



_The problem approach

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Applied Social Entrepreneurship | 2024

_The Teaching Team

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What **first** comes to your mind
when you think about setting up
a new venture?

The context

FROM: idea-driven management



The context

FROM: idea-driven management

TO: PROBLEM-driven management



The context

Taking a step back...

- What is the point of being creative and having awesome ideas?
- Why do great ideas and solutions stick for a long time?

The context

They solve REAL PROBLEMS.

Frequently, our idea-driven minds forget to consider the ***problems*** our ideas should intend to solve.



The context

Approach based on CDP (customer development process)

** developed by Steve Blank*

The context

Approach based on CDP* (customer development process)

** first developed by Steve Blank*

In short:

1. Search

(Explore/Talk/Research/...)

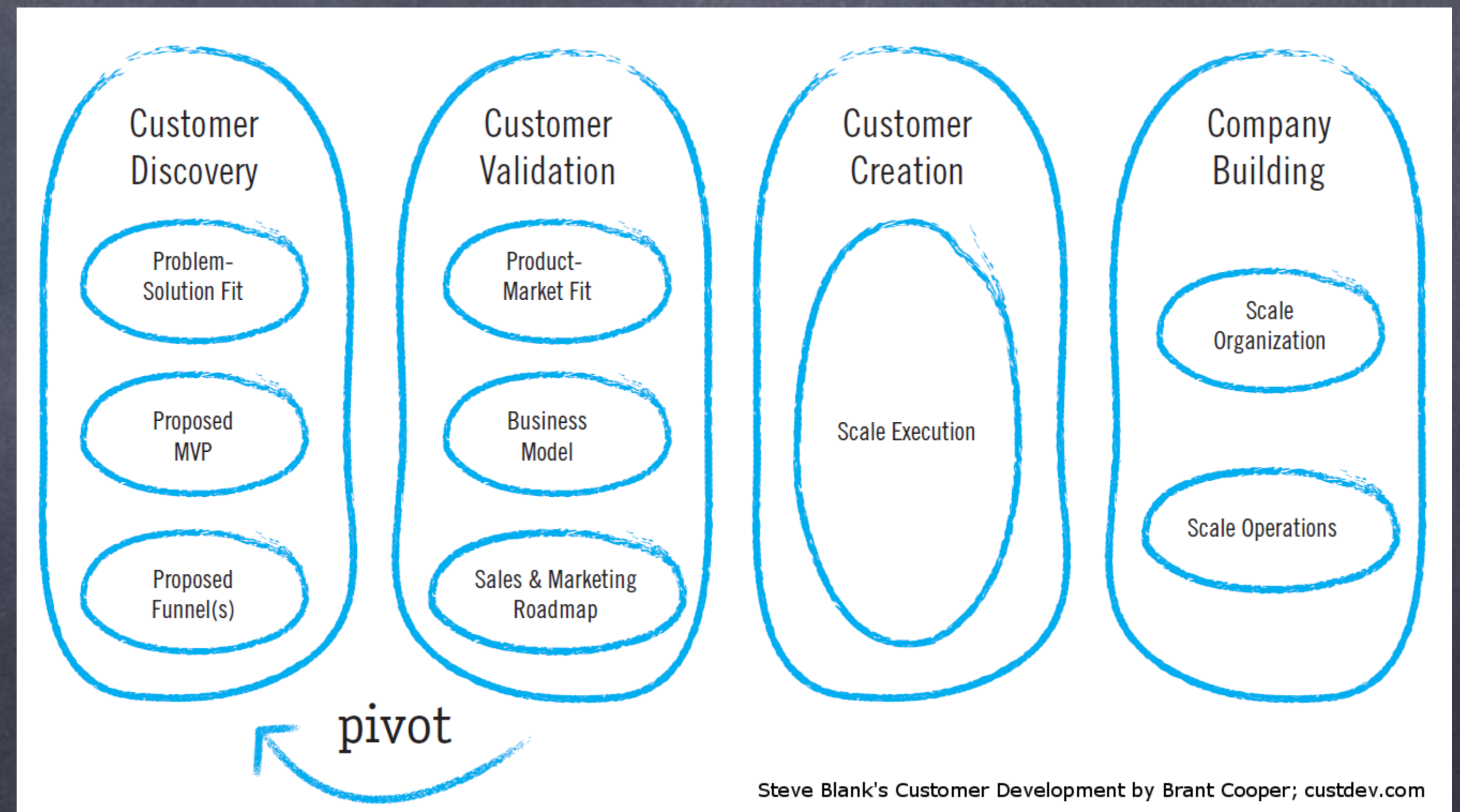
a) customer discovery

b) customer validation

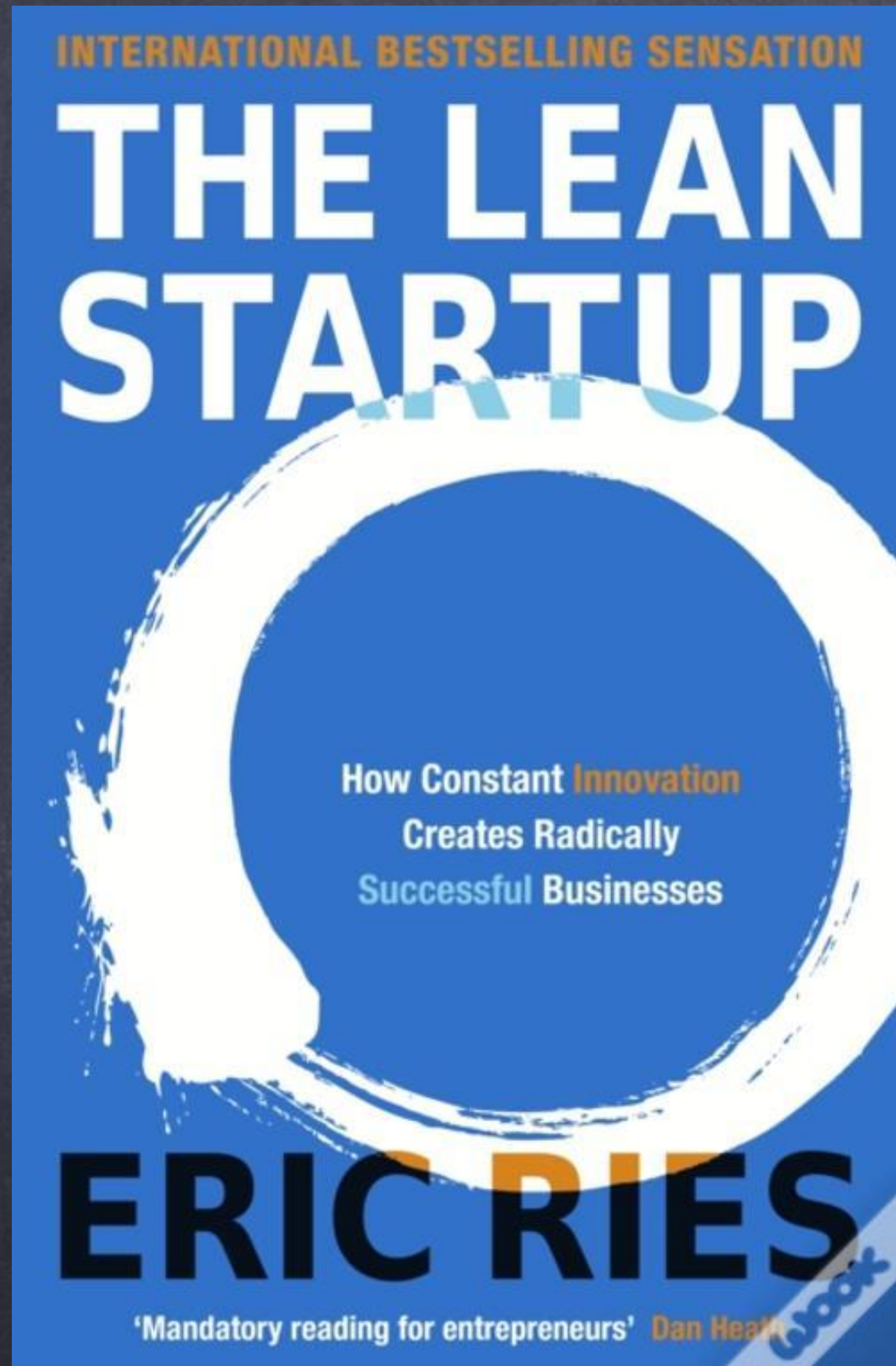
2. Execute

a) customer creation

b) company building



The context

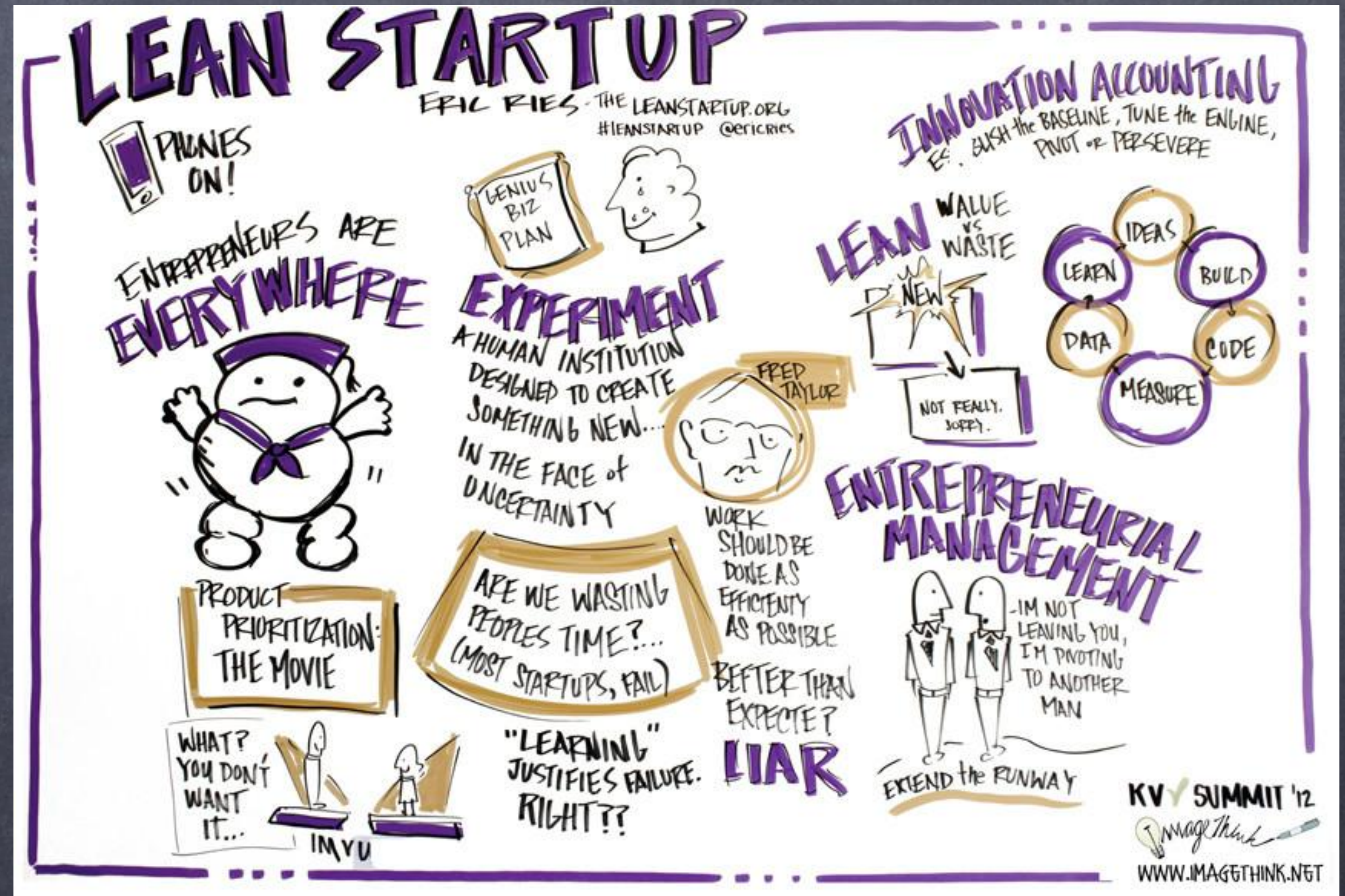


“Startup success can be engineered by following the process, which means it can be learned, which means it can be taught.”

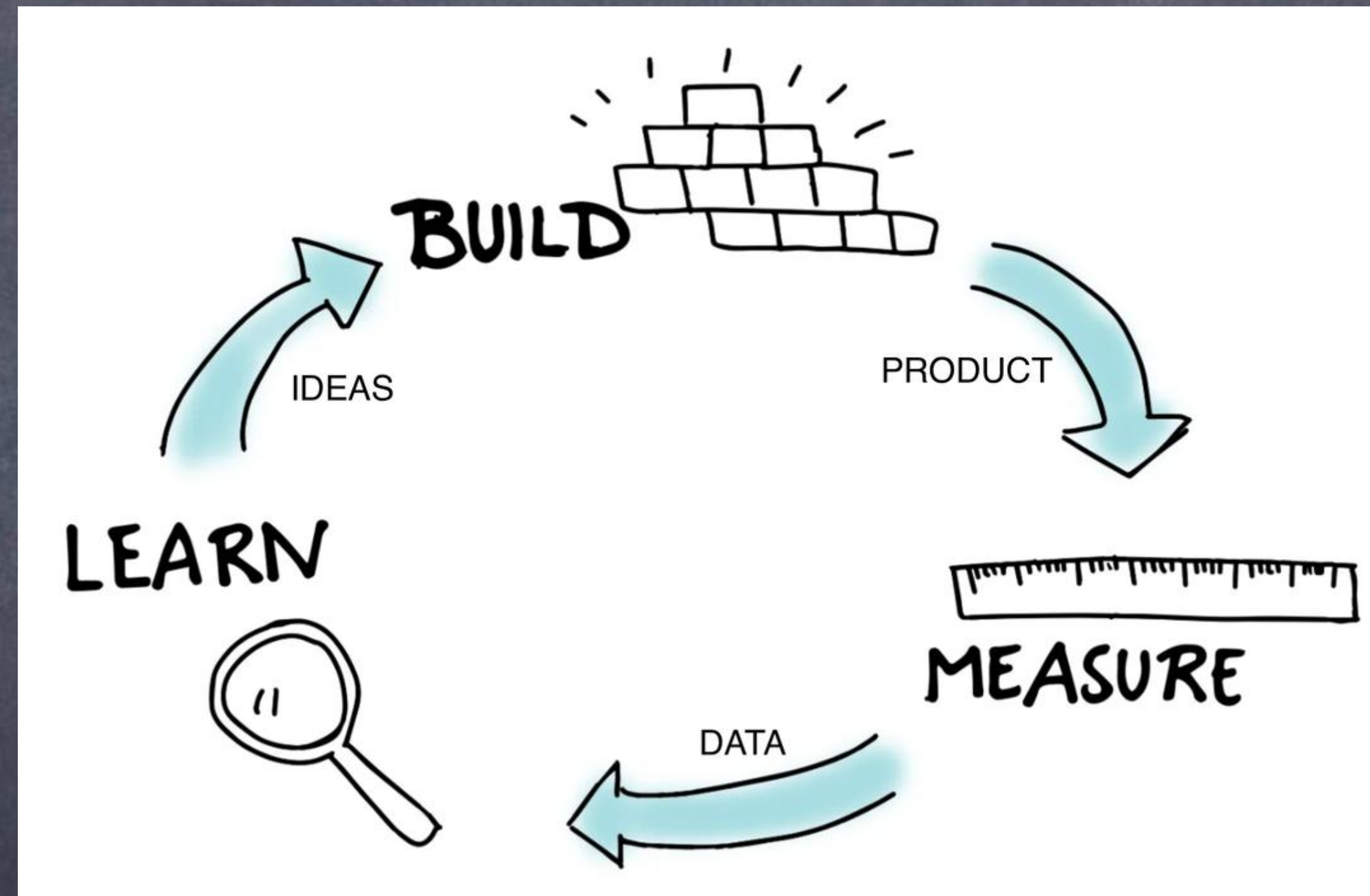
- Eric Ries

The context

- 1- Entrepreneurs are everywhere;
- 2- Entrepreneurship is management
- 3- Validated Learning
- 4- Innovation Accounting
- 5- Build-Measure-Learn



The context



The problem tree



The problem tree

✓ Tool to identify problems and their casual relationship

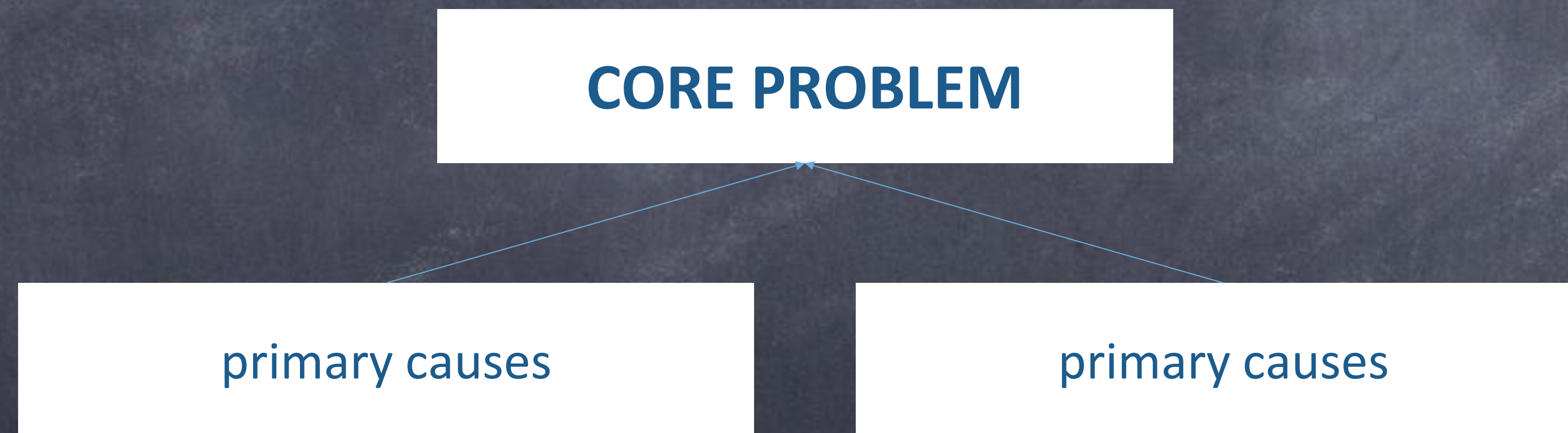
The problem tree

- ✓ Tool to identify problems and their casual relationship
- ✓ Realistic overview + awareness; to avoid [un]expected effects

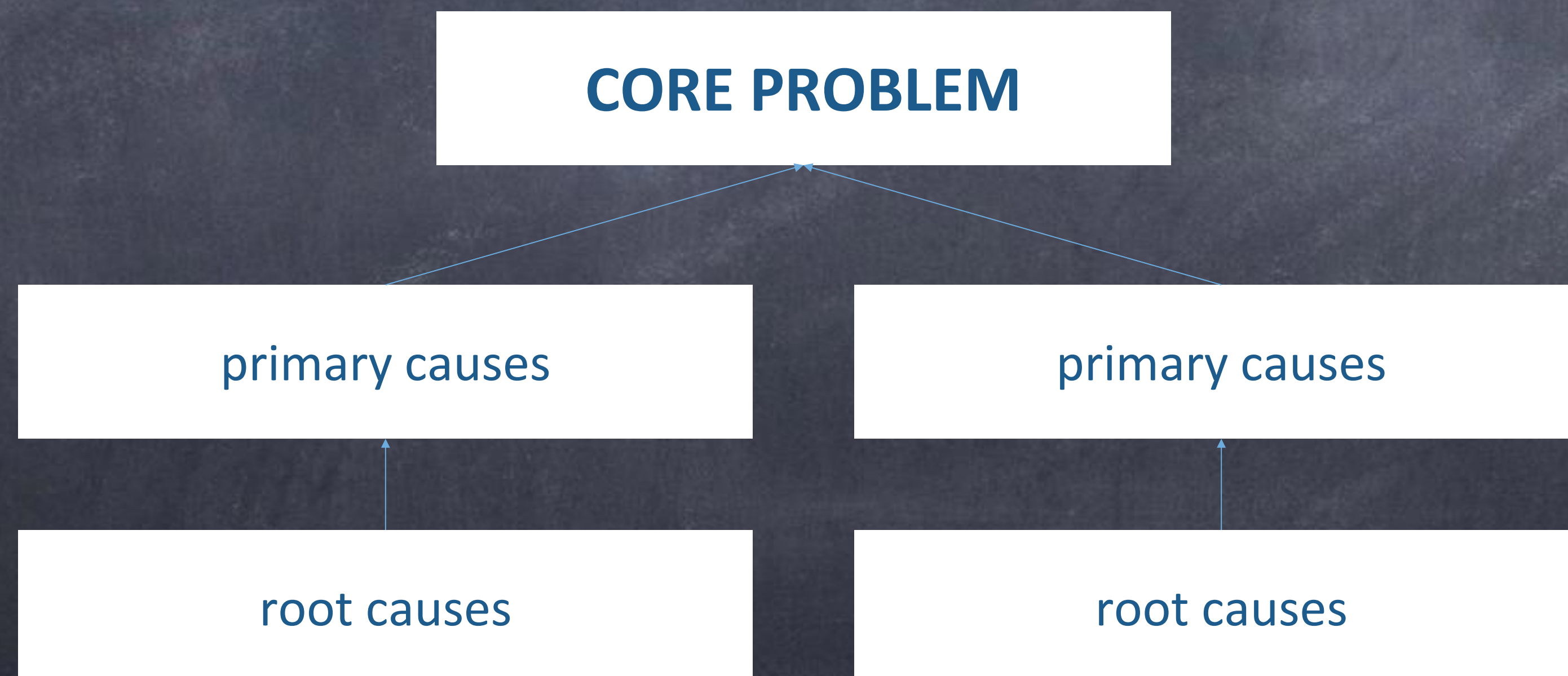
The problem tree

CORE PROBLEM

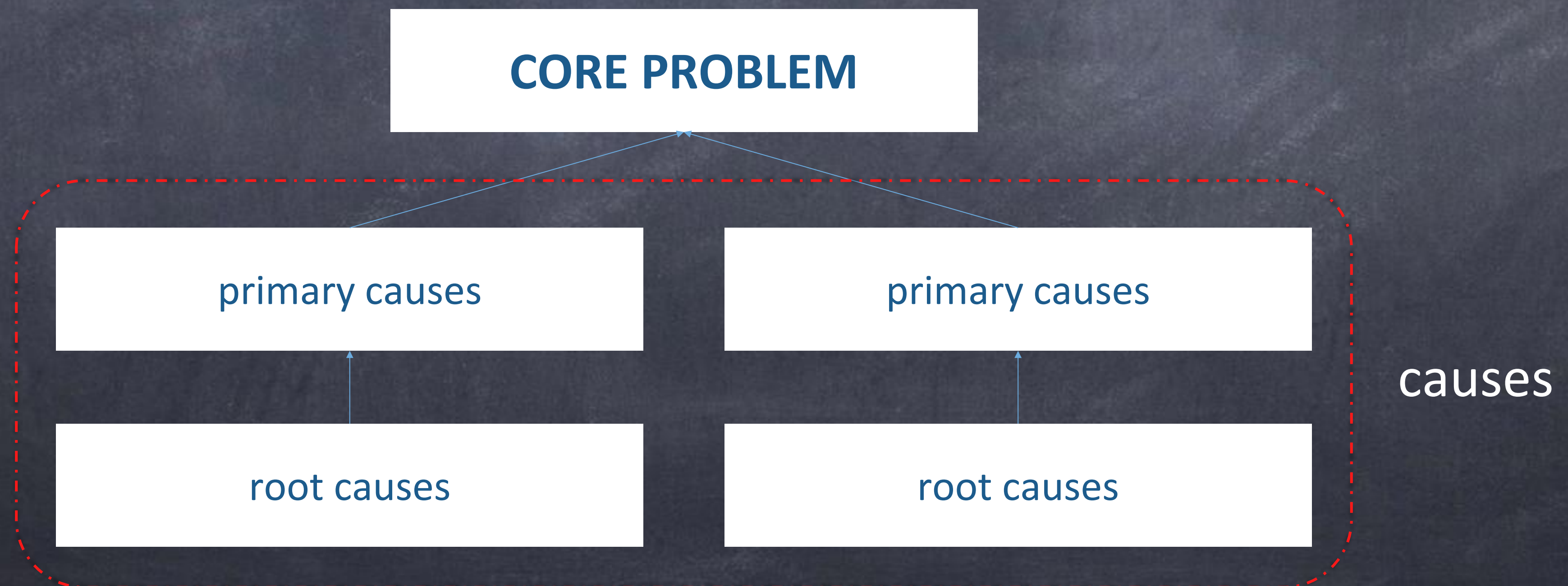
The problem tree



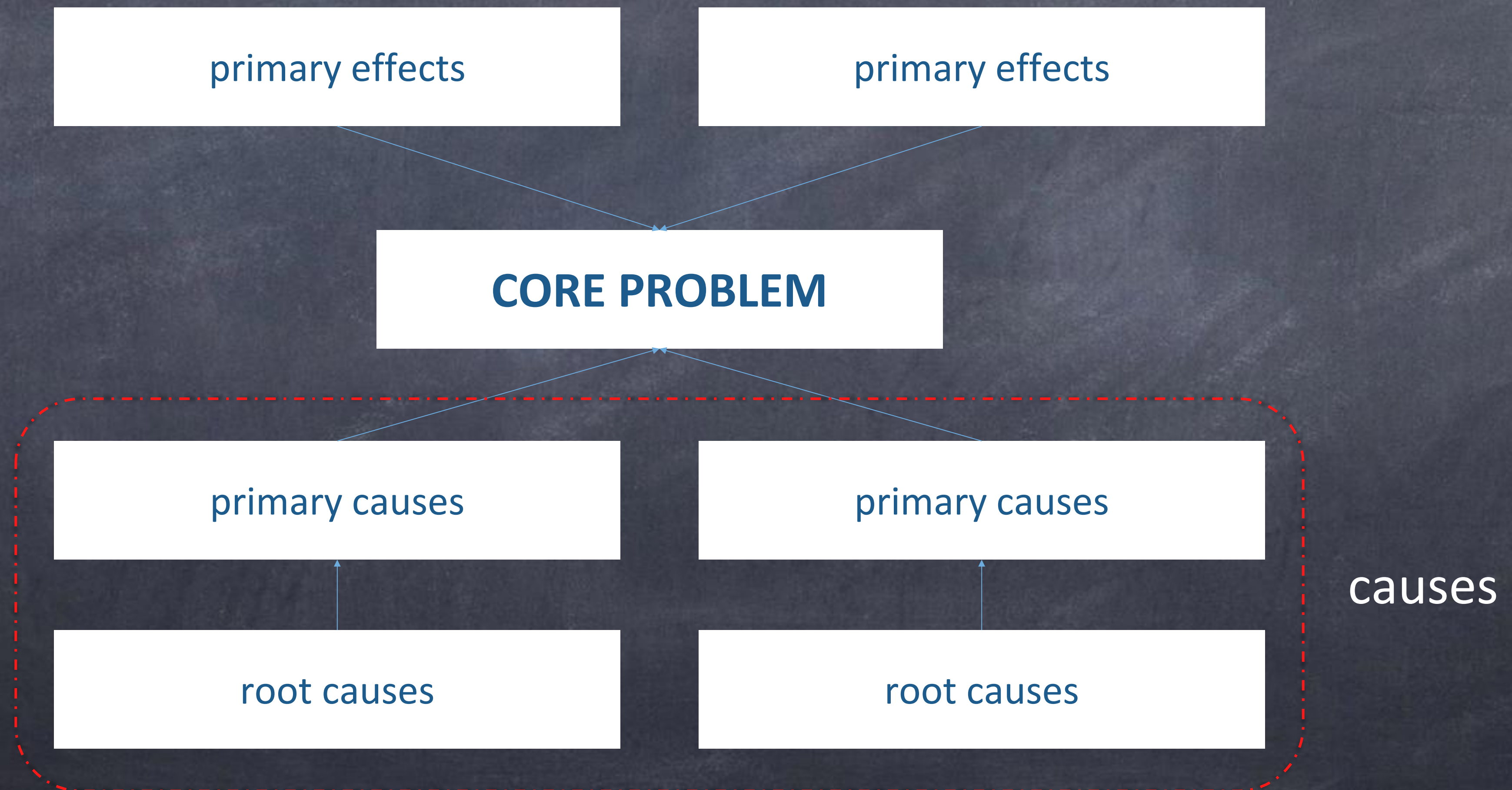
The problem tree



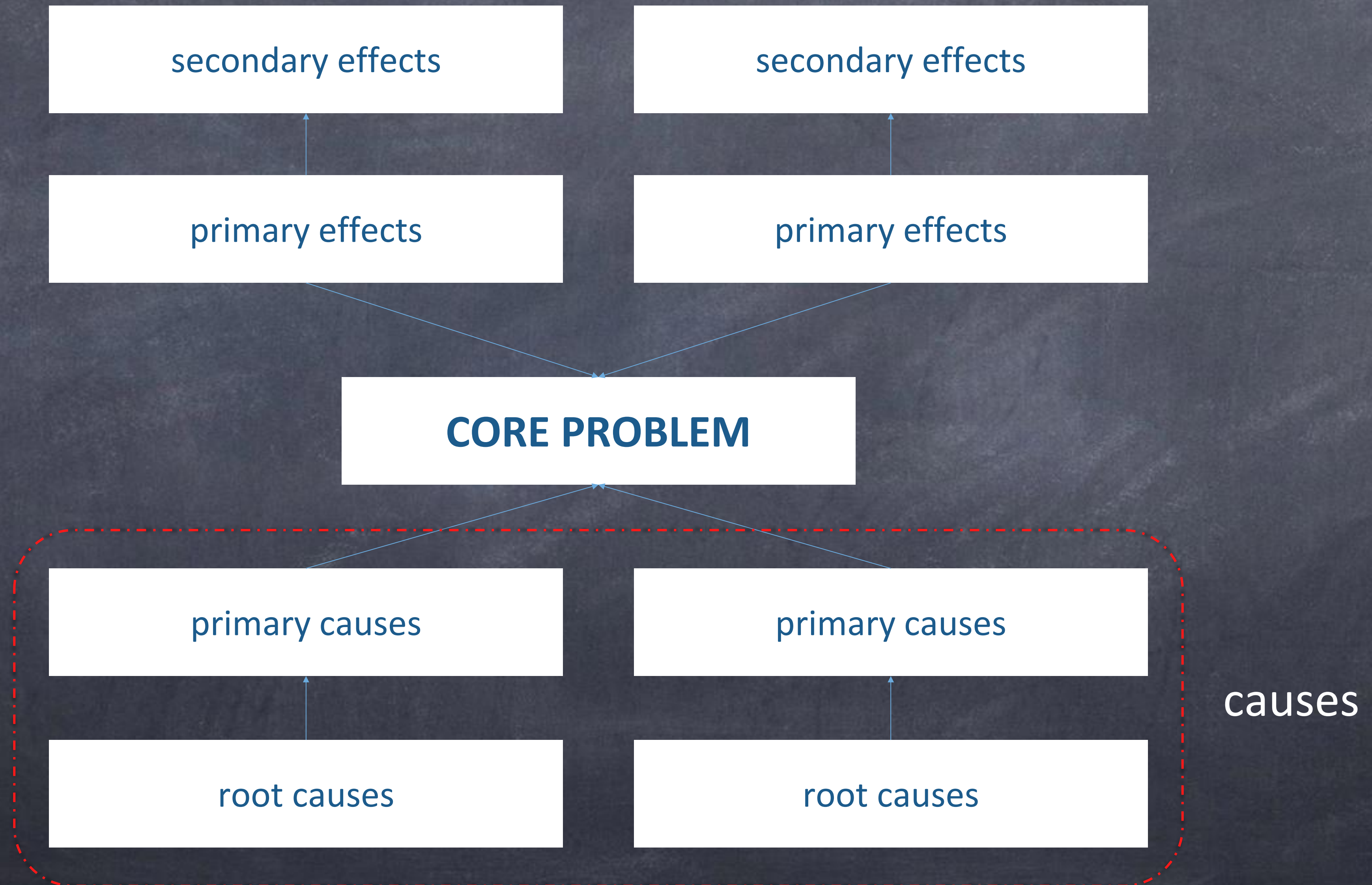
The problem tree



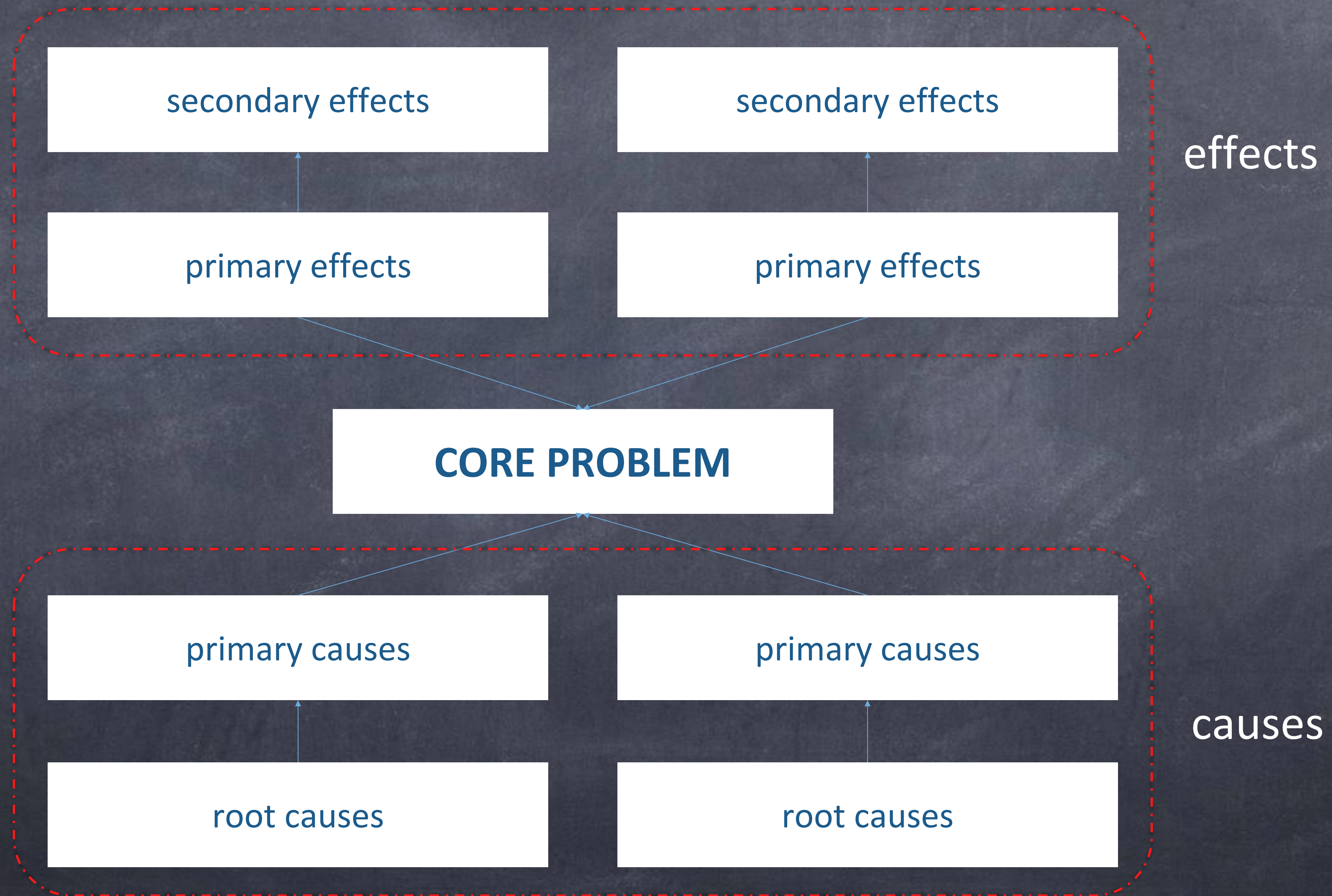
The problem tree



The problem tree



The problem tree



The problem tree: HOW?

As a brainstorming session:

1. List all
2. Define the “core”
3. Formulate “causes” and “effects”
4. Fulfill the template

Let's build a problem tree together!

Lack of carers for the elderly in
Portugal

The problem tree: TAKEAWAYS

Linking to project management:

The problem tree: TAKEAWAYS

Linking to project management:

1. Are they all manageable?

The problem tree: TAKEAWAYS

Linking to project management:

1. Are they all manageable?
2. Are they all [existing] problems?

The problem tree: TAKEAWAYS

Linking to project management:

1. Are they all manageable?
2. Are they all [existing] problems?
3. Win-win outcomes!

The problem tree: TAKEAWAYS

Linking to project management:

1. Are they all manageable?
2. Are they all [existing] problems?
3. Win-win outcomes!
4. Definition of key players at each stage

The problem analysis



Is this problem worth addressing?

I

N

E

Is this problem worth addressing?

I

Important

N

Neglected

E

Externalities

Is this problem worth addressing?

I

Important

A problem is important when it **affects negatively a great number of people** or when it has **extremely negative consequences to a small segment of the society**.

A **critical** problem affects very negatively a great number of people.

Is this problem worth addressing?

I

The importance of a problem depends on its **relevance** and **severity**.



Examples:

- according to the United Nations Food and Agriculture Organization (FAO), roughly **1/3** of the food produced in the world for human consumption is **wasted**;
- food waste alone generates about 8% - 10% of **global greenhouse gas emissions**.

Is this problem worth addressing?

N

Neglected

A problem is neglected when it is ***not being solved*** by the different social agents (public or private – governments, markets or civil society).

This happens either because the problem is being ***ignored*** by the society, or because its ***solution is not effective*** or very expensive.

Is this problem worth addressing?

N

A problem is neglected if it is not being solved by society (state, corporates, social institutions, families). The level of negligence may depend on the existence of dominant solutions that may not be solving the problem.



Examples:

- There are companies like winnow and TGTG and some others trying to address this problem. However, impact seems yet to be low.

Is this problem worth addressing?

E

Externalities

Problems whose solutions have positive externalities or spillovers are the ones ***whose resolution creates more value to society***, when compared to the one considered by the usual market mechanisms.

These are the most common areas where the social entrepreneurs work because they are frequently neglected and important!

Is this problem worth addressing?

E

Examples:

- The solution of food waste/loss *may help addressing other problems*, such as carbon footprint and global hunger



Let's apply the framework

I

Important

A problem is important when it **affects negatively a great number of people** or when it has **extremely negative consequences to a small segment of the society**.

N

Neglected

A problem is neglected when it is not being solved by the different social agents

E

Externalities

Problems whose solutions have positive externalities or spillovers are the ones ***whose resolution creates more value to society.***

1. Lack of carers for the elderly

3. Lack of affordable housing

5. Low reading literacy of students

7. Slow justice system

9. Minimum Wage Economy

11. Water scarcity and Droughts

2. Depopulation of Rural Areas

4. Overuse of single-use plastic in the food industry

6. Lack of basic and secondary school teachers

8. Insufficient public healthcare coverage

10. Public Transportation Inefficiency in Rural Areas

12. Harsh environment for Startups

How to gather information to understand your problem:

- Observations

- Interviews

Get out of
the building,
Steve
Blank



Observations



WHAT are they doing? What sparks your curiosity?

HOW are they doing it? Are there any behaviours or objects involved?

WHY are they doing it?

Approach your observations with an open and curious mind!

Stay away from generalizations, judgment, evaluation, assumptions, and prescriptions (should/would/could).

*** observation is with your every sense*** eye, analysis, touch, feel, smell



Observation worksheets, notepad to take notes, pen, camera to document (when possible).

A - Activities

E - Environments

I - Interactions

O - Objects

U - Users

Activities: What actions and behaviors are people taking to reach goals?

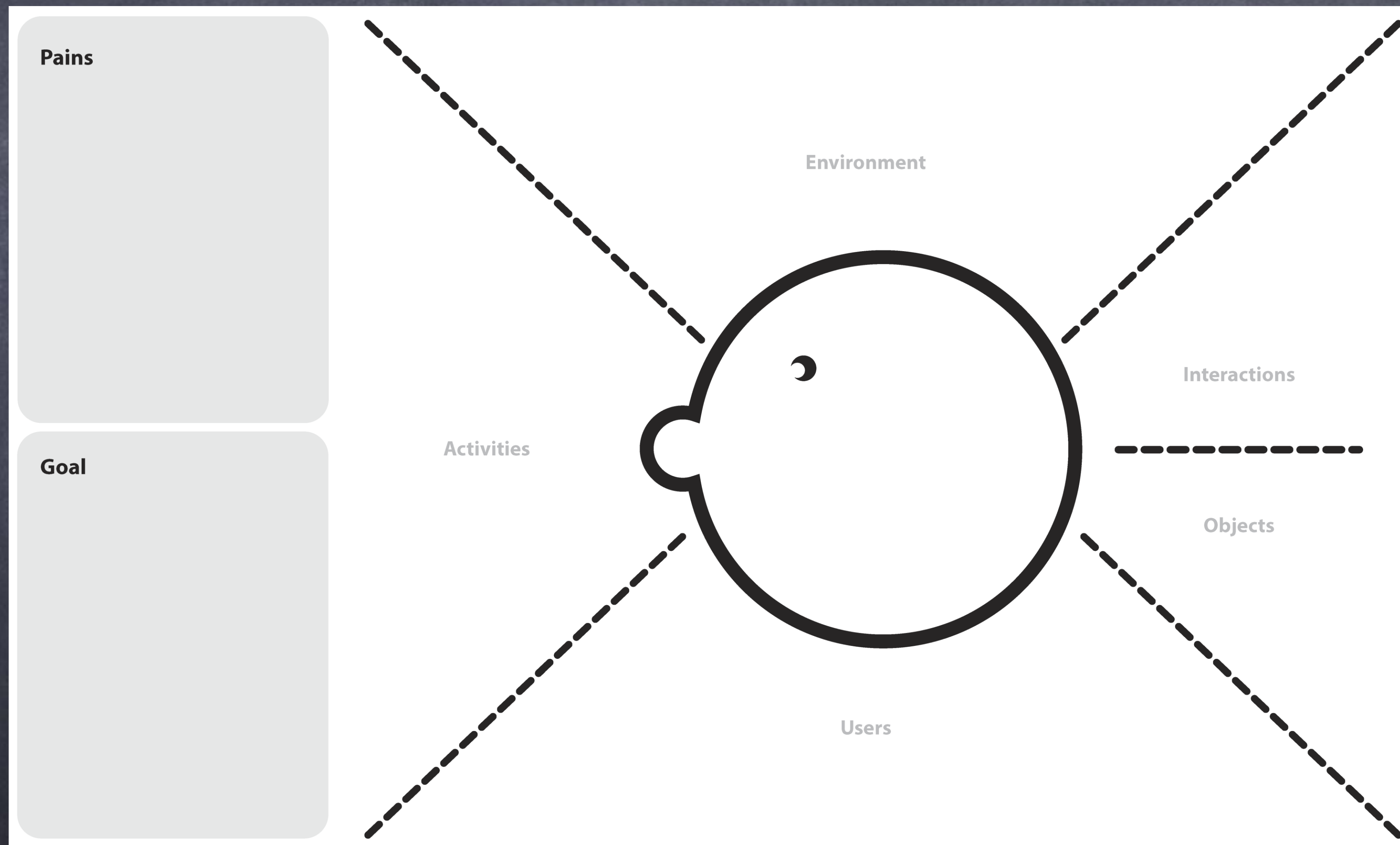
Environments: What is the overall setting in which the activities are taking place? How are people behaving in the environment?

Interactions: What are the basic interactions occurring for people to reach goals? What effect do people have on activities and environment?

Objects: What are all the details that form the environment? How do objects relate to people, activities and interactions?

Users: Who are the people being observed? What are their personalities like? How do they engage with other people to reach goals?

Empathy Map with AEIOU framework



INTERVIEWS

How to get accurate information from your stakeholders?

Tips to ask the right questions to get the best answers!

Key Takeaways

- When doing research, ask about someone's behaviour, not hypotheticals.
- People will lie to you.
- Questions you ask should terrify you, as they could disprove what you're researching.



THE MOM TEST

How to talk to customers & learn if your business is a good idea when everyone is lying to you.

Rob Fitzpatrick
a foundercentric.com book



Bad**Good**

Do you think it's a good idea?

Why do you bother?

Would you buy a product which did X?

What are the implications of that? Talk me through the last time that happened. Talk me through your workflow.

How much would you pay for X?

What else have you tried?

What would your dream product do?

How are you dealing with it now? Where does the money come from?

Would you pay X for a product that did Y?

Who else should I talk to?

Do you think your husband would use this?

Is there anything else I should have asked?

Types of bad data

Compliments

Fluff (generics, hypotheticals, and the future)

Ideas

Type	Example
Compliments	"I love it!"
Fluff	"I usually", "I always", "I never", "I would", "I will", "I might", "I could", "I would definitely buy that."
Ideas	"I bet if you did it this way..."



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Bad

"That's so cool. I love it!"

"Looks great. Let me know when it launches."

"I would definitely buy that."

"Congrats. You've done some awesome work."

"Sweet! I'm glad you showed me this."

Good

"There are a couple of people I can intro you to when you're ready."

"What are the next steps?"

"Can we start the trial?"

"Can I buy the prototype?"

"When can you come back to talk to the rest of the team?"



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TALKING TO HUMANS





Success starts with understanding
your customers

GIFF CONSTABLE

with Frank Rimalovski
illustrations by Tom Fishburne
and foreword by Steve Blank

<https://www.talkingtohumans.com/>

Stakeholders

- Nursing Home CEO (financial perspective) 
- Nursing home Operator (task oriented) 
- Nurse (external person) 
- Family (care driven)
- The elder (loneliness) 
- Social Assistant (defence)
- Government (Legal, Laws, Subs.)



Lack of carers for
the elderly

Interviews



What do we want to know?
Build an interview guide:

#1 – Avoid would-you questions

Humans are very bad at predicting their own behaviour.

DO: Ask about past behaviour and specific events.

#2 – Avoid asking what people want

We don't know what we want.

DO: Ask about problems they have, things they try to do, what's the hard part of their activities.

#3 – Avoid giving the answers inside your questions

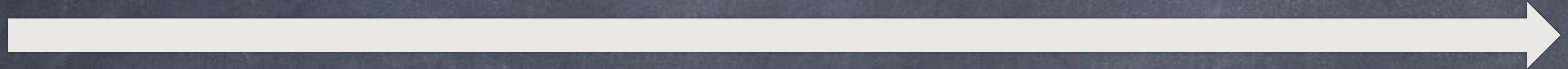
DO: Ask questions such as “How does it look in your opinion?”

#4 – Avoid “yes or no” questions

DO: Ask open questions, such as “Tell me: what are your thoughts about this?”

To recap

to build a social venture over the semester



Assignment #1
(31st March)

Problem analysis

- *Problem tree*
- *INE*
- *IGC*
- *Stakeholder(s)*

Assignment #2
(6th May)

Pitch

Assignment #3
(11th May)

Full report

- *Theory of Change*
- *Value prop*
- *Business Model*
- *Impact assessment*
- *Financial structure*
- *Prooototype*
- *End game*

See you next session :)