# Setup Phase



## Purpose

Many innovation projects fail to establish the right foundation before getting started. Therefore, it is crucial for any Business Design project to ensure that key stakeholders support the project at the outset, the project focus is clear and aligned with the company's interest and that the right team with sufficient time capacities and resources is formed. After the Setup phase, the internal sponsor and the innovation manager fill out and sign the Project Charter. The Project Charter represents the agreement between the project team and the internal sponsor in the Setup phase. Together, they define the focus of the project and pinpoint the upcoming iteration including

- Motivation
- Objectives
- Customer's problem statement
- Optional: Draft solution with key assumptions
- Schedule with milestones and dates for workshops
- Required resources
- Stakeholders with predefined time commitments

Part of the motivational statement should be a clear classification, what type of outcome is / can be expected fron a particular project. What does this mean? Well, over the years, we figured out that there are three distinct outcomes for Business Design project:

1. Creating project output: Here, we don't compromise the quality of project execution and what we can expect in terms of output for the business sponsor. We tailor everything towards performance and the sponsor can expect a (partly) validated business model that helps him make clear fact-based investment decisions.
2. Enabling people: For many projects, the overarching theme is not only to create project output, but to enable business sponsors, team members and other stakeholders to understand the magic of Business Design, what behaviour is expected and how all these tools and methods really work.
3. Stress-testing the system: And finally, running a Business Design project is a wonderful tool to learn about a current innovation culture in an organisational system (= company), its barriers, holy cows, and strengths, in the most realistic and authentic way we can think of. We learn so much about a company's true willingness and capacity to innovate, which helps prepare an innovation management system that really works.

## Key Activities

The following activities represent the core of the Setup phase:

1. *Gain internal sponsor support:* As every Business Design project requires legitimacy and resources, an internal sponsor must be identified and convinced about the project. Ask your direct superior to suggest suitable sponsors with the right standing within the company and an undoubted interest in your project.
2. *Define project focus:* Gaining a clear idea about the objective of the project is essential to ensure that the outcome is valuable for the company and helps to achieve the company's goals. Use the Project Charter to discuss the project with your internal sponsor. Pinpoint the innovation focus, agree on the project milestones and, most importantly, challenge the sponsor whether he / she is really serious about the project.
3. *Build diversified team:* A diverse and highly motivated team is needed to ensure a holistic view on your project focus. Thus, establishing the right mix of team members with different backgrounds and seniority levels is essential. Ask the internal sponsor for advice about the team constellation and make sure that the team members have the right expertise and can dedicate enough time over the next couple of weeks.

## Formats

- Setup meeting with sponsor and innovation manager
- Get-to-know calls (30 min.) with innovation manager and innovation experts
- Training for project team (optional but highly recommended)
- Kick-off workshop (preparation)
- Pre-Discover Phase for the coach to understand the scope of the project (3h in-depth research)
- Scoping project
- "Picture of the future" workshop(s)

> (i) Make sure you schedule "get-to-know" calls with the innovation manager and every member of the project team (= innovation expert) before you kick off the project. Have look at our introduction to Business Design. You may find it helpful four your first client meetings or "get-to-know calls".

## Tools & Materials

- Project Charter in Project Workspace
- Readiness check
- Picture of the future
- Marketing and workshop materials to explain Business Design

Creating
project output

Stress-testing
the system

Enabling people
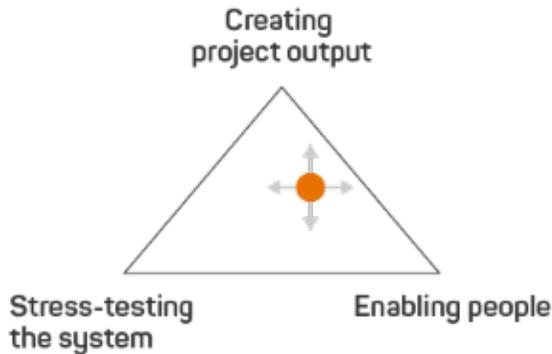
Well, in 9 out of 10 cases, the answer from companies regarding this classification is clear: Project output, output, output. Nothing else. Yes, we know. However, in 9 out of 10 cases, this answer is wrong for many reasons. Pure output-driven Business Design projects require a well-designed innovation management system + culture already in order to succeed. If this is not in place, we always start with 2. and/or 3. and align the expectation with everyone involved. There is no shortcut we have found so far. This is not a black and white discussion, but always focus on ONE of the corners of the triangle at a time. This allows you to kick-start the project and to meet the milestones agreed upon with the internal sponsor. The Project Charter can be easily defined in the Project Workspace. However, we sometimes rely on Excel or Powerpoint if this helps us share the information among stakeholders.

> ⓘ Discuss with the sponsor and innovation manager how Business Design really works. Especially, early interactions with potential customers, prototyping and fast decision-making based on facts (not hierarchy) is weird and scary for some companies, even if "customer centricity" is part of their vision statement.

# Need support?

We help you set up your Business Design sprint. Contact us: support@orangehills.com.

# Participants

- Sponsor
- Innovation manager
- Coach
- Later: Innovation experts

# Q & A

- *What is a "good" sponsor?* A sponsor should be an executive manager high up in hierarchy. He / she should have a strategically important business problem to solve and should be fully committed to support and protect the project team throughout the Business Design project. The sponsor should be able to make quick decisions based on the insights the team will generate. He / she should be prepared for his / her role. See role descriptions for more details.
- *What is a suitable team for a Business Design project?* This question is difficult to answer and not fully explored yet. We usually try to build project teams of five members. All members should have expertise in the project focus with diverse backgrounds ranging from sales, product management, strategy to technology. We usually don't include people from

legal, quality management or finance in the project team. To trigger an active and stimulating team dynamics, we try to combine two experienced senior experts with a common work history for many years with a third senior the other two senior don't know yet and two fresh youngsters looking at things with a fresh and unbiased mind. All team members should have time capacities of at least 1,5 to 2,5 days a week over 10 weeks. Make sure that all team members have a least attended a 2 days training on the Business Design before the walk in the first workshop.

- *What is a "good" project focus?* Keep in mind that you will study customers and users right after the Kick-off workshop. If the worlds of customers are too different from each other, you will have a hard time exploring all of them. Also the design of products, services or business models will be quite challenging if you try to please many different customers at the same time. A clear focus makes things much easier!

- *What if the sponsor doesn't show full commitment to the project (e.g. no time for Kick-off workshop)?* **We don't start.**

- *What if the sponsor or the project team don't understand the necessity of attending a training on Business Design before joining a Business Design project?* **We don't start.**

- *What if the sponsor doesn't see the benefit why we should talk to customers about ideas at early stages of the process?* **We don't start.**

- *What if the sponsor aims for pure output (see figure above), but we don't see neither a proper innovation management system in place nor a trained project team?* **We don't start.**

- *What if the the team members don't show full commitment or indicate that they are really busy with other projects?* Difficult to say on a general level. We usually start with people who are all busy (because great people are busy). But as time goes by smart people are willing to reprioritize their workload as they see great benefit in the Business Design project for themselves. This is the challenge we have to accept. ps: What do they do to free up time? They usually cut out half of their status calls and meetings throughout the week without any negative effect on anybody 😉

- *What communication tools are beneficial for Business Design?* We normally use an instant messaging tool (e.g. Slack), a shared file storage (e.g. Dropbox or internal systems), a video conference system (e.g. Skype, Webex) and our Project Workspace.

ps: You see the Q&A list is quite long for this phase. There are usually many open questions that we need to address to not derail a project team right from the start. A good setup is (almost) everything!