

Building the Innovation Pipeline

Workshopping Solutions for Financially Vulnerable Consumers





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Introduction

Doorways to Dreams (D2D) Fund strengthens the financial opportunity and security of financially vulnerable consumers by discovering ideas, piloting solutions, and driving innovations to scale. The lifeblood of D2D's work is powerful *ideas*. Compelling, unorthodox ideas have enabled D2D to produce a string of nationally recognized consumer innovations over the past decade, tools that have generated hundreds of millions of dollars of savings for hundreds of thousands of vulnerable Americans.

To continue to grow its impact, D2D is developing new ways to systematically generate the next generation of powerful consumer finance ideas—the “fuel” for the organization’s innovation pipeline.

With this interest in mind – and reflecting on the sources of past inspiration – D2D has begun testing a range of techniques to cultivate product and policy ideas. A heightened focus on innovation methods will lead to enhanced engagement with consumers and partners, a greater capacity to identify and cultivate promising innovations, and ultimately, a deeper impact on consumers and upon the overall financial system.

“It was wonderful to spend a day with great thinkers and very creative folks.”

- Workshop participant

With support from the J. P. Morgan Chase Foundation and the Ford Foundation, D2D tested an interactive design workshop on March 1, 2016, convening a select group of experts to ideate around a specific consumer challenge: *How might we combine savings and credit opportunities to help financially vulnerable adults manage unpredictable events?* Besides providing a forum to innovate around a specific problem, this workshop represented a new model for D2D to tap a reliably potent source of inspiration—its diverse network of thinkers and doers.





The convening was by all measures a success. Valuable new themes emerged through the group's collective thinking. The group rapidly generated a unique and potent collaborative energy that was clearly indicative of their diverse talents and backgrounds, collective dedication, and empathy with the target consumer.

Workshop participants represented diverse perspectives on financially vulnerable consumers and possessed a rich array of skills and experiences. Through deep engagement with the consumer challenge, brainstorming, concept development, and a combination of small- and large-group collaboration, they explored opportunity areas for innovation, generated solution concepts, and converted some of those concepts into informal product proposals. Not only did this group produce great ideas, it demonstrated

that a gathering of "strangers," united by objectives and professional interests, can rapidly coalesce around a well-framed and compelling dilemma. One participant shared that, "It was wonderful to spend a day with great thinkers and very creative folks."

This report summarizes the convening model deployed and the strategy guiding its formation. While examples of the topical output are included, they serve primarily to illustrate the workshop process, and do not represent the full extent of ideas generated and recorded.



“We view the innovation process as a pipeline. This workshop focuses on the front end of that pipeline, which is seeding good ideas for products and public policies.”

- Timothy Flacke
Executive Director
Doorways to Dreams (D2D)



A Convening Model for Idea Discovery

D2D recognized valuable opportunities for augmenting the expertise and skills at the front end of its innovation pipeline, and outlined several new approaches for doing so in its 2014-2018 strategic plan. These include new methods for collaborating with partners, engaging consumers, and experimenting with ideation models.

To better harness expertise, D2D is testing various models for convening diverse groups of experts around specific challenges. This initiative is guided by D2D’s belief that an effective convening strategy will expand the thinking around specific issues while simultaneously building the partnerships essential to later development stages.

In his opening remarks at the workshop, Executive Director Timothy Flacke said, “At D2D, we view the innovation process as a pipeline. This workshop focuses on the front end of that pipeline, which is seeding good ideas for products and public policies.”

Innovation challenge:

Linking savings and credit solutions

Financially vulnerable consumers are particularly vulnerable in times of crisis or rapidly changing circumstances. Destabilizing income or expense shocks may lead them to use financial products that address an immediate need but undermine long-term security.

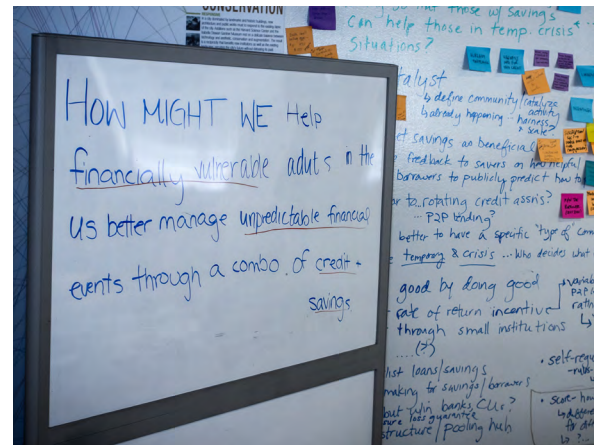
In times of exceptional difficulty or unpredictability, the appropriate savings and credit tools can be vital for these consumers, having the effect of “smoothing” the ups and downs in their income and expenses. While the market is filled with tools that help consumers to borrow and (to a lesser degree) build savings, there are few examples where these two functions are integrated. And in the case of short-term



borrowing, products are often expensive, or otherwise not consumer friendly. D2D determined that the lack of financial tools explicitly linking savings and credit represented a ripe opportunity for innovation to be explored in a workshop model.

Activities and goals for the March 1st workshop centered on a few key questions:

- How might we help financially vulnerable consumers manage financial shocks without sacrificing long-term security?
- How might we integrate savings with credit to make tools more engaging, comprehensive, and impactful?
- How might consumers' interaction with a savings-and-credit tool inform its design?



Participants

D2D invited a diverse group of professionals to participate in the workshop, framing it as an opportunity to think in new ways about an intractable challenge, to renew their optimism in addressing that challenge, and to collaborate with an eclectic mix of talented peers.

Each participant possessed a deep understanding of financial vulnerability shaped by their unique professional and life experience. They included leaders and experts in consumer finance, marketing, technology, human-centered design, consumer psychology and behavior, public health and policy, journalism, and civic entrepreneurship. Collectively, they had served over 10 million U.S. customers.



Several had lived and worked with the poor and homeless in the U.S. as well as overseas, and some had personally experienced the stress of financial vulnerability while growing up.

Facilitation

D2D decided to engage an external facilitator so that internal staff could fully participate in the workshop. Ultimately, they chose Catapult Design to facilitate, due to their focus on socially-driven clients and their work on

projects similar in scope and subject matter. A Catapult Design strategist worked with D2D staff to plan and structure the workshop and also served as facilitator during the event.



Workshop Activities and Process

Workshop activities were organized into four ideation phases:

1. *Exploring the challenge*
2. *Identifying opportunity areas*
3. *Initial concept development*
4. *Advanced development of select concepts*

Participants prepared for the workshop by reading an overview of the current landscape of savings and credit opportunities and products. They also read four consumer profiles, each a one-page portrait of a different household, which served to personalize the real financial struggles that many consumers face. These profiles explored a range of challenges and life events that might impact an individual's financial stability and behavior. This set the stage for a broad conversation about how households plan for the future and address urgent financial needs.

(1) Exploring the challenge

Prior to official introductions, participants ate breakfast and contributed words and short phrases to several free-association posters (e.g. "What does **Credit** look/feel like to you?"). These responses created an initial sense of the group consciousness around the challenge and informed later discussions.



Participants were then asked to introduce themselves and describe their interest in empowering financially vulnerable consumers through savings-and-credit innovation. To break the ice, they also

noted their “favorite” form of currency (responses included mobile payments, quarters, and Starbucks gift cards).

The group selected one of the consumer profiles they’d read prior to the workshop—“Maria”—to frame their discussion (see FIGURE 1). Although this individual profile does not represent the needs of all vulnerable consumers, it did help the group maintain a human-centered focus in their dialogue. “I like starting with the consumer,” one participant noted. “The ‘Maria’ story is a nice way to anchor the discussion.”

The profile described two unexpected financial events that Maria was facing, her needs and responsibilities before and after each event, the resources available to her, and how she approached managing her finances under these new circumstances.

FIGURE 1.

“Maria”

A Consumer Profile

Maria, a caregiver by nature, is a 35-year-old single mom who looks after two kids and an ailing mother who lives with her at home. Maria makes \$30K/year working as a Certified Nursing Assistant (CNA).

A year ago, Maria’s husband died suddenly from a heart attack. Without his income and support she struggles to make ends meet. She found additional work in the evenings cooking and providing in-home nursing care, and she gratefully depends on neighborhood friends and family to look after her mother and kids while she’s working. Maria cut up her credit cards, fearing she might rely too heavily on them and accumulate a debt she couldn’t repay. She avoids borrowing, but when unexpected events make it a necessity, she turns to friends or alternative financial services in the neighborhood.

In the past, Maria and her husband had routinely set aside what money they could at their local credit union to prepare for emergencies, fund their children’s education, and pay for a family vacation. After he died, Maria was forced to use all these savings to cover the sudden expenses, including his medical and funeral costs.

Although Maria is successfully managing her expenses under these new circumstances, she knows that any additional bumps in the road will present a formidable challenge. For instance, last month her car broke down, and because she lacked the time and money for immediate repair, she relied on public transportation for two weeks in order to travel to and from her CNA job. This commute left no time for her supplemental jobs in the evenings, so when it came time to pay her bills, she pawned her wedding ring.

Maria hopes to recover the ring, but isn’t sure when or how she can repay the pawnshop. She knows she’s doing the best she can, but she’s also looking for resources that can help her weather additional financial challenges and, eventually, rebuild her savings to create security for her family.

The group discussed both the practical and emotional challenges Maria faced. They attempted to identify aspects of her situation that were especially relevant in ideating and designing a solution. For instance:

- Maria is dedicated and vigilant about managing her finances.
- She readily avails herself of resources within her community.
- She is ambivalent about credit as a financial tool (per her decision to cut up credit cards).
- Even if she has little or no credit history, she seems to be a good credit risk.
- Rebuilding savings under her present circumstances will be hard since there are few expenses she can curtail.

The group also posed questions to highlight unknown factors about her situation which might further inform opportunities for intervention:

- Does Maria distrust credit providers, her own ability to manage debt, or both?
- Beyond savings services, what is the extent and quality of Maria's relationship with her local credit union?
- Does Maria have a smartphone, or access to a computer with an Internet connection?

The workshop facilitator recorded and organized the insights from this discussion on a whiteboard, allowing participants to track the progression of ideas and connect or build upon them during the next ideation phase.

(2) Identifying opportunity areas

Participants began the next phase of the workshop with a creative warm-up, in which they were shown two disparate objects and asked to quickly draw a design that combined them (e.g. a bicycle and a suitcase). This activity set the stage for designing creative, integrative solutions to the problems at hand.

Using insights generated from the previous discussion about Maria and the general needs of financially vulnerable consumers, the group began identifying opportunities to intervene with innovative savings-and-credit solutions.

Each participant took several minutes to write down at least one such opportunity in the form of a “How might we...?” question, as in: **“How might we [do X] so that [Y is achieved]?”** Framing opportunity areas



in this manner challenged the participants to make an explicit connection between what they imagined creating and what they hoped it would achieve.

These questions were shared with the group. Where possible, questions with common themes were combined and rewritten. After careful deliberation, the group settled on four key opportunities they had identified, and constructed new “*How might we...?*” questions to capture them:

- How might we **support intercommunity lending** so that those with savings can help those in temporary crisis?
- How might we **leverage consumer data** so that financial service providers have a better understanding of a consumer’s overall financial management ability?
- How might we **respond to consumers’ emotional experience** in order to reduce stress in catastrophic events and build their self-confidence to save?
- How might we **encourage financial service providers to consider “lifetime value”**—that is, consumers’ potential financial value at various stages of life, rather than one point in time, so that more people have access to opportunities within the formal financial system?

Finally, the group took a few minutes to brainstorm ideas around each of these questions. The facilitator recorded insights on the whiteboard to inform and inspire initial concepts in the next workshop phase.

(3) Initial concept development

Participants divided into teams of three to begin conceptualizing products and services. Each team was tasked with developing three distinct concepts. Using insights from earlier ideation phases (such as responses to the “How might we...?” questions) was encouraged, but not required. For each of their concepts, the teams wrote answers to a few basic questions on a worksheet:



- **What?** – Name your concept and describe it in 1-2 sentences.
- **Why?** – Describe the need/pain/challenge this concept addresses.
- **Who?** – Describe the user and other key players interacting with this concept.



Teams then presented their concepts to the rest of the group, who reacted with questions and offered feedback concerning the concepts’ strengths, feasibility, etc.

Following these presentations, participants took a few minutes to individually review all concepts and then choose which one(s) they wished to see developed further—they indicated their choices by “investing” a set amount of fake money in no more than 3 of their preferred concepts. After results were calculated, they discussed why they chose to invest how they did.

Finally, each team selected one of their concepts for the final development phase. Though not required, teams were invited to use the results of the investing exercise to guide their decision.

Concepts Selected by Participants for Development

“Depend on Me” – An alternative to a credit score that can also enhance a traditional score. It links to existing data sources and provides missing consumer data to build profiles.

“Working Capital” – This payday-loan alternative partners employers with financial institutions, enabling those employers to offer employees small-dollar loans and savings accounts to address financial shocks and other urgent needs.

“Seed Dating” – A credit-builder loan that relies on close relationships between consumers and financial institutions—helps consumers create and meet reasonable, integrated goals, tracks their progress over time, and encourages them through nudges and rewards to reach savings milestones.

“Do You Want to Play Today?” – An app connected to savings and checking accounts that encourages savings behavior through targeted SMS messages and push-notifications.

(4) Advanced development of participant-selected concepts

The group reformed their small teams to expand their selected concept into an informal product proposal. They used new worksheets to map out various aspects of their product, including an expanded description, the value proposition, a list of potential stakeholders, key moments in the “user journey,” and potential problems with design or implementation. The group reconvened to present their proposals and get feedback.

The following example summarizes key points from one of those proposals:

“Working Capital”

A sample workshop proposal

This payday-loan alternative partners employers with financial institutions, enabling those employers to offer employees small-dollar loans and savings accounts to address financial shocks and other urgent needs.

Value Proposition

As an alternative to traditional payday loans, this employee benefit provides short-term, easy access to cash while encouraging savings behavior and contributing to a broader “dependability score” (in lieu of a traditional credit score).

User journey / experience (3 key moments)

First: Employee receives a bonus deposit for opting into this benefit/account.

Then: For each paycheck or salary payment, a minimal, standard amount (e.g. 5 dollars) is deposited into the employee’s savings account.

Then: If the employee experiences a life event that creates a short-term need for extra cash, that employee can apply for and receive a payday loan via their employer.

The system (How can this be implemented in the current system?)

- Establish a partnership between a bank and employer.
- Develop technology to track, report, and analyze lending data.
- Integrate into employer HR systems in order to utilize data for lending decisions.
- HR integration will also generate “anniversary”-based incentives.

Potential issues / red flags

What similar innovations are already in market? Also, it will be difficult to navigate rigid lending rules and expectations, especially when many employees require loans at the same time.

Integration of savings and credit

Requires employees to opt into a modest, automatic deposit that serves as both an individual *savings* account and a group investment insuring payday loans (i.e. *credit*) in times of need.

Reflections

Participant Feedback

In the closing discussion, and later in feedback surveys, participants reported that their workshop experience was a positive one. They valued the opportunity to meet and work with other talented experts and to think deeply about a tough consumer challenge. Both the facilitator and D2D staff were impressed by the growth of energy and chemistry that developed as the group took increasing ownership over the process.



Participants also suggested aspects that might be improved upon or experimented with further, such as mixing up the teams between the first and second phases of concept development, or creating simple visuals along the way to serve as ongoing points of reference. Some participants expressed a preference for a less structured process, while others suggested ways to add structure, like having the facilitator circulate during the smaller team collaborations in order to provide occasional guidance and topical oversight.

Several participants observed that, while the workshop developed several good ideas, certain themes from earlier stages were unintentionally left behind. While this may be a natural consequence of any ideation process, it points to the possible advantage of a longer workshop, in that it would afford more time to reflect and to revisit ideas.

D2D's Impressions

Given the primary objective—which was to test a new approach to cultivate the powerful ideas that fuel innovation—D2D was pleased with both the workshop process and the specific outputs it generated. Offered a compelling consumer challenge and a flexible structure, the group developed a unique collaborative energy that was clearly indicative of their collective dedication, empathy with the target consumer, and diverse talents and backgrounds. D2D expects that many of the collegial bonds formed as a result of this workshop will continue developing over time and serve as an increasingly valuable resource for bringing innovations to life.



As D2D seeks opportunities for future workshops it will experiment with various factors, such as event length, group size, and group composition (e.g. workshops that feature consumers as participants). The participants' feedback on this first test of the convening model will be valuable in that planning.

Finally, D2D noted that a number of participants expressed interest in applying ideas that emerged from the workshop in their own projects and businesses. The possibility that ideation from this event might inform and inspire new products or services even without additional involvement from D2D is exciting evidence of this convening model's broader, organic potential for impact.



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