



LOW CARBON LIVING
CRC

RP 3029e1 Build4Life

The application of an agile management approach to
Government policy



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- originality
- methodology
- rigour
- compliance with ethical guidelines
- conclusions against results
- conformity with the principles of the [Australian Code for the Responsible Conduct of Research](#) (NHMRC 2007),

and provided constructive feedback which was considered and addressed by the author(s).

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Acronyms

1 Introduction

The Build4Life project represents an innovative approach to Government policy that involved taking a policy challenge aimed at getting households to renovate their homes more sustainably, applying the latest insights from the social sciences and the application of a lean start-up methodology to create a viable self-sufficient business entity aimed at guiding people to consider sustainable housing options and delivering on the policy outcomes.

BlueTribeCo was responsible for the overall project management of the Build4Life project with the aim of taking the concept of Build4Life and delivering a viable and validated business model for the commercialisation of Build4Life.

This report represents a summary of the lean start-up methodology utilised in the delivery of Build4Life and the key lessons identified through the project execution.

2 Defining the Approach

If we consider the typical project development lifecycle within Government, most Government services employ a waterfall methodology to project development which usually involves some variation on the following sequence:

Discover – assess the business/policy context, establish a mission and vision.

Define – define the benefits/need and establish your objectives.

Plan – Create your operating plan, financial plan, and establish KPI's.

Execute – Put the plan into action and reap the rewards of your detailed planning process.

The above “ready, aim, fire” approach is the foundation of any MBA curriculum and therefore it is little wonder that Government policy implementation in the area of social or environmental (sustainability) innovation also adopts a similar waterfall method.

The dilemma for the design of sustainability strategies is that this waterfall method assumes you know exactly what solution you need to implement, understand the problem it is solving for the customer/end user and that you have existing processes to put it all in place. However, in sustainability we are trying to create new scalable products or services that are often innovative or disruptive in an environment of extreme uncertainty.

When viewed through this lens, the development of sustainability strategy and sustainability programs has more in common with start-ups than established organisations and therefore the waterfall processes we use for creating our sustainability strategies are simply not fit for purpose.

Government departments are perfectly structured for executing business models from their Governance models through to supporting systems and processes. However, start-ups, like sustainability teams, are in the

business of discovering new business models. This distinction is at the heart of the lean start-up method employed in the Build4Life project.

The lean start-up method employed in the Build4Life project has three key elements:

First, rather than write a detailed project plan based on what amounts to a series of best guesses, lean start-up practitioners accept that all they have are a series of untested hypotheses. These hypotheses are organised using a tool called the business model canvas which describes the nine basic building blocks of a business model – in other words how your solution delivers value for you and your customers.

Second, lean start-up practitioners then test these assumptions by soliciting customer feedback to test their hypotheses. They do this by talking to customers about all aspects of the business model with an emphasis on speed within a build, measure, and learn cycle. The feedback is used to adjust the assumptions and then repeat the cycle with minor adjustments to the offering (iterations) or changes in direction (pivots) where the idea is simply not working. In some cases this phase also involves building a minimum viable product (MVP) to allow customers to provide feedback.

Third, the lean start-up process uses agile development which is a methodology derived from the software industry. Rather than using the “ready, aim, fire” waterfall development process described above, agile development is based on developing a solution iteratively and in small measurable features with constant customer testing and feedback – a bit like building a home one brick at a time.

3 Build4Life Case Study

The Build4Life project arose from work undertaken in the Commonwealth Sustainable Housing Initiative and was envisioned as a social media platform aimed at guiding people who build and renovate homes to find reliable and trustworthy information on sustainable housing options. The original vision was described as a bit like a combination between Facebook and TripAdvisor for building and renovating.

BlueTribeCo was engaged through a competitive tender process to be responsible for the overall project management of the Build4Life project with the aim of taking the concept of Build4Life and delivering a viable and validated business model for its commercialisation.

To deliver the concept, the lean start-up methodology described above was employed which involved developing an understanding of the market including broad estimates of the market size, identification of appropriate target markets, understanding the competitor landscape, and using this information to establish a unique value proposition (UVP).

This analysis is summarised in the strategic group map diagram below. This map displays various other organisations in the renovation space and maps their primary value proposition on the horizontal axis and their

primary revenue model on the vertical access. The size of the bubble demonstrates the size of the market they serve.

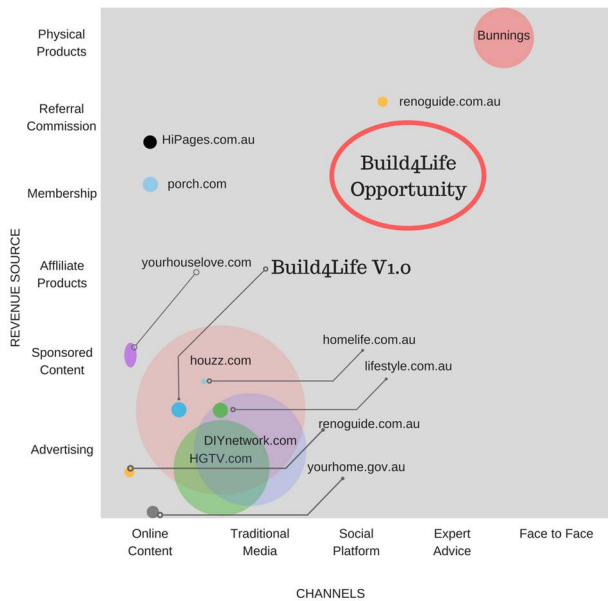


Figure 1: Strategic Group Map

The original concept for Build4Life (Build4Life V1.0) was a social media platform providing reliable and trustworthy content on sustainable housing options. This business model would have placed Build4Life V1.0 in the highly competitive and contested bottom left of the strategic group map with major brands like Houzz.com and HGTV.com and therefore it was decided that a pivot in the business model was required.

Previous work by the client had identified that consumers relied upon close, trusted networks for information on building and renovating, usually family and friends.

The Build4Life project set about designing a solution based on this key insight by aiming to simulate these close trusted networks via a digital platform but also supported by local peer to peer networks and repositioning the value propositioning of Build4Life towards the top right corner of the strategic group map.

Next the Blue Tribe Co team worked with the client to deconstruct their vision for Build4Life into the nine parts of the business model canvas (products, customers, channels, demand creation, revenue models, partners, resources, activities and cost structure).

A number of potential business models were developed to deliver on Build4Life's mission and through a process of rapid market testing which involved presenting the conceptual business concept to potential customers and viable business model was identified.

The proposed business model for Build4Life would connect renovators with service providers within a trusted peer network of other renovators within their own community.

The unique selling proposition (USP) of the proposed business model is the local Build4Life facilitator who convenes a local renovators club to share knowledge referrals and create social connections for its members with others in their local area.

The USP also supported the findings of the clients own social research that renovators relied on close trusted peer networks for sourcing information and getting recommendations.

A process of customer discovery was then used to test the "problem" and to validate key elements of the business model with various customer segments including the identification of "to be" services for the minimum viable product through user story mapping.

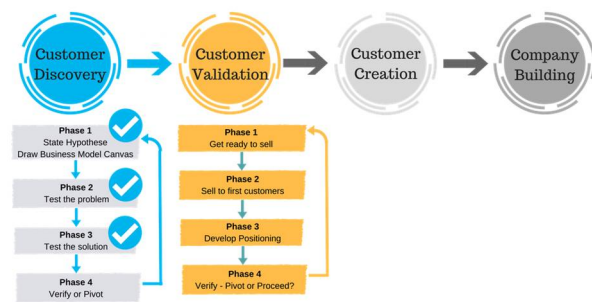


Figure 2: Lean start-up process

It included talking with potential customers via interviews, surveys, and data capture with a view to gaining a deep understanding of the customer/s renovation, workflow, and product needs.

The next stage involved the testing of the solutions ability to solve the customer problems by building a low-fidelity minimum viable product (MVP) for identified customer segments and seeking their feedback to validate that product market fit had been or could be achieved.

In a typical online start-up, the MVP would involve a website or digital version of the product. In the case of Build4Life the proposed business model involved a digital solution but also a local peer-to-peer network co-ordinated by a Build4Life facilitator.

In order to test the proposed local peer-to-peer network (renovators group) solution the MVP involved the employment of a casual Build4Life facilitator and the establishment of a closed Facebook group based around three suburbs in the Newcastle area, NSW. At the time of writing this group had over 70 members.



Figure 3: Renovator Group MVP

In addition to the renovators group, an MVP website was built to allow for user feedback however legal issues associated with CSIRO's ability to use the site to recommend various trades (a core element of the business model) prevented it's use.

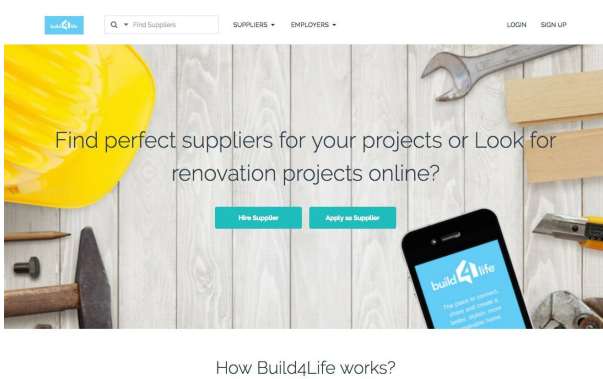


Figure 4: www.build4life.club MVP website

The renovators group was used to validate numerous assumptions in the Build4Life business model and at the conclusion of this contract Build4Life has iterated using the lean start-up methodology to develop a unique market offering and established product-market fit.

The next steps for the project will involve moving to the customer development phase with the build of the online platform and validating that customers will be willing to pay for the solution offered by Build4Life.

4 Planned vs Actual Outcomes

The diagram shown below provides a comparison between the proposed overall plan for the project as envisioned by the client in the tender document for this contract (blue), the conceptual plan proposed by Build4Life by BlueTribeCo during the tender (orange), and finally the actual project schedule that eventuated over the course of the project (purple).

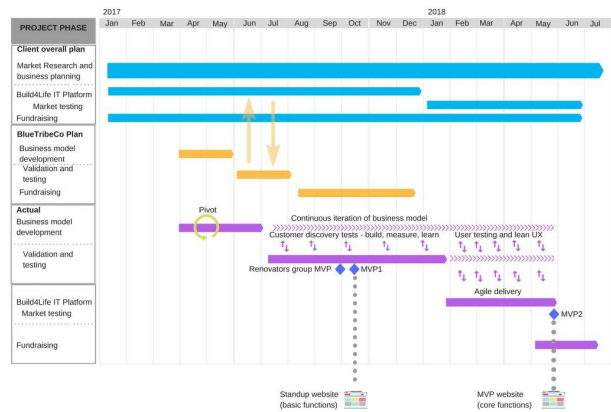


Figure 5: Planned vs Actual Project Schedule

The lean start-up methodology employed on this project is based on using customer feedback to validate key assumptions underpinning the business model. For a purely digital product this validation can be achieved through testing of the prototype website. Build4Life was originally envisioned as a digital product and hence the original plans reflected this approach.

Early customer feedback and market analysis resulted in the decision to pivot the business model in April/May 2017 from a purely digital social media platform to the model with a Build4Life facilitator who convenes a local renovators club to share knowledge referrals and create social connections for its members with others in their local area.

This pivot resulted in a change to the way that we validated the business model as it was no longer just a digital solution but had a physical face-to-face element that needed to be tested. To test this aspect of the model it was decided to establish a minimum viable product (MVP) of this component of the business model which took the form of a renovators group in the Newcastle area NSW.

This change in approach offered numerous benefits to the project and significantly de-risked the build of the IT platform as the original plan would have seen the wrong product being built.

The only aspect of the original project scope that was not delivered was the fundraising strategy. This was due to resources being directed into customer discovery activities to validate the business model but it also became apparent that in order to approach potential investors that the project team would need to have better validation data to support an investment decision.

5 Key Outcomes

Some of the key outcomes resulting from using the lean start-up approach for Build4Life are as follows:

- Development of a business model with market validation of problem solution fit.
- The investment in employing a lean start-up approach to the project (\$123k for this contract)

significantly de-risked the build of the online platform which was a central output of this \$1.5M project. We are of the view that had this approach not been employed then the project would have been at high risk of building the wrong product and would not have achieved the environmental and social drivers underpinning Build4Life.

- The application of resources into better customer discovery provides a much stronger foundation for fundraising in the next stages of the project.

6 Key Lessons

There are numerous lessons that arose during the conduct of the project. Some of the areas and aspects of the project that worked well are as follows:

- The project team had a highly collaborative working relationship
 - From the outset the project team involving OEH, CSIRO and BlueTribeCo had a collaborative working relationship (as opposed to a customer – supplier relationship). This was critical to the successful use of the lean start-up approach as many decisions were required to be made quickly and the scope regularly adjusted.
- Clear delineation on roles and responsibilities.
 - This project had a vast array of stakeholders and there was a clear understanding as to whom within the project team was responsible for management which stakeholders.
- Contract management
 - The nature of the project required regular changes to scope and milestones whilst operating within the agreed budget envelope. The contract allowed for a relatively simple process to make adjustments as new information became available to the team.
 - The weekly work-in-progress (WIP) worked well to mitigate risks and ensure regular information flow.
 - BlueTribeCo aimed to operate with a no surprises policy and issues were raised as early as possible.
- The lean start-up method was low cost and greatly reduced the risk of project failure
 - The lean start-up methodology was developed by start-up companies to help them scale their business with optimum use of resources.
 - The lean start-up method allowed the project team to quickly uncover a key weakness in the original concept of Build4Life and to pivot to a much more viable business model.

Some areas that could have improved the project delivery were as follows:

- Clarification on legal issues/impediments early on
 - A number of legal issues impacted the project. These issues primarily related to aspects associated with the market testing of the business idea and could have been addressed earlier by the project team.

7 Conclusion

Build4Life offers a new approach for policy makers to consider – taking a policy challenge and developing a financially self-sustaining social enterprise that achieves the policy objectives whilst creating jobs, economic activity, social and environmental benefits for the community.

Appendix A – Build4Life Business Model Analysis
Report

