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Applying Business Model Canvas with Service-Dominant Logic for Child Sponsorship

Salo, Erkki

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Applying Business Model Canvas with Service- Dominant Logic for Child Sponsorship

Erkki Salo
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Abstract

Erkki Salo

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Child sponsorship organizations serve millions of children and their communities around the world as beneficiary customers. To ensure this also in the futures, child sponsorship organizations have to have value propositions that meet the needs of the current and future donating customers.

Starting point of the thesis is that the Business Model Canvas (BMC) as a tool for creating business models that can help child sponsorship organizations to understand connections between their value propositions and customer segments. Despite of the strengths of Business Model Canvas, it is representing an old paradigm of service marketing, and it can be enhanced further by applying new service marketing theory called Service-Dominant Logic (SDL).

Aim of this thesis is to develop a business model canvas for service logic oriented child sponsorship organizations and by doing so, to develop case organization Fida International's value propositions and customer understanding. Thesis applies The Double Diamond service design process with different service design methods such as co-creation workshops, 8 x 8 ideation and service blueprinting.

Outcomes of the thesis project are increased customer understanding and enhanced value propositions for case organization, and also service logic oriented Business Model Canvas application for child sponsorship organizations that can help other charities also in the futures to designing service logic oriented value propositions.

Keywords Business models, fundraising, child sponsorship, service design, business model canvas, service-dominant logic

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1 Introduction

1.1 Background for the thesis project

Child sponsorship organizations serve millions of people around the world as beneficiaries and as donor customers. They can be seen as the customers of these organizations. As a form of regular giving, child sponsorship is a well-known concept and it gives donors high sense of impact. Child sponsorship enhances significantly lives of the sponsored children by improving, for example, the probability of employment and occupational choices later on in life. (Wydick, Glewwe & Rutledge 2010.)

Many child sponsorship organizations have substantial donor base, but younger generations are not necessarily filling the gap as previous generations are getting older (Preston 2010; Daily Mail Reporter 2012; CAF 2012). The approach to donor customers often represents the old paradigm of marketing, where the customers are perceived as passive respondents and consumers of marketing offerings (Drucker 1990; Vargo and Lusch 2004). By learning how to understand customers as co-creators of value and having value propositions that are relevant for both existing and future donor customers, child sponsorship organizations can continue thriving as well in the future. Now it is possible to rethink the value propositions and explore the emerging possibilities of co-creating value with customers by applying business model canvas with a new paradigm of marketing called service-dominant logic (Vargo and Lusch 2004).

In order to have customers at the center of the value creation process and to have customer-centric value propositions, in this thesis project, the Business Model Canvas (BMC) (Osterwalder and Pigneur 2010) will be used. Even though the BMC has been described to be effective and fast method to understand and develop an entire business model of an organization, including value propositions and customer's segments, it has been claimed to represent goods-dominant logic instead of service-dominant logic (Ojasalo 2013). Thesis aims to apply The Business Model Canvas (Osterwalder and Pigneur 2010) with Service-Dominant Logic (Vargo and Lusch 2004), and by doing so, learning how child sponsorship organizations benefit from it. It will be used to solve the case organizations need to develop the value propositions and customer understanding.

Case organization Fida International is third largest child sponsorship organization in Finland with 5200 child sponsors. Thesis project aims to apply Business Model Canvas with service-dominant logic in order to meet the needs of the case organization's donor customers through chosen service-design process. Developed application of business model canvas is applied with

case organization Fida International. Author himself has prior knowledge of the case and the field because he has been working in the organization seven years in the field of fundraising.

Results of this study are possible beneficial for child sponsorship or nonprofit organizations that are planning to develop business models or value propositions to meet the customer needs and who wants to explore how their customers are co-creators of value.

1.2 The purpose of the thesis

The purpose of the thesis is to apply The Business Model Canvas with the Service-Dominant Logic for child sponsorship organizations and by testing it, develop value propositions for the case organization Fida International ry. The aim is also to understand how business model tools can benefit child sponsorship organization's marketing and customer relationships.

Main research question are:

1. *What kind of business model canvas can be developed for service logic oriented child sponsorship organizations?*
2. *What could be suitable value propositions for the case organization's child sponsorship?*

Sub-questions:

- *What are the characteristics that must be taken to account when designing new nonprofits business model canvas?*
- *What kind of customer jobs do child sponsors want to accomplish?*

Key concept of the thesis work is child sponsorship. It is a concept where children in the developing countries are helped by donors, who receive interesting information from the supported projects (Kepa 2005). Customers of child sponsorship organization are both donors, who are called child sponsors, and beneficiaries, who are called sponsored children and their communities. This thesis work is focused on the donor customer perspective.

Because this thesis project focuses on developing a business model adaptation for child sponsorship organizations, therefore, nonprofits or charities are not covered at large. Nevertheless, outcomes of the thesis project are adaptable for a different kind of charitable organizations.

1.3 Fida International as case organization

This chapter introduces case organization and identifies the starting point of the thesis project.

Fida International is a missions and development co-operation nonprofit organization of the Finnish Pentecostal Churches. Fida was founded in 1927 by Finnish Pentecostal Churches. Fida receives support from the Finnish Ministry for Foreign affairs, and it has currently around 100 programmes in development co-operation, child sponsorship and humanitarian aid. Through these projects, approximately 1.8 million people receive help annually. In child sponsorship, Fida has 26 child sponsorship projects in 14 countries providing help to approximately 10 000 people and overall around 10 million people are involved through Fida's operations. Annual turnover is approximately 20.5 million, and from which every donated euro 85 percent is spent in the projects abroad and 15 percent is spent for the administrative and fundraising costs in Finland. Fida is also substantial recycler, because of its 30 second hand shops around Finland (Fida 2013).

Since the beginning, helping children in need has been an integral part of Fida's work. Child sponsorship activities originate from 1960s, when missionaries in developing countries began helping orphans and their friends participated as donors. Size of child sponsorship in Fida has grown steadily over past years. While during year 2009, there were 1.1 million euros donated by 3800 sponsors, year 2012, there were already 1.53 million euros donated by 5186 sponsors (Fida 2010; Fida 2013).

Fida's child sponsorship donating customers are relatively satisfied with the service. Fida conducted a customer satisfaction survey for the child sponsors 2013 and the general satisfaction was high. The survey was sent to 1400 child sponsors from 5200 child sponsors, and from which 51 percent participated. General satisfaction of the child sponsorship was 4.32 in the scale of 1 to 5, which was a little bit higher than five years earlier, when the same score was 4.11. Most of the respondents told they heard about the child sponsorship through their home Church. From the child sponsors, 65 percent preferred to support an individual child while 15 % preferred supporting entire community. Rest of the respondents did not mind, which form of supporting they have (Fida 2013).

Despite of the size of the child sponsorship operations, Fida is relatively unknown as child sponsorship providing organization. According to market research conducted by Taloustutkimus 2011, Fida International is spontaneously remembered by 2 % of Finnish people. This makes Fida 8th most remembered child sponsorship organization among Finnish charitable organizations. The most remembered child sponsorship organization was Plan Finland with 41 % people remembering it, and next most remembered in the research were Unicef, KUA and World Vision (Taloustutkimus 2011) from which Unicef and KUA are not child sponsorship organizations.

1.3.1 Current value propositions

Fida's current value propositions for child sponsorship have been developed as a reflection of the content of the Fida's development co-operation projects and in relation to the general concept of child sponsorship. In this section, these value propositions are introduced.

As a child sponsor with Fida, a person can be a child sponsor to an individual child or for a community, which means one can sponsor either one child or a group of children in a community. Main marketing message has been for the past years: "Be a child sponsor and change the entire world of a child". Sponsorship provides a permanent positive change to the lives of sponsored children and to their families and communities. Children's health, nutrition, education, food security, livelihood development, community hygiene, water and food security, children's rights and child protection are enhanced as an outcome of the donations. Aim is to provide holistic support to the sponsored children and their communities including their physical, mental and spiritual needs. As Fida co-operates mostly with Church partners, Christian values are an integral part of the Fida's child sponsorship and also child sponsors are encouraged to pray for the sponsored children. (Fida 2013.)

As physical evidences of service, and also as part of the value propositions child sponsor receive twice a year newsletters from the sponsored project. Also, if a person is individual child's sponsor, person receives as once a year letter or drawing from the child and also a report. Child sponsors are encouraged to send postcards or short letters to sponsored children, but regular corresponding is not offered. Donors are discouraged to make visits to projects, but they have a chance to participate child sponsors educational field trip, which is arranged once a year to a chosen project.

As part of the value proposition, Fida is committed to the Code of Conduct of the child sponsorship organizations, which is based on the UN's Convention of Children's Rights. This means, for example, that support is never depending on the sponsored children religion, ethnic origins or political opinions, and that children are protected. Fida aims to work with high ethical principles of non-discrimination. (Fida 2013.)

1.3.2 Development needs of value propositions

Currently Fida is going through substantial organizational restructuring. Goal of the change is to strengthen management and to transfer decision-making closer to the field work. Earlier all the operations were managed from Finland base, but from July 2013 onwards, three local working and decision-making areas were formed, and central office role changed from decision-making to more management support functions. Fida is also renewing its strategy for

the strategy period 2013 to 2018 (Fida 2013). For child sponsorship, both strategy and organizational restructuring results as changes. Earlier child sponsorship was mostly central-office lead, but now decision-making processes are at the field while the marketing and customer service are fundraising unit lead. Through organizational change, Fida has decided to develop current value propositions of child sponsorship, and this thesis project is supporting Fida on this task.

1.4 Structure of the thesis report

In this section, the structure of this thesis is introduced.

The thesis is structured in the following way. In the first chapter, the case organization and background of the thesis work are introduced. In the second chapter, the theoretical framework with central theories is introduced, including introducing a new alternative business model canvas application for service-logic oriented child sponsorship organizations. In the third chapter, the service design process is discussed, in order to develop the case organization's value propositions, and finally iteration and consideration of the future development needs for the canvas. At the end, there will be conclusions and implications for future research.

As it can be seen from Figure 1, thesis constructs a service design process where at the center of the process is the development project for the case organization. Problems are identified and through reflection to the theoretical framework, business model canvas adaptation is created to fulfill the needs of the case organization.

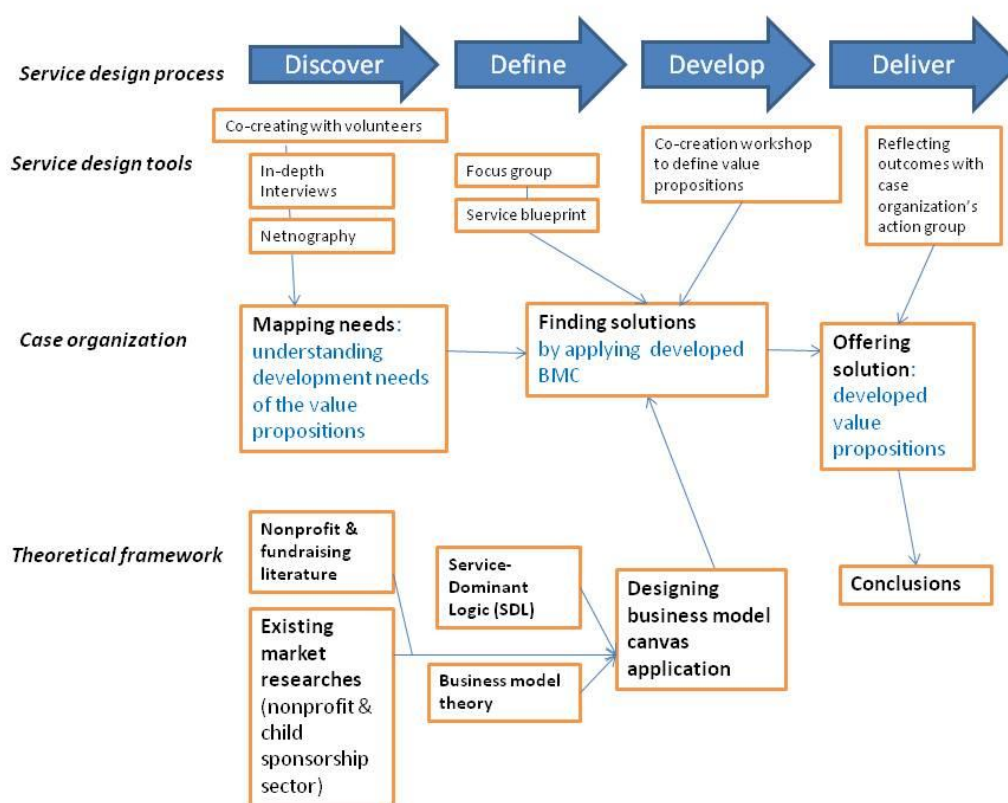


Figure 1: Visualization of the thesis and the chosen design process

2 Developing a business model canvas for child sponsorship organizations

The aim of this second chapter is to find a suitable business model canvas for a child sponsorship organization and to introduce the central concepts of thesis, including donor behavior, service-dominant logic and business model canvas. Also, alternative business model canvases are discussed and reviewed for the purpose of the thesis. At the end of the chapter, new business model canvas application for service-logic oriented child sponsorship organizations is designed.

2.1 Nonprofits and child sponsorship

In this section the main concepts of the nonprofit organization are described and also the special characters of donor behavior and specifications of the Finnish market area. This framework will help to define the nonprofit organizations business model later on and to give insights what are the motivational reasons behind child sponsorship.

Nonprofit organizations differ from for-profit organizations in many ways, such as from their purpose and strategy, but they have the same fundamental needs such as to satisfy customer needs and to operate with sustainable finances. Successful marketing communications of

nonprofit child sponsorship organization has to be build with same principles than the for-profit organization.

2.1.1 Marketing task of a nonprofit organization and donating behavior

In this section the marketing task and central concepts of nonprofit organizations are introduced to reflect them later in the development phase of the applied business model canvas for child sponsorship organizations.

Nonprofit organizations derive their resources from commercial operations such as the for-profit organizations, but the difference to for-profit organizations is that nonprofits must retain or reinvest their profits. Nonprofits can earn and retain financial surplus, but these funds are retained, reinvested or given forward to other nonprofit organizations. (Steinberg 2006, 118.) Charities are organizations established for charitable purposes under charity law, which differs per countries. Development organizations are most charities, but instead of providing services for ones in need, their goal is to empower and enable people to do things for themselves. (Norton 2009.)

While for-profit organizations marketing goal is to be profitable, nonprofit organizations goal is not to make a profit, even though often they aim to generate surpluses of revenue over expenses in order to fund non-fundable parts of the organization. Therefore, the for-profits profit motive does not apply to nonprofits. While for-profits have one marketing function to facilitate the two-way exchange with the customers, nonprofits have to facilitate the exchange with both with beneficiary customers and resources providers, which are donors, customers and volunteers that provide resources for the service. Nonprofits compete with four areas: programmatically, quality of products, level of support services and applying marketing trends. (McLeish 2010.)

According to Durham (2010) many nonprofits fail to communicate from the customer perspective because it requires knowing whom the customers are and what are their needs. Also, Drucker (1990) explains that nonprofit strategy begins with market knowledge of whom are the customers and who they should be. Customers should be perceived as ones whose needs are to be fulfilled, not as passive receivers of rewards produced by the organization. Starting point of a strategy begins from the goal of having satisfied customers. Therefore, nonprofits should not just push solutions to market that are created from the perspective of organization, but instead the solutions should be created from the customer perspective (Drucker 1990, 102). McLeish (2010) also describes that nonprofit has to have stakeholders at the center of the organization, and by doing so, having social engagement with stakeholders.

He also explains that a marketing of nonprofit organization aims to create relationships, knowledge networks and strong brands, and customizing the nonprofit experience.

Non-profit organizations have to raise money in order to fund and develop their operations, including the administrative costs and need to increase independence. Fundraising requires asking donations, but instead of just asking for money, it is more about selling an idea that by giving donation an impact can be made, and this process has two stages: first a need is introduced, for which then is shown how giving can make a difference. When idea is “sold”, people tend to give. Fundraising is not therefore, merely about telling, but it is more about inspiring people to help. (Norton 2009.)

Charitable giving can be referred to buying any other commodity. Donor expectation is also to get contributions, which can be either public in nature, such as to accomplishing the desired outcomes through of the nonprofit’s operations or increasing the number of children fed in developing countries, or they can be private benefits in nature, such as feeling better about oneself, receiving prestige or acknowledgment. Most empirical studies suggest that most donations are motivated by the private benefits. (Vesterlund 2006, 568.) People do not donate for abstract concepts or for organizations; they donate to help other people (Norton 2009). Donors give for nonprofits when they believe the cause or the vision of the organization, they were asked to give, they were motivated by emotions, is part of their faith or religion or giving improves their social status or position. It has been studied that giving produces a feeling of “warm glow” that can be described to be similar to the experience of socializing with friends. In order to get donations, nonprofits have to be able to have a message that makes people feel “it is the right thing to do.” (Durham 2010.)

Donating behavior is influenced also by the surroundings, such as the donors’ history, culture, religion, social state and social networks. Three emotions have been recognized to associate with giving. First is sympathy which means that donors feel sympathetic if they believe it is inappropriate for beneficiaries to suffer. Second group of emotions is fear, pity and guilt, which have to be used so that they demand action, but are not overwhelming for the donors. Third emotion is social justice, which means donors experience the justice is threatened and by donating more balance is achieved. Also, values and perceptions affect on the donor motivation. (Sargeant and Shang et. al. 2010.) According to NPC (2013), donors pay high attention to “explain how my donations are used”, “providing evidence that they are having an impact” and “making it easy for me to donate”. Donors pay attention less to “allow me to get involved” and “thank me and appreciate my donation.”

2.1.2 Child sponsorship as a concept

As a return for the support, child sponsors receive news and letters how given support has made an impact on children's lives (Kepa 2005). The purpose of the child sponsorship is to provide a better life for children in developing countries through increased health, nutrition and education. The aim is to break the cycle of poverty for both children and communities involved. The child sponsorship is a concept where one can support lives of children in the developing countries with regular donations.

The concept of child sponsorship is nearly one hundred years old and it has developed as multi-billion euro volume charitable activity that touches the lives of 90 million people globally. Approximately 2.76 billion Euros are donated every year globally by 59 million child sponsors to help 31 million sponsored children and their communities. From the ten largest child sponsorship organizations, four are faith based and from the three largest two. (Wydick, Glewwe & Rutledge, 2010.)

2.1.3 Charitable giving in Finland

In this section charitable giving and especially the life cycle of child sponsorship in Finland are reviewed in order to have necessary market background for the empirical part. In order to understand in general who and why people donate, available marketing researches are introduced. This is supported by Drucker (1990) who suggest that the nonprofit strategy begins with market knowledge and with knowing whom the customer are.

According to the World Giving Index 2012 approximately 45.1 % of people helped a stranger, 28 % of people donated money and 18.4 % of people volunteered at year 2011. Women donated little bit more than man globally by women donating 28.3 % and men 27.5 %, but the difference between genders in giving was not significant. Generally older age groups donates more than young by having over 50 years donating by 30.7 %, 35-49 years old donating 29.9 %, 25-34 year old donating 26.7 % and 15-24 year old donating 22.0 % (CAF Charities Aid Foundation 2012). Studies suggest that donor populations are also same time aging and younger generations are not filling in the gap (CAF 2012). According to the NPC (2013), faith based donor gives the most by contributing 32 % of all donations given to charities in United Kingdom. Second most giving segment is loyal supporters with 22 % share.

Between different countries, there are differences in giving. In Finland approximately 64 % of people donated to charity, 13 % of the people volunteered and 56 % of people helped a stranger at year 2011. According to the World Giving Index study performed by Charities Aid Foundation, Finland is at 17th position in World Giving Index (CAF Charities Aid Foundation 2012). Another study called TNS Atlas conducted by TNS Gallup from Finland 2010 had similar results than World Giving Index research. According to the TNS Atlas study 61 % from 15-69

years old Finnish women are willing to do voluntary charity work and 11 % of them are donating money to charity work. From the 50-69 years old women, 16 % are willing to donate to charity work. According to the same research educated Finns are most willing to donate to charity, and the probability for donations increases according to the higher position in working life. Retired persons are willing to donate and participate on charities. (TNS Gallup 2010.)

The government of Finland grants yearly around 800 fundraising permits for non-governmental organizations and their total revenue per year has been over 100 million euro. Twenty largest organizations receive yearly around 70 to 80 million euro donations from their supporters. (Vala 2011.) According to the marketing research conducted by Taloustutkimus Oy (contact person Merja Tuominen) called “Hyväntekeväisyys, Suomi Tänään maaliskuuhuhtikuu 2012” (Translated Charity, Finland today March to April 2012) 78 % of 15-79 years old Finns donated to charity fundraisings. One sixth of Finns gave mostly 10 €, one sixth 11 € to 30 €, one fifth 31 € to 70 €, one sixth 71 to 200 € and nearly 10 % gave over 200 € per year. A median donation per year was 30 €. 7 % of Finns are giving yearly donations, 12 % are making random donation and 7 % are regular monthly donors. Child sponsorship was a familiar concept to 4 % of Finns. Most preferable areas of supporting were care and prevention of sicknesses (61 %), work among children, youth and families (47%), helping in material emergencies (32%), rebuilding after catastrophes and wars (32 %), nature (16 %) and human rights (6 %). Helping people from the developing countries is preferred by 4 % and helping the children in developing countries is preferred by 10 % of Finns. (Taloustutkimus Oy 2011.)

Child sponsorship arrived to Finland 1960-1970s forward, but it became more known to Finns from the end of 1990s through well-remembered marketing campaigns of World Vision Finland and Plan Finland, which are known as two largest child sponsorship organizations in Finland. To estimate the current size of the child sponsorship in Finland, following estimation can be made. World Vision Finland, which was established in Finland 1983, has approximately 14 000 child sponsors (World Vision 2014) and Plan Finland, which has been established in Finland 1998, has 25 000 child sponsors (Plan 2014). It was estimated 2005 that there are approximately 40 000 Finnish people who are child sponsors (Kepa 2005). Because of the growth since 2005, my estimation is that there are currently 50 000-60 000 child sponsors in Finland. This estimation is not in-line with Taloustutkimus (2011) research, which concluded that 6 % (240 000) of the Finns are child sponsors to a child in developing countries.

Finnish child sponsorship organizations Plan Finland and World Vision Finland conducted a joint marketing research funded by Finnish Foreign Ministry called “Kehitysyhteistyön kummilapsitoiminta 2011 (translated: Child sponsorship of development co-operation 2011” at year 2011 through market research agency Taloustutkimus Oy published online. Research

studied Finnish people general knowledge and perceptions of child sponsorship. From 15 to 79 years old Finns, 59 % knows child sponsorship in some extent and 91 % has heard about it. 20 % of Finns knew child sponsorship well. Typical child sponsor is a woman, 45-59 years old, academically educated and worked as officer, expert, entrepreneur or director, who lives in Southern Finland and is part of household that the economy is better than the average. People aware of child sponsorship, but not yet child sponsors, were around 80 percent of Finns, whose reasons for why they were not yet sponsors were financial reasons, other commitments or doubting the child sponsorship concept. 10 % of non-child sponsors were considering becoming child sponsors. Therefore, there are approximately 280 000 potential new child sponsors in Finland. (Taloustutkimus Oy 2011.)

According to the “Kehitysyhteistyön kummilapsitoiminta 2011” (Translation: Child sponsorship of the development co-operation 2011) research potential child sponsors opinions reflected image that what are the positive matters a child sponsorship receives (corresponding letters, nice to tell friends). Current child sponsors valued reliability, effectiveness and supporting the entire community of a child as the most important outcomes from child sponsorship. Finnish people who had at least heard about child sponsorship, or who are already child sponsors or are considering becoming child sponsors, prioritized as most important supporting children and youth’s education, support children’s health and strengthen the girls and women’s position. (Taloustutkimus Oy 2011.)

McLeish (2010) suggest that product life cycle of both nonprofit and for-profit organizations consists of four stages. According to McLeish, first phase is the market development when time a product has been brought to a market. Second phase is market growth. It is when the demand and trend are increasing. When many competitors begin to compete from the decreasing market demand and trend, market maturity phase begin. Last phase, which is called market decline, is the moment, when a product loses its appeal. Also from the child sponsorship in Finland can be recognized in some extent characteristics of product life cycle phases. As according to the Taloustutkimus research (2011), child sponsorship as a concept still has growth potential in Finland. As can be seen from the Google Trend curve (2014) for the interest over time for the search word “kummi” (child sponsor), demand for searches has stayed relatively same for a long period of time. Also, as can be seen from the As the McLeish (2010) describes, the moment when product still has a market demand, is called market growth phase. In Finland child sponsorship is still growing, but the growth is not rapid. Therefore, I suggest that product life cycle of child sponsorship in Finland could be either at late market growth phase, or early market maturity phase as is illustrated in the Figure 3. To confirm this, it would require deeper and further research.

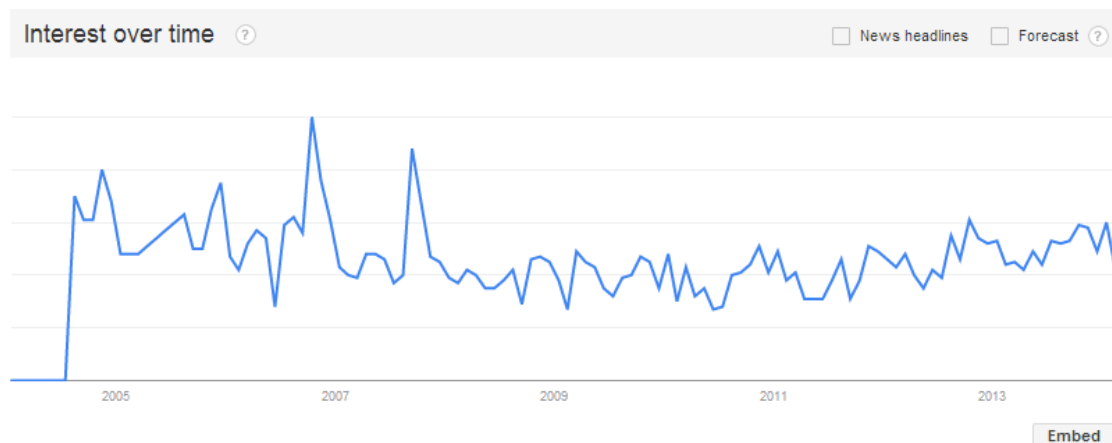


Figure 2 Google trend curve for word "kummi" (translated child sponsor)

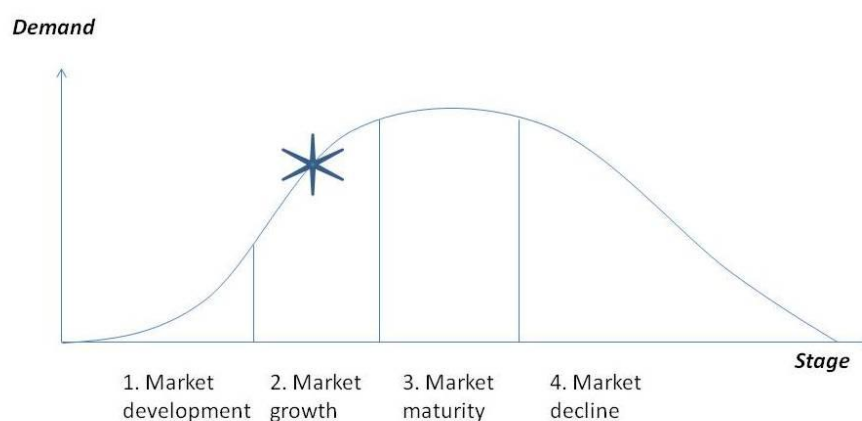


Figure 3 Possible product life cycle phase of the concept of child sponsorship in Finland

2.1.4 Summarizing child sponsorship related literature

In this section, the main points of child sponsorship and donating behavior are summarized. These findings will be reflected later on as part of the thesis work.

The nonprofits organizations differ from for-profits that even though they derive their resources from the commercial operations, they must retain or reinvest profits (Steinberg 2006). Nonprofit organizations strategies are driven by their missions and nonprofits usually have two different customer segments, which are beneficiaries and resources providers, which are donors, volunteers and customers.

As can be seen from the Table 1, literature of nonprofits suggests that donors seek unconsciously or consciously more personal experiences (Vesterlund 2006) as a return to their contributions. Therefore, it is important to find out what kind of personal experiences and

motivational reasons chosen customer segments want to accomplish by child sponsorship and also to have value propositions that meet these needs.

	Concept	Reference
Donating behavior	Donors expect to receive contributions from donating that are either public or private in nature, from which private in nature is dominant	Vesterlund 2006
	People tend to give when they are inspired to help by "selling" the need and showing how donation can make a difference	Norton 2009
	People expect to hear how donations are spend and to have evidence how they are having an impact	NPC 2013
	People rather donate to help others than for abstract concepts	Norton 2009
	Influenced by surroundings	Sargeant & Shang et. al. 2010
Reasons to give	Believe in the vision	Durham 2010
	Asked to give	Durham 2010
	Motivated by emotions	Durham 2010
	Part of faith	Durham 2010
	Improving social status	Durham 2010
Emotions associated with giving	Sympathy	Sargeant & Shang et. al. 2010
	Fear, pity, guilt	Sargeant & Shang et. al. 2010
	Social justice	Sargeant & Shang et. al. 2010
	Warm glow	Durham 2010

Table 1 Summary of the donor behavior

In order to understand the market area, as can be seen from the Table 2, there are growth possibilities in the market area for child sponsorship organizations such as the case organization is. Approximately 280 000 Finns would still like to become child sponsors (Taloustutkimus 2011). In order to meet the needs of these potential new child sponsors, organizations have to have a value propositions that meet customers both public and private desired outcomes (Vesterlund 2006). In Finland these public outcomes expected to happen through sponsoring a child are supporting children and youth's education, children's health and to strengthen the girls and women's position (Taloustutkimus 2012).

The literature also suggest that nonprofit organizations must find ways to create engagement with their donor (McLeish 2010), volunteer and other customers and find ways to have customers at the center of the organization.

	Donating behavioral	References
Globally	Women donate more	CAF 2012
	Elder donates most from different age groups	CAF 2012; TNS Gallup 2010
	Faith-based donors gives the most in UK	NPC 2013
	2.76 billion Euros donated every year to child sponsorship	Wydick, Glewwe & Rutledge 2010
Finland	800 fundraising permits with total revenue 100 million Euros per year	Vastuullinen lahjoittaminen 2011
	Approximately 50.000-60.000 child sponsors in Finland	My estimation
	78 % of Finns donates to charities, 10 % of Finns donate over 200 € per year, 4 % of Finns are regular monthly donors	Taloustutkimus 2012
	Finns prefer to donate for health (61%), children (47%), catastrophes (32%), nature (16%), children in developing countries (10%), human rights (6%), and developing countries (4%)	Taloustutkimus 2012
	Child sponsorship is familiar to 59%, know some extent 91%, known well 20 % and 6 % are child sponsors.	Taloustutkimus 2011
	Typical child sponsor is woman 45-59-years old, academically educated, who lives in Southern Finland.	Taloustutkimus 2011
	10 % of Finns are considering to become child sponsors	Taloustutkimus 2011
	Current child sponsors value reliability, effectiveness and wide impact	Taloustutkimus 2011
	Potential child sponsors would like to support children's education, health and equality.	Taloustutkimus 2011

Table 2 Summary of market researches

2.2 The Service-Dominant Logic (SDL)

This section introduces the concept of service-dominant logic, which will be applied later on in the service design process in Chapter three, and also applied for developing a business model canvas for child sponsorship organizations.

The service marketing theory developed as sub-discipline of marketing and slowly evolved as distinctive field of science. According to Vargo, Lusch and Morgan (2006) marketing's role was generating and fulfilling demand, and according to Fisk, Bitner and Brown (1993) at the beginning of the development, function of marketing was selling goods. The differentiation

between goods and services in service marketing theory were first described at the end of 1960s. According to Gummesson and Grönroos (2012), the dominant role of traditional marketing management, which was focusing on mass-produced and mass-distributed consumer goods, was challenged 1970s. Fisk, Bitner and Brown (1993) explained that during that era as the characteristics of services were defined. Service was described as intangible, inseparable, heterogenic and perishable (Fisk, Bitner & Brown, 1993). According to Gummesson (2007) these characteristics of service were found inadequate, because these definitions were not distinguishing services from goods (Gummesson 2007). According to Vargo and Lusch (2004), in the 1980s the dominant logic of goods was challenged (Vargo and Lusch 2004). In the late 1990s the focus was still in the traditional goods marketing (Gummesson 2007). Vargo, Lusch and Morgan (2006) described that at the end of 1990s and the beginning of 2000s marketing was adopting service marketing perspectives and attention was shifting from separately produced value to the idea of value being co-produced. Focus shifted from goods to experiences, even though tangible products were involved.

According to Gummesson (2007), the debate in service marketing theory intensified when the Service-Dominant Logic was introduced at 2004 by Vargo and Lusch (Gummesson 2007). The service-dominant (S-D) logic (Vargo and Lusch 2004) has opposite approach to goods-dominant logic. According to the S-D logic, effective competing through service requires entire organization to approach itself and the market with S-D logic. (Lusch, Vargo and O'Brien 2007.) Differences of goods- and service -dominant logic are summarized in the Table 3

	Goods-dominant logic (--> 2004)	Service-dominant logic (2004-->)
Customer	Buyer of goods or services (Gummesson 2007)	Acquiring value propositions and are co-creators of value (Gummesson 2007)
Value	Determined by producer (Vargo and Lusch 2004)	Is always co-created and perceived and determined by customers in use (Vargo and Lusch 2004; Vargo and Akaka 2009)
Marketing	To make and distribute things to be sold, to maximize the profit from sale of output by setting all variables at all levels (Vargo and Lusch 2004)	Process of interactions with customers in order to customize offerings (Vargo and Lusch 2004)
4Ps	Product, price, promotion and place	Service provided by an object, promotion is replaced by dialog with customers, price is replaced by value propositions and place is included in networks (Lusch, Vargo and O'brien 2007)

Table 3 Differences between goods- and service -dominant logics

According to Gummesson (2007), the new service marketing theory, introduced by Vargo and Lusch (2004) was a synthesis of earlier decade's research and debate. Customers were not seeing only buyers of goods or services, but they were acquiring of value propositions and co-creators of value. The output of service marketing was value propositions rather than goods or service. New theory initiated a dialogue of what were the roles of supplier and customer, since customers were co-creators of value. (Gummesson 2007.) Vargo and Lusch (2004) explained that in goods-dominant logic aim is to make and distribute things to be sold, and to maximize the profit from the sale of output by setting all decision variables at all levels. For maximizing the production control and efficiency goods have to be standardized, and they can be stored until they have demand.

According to Vargo and Lusch (2004), in the goods-dominant view tangible output and transactions are central, whereas in service-dominant view intangibility, exchange processes and relationships are central. They also describe that services are an application of special competences to benefit another entity or the entity itself through deeds, processes and performances.

As can be seen from the Table 4, after Vargo and Lusch (2004) defined first eight foundational premises of service-dominant logic, which they altered them at 2008. They considered some of the original founding principles were too dependent on goods-dominant logic and that there was a need to recognize the interactive, networked nature of value creation. Authors also recognized the need to acknowledge the value creation as phenomenological and experiential in nature (Vargo and Lusch 2008.) Therefore, Vargo and Lusch (2008) added two more principles foundations and rewrote the original ones.

FPs	Original foundational premises (Vargo and Lusch 2004)	Modified/new foundational premise (Vargo and Lusch 2008)
FP1	The application of specialized skill(s) and knowledge is the fundamental unit of exchange	Service is the fundamental basis of exchange
FP2	Indirect exchange masks the fundamental unit of exchange	Indirect exchange masks the fundamental basis of exchange
FP3	Goods are a distribution mechanism for service provision	Goods are a distribution mechanism for service provision
FP4	Knowledge is the fundamental source of competitive advantage	Operant resources are the fundamental source of competitive advantage
FP5	All economies are services economies	All economies are service economies
FP6	The customer is always a co-producer	The customer is always a co-creator of value
FP7	The enterprise can only make value propositions	The enterprise cannot deliver value, but only offer value propositions
FP8	A service-centered view is customer oriented and relational	A service-centered view is inherently customer oriented and relational
FP9	Organizations exist to integrate and transform micro-specialized competences into complex services that are demanded in the marketplace	All social and economical actors are resource integrators
FP10		Value is always uniquely and phenomenological determined by the beneficiaries

Table 4 Foundational premises of service-dominant logic (Vargo and Lusch 2008; Vargo and Lusch 2004)

According to Vargo and Akaka (2009), value is always co-created, even though the goods might be coproduced. Vargo (2011) explained that Service-Dominant logic is a value co-creation model where all actors are resource integrators, and they are connected together in a shared system of exchange. Lusch and Vargo (2004, 21) explained that the goal of the service-centered view is to customize offerings, understand consumer as co-producer and to maximize consumer involvement to meet customer needs. While in goods-dominant logic primary unit of exchange is goods, in service-centered dominant logic primary unit of exchange is to acquire the benefits or specialized competences or services. Customer in goods-dominant logic is a recipient of goods to whom the marketers aim efforts while in service-centered dominant logic customer is a co-producer of service and marketing is a process of interactions with customers. Value in goods-centered dominant logic is determined by producer while in the service-centered dominant logic value is perceived and determined by consumers on the value in use. (Vargo and Lusch 2004.)

According to Vargo and Morgan (2005), marketing is fundamentally about service, not goods. In service-dominant logic with the service is meant the application of specialized competences such as knowledge and skills and through the processes and deeds to benefit another entity or the entity itself. Service is what is always exchanged (Vargo and Lusch 2008). According to Vargo and Akaka (2009) there are no services, but there is a service. They explain that service is an act of doing something for another party and therefore, service cannot be made while customer can be served (Vargo and Akaka 2009).

As Vargo and Lusch (2004) explain, marketing facilitates exchange by identifying and developing the core competences and to positioning them as value propositions. This can offer potential competitive advantages. Vargo and Lusch (2006) described that service-dominant logic challenged also the traditional Four P's of marketing (product, price, promotion and place) because value is co-created in collaboration with stakeholders. Therefore, as Lusch, Vargo and O'Brien explains (2007), Four P's product is replaced by the service provided through an object, promotion is the replaced by dialog with customers, price is replaced by a value proposition and the place is included with value networks and processes.

While goods-dominant (G-D) logic viewed units of output as a central components of exchange, S-D logic views co-creating of value with customers as central component. In S-D logic value is created in co-operation with customers, who are seen as operant resource co-creating value with the organization. In the G-D logic value is added in the production process to the product, while S-D logic argues that value is determined by the user in the consumption process. The G-D logic sees products as the aim of the customer's acquisitions while S-D logic sees the benefit available through the service as the aim of customer acquisition. (Lusch, Vargo and O'Brien 2007.)

For the value creation process, Grönroos and Ravald (2009) offer another view than Vargo and Lusch. For marketing, service-dominant logic suggests that the goal of marketing is to support customer's value creation. Customer is also the fundamental value creator meaning that value for the customer is created at the moment of use, not before it. Therefore, the organization is the fundamentally a value facilitator, but during the interactions with its customers the organization may become also a co-creator of value. Organization is not only making value propositions, but can actively engage with the customer's experiences and value creation and, therefore, extend the marketing process to include activities that are part of the customer organization interactions. Organizations can extent the marketing offering, but customers are not to be automatically expected to appreciate additional marketing offerings. (Grönroos and Ravald 2009.)

Also, Heinonen et al. (2010) support that goal of marketing is to support customer's value creation, and therefore they presented alternative dominant logic to goods-dominant logic and service-dominant logic called customer-dominant logic. According to them, service-dominant logic is more of a production and interaction focused than customer-dominant, as customers are seen as employers or as partners in co-creation. Heinonen et. al. (2010) suggests that perspective both goods-dominant logic and service-dominant logic represent provider-dominant logic. Authors explain that the focus should be in how value emerges for customers, and how does the customers experience participation to the service provider's activities and tasks, and how service becomes embedded in contexts, practices and experiences of a customer, as can be seen from the T-model illustration in Figure 4. They describe, in the customer-dominant marketing logic, customer is at the center, instead of the service, provider or interactions. Focus of the customer-dominant logic is in what customers are doing with the service and what goals they are aiming to accomplish, instead of focusing on designing services that customers prefer. Value is not necessarily in relation to co-creation because sometimes customer's goal is to minimize the participation of the provider.

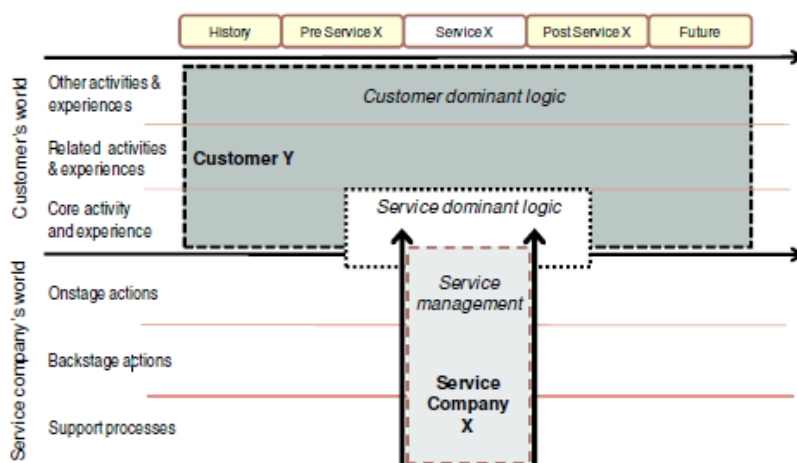


Figure 4 T-model of customer-dominant logic (Heinonen et. al. 2010, 6)

Service-dominant logic and customer-dominant logic differs from the perspective of co-creation, value-in-use and customer experience. While in service-dominant logic customer is involved in co-creation controlled by a company, in customer-dominant logic company is involved in customer's activities, which is controlled by the customers. Difference in value-in-use is that in customer-dominant logic, focus is on invisible and mental actions while service-dominant logic visible interactions. Third difference is that, in customer-dominant logic, experience is the customer's life and part of everyday life while in provider-dominant logic it is formed with the service. (Heinonen et. al. 2010, 16.) Also, Voima, Heinonen and Strandvik (2010, 4) agrees that value is embedded in customers complex real life and continues that value is formed in the cumulated reality of customers.

This thesis will focus on reflecting business model canvas and the needs of the case organization from the perspective of service-dominant logic, but also aims to consider customer-dominant logic as well.

As a summary of the service-dominant logic theory, key elements are reflected with the special needs of the nonprofit organizations and child sponsorship organizations. As the marketing's role is to facilitate exchange process and interaction with the customers, nonprofits such as case organization as a child sponsorship organization can find a competitive edge by maximizing customer involvement in the exchange process. By having customers participating and collaborating in the process of co-creating value propositions and service offerings, customer involvement and satisfaction can increase. Value cannot be determined or delivered by the organization, but it can only be offered and it is always perceived and determined only by customers in the use. Nonprofit organizations have to find ways to have entire organization approaching itself and the market from the perspective of the service-dominant logic approach.

2.3 Business models (BM)

In this section concept of business models, including the Business Model Canvas (BMC) and other alternative canvases, are introduced and discussed in the perspective of case organization needs and also from the service-dominant logic. At the end, child sponsorship BMC is suggested.

The business model concept are designed to visualize reality in a structured, simplified and understandable way, and it enables the organization to understand important issues and relationships, and how organization operates with sustainable revenue streams and what and how organization offers value for the stakeholders and customers. The role is to capture, visualize, understand and communicate the business logic. (Osterwalder 2004.) Whether an organization is a nonprofit or for-profit, it creates, delivers and captures value, so therefore all organizations have business models (Kaplan 2011).

The business model concept (BM) refers to the components to produce propositions generating value for consumers and organization. The business model concept describes different areas how organization's activities are producing value propositions to customers. There are two approaches to the concept, which can be complementary to each other. In the first approach BM illustrates how organization functions and generates revenue, this approach is a static approach. The second one is a transformational approach where BM is a tool to address change and create innovation. Business Models can be described with three core

components, which are resources and competences, organizational structure and propositions for value delivery. (Demil and Lecocq 2010.)

Nonprofits and for-profits have both missions and business models. For nonprofits, business models are to support the missions. Both for-profit and nonprofit organizations have value propositions, and in order to offer these value propositions, they have resources and processes and revenue models (Horn 2011). Between for-profits and nonprofits are hybrid business models also called as social entrepreneurship models, which are a combination of these two. In a hybrid model nonprofit and for-profit nature of business are linked with each other. And it can be a suitable solution when nonprofit's unrelated business income does not threaten the nonprofit status or when for-profit wants to manage its philanthropy (Lapowsky 2011). Even though hybrid organizations have social missions, they perform commercial activities to sustain operations (Battilana, Walker and Dorsey 2012).

2.3.1 The Business Model Canvas (BMC)

The Business Model Canvas, which can be seen in Figure 5, is a business model innovation tool that helps organizations to understand, design and implement new business models or enhance old business models. It is a way to the rationale of how an organization creates, delivers, and captures value, and it consists of nine building blocks. (Osterwalder and Pigneur 2010.)

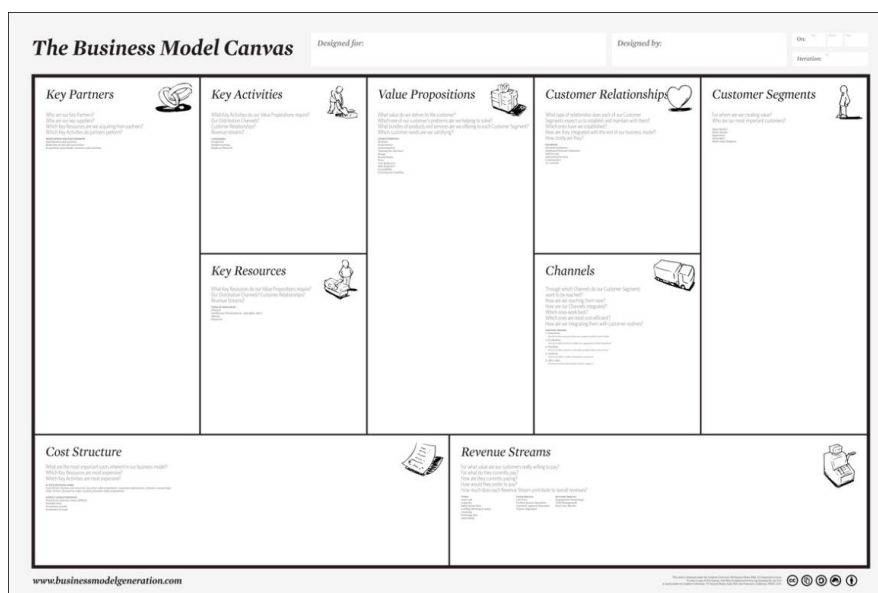


Figure 5 The Business Model Canvas (Osterwalder & Pigneur 2010, 44)

In the model of Business Model Canvas developed by Osterwalder and Pigneur (2010) with every building block, there are key questions to answer in order to fulfill the building block, which can be seen from the Table 5.

Building block	Original BMC key questions
Value propositions	<p>What value do we deliver to the customer?</p> <p>Which one of our customer's problems are we helping to solve?</p> <p>What bundles of products and services are we offering to each Customer Segment?</p> <p>Which customer needs are we satisfying?</p>
Customer segments	<p>For whom are we creating value?</p> <p>Who are our most important customers?</p>
Customer relationships	<p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them?</p> <p>Which ones have we established?</p> <p>How are they integrated with the rest of our business model?</p> <p>How costly are they?</p>
Channels	<p>Through which Channels do our Customer Segments want to be reached?</p> <p>How are we reaching them now?</p> <p>How are our Channels integrated?</p> <p>Which ones work best?</p> <p>Which ones are most cost-efficient?</p> <p>How are we integrating them with customer routines?</p>
Key Partners	<p>Who are our Key Partners?</p> <p>Who are our key suppliers?</p> <p>Which Key Resources are we acquiring from partners?</p> <p>Which activities do partners perform?</p>
Key Activities	<p>What Key Activities do our Value Proposition require?</p> <p>Our Distribution Channels?</p> <p>Customer Relationships?</p> <p>Revenue streams?</p>
Key Resources	<p>What Key Resources do our Value Proposition require?</p> <p>Our distribution Channels? Customer relationships?</p> <p>Revenue Streams?</p>
Cost Structure	<p>What are the most important costs inherent in our business model?</p> <p>Which Key Resources are most expensive?</p> <p>Which Key Activities are most expensive?</p>
Revenue Streams	<p>For what value are our customers really willing to pay?</p> <p>For what do they currently pay?</p> <p>How are they currently paying?</p> <p>How would they prefer to pay?</p> <p>How much does each Revenue Streams contribute to overall revenues?</p>

Table 5 The original BMC key questions (Osterwalder and Pigneur 2010)

According to Osterwalder and Pigneur (2010), different business model patterns can be recognized from business models. The pattern called Free is a model where one customer segment is able to continuously benefit from a free-of-charge offer, which means non-paying customers are financed by another part of the business models. Child sponsorship organizations can be recognized to have free business model because sponsored children receive benefits for free, while the same time child sponsors from Finland donate regularly to make these free service possible for the sponsored children.

2.3.2 Alternative Business Model Canvases

As the Business Model Canvas has become a popular business model method, it has received multiple adaptations, as well. In this section, selected Business Model Canvas adaptations are introduced and discussed in order to reflect what kind of perspectives could be considered in the needs of this thesis project.

2.3.2.1 Value co-creation canvas

Rampen (2011) developed Business Model Canvas application called Value Co-Creation Canvas, which can be seen from the Figure 6. Aim of this model is to find how to align customer's resources and customer journey with company's resources and capabilities, and as a result, creating value for both company and customer. Rampen's canvas has Customer's Experiences block at the center of the canvas and Value Proposition is at the left corner. Customer's Experiences include "total customer engagement value" and "customer value-in-use", which are created with customers. Customer's Desired Outcomes block is designed to map customer's functional, social and emotional desired outcomes. Value Proposition as a building block answers what is the promise of Customer value (in-use). Instead of the BMC block Revenue stream Win Rampen sets Customer Value (in-use) Created as the outcome block. With this, he explains that customer's perception of the realized outcome in comparison to the desired and expected outcome. Instead of Cost structure block from BMC he has chosen Total Customer Engagement Value as the building block (Rampen 2011). For the purpose of developing a business model canvas application for child sponsorship organizations, Rampen's Value Co-Creation Canvas provides valuable ideas of customer segments as desired outcomes and value propositions as customer's experiences.

VALUE CO-CREATION CANVAS

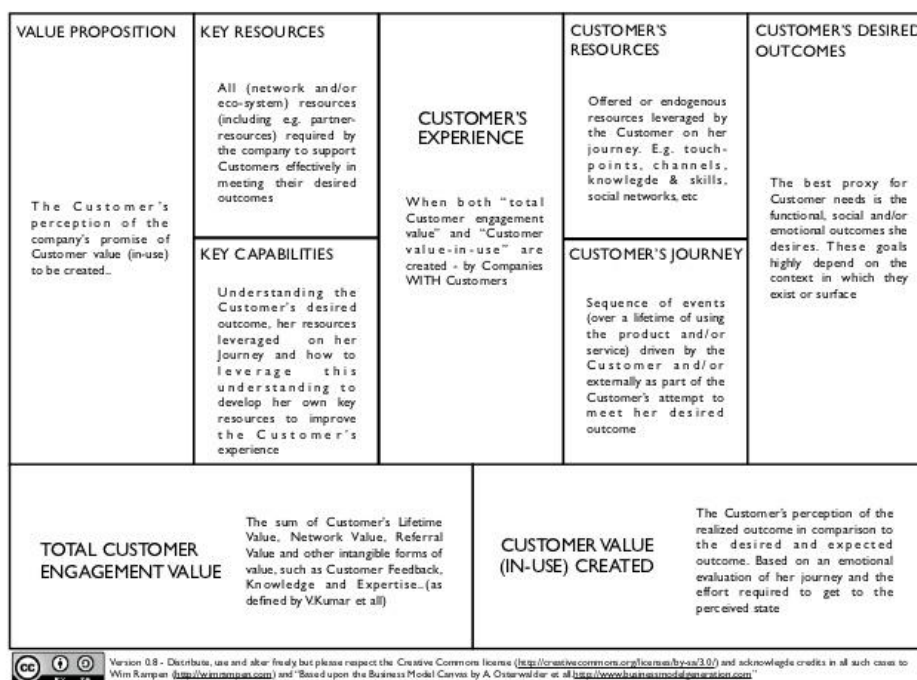


Figure 6 Value Co-Creation Canvas (Rampen 2011)

2.3.2.2 Service Model Generation Canvas 1.0

Bettencourt (2012) developed Service Model Generation canvas, which aims to focus especially on the unique elements of different services. His canvas, which can be seen from the Figure 7, aims to answer how service is designed and delivered to fulfill customer needs. He replaces original nine building blocks of BMC with 11 building blocks with blocks containing service design vocabulary. Value propositions, for example, are replaced by Customer Value Proposition and Experience Motif, but the content of the block is also similar to BMC's value proposition because the aim is to answer how value and offerings are provided to specific customer segment. His addition to the original is Experience Motif, which he describes as the undeniable experience component from the actions of the organization. He also creates own block for the provider value proposition, which is about defining how organization is engaging employees and helping them to get their work done. His canvas begins by focusing in the right side corner to customer needs and jobs the customers are trying to accomplish. In BMC value proposition is linked with channels and customer relationships to customer segments, but in his service offerings, service model and service experience are there to create a link between customer value proposition & experience motif and rights side of corner customer jobs. They are own building blocks because he perceives these three as different ways how the value is delivered to customers to fulfill their customer jobs. In the canvas, financial calculation and

capabilities are placed at the left side of the canvas, which differs from the original BMC where the financial calculations are above the canvas.

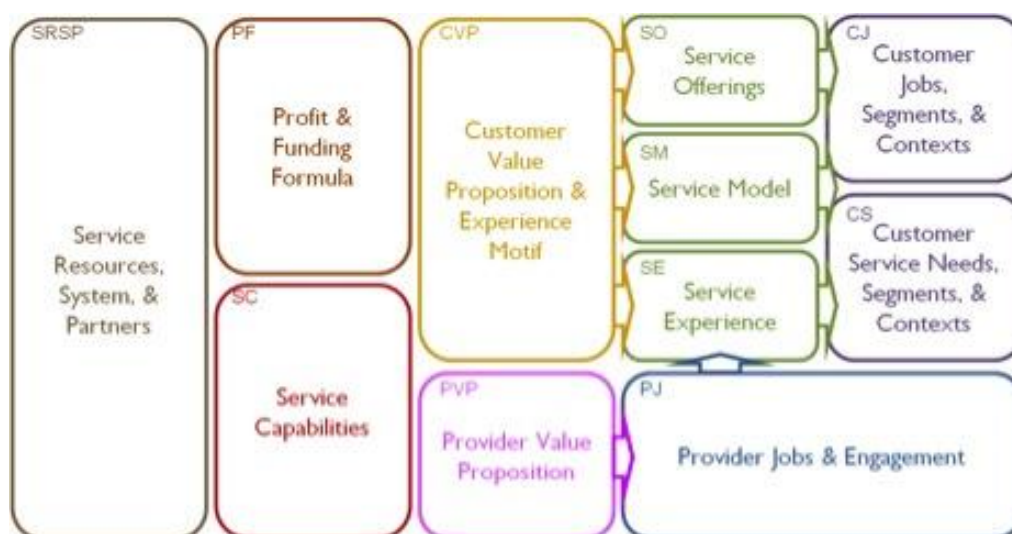


Figure 7 Service Model Generation Canvas 1.0 (Bettencourt 2012)

Bettencourt's Service Model Generation Canvas 1.0 is helping to answer what are the customer jobs the customer wants to accomplish, but it represent also traditional goods-dominant logic approach, because Service-Dominant Logic underlines the co-creation of value with customers, not for customers. Therefore, the suggested SMGC does not entirely bring a solution on how to combine SDL with BMC.

2.3.2.3 The Nonprofit Business Model Canvas

Smith and Souder (2012) developed Business Model Canvas application especially for nonprofit organizations that they call The Nonprofit Business model Canvas. In their nonprofit business model canvas, customers for nonprofit organization are both donors and beneficiaries, from which one receives the product or service while another one pays for it. Because of this differentiation, Smith and Souder (2012) suggest of having different business model canvases, from which one for beneficiaries called the Beneficiary Model and one for donor customers the Donor Model. The Donor Model, which can be seen from the Figure 8, aims to offer value propositions that fulfill donor customer's needs and to help a organization to compete in the market segment. In the Beneficiary Model outcome is an impact, which the nonprofit aims to gain with its mission. Value proposition is therefore Mission Offering (Smith and Souder 2012).

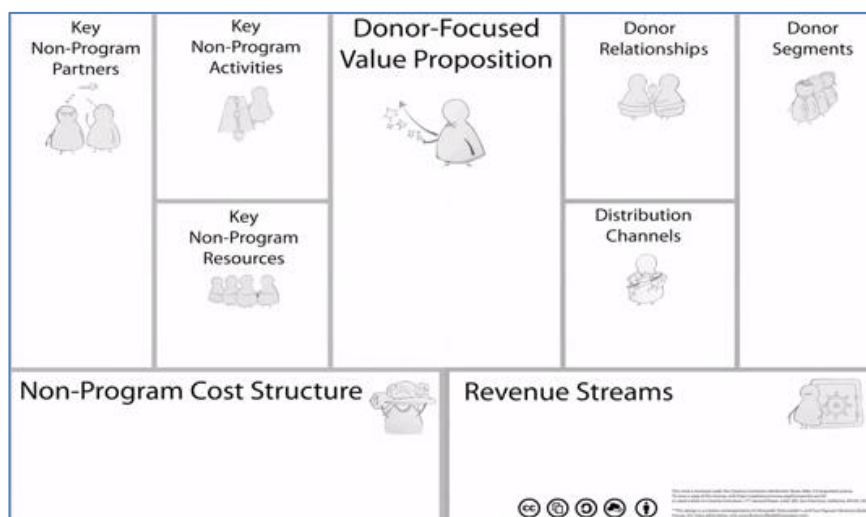


Figure 8 The Donor Model (Smith and Souder 2012)

The Nonprofit Business Model Canvas by Smith and Souder (2012) helps to bring nonprofit vocabulary into the original BMC, but it does not yet totally reflect the Service-Dominant Logic approach because the approach still has traditional goods-dominant logic. The strength of this adaption of BMC is that it helps to recognize the different customer groups of nonprofits by placing them in the different canvases, but it contradicts the original idea and key success factors of Business Model Canvas, where successful business models can be represented in one canvas.

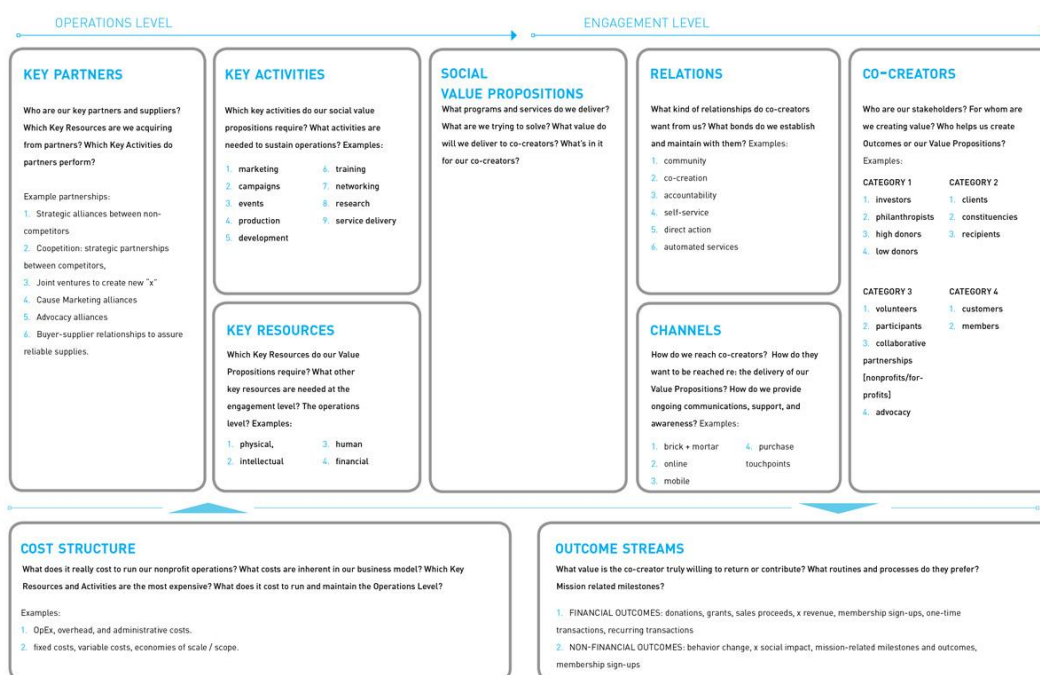
2.3.2.4 Nonprofit Business Model 1.0

Alexandros (2013) introduces the Nonprofit Business Model 1.0, which he describes as an adaption of the original BMC in order to make BMC fit better the nonprofits' needs. Purpose of the adaption is to emphasize the dynamic relationships with stakeholders that not all outcomes of nonprofit organizations are financial. As can be seen from the Figure 9, version has already adapted some service-dominant logic approaches such as title "co-creators". Customer segments are replaced with Co-creators building block, and one of the key questions is "For whom are we creating value?". Title would fit service-dominant logic, but the key question does not entirely represent goods-dominant logic because according to the SDL customers are co-creators of value and organization cannot deliver value propositions, but can only offer them. Customer relationships building block from the original BMC is replaced with Relations building block. Key question is "What kind of relationship do co-creators want from us?" and this question is valid from the perspective of SDL. Value Proposition building block from BMC is replaced with Social Value Propositions building block. One of the key questions is "What value do we will we deliver to co-creators?" and this

questions also represent goods-dominant logic approach, because value cannot be delivered, but it is offered. Otherwise, it is still similar than the original BMC is.

NONPROFIT BUSINESS MODEL CANVAS

TEMPLATE VER 1.0



The Canvas Kit for Nonprofits. Copyright © 2013 Bryann Alexandros & Skylance [skylance.org]. The Canvas is adapted from businessmodelgeneration.com and is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported License.

Figure 9 Nonprofit Business Model Canvas (Alexandros 2013)

2.3.2.5 Lean Canvas

The Lean Canvas (Maurya 2011), which can be seen in the Figure 10, was inspired by BMC, and it was designed to meet the needs of start-up companies and to maximize speed, learning and focus. Lean canvases are sketched for each identified customer segments. After sketching models, aim is to identify what are riskiest parts of the canvas. After this chosen solution is developed and tested to produce a minimum viable product. In Lean Canvas, the entity of business blocks is a product instead of just solution as product. Lean Canvas begins by simultaneously identifying whom the target customers are and what are their top three problems to solve. Also, existing alternative solutions are identified as well as who are the early adopters. After these steps, the Unique Value Propositions, which is placed at the center of the business model, are defined to what the product is and to whom it is for. Then follows the component called Solution, which is what is offered to customers. Channels are a path to sell, and because startups aim is to learn, not yet to scale, it is preferable to get in front of potential customers and automate later. At the end follows defining final blocks,

which are revenue streams, cost structure, key metrics and finally the unfair advantage.
(Maurya 2012.)

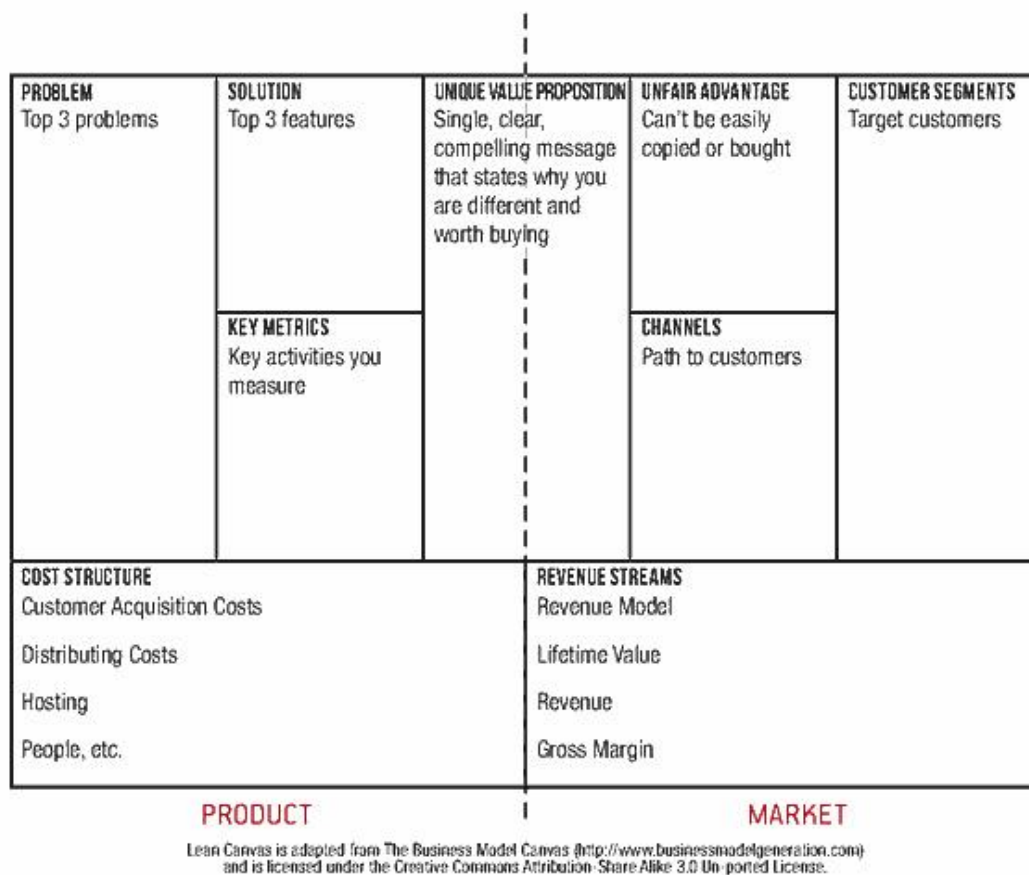


Figure 10: Lean Canvas (Maurya 2011)

The Lean Canvas is interesting adaption of the original Business Model Canvas because it has chosen specific approach for start-up needs and it illustrates how Business Model Canvas can be modified for specific purposes. It also reminds of the importance of thinking the business model as an entity.

2.3.2.6 FSA Business Model Canvas

According to Ojasalo (2013) Business Model Canvas is based on goods-dominant logic, which can be understood from the use of terms. By applying service-dominant logic theory with Business Model Canvas, she explains, it is possible to gain competitive advantages. The Finnish Service Alliance (FSA) created in 2012 a Special Interest Group, which aimed at adapting BMC with service-dominant logic and creating service-dominant logic based business model canvas (see Figure 11). Also, one of the founders of service-dominant logic, Prof. Vargo, participated on one of the workshops and challenged to consider whether to create entirely new business model based on a theory (Ojasalo 2013).

In the FSA business model canvas adaption (Ojasalo 2013), as can be seen from the Figure 11, business model blocks are following. Value proposition business block is titled as “Practical value promises” including replying to questions from the perspective of customer, which is what does the customer purchases, and from the provider perspective, what is offering and what is being sold. Customer segments are titled as “World and dream of value from the Customer Perspective”, which aims to understand what is the mundane of customers and what kind of gains customer is searching from the offering. The title of the customer relationships business block is called “Redeeming the value promise and co-creating value together”, which aims to find understanding of what is the role of the service provider in the everyday life of the customer and what kind is the customer’s service experience and how are the gains created. It also tries to find understanding to what kind of matters support customers to accomplish their objectives in a long period of time. Customer channels business block is titled as “Interaction and service process”. This business block aims to reply how the customer is reached and how customer participation can be increased and from the perspective of a customer, how are they in contact with us. From the left side of the business block business model blocks are titled as: “Central partners”, “Central Resources” and “Engaging resources and partners”. These business blocks aim to answer what are our central partners and what are mutual benefits of the partnership, what do we have to know and be able to do in, and what does the customer has to know or what are the critical resources of the customer. Also, it is replied how to benefit and develop the customer’s partnerships and resources, and how own resources and networks are developed further. The business blocks of costs and incomes are relatively same as original.

This canvas is in my opinion the most advanced application so far in combining SDL with BMC and provides significant development ideas for this thesis project. It also beneficial to find key questions that define the customer’s context and desired outcomes, and by doing so, having value propositions that meet the needs of the customer. According to the FP6 by Vargo and Lusch (2008), the customer is always a co-creator of value, and this applied business model canvas is aiming to have customers as co-creators of value. According to FP10 by Vargo and Lusch (2008), value is always uniquely and phenomenological determined by beneficiaries, and this applied canvas aims to understand how customers solely determine the value. Finally, applied business model canvas is aiming to define how all the networks and networks of networks of customers and partners are parts of the possible resources, just as Vargo and Lusch (2009) have defined the ninth foundational premises of service-dominant logic suggest that all social and economic actors are resource integrators.

Keskeiset kumppanit Meidän näkökulmasta: <ul style="list-style-type: none"> • Ketkä ovat keskeiset kumppanimme ja mitkä ovat kumppanien roolit? • Mitä hyötyjä kumppanuudesta syntyy sen osapuolille? Asiakkaan näkökulmasta: <ul style="list-style-type: none"> • Millaisia kumppanuuksia asiakkaalla on ja miten ne pitäisi ottaa huomioon? 	Keskeiset resurssit Meidän näkökulmasta: <ul style="list-style-type: none"> • Mitä meidän pitää tietää ja osata? • Mitkä muut resurssit ovat kriittisiä? Asiakkaan näkökulmasta: <ul style="list-style-type: none"> • Mitä asiakkaan pitää tietää osata? • Mitkä muut asiakkaan resurssit ovat kriittisiä? 	Käytännön arvolutaus Meidän näkökulmasta: <ul style="list-style-type: none"> • Mikä on tarjoomamme? • Mitä me myymme? Asiakkaan näkökulmasta: <ul style="list-style-type: none"> • Mitä asiakas ostaa? 	Arvolutaus ja arvonluonti yhdessä Meidän näkökulmasta: <ul style="list-style-type: none"> • Mikä on meidän rooli asiakkaan arjessa? Asiakkaan näkökulmasta: <ul style="list-style-type: none"> • Millainen on asiakkaan palvelukokemus ja millä keinoin tavoitellut hyödyt syntyvät? • Mitkä asiat tukevat asiakkaan tavoitteiden toteutumista pidemmällä aikavälillä? 	Asiakkaan maailma ja unelma arvosta Meidän näkökulmasta: <ul style="list-style-type: none"> • Millainen on asiakkaidemme arki ja konteksti? • Miten voimme ryhmitellä asiakkaitamme edellisen perusteella? Asiakkaan näkökulmasta: <ul style="list-style-type: none"> • Miksi asiakas ostaa? • Mitä hyötyjä asiakas tavoittelee? <ul style="list-style-type: none"> • Taloudellinen • Toiminnallinen • Sosiaalinen • Emotionaalinen • Symbolinen
Kustannusrakenne Mikä on liiketoimintamme kustannusrakenne?		Tulovirta Mikä on ansaintalogiikkamme? Mistä tulomme koostuvat?		

Koostanut teemaryhmän vetäjä Katri Ojasalo (katri.ojasalo@laurea.fi)

Figure 11: Applying service-logic to business models, version 0.6 (Original: Palveluliikkeen liittäminen liiketoimintamalliin, versio 0.6) (Finnish Service Alliance FSA 2013)

2.3.2.7 Summary of alternative business model canvases

As can be seen from the Table 6, different adaptations of BMC have elements that can be applied to nonprofit service-dominant logic canvas, but from my perspective, none of them is yet entirely suitable for the purpose and needs of the thesis project.

As Osterwalder describes (2013), by dislocating any business model building block will hinder the “big picture”, and therefore, most of the adaptations are “broken”. Osterwalder also explains (2009) that business model canvas is not just for for-profits, but it can be used also for non-profitable organizations. Therefore, I find it beneficial to maintain the original structure of the business model canvas, but develop further the key questions of the business model blocks to the special needs of the child sponsorship organizations and also for service-dominant logic. Adaptations of BMC confirmed that the building blocks should remain as the original BMC, but the key questions of the new business model could be rephrased to meet the special needs of the nonprofits and service-dominant logic.

Name of the BM canvas	Key learning
The Business Model Canvas (Osterwalder & Pigneur 2010)	Business model can be illustrated well with 9 business blocks, and BMC helps to realize customer segments connection to value propositions
Value Co-Creation Canvas (Rampen 2011)	Align customer resources and customer journey to resources and capabilities
Service Model Generation Canvas 1.0 (Bettencourt)	Business model has to answer what customer jobs customer want to accomplish
The nonprofit Business Model Canvas (Smith and Souder 2012)	Distinction of different business models for donors and beneficiaries
Nonprofit Business Model 1.0 (Alexandros 2013)	Not all the outcomes of the nonprofit are financial
Lean Canvas (Maurya 2012)	Business models can be altered for special needs, such as start-ups. And business models need to be first sketched, before taking it too far
FSA Business Model Canvas (FSA 2013)	Original Business Model Canvas can be adapted to service-dominant logic

Table 6 Summary of BM canvases

2.3.3 Developing a business model canvas application for child sponsorship organizations

In order to develop service-dominant logic based business model canvas for child sponsorship organizations, this section reflects original Business Model Canvas questions with the fundamentals of service-dominant logic, customer-dominant logic and also with special characteristics of child sponsorship organizations. Developed business model canvas will be applied and tested in service design process in the next chapter.

2.3.3.1 Customer segments

Customer segments building block is described by answering the following questions: “For whom are we creating value?” and “Who are our most important customers?”. Because the founding premises of Service-Dominant Logic (Vargo and Lusch 2008) explain that the customer is always a co-creator of value (FP6), the first questions should be: “For whom are we offering value propositions to co-create value with?” or “With whom are we co-creating value with?” Eight founding premise states that a service-centered view is inherently customer oriented and relational, meaning that the benefits of the service are customer-determined. Therefore the question “Who are our most important customers?” altered with SDL could be “Who of our customers could possible value our offered value propositions most?” or “To whom of our customers our offered value propositions would be most valuable?”

Because the donor's motivations are affected by the values and beliefs, interests and expectations (Durhman 2010; Sargeant and Shang et al. 2010), therefore, these aspects have to be understood and mapped. As the literature suggests, people have both public reasons as well as private reasons to donate (Vesterlund 2006). These reasons have to be understood as part of the value propositions and customer segments in order to have relevant value propositions for the customers. Also, Heinonen (et al. 2010) suggests that focus when applying customer-dominant logic, is in what the customers are aiming to accomplish. Therefore, the key questions for the building block would be: "For whom are we offering to co-create value with and what are their: values and beliefs, interest & expectations?" and "What does child sponsors want to accomplish by being child sponsors: public reasons and private reasons?"

2.3.3.2 Value propositions

In the BMC of Osterwalder and Pigneur (2010) value proposition is defined by finding answers to the following questions: "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" and "Which customer needs are we satisfying"?

According to the seventh FP of Service-Dominant Logic (Vargo and Lusch 2008), organization cannot deliver value, but only offer value propositions and sixth FP determine that in service-dominant logic customer is always a co-creator of value. Tenth founding premises states that value is always uniquely and phenomenological determined by the beneficiary. According to service-dominant logic (Vargo and Lusch 2008), value can be proposed, but customers continue value-creation in use. Organization cannot deliver value to the customer, but only offer value propositions and the value are co-created in the exchange of directly or indirectly. Therefore, the correct question to determine the building block would be "What value do we offer to the customer to experience and co-create?"

According to Norton (2009) people donate when they are inspired and can understand how donation can make a difference. Therefore, to meet the needs of the child sponsorship organizations, first question of the value proposition building block could be: "What do we promise to accomplish in the lives of the beneficiaries with the donations provided by the child sponsor and resources given by volunteers?" Promised outcomes in the lives of the sponsored children have to be understandable and inspirational in order to meet the needs of the donor customers.

Second questions for the value proposition building block, which aims to place the value proposition in line with the customer's life (Durhman 2010; Sargeant and Shang et al. 2010)

and to meet both customer's private and public reasons (Vesterlund 2006), is "What do we offer in order to fulfill both the private and the public motivators of child sponsors and volunteers?"

2.3.3.3 Customer relationships

BMC building block customer relationships is described with following questions: "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" and "How costly are they"?

When reflecting the original questions with foundational premises of service-dominant logic defined by Vargo and Lusch (2004, 2008) following changes could be done. As FP5 (All economies are service economies) and FP6 (The customer is always a co-creator of value) suggest that customer relationships are processes and relationships with networks of networks, and that the customer is not an object, but more of a partner with whom the value is co-created with. Therefore, the SDL reflected questions for the block would be "What kind of process do our child sponsors expect to have in order to co-create value with us?"

2.3.3.4 Channels

BMC building block channels includes questions: "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?" and "How are we integrating them with customer routines"?

In Service-dominant logic customer are co-creators of value and creation of value is interactional (FP6). Because the nature of customer-relationships, when reflected with SDL, are interactional and because also organizations interact with networks of networks (FP9), the first question could be "Through what channels do our customer segments, and their networks want to interact with us?". Because of the same reasons in SDL, the second BMC question could be "How are we interacting with them now?" Third question could stay as the same as original one in BMC, which is "How are our channels integrated and which one works best?". Fourth question, which is in BMC "Which ones are most cost-efficient?" could be when considered FP6 (The customer is always a co-creator of value) is "Which channels are most productive for our customer to co-create value with us?" and fifth would be "How do we offer value propositions to our customers in their routines?". Another alternative could be customer-dominant logic (Heinonen et. al. 2010) related question that could be also "How do we embed service to the customers contexts?"

In order to simplify the question and to meet the needs of child sponsorship organizations, these questions could be: “How do we reach current and future child sponsors (and their networks) to offer our value propositions?” and “How do we integrate child sponsors (and their networks) into our value co-creation process?”

2.3.3.5 Key Partners

Key partners are defined in the BMC with following questions: “Who are our Key Partners?”, “Who are our key suppliers?”, “Which Key Resources are we acquiring from partners?” and “Which Key Activities do partners perform”?

Reflected with Service-dominant logic the key partners are participating into co-creating serving offerings to the customers and that context of value creation is networks of networks. Because the FP1 (Service is the fundamental basis of exchange) suggest that operant resources are knowledge and skills. Therefore, the SDL reflected question for service block could be: “Who are our key partners to co-create value with for our serving offering?”, “Who are our key suppliers to co-create value with for our serving offering?” and “What Key Activities do our partners perform in order to co-create value with us?” In order to simplify the question for the needs of the nonprofits and especially child sponsorship organization, question would be: “Who are our key partners that we co-create value with and what are their roles and gains?”

2.3.3.6 Key Activities

Original questions for the BMC block were: “What Key Activities do our Value Propositions require?”, “Our Distribution Channels? Customer Relationships?” and “Revenue streams?”. Because the value proposition is offered, not delivered (FP7), question would be: “What activities we must accomplish to offer our value propositions?”. For child sponsorship organizations, this could include the perspective of customer service process as well as the field work in the child sponsorship projects. These activities must be in line with the defined value propositions.

2.3.3.7 Key Resources

Original BMC questions for Key Resources were: “What Key Resources do our Value Propositions require?”, “Our Distribution Channels? Customer Relationships?” and “Revenue Streams?”. According to the service-dominant logic value proposition is offered, not delivered (FP7) and that knowledge and skills are the applications of competencies, the

question could be following: “What competences and skills we have to have to offer our value propositions?”.

2.3.3.8 Cost Structure

Original BMC questions for cost structure are: “What are the most important costs inherent in our business model?”, “Which Key Resources are most expensive?” and “Which Key Activities are most expensive?”. Maybe from cost structure SDL could try to see what is the relation between costs versus the importance of the unit to the value co-creation process with the customer or to the value offering? Therefore, the question of this block could be: “Which Key Resources and Key Activities are least important for the process of co-creating value with customers?”, but in order to even more simplify it for the needs of the case organization, question would be: “What are our direct and indirect expenses?”.

2.3.3.9 Revenue Streams

Original BMC questions for revenue streams are: “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?” and “How much does each Revenue Stream contribute to overall revenues?”. When reflected with SDL this question seems to be in line with the theory, but to simplify it, question could be following: “Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?”.

2.3.3.10 Combining BMC, SDL and child sponsorship organizations

As defined earlier, titles of the original business model canvas building blocks do not have to change. Instead the key questions are modified as can be seen from the Table 7.

Building blocks	Original BMC key questions	New SDL reflected questions
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?	What do we promise to accomplish in the lives of the beneficiaries with the donations provided by the child sponsors and resources give by volunteers? What do we offer in order to fulfill both private and the public motivators of child sponsors and volunteers?
Customer segments	For whom are we creating value? Who are our most important customers?	For whom are we offering to co-create value with and what are their values and believes interests and expectations? What do child sponsors want to accomplish by being child sponsor (public and private reasons)? Continue...

Building blocks	Original BMC key questions	New SDL reflected questions
Customer relationships	<p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them?</p> <p>Which ones have we established?</p> <p>How are they integrated with the rest of our business model?</p> <p>How costly are they?</p>	<p>What kind of service process do child sponsors expect to have in order to co-create value with us?</p>
Channels	<p>Through which Channels do our Customer Segments want to be reached?</p> <p>How are we reaching them now?</p> <p>How are our Channels integrated?</p> <p>Which ones work best?</p> <p>Which ones are most cost-efficient?</p> <p>How are we integrating them with customer routines?</p>	<p>How do we reach current and futures child sponsors (and their networks) to offer our value propositions?</p> <p>How do we integrate child sponsors (and their networks) into our value co-creation process?</p>
Key Partners	<p>Who are our Key Partners?</p> <p>Who are our key suppliers?</p> <p>Which Key Resources are we acquiring from partners?</p> <p>Which activities do partners perform?</p>	<p>Who are our key partners that we co-create value with and what are their roles and gains?</p>
Key Activities	<p>What Key Activities do our Value Proposition require?</p> <p>Our Distribution Channels?</p> <p>Customer Relationships?</p> <p>Revenue streams?</p>	<p>What activities must we accomplish to offer our value propositions?</p>
Key Resources	<p>What Key Resources do our Value Proposition require?</p> <p>Our distribution Channels? Customer relationships?</p> <p>Revenue Streams?</p>	<p>What competences and skills do we have to have to offer our value propositions?</p>
Cost Structure	<p>What are the most important costs inherent in our business model?</p> <p>Which Key Resources are most expensive?</p> <p>Which Key Activities are most expensive?</p>	<p>What are our direct and indirect expenses?</p> <p>Continue...</p>

Building blocks	Original BMC key questions	New SDL reflected questions
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 Streams contribute to overall revenues?	Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?

Table 7 Original BMC questions and new alternative questions

Outcomes of the can be seen placed in the original business model canvas in the Figure 12.

<u>Key Partners</u> Who are our key partners that we co-create value with and what are their roles and gains?	<u>Key Activities</u> What activities must we accomplish to offer our value propositions?	<u>Value Proposition</u> What do we promise to accomplish in the lives of the beneficiaries with the donations provided by the child sponsor and resources given by volunteers? What do we offer in order to fulfill both the private and the public motivators of child sponsors and volunteers?	<u>Customer relationships</u> What kind of service process do child sponsors expect to have in order to co-create value with us?	<u>Customer segments</u> For whom are we offering to co-create value with and what are their: <ul style="list-style-type: none"> - values and believes - interest - expectations What do child sponsors want to accomplish by being child sponsors? <ul style="list-style-type: none"> - public reasons? - private reasons?
	<u>Key Resources</u> What competences and skills do we have to have to offer our value propositions?		<u>Channels</u> How do we reach current and future child sponsors (and their networks) to offer our value propositions? How do we integrate child sponsors (and their networks) into our value co-creation process?	
<u>Cost structure</u> What are our direct and indirect expenses?		<u>Revenue Streams</u> Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?		

Figure 12: Applied BMC with SDL for child sponsorship organizations, version 0.5

3 Service design project to define value propositions for case organization

Third chapter of the thesis describes empirical study of the thesis, which aims to create suitable value propositions for the case organization's child sponsorship. Also, the developed a business model canvas is applied in practice in order to reflect how to develop it further. First, the service design process is chosen and introduced. Then, the service design process is shown including phases called discovering, define, develop and deliver. Finally, at the end of the chapter, outcomes of the process are represented.

According to Miettinen (2010, 64-66) service designs aim is to solve customer's present and future needs by integrating different stakeholders as early as possible in the development

process (Miettinen 2010, 64-66). Aim is to develop value propositions that are understandable and solving customer needs.

Stickdorn (2010, 84) describe service design as a holistic and iterative process where the focus is in the big picture. This thesis aims to adapt this perspective in this chapter. Also, Moritz (2005, 154-159) describes service design as an evolving and ongoing process. Therefore, service design process of this thesis work aims to adapt these perspectives by involving different stakeholders early to the design process and by focusing in the big picture.

Schneider (2010, 72) explains that customer today has a strong sense of how solutions can be integrated into their everyday life. Therefore, aim is to simplify donor customers' life, not to create further confusion (Schneider 2010, 72). Value propositions of child sponsorship aims to be meaningful and add value for customer's everyday life. Also, the design process of this thesis work aims to understand different human-to-human interactions that there are as Polaine (2012, 162-165) explains that all services are ultimately human-to-human interactions.

Bettencourt (2010) writes that customers choose services that help them to accomplish their needs so, therefore, service innovation processes have to define how customers perceive value and also how to fulfill the customer needs. Goal of value propositions is that they are user-centric (Miettinen, 37-43). With user-centric Stickdorn (2010 19-30) explains that services are experienced from the customer perspective and that services are created through interaction between a service provider and a customer, and as Andrews (2010, 56 - 60) explains, all stakeholders should be included in the process of designing a service. Service design should be approached holistically, which means the entire environment of a service is considered (Stickdorn, 2010, 19-30).

This thesis aims to find user-centric value propositions and as part of the design process both service provider and donor customers are involved. Because of the delimitations of the thesis project, beneficiary customers are not included this time to the project. To choose a service design process for the thesis work, different service design process models are explained and reviewed, and finally one model is chosen for the thesis project work.

Stickdorn and Schneider (2010) introduce a service design process that has four iterative steps, which are exploration, creation, reflection and implementation. In the phase of exploration designer needs, to understand the culture and also the objectives of the case organization in order to identify the design problem. Designer has to have a clear understanding of the situation also from the perspectives of current and potential future

customers. Findings have to be visualized and the complex and intangible processes of service simplified. (Stickdorn 2010, 78-89.)

Service design process model by Transformator Design is an iterative design process that has a series of interaction loops from general hypothesis to concrete service solutions. Each loop has more focused perspective than earlier until service is optimized and meets the needs (Widmark and Patel 2012, 75). Service Design Process by the committee called New Service Development for British Standards has four stages, which are developing the business, designing and developing the service, delivering and supporting the service and operating and optimizing potential stage (Moritz 2005, 118-119).

Another service design process model is called “The Double Diamond” developed 2005 by the British Design Council. In the Figure 13, preview service process as stages of divergent and convergent by having four phases, which are discover, define, develop and deliver, as an iteration process of service design. The Double Diamond of Design Process has four stages, which are discovering, defining, developing and delivering. Project begins with initial idea and need identification, such as market research and user research. During the defining stage data collected from the first phase are interpreted and aligned with the business objectives. During the third phase begins the development of the design-led solution, including testing the solution. Final stage is delivering, which means the product or service is finalized and launched to the relevant market. (The Design Council 2012.)

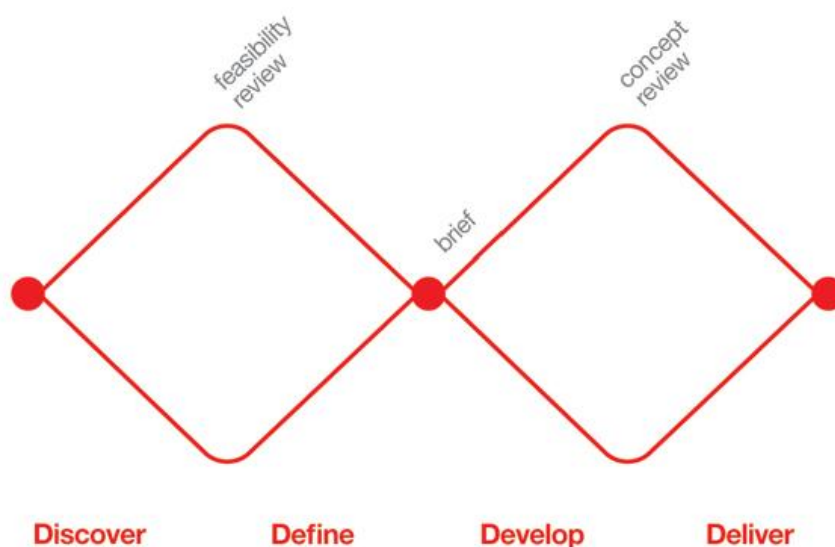


Figure 13: The Double Diamond of Service Process (The Design Council 2005)

For the thesis work, the Double Diamond service design process model by Design Council (2005) is chosen, because of its simplicity, goal-oriented approach and usability for the

purpose of this thesis. As can be seen in the Figure 14, first at the discovery phase aim is to understand customer needs and identify possible development needs with service design methods. Chosen methods were theme interviews with child sponsors, netnographic research and having a co-creation workshop with volunteers. During the second phase, which is defining phase, findings of the discovery phase are recognized as a possible business objects. These findings are reflected and iterated with focus group with child sponsors and also as dialogue with customer service through service blueprinting. During the following develop phase developed a business model canvas for service-logic child sponsorship organizations is applied together with the insights gained from discovery and define stage. At the end of the design process outcomes are presented as part of the delivery phase for the case organization's action group and further actions are decided.

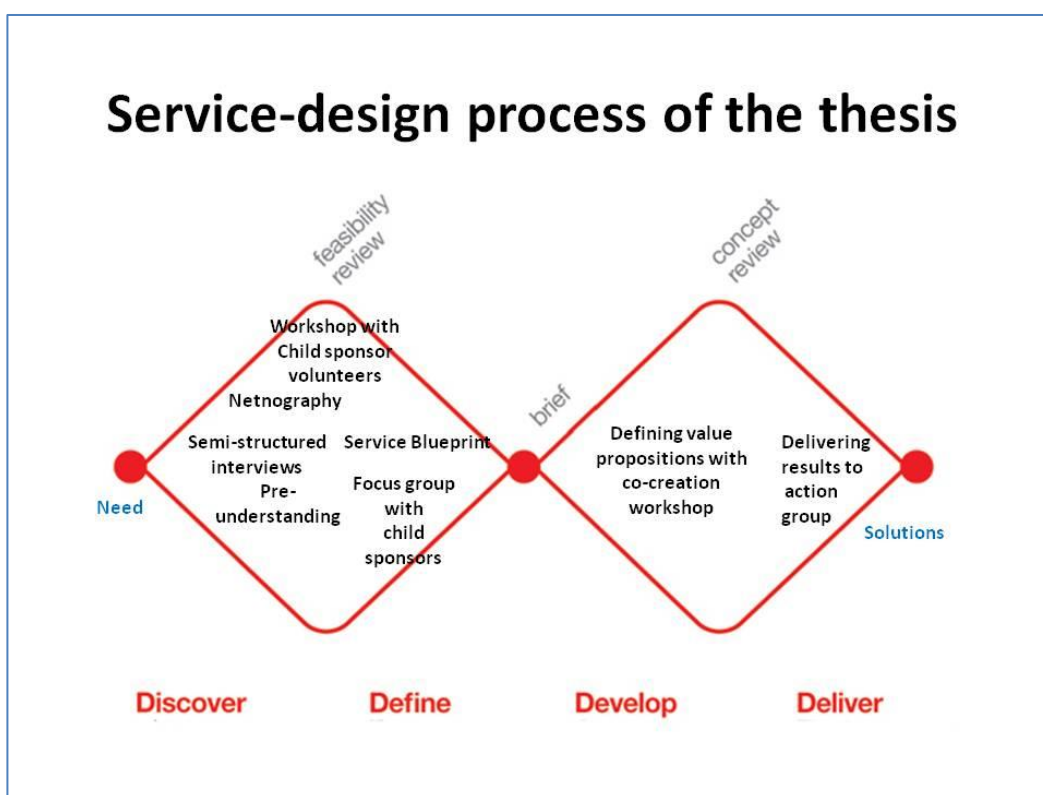


Figure 14: The service design process of the thesis project

3.1 Discover phase

At the discovering phase the aim is to understand customer needs. Usually a designer spends time with users and involves them in the process. The aim is to understand what people need and want in order to gain insights for the design project and to have useful, usable and desirable outcomes (The Design Council 2012).

In the discover phase the thesis, the aim is to gain a holistic understanding of the child sponsorship and to have view to the entity (Stickdorn and Schneider 2010). According to

Heinonen et. al. (2010, 6) in the customer-dominant logic, the primary issue is not the offering alone, but customer's life and tasks that the offering is related to. As it can be seen from the Figure 15, chosen research area is discovered from the perspective of donor customers, potential customers and volunteers. With customers, it is meant the child sponsorship donor customers of the service, and with potential customers is meant the understanding gained from larger audience who discuss about child sponsorship. Volunteers in this context are meant with the key partners of the child sponsorship, whom are participating by giving their time to help customer service. Chosen service design methods are pre-understanding, netnography and co-creation workshop. Aim is to have many stakeholders are involved early in the design process as Miettinen (2010, 64-66) suggest, to have a holistic picture of the subject.

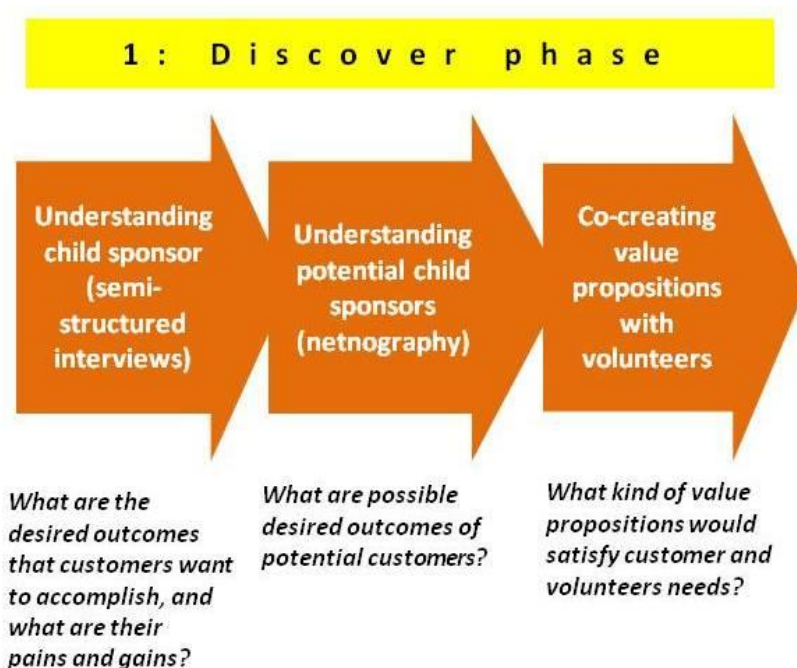


Figure 15 Discover phase

3.1.1 Pre-understanding

I am familiar with the chosen area research area through my work as the case organization's fundraising manager, and I am also an active participant of the process of developing child sponsorship, and therefore, have pre-understanding that will be used as an integral part of this thesis work.

This is supported by research methodology theories. According to Gummesson (2000, 57), while understanding refers to the improved insights emerged from the research, pre-understanding refers to knowledge, insights and experiences that the researcher has before the research assignment. If the researcher has pre-understanding of the research topic, one

does not have to spend so much time with acquiring the necessary understanding. Without pre-understanding, work can have serious shortcomings and can be misleading. Vital for the success of the research is to have personal experience from the perspective of the decision making and implementation. A researcher also should be operating as an active participant in the process (Gummesson 2000).

3.1.2 Semi-structured interviews with child sponsors

In the discovery phase, the role of the customer, in this case child sponsors, is important, because it helps to see what are the customer jobs they want to accomplish and how service has been experienced so far. This helps to reflect the findings for value proposition creation phase of thesis project. Customer role is important also from the perspective of theory. Customers needs have to be understood when designing a service strategy (Bettencourt, 2010). This is also supported by service-dominant logic. The sixth foundational premise of service-dominant logic is that the customer is always a co-creator of value and the tenth that value is always uniquely and phenomenological determined by beneficiary (Vargo and Lusch 2008). The chosen method was semi-structured interviews with customers.

In order to understand customer needs, semi-structured interviews of current child sponsors were made on 3th of January 2013 as phone interviews. Respondents were carefully chosen among Fida's child sponsors from 40 possible candidates chosen by customer service team, from which I interviewed four active child sponsors.

The semi-structured interviewing is a flexible research method where questions are open, but prepared well before hands. Same questions are asked from the respondents. Focused semi-structured interviews can be short while questions flow naturally from one question to another. Important factor of semi-structured interviews are later on detailed analyzed by the structure of the questionnaire. (Gillham 2005, 70 -79.)

From the respondents, two were male (one around thirties and one elderly man), and two were female (one forty and one elderly woman). One of the respondents had 49 child sponsor accounts, one 9 child sponsor accounts and two had 5 child sponsor accounts. They had been sponsors between 2 to 10 years. Interviews took time approximately between 20 minutes to 10 minutes. During the interview everything respondents shared were written down. With semi-structured interview questions, I was able to ensure that the discussion stayed on the target and kept going on well. All of the interviews were transcribed, categorized and analyzed.

Respondents were asked about reasons why they joined Fida child sponsorship. Identified

public reasons for respondents becoming a child sponsor were helping the unprivileged children, becoming convinced about the importance of matter through online discussion and to “even up the gap between rich and poor”.

Respondents were asked about what kind of experience they have had as child sponsors. Most of the experiences were positive. Shared experiences were for example happiness from being able to help children in need to gain better life. Respondents shared experiencing an immense joy when receiving and writing letters, but at least two of the respondents felt guilt for not writing so often to the children. Newsletters were described as showing how donations were making an impact. One respondent shared that child sponsorship offered added value for family activities: “When our children were still small, we prayed together with them for the sponsored children, whose pictures were on the wall of our fridge. That was really educating”. Another respondent shared that being a child sponsor gives a strong feeling of being useful: “Even the poorest Finnish person can get more content to life by becoming a child sponsor”. It was also shared that accomplishing sponsoring a child until the end of the program gives a sense of gratitude: “When a child can stand on own feet and have a control over life is the best moment”.

As expectations for desired outcomes in the lives of the sponsored children, were shared that sponsors expected children to be helped by professionals. One respondent described “There is real people over there who loves them.” Similar comment was shared by another respondent: “I trust that Fida knows best how to help the children.” Shared expectation was also that children receive holistic help. One described: “The gap between Western countries and developing countries is so huge that it motivates when a child receive holistic help with their basic needs taken care of.”. Christian values of Fida’s child sponsorship were shared as a natural part of Fida’s child sponsorship as one of the respondent shared: “Helping is Christian value, but it should be always voluntary.” Respondents also shared that they expected to provide education to the sponsored children. One respondent shared: “Education builds the future because it is more important than short-term help”.

Receiving letters from the sponsored children were mentioned many times as value-adding and expected feature. One respondent shared that when there are not possibilities in life to travel, being a child sponsors brings additional value: “It enables making imagination travels around the world”. Another project sponsor shared also similar: “I get nice letters from the projects, but cannot say what has been the best. I just think in general it gives me happy mood and good feeling to part of this”.

It was also shared that participating to the annual child sponsorship field trip was a memorable experience: “Meeting the sponsored child was the best experience. It convinced

me even about how important it is to be a child sponsor. Helping even one person can make a difference.”

Respondents were satisfied with the service, and Fida was perceived trustworthy, reliable and operating with high-values. Christian values of Fida were considered as a positive factor that increased the credibility of the organization. One of the respondents described: “Because Fida is fundamentally a Christian organization, donations are managed carefully”.

Fida offered also topic to discuss with friends. One of the respondents had market Fida’s child sponsorship to others, because of public appraisal given by Minister of Development Heidi Hautala for Fida’s successful projects in Tanzania (Fida, 2012). When asked about additional needs or areas of development, one of the respondents shared a desire to have more information about the supported projects and another one was once dissatisfied with child change, but understood this “as part of life”.

Recognized private motivators were needs to feel being useful and to get more content in life. As can be seen from the Table 8, semi-structured interview highlighted the customers need to have strong positive experiences, such as joy, happiness and feeling of purposeful. As a public reasons to be a child sponsor, were shared an altruistic motivations, such as empowering children, evening up the gap between poor and the rich and to have faith-based outcomes. Also they hoped to contribute to a larger entity.

	Expectations & motivators	Gains	Pains
Public	Empower children Doing the right thing Promoting Jesus Learning from other cultures Educating own children Receiving letters	Feeling joy Feeling happiness To be content Feeling purposeful To make imagination travels	Child changes
Private	Getting content for life Being more useful		Not writing enough to a child

Table 8 Summary of semi-structured interviews

From Fida, it was expected that that it provides holistic help to the sponsored children. Received pictures and letters from the sponsored children were perceived as important physical evidences. For child sponsor, who does not have individual child to sponsor, also the project letters were important physical evidences of making an impact. Some participants

felt pain of not sending enough letters to the sponsored children and the moment when sponsored child is changed. This founding was in-line with the theory of donating behavior theories. Simplified said, expectation was to help children and to feel better in general and also about oneself.

3.1.3 Netnography of Finnish child sponsorship

Child sponsorship organizations in Finland has 280 000 new potential customers (Taloustutkimus 2011). As the case organization search to have value propositions that meet the needs of also future customers, the aim is to understand what are possible desired outcomes of child sponsorship by people who are interested about the topic. Chosen method was ethnographic Internet research called netnography.

Ethnography helps to understand deeper study object. It originates form of the research tradition that is categorized as a qualitative research. It can be applied to gain new insights of customers, and it is useful when the researcher does not have prior knowledge of the market. (Mariampolski 2006.) Ethnography is about descriptions of social patterns, which researcher studies from others by empathy, open-mindedness, and sensitivity (Gummesson 2000, 132). Netnography is qualitative research method (Browler 2010), which is according to Kozinets (2002) ethnography of online communities. Netnography uses public online forums to identify and understand needs of consumer groups, and it is a research technique that enables consumer insight. With method, it is possible to get results fast and to study people in real non-fabricated situations. Limitations of the research method are relatively limited populations for research and, therefore, it is difficult to generalize results to a larger target group. (Kozinets 2002.)

Kozinets describes that observed online communities have to be relevant to the research focus and question, and that the researcher has to have specific research question in mind. Preferable online communities should have active discussions by a sufficient amount of heterogeneous participants in order to provide rich data. Choosing the data, researcher analyzes also the roles of the participants. Strength of the method is that conclusions can be made already from relatively small number of messages when messages are rich and are interpreted with depth and insights. (Kozinets 2002.)

Netnography research for child sponsorship was conducted online on 2nd of January 2013. The aim was to understand attitudes and perceptions people shared in the Finnish online discussion boards concerning child sponsorship, and what were their experiences, attitudes and expectations. I was not involved in online discussions, and all the data was available publicly.

The largest Finnish online forums were browsed and searched for discussions about child sponsorship. The forums found and chosen were Suomi24.fi, vauva.fi, kaksplus.fi, pallontallaajat.fi, cosmopolitan.fi and meidanperhe.fi, which have had discussions about child sponsorship between years 2005 to 2013 from which some of the online discussions began earlier and continued until more recently. The focus in data collection was more in the richness of a small sample rather than large an amount of data. The collected data was categorized into what was search for when becoming a child sponsor, what were positive or negative customer-experiences and why someone told not to take a child to sponsor. Also, the general atmosphere of the respondents toward the subject was also observed.

The most of the online discussion boards, where child sponsorship was discussed, were female-oriented. Different roles of the participants were recognized. Most of the threads were started by someone who was enthusiastic about child sponsorship, or it was begun by someone asking recommendations or validation about the subject. Responses were in some level quite polarized because some of the respondents were passionate about child sponsorship, while others opposed it.

Shared positive experiences of being a child sponsor were, for example, corresponding with a sponsored child and also joy of following sponsored child's development. People were shared that child sponsorship provides a sense of having a connection to the sponsored children, and help was provided as well for the community. Some hoped that child sponsorship could educate their own children about life.

Receiving pictures of children, who were not looking happy, made someone disappointed, and another shared that it causes a disappointment of having letters, which were not personal enough. Negative experiences were shared also from a situation where child sponsor found out that sponsored child had also another sponsor, and while requesting information about it, was not served well.

From the online conversations, it was possible to recognize also reasons for not becoming a child sponsor. These were doubts that money "will be spent on the tribe leaders" or opinion that donations should be given to domestic needs. Some were afraid of the financial burden and one shared "husband did not allow". Someone wrote also to ask whether writing for the children was mandatory or not. This showed that the concept of child sponsorship was not familiar to all people.

Participants shared their experiences with different charities. Mentioned organizations were World Vision, Plan, Pelastakaa Lapset, Kirkon Ulkomaanapu (KUA), Suomen Lähetyseura, Fida

and Unicef, from which World Vision and Plan were mostly mentioned. Expectation was to have trustworthy child sponsorship organization with low administrative expenses.

Even though netnography can be limited method in many ways as Kozinets describes (2002), it nevertheless provides insights of general opinions about child sponsorship. As can be seen in the Table 9, valuable insights were collected. The experience of having a connection with the sponsored children or the projects were perceived as important and as well the physical evidences of the service, such as pictures and letters. Most of the discussions occurred on online-forums dominated by female participants; this could also affirm that main customer groups for child sponsorship are women.

	Topics	Goal	Experiences
Positive	<i>Sharing experiences and / or inviting others to join</i>	Connection with sponsored child	Emotional bond
		Teaching children	Valuable learning experience
		Pleasant form of donating	Happy to send and receive letters
		High impact giving	Joy to follow development
		Support entire community	
	<i>Interested, asking for recommendations</i>	Trustworthy organization	
		Non-religious or religious	
<i>Interested, but afraid of the burden of writing</i>	Support lives of children	Afraid of the commitment	
Negative	<i>Sharing negative experiences</i>	Personal connection and corresponding with child	Letters did not feel authentic nor personal
		Happy children	Children looked unhappy
		Understanding	Bad customer service experience
	<i>Doubts</i>	Doubts how money is spend	
	<i>Other topics</i>	Rather support domestic needs	
		Interested, but husband did not allow	

Table 9 Summary of the netnography research

3.1.4 Co-creation workshop with volunteers

To deepen the understanding of the needs of different stakeholders, and to get more insights for the value proposition, a co-creation workshop was arranged with child sponsorship secretaries, who are key volunteers and carry a significant role to help the children in developing countries. Their participation reduces the work-load of the customer service and marketing. As Vargo and Lusch (2008) explains as the ninth foundational premise of the

service-dominant logic, all social and economical actors are resource integrators, therefore it is valuable to co-create in this service design process also with volunteers.

An ideation workshop with child sponsorship secretaries was arranged on Saturday 4th of October 2013 in the Fida office. The aim of the workshop was to gain insights of customer understanding what the value proposition should be from the perspective of the volunteers. Customer segments are located in the right corner of the BMC. According to Lusch, Vargo & O'Brien (2007) value is created in co-operation with customers. Volunteers are most also child sponsor donor customers as well and also understand well from their long experience special needs of the donor customers.

The chosen approach was co-creation. It is a core aspect of service design and is a principle that can be used with many other service design tools. (Stickdorn and Schneider et. al. 2010, 23). Value is co-created in use, so therefore, designer can only partly control the result of the design process. To have success in a design project, one has to have a deep understanding of customers. (Wetter-Edman 2012, 106-107.) Experiences are increasingly created through services and consumers are co-creating with organizations. Co-creation allows customers to co-construct services according to one needs and service design process offers methods to this. Co-creation is in central to service design. (Miettinen 2009, 10.) Co-creation as one of the five principles of service design thinking is about putting customers at the centre of a service design process. It is about gaining genuine insights from different user perspectives in the creation of services and for the development, prototyping and testing of these service concepts. In the design process, co-creation gives chance for customers, and other stakeholders such as front-line staff to add value to a service already in the early phase of the service development. Co-creation can lead to co-ownership, which can result to increased customer loyalty and long-term engagement. (Stickdorn 2010, 38-39.)

The workshop had 12 child sponsorship secretaries' participants. The participants were mostly women, and they represented different age groups. For all of the participants were explained that their participation was anonymous and that the material will be used for the thesis. The facilitators were Fida employees, from which I was one, and facilitators were instructed about the workshop and methods. At the beginning of the ideation workshop participants were organized in three groups. Working spaces were prepared in advance.

Child sponsor secretaries are responsible of material flow between child sponsor and the child sponsorship programs and they are a link between the customer service and also the child sponsorship projects. Most of them are child sponsors themselves, and beside their child sponsorship, they have wanted to help also by volunteering. Child sponsorship secretaries have also different kind of roles, such as translating letters and participating in marketing.

Child sponsors are not directly in contact with child sponsorship secretaries, even though they receive letters also from child sponsorship secretaries as part of the process. Customer contacts are channeled through the Fida's customer service.

Chosen ideation method for the workshop was 8 x 8 ideation, which is an ideation method that offers highly visual approach. Using visual materials and activating participants are important for the success of idea generation during workshops (Stickdorn 2010, 166-167), and using 8 x 8 offers suitable platform to meet this need. The aim of the method is to produce ideas instead of knowledge. In the ideation process, the research question is placed at the center of paper or canvas, and eight ideas are produced around it. Then these eight ideas are placed further to own corners, and they are starting points of eight more ideas. The method produces 64 ideas around the chosen research question (Ojasalo, Moilanen & Ritalahti 2009).

All of the three groups were able to produce multiple ideas. The original plan was to accomplish ideation workshop in 30 minutes, but it took over 40 minutes. Groups had one question to answer: "(What are) the expectations of a child sponsor". The chosen question was a simplified version of otherwise rather complicated business model canvas questions in order to get rich data in a short period of time and because volunteers have a good perspective of what might be valuable to themselves and to other child sponsors.

As a result of the group works, as can be seen from Figure 16 and from the Attachment 1, 151 ideas or point of views were given, from which one group produced 64 ideas or point of views, second group 47 ideas and the third group 40 ideas. Main outcomes can be categorized under five categories. The first category was Christianity, with was meant that they believe child sponsor's expectation is that children are affected by or receives Christian values. The second category was reliability, which was expected from Fida as an organization. The third category was receiving trustworthy, accurate information that is also emotionally appealing and interesting. The fourth category was making impacts on children's lives, including improved health, education and nutrition of the children. The fifth recognized group was personal life experiences from the child sponsorship, which included gaining international experiences and feeling personal importance in a "larger picture".

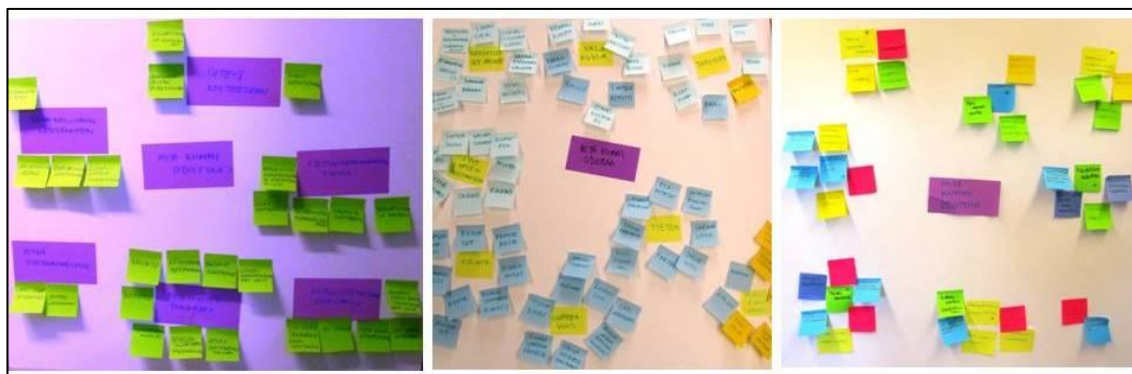


Figure 16 Outcomes of the 8 x 8 ideation workshop with volunteers

Child sponsor secretaries' comments followed mostly the current value propositions. The emphasis was on the expectations of reliability from an organization, having high-quality materials, improving children's life through education, health and faith. One of the participants shared: "Child gets a good start for life and access to Christian upbringing. Receiving a good education brings a future where sponsored child can support one day own parents".

As some of the child sponsors are involved in the production of newsletters, it was also discussed in groups what kind of newsletters child sponsors expects to have. Participants considered that child sponsors expected to know the background of the sponsored children, receiving interesting pictures including the surroundings of the sponsored children and learning from another culture. Child sponsors secretaries in all groups discussed that child sponsors expect to have joy from child sponsorship and to have positive experiences. One of the main findings was that volunteers emphasized faith-based outcomes more than they are possibly emphasized in the original value propositions.

Lusch, Vargo and O'brien (2007) explain that to have customers as active participants of co-production of services, customers can be motivated to participate by providing them new expertise, giving them change to control over the outcome of service and also by providing some other benefits. This workshop with volunteers, who are also personally donor customers, carefully confirmed that co-creating services can be successful when providing participants a chance to control over the outcome of the service.

3.2 Define phase

Second phase of the service design process is about interpreting and aligning the findings from the discovery phase into usable business objectives. This stage is about analyzing, defining and refining discoveries to problems for which has to be designed solutions. (The Design Council 2013.)

In the define phase of the thesis, the main insights are summarized as possible business objects, which will be used at develop phase. As can be seen from the Figure 17, discover phase insights are iterated and deepened with additional focus group with child sponsors and with service blueprint in order to understand how value propositions effect on their workload.

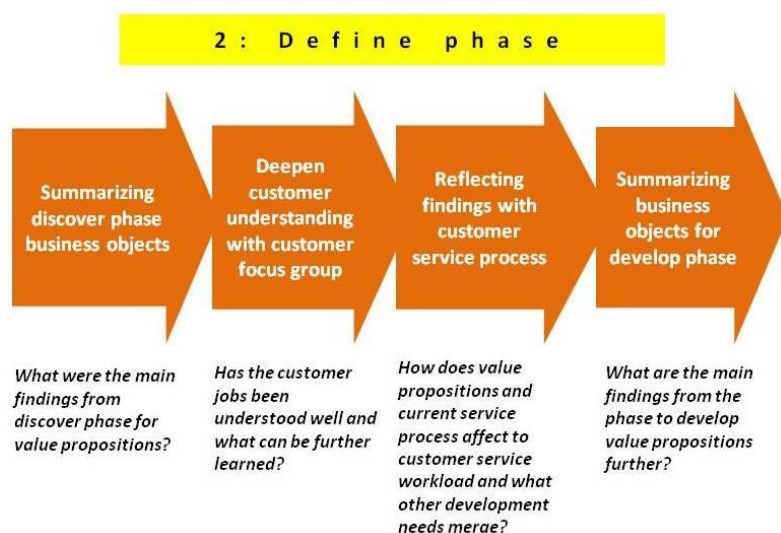


Figure 17 Define phase

3.2.1 Summary of the business objectives found from discover phase

According to Osterwalder (2012) value proposition has to solve customer jobs and has to be relevant for customer. When designing new value propositions for child sponsorship it must be understood what are the expectations of the main customer groups and stakeholders, and what kind of things they expect to accomplish (Bettencourt 2010). As it can be seen from the Table 10, possible business objects were recognized, that might enhance the customer experience, whether one is individual child sponsor or sponsor for community child sponsorship project.

Method	Defining possible business objectives
Semi-structured interviews	Emphasizing personal experiences of child sponsorship such as joy
	Emphasizing holistic impact on the children's' lives
	Emphasizing the impact of education
	Emphasizing reliability
	Reducing the pain of not writing enough to children
Netnography	Offering emotional physical evidences of service and impact on children's lives
	Supporting potential child sponsors decision making by showing what child sponsorship can accomplish
Co-creation workshop with volunteers	Motivating by emphasizing possible faith-based outcomes as well as other development based outcomes

Table 10 Summary of possible business objectives from the discovery phase

Through semi-structured interviews customers were involved in the design process. Founding was that child sponsors expected to have personal experiences, such as receiving drawings made for them. Also, the importance of child sponsorship annual trip was mentioned. It was also learnt that child sponsors expects to provide holistic help for the sponsored children. This included introducing a Christian faith to the sponsored children, which was also mentioned as expected desired outcome by volunteers. Also providing education to the sponsored children was mentioned as an expected outcome by respondents. From the child sponsorship organization, it was expected that to be reliable and do what it is promising. Recognized pains were that some interviewed child sponsors felt that they had not yet written enough for the children.

From the netnography research it was also confirmed that child sponsors and potential child sponsors expects to have physical evidences of how their donation is making an impact to the lives of the sponsored children. It was also noticed that people were searching for information about child sponsorship in general, and that some had question what is expected from the child sponsor because the concept was not clear. Understandable value propositions provide answers for the people who are considering about child sponsorship.

The co-creation workshop with child sponsorship secretaries provided significant insights about what motivates volunteers and what are the desired outcomes of the child sponsors according to the volunteer. Considered desired outcomes were providing significant development in the lives of the sponsored children including providing children a chance to have an education and to hear about loving God. Faith-based outcomes in the lives of the sponsored children were emphasized as desired outcomes.

3.2.2 Focus group with child sponsors

In order to reflect and iterate recognized possible business objectives, focus group with semi-structured questions was arranged on 9th of December. The aim of the workshop was to reflect the insights from the discovery phase and also to gain more insights for the development of the value propositions of child sponsorship.

The chosen method for the workshop was a focus group. Focus group is a qualitative research method providing rich qualitative data in a short period of time, including understanding of customer's needs, preferences and subjective reactions to chosen research topic in order to develop a service or product. (Ojasalo et. al. 2009.) Focus groups can be half structured group interview or group discussion situation. Participants of the focus group should be representing as wide range of the target group as possible to produce high quality sample. Purpose is to have no-probability sample of the target group, which means that the participants are chosen with careful decision, not with a random sample, and not very different kind of people should be included in the same group. If there are many focus groups, participants per group could be homogeneous, but if there are only few, groups can be heterogeneous. Suitable group size is 6 to 8 participants. Results of the method are not statistically valid because the sample is not chosen randomly nor it is quantitative representative. Weakness is that results cannot be validated or measured. (Parviainen 2005.)

Focus groups are useful when researcher aims to understand people's feelings and ideas. It is also useful when understanding differences in perceptions, understanding motivational factors and when pilot-testing ideas or concepts. It does not work when aim is to educate people, asking too sensitive information and when the need is more for quantitative data. Focus groups are usually composed of 5 to 10 people in order to gain insights and diversity of perceptions. Usually at least three focus groups are conducted to gain rich data. Aim is to reach saturation point when no more new information emerges. Participants are chosen according to the purpose of the study. Questions are open-ended, and they have to be easily understood by the participants. Participants have to feel secure and free to share their opinions. (Krueger and Casey 2009.) Observations from the focus groups should be used as a tool to view options around the research topic. Focus groups can be used to seek clarity on

research subject and to provide understanding where opportunities exist, but observations should not be categorized as one more important than other. Therefore, the focus group is the first step to find out what is, but it is not yet sufficient for decision making. (Kaden 2006.)

A focus group with 7 child sponsors was arranged on 9th of December in the Fida headquarter. Participants were chosen carefully among child sponsors to represent a different kind of child sponsors as Parviainen suggest (2005), but also to represent the chosen main customer segments of the Fida's child sponsorship. Two of the participants were 60-70 years old, two of them around 65-75 years old, and two of the participants were 50-60 years old. One participant was a 30-40 year old woman and child sponsor, who represented both younger generation and as well as a company sponsor. Among participants there were also community child sponsors and individual child sponsors, and some of the participants had been only two years as child sponsors while others had been nearly 20 to 30 years as child sponsors. Two of the participants had been in the Fida project field workers in the 1990s. The focus group workshop was recorded, and visual results outcomes were photographed.

As a preparation for the workshop, semi-structured questions were prepared. Participants of the workshop were informed about the purpose of the study and were given an instruction for the workshop. The workshop room had round table arrangements including name tags and table was prepared with servings. During the group work insights were collected to a canvas as can be seen from the Figure 18. With the help of canvas, collected insights of the workshop were discussed with the participants at the end of the workshop.



Figure 18 Visualization canvas of the focus group

The focus group provided rich qualitative information. Participants shared as the main reasons to become a child sponsor to fulfill positive responsibility to help others, which was also mentioned as a reason by respondents of the semi-structured phone interviews. Focus group participants felt that child sponsorship offers concreteness to their desire to help. Being a child sponsor was a way to respond to the distress of the world. Fida was chosen as the organization to provide child sponsorship, because it was familiar through second hand shops, from their home Church or through their other connections. Participants preferred to donate through a domestic charitable organization instead of a multi-national charity, because of desiring to make a larger impact.

Child sponsors hoped that accomplish in the lives of the sponsored children that children receive dignifying life and have better possibilities, including being loved and cared for, and that they receive a sufficient amount of nutrition and access to education. Participants also summarized, they want to donate “capital for life that cannot be stolen”. With that they explained that by providing an education and knowledge of Gospel, one gets a good start for life. This also supported the finding of the discovery phase that faith-based outcomes could be further emphasized.

Participants were asked to share what have been their positive and negative experiences of child sponsoring in order to gain more insights about desired customer jobs and also to recognize possible development areas. Child sponsors shared they were happy to receive newsletters and letters from the sponsored children, which were shared to provide a “nice

warm feeling". Participants shared they were especially touched by the positive approach the letters and pictures represented, and therefore felt, they learned new things about the countries where their sponsored children or communities were. Letters were perceived as a very meaningful source of information and highly motivating because these physical evidences provided a window to see how sponsored children were developing. Negative experiences, such as fear, sadness or disappointment, were experienced when for example a supported child was taken away from the program for one reason or another. Child sponsors felt that they had worried also what will happen to children they have supported, after they have finished the program or they have been taken away by their parents from the program. Participant felt that they hope to contribute more by writing letters to the supported children or the communities.

Focus group participants discussed about the differences of being a community child sponsor and individual child sponsor. Individual child sponsors expressed that sponsorship is motivating and provides a strong personal experience, while community child sponsor felt child sponsorship was not so personal, but also shared experiencing happiness from being able to help many. This confirmed the importance of earlier recognized business object that community child sponsors experience could enhanced with additional physical evidences.

Fida's customer service, and customer service process were shared functioning without complains. Interesting thing was that child sponsorship was not so often in mind for most participants, but receiving letters and seeing child sponsorship related material in Fida's Facebook page reminded them about child sponsorship. When asked about the most preferable method of communication, it was shared that letters form the most preferred communication method. One participant, who was also representing a company, shared request to have email newsletters, in order to share newsletters among the employees.

The participants were also challenged to think about potential marketing ideas even though I was aware that the participants were not representing specialist in this area but as child sponsors could have valuable ideas to share. The participants suggested empowering current child sponsors to be marketers of the cause by providing good materials for it. They also suggested that Fida should use the positive experiences of the child sponsors to be used in the marketing communications to the new potential child sponsors because this was considered to encourage people to join as child sponsors. The participants also shared that they experienced this kind of workshop, where they can meet other child sponsors to share their experiences, valuable and participants suggested that this kind of meetings would enhance the experience of being a child sponsor. This was entirely new perspective for the business model of Fida's child sponsorship and needs to be further considered. Outcomes of the workshop are summarized in the Table 11.

	Prime expectations and motivators	Secondary reasons	Gains	Pains
General	<p>Fulfill positive responsibility to help others</p> <p>Desire to help children</p> <p>To respond to distress of the World</p> <p>Providing dignifying life</p> <p>To give capital for life that cannot be stolen</p> <p>Giving good start for life</p>	<p>Fida familiar from second hand shops</p> <p>Fida familiar from home Church</p> <p>Rather domestic NGO than international NGO</p> <p>Child sponsorship organization that has loving and caring aid workers</p> <p>Christian NGO</p>	<p>Concrete way to help</p> <p>Happiness from newsletters and letters</p> <p>Warm feeling</p> <p>Learning positive things about new cultures</p>	<p>Not writing enough for the children</p>
Individual child sponsor			<p>Joy to follow children's development</p> <p>Praying for children</p>	<p>Fear and sadness when sponsored child disappears</p> <p>Worries what will happen to a child after sponsorship</p>
Community child sponsor	<p>Supporting the entire community</p>		<p>Gratitude for helping many</p>	<p>Not personal</p>

Table 11: Summary of the focus-group insights

3.2.3 Service blueprint of customer service process

A service blueprint was conducted to understand the customer service process better and to gain new insights to the value-creation process of Fida's child sponsorship. Service blueprint was used also as ideation platform to reflect and discuss what are the possible "pains and gains" of customer service that might need to be addressed possible in the design process.

Chosen method for this phase was service blueprinting, which is a process control technique that visualizes service processes and helps recognizing possible service process failure points, onstage and backstage activities and physical elements for the customer. (Bitner, Osstrom

and Morgan 2008.) Service blueprinting visualizes the customer journey including front stage and back stage of service. Service blueprinting includes lines of interaction customer visibility. It can also have lines of internal interaction and employee visibility. (Patricio, Fisk and Cunha 2008.) Five components of a typical service blueprinting are customer actions, onstage/visible content, employee actions, backstage/invisible contact employee actions, support processes, and physical evidence. Customer actions include all the steps in chronically order that customers take as part of the service delivery process. Customers are at the center of the service blueprinting and drawn first to the blueprint. (Bitner, Ostrom and Morgan 2008.) According to Stickdorn (2010, 42-43), service is a dynamic process that takes place over a certain period of time including the pre-service period, the actual service period and the subsequent post-service period. Service evidences such as physical evidence makes intangible tangible and can prolong service experiences into a post-service period. To do so, service evidence has to be designed to fit the entire service process and sequences of touch points (Stickdorn 2010, 42-43).

The service blueprint for Fida child sponsorship was conducted at the beginning of March 2013 so that first the concept of the service blueprint was introduced to customer service person, whom then made a draft of the process with post-it tags. This draft was visualized as can be seen from the attachment 3. This was used as a platform to discuss and reflect ideas.

As can be seen in the Attachment 3, a potential child sponsor is reached through different marketing activities, and when a person decides to enroll as child sponsor, he or she does it through Fida's online web page, posting a paper form, calling to a customer service or by sending an email to the customer service. Physical evidence of service for child sponsor is the method of enrolling.

Customer service receives the application. Behind the line of visibility customer service processes the application into customer database and prepares a child sponsorship welcoming package, including information about the project, welcoming letter and child sponsor information. Child sponsor receives this welcoming package within two to three weeks from the application, and the package is the third physical evidence of service process.

Child sponsorship customer service informs the child sponsorship secretary, who is a trained volunteer. Secretary receives the information and prepares a package for the new child sponsor including information about the sponsored children. New child sponsorship is also communicated to the child sponsorship projects. Received package, which is received two to three weeks from enrolling, is the following physical evidence.

From then on, the child sponsor receives twice a year newsletter from the project. If a sponsor is sponsoring an individual child, person receives letter or drawing from the sponsored child once a year. Also a child report is provided once a year, which tells about the development of the child. At the end of the year child sponsor receives annual newsletter. Community child sponsors do not receive additional newsletters, just the project newsletters.

Reflecting the outcomes together with customer service were conducted through ethnographic research method called the interviewer as participant-observer in real-life contexts. Interviewing is carried away as naturalistic discussion way, and interviews are done when opportunities emerge. Interviews can be collected during a long period of time, but the interviewer has to have a clear focus of what is the objective of the research, but also this can change through time. Because these naturalistic interviews happen through time, usually interviews happen without recorders, but notes are written later on to avoid loss of data. (Gillham 2005, 39-44.) Service blueprint draft was discussed together with the customer service personnel first on 8th of March 2013. More or less informal ethnographic observations were made from March 2013 to January 2014, which provided further insights of the service blueprint and service process. Customer service persons were interviewed rather spontaneously once more on 8th of January 2014 and this ethnographic participant-practitioner discussion provided a lot of useful insights.

Customer service team shared that current service process is a little bit laborious for them, because information is scattered. This causes extra workload for the customer service when customer service has to communicate many directions in order to get needed information. Cancellations of child sponsorships increase the workload because the process has to be done vice-versa. Also, the child sponsorship secretaries, who are a network of trained volunteers and usually child sponsors themselves, are helping the customer service process by making parts of the process, but on the other hand, this arrangement was shared to cause increases of workload, when there is a sudden situation when a volunteer is unavailable.

Customer service persons shared that letters from the sponsored children are very important for the child sponsors, as one customer explained to a customer service person: "Once, a child sponsor contacted us and shared a disappointment for not having replies to sent letters and was thinking about of quitting. After receiving annual pictures and drawings from the sponsored child person was very touched and decided to continue anyway sponsoring." As the physical evidences, such as pictures and drawings, are highly motivational for an individual child sponsors, it would be beneficial to consider whether additional physical evidences could enhance the customer experience of community child sponsors. It was also shared that amount of received letters can cause disappointments. Customer service persons shared that sometimes people enroll as child sponsor with high expectations of a having corresponding

with a child, but when receiving only one letter in a year, people feel disappointed. Therefore, value propositions should be clear about how often child sponsors receive physical evidences.

Customer service also explained, because of the structure of the service process, customer service is not always aware of all the content child sponsors receive. When child sponsors contact customer service for further information, customer service has to contact field staff for further information, and this increases the workload of customer service. It was ideated that if all the materials would locate at one database, it would enable child sponsorship customer service to reply immediately to customer requests.

Customer service also shared that sometimes people asked about how long their sponsored children will stay further in the program. Having this information before hands for the child sponsors could reduce workload of customer service.

Findings of the service blueprinting and ethnographic interviews are summarized in the Table 12. It was learned that value propositions have a direct impact on the effectiveness of the customer service. Well-defined value propositions could reduce the extra work from customer requests and also, having one database system, would also enhance significantly the service process. It would be also beneficial to research how increasing or decreasing the number of newsletters and other physical evidences of the service would affect to the customer experience and retention.

Topics	Pains	Possible ideas
<i>Information scattered and sent to customers from different places</i>	Replying to customer requests takes time	Centralized database
<i>Extra workload when volunteers are unable to do their part</i>	When a volunteer is unavailable, customer service has to fill in.	Finding way to simplify volunteers' tasks or find other support system.
<i>Expectations of having corresponding with a child</i>	Customer dissatisfaction increases customer service workload	Emphasizing only one letter per year from the sponsored children or developing an alternative response system
<i>Relatively long response time when enrolling</i>	Possible decrease of retention	Faster responses

Table 12 Summary of the insights from service blueprinting

3.2.4 Summary of define phase

Recognized business objectives from the discovery phase were complemented by the insights gained from the focus group and from the service blueprinting. As earlier recognized, helping children holistically and getting positive personal experiences, were the expectations of the child sponsors. Expected outcomes were also seeing the growth and development of the sponsored children, and to witness the moment when a child is graduating from the program. Faith-based outcomes could be emphasized more and also additional physical evidence provided for the community child sponsors. It was also understood that value propositions have direct connection to the workload of customer service.

3.3 Develop phase

The third phase of the service design process is called developing. Phase includes development of the design-led solution, including testing. In this stage the design team with key partners and internal teams will refine one or more concepts that meet the identified needs found from the discovery and define stages. (The Design Council 2013.)

Therefore during this phase the developed business model canvas for child sponsorship organizations is used to define customer-centric value propositions for the case organization. As can be seen from the Figure 19, developed value propositions are delivered to the action group. At the end, developed business model canvas application is iterated.



Figure 19 Develop and deliver phases

3.3.1 Defining customer-centric value propositions

Developed business model canvas for the child sponsorship organizations was tested and used 3rd of December 2013 in a workshop with chosen employees of Fida.

As Vargo and Lusch suggest (2004) role of marketing in service-dominant logic approach is to facilitate the exchange by identifying and developing the core competencies and positioning them as value propositions, aim of the workshop was to define value propositions that truly reflect the core competencies and meet the needs of the customers. Also, aim was not only focusing on offering alone, but to have value propositions that support customer's life (Heinonen et. al. 2010, 6).

Also, the functionality of the developed business model canvas application is assessed by how intuitively the participants applied it.

3.3.1.1 Setting

Participants of the workshop were Fida's employees who are involved in the value offering process of the child sponsorship. Two of the participants were marketing specialists, from which one is from fundraising and another from communications. One of the participants was a child sponsorship professional, and another was from the customer service. I was the facilitator of the workshop, but as responsible of child sponsorship marketing and customer journey, I participated time to time into the ideation. Altogether five participants represented four different provider-roles in the process.

Workshop space had been prepared before hands and at the beginning purpose of the workshop was introduced. Workshop took approximately three hours.

3.3.1.2 Work-flow of the use of the canvas

As can be seen from the Figure 20, workshop began by defining the customer segment block at the right corner of the canvas. Developed service-dominant logic reflected business model canvas with new key questions was used. First customer's private and public needs were mapped with 8 x 8 method, which was introduced earlier in this thesis, and these outcomes were placed at the canvas with chosen headlines.

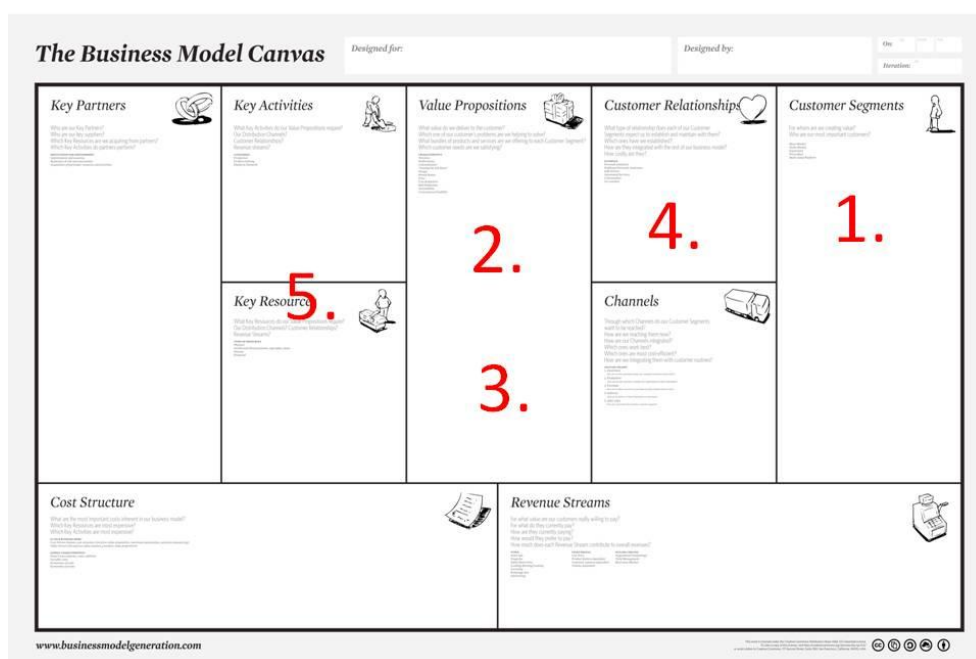


Figure 20: Work-flow of the 3rd of December 2013 workshop

Outcome of this business model component was reflected and iterated during the workshop with the participants. After this, value proposition business block at the center of the canvas was filled by answering two questions. First, what is promised to be done in the lives of the sponsored children and second, what is a promise to fulfill the recognized public and private needs of the chosen customer segments. As ideas emerged, customer relationship block was filled. At the end of the workshop, the key resources and key activities blocks were filled but not thoroughly. As can be seen from the Figure 21, workshop did not produce outcomes for customer channels, key partners, cost structure and revenue streams blocks. This was mostly because the main objective of the workshop was to produce new value propositions to meet the customer segments needs, and also because there was not sufficient amount of time to reflect them.

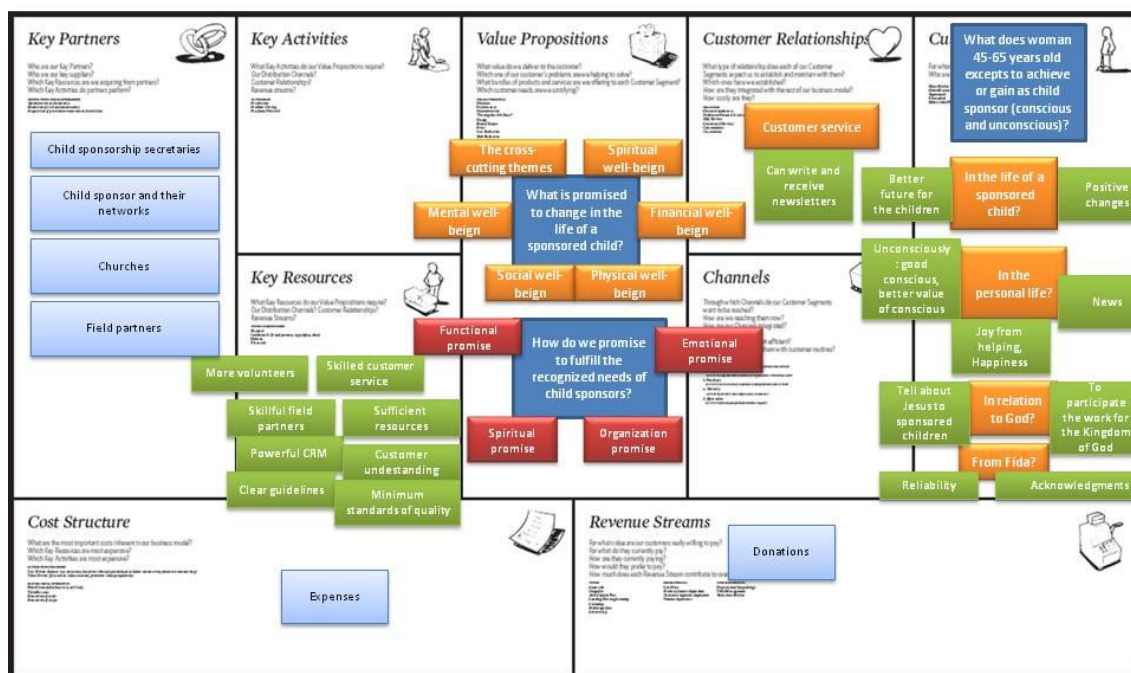


Figure 21: The visualization of the outcomes from 3rd of December workshop

3.3.1.3 Chosen customer segments

The Fida's marketing team had already defined the main customer segment prior to the thesis project, which was used as the main customer segment of the workshop. Chosen customer segment for the workshop was a 45-65 year old woman who lives in a town area and has a higher education. The validity of this chosen customer segment was also confirmed by the Taloustutkimus (2011) that explained that typical child sponsor is a 45-59 years old woman who lives in a town area. Marketing team added that chosen customer segment could be specified to be a 45-65 years old woman with generally positive perceptions about Christianity.

The customer segment block tried to reply to the following question: "What does a woman 45-65 years old expect to achieve or gain as being a child sponsor (consciously or unconsciously)?" Ideas collected first in separate canvas with 8 x 8 method, which were later on transferred to the business model canvas as can be seen from the Figure 22. From the emerged ideas, four main categories for desired outcomes were recognized, which were expectations to make an impact in life of a sponsored child, to have added-value in the personal life, to be in relation to God and expectations towards chosen child sponsorship organization.

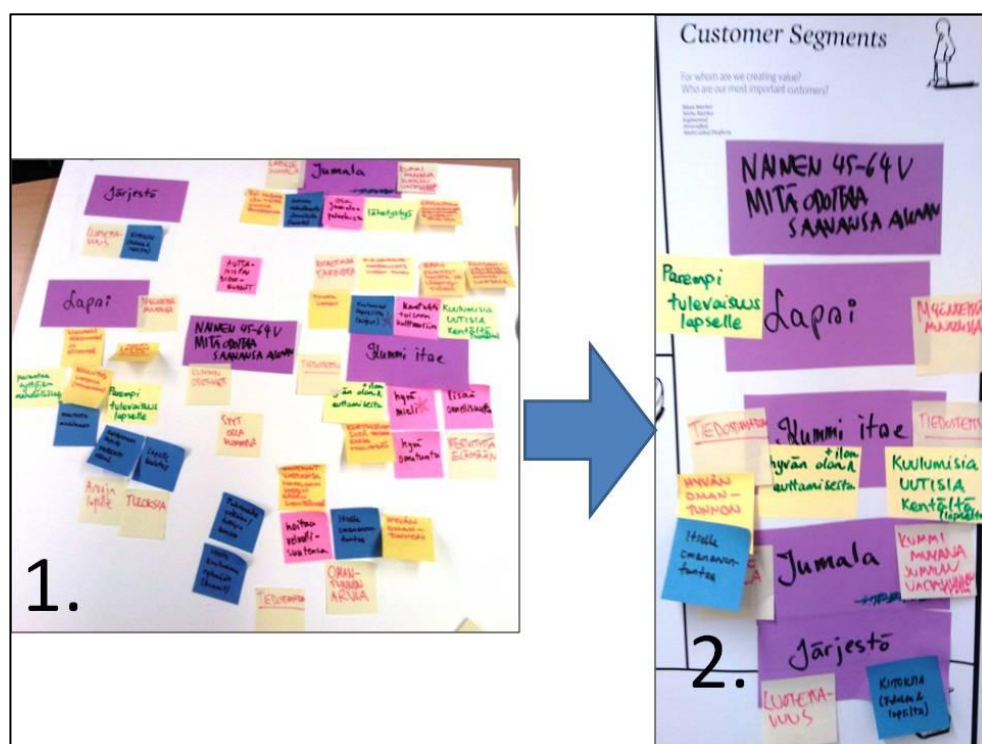


Figure 22: Generating the content to the customer segment block

As the Vesterlund (2006) writes, the private reasons are usually the dominant factors in donating. Therefore, the desired outcomes for the personal life were considered to have highest priority. Outcome of the co-creation was that possible desired outcome in personal life of a child sponsor was to gain joy and happiness from being able to help children. Also people expected to have a better conscious and to receive more content to life. Child sponsorship offered solution to the need of carrying out responsibilities. It was also discussed that child sponsors possibly expects to have a personal connection with another culture and to be inspired by the emotionally appealing stories. It was discussed that child sponsors possibly expect to have added-value also in social life, because being a child sponsors provides a discussion topic with friends.

The second category of the desired outcomes was the desired outcomes in the lives of the sponsored children. It was discussed that child sponsors expects to provide a better future for the sponsored children especially through enabling education. As a reflection to earlier service design phases, it was discussed that it would be beneficial to increase emphasizing the holistic improvements and outcomes in the lives of the sponsored children, instead of merely focusing on the specific outcomes of development co-operation.

Participants thought that desired outcome of the chosen customer segment in relation to God were to provide a chance for the sponsored children to hear about loving God and to have an

experience of contributing to the Kingdom of God. These expectations were not earlier emphasized on the value propositions of Fida's child sponsorship so much, but as these desired outcomes were strongly present in the workshops, these has to be considered later on.

As part of the desired outcomes, child sponsors expected from the organization to be a reliable and to show them, as donor customers, appreciation. It was discussed that child sponsors might expect to have the possibility to choose preferable method of communication. Also as part of this, child sponsors might expect to receive reports, financial information, information of the principles of the child sponsorship programs and historical information about the projects. These outcomes were placed at the BMC canvas to the customer segment corner.

3.3.1.4 Value propositions

Value propositions were defined to meet the identified desired outcomes of the chosen customer segment. Service-dominant logic reflected key questions for the value propositions business block were "What do we promise to accomplish in the lives of the beneficiaries with the donations provided by the child sponsors and resources given by volunteers?" and "What do we offer in order to fulfill both the private and the public motivators of child sponsors and volunteers?" As part of the workshop, these questions were simplified in form: "What is promised to happen in the lives of the sponsored children?" and "How do we meet both public and private needs of the recognized customer segment?"

For the first questions to define value propositions, which are "what is promised to happen in the lives of the sponsored children", five categories were recognized. These are physical wellbeing, psychic or mental wellbeing, social wellbeing, spiritual wellbeing and other cross-cutting themes. As can be seen in Finnish from the Figure 23, for the category of physical wellbeing, safety, basic needs, nutrition, health care and hygiene were identified. For the social wellbeing category, it was ideated to include education, food security and community development. Identified areas for the mental wellbeing were safety, education, possibility to participate, chance to choose the direction for life and experience of being cared for. For the area of spiritual wellbeing, it was discussed that probable desired outcome of the child sponsors was to provide for the children a chance to hear about loving God and to get support for the possible spiritual growth. As a crosscutting themes were recognized educating the communities about child protection, helping communities to empower the marginal groups and to promote equal rights for all.



Figure 23 Ideation canvas for desired outcomes in the lives of the sponsored children

For the question “How do we meet both public and private needs of the recognized customer segment?” found categories were functional promises, emotional promises, organizational promises and spiritual promises. With functional promises meant, for example, offering a sponsor chance to participate to the annual child sponsorship trip and to provide a certain number of newsletters. With this was meant also praying and writing for the sponsored child. With emotional promise was considered, how child sponsorship is meeting the donor customer’s emotional needs. These were such as producing positive pictures and stories. Spiritual promise was that child sponsor can receive prayer topics from the child sponsorship newsletters. Organizational promise is that Fida has sufficient amount of information available for the child sponsors.

3.3.1.5 Results of the workshop and emerged development ideas for the canvas

Because of lack of time and scope of the research, other business model blocks than value propositions and customer segments were not observed sufficiently, and they will remain for later on observation. For the key resources, main focus was to have sufficient amount of resources and standardization of the process to ease up the customer service workload. It was discussed that successful delivery of value propositions requires high capacity from the projects and also clear processes. Customer Relationship business block was described to be the current customer service.

Value proposition were drafted to meet the needs of the chosen customer segment. Even though the outcomes were similar to the existing ones, they emphasized more than earlier holistic outcomes.

At the end of the workshop, participants were asked about the experience of the workshop. Participants shared they felt they had gained more understanding of the entity and shared satisfaction of the co-created outcomes. Also, it was learned that questions could be simplified. As can be seen from the Table 13, through the use of the canvas following development ideas emerged. Because few times during the workshop participants asked whether the aim was to reflect current business model or ideate a new one, I concluded that it would be beneficial to emphasize more future aspect in key questions.

Findings	Development needs
<p>Developed BMC helped to produce value propositions relevant for donors</p> <p>To define value propositions, it was beneficial to have two different questions to focus separately on how customer needs are met and what is promised to happen in the lives of the beneficiaries</p> <p>Participants learned a holistic picture of the value offering process</p> <p>Outcomes have to be transcribed and polished up later on</p>	<p>Key questions needs to be simplified</p> <p>Key questions could emphasize more objective to find desired outcomes to help participants focus on possibilities</p> <p>Single workshop is not sufficient to cover all blocks</p>

Table 13 Summary of usability of new applied canvas

As a part of the process, I found it also highly useful to ideate with two canvases. One was to collect ideas with post-its tags, and one was the business model canvas, where ideas were transferred. As a service design ideation method 8 x 8 functioned well, because all the participants understood well how it works. This way, it was easier to ideate fast and to find the most useful outcomes.

3.3.2 Suggested changes to the business model canvas application

From the experiences of the workshops, I concluded that with minor changes the service-dominant logic reflected business model questions could be developed further. As can be seen from the Table 14, some of the key questions were simplified. Therefore, the question “What do we promise to accomplish in the lives of the sponsored children beneficiaries with the donations provided by the child sponsors and resources given by volunteers?” can be simplified further into “What do we promise to accomplish in the lives of the sponsored children?”. Question “What do we offer in order to fulfill both private and the public motivators of child sponsors and volunteers?” could be simplified as: “How do we fulfill the desired outcomes (public and private) of child sponsors?”. As part of the customer segments, key questions, questions could be simplified as “For whom are we offering to be a child

sponsor and what are their desired public and private outcomes?”. Customer relationships question could be simplified as “What is the desired method to engage with us?”

Building blocks	Original BMC key questions	(Ver 0.5) SDL questions	(Ver 1.0) SDL questions
Value propositions	<p>What value do we deliver to the customer?</p> <p>Which one of our customer's problems are we helping to solve?</p> <p>What bundles of products and services are we offering to each Customer Segment?</p> <p>Which customer needs are we satisfying?</p>	<p>What do we promise to accomplish in the lives of the beneficiaries with the donations provided by the child sponsors and resources give by volunteers?</p> <p>What do we offer in order to fulfill both private and the public motivators of child sponsors and volunteers?</p>	<p>What do we promise to accomplish in the lives of the sponsored children?</p> <p>How do we fulfill the desired outcomes (private and public) of child sponsors?</p>
Customer segments	<p>For whom are we creating value?</p> <p>Who are our most important customers?</p>	<p>For whom are we offering to co-create value with and what are their values and beliefs, interests and expectations?</p> <p>What does child sponsor want to accomplish by being child sponsor (public and private reasons)?</p>	<p>For whom are we offering to be child sponsors and what are their desired public and private outcomes?</p>
Customer relationships	<p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them?</p> <p>Which ones have we established?</p> <p>How are they integrated with the rest of our business model?</p> <p>How costly are they?</p>	<p>What kind of service process does child sponsors expect to have in order to co-create value with us?</p>	<p>What is the desired method to engage with us?</p>
Channels	<p>Through which Channels do our Customer Segments want to be reached?</p> <p>How are we reaching them now?</p> <p>How are our Channels integrated?</p> <p>Which ones work best?</p> <p>Which ones are most cost-efficient?</p> <p>How are we integrating them with customer routines?</p>	<p>How do we reach current and futures child sponsors (and their networks) to offer our value propositions?</p> <p>How do we integrate child sponsors (and their networks) into our value co-creation process?</p>	<p>How do we reach existing and potential child sponsors (and their networks)?</p> <p>How do we integrate child sponsor (and their networks) into our value co-creation process?</p> <p>Continue...</p>

Building blocks	Original BMC key questions	(Ver 0.5) SDL questions	(Ver 1.0) SDL questions
Key Partners	<p>Who are our Key Partners?</p> <p>Who are our key suppliers?</p> <p>Which Key Resources are we acquiring from partners?</p> <p>Which activities do partners perform?</p>	Who are our key partners that we co-create value with and what are their roles and gains?	Who are our key partners that we co-create value with and what are their roles and gains?
Key Activities	<p>What Key Activities do our Value Proposition require?</p> <p>Our Distribution Channels?</p> <p>Customer Relationships?</p> <p>Revenue streams?</p>	What activities must we accomplish to offer our value propositions?	What activities must we accomplish to offer our value propositions?
Key Resources	<p>What Key Resources do our Value Proposition require?</p> <p>Our distribution Channels?</p> <p>Customer relationships?</p> <p>Revenue Streams?</p>	What competences and skills we have to have to offer our value propositions?	What competences and skills we have to have to offer our value propositions?
Cost Structure	<p>What are the most important costs inherent in our business model?</p> <p>Which Key Resources are most expensive?</p> <p>Which Key Activities are most expensive?</p>	What are our direct and indirect expenses?	What are our direct and indirect expenses?
Revenue Streams	<p>For what value are our customers really willing to pay?</p> <p>For what do they currently pay?</p> <p>How are they currently paying?</p> <p>How would they prefer to pay?</p> <p>How much does each Revenue Streams contribute to overall revenues?</p>	Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?	Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?

Table 14 Table of new Business Model Canvas key questions

Developed Business Model Canvas questions aim to be understandable and to reflect both service-dominant logic for the provider point of view, as well the customer-dominant logic.

Questions aims to find out what are the customers jobs that customers hope to complete by child sponsorship. New service logic based business model canvas for child sponsors, which is called Applied Business Model Canvas for service-logic oriented child sponsorship organizations (ver.1.0), can be seen from the Figure 24 and from the Attachment 4.

<p><u>Key Partners</u></p> <p>Who are our key partners that we co-create value with and what are their roles and gains?</p>	<p><u>Key Activities</u></p> <p>What activities must we accomplish to offer our value propositions?</p>	<p><u>Value Proposition</u></p> <p>What do we promise to accomplish in the lives of the sponsored children?</p> <p>How do we fulfill the desired outcomes (private and public) of the child sponsors?</p>	<p><u>Customer relationships</u></p> <p>What is the desired method to engage with us?</p>	<p><u>Customer segments</u></p> <p>For whom are we offering to be a child sponsor and what are their desired public and private outcomes?</p>
	<p><u>Key Resources</u></p> <p>What competences and skills do we have to have to offer our value propositions?</p>		<p><u>Channels</u></p> <p>How do we reach existing and potential child sponsors (and their networks)?</p> <p>How do we integrate child sponsor (and their networks) into our value co-creation process?</p>	
<p>Cost structure</p> <p>What are our direct and indirect expenses?</p>		<p>Revenue Streams</p> <p>Where does our revenues come from and how much our donors are willing to donate to help our beneficiaries?</p>		

Figure 24: Applied Business Model Canvas for service-logic oriented child sponsorship organizations, version 1.0

3.4 Deliver phase: results

As the Design Council (2012) describes, the final stage of the service design process is delivering the results, which means that outcomes are finalized, and possibly taken into use for the relevant market. Therefore, in this section the outcomes of the value proposition drafts are delivered to Fida's special action group that decides the future steps.

3.4.1 Workshop with action group

On 13th of December 2013, the design project interim report of the project was presented for Fida's child sponsorship special action group called a working group of child sponsorship. It is a special working group assigned and directed by the directors to support child sponsorship in the organizational restructuring process. Participants of the workshop were directors, managers and child sponsorship experts. The aim of the meeting was to represent the first draft of the value propositions and if possible, make further decisions how to implement them.

Value proposition drafts were presented with the visualization of Attachment 2. The participants were informed how the outcome was developed as part of the service design thesis project. The workshop participants did not have previous experiences from using the original Business Model Canvas, but they were able to understand in a relatively short time the "big picture" and links between the different building blocks. Value propositions, as well as the customer segment, were discussed. Some changes were made to the draft and future action plans were decided. Communicating outcomes with the applied business model canvas was successful, because participants understood easily the relation between customer segments and value propositions.

It was decided that developed value proposition drafts will be developed further. Figure 25 explains how the value proposition drafts will be first developed further, then sent for an evaluation and iteration round for the field staff, and then later on presented again for action group, and possible taken in use. It was also understood that value propositions forms also so called minimum standards of child sponsorship, which will be link between field work, customer service and marketing. Therefore, the role of the value propositions was illustrated in Figure 26.

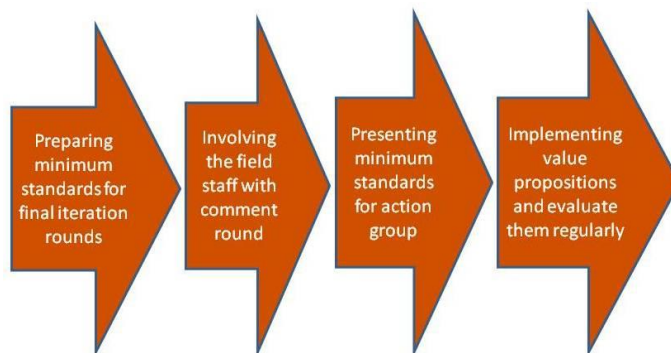


Figure 25 Next steps to finalize and implementing value propositions

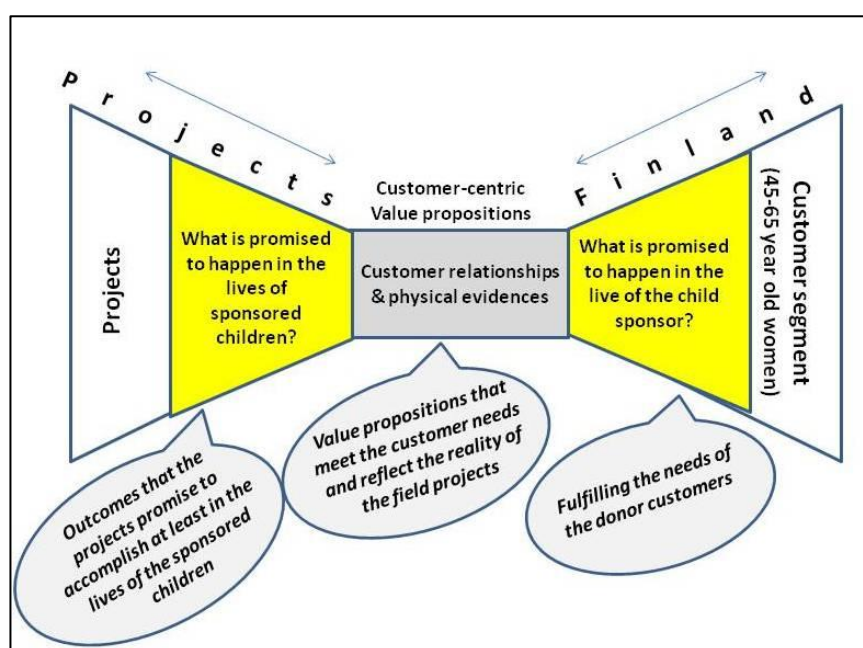


Figure 26: The new approach to value propositions

3.4.2 Results

As a result of the thesis project, Fida International gained a deeper understanding of the child sponsors needs and desired outcomes, and these needs were reflected in the development process of new suggested value propositions.

Service design process produced multiple ideas. As Steve Jobs from Apple once described, deciding what not to do is just as important as what to do (Isaacson 2013, 360). Therefore, it is important later on to recognize where to focus. In the Blue Ocean Strategy (Chan and Mauborgne 2005), which Osterwarlder (2010) has described fitting surprisingly well to the Business Model Canvas by helping to make right questions, organizations do not focus on competing with competitors in an existing marketplace, but rediscover their business models in order to find uncontested marketplace by deciding what can be created, raised, reduced

and eliminated in order to create unique value curve. Possible development areas that were found can be seen from the Table 15.

Create	Raise	Reduce	Eliminate
Create additional physical evidences for a community child sponsor (drawing or picture once a year)	Simplify and emphasizing more faith-based outcomes	Reducing development co-operation outcome emphasize	The perceptions of having corresponding with a child
Develop child sponsors meetings in Finland	Offering choices for preferred communication channels	Number of details in the value propositions	
	Increasing chances for child sponsors to share about child sponsorship to their friends		

Table 15 Summary of possible development areas to the current value propositions

As a summary, following main development ideas were found. Generally current value propositions were found adequate and also appreciated by customers, but some adjustments were suggested. Fida could emphasize more faith-based outcomes and simplify the current value propositions, even though the work itself in the field projects has more activities. Another significant finding was that Fida could enhance customer experience of the community child sponsors by creating additional physical evidence.

It was understood that, in public level, both volunteers and donor customers desires to give a better future for the sponsored children, including access to the education and providing a chance to find faith. In private level, it was understood that child sponsors expects to feel better about oneself and to get positive experiences. Physical evidences of service, such as letters from the sponsored children, were found very important to the overall experience. It was also understood that by providing additional physical evidences for a community child sponsor, customer experience could be enhanced. As Fida is the faith-based organization, Fida could possible emphasize more faith-based outcomes than it does currently. And it was understood that Fida could have more generally defined value propositions. This could

increase the motivation of volunteers and customers, and possibly reduce the workload of customer service.

As Lusch, Vargo and O'Brien (2007) describe, in order to compete through service entire organization must approach itself and the market with perspective of service dominant logic, which can make the organization more effective and innovative. They also describe that when the value is co-created in collaboration with all the stakeholders, employees become primal source of organization's innovations, knowledge and value. Therefore, it was understood that it is not enough to approach one part of the organization from the perspective of service-dominant logic. Entire organization should learn how to adapt service-dominant logic perspective. For Fida International, this service design process was beginning to become more service-logic oriented organization.

4 Conclusions

In this part of the thesis, conclusions of the thesis are presented, as well as limitations and implications for future research.

In the first chapter, the purpose of the thesis was introduced as well as the structure of the thesis. Thesis was constructed in three parts, which were introduction, developing the business model canvas for child sponsorship and service design process to develop value propositions for case organization. Also in the first chapter, aim of the thesis was introduced, which was to apply the Business model canvas with service-dominant logic for child sponsorship organizations and to develop value propositions for the case organization. Main research questions for the thesis were firstly, what kind of business model canvas can be developed for service logic oriented child sponsorship organizations, and secondly, what kind of value propositions could be suitable for the case organization.

In order to answer the first research question, in the second chapter, a business model canvas for child sponsorship organizations was developed. As part of this process, first nonprofits and child sponsorship literature were reviewed as well as the donor behavioral literature. It was discovered that child sponsorship influences to the lives of over 90 million people and is 2.76 billion Euro activity (Wydick, Glewwe & Rutledge 2010), which makes it significant research area in the size of people involved and because of the magnitude of donated Euros. In order to understand what is the existing market potential of child sponsorship in Finland, possible life cycle of child sponsorship was concluded. As there are still substantial growth possibilities (Taloustutkimus 2011), child sponsorship was concluded to locate between the market growth and the market maturity in the life-cycle curve. Also, it was understood that typical child sponsor is been 45-59 years old academically educated woman (Taloustutkimus 2011), which

is supported by Fida's own pre-knowledge. As part of the service design process at the third chapter, 45-65 years old woman with positive perceptions about Christianity was chosen as the main customer segment.

It was also understood that nonprofit organizations have business models and the goal of these business models are to support the missions (Horn 2011). Already Drucker (1990) described that nonprofit organizations tend to approach their donor customers as passive respondents of marketing offerings and Durham (2010) stated that organizations should rethink this kind of approach. As part of the second chapter, the service-dominant logic (Vargo and Lusch 2004; 2008) and the business model canvas (Osterwalder and Pigneur 2010) were observed and discussed. It was discovered that the service-dominant logic of service marketing differs from the goods-dominant logic by having customers as co-creators of value instead of passive consumers of marketing offerings (Vargo and Lusch 2004; 2008). In order to find the suitable business model canvas for child sponsorship, The Business Model Canvas (Osterwalder and Pigneur 2010) and alternative adaptations, such as Lean canvas (Maurya 2011), were reviewed and analyzed from the perspective of Service-dominant logic (Vargo and Lusch 2004; 2008) and partly from the perspective of customer-dominant logic (Heinonen et. al. 2010).

It was also understood that the Business Model Canvas can help to visualize value offering (Osterwalder and Pigneur 2010), but it represent the goods-dominant logic approach instead of service-dominant logic (Ojasalo 2013). Therefore, I analyzed each business block from the perspective of service-dominant logic. After analysis, I decided to use the original nine building blocks of the Business model canvas, but to change the key questions. For example the key questions of the customer segment and value propositions building blocks were altered in order to understand and fulfill child sponsors' desired public and private outcomes (Vesterlund 2006).

In the third chapter, value propositions for the case organization's child sponsorship were developed. With the help of service design process model, called the Double Diamond (The British Council 2005), suggestions for new value propositions were developed. Thesis also applied service design thinking principles, such as having stakeholders involved early in the process and having focus on the big picture (Stickdorn 2010, 84). Therefore, multiple different stakeholders were involved, such as donor customers, front-line employees, volunteers, marketing and directors.

Different service design methods, such as netnography, semi-structured interviews, focus groups and co-creation workshops, were used to understand better public and private desired outcomes of the child sponsors. It was understood that in public level, both volunteers and

donor customers desires to give a better future for the sponsored children, including access to the education and providing a chance to find faith. In private level, it was understood that child sponsors expects to feel better about oneself and to get positive experiences. By having more focused value propositions, donor customer needs can be met more accurately, and by having additional physical evidences, personal experience can be enhanced. As part of the third chapter, developed a business model canvas application was iterated and further developed. Also, at the end of the chapter, outcomes of the service design process were presented and following steps were decided.

As a result of the thesis work, new service-logic oriented business model application was created. Thesis helped Fida to align child sponsorship value propositions with the desired outcomes of the child sponsors, both from the functional performance level as well as from the mental experience level. As Heinonen et. al. (2010, 20) explains, organizations need to embed service into a customer's existing and future life.

Developed business model canvas application for service-logic oriented child sponsorship organizations proved to be useful in both developing value propositions and as well as communicating developed ideas effectively forward, but because of lack of time, more testing would be beneficial for the development of the canvas in the futures.

Thesis succeeded in answering the research questions, but it was also limited in many ways. Thesis was limited only to one case organization and only limited numbers of participants participated. These limitations were, because of the limitations in time and resources. Because of the lack of time, second main customer group, the beneficiaries were not included directly in this process, which could be another research area.

Osterwalder and Pigneur (2010) guides, during the process of designing new business models, one should create multiple sketches of business models. Because of the thesis objects and a limited amount of time, different business model drafts were not yet produced. By analyzing value curve and by sketching multiple variations of the business logic of child sponsorship, one could find entirely new kind of business model that could help organizations to find uncontested marketplace as Blue Ocean Strategy implies (Chan and Mauborgne 2005), but this would be a topic for another research.

This thesis project was focusing more or less into one customer segment, but it would be useful in the futures to reflect also other possible customer segments such as younger generations, because as introduced in the first chapter, younger generations are not filling in the gap as donors (CAF 2012). In general, I noticed that nonprofit organization and especially child sponsorship as a concept are relatively lightly researched area and more research would

be required especially for understanding better what role child sponsorship and charitable organizations have in the everyday life of the donors.

I found this thesis to be highly engaging and rewarding learning experience. Meeting face-to-face with volunteers and donor customers, made me amazed how much potential there is when people come together and co-create. I dare to hope that the developed child sponsorship business model canvas application, or futures applications of it, would benefit also other similar organizations than case organization was in their quests of serve millions to come.

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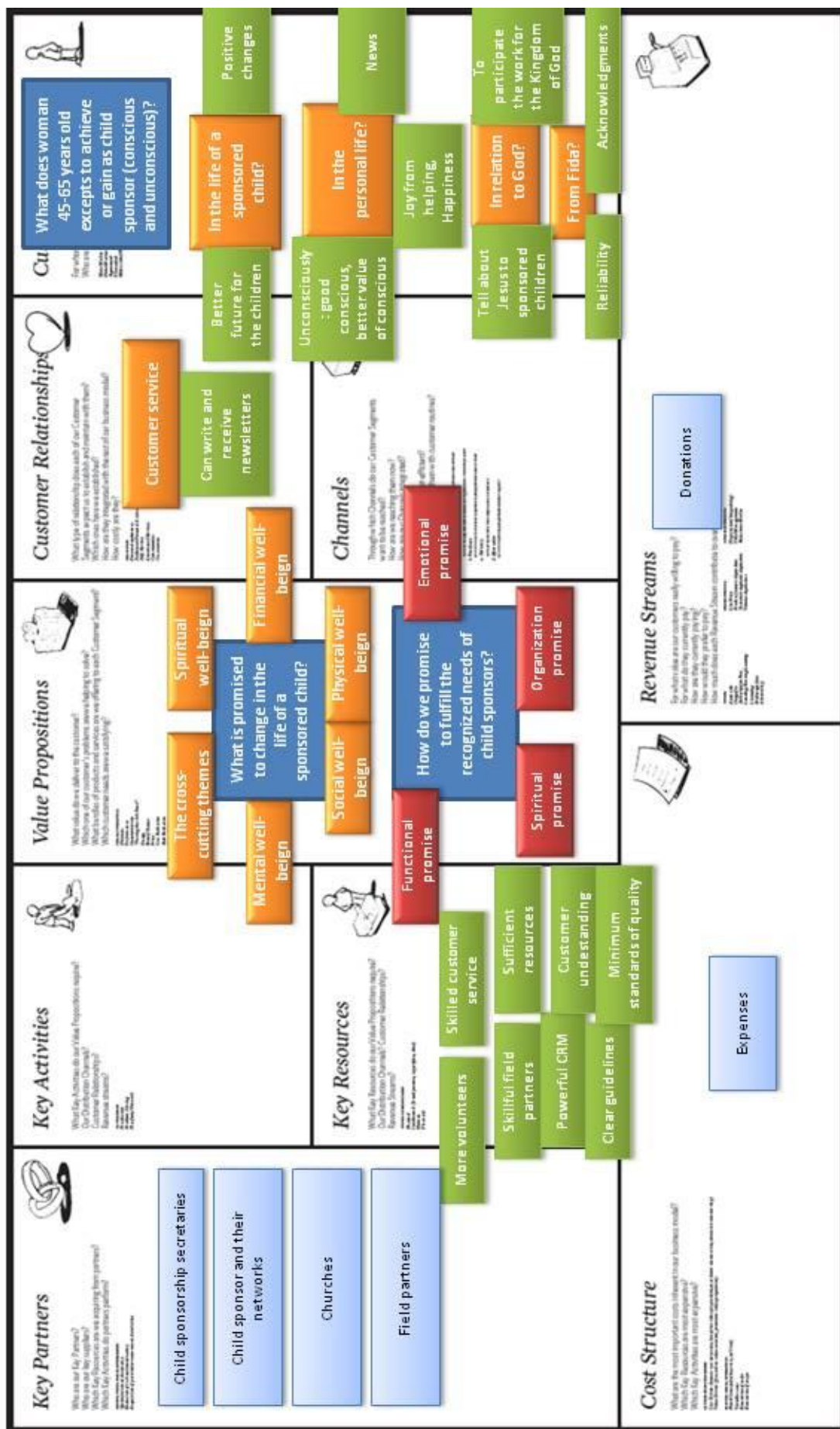
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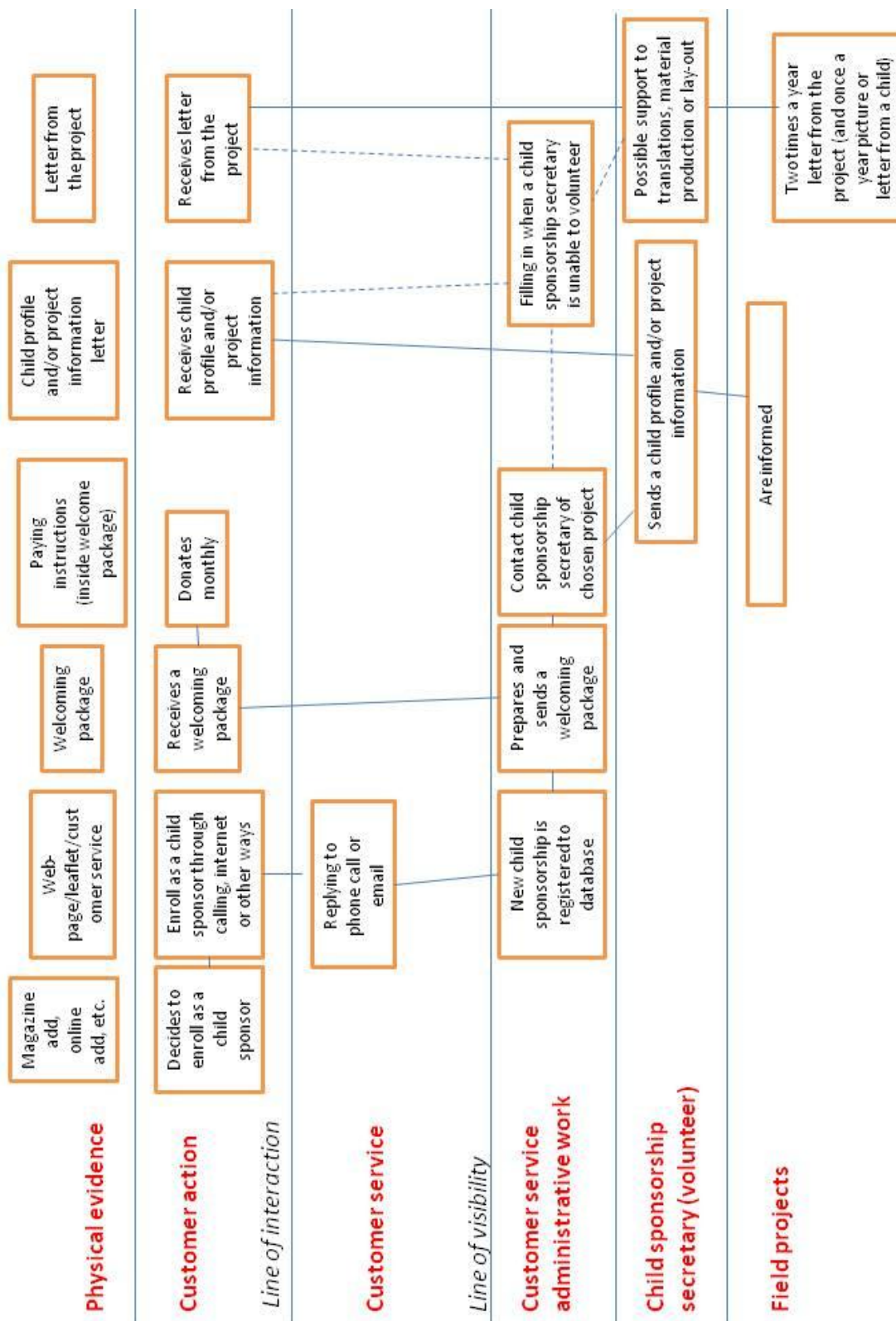
1 Attachment Outcome of co-creation workshop with volunteers

Group 1									
Reduction of superstition and prejudice	Connection to Church	Safety	Employees	Children's daily life	Visuality	Background	Finding faith	Success	
Bible Teaching	Christian values	Free Choice	Events	Pictures	Surroundings	Place	Stories	Miracle	
Sunday Schools and clubs	God's love	Spiritual music	Faces	Habits of every day life	God's development	Culture	School	Change	
Information of future	Graduation	Discipline	Christian values	Pictures	Stories	Up to date	Experiences	Interesting	
Marriage	Reason's for child's depart	Moving	Reason's for child's departure	Expectations of child sponsor?	Information	Factual	Information	Regularity	
Parents' demand	Sickness	Pregnancy	Letters	Reliability	Good start for child's life	Home page link	Facts	Online	
Child's own letters	Acknowledgments	Paper mail	Accomplishments	Openess	Honesty	Moral	Good health	Good self-conscious	
Child sponsors letters	Letters	Greetings	Information flow	Reliability	Transparency	Education	Good start for child:	Faith in the future	
Pictures	Child sponsorship secretary letter	Changes	Information of the use of money	Organization	Where money goes?	Home	Social skills	Christianity	
Group 2									
Good letters	Children's letters and drawings		Aid is delivered	Good partnerships					
Picture of child	Information of child and project		Clear information	Reliability		Health	Development to child's life and situation		
Aid is delivered	Balance for commercial lifestyle		Information of child and project	Reliability	Development to child's life and situation	Success in school	Gospel to children		
To be in the use of God	Feeling good and happy	When you give, you get	Feeling good and happy	Expectations of child sponsor?	Chance to make impact	To change one child's entire world	Chance to make impact		
Personal	Joy from happy news		Ministry	Internationality to life	Can meet child		Gospel to children	Providing education for children	
Share from the good received	Telling others	Giving	Trip to child sponsorship project	Internationality to life	Discussing with others		Go for child sponsorship trip		
Participation to mission's work	Ministry		Writing letter to sponsored child	Internationality to life	Understanding different cultures		Possibility to meet child		
Group 3									
Connection to Church	Eternal life	Setting free from addictions	Correspondance and news	Widening view of the world	Connection to developing country	Reports from success and failures	More trust	Honesty	
	Spreading gospel	Improved life quality		Connection to project	Reliable information		Reliable information	Supervision in project	
			Spreading gospel	Connection to project	Reliable information			Prayer topics	
			Good information flow	Expectations of child sponsor?	Experience of participation				
			Nutrition	Poverty	Better future		Giving	Experience of importance in own part.	
Child's needs met	Good information flow		Education	Positive results	Holistic development		Experience of partici	Participation to missionary work	
Motivating to continue			Health	Community development	Multiplying good		Can experience to make own part.	Important	

2 Attachment Value proposition draft

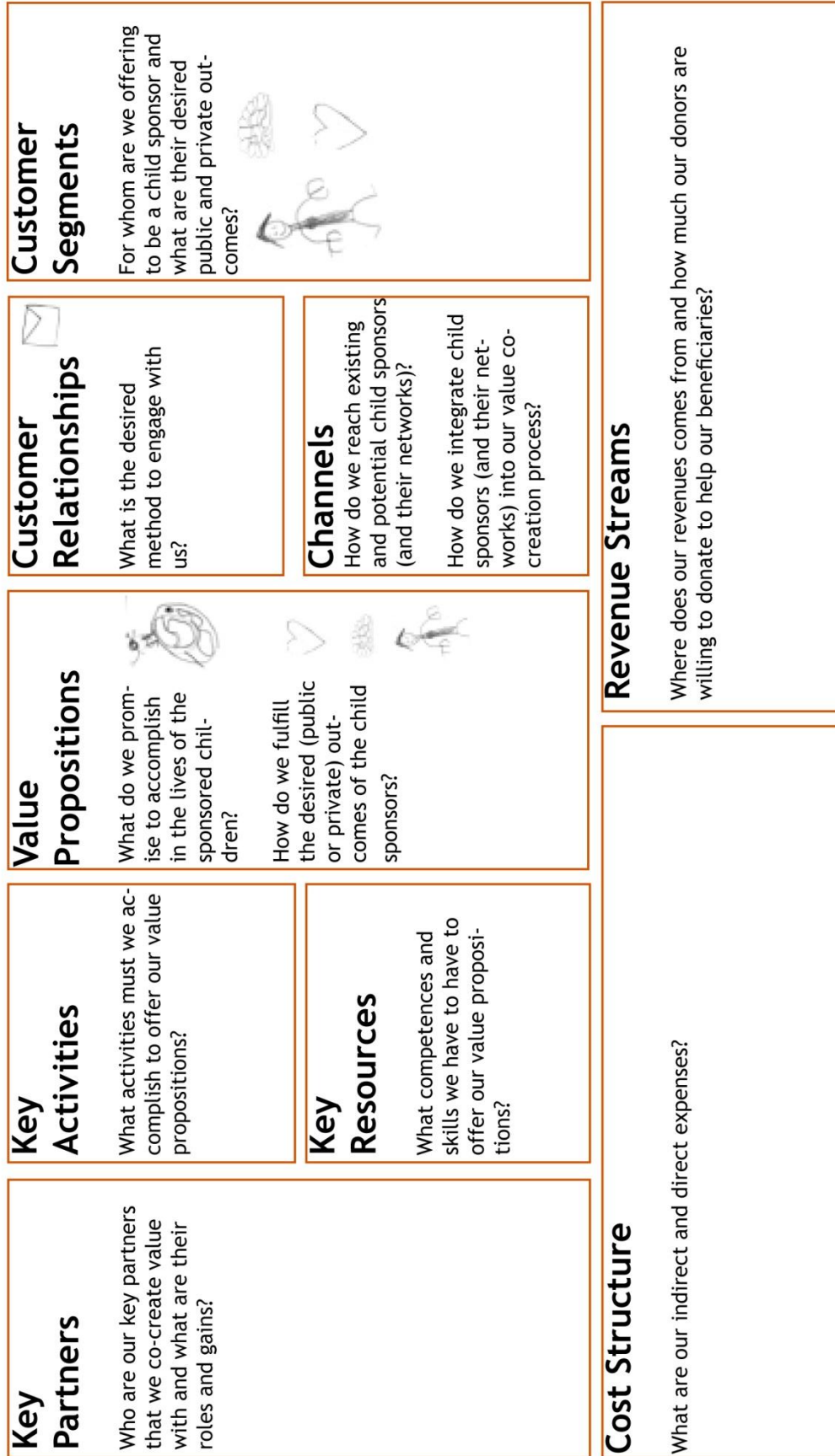


3 Attachment Service blueprint 15th of May, 2013



4 Attachment Applied Business Model Canvas for service-logic oriented child sponsorship organizations, version 1.0

Applied Business Model Canvas for Service-Logic Oriented Child Sponsorship Organizations (ver. 1.0)



Applied Business Model Canvas for Service-Logic Oriented Child Sponsorship Organizations. Erkki Salo. 2014. Adapted from The Business Model Canvas (www.businessmodelgeneration.com).