technology advisor on the innovation team reviewing the functional prototype

Key Output

Functional prototype and business model ready to pilot

Key Activities

Prototyping

The designer and engineer collaborate to develop a functional prototype. The engineer uses wireframes created by designer to program the prototype.

Usability Testing

The innovation team conducts usability testing with the functional prototype. Users are instructed to complete a series of tasks, without being given directions. The test may evaluate efficiency, perceived effort, accuracy, recall and emotional response.

Financial Modeling

The team designs financial models, including ways to monetize the product concepts, and develops the business case needed for the organization to approve the product.

Phase 4

Product Testing



Usability Testing

The innovation team facilitated multiple rounds of usability testing with users like Edward. Edward was asked to complete a variety of tasks with the fully functional prototype and the team observed how long it took him to complete each task, where he struggled and also took feedback about the product features from users.

Edward had trouble creating savings goals, and was not sure how to make a payment towards those goals. The innovation team then made changes to the menu and tested again with Edward. He found the new version much easier to navigate.

“Overall we were surprised at how well people with little technical skills were able to use this, but we definitely uncovered some things that will require a bit more thought.” – Kate, Principal Designer

“We test products to find out how useful they are but we also have to find out, how do the users feel about this product? Was it a pleasant experience? Would they pay for this service?” – William, Research Support



A member of the innovation team observing Edward as he tries to complete a task with the prototype

Tip –

Unlike field research, usability testing is often done in a controlled environment where the team can setup a camera and other materials beforehand.

Phase 4

Product Testing



Financial Modeling

During the pilot, the business case is finalized as the pilot approach is defined. Establishing financial projections is an iterative process that develops as the launch approach and costs are determined.

“As a bank we realized that we need to think of a new way to develop a business model for small savers like Edward.” – Jennifer



Jennifer working through details of the business model

Phase 5

Pilot Planning



After incorporating learnings from the testing phase, Jennifer began planning **how to integrate the product into their operations** by looking at marketing, systems integration testing, staffing and training and more.



Jennifer meeting with a member of the Bank's marketing team

Key Output

Pilot Test Objectives and Pilot Project Plan

Key Activities

Establish Pilot Test Team & Objectives

Testing the objectives helps to measure whether the goals of the pilot are being achieved. This ensures that the pilot test team is following the plan.

Create Pilot Project Plan

This plan require close collaboration of all functional groups. They must prepare the pilot project plan, as well as business maps, training material, a risk management plan and a marketing plan.

Final Regulatory Approval

The team will meet with regulators to get full approval before launch.

Systems Integration Testing

Testing ensures that the financial product and front-end technology platform can integrate with the institution's core banking system or other back-end systems.

Phase 5

Pilot Planning



Create Pilot Project Plan

The pilot project plan requires close collaboration with Jennifer and other stakeholders including marketing, finance, audit, IT, HR, operations, etc. The team also develops business process maps, training materials, a risk management plan and a marketing plan.

Bank Z needs these key deliverables to be operationally ready.

- Project Schedule
- Business Process Maps
- Training Materials
- Risk Management Plan
- Customer Service Plan
- Monitoring & Evaluation Plan
- Financial Tracking & Reporting
- Technology Architecture & Build Plan

“I knew that everyone in the organization had to be on board for this product to get the resources it needed to be properly tested. I had to convince IT that this was technically feasible, and reassure our finance team that the product was commercially viable. This took time but I think it was worth the effort as it will make my job of scaling the product easier in the future.” – Jennifer



Jennifer reviewing material and collecting input from a member of her IT staff

Phase 6

Pilot Testing



Jennifer received the executive go-ahead to **pilot the product with real customers**. She then trained her staff on the new product and worked across her organization to create a testing platform and to implement all the proper policies and controls needed for a successful pilot.



Jennifer creating a plan to train staff in preparation for the pilot

Key Output

Technically proven and commercially viable product that can scale

Key Activities

Execute Pilot Project Plan

The team executes the pilot plan created in phase 5 and implements the marketing and communication plans with all stakeholders. The team also utilizes change management best practices and implements the proper policies and controls to ensure a successful pilot.

Manage Technology

Supporting the information technology environment means ensuring user interfaces are functioning properly and integrated to back-end systems, reporting systems provide accurate and timely information, communication systems are working and a contingency plan and helpdesk functions are in place.

Pilot Review & Go / No Go Evaluation

The project team must review the progress of the pilot and make course corrections regularly. At the end of the pilot, the key stakeholders review the results and final business case to determine whether or not the product should be rolled out.

Phase 6

Pilot Testing



Pilot Review & Go / No Go Evaluation

At this phase in the project, the innovation team and Bank Z must closely consider where the pilot will be located and whether it is representative of what they will experience during the full rollout. Jennifer and the pilot team rolled out in 2 urban branches and 1 rural branch. Over the course of the pilot, they were able to reach 2000 users.

During the pilot, people like Edward used the actual product on their phones with live USSD channels. With data from actual usage, the team found that 60% of people who actively used the product set and completed at least one goal. As a result, the pilot was deemed a success.

“During the pilot test, we found that testing the product in locations close to branches gave us an idea of what was going to happen across the board. But when the pilot moved further away, it amplified some of our challenges. I am really glad we tested our product in both urban and rural settings.” –Jennifer



At a bank branch helping a real user sign up for the service

Phase 7

Product Rollout and Scale



With a successful pilot, the product is ready for full rollout. Jennifer goes to each department to ensure they are all familiar with the product and creates **a readiness plan for each group in her organization**. She also creates a rollout team to implement the marketing plan which was outlined in her readiness document. She works closely with her IT team as well to ensure that the technology is ready for scale.



A real user creates a new savings goal with the product

Key Output

Rollout Plan & Readiness Checklist

Key Activities

Create Rollout Plan and Readiness Checklist

The project team will need to create a full rollout plan engaging functional groups to prepare for the rollout. Each group will have their own checklist to ensure they have completed all their activities prior to the launch date.

Ensure Technology is ready for scale

During the pilot phase, the technology has already been tested for features, enhancements and changes based on user feedback. Now it's time to ensure the product and technology infrastructure is ready to scale.

Create and Implement Communications Plan

Before the rollout begins, strong change management practices must be in place. This starts with an organization-wide communication plan.

Identify ongoing Monitoring & Evaluation Plan

By now, the team is ready to launch the product and take it to scale. Monitoring customer usage, growth and profitability should be systematically incorporated into the regular operations of the business.

Phase 7

Product Rollout and Scale



Monitoring & Evaluation Plan

Bank Z is now monitoring the launch of their new product. Jennifer is keeping an eye on customer usage and growth figures and is also monitoring whether the bank is on track with its targets.

Jennifer is also working hard to systematically incorporate the monitoring and evaluation plans into the regular operations of the business.

After the pilot, the product went from being at 3 locations to being systematically rolled out to all branch locations across country.

The product is now being marketed at the local branch level with each branch location advertising the product and each staff member able to answer questions about the product. The branches have also sent SMS blasts to customers to increase awareness.

As the technology became more stable, customers began using the product with favorable uptake.

“Because of all the work we did to align our staff, roll-out went smoothly. In 6 months, we met our targets for the year in terms of uptake.” – Jennifer

“I was really happy to receive the SMS advertising the product...I signed up and have already met two successful savings goals. One more and I will get my loan.” – Edward



Jennifer reviewing market data

Conclusion

One year later



Edward has been using the product since launch and has met two goals related to school fees. He is now getting full credit for his third goal.

“Thanks to this product, I can easily pay for school fees, and also invest in my business at the same time.”



Jennifer has successfully expanded Bank Z's customer base and is already working on new products and services for the poor.

“With the success of this product, I am excited to apply the solutions innovation process to my next projects.”



The innovation team has continued consulting with Bank Z. Most recently, they have led a series of workshops to implement a culture of innovation and improve processes in the organization.

“We believe that Bank Z will soon be ready to play a leading role in developing innovative and meaningful products for the poor.”

Are you ready to innovate?

Here are some next steps to help you reach poor customers like Edward.

01

See if your organization would like to reach the poor as potential customers.

Check your strategy, and talk to senior level executives. Make sure there is buy-in for you to develop good products.

03

Explore these resources.

Grameen Foundation website
<http://www.grameenfoundation.org>

HCD Connect & HCD Toolkit
<http://www.hcdconnect.org>
<http://www.hcdconnect.org/toolkit/en>

02

Make sure to recognize the barriers that exist to innovation within your organization before starting the process.

Do you have the tech capacity to develop a new product? Will you have the resources to properly scale a good idea? Understanding these constraints before the innovation process kicks off can help you mitigate risks so they don't end up undermining your good ideas.

04

Get in touch.

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