



Creating Sustainable Impact: Testing and Building Business Models

LSV Build Session 3

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Today's Session

- Refresh from **Build 1 + 2**
- Progress Report
- **Customer Led Pilots**
- **Business Models**





Refresh from Build 1+2



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Why? We want you and your social venture to be as successful as possible

(We also want to help you to decide what successful means to you.)

Defining our Audiences

**Beneficiary, User,
Customer, Stakeholder**

What's the difference?

Does it make a difference in terms of:

- Adoption of an idea?
- Measuring impact?



Creating Value

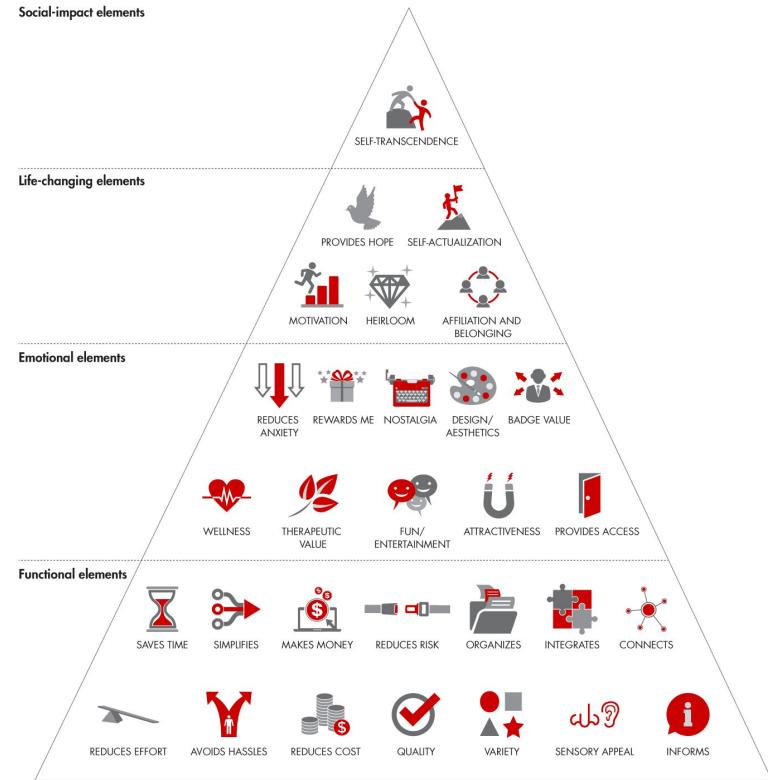
If we have successfully identified and empathised with our audiences, we can start to identify the values they seek from any interaction.

This is a model developed by consultants Bain & Co as a model for understanding those values. It's a useful starting-point for thinking about framing the value of your offer.

Source: [Bain, Elements of Value](#)

The Elements of Value®

The 30 Elements of Value for consumers start with functional needs at the bottom of the hierarchy and become more personal, even emotional, at higher levels.



The ‘Ad-Lib’

Our _____
Products and Services

help(s) _____
Customer Segment

who want to

jobs to be done

by _____

verb (e.g., reducing, avoiding)

and a customer pain

and _____.

verb (e.g., increasing, enabling)

and a customer gain

(unlike _____)

competing value proposition

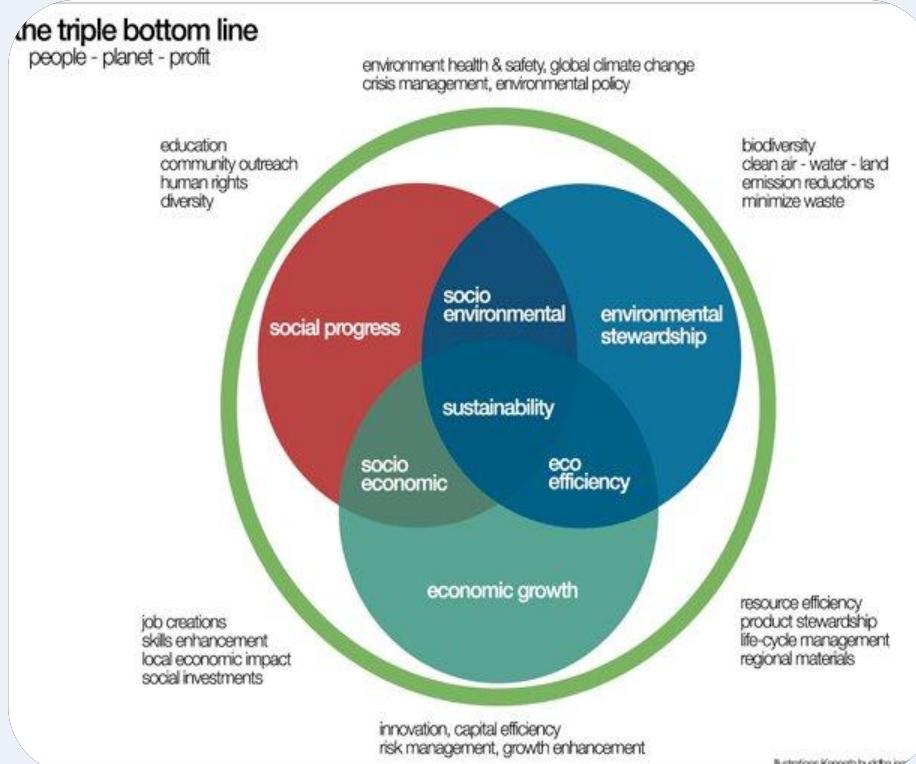
The Triple Bottom Line

People, Planet, Profit.

Is this sustainable:

- For individuals and communities?
- For the natural environment?
- For the idea's economic viability?

Social Ventures are *harder* than purely commercial ventures because they need to evidence viability across more criteria.

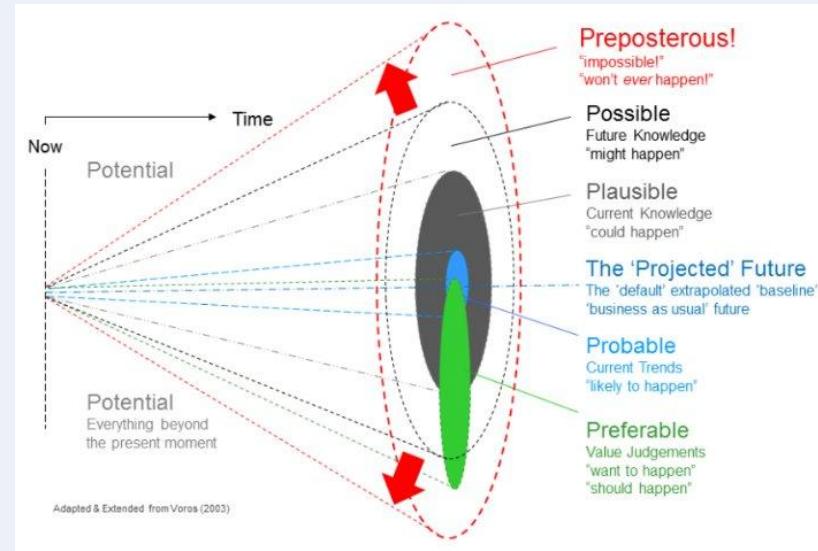


Evaluating Adaptability

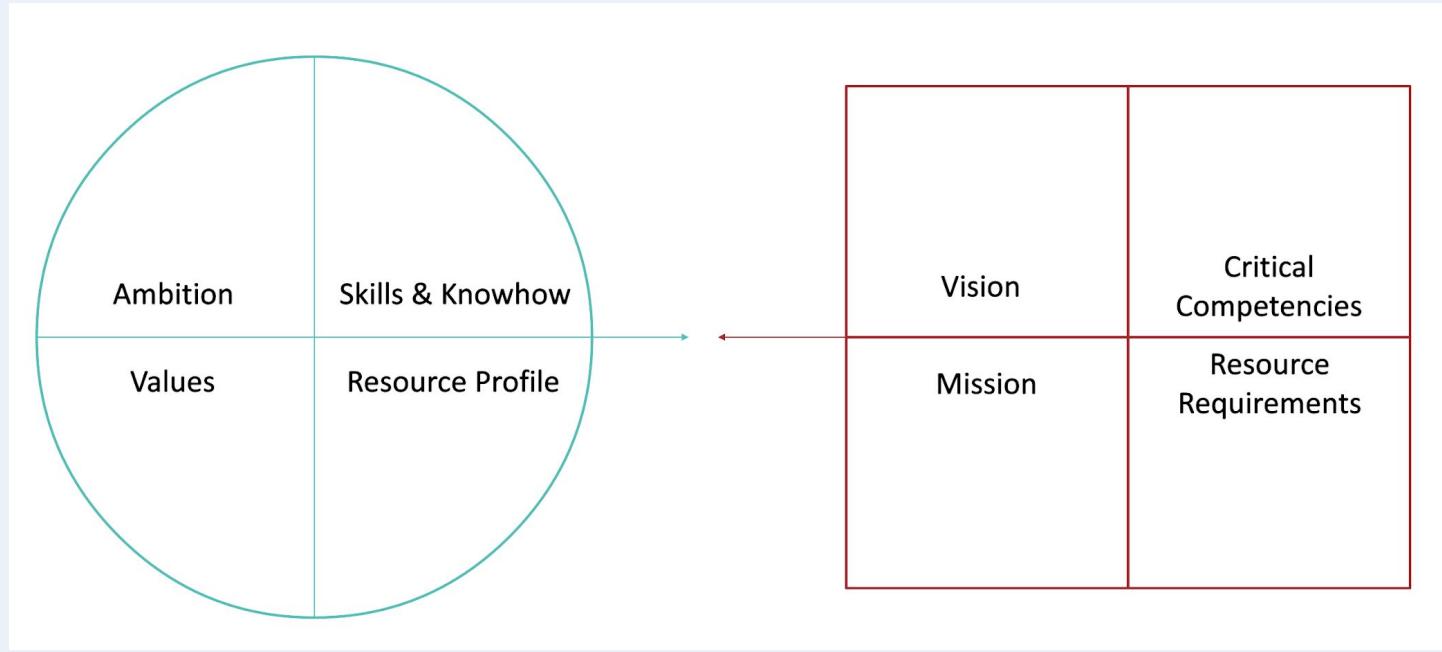
Conduct a STEEPLE analysis of trends:

- Social
- Technology
- Economic
- Environmental
- Political
- Legal
- Ethical

You're looking for **Risks and Opportunities**.



Do Founder and Idea Align?



Testing

We should check our Value Proposition works by **piloting and prototyping...**

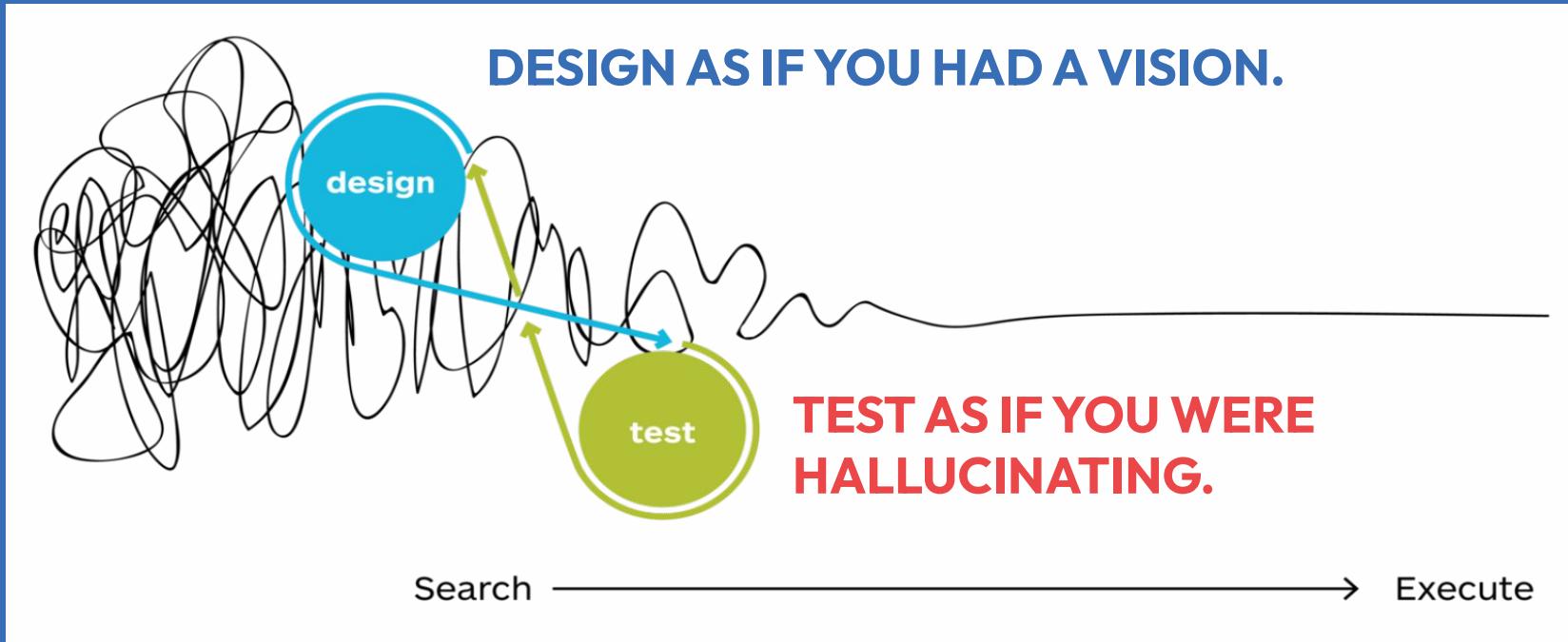
- Say it out loud
- Share it to gather feedback
- Experience Prototypes – simulations
- Functional Prototypes – working versions

Principles:

- **Fail Fast(er)**
- **Fail Cheap(er)**
- **Fail Forward**



Making Progress



The Adapted Squiggle by Damien Newman & Strategyzer

Progress Report

In your breakouts:

- How many conversations have you had so far?
- What has been the most useful insight?
- What might be good advice for others?
- What has been a challenge?





Customer-led Testing

What counts as success for your customer?

Type of measurement

- Overall numbers? Trends?
- Performance?
- Efficiencies?
- Frequency?
- 'Distance travelled'?
- Satisfaction?

Numbers or stories?

Is it being measured quantitatively or qualitatively?

Who is measuring?

Do you know who is measuring you and why?
Are they reporting to someone else in turn?

Designing Customer-led Pilot

Test the Value Proposition

- Is your value proposition correct?
- Is your assumed customer correct?
- Does a customer care about this proposition?
- Do they see the main value in something different?

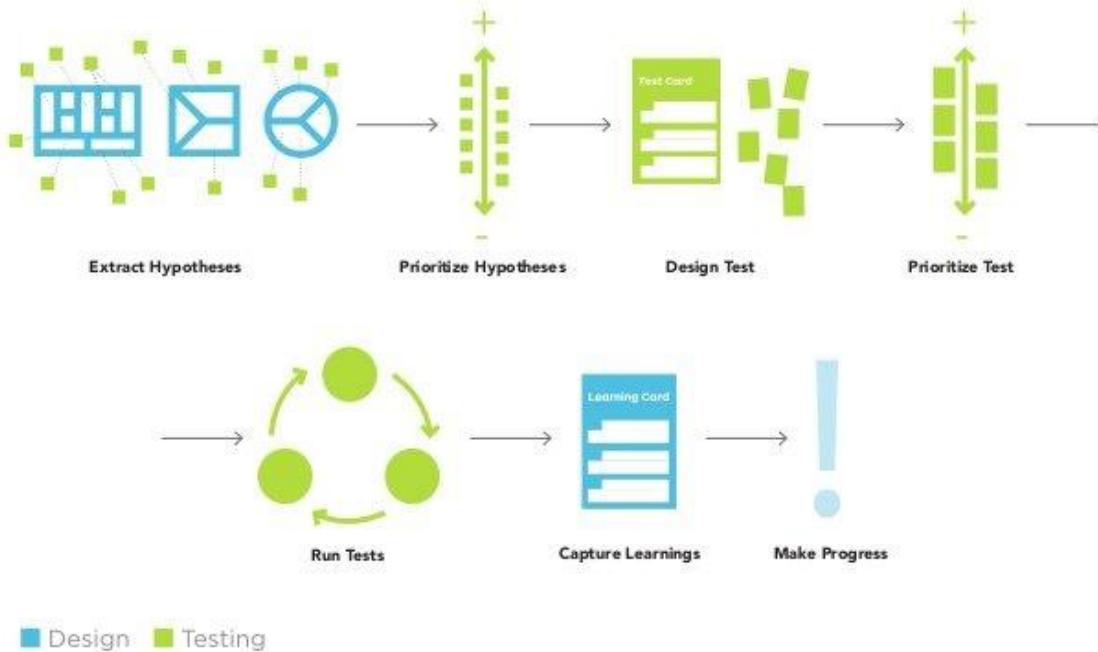
Understand Customer Engagement

- Is your business model Business-to-Business or Business-to-Consumer?
- Does this affect customer acquisition timelines?

Understand Value

- What is the value being measured?
- Does this match the cost of the product/service?
- What might need to change to convince customers to pay?

Overview of the Testing Process



Over time, you'll build insight:

1. Is it a real problem/opportunity?
2. Will anyone pay you to solve it?
3. Are there enough people willing and able to pay?
4. Is there a means to reach people and sell it?
5. Can you make a product that scales?

Can you pilot and validate each step?

Why it's important to pilot



Ideas for Pilot



Zappos

Online Shoe Shop
B2C Model



Thin Ice Press

Testing overall interest
B2C Model – different audiences



IRISi

Training Intervention for
Domestic Abuse prevention
B2B Model



Innocent

Drinks Company
B2C Model

What can we pilot

How Might We (HMW) pilot:

- HMW pilot *that the problem is real (or that the opportunity is attractive) for key audiences?*
- HMW pilot *the best positioning and description of the offering?*
- HMW pilot *how to offer and sustain the value proposition?*
- HMW pilot *that the product/service works?*

Remember – cheapest and fastest learning wins!





Define Customer Acquisition Model

Quickly write down:

Who is your target beachhead customer?

Are you testing a B2B or B2C model?

Do your previous ideas meet these requirements?

[2 mins]



Business Models

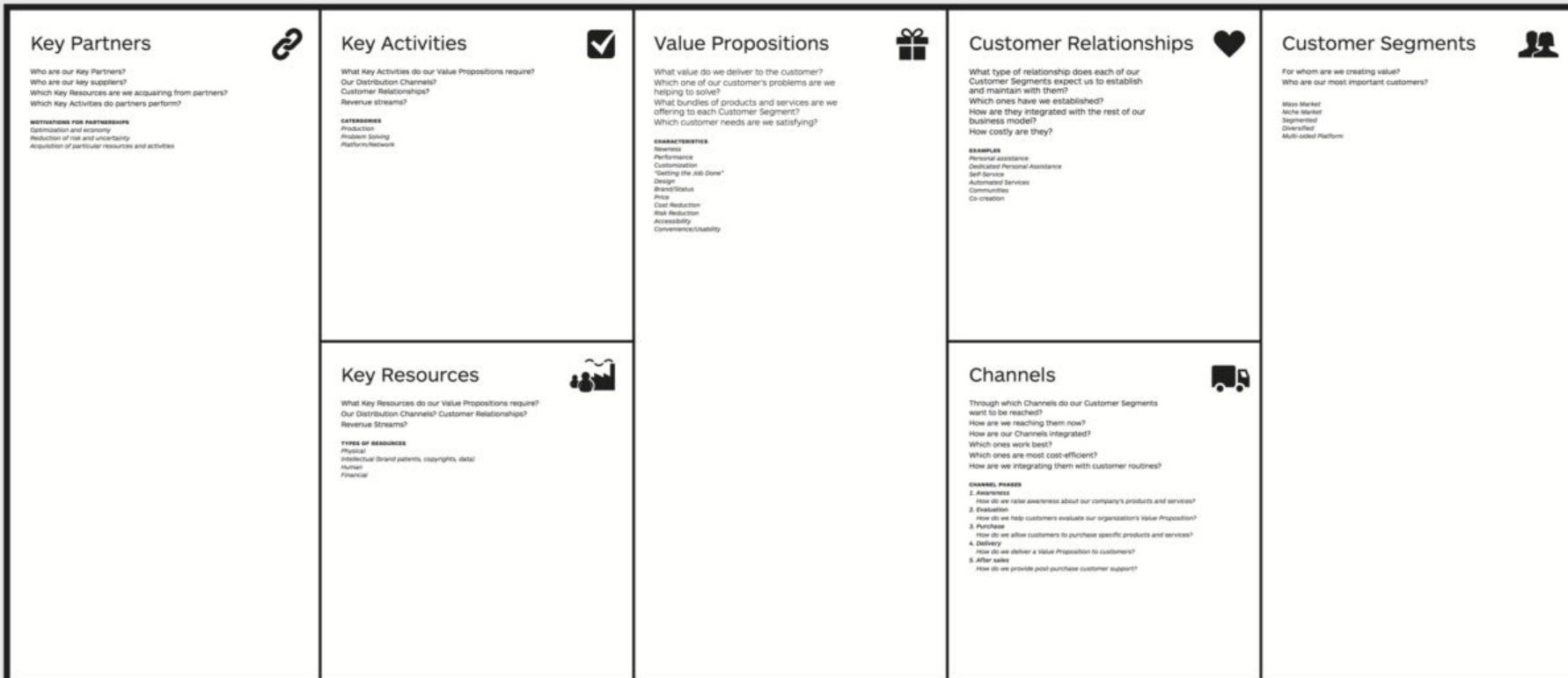
The Business Model Canvas

Designed for:

Designed by:

Date:

Version:



Cost Structure



What are the most important costs inherent in our business model?
Which Key Resources are most expensive?
Which Key Activities are most expensive?

IS YOUR BUSINESS MODE
Cost Drivers (Focus on cost structure, low price value proposition, maximum automation, extensive outsourcing)
Value Drivers (Focused on value creation, premium value proposition)

SAMPLE CHARACTERISTICS
Fixed Costs (Salaries, rents, utilities)
Variable Costs
Economies of scale
Economies of scope

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 Stream contribute to overall revenues?

PRICES
Asset Sale
Usage fee
Subscription Fee
Lending/Renting/Leasing
Licensing
Branding fee
Advertising

PRICE PRICING
List Price
Product feature dependent
Customer segment dependent
Volume dependent

DYNAMIC PRICING
Negotiation/Bargaining
Yield Management
Real time Market

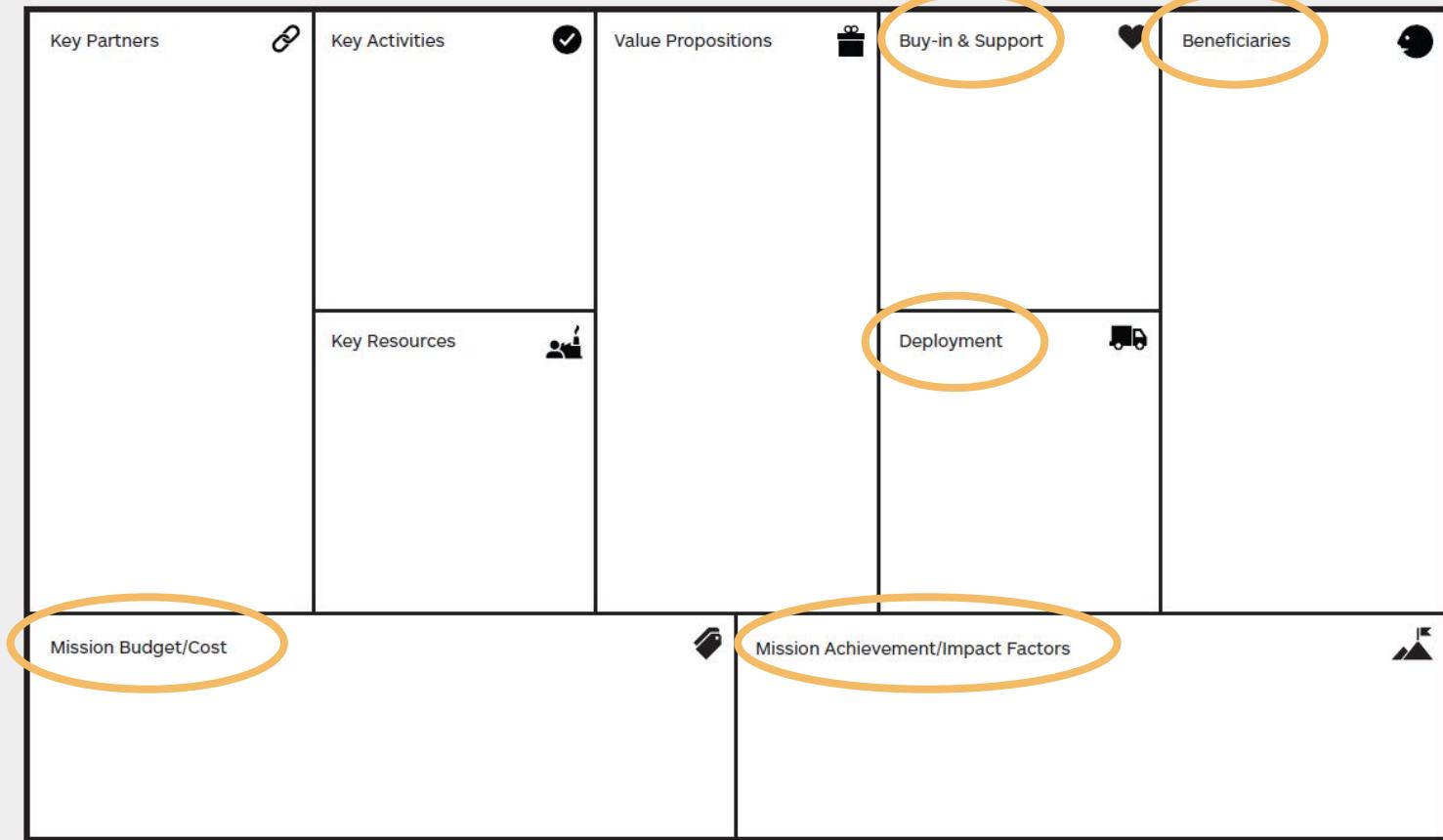
The Mission Model Canvas

Mission/Problem Description:

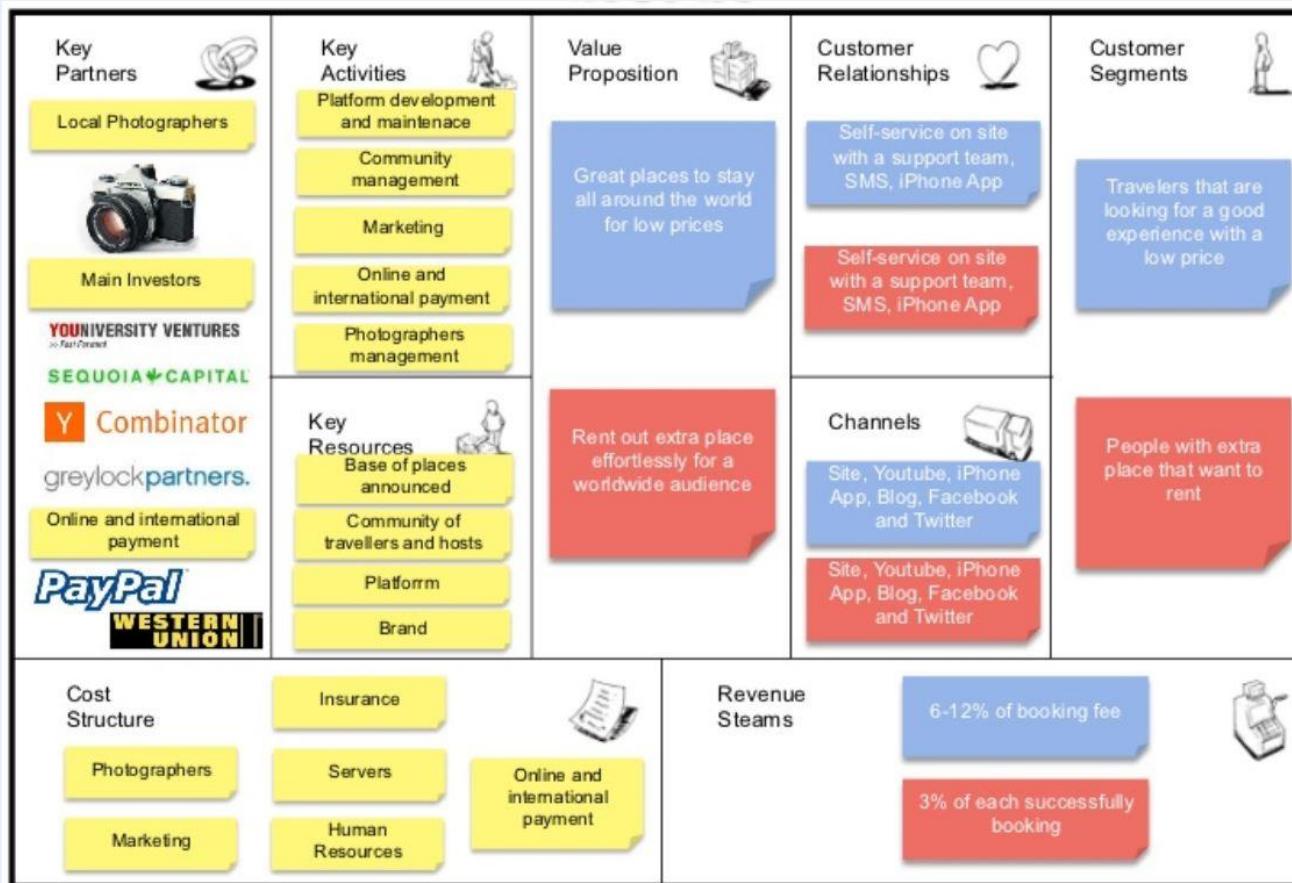
Designed by:

Date:

Version:



Example BMC



LSV BUSINESS MODEL CANVAS

IDEA:

AUTHOR:

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY ACTIVITIES

What do you need to be good at and do well?

VALUE PROPOSITION(S)

What is the offering of value for each audience segment?

AUDIENCE RELATIONSHIP

What kind of relationship do you have with each audience to get/keep/grow that audience?

AUDIENCES (BENEFICIARIES, USERS, CUSTOMERS...)

Identify your audience segments; there may be overlaps of beneficiaries, users, customers, and other stakeholders.

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

KEY RESOURCES

What do you need to have or have access to?

AUDIENCE TRANSACTION CHANNELS

How do your audiences transact or buy from you?

AUDIENCE AWARENESS CHANNELS

How do your audiences discover you exist?

COSTS

What are the biggest or most significant costs or cost structures in the idea?

REVENUES

How do you make or acquire money and who from?

IMPACTS

What difference do you make and how do you measure it?

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY ACTIVITIES

How might you get your value proposition to your audiences?

VALUE PROPOSITION(S)

1. How do they *Discover* you?
2. How do you *Deliver* them the product/service?

KEY PARTNERS (OUTSOURCED)

Who could you utilise to make it more impactful or efficient?

Virtual / Physical
Direct / Indirect

AUDIENCE RELATIONSHIP

What kind of relationship do you have with each audience to get/keep/grow that audience?

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Who do you NEED to partner with to make it possible?

KEY ACTIVITIES

What kind of relationship do your audiences expect?

- Automated or Personal?
- Transactional or Collaborative?
- Simple or Bespoke?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

VALUE PROPOSITION(S)

How might you:

- *Keep* your audiences?
- *Grow* your audiences?

COSTS

What are the biggest or most significant costs or cost structures in the idea?

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What kind of relationship do you have with each audience to get/keep/grow that audience?

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How do your audiences discover you exist?

REVENUES

How do you make or acquire money and who from?

IMPACTS

What difference do you make and how do you measure it?

KEY P
RWho do you NEED
possible?

How might your venture make money/value from each customer segment?

Revenue Stream Strategies

Asset Sale

Usage Fee

Subscription/Licensing Fee

Renting

Intermediation/Brokering

Advertising

One or Multiple Streams?

What are the biggest or most significant costs or cost structures in the idea?

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AUDIENCE RELATIONSHIP

What kind of relationship do you have with each audience to
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KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

KEY ACTIVITIES

What do you need to be good at and do?

KEY RESOURCES

What do you need to have or have access to?

How might your venture measure its impact?

Potential KPIs

- Numbers of users engaged?
- Number of users 'impacted'?
- User satisfaction?
- Downstream impacts?

Who is measuring what and why?
How are they measuring the change?

SHIP

Which audience to ship to?

CHANNELS

How do you reach them?

CHANNELS

AUDIENCES (BENEFICIARIES, USERS, CUSTOMERS...)

Identify your audience segments; there may be overlaps of beneficiaries, users, customers, and other stakeholders.

COSTS

What are the biggest or most significant costs or cost structures in the idea?

REVENUES

How do you make or acquire money and who from?

IMPACTS

What difference do you make and how do you measure it?

4 Ways to Price

1) Work out how much it costs for you to make it and sell it then add a % margin.

2) Look at what your competitors are doing and respond to that.

3) Calculate the value to your customer and charge what they'll pay.

4) Experiment; see how the market responds to your initial price point.

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY ACTIVITIES

What do you need to be good at and do well?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

KEY RESOURCES

What do you need to have or have access to?

COSTS

What are the biggest or most significant costs or cost structures in the idea?

What are the most important assets required to make the model work?

Physical? (space, materials, kit)

Financial? (cash, insurance)

Human? (staff, contractors)

Intellectual? (advice, IP, expertise)

What do you need to:

Pilot it?

Engage audiences?

Deliver it?

REVENUES

How do you make or acquire money and who from?

AUDIENCES (BENEFICIARIES, USERS, CUSTOMERS...)

For audience segments; there may be overlaps of users, customers, and other stakeholders.

IMPACTS

What difference do you make and how do you measure it?

LSV BUSINESS MODEL CANVAS

IDEA:

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

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What do you need to be good at and do well?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

KEY RESOURCES

What do you need to have or have access to?

COSTS

What are the biggest or most significant costs or cost structures in the idea?

What activities are critical to success?

Sales/Marketing?

Customer Service/Maintenance?

Resource production?

What do you need to become really good at in order to implement your model?

In-house/Outsource?

Competitive Advantage or Better done by others?

What do you need to do to:

Pilot it?

Engage audiences?

Deliver it?

AUDIENCES (BENEFICIARIES, USERS, CUSTOMERS...)

Identify your audience segments; there may be overlaps of beneficiaries, users, customers, and other stakeholders.

IMPACTS

What do you make and how do you measure it?

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

Who are the *essential* partners required to deliver your value proposition?

Who might be *useful* partners to add value or cut costs in your business model?

What key resources/activities do they bring for your model?

Economies of Scale / Risk

Mitigation?

Money & Resource?

Access to Customers /

Marketing / Brand?

AUDIENCE RELATIONSHIP

What kind of relationship do you have with each audience to get/keep/grow that audience?

AUDIENCE TRANSACTION CHANNELS

How do your audiences transact or buy from you?

AUDIENCE AWARENESS CHANNELS

How do your audiences discover you exist?

AUDIENCES (BENEFICIARIES, USERS, CUSTOMERS...)

Identify your audience segments; there may be overlaps of beneficiaries, users, customers, and other stakeholders.

REVENUES

Where are money and who from?

IMPACTS

What difference do you make and how do you measure it?

KEY PARTNERS (ESSENTIAL)

Who do you NEED to partner with to make it possible?

KEY ACTIVITIES

What do you need to be good at and do well?

VALUE PROPOSITION

What is the offering of value?

KEY PARTNERS (OUTSOURCING)

Who could you utilise to make it more impactful or efficient?

KEY RESOURCES

What do you need to have or have access to?

COSTS

What are the biggest or most significant costs or cost structures in the idea?

What are the costs to operate the business model or mission model?

Direct Costs (those directly related to production) vs **Overheads** (those not)
Customer Acquisition Costs?

What are the most critical costs?
What are the most expensive resources?
What are the most expensive key activities?
What can you offset to partners?

REVENUES

How do you make or acquire money and who from?

IMPACTS

What difference do you make and how do you measure it?

Back to Testing

The gaps in your Business Model, especially around costs, should be a focus on testing.

For your testing pilot, how can you ensure you find the details to complete an initial business model?

In the next 5 minutes, take a note of the testing card opposite and write down:

- What does your pilot test?
- How can you ensure its verified ability?
- What success are you looking for?
- Which customer are you targeting to test with?
- Is your deadline balance speed, accuracy, and achievability?

Test Card

Test Name	Subscription Pricing	Deadline
Assigned to	Lin	Duration
STEP 1: HYPOTHESIS		
We believe that		Customers will pay \$20 per month for our subscription
		Critical: 
STEP 2: TEST		
To verify that, we will		Offer free trials for 14 days, then ask for a purchase
		Test Cost:  Data Reliability: 
STEP 3: METRIC		
And measure		The percentage of customers who sign up for an ongoing subscription
		Time Required: 
STEP 4: CRITERIA		
We are right if		At least 30% of free trial users stay on as customers (for more than 3 months)



A Quick Look at Legal Structures



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Social Ventures: A Spectrum



Should we form a CIC or Charity?

Probably not initially.

CIC or Charity status can unlock funds not available to commercial organisations.

However, it is more legally complex and difficult to unpick or convert later, whilst it is relatively simple to start as a *Company limited by Shares* or *Company limited by Guarantee* and convert to a charity or CIC as required.



Mutuals and Co-ops

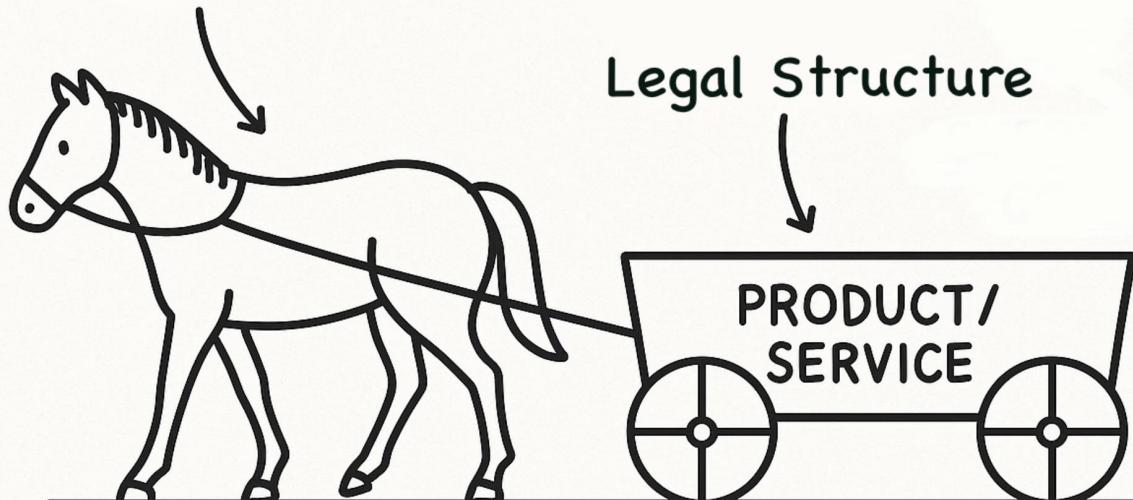
Sometimes branded as 'Kind Capitalism'.

Range from non-social ventures like Co-op Food and John Lewis to more social ventures (or at least started as social ventures) like National Farmer Union Mutual [struggling farmers needing insurance pooling together to provide it].

Every member of the business takes a share of the profits. Still have social reinvestment as part of model, but also split profits across communities.



Business Model



Next Time

- **Drop-in Sessions**
- **Presentations**





Presentation Guide

LSV Build Presentation

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**This is guidance,
not instructions!**

Final Presentation

What to expect?

Each team gets assigned a 15-minute slot, consisting of:

- 5-minute presentation
- 10-minute Q&A in front of panel



The Problem/Opportunity

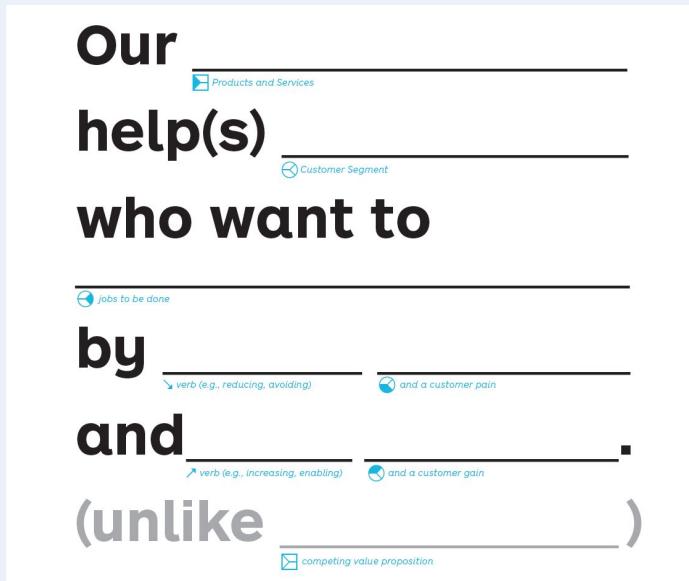
What is going on?

- Briefly introduce your social venture idea and succinctly convey the problem it solves
- Questions to answer:
 - What is the problem you are trying to solve?
 - Who is experiencing the problem?
 - What is the size/scope of the problem? Or what is the value of the opportunity?
 - Who are your potential customers, users, beneficiaries?

Your Solution

What's your value proposition?

- Share your project's value proposition – you can use the *ad-lib template* on the right
- How does your solution solve the issue for your customers, users, beneficiaries?
- Has its impact been verified through research?
- Give a brief working example



Market Validation So Far

What do customers and key stakeholders say?

- How many market validation conversation have you undertaken so far?
- Who have you reached out to? Please list them
- Provide at least two examples of market validation
- Include direct quotes

This slide should be covered very quickly!



Next Steps

Where are you going?

- Tells us which assumption(s) you need to test next in order to validate your idea
- Describe your next steps for the 6-12 months after the Build programme – no more than 3 bullet points
- Prepare one key question for the panel, e.g., about specific gaps in your business model, key assumptions or planned activities

General Guidance

- Don't overcrowd your slides
- Images/graphics can help convey your ideas
- Practice your pitch to ensure you stay within the 5-minute time limit
- Practice your pitch on someone who doesn't know your social venture idea





Funding Pot – Guidance for Applicants

Pilot Funding

- After the presentation session, you can apply for up to £1,000 to run a small-scale pilot that will help you learn, adapt, and move your idea forward
- The funding pot is designed to help you test an early version of your social venture idea
- Your proposal will be judged based on the design of the pilot and the social venture potential, and we will either fully fund, part-fund or not fund it based on this

What we're looking for

To apply, you'll need to submit a short proposal that outlines:

- **What you're testing** – What aspect of your idea are you aiming to validate or learn more about?
- **How you'll test it** – What's your plan? What methods, tools, or resources will you use?
- **Health & safety** – Your proposal must demonstrate that your pilot complies with any relevant health and safety requirements

**You're encouraged to think lean –
Small tests can still generate powerful insights!**

Eligible Costs

What can you use the funding for?

Funding must be used for direct costs associated with running your pilot, such as:

- Materials and supplies
- Venue hire or space
- Consultant or facilitator time
- Prototyping or user testing costs
- Travel or access costs directly related to the pilot

What you *cannot* use the funding for

- Your own time or salary
- General operational or ongoing business costs
- Activities not directly linked to the pilot



Key Requirements

- All funding must be spent within 6 months from the date of award
- We'll reimburse expenses or pay invoices on your behalf
- We'll ask for brief evidence of how the funding was used (e.g., receipts, a short report, or photos)

Spark

- Explore different pathways to social impact
- Learn how social ventures can sustain and scale the impact of your research and ideas
- 1x interactive workshop

Build

- Refine your social venture idea, explore different business models
- Design a first-customer pilot, work towards a validated proof of concept
- 3x online training sessions, in-person presentation
- Small grants available - £1000

Catalyst

- Help social ventures transition into incorporated, sustainable entities
- Pilot > Sale > Pipeline > Fundraise
- Tailored support, mentors, bespoke coaching
- Funding pot with grants of £15k available

Today's Session

- Refresh
- Progress Report
- Customer Led Pilots
- Business Models

Thank you for your time!





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-  [@LondonSVs](#)

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