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An exploration into the commercial potential of an innovative connection service that provides work experience opportunities for young adults to drive small business growth.

By

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Abstract

Technology has changed the way that young adults begin their careers. Exploring potential work opportunities is easier to do now than 20 years ago with the rise of technology. However, with the rise of job accessibility a number of challenges for young adults looking to get ahead have arisen. Work experience is crucial in making the transition from simply getting a job, to starting a career that will have meaning and impact. In contrast, technology has affected the way that small businesses survive, and then grow. It can be challenging for small businesses to grow with limited resources, in a competitive commercial environment. Small business owners in the start-up and growth phases in particular struggle, to fill the gaps in their capabilities with little time, money or the necessary skills and expertise.

This research, in partnership with Accenture, explores the commercial potential of an innovative connection service. The proposed service will provide work experience opportunities for young adults that will drive small business growth. Research involved the application of lean start-up methodology and service design thinking principles across three phases; Phase One Market Development and Validation, Phase Two Service Development and Validation, and Phase Three Business Case Development. Phase One involved interviewing 20 young adults and 10 small business owners to identify the specific market segments that the service could benefit. Phase Two involved matching two pairs of suitable young adults and small businesses from Phase One, to trial the prototyped service solution. Phase Three involved conducting a retrospective focus group with the trial participants to understand thoughts and feelings about the service as potential customers.

Findings from each research phase indicate that young adults and small businesses are suitable markets for the service and that the service concept is feasible. A major finding from Phase One was that certain characteristics improved the potential of some market segments for the proposed service over others. For young adults this meant having the necessary knowledge, skills and confidence to solve a small business problem. For small businesses those with zero employees in particular had suitable gaps to fill and were open to young adults helping them. In

Phase Two, critical success factors were identified for the service, most significantly a key indicator of success for the relationship was understanding a person's work purpose, culture and values. Phase Three found that the success of the match reflected on perception of service quality. It highlighted that young adults and small businesses preferred short term, meaningful engagements.

Research findings led to recommendations of suitable development strategies and a proposed business model for the service. A key recommendation is to incorporate both lean start-up methodology and service design thinking as the main development strategy, for fast iteration with the customer at the centre of decisions made. It was also recommended that the service adopt a freemium marketplace business model where users are able to view potential jobs, at no cost but engage in the customised matching service on a subscription basis. The implementation and success of this service could ultimately change how young adults seek work experience and differentiate themselves in competitive job markets. For small businesses, the service could offer an affordable tool in seeking talent to overcome business shortcomings and ultimately achieving growth.

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Chapter 1 Introduction

This thesis explores the commercial potential of an innovative connection service. The service will offer relevant, meaningful work experience for young adults while simultaneously providing small businesses with the capabilities required to drive growth. This research project was conducted as part of the Master of Innovation and Commercialisation programme at Victoria University of Wellington, New Zealand (VUW) in partnership with Accenture Digital New Zealand Ltd (Accenture). Accenture's role in the project was to mentor, guide and support in the development of the research project to assess commercial feasibility. The aim of the project is to discover a commercially sustainable business model for the connection service to ultimately better the local economy by increasing the employability of young adults and catalysing small business growth. The project is focused on assessing the validity of the market segments and development of a service, to then build a business case for potential commercialisation.

Firstly, this chapter provides an explanation of why the project was done and a description of the project partner. Following this, it outlines the existing challenges faced by both young adults and small businesses, a precedent for the proposed service, the initial assumptions of this thesis, and a proposed business model. It then goes on to identify similar technology and businesses operating both within New Zealand and globally to address market needs, and examines the innovative platform services industry. The areas in which further investigation is needed are presented in the form of objectives, assumptions and opportunities for the project. Finally, the project scope and thesis structure are clarified and explained.

1.1 Background

1.1.1 How the Project Came About

The impetus for this project came about as a result of a 'leap of faith' I had during my final year of undergraduate study in design and marketing. I visited a donut pop-up store hosted by Moore Wilson as part of Visa Wellington on a Plate called 'Sixes and Sevens'. I bought some

amazing donuts, and wondered why I had not heard of the supplier before. I decided to research the company and noticed they did not have a strong online presence. I then took the courageous step of contacting the owner via their Facebook page to introduce myself and offer to help them, at no cost. The main purpose being to help increase their digital presence through both brand awareness and engagement of new and existing customers. I developed a plan, starting with actively and consistently posting on their Instagram and Facebook pages at key times to promote the products using the skills and knowledge I had learnt from University, my own experiences with both platforms and as a consumer. The owner accepted the offer, and after four months saw a 100% increase in brand engagement measured through social media channels. In turn an increased number of people visited the store, and most surprisingly requested the products they had seen online. In the end, the owner benefited from the services I had provided and at the same time I gained valuable 'work experience'.

This research project was chosen as a way to assist young adults in overcoming the challenges of entering the workforce as well as enabling them to keep their interests and passions alive, utilise their emerging skills and at the same time contribute to society in a meaningful way. The success of this research project would allow others like myself, and small businesses such as Sixes and Sevens, the opportunity to connect and create a symbiotic relationship.

[1.1.2 Project Partner, Accenture](#)

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Ben Morgan, Digital Director Accenture Interactive New Zealand and Michael Dutton, Manager of Fjord Wellington, provided mentorship and guidance weekly as well as facilitated workshops at key research stages to help drive the project. This research project was well aligned to Accenture's perspective on the substantial capabilities of young adults and how they can be leveraged to drive and grow business in New Zealand. Justin Gray, New Zealand country Managing Director of Accenture, says digital-savvy young people have created an opportunity for businesses, "if you harness the creativity and drive of this generation it will energise and drive your business" (McIntyre, 2016).

1.1.3 Young Adults

This thesis examines young adults in New Zealand as a target market for the proposed service. For this project, young adults are defined as those aged between 18 and 24 and in the job market or looking to enter the job market. This section provides justification as to why young adults were selected as an optimal target market. Due to the practical and exploratory nature of the research, the literature review in this section offers a practical and realistic appraisal of the current environmental trends and implications on young adults. *Figure 1.0 Summary of Trends Affecting Young Adults and Resulting Implications* summarises the challenges faced by young adults, showing the key environmental trends affecting young adults and the resulting significant labour, economic and societal implications as a result.

Figure 1.0 Summary of Trends Affecting Young Adults and Resulting Implications

Trends

The difficulty in seeking and attaining employment for young adults can be attributed to a number of trends including employer expectations, the effect of technology on entry level jobs, the rise of the 'gig' economy and the difficulty of gaining experience without previous experience.

The expectation of employers is, to an extent, a response to a major increase in the number of degree holders (Norman, 2018). Employers now expect young adults to have a tertiary education, but up until recently tertiary education was associated with high costs and many socioeconomic and ethnic groups have been less likely or able to participate and achieve (Ministry of Business Innovation and Employment, 2018). According to the Ministry of Education (2016), “by 2016, 24% of New Zealand’s adult population held a Bachelor’s degree, compared with 15% in 2006 and 8.2% in 1996” (as cited in Norman, Peters & Bickerton, 2018). The growth of adults achieving Bachelor’s degrees over the past 20 years is depicted in *Figure 1.1 Growth of Educated Adults*. With the government’s 2018 introduction of the ‘Fees Free’ study initiative the number of people with tertiary education is likely to increase again (Little, 2016). Small businesses in particular may not be prepared for an influx of qualified young adults, as they likely do not have the capital and other appropriate infrastructure and systems needed to hire tertiary graduates. In addition, employers expect young adults to have ‘soft skills’ related to personal attributes, behaviours and attitudes such as communication skills, motivation and teamwork (Ministry of Business, Innovation and Employment, 2018). Most of these soft skills can be learnt through study or experience, highlighting the need for young adults to be gaining some transferable experience in addition to education or training.

Figure 1.1 Growth of Educated Adults

A 2014 report, 'Fast Forward 2030: The Future of Work and the Workplace,' predicted that 50% of current occupations will be redundant in 20 years (CBRE, 2014). Young adults today face the uncertainty and ramifications of such predictions causing confusion and making it even more difficult for young adults to plan what they want to do with their lives. Increased automation is disrupting many jobs, with the disappearance of entry-level jobs, causing a decrease in job quality, which leads to jobs that are available for young adults not providing promotion or development opportunities. In addition, young adults are likely to have many jobs across their lifetimes rather than one clearly defined career path, adding to their insecurity (Ministry of Business, Innovation and Employment, 2018). Because of this, soft skills are becoming increasingly important as is "the ability to apply these broad generic skills and attributes" – communication, teamwork, engagement, openness to change, work ethic, critical thinking, emotional intelligence and creativity – across a lifetime of multiple careers (Norman et al, 2018). The proposed service allows young adults to make choosing a career path easier by offering work experience opportunities and therefore ease decision making.

The 'gig' economy is an interesting and progressive concept, where the labour market is primarily characterised by a prevalence of short-term contracts or freelance work, as opposed to permanent jobs (Wilson, 2017). The rise of the 'gig' economy has meant that the number of casual contracts and part time work has increased, meaning that many young adults are in entry-level jobs or in jobs for short periods of time (Ministry of Business, Innovation and Employment, 2018). This trend provides the opportunity for the proposed service to leverage off the 'gig' economy by providing young adults with short term engagements to build up a level of work experience, quickly.

Young adults find it difficult to gain any kind of relevant experience before looking for work (Ministry of Business, Innovation and Employment, 2018). Even where they are highly educated, they are unable to find quality work experience aligned with potential future career paths. A Stuff article from 2017 highlighted the cruelty of the job market on graduates, "I can't count on both hands the number of people I know of my age who have had to move back home after university because they can't afford to live. I also can't count how many people have had to

return to workplaces such as fast food restaurants, unable to find work in their field because they lack experience; how many are living pay check to pay check, struggling under the weight of a \$50,000 loan” (Eisley, 2017). The age old adage of what comes first, the chicken or the egg comes to mind as it seems difficult to grasp how young adults without experience can gain experience if employers are looking for individuals with just that, experience. In support of this, research conducted by VUW surveying Wellington employers revealed “the importance of work experience, of any kind, when selecting from similarly qualified job candidates” (Norman, 2018). This further highlights the need for the proposed service.

Why Youth Unemployment Matters

Youth unemployment is a critical issue in New Zealand and the latest Organisation for Economic Co-Operation and Development (OECD) figures show the youth unemployment rate to be 12.7%, more than double that of the national unemployment rate at 4.5% (OECD, 2018). A 2011 report by the Human Rights Commission (2011) identified youth unemployment as a growing crisis, with wide ranging implications for the future of young people and society in general (as cited in Tulloch, 2017). The effects of the youth unemployment situation becoming unsustainable represents a threat to a strong labour market, the economy and New Zealand society. Conversely, investment into young adults has been shown to bring long-term benefits to communities and businesses (Human Rights Commission, 2011).

Labour Market Implications

A 2016 report from the Salvation Army Policy and Parliamentary Unit addressing youth unemployment highlights the three main challenges New Zealand faces around labour markets. The first is the number of young adults who are not in employment, education or training, the second is the looming labour shortage partly caused by an aging population and the third is the management of immigration to ensure New Zealand has sufficient skills and energy to grow without having adverse effects on congestion and housing shortages (Johnson, 2016).

As of June 2017, 90,000 young New Zealanders are not in employment, education or training (NEET). Nationally, more than a third (32,900) of young people without jobs, in education or

training were in Auckland, 11,100 in Wellington and 10,000 in Christchurch. Approximately 36,000 young adults are not in main centres and are without employment (Spink, 2017). It is important to acknowledge that not all young adults live in big cities that provide access to, and the opportunities that come with access, to a larger number of small businesses. In contrast, small businesses that operate in smaller cities have similar needs as those in big cities, providing an opportunity to address issues that small businesses have nationwide with the proposed service. It is also essential to mention that in larger cities where the majority of young adults are situated, competition for jobs, places in courses and training is greater, adding to the difficulties young adults face.

Young adults are crucial to the long-term sustainability of the New Zealand workforce. Findings from the Ministry of Education (2014) show that the proportion of young graduates who move overseas generally increases with the level of qualification (Park, 2014). If the most educated young adults in the country are moving overseas, this has the potential to not only impact workplace composition in New Zealand, but also affect the ability for businesses to capitalise on the latest knowledge and skills that young adults have thus impacting business growth and the growing economy. People generally are also working longer and retiring later. The implications of this for young adults is detrimental, as employers are likely to retain and refer to an older experienced person to complete lower level jobs instead of hiring and training a young adult for those jobs (Ministry of Business, Innovation and Employment, 2018).

In recent years, beyond the fewer New Zealanders leaving for Australia, New Zealand has seen record net migration facilitated by a deliberate policy of allowing more foreigners to migrate to New Zealand (Johnson, 2016). This political move enabled employers to employ immigrant workers, despite their unrelated skills, over young adults struggling to acquire skills and work because they are often low paid. The solution of using migrant labour to do low-paid relatively unskilled jobs has serious societal ramifications for young adults on the margin of the labour market and potentially also for mainstream society. The global workforce available to employers, fuelled by immigration and the low-cost of travel, means that young adults are now

more than ever competing with a wider pool of candidates for entry level jobs (Ministry of Business, Innovation and Employment, 2018).

Economic Implications

To understand the impact of youth unemployment statistics, it is important to understand one of the greatest contributors, the recession that followed the GFC from 2006 till 2010 (Statistics NZ, 2012). Youth unemployment in New Zealand rose as the global recession hit employment, as did youth unemployment around the entire world. The New Zealand labour market was naturally affected, with the number of jobs available falling, unemployment rising and more people entering study (Chapman, 2013; Johnson, 2016). These occurrences have had a consequent knock-on effect for those seeking employment years after the end of recession, particularly young adults with little to no work experience. With more people becoming educated and fewer jobs available, coupled with globalisation, perhaps the most competitive job market ever exists for young adults today. To stand out in competitive job markets, young adults are required to differentiate. One way to differentiate, is to be involved in work experience opportunities. This is even more necessary due to the high cost of tertiary education, and for many the high levels of debt associated with that (Ministry of Business, Innovation and Employment, 2018).

In 2017, the Minister for Tertiary Education, Skills and Employment, Hon. Paul Goldsmith said the best way to get young people to work was to "have an economy generating jobs". The fact that the country generated 137,000 jobs last year means there are huge opportunities for young people looking for work" (Spink, 2017). But it is not quite as simple as having more jobs to apply for: a report by the Human Rights Commission (2011), 'Breaking through young people at work,' explained that young peoples' vulnerability is heightened by their relative limited work experience, lack of skills and participation in industries which are more likely to experience employment fluctuations. As such, increased job availability does not necessarily equate to more young adults in employment as these jobs may not be suitable for young adults. Because young adults are not already established in the workforce and have not yet developed the skills to compete with other workers, they are especially vulnerable to unemployment. This directly impacts their ability to gain the skills they need in later life, resulting in social and skill deficits

that may have long-lasting effects which reduce their contribution to New Zealand's community and society.

Under the new Government, Labour is looking to address the young adult 'NEET' concern. In addition to fees-free study and more accessible training with Dole for Apprenticeships, Labour has introduced its Ready for Work policy where all young adults on the Jobseekers-Work Ready benefit for six months will be offered a full-time job for six months, paid for by the government, working on environmental and community projects. These jobs will pay minimum wage or better with full employment rights, allowing young adults to make a valuable contribution to their community while earning an income, as well as fostering a work ethic and making them more attractive to employers (Little, 2016). With this principle that work experience opportunities develop and promote employability, and Labour's clear political need to address the growing trend, the proposed connection service aligns with and shares the same vision. Instead of working on environmental projects, young adults could be gaining experience in areas that are more directly relevant to their future career paths through the proposed service.

Societal Implications

Young adults transitioning from secondary education to employment are at a critical stage in their lives. The transition process is made harder because getting a job from school is a process that needs significant support, the transition takes longer and there may be obstacles to overcome such as qualifications or certificates needed. The economic and social benefits of young adults participating in paid employment and maximising their abilities and potential are invaluable and beyond what any statistic can communicate. On the contrary, the long-term economic and social costs of young adults experiencing long-term unemployment is equally dangerous (Ministry of Business, Innovation and Employment, 2018).

90,000 young adults are at risk of being socially isolated and living below the poverty line (Spink, 2017). The social stigma attached to being a 'NEET', along with the threat of poverty and a poor outlook on life including feelings of low self-esteem and dependency are likely to negatively affect mental health (Tulloch, 2017). A 2009 study published in the Journal of Vocational

Behaviour found that 34% of unemployed people suffered mixed symptoms of distress, depression, anxiety, psychosomatic symptoms, subjective well-being and self-esteem, compared to 16% of the employed population (Karsten & Moser, 2009). Thus, young adults' needs in terms of ensuring their mental well-being remain the same regardless of where young adults are situated. As such, the needs of young adults must be central to the proposed service. The idea of placing the user at the heart of the design process is conducive to that within service design thinking (Stickdorn & Schneider, 2010), which will be detailed in *Chapter 2 Methodology 2.1.3 Service Design Thinking*.

[1.1.4 Small Businesses](#)

This thesis focuses on small businesses in New Zealand as a target market for the proposed service. It therefore agrees with the classification of small business offered by the Ministry of Business, Innovation and Employment (2017), as follows, "there is no official definition of a small business in New Zealand, however enterprises with fewer than 20 employees has traditionally been used and referred to in some legislation." Due to the exploratory nature of the research, the literature review in this section offers an examination of the current environment small businesses operate in and a credible small business framework that can be applied to businesses in the research. *Figure 1.2 Summary of Trends Affecting Small Businesses and Challenges* highlights the trends affecting small businesses and challenges they may face at key stages of their development.

Trends

- Small businesses make up 97% of all business, 29% of employees and 28% of NZ GDP
- The approximate average annual revenue for a small business is around \$850,000
- Small businesses have lower survival rates because they lack day to day business knowledge or are hesitant in asking for help

Challenges at Key Stages of Development

- **Stage I**
 - Getting customers and delivering on the product or service offered
 - Generating cash flow to break even
 - Business owner is central to the business purpose thus time poor
- **Stage II**
 - Breaking even
 - Generating cash flow to maintain profitability or grow
- **Stage III**
 - Maintaining profitability or growing
 - Maintaining status quo or acquiring resources to sustain growth
 - Making decisions, in particular whether to grow or not and how

Figure 1.2 Summary of Trends Affecting Small Businesses and Challenges

Trends

Small businesses are “an important part of the New Zealand economy,” according to the latest data from Statistics New Zealand (2017) they account for “97% of all enterprises, 29% of all employees and an estimated 28% of New Zealand’s Gross Domestic Product.” In addition, this thesis examines those small businesses that are generating an average annual revenue below the average for firms with 1–19 employees of \$846,574 (approximately \$850,000) (Ministry of Business, Innovation and Employment, 2017). The reason for targeting these particular small businesses is because the purpose of the service innovation is to drive small business growth, and those enterprises that are earning below the average are likely to be the early adopters of a service that enables them to do so. However, the proposed service has the potential to be of use to all small businesses.

Why Business Growth Matters

Small businesses face many unique challenges in the specific environment that they operate in. This thesis focuses on those common difficulties that relate directly to the inhibition of growth in

a small business including the handling of all the challenges regarding selling, delivering, financing, managing and growing the business with little or no staff while trying to make it a success. Before business growth can be addressed, the issue of business survival must be focussed on first. According to the Ministry of Business, Innovation and Employment's Small Business Sector Report (2017), small businesses have lower survival rates than larger firms (those with greater than 20 employees), with roughly 50% failing within the six years from 2010 compared to 20% for large businesses.

A 2014 news article on cutting the business failure rate in NZ claimed that "small business owners often lack the practical skills needed to run a successful enterprise." "The failure rate is not due to a shortage of creativity or ideas but often a lack of day-to-day business knowledge or a hesitancy to ask for help," according to four well-known Kiwi entrepreneurs – chef, restaurateur and author Al Brown, fashion designer Kate Sylvester, chief executive of Moa Brewing and chairman of Trilogy Group Geoff Ross, and ex-cricketer and Triumph & Disaster founder Dion Nash. Brown said New Zealand business owners needed to surround themselves with people who excelled in the areas where they lacked, "If you ask someone the right question you can learn so much, and people like being asked to help." Sylvester agreed, saying "to be successful you have to learn to ask for help." Nash said "business owners should always employ people smarter than themselves, Kiwi entrepreneurs were creative and emotionally intelligent but they needed to learn the fundamentals of good business." In the same article, Business Mentors New Zealand chief executive Ray Schofield said, "although SMEs had the ideas, work-ethic and drive, many lacked practical advice and experience" and "sharing expertise and problem solving is imperative to a successful business" ("Cutting the Business Failure Rate", 2014). From this, it can be concluded that two main reasons small businesses do not survive are due to lack of expertise including day-to-day business knowledge, and hesitancy in asking for help.

Small Business Framework

To understand the reasons small businesses are challenged by the prospect of growth, it is important to understand the stages of development they go through which impact on selling,

delivering, financing, managing and ultimately growing their businesses. A journal article from the Harvard Business Review (1983) by Churchill & Lewis lays the foundation against which small businesses are assessed in this research project. While small businesses vary widely in size and capacity for growth, they can be characterised by their independence of action, differing organisational structures and varied management styles. Typically, they experience common problems arising at similar stages in their development. Churchill & Lewis have used these similarities to develop a framework to increase understanding of the nature, characteristics and problems of a wide range of small businesses. This is especially pertinent given the proportion of small businesses in New Zealand. This framework can aid in assessing current challenges, and help to anticipate the key requirements of a small business at various points in its development, as well as providing a basis for evaluating the impact of present and proposed governmental regulations and policies on business. This framework is key for this research project as it aids in the diagnosis of problems and in matching solutions, in this case, young adults to small businesses.

Traditionally, businesses have been examined using a common model that uses business size as one dimension and company maturity or stage of growth as a second dimension, as displayed at *Figure 1.3 Business Growth Phases*. It depicts the way in which a business is thought to move through the development process. However Churchill & Lewis argue this model is inappropriate for small businesses for three main reasons:

Firstly, it assumes that the company must grow and pass through each stage of development or cease to exist in the attempt. Secondly it fails to capture the importance of the early stages in a company's origin and growth. Finally, it characterises company size largely in terms of annual revenue and ignores other factors such as value added, number of locations, product line complexity, rate of change in products and production technology.

Figure 1.3 Business Growth Phases (Churchill & Lewis, 1983)

Using a combination of experience, a literature search and empirical research, Churchill & Lewis developed a framework visualised at *Figure 1.4 Small Business Characteristics* that delineates the five stages of development and instead characterises each stage using an index of size, diversity, complexity and five management factors; managerial style, organisational structure, extent of formal systems, major strategic goals and the owner's involvement in the business.

Figure 1.4 Small Business Characteristics (Churchill & Lewis, 1983)

As this project focuses on business growth in particular, the first three stages of the small business framework are explained. Beyond these stages, the focus becomes on scaling or establishing the business which is less relevant for the small businesses of this project scope.

Stage I employs a strategy of 'Existence' which involves "obtaining customers and delivering the product or service contracted for". At this point, the business owner uses a direct supervision management style, there are only two levels of hierarchy in terms of organisational structure, the extent of formal systems are minimal to non-existent and the business owner is very much a core part of the business (Churchill & Lewis, 1983).

In comparison, Stage II employs a 'Survival' strategy which involves "generating cash to break even and cover the repair or replacement of capital assets as they wear out", "generating enough cash flow to stay in business" and "financing growth to a size that is sufficiently large, given the industry and market niche, to earn an economic return on assets and labour". At this point the business owner uses a supervised supervision management style, there are three levels of hierarchy in terms of organisational structure, the extent of formal systems are still minimal and the business owner has a comfortable handle on the business (Churchill & Lewis, 1983).

Stage III offers business owners a choice – to maintain profitability or to actively grow the business. At this stage, one of two strategies could be employed: either maintaining a profitable status quo or gaining resources for growth. Businesses who are looking to grow must acquire the resources, including capital, to sustain the growth. It is at this stage that small business owners are tested and a lack of resources, whether that is the time or skills to complete the work themselves or capital to hire a professional, can inhibit growth. The focus of this research is on businesses at this stage that are actively looking to grow (Churchill & Lewis, 1983).

The framework detailed above provides a foundation for designing research questions for small businesses, in addition to guiding the formation of assumptions to be tested during research. It also aids in understanding the small business environment, compared to the situation of young adults.

1.1.5 The Connection

As is common in design processes, a precedent has been drawn upon to develop the proposed service between young adults and small businesses. This section provides further evidence of, and supports the credibility of, a connection between young adults and small businesses.

Firstly, the Ministry of Business, Innovation and Employment (2018) believes that there is an opportunity for employers and young adult employees or job seekers to make changes at each stage of the employment journey: getting prepared for work, getting into work, staying in work and progressing at work. The proposed service aligns with this view and aims to ease the difficulty of getting into work. Anecdotal evidence from my own personal experience implies the benefits that small businesses and young adults could have in terms of growth by working together.

Secondly, to support this evidence, a literature search was conducted to identify other cases where small businesses working with young adults had made an impact. A report by the Human Rights Commission (2011) claimed that connecting local businesses with young workers could have long-lasting economic benefits. The report also emphasised the importance of building strong connections with local employers and focussing on the relationship between employee and employer, which can aid in job referral where there are real opportunities to progress. Where opportunities for employment exist, young adults are more likely to be willing to learn, want to work, and remain connected to their communities. The report highlighted that young adults want their communities to have opportunities for them to be engaged in. On the other hand, many employers across New Zealand have embraced opportunities presented by the efforts of programmes aimed at developing young adults and employer's innovations to realise the potential of young workers. Some such schemes have been developed by local government and supported by central government. An example of a scheme at work is the Otorohanga youth employment programme which reiterates that investing in young adults' wellbeing can lead to positive, sustainable community outcomes and significant business benefits. In 2009 in the thick of the global financial crisis, Otorohanga claimed an unheard of zero youth unemployment rate. Otorohanga Mayor at the time, Dale Williams, said the initiative came about

when businesses informed him that they would need to leave town unless they could overcome a local shortage of skilled workers. At this point, Williams persuaded the Waikato Institute of Technology to open a trade training centre in Otorohanga that would be led by the district's employers. The courses at the centre were designed and supported by local industry, and written and developed directly to suit employer needs. They partnered with industries so that jobs would be waiting for young adults, and not the other way around which is all too common today (Collins, 2009). The success of this scheme provides a basis to support the business case for the proposed service.

Other services aimed at addressing problems faced by young adults and small businesses are reviewed in *1.3 Related Technologies*.

[1.1.6 Thesis Assumptions](#)

- **That young adults and small businesses are the ideal target markets for a connection service.** Furthermore, that work experience is crucial to young adult employment and that growth is a priority for small businesses in New Zealand; and
- **That a service is the best way to solve the problems faced by young adults and small businesses.**

These two assumptions provide the initial rationale for research into the markets and proposed service for this project, to then aid in the development of the business case.

[1.2 Proposed Business Model](#)

The Lean Canvas is an adaptation of the Business Model Canvas (BMC) by Alexander Osterwalder. It promises an actionable and entrepreneur focused business plan, focusing on problems, solutions, key metrics and competitive advantages (Maurya, 2012). Due to the exploratory nature of this research project, a Lean Canvas was chosen over a BMC because the primary focus is on the customer problem and testing solutions to solve those problems. The proposed business model for the service has been presented in *Figure 1.5 Lean Canvas*. The

Lean Canvas has been filled in to illustrate the areas of the business model that need further investigation related directly to the market and service.

Figure 1.5 Lean Canvas (Maurya, 2012)

The BMC can then be developed from the Lean Canvas once the problems have been explored and solutions tested with the relevant markets, as illustrated in *Chapter 4 Discussion Figure 4.1 Business Model Canvas*.

[1.2.1 Business Model Assumptions](#)

Any assumptions made regarding the business model are currently hypothetical and will need to be tested rigorously throughout the research process. In particular, the most suitable cost structure and revenue streams will need to be identified in consultation with Accenture prior to building the business case. *Figure 1.5 Lean Canvas* provides insight into where further exploration is absolutely necessary based on the assumptions made about the proposed business model. A critical assumption about the Lean Canvas is that all components of the canvas are crucial to the development of a business model and consequent business case.

[1.3 Related Technologies](#)

Due to the significant number of unknowns surrounding the research project, the exact technology to connect young adults and small businesses cannot be determined prematurely without sufficient research being conducted into the market firstly and subsequently the service design. Any discussion about technologies at this stage is purely speculative. However, a review of the proposed service's closest competitors was conducted to narrow down potential technologies.

Targeted services catered to young adult job seekers in New Zealand include Trademe Jobs, Student Job Search and Filtr platforms, as well as the CareerHub and NXTSTP websites. The main difference between these services and the potential connection service is that these services provide young adults access to jobs in large businesses where competition is high and jobs are limited. Other more specialised services are offered to young adults in New Zealand such as the Summer of Tech and Biz platform which guides young adults into workplaces, but again they are targeted towards larger organisations that have the human resources to take on interns. A local initiative, Sexy Summer Jobs is the most interesting and closest competitor because it aims to

match interns with local businesses in Dunedin. In contrast, the proposed service aims to attract young adults and small businesses nationally, enabling even the smallest businesses in small towns to benefit.

When searching for employees, small businesses that lack the resources to engage in a technological platform may rely on their existing channels of communication such as social media to hire or fill gaps in capability, and others may choose to use a platform such as TradeMe. These channels still require time, to firstly shortlist suitable applicants, and then go through the processes leading to employment, which small businesses may not have the luxury of. Other platforms exist to access contractors in the professional market such as Mechanical Turk, Upwork and Fiverr but these can be unaffordable to small businesses particularly as they offer access to global talent.

A full competitor analysis for both young adults and small businesses has been included in *Chapter 5 Business Case (Recommendations) 5.3.3 Competitors* illustrating the similarities and differences between existing services.

A clear gap for a solution, to connect young adults looking for work experience with small businesses that lack resources to fix a small business problem has been highlighted. The discussion suggests that technology in the form of a web platform or mobile app will be pivotal to the development of the service but this cannot be determined until after it is discovered whether the relationship between small business and young adult is sustainable.

1.4 Innovative Service Industry

The purpose of this discussion is to examine, understand and form conclusions about the benefits and challenges of a platform as a potential solution to address the problems discussed in *1.1.3 Young Adults* and *1.1.4 Small Businesses*. Drawing from Nick Srnicek's book Platform Capitalism, it critically challenges the future of the service industry and identifies potential platform models for the proposed service.

Rapid growth in the service industry worldwide can be traced to the economic development of society and the socio-cultural changes that accompanied that development in the twentieth and twenty-first centuries (Srnicek, 2016). Changing environmental forces, including the rise of affluent markets, the growth in the technological sector and the development of markets, have brought services to the forefront of the economy. Most notably, in recent times, some services have changed their respective industries entirely, such as Airbnb, Uber and Tinder. These services depend on technologies to leverage off matching customers conveniently with what they want. Furthermore, all three services create marketplaces where users are either 'buyers', 'sellers' or both. The business models of these services capitalise on big data and the ongoing development of their monopolising platforms. Srnicek likens the data these companies leverage to oil, that is; a resource "to be extracted, refined, and used in a variety of ways" (Srnicek, 2016). For the proposed service to be successful, the validity of a marketplace to tackle the environmental factors affecting young adults and small businesses must be determined. This research will attempt to identify whether the market exists and if so, if connecting the two markets is indeed the correct solution to address each markets independent challenges.

Platforms, according to Srnicek (as cited in Koh, 2017), embody four characteristics:

1. They **enable different user groups**; "customers, advertisers, service providers, producers, suppliers and even physical objects" (Srnicek, 2016) to interact through intermediary digital infrastructures;
2. They are **reliant on network effects**, that is the more users a platform accumulates, the more potential it has to capitalise and generate value from its users and their activities on the platform; this explains the rapid exponential growth that platform businesses experience and their unprecedented capital accumulation over a relatively short period of time;
3. They **use cross-subsidisation** by offering free products and services, so they can acquire more users and consequently more activities on their network; economic gains and losses are balanced out as the platform corporation engages in multiple areas of business; and

4. They **constantly engage users** through attractive presentations of themselves and their offerings with the purpose of extracting more data from their users.

The combination of these four characteristics allows platforms to continually gain a return on initial infrastructural investment (Koh, 2017). Once the platform is built and established, the business' monopoly allows it to repeatedly exploit and benefit from their users and activities with little productive input on their part: "If successful, a platform creates its own marketplace, if extremely successful, it ends up controlling something closer to an entire economy" (Herrman, 2017). In order for the proposed service to be commercialised in the form of a platform, the four characteristics Srnicek identified will need to be met, thus forming a list of criteria to bear in mind when developing the proposed service's business case.

Srnicek (2016) identifies five types of platforms that can exist in various combinations or alone within a particular business (as cited in Koh, 2017):

1. **Advertising** platforms which extract user data and capitalise on ad space, e.g. Google;
2. **Cloud** platforms which own and rent out hardware and software, e.g. Salesforce;
3. **Industrial** platforms which build the necessary infrastructure to transform traditional manufacturing in internet-connected processes, e.g. Siemens;
4. **Product** platforms which make use of other platforms to transform a traditional good into service, e.g. Spotify; and
5. **Lean** platforms which operate on a business model of minimal asset ownership e.g. Airbnb, Uber.

According to Srnicek, despite the economic success of these large platform businesses, the sector as a whole is experiencing four main trends, "expansion of extraction, position as a gatekeeper, convergence of markets and enclosure of ecosystems" (Srnicek, 2017). On one hand, there is a battle between expanding the reach and technologies of data extraction versus the business logic of keeping platform businesses lean. And on the other, the competitive need to dominate a certain niche becomes more difficult as markets and user groups come together,

therefore presenting pressures for common or shared interfaces. This point presents these businesses with a single option to maintain their respective competitive advantage: to close off proprietary ecosystems by developing closed apps and privatising internet infrastructure. However, this would lead to a divisive internet that opposes the digital economy (Srnicek, 2017). In response to these trends, Srnicek predicts that platform businesses “will be forced either to develop novel means of extracting a surplus from the general economic pie or fold their expansive cross-subsidising monopolies into much more traditional business forms” (Srnicek, 2017). That is, platform businesses will have to completely reinvent their business models to ensure sustainability or eventually face their demise. This highlights the importance of an innovative yet adaptable business model for the proposed service which can easily respond to forces of change.

1.5 Further Investigation

Further investigation is needed in three main areas: the market, the service and the business case. Firstly, the most suitable (early adopter) market segments within each target market will be identified and then, their responses to a trial of a prototyped service will be assessed to build a strong business case from.

1.5.1 Objectives, Assumptions and Opportunities

Table 1.6 Relationship between Project Objectives, Assumptions and Opportunities at each Development Phase displays the relationship between the project objectives, assumptions and opportunities at each phase of development. Given the timeframe for this research project, the research undertaken focuses on the first three phases; Phase One Market Development and Validation, Phase Two Service Development and Validation and Phase Three Business Case Development. Phase Four Technical and Financial Development is dependent on the feasibility analysis and obtaining appropriate funding. Pathways for technical and financial feasibility are discussed in *Chapter 5 Business Case (Recommendations)*.

Phase One Market Development and Validation

The main objectives of this phase are to review the literature and conduct primary research into young adults and small businesses. The key assumptions at this phase are that young adults find it difficult to obtain jobs and that small businesses want to grow. The main opportunities at this phase lie in uncovering new information as well as the opportunities beyond testing the assumptions and what this could mean for the project's development.

Phase Two Service Development and Validation

The main objectives of this phase are to explore the parameters of the solution including key features required for the service's success and to determine the relationship between small business and young adult involving user testing. The key assumption at this phase which will determine the project's future is that young adults and small businesses are open to working with each other. Following this determination, the assumptions are that only certain skills can be facilitated by the proposed solution and that small businesses can benefit from the work that young adults do. The opportunities at this phase involve the development of the minimum viable solution leading to the business case development.

Phase Three Business Case Development

The main objective of this phase is to gather the components required to build the business case. The assumptions at this phase include a range of stakeholders being crucial to the project's success and that the business case will be developed within the timeframe of this project. An opportunity that can arise from this phase is financial gain if the proposed solution is commercialised.

Phase Four Technical and Financial Development

The final phase, not explored in the scope of this research, is to qualify the technical and financial feasibility of the proposed solution. It assumes that there will be costs associated with the research and development of the project. It provides the opportunity to identify potential

sources of funding. The most ambitious opportunity for this project if it is successfully commercialised is not only for young adults and small businesses to grow on a personal and financial level, but also, the New Zealand economy to grow on a macro-level. The success of young adults in employment combined with the growth of more small businesses has the potential to impact the New Zealand economy positively. This opportunity could lead to sources of funding that may otherwise have been unavailable.

Table 1.6 Relationship between Project Objectives, Assumptions and Opportunities at each Development Phase

PHASE OF DEVELOPMENT	OBJECTIVES	ASSUMPTIONS	OPPORTUNITIES
One Market Development and Validation	Find extensive credible literature to validate the need and opportunity through researching both internal and external environmental factors influencing the problem space.	Young adults find it difficult to get jobs because they lack experience Small businesses want to grow but do not have the capabilities to do so themselves.	Other factors that have not been thought of yet may appear in the literature search, adding new dimensions to the solution or contradicting some assumptions.
	Conduct primary research of young adults and small businesses to understand thoughts, feelings, attitudes and perceptions of young adults regarding work experience, securing jobs and the small business environment.	Young adults don't have the experience required to get jobs but have the potential to drive small business growth using the developing skills they do have. Small businesses have a positive perception of the skills young adults can bring and cannot afford to hire professionals.	Development of the minimum viable solution (MVS).
Two Service Development and Validation	Explore the parameters of the solution including key features required as critical success factors.	Young adults and small businesses are open to working with each other.	Development of the MVS.
	Determine the types of skills that the solution could facilitate.	Only certain skills/experience of young adults can be facilitated by the solution.	Development of the MVS.
	Test the MVS with appropriate stakeholders and refine as necessary.	Small businesses can benefit from the emerging skills of young adults.	Development of the business case.

PHASE OF DEVELOPMENT	OBJECTIVES	ASSUMPTIONS	OPPORTUNITIES
Three Business Case Development	Define the key stakeholders and roles they play in the development and commercialisation of the platform including target market segments, partners and suppliers.	A range of stakeholders are instrumental to this project's success.	Financial gain/funding for development if the opportunity can be validated and shown how it meets the needs of each target market segment.
	Establish the key activities and resources required for distribution channels, customer relationships and revenue streams.	The business case for potential commercialisation will be established within the timeframe of this project.	Development of the business case and strengthen the chance of commercial success.
Four Technical and Financial Development	Qualify technical and financial feasibility including major costs related to key activities and resources.	There will be costs associated with the research and development of the solution.	Sources of funding and identification of where costs can be reduced.

1.5.2 Project Scope

This project, partnered with Accenture, seeks to research the key components needed to build a strong and sustainable business case and explore the commercial potential of a business model for an innovative service connecting young adults with small businesses to facilitate a symbiotic relationship. The scope of the exploration is to test the assumptions made around the market, service and business case. The focus of the research is on the commercial opportunities within New Zealand, but depending on its success could be translated to the global market.

1.6 Thesis Structure

For this Masters, the thesis structure differs slightly compared to conventional theses. This thesis is intended to include a business case for the project partner, Accenture, and potential investor audiences. The information relevant to these audiences, in language they are familiar with, is presented after *Chapter 4 Discussion*, in *Chapter 5 Business Case (Recommendations)*. This means that some information from the thesis body may be referenced to avoid repetition of material. The remainder of the thesis remains true to that of a traditional thesis, as is displayed in *Figure 1.7 Thesis Structure*.

Figure 1.7 Thesis Structure

1.7 Summary

This chapter provided justification for why the project is being done, introduced Accenture as the project partner and outlined the existing challenges of young adults and small businesses. It then outlined a precedent for the proposed service, stated the initial assumptions of the thesis and explained the proposed business model for the service. The chapter also identified technologies related to the proposed service and examined platforms in the services industry. Finally, the project objectives, assumptions and opportunities were detailed along with the project scope and structure of this thesis.

Chapter 2 Methodology

This chapter provides information to assess the integrity and reliability of the results of the research. It justifies the way in which research was conducted and designed, drawing from lean start-up and service design thinking paradigms. Firstly, it summarises the development strategies and then describes the project assumptions related to three key phases of research: Phase One Market Development and Validation, Phase Two Service Development and Validation and finally Phase Three Business Case Development. Each methodology used to collect and analyse the data is then outlined, including why each method was chosen, the decision-making process for the research design and the key factors that informed these decisions at each phase. Finally, it describes the process of reflection and recommendation for the next phase where the evolution of the research methodology is explained. The limitations and challenges of the research are also acknowledged.

2.1 Proposed Development Strategies

Two paradigms have been drawn upon in the development of this research project, Ries' lean start-up methodology and service design thinking. Each uniquely informed the development of the project, subsequent business case and overall business model. The following sections will explain each paradigm, including their core principles and how they informed the development strategy.

2.1.1 Lean Start-Up Methodology

The lean start-up methodology, coined by Ries in 2011, combines both agile and lean methodologies with customer development. It provides a scientific approach to creating and managing start-ups and getting a desired product or service to the customer, faster (Ries, 2011). It is particularly useful for entrepreneurs that are searching for a business model that drives value. This is because the goal of lean start-up methodology is to learn. It involves testing risky assumptions of a business model so that the entrepreneur can determine that the problem is worth solving before too much development occurs (Blank, 2013). According to Ries (2011) the

principles of the lean start-up methodology are to:

- **Eliminate Uncertainty**, research uses service design thinking tools to continuously test the vision;
- **Work Smarter not Harder**, research was conducted to determine if the infrastructure around the service should be built and if a sustainable business could be built around the offering;
- **Develop an MVP (Minimum Viable Product)**, – in this case MVS – research applies a build-measure-learn feedback loop (as illustrated in Figure 2.0 Build-Measure-Learn Feedback Loop); and
- **Validated Learning**, each phase of research is validated by testing the results of initial research to demonstrate progress in uncertain claims.

Figure 2.0 Build-Measure-Learn Feedback Loop (Ries, 2011)

Lean start-up methodology informed the overall development strategy for the proposed service, as the principles of lean start-up were applied over the entire research and development process.

[2.1.2 Lean Start-Up Methodology Assumptions](#)

The lean start-up methodology stresses the importance of research involving potential customers as early as possible to determine if the potential product or service should be built and whether a sustainable business can be built. Assessing the thoughts and feelings of young adults and small businesses regarding work experience and business growth is therefore assumed as the first type of feedback required in the development of the connection service. This feedback can be used to determine whether the problems identified are worth solving and whether the market segments assumed are large enough. It can then be used to develop the MVS through the build-measure-learn feedback loop and validated findings, consequently eliminating uncertainty via continuous testing. Bearing this in mind, the MVS for the connection service has been assumed as a manual operation of the service connecting young adults and small businesses, so the prototyped service is considered the first step in service development.

[2.1.3 Service Design Thinking](#)

Design thinking is a contemporary “human-centred approach to solving problems, primarily concerned with innovation and solving business problems”, that has steadily evolved since the 1960’s (Gobble, 2014). Its relatively recent adaptation to services in the 1990s has expanded the scope of design beyond tangible products and allowed the focus to shift to intangible interactions (Szczepanska, 2017). Thus, service design applies design thinking and design methodologies to immaterial products (Rebelo, 2015). Due to the nature of the proposed solution being service based, it is therefore appropriate to apply service design thinking principles to the research being conducted. According to Stickdorn & Schneider (2010), the five principles of service design thinking, illustrated in *Figure 2.1 Service Design Thinking Principles*, have been considered throughout the research process and were drawn on during each phase of research. Of note, the participants of this research study have been narrowed down to the two target markets of end user consumers that the service will most affect, that is, young adults and small business owners. Service design thinking has shifted the focus of the research from the proposed service to the users of the service, therefore enabling meticulous design of the service for optimum benefit and gain. The service design tools used that apply these principles

are elaborated on in *2.3.2 Data Collection Methods* and *2.3.3 Data Interpretation Tools*. Service design thinking was an integral part of the way that this project was conducted, influencing research methods to collect, analyse and subsequently design the business case.

Figure 2.1 Service Design Thinking Principles (Stickdorn & Schneider, 2010)

2.1.4 Service Design Thinking Assumptions

Service design thinking not only highlights the visualisation and communication of information received from stakeholders but also involves the customer segments at each stage of development. It has been assumed that all stakeholders, customer segments, mentors and Accenture will be involved in the service design process. It has also been assumed that the service will be experienced by research participants, depending on feedback received from young adults and small businesses and their willingness to participate. Furthermore, it has been assumed that service design thinking tools will aid in the visualisation of research findings and their communication to stakeholders.

2.1.5 Lean Start-Up Methodology X Service Design Thinking

Lean start-up methodology and service design thinking are often compared and contrasted, making the choice to use them both simultaneously for this research project all the more interesting. The argument lies in whether the product should be built, tested and then pivoted upon as in lean start-up methodology or whether the problem should take the lead before the product exists (University of Cape Town Graduate School of Business, 2017). This research applies both, as displayed in *Figure 2.2 Lean Start-Up X Service Design Thinking*. Service design thinking initialises the process, as it aids in understanding and empathising with customer pain points. Then, lean start-up helps to take action on those insights and iterates towards a suitable product-market fit. Service design thinking can also help to identify potential areas to pivot. The entire process is described as 'lean innovation' when applied across a business model and specific to a business context (Turnali, 2016).

Figure 2.2 Lean Start-Up X Service Design Thinking

Both lean start-up and service design thinking have their place in the development of successful start-ups. Every start-up is initially a series of assumptions, as detailed in 2.2 *Research Questions and Assumptions*. Lean start-up provides a framework to prove or disprove

these assumptions at low cost. Before these steps however, it is important to generate these assumptions if the user need has not already been identified through a personal pain point (Krakovsky, 2016). These assumptions can be generated easily using service design thinking tools.

For this research project, the pain point that I experienced in *Chapter 1 Introduction 1.1.1 How the Project Came About*, needed to be tested with others in the market to see if they experienced a similar pain. Service design thinking provides a methodology to discover the user need. It is inquiry based, open ended and allows for understanding from a customer's perspective (Krakovsky, 2016). It refers to the creative strategies designers use during the process of identifying problems and designing solutions (Glaveski, 2017). Both lean start-up and service design thinking can complement each other however. For example in service design thinking a prototype or MVS can be developed to gain qualitative feedback and lean start-up makes it more rigorous so that this feedback can be developed and tested continuously. This is illustrated in *Figure 2.0 Build-Measure-Learn Feedback Loop* (Krakovsky, 2016). This iterative process allows for proposed solutions to transform into business models, underpinned by well-tested assumptions that have been rapidly tested with actual customers to validate, learn and work towards building a product-market fit (Glaveski, 2017). Another place where service design thinking is significant for lean start-up is if the data collected disproves the assumptions. Some elements of the research would need to remain fixed while others change, and this is ultimately guided by deeper customer understanding. Empathy gained by applying service design thinking aids in identifying possible pivots (Krakovsky, 2016).

[2.2 Research Assumptions and Questions](#)

Assumptions and research questions can be categorised into three distinct areas depending on the phase of research they relate to; young adults and small businesses, the proposed service and the business case. Assumptions have been formed based on the review of young adult and small business challenges in consultation with the project partner, Accenture. Research questions were then produced in order to test the relevant assumptions.

[2.2.1 Phase One Market Development and Validation](#)

Two key assumptions about the potential market segments have been made:

- **Capable young adults struggle to find work experience to secure employment related to their careers; and**
- **Small businesses lack the resources to initialize and sustain growth.**

The overarching research question for market development and validation is: Who are the market segments (early adopters) most likely to engage in the connection service?

The main questions regarding young adults and small businesses are:

- How experienced are young adults? Is this experience sufficient to secure relevant and meaningful employment related to their future careers?
- How do small businesses drive growth? What resources do they require to make that happen?
- What skills and experience can be facilitated by the connection service?
- Who is suitable to trial the MVS?

[2.2.2 Phase Two Service Development and Validation](#)

Two key assumptions about the potential service's success have been made:

- **Young adults are capable of solving small business problems; and**
- **Small businesses are open to young adults being involved in their business.**

The overarching research question for service development and validation is: How should the service be delivered?

Following the identification of two early adopter market segments, the main research questions regarding the connection service are:

- Are young adults capable of driving business growth by solving common small business

problems?

- Are small businesses open to young adults being involved in their business by solving problems?
- What does the MVS require?
- How do young adults and small businesses respond to the MVS?

2.2.3 Phase Three Business Case Development

The exploratory nature of the research means that the business case can only be developed once a feasible market and service concept have been identified. Therefore, the underlying assumption is that the market and service are feasible for a business case to be developed. Assuming the feasibility of the service and market, the following research questions have been developed.

The overarching research question for business case development is: What form should the business model take?

The main questions regarding the development of the business case are as follows:

- What is the most suitable business model?
- What are the critical success factors for the connection service?
- What are the risks of the connection service?
- Who is instrumental to the connection service's success?
- How much will it cost to develop and manufacture the connection service?
- How much are customers willing to pay for the connection service?

2.3 Methodology

A range of qualitative methods for both data collection and analysis were employed. Data was collected through interviews, observation and a focus group. Data was analysed using thematic analysis and then interpreted using a range of service design tools.

2.3.1 Research Participants

Primary research was conducted at three phases with young adults, aged 18–24, and small business owners, with less than 20 employees. A conversation with Dutton from Accenture highlighted that some small businesses are in fact very successful and therefore they would already have access to the resources necessary for growth. Accordingly, information collected from these businesses would not be as useful in testing the assumptions (M. Dutton, personal communication, July 3 2017). This led to a narrowing of the scope of research for small businesses and an additional criterion for interview selection, being that their business earns less than the average annual revenue, \$846,574 (Ministry of Business Innovation and Employment, 2017).

2.3.2 Data Collection Methods

Phase One Interviews

Data was initially collected from ten young adults, and five small business owners, through a series of semi-structured interviews. Semi-structured interviews allowed for a maximum amount of rich information to be obtained while also allowing the individuals interviewed to expand in areas they found especially important (Cohen & Crabtree, 2008; Keller & Conradin, 2018). This was especially key as the exploratory nature of the research allowed new information and ideas that had not been thought of to be explained by the participants being interviewed.

Questions for young adults were centred around four key areas, education, knowledge and skills, work experience and aspirations. Questions for small business owners were centred around growth, skills and expertise, employment and young adults. The areas of exploration for both markets were determined through extensive consultation with mentors and the project partner at the problem definition stage of the project. Interview guides for both young adults and small businesses can be found in *Appendix 1 Young Adult Interview Guide* and *2 Small Business Interview Guide*.

Participants were asked at the end of the interview if they would be willing to participate in a prototyped version of the service as a trial. Their willingness or not to participate served as an indication of their response to the potential service.

Phase Two Service Prototype Observation

At the end of Phase One, two groups were selected as the 'early adopter' market segments based on the interpretation of the findings as user personas, that is, those market segments that had the greatest potential response to the service offering. Within these two personas, three matches between young adults and small business owners were made. Three young adults and three small business owners were identified within the segments and indicated a positive response to participating in the trial. In addition, the young adults needed to be capable of solving the specific small business problems that each business had.

Service prototypes allow for the simulation of service experiences. The simulation can be as simple as an "informal 'roleplay' style conversation or as complex as a full-scale recreation of the service experience involving user-participants, props and physical touchpoints". Despite the variation in tone and complexity, the common objective is to test the service solution being proposed in a way that approaches a "real-world" environment (Stickdorn & Schneider, 2010). In general, an iterative development with constant refinements is preferable, but due to the timeframe for the research only one version of the prototype was possible. The prototyped service was designed and setup in consultation with Accenture and mentors. An MVS trial, following the lean-start-up methodology, provided the tools to involve customers and test the viability of the solution before further development occurred.

The three young adults and three small business owners that indicated a willingness to trial the service were emailed. This email can be found in *Appendix 3 Trial Email*. Once they were contacted and had indicated that they would be open to viewing a potential match profile, a brief profile about their match was sent through. If both individuals wanted to pursue the trial they indicated by replying to the email and, they were then connected with their match (via email). Two pairs were connected. The trial took place over the course of one month to allow

enough time for the young adult and small business to establish a working relationship and to gather quality data. This phase explored the relationship of the match through observation and note taking. The majority of data collected was over the four week period of communication between the pairs of young adults and small business owners, with other forms of communication such as emails (within the trial period) being shared as well.

Phase Three Focus Group / Co-Creation

Following the end of the second phase, a retrospective focus group was conducted to consider the perspectives of, and gather input from, both market segments, in order to develop the business case. The service design thinking principle of co-creation was central to this focus group as it offered an opportunity to collaborate with the potential customers and to examine and innovate the service experience (Stickdorn & Schneider, 2010).

During the one hour focus group consisting of two sets of young adults and small business owners (trial participants) issues surrounding expectations, objectives, the customer journey and what did and did not go well were addressed. The focus group guide can be found in *Appendix 4 Focus Group Guide*. Throughout the session, participants were asked to write down their thoughts and feelings individually. These were then arranged on posters for comparison.

2.3.3 Data Analysis Method

Phase One, Two and Three Thematic Analysis

Thematic analysis has been used at all three phases of research. An iterative approach has been used involving 5 steps (Komori & Keene, n.d; Adams, Khan, Raeside & White, 2007):

1. **Data collection** – Audio recordings were transcribed. A sample text is analysed below to illustrate the analysis process.

“The soft skills that I’ve learnt are probably relevant to any sort of employment, other than that the job itself probably isn’t particularly relevant however in saying that it’s good to have a knowledge of how a particular business runs and particularly studying marketing

in conjunction with that they're quite symbiotic or quite relevant to each other more like."

2. **Coding** – Data was coded by hand and key words, quotes, concepts and reflections were given handles every 2–3 lines. This process was iterated and altered as new data and ideas emerged. For the above text the overarching theme would be *relevance of work experience to future career* and subthemes; *soft skills, business knowledge and educational link*.

3. **Code validation** – Data was coded independently and reviewed by research supervisor, Mr Langelaar.

4. **Theme identification** – Patterns that emerged from the data were drawn out and other factors such as frequency of occurrence and occurrence only in the presence of other factors were noted.

5. **Information consolidation** – Theme names were finalised, and major findings extracted with quotes from the original transcripts.

2.3.4 Data Interpretation Tools

A set of service design thinking tools were implemented at each phase of the research to interpret, understand and visualise the data analysis including user personas, use cases and customer journey canvases.

Phase One User Personas

User personas are fictional profiles developed to represent a particular group based on their commonalities (Stickdorn & Schneider, 2010). They represent a “character” with which a business can engage. The personas have been developed by collating research insights from interviews with young adults and small businesses into common-interest groupings which then form “characters”. Anecdotal profiles were formed to represent the “characters” found from research. The purpose of these personas is to then provide a range of different perspectives on the potential service and allow the focus to shift from abstract demographics to the wants and needs of real people. Despite the personas’ fictional nature, the motivations and reactions exhibited are real as they are a collation of feedback elicited during the interview stage and as

such embody the real-world perceptions surrounding the potential service.

Phase Two Use Cases

Use cases describe the most critical instances and occurrences in a scenario (Tassi, 2009). This is particularly important as a pre cursor to customer journey mapping, as is discussed in Phase Three as part of the focus group. The use cases for this research are depicted in table form as case studies based on the observation and notes from the service prototype.

Phase Three Customer Journey Canvas

Customer journey canvases involve investigating and charting what customers expect when they interact with a service before, during and after (Stickdorn & Schneider, 2010). For this research, the canvas displays the key touchpoints of customers interacting with the service prototype in Phase Two. The focus group provided the basis to gather customer reflections and allowed for the customer journey canvas to become central to the formation of key areas of development for the service. The purpose of the customer journey canvas is to act as a diagnosis tool, pin-pointing areas that need attention from the customer's perspective.

2.4 Research Design

The design of the research drew on principles from the lean start-up methodology and service design thinking. These paradigms have guided the research along three key phases, market development and validation, service development and validation and business case development. At each phase, a set of four iterative steps occurred as prescribed by the lean start-up methodology, to allow for research to continue beyond the first phase of data collection and analysis. Thus, as new information is uncovered and assumptions tested, the next set of assumptions formed can be tested accordingly. This iterative approach also ensured regular interaction with key stakeholders at different points of the research and development cycle. Following data collection and analysis, service design tools and techniques were used to visualise findings and aid in communicating results and concepts to key stakeholders. The methodology for the study can be broken down into a set of steps at each phase: data

collection, data analysis, data interpretation and a reflection process for decision making based on the findings. In consultation with Accenture and mentors, a general plan for research was created. The relationship between stage of study and phase of research is illustrated in *Table 2.3 Summary of Research Design*.

Table 2.3 Summary of Research Design

PHASE OF RESEARCH STEP IN STUDY	1. MARKET DEVELOPMENT AND VALIDATION	2. SERVICE DEVELOPMENT AND VALIDATION	3. BUSINESS CASE DEVELOPMENT
A) Data collection	Qualitative data collected from young adults and small businesses through semi structured interviews.	Qualitative data collected from small number of Phase One participants through observation and notes while running a prototyped service trial.	Qualitative data collected from Phase Two participants through a focus group.
B) Data analysis	Thematic analysis of interview transcripts.	Thematic analysis of weekly service prototype observation notes.	Thematic analysis of post it notes from participants at focus group.
C) Data interpretation	User personas.	Identification of critical success factors from use cases.	Customer journey canvas.
D) Reflection process involving Mr Morgan and Mr Dutton from Accenture, mentor Mr Elwood-Smith from Loomio, research supervisor and mentor Mr Langelaar	Persona validation and matches from interviewees from specific personas, trial set up and plan.	Workshop focus group to uncover objectives, expectations, what went well and what didn't go well or what needs improvement.	Build business case based on focus group findings.

2.4.1 Phase One Market Development and Validation Decisions

The main objective of this phase was to explore and understand young adults and small businesses and test the assumptions made about them through semi-structured interviews. That is, whether capable young adults struggle to find work experience to secure employment related to their careers, and whether small businesses lack the resources to initialize and sustain growth. Beyond this, the way that data was collected and analysed allowed for other topics of importance to the market segments to be raised and discovered. The predicted outcome of this phase was development of a range of user personas and an indication from research

participants of their willingness to participate in a prototyped trial of the potential service, the second phase.

[2.4.2 Phase Two Service Development and Validation Decisions](#)

The service development and validation phase determined whether the concept could meet the needs of young adults and small businesses and explored the relationship between young adults and small businesses. The assumptions tested at this phase focussed on whether young adults possess the capability to solve small business problems and whether small businesses are open to having young adults involved in their business. The main objective of this phase was to match compatible and willing participants together, over a one month period in the form of an experiment, and understand the relationship and critical success factors for the service. Intuition served as the match making mechanism. The predicted outcome of this phase would be positive testimonials from the experiment participants and referrals to other young adults and small businesses.

[2.4.3 Phase Three Business Case Development Decisions](#)

The business case development phase assisted in the formation of the business case for Accenture or potential investors. The main objective of this phase was to gather in-depth feedback from the participants of the trial through the facilitation of a retrospective focus group. The predicted outcome of this phase was a specific list of criteria (critical success factors) from each market segment of how the potential service should operate.

[2.4.4 Decision Making Process and Key Factors](#)

A set of three key factors informed the decision-making process for the research design. The decision-making process involved evaluating the research timeframe, development strategies and consultation with the project stakeholders.

[1. Research Timeframe Constraints](#)

The research timeframe was the first key factor in the decision-making process for the research

design. This is because the research needed to be complete within the timeframe of the Masters, and allow enough time to analyse the data and draw conclusions at each phase.

2. Stakeholder Consultation (People Involved)

Decisions about the research design were made in consultation with the below stakeholders. This ensured that an objective perspective was held when making decisions throughout each phase of research. It also ensured Accenture had direct input into the research design and allowed them to offer industry insight into best practice for conducting research for business.

- **Accenture, Ben Morgan and Michael Dutton** – Mr Morgan leads Accenture Interactive in New Zealand, where he delivers amazing customer experiences at scale for New Zealand's leading brands. Mr Dutton is the Service Design Manager at Fjord, the design and innovation consultancy operating under Accenture Digital in New Zealand.
- **Loomio, Michael Elwood-Smith** – Cooperative Member and Director of Loomio Cooperative Limited (New Zealand), Mr Elwood-Smith leads customer development and business coordination at Loomio, a software social enterprise.
- **Victoria University of Wellington, Walter Langelaar** – Research supervisor and mentor, Mr Langelaar is the Programme Director for Media Design at Victoria University School of Design. His research interests and expertise include experimental design and software studies.

3. Development Strategies

Finally, lean start-up methodology and service design thinking tools guided the logic and decisions behind method choice, interpretation strategy and rationale.

2.5 Reflection Process and Recommendations

The reflection process involved consultation with several stakeholders (detailed in *2.4.4 Decision Making Process and Key Factors*) including the project partner, business mentors and research supervisor. The respective backgrounds, interests and expertise of the stakeholders consulted resulted in a wide range of perspectives, leading to a thorough evaluation of the research

conducted and feedback and advice that would inform the subsequent steps and phases of research.

[2.5.1 Reflection of Analysis and Recommendations](#)

At the end of each step of research, Accenture and mentors were consulted to determine what should happen in the next step or phase of research, if it differed from what was planned in the research design, see *Table 2.3 Summary of Research Design*. In this way, the research design became stage-gated as is common in project management. Based on this consultation, recommendations were made to alter or not the proposed course of research. The most significant recommendations at each phase are discussed in the following sections.

[2.5.2 Phase One Market Development and Validation Reflection and Recommendations](#)

Following the end of step B, in consultation with Mr. Dutton of Accenture and mentor Mr. Elwood-Smith, it was revealed that the data would have more meaning if it were validated. Therefore, it was recommended further interviews until the point of data saturation, should be conducted and the existing data validated (or not). To strengthen the data collected, a second round of interviews was conducted with a further ten young adults and five small business owners to confirm the information gathered from the first round. At the end of this second round of interviews, participants were asked to choose a persona they identified with, and if they could not, to explain why they were different. Thus, the personas were also validated.

[2.5.3 Phase Two Service Development and Validation Reflection and Recommendations](#)

Following the end of step B, in consultation with Mr. Dutton of Accenture and mentor Mr. Elwood-Smith, it was agreed that the observation and notes could be strengthened by input from the participants themselves, thus making the service co-creative and following the service design principles. It was recommended to conduct a retrospective focus group with the participants of the trial to fully understand the service from their perspective in order to be able to design a service to meet their needs. This focus group was conducted as part of the final phase of research as it would provide information to assist in building the business case.

2.5.4 Phase Three Business Case Development Reflection and Recommendations

Following the end of step B, in consultation with Mr. Dutton of Accenture and mentor Mr. Elwood-Smith it was confirmed that the data gathered from the focus group would be sufficient in assisting to build the business case. It was therefore recommended to begin designing the business case.

2.6 Research Evolution

Research evolved through a natural iterative approach, as is common when applying lean start-up methodology. The build-measure-learn feedback loop helped to test assumptions while simultaneously allowing the development of the MVS. As assumptions were tested and confirmed (or not), further research was conducted in the following phase based on these developments. Research was not only supported by Accenture and Mr. Elwood-Smith through discussing recommendations for the next phase of research, but also in terms of developing topics to explore for semi-structured interviews, helping to construct the MVS and finally designing the interactive focus group.

2.7 Limitations and Challenges

- **Self-reported data** (Price & Murnan, 2004) – This type of data, common in interviews and focus groups is limited by the fact that it can rarely be independently verified. Thus, the information given by participants is taken at face value. This can contain several potential sources of bias that can limit the data including:
 - **Selective memory** – Participants “remembering or not remembering experiences or events that occurred at another time;”
 - **Telescoping** – Participants “recalling events that occurred at one time as if they occurred at another time;”
 - **Attribution** – Participants “attributing positive events and outcomes to themselves but attributing negative events and outcomes to external forces;” and
 - **Exaggeration** – Participants “representing outcomes or embellishing events as

more significant than is actually suggested from the data.”

These biases can become obvious if they are inconsistent with data collected from other sources. The way in which this limitation was mitigated in Phase One at step A was by conducting an initial round of interviews with each customer segment followed by a second round to test the validity of the information previously gathered. In Phase Three at step A the biases were moderated through the participants being held accountable to the truth through at least one other participant having witnessed and experienced the same trial.

- **Longitudinal effects** (Price & Murnan, 2004) – The time available to investigate this research project, particularly to carry out the MVS service prototype, was constrained by total time and the availability of research participants for extended periods of time. This challenge was mitigated through effective and efficient planning and coordination of research participants’ involvement and by conducting the trial over a one month period. This was long enough to gather meaningful data within the research timeframe but also short enough to recruit willing participants
- **Barriers to participation in group settings** (Price & Murnan, 2004) – Challenges that may arise in research conducted in group settings, such as focus groups (Phase Three, step A) may have a direct impact on the quality of data collected. These include:
 - **Fear of saying the wrong thing; and**
 - **Reluctance to disagree with superiors**

In order to eliminate the fear of contributing, participants were given their own set of post-it notes and pens to note down their thoughts and feelings about specified topics before placing the note on a larger sheet and volunteering to share with the group. This ensured that conversation was kept focused to the service prototype and issues surrounding it and also that all opinions were heard, even if participants did not feel comfortable voicing their true feelings.

- **Unfamiliarity with co-creation principles** (Stickdorn & Schneider, 2010)

This challenge was overcome by the moderation of the focus group through its clear structure and communication of expectations.

2.8 Summary

This chapter provided information to assess the integrity and reliability of the results in the next chapter. It first summarised the development strategies and assumptions for these, as well as project assumptions for each phase of research. Following this, it described each methodology used to collect, analyse and interpret the findings including why each method was chosen, the decision making process for the research design and the key factors that informed each step. Lastly, it detailed the process of reflection and recommendation at each phase resulting in the evolution of the research methodology. The key limitations and challenges of the research were also acknowledged.

Chapter 3 Findings and Analysis

This chapter presents the results of the data collection and interprets what it means for the next phase of research. For each phase of research (Phase One Market Development and Validation, Phase Two Service Development and Validation and Phase Three Business Case Development), it describes the findings in relation to the key assumptions, the degree to which the assumptions were confirmed or otherwise. This chapter also outlines how unexpected opportunities and challenges were further explored, and the results of any further data collection and analysis that was undertaken.

3.1 Phase One Market Development and Validation

3.1.1 Findings and Analysis of Interviews with Young Adults

A sample of 14 young adults was interviewed initially, with another six interviews conducted after the analysis of those initial interviews to validate the findings. Participants were asked a range of questions from four areas: education; knowledge and skills; work experience and aspirations (see *Appendix 1 Young Adult Interview Guide*). Interviews were transcribed and thematically coded. Themes were drawn from the conversation topics and analysed, resulting in the sub themes displayed in the following sections along with supporting quotes.

At the end of their interview, participants were asked if they would be willing to participate in a trial of the prototyped service, MVS. 12 out of 20 participants were willing to participate, indicating a positive response from the market.

The findings in the following sections are presented with a series of pie charts. The colours (blue, pink and yellow) on these pie charts correlate to the specific user personas that were developed from this information. Relevant links to the trends impacting young adults and implications of those trends (outlined in *Chapter 1 Introduction 1.1.3 Young Adults*) have also been noted in relation to specific findings.

Background and Education

All participants were either in tertiary education or had recently completed their studies.

Participants came from a wide range of educational disciplines including law, business, design, arts, teaching, science or a combination of the aforementioned.

THEME ONE: FEELINGS ABOUT CAREER PROSPECTS

Figure 3.0 Feelings About Career Prospects illustrates the proportion of young adults that felt a certain way out of the 20 participants interviewed.

Figure 3.0 Feelings About Career Prospects

5 out of 20 participants were certain about their career trajectory and had a plan in motion to ensure success. For example, *"I'm currently working as an assistant accountant and looking for an accountant role for when I graduate then I'll probably work for a few years before doing my OE"*.

5 out of 20 participants felt there was a lot of competition in the job market and had looked at how they could give themselves an 'edge', such as double majoring, double degrees and part time jobs in the field of study. For example, *"I suppose there's a lot of competition, a lot of people*

go for roles... a lot of people do a Commerce degree, that's why I've opted to do a Law degree with it, it just to give me an edge over everyone else when looking for a job and I know skill sets from both degrees will help, it keeps my options open in the future."

6 out of the 20 participants who were uncertain about their future career thought gaining experience would help in deciding what career path to head down. For example, *"I feel like I don't know what exact job I'm getting into when I finish, the expectations are really unclear – if you can get internships that would really help."*

4 out of 20 participants had repeatedly tried to secure graduate positions but still had hope and confidence in their abilities, and indicated that they would keep trying. They also indicated the difficulty of finding work without experience. For example, *"having recently graduated I've found it quite difficult myself finding a junior [designer] graduate job in Wellington in particular. I think what employers are looking for is they want people with experience and it's quite difficult when you haven't really gotten any design work experience trying to get that foot in the door really."*

These findings indicate that 75% of the sample of young adults have mixed feelings about career prospects, in particular the uncertainty they feel about their futures combined with issues surrounding competition and the difficulty of finding work without experience. These factors could partly be attributed to the effect of technology and the effect of the aging population on entry level jobs which has resulted in fewer entry level jobs and higher competition for those that are available, as discussed in *Chapter 1 Introduction 1.1.3 Young Adults*. In addition, the uncertainty young adults feel could be attributed to not knowing what particular job they are going into, as the workforce changes so rapidly due to the effect of technology.

Knowledge and Skills

Young adults identified their key strengths in knowledge and skills as:

- Analytical and critical thinking skills;
- Problem solving skills;
- Communication skills;
- Interpersonal skills;
- Organisation skills;
- University-related knowledge;

- Work ethic;
- Teamwork;
- Time management;
- Leadership;
- Digital competence;
- Adaptability; and
- Creativity

They identified areas of interest for upskilling as university related skills such as presentations, editing and analysis, learning how business works, professional communications such as emails, applying university knowledge to real world contexts, maintaining professional relationships with confidence and technical IT skills such as using Office Suite and other software and technologies.

THEME TWO: CONFIDENCE IN APPLYING KNOWLEDGE AND SKILLS

Figure 3.1 Confidence in Applying Knowledge and Skills displays the different level of confidence felt by the 20 young adults interviewed.

Figure 3.1 Confidence in Applying Knowledge and Skills

7 out of 20 participants indicated they would be more confident if they felt prepared and if the job was in a relevant field. If they were to apply their knowledge and skills to something new and completely unknown they would feel less confident. For example, *“if I prepared enough and the*

job was in my field I'd be reasonably confident but if it was completely something new, complete unknown then I'd probably be less confident."

8 out of 20 participants felt confident in applying their knowledge and skills regardless of the job because they had work experience and had understood that their knowledge and skills were transferable. For example, *"I've been put in the situation of applying my knowledge and skills already, so I've already practised which makes me pretty confident."*

5 out of 20 participants did not feel confident because of the uncertainty of being employed and the expectations around that. For example, *"I'd say not very confident just because I don't know which kind of employment I'd be going into and I wouldn't know the requirements or what levels they'd be."*

THEME THREE: IMPORTANCE OF APPLYING KNOWLEDGE AND SKILLS

Figure 3.2 Importance of Applying Knowledge and Skills illustrates that the majority of young adults felt it was important to apply their knowledge and skills.

Figure 3.2 Importance of Applying Knowledge and Skills

17 out of 20 participants considered it to be very important to apply their knowledge and skills for a number of reasons, including that they were nearing the end of their study and the desire to work for a purpose rather than simply to earn an income. For example, *“if I do something it has to mean something to me so it has to be related to my expertise. What’s the point of learning all this stuff if you’re not gonna put it anywhere.”*

3 out of 20 participants did not consider it to be very important to apply their knowledge and skills, because they considered that applying their knowledge and skills learnt from university was vastly different to applying them in a role. For example, *“things you learn at uni are quite different, it’s not important to remember everything you learn at uni but you do need to remember basic skills.”*

THEME FOUR: TAKING JOBS THAT DO NOT LEVERAGE KNOWLEDGE AND SKILLS

Figure 3.3 Taking Jobs that Do Not Leverage Knowledge and Skills illustrates that the majority of young adults would not take jobs that do not leverage their knowledge and skills. This stresses the importance of young adults being able to apply their knowledge and skills in jobs, before entering the workforce.

Figure 3.3 Taking Jobs that Do Not Leverage Knowledge and Skills

15 out of 20 participants said they would not take jobs that did not leverage their knowledge and skills because they wanted to feel comfortable in a job and get more out of it by applying their skills. For example, *"I'd be less inclined, especially because I'm at the end of my uni now and I sort of want to do something that uses the skills I've learnt."*

5 out of 20 participants claimed they would take jobs that did not leverage their knowledge and skills if it helped with personal growth, aided financially, if they simply enjoyed the work, or provided a stepping stone to future employment. For example, *"if it were getting me a step in the right direction then I would and if it were something I enjoyed and I felt challenged in other areas then I would."*

Interestingly, yet unsurprisingly, the confidence of the sample of young adults applying their knowledge and skills correlated with the amount of work experience they had. This emphasises the key point that young adults become more confident and develop soft skills with experience, as discussed in *Chapter 1 Introduction 1.1.3 Young Adults*. These soft skills are crucial for young adults to meet the changing expectations of employers, but are often hindered by the difficulty young adults face in gaining work experience without experience.

The findings also highlight the importance that the majority of the sample of young adults place on applying their knowledge and skills, further evidenced by 75% of the sample of young adults not wanting jobs that would not leverage their knowledge and skills. This links back to discussion in *Chapter 1 Introduction 1.1.3 Young Adults* of the implications of young adults not being offered the opportunities to develop soft skills and apply themselves having significant knock-on effects to the labour market, the economy and wider society.

Work Experience

Young adults identified that the areas they go primarily online to search for jobs, for example, Seek, Indeed, Student Job Search, Careerhub and TradeMe as well as word of mouth.

All participants who had sought work experience (13 out of 20), found it very difficult to find, apply and get jobs relevant to their future careers. They cited various reasons such as limited job numbers, competition for jobs and requisite work experience.

THEME FIVE: LEVELS AND TYPE OF WORK EXPERIENCE

Figure 3.4 Levels and Type of Work Experience depicts the three different levels and types of work experience that the sampled young adults have.

Figure 3.4 Levels and Type of Work Experience

7 out of 20 participants had no work experience relevant to their future careers but did have experience with operating and helping in their family business or a part time job. For example, *"I haven't had any work experience related to commerce, just in casual stuff I was doing cabinet making last Summer."*

5 out of 20 participants had some experience relevant to their future careers. For example, *"I'd say general work experience, getting into that field early, applying some accounting concepts that kind of rely on university studies. I'd say I've made an impact at [business], it definitely brings the workload off the CFO of the company so he doesn't really need to do all the day to*

day stuff anymore so he gets to focus on bigger projects and I just maintain all the day to day operations of the accounting systems and all that.”

8 out of 20 participants had an extensive amount of work experience relevant to their future careers. For example, *“my first job was at a tutoring company, this was the most helpful in learning how professional relationships work especially the communication between boss and employee. My second job which is personal freelancing started off by me working for free, for fun, and I didn’t expect to turn it into a paid job so I did this for a year before getting paid and then at the end of 2016 I had my first paid job. I wasn’t confident in over charging as I wasn’t aware of the value of my work but now I have more experience, I have the ability to charge more. This was done all through messaging and through social media, but you have to be open to rejection, as this area is cut throat.”* These participants also explained their significance and benefit of the experience, as they believed the skills taught from practical experience were invaluable.

THEME SIX: PAY RATE VS WORK EXPERIENCE

Figure 3.5 Pay Rate vs Work Experience shows that the overwhelming majority of young adults sampled value work experience over pay rate.

Figure 3.5 Pay Rate vs Work Experience

16 out of 20 participants thought work experience was more important for a number of reasons, including, wanting to enter the workforce with some knowledge, having experience to get further and working towards a bigger goal. For example, *"I see it as like getting good grades is all good but employers don't just look at grades they look at experience as well and that's when experience comes in handy when you're looking for bigger and better jobs."* They also considered work experience was important for developing confidence and skills, being independent and having more autonomy over jobs, skilful and gaining intrinsic value from the job at a personal level rather than simply viewing the job as a means to earn income. Work experience also helped to set up jobs later on, and provided leverage for better pay rates.

4 out of 20 participants considered pay rate to be more important than work experience and this seemed to be more reflective of their financial situation as a student. For example, *"at this stage of my life, while I'm at university probably pay rate."*

Over 75% of the young adults interviewed regarded work experience as more important than pay rate. This finding is of great significance because it indirectly supports the proposed service. As the purpose of the proposed service is to aid young adults in finding work experience opportunities, it was therefore important to discover that young adults regard work experience as more important than pay rate to justify the continuation of the research in this direction. This is primarily because small businesses may not be able to afford competitive pay rates as larger organisations. This finding can also be linked to the discussion from *Chapter 1 Introduction 1.1.3 Young Adults* where the gig economy trend was highlighted. The 'gig' economy can be leveraged to support the proposed service if the work experience opportunities offered are short term but meaningful. This is an assumption that will be tested in Phase Two Service Development and Validation.

THEME SEVEN: CAREER ASPIRATIONS AND GOALS IN RELATION TO WORK EXPERIENCE

Figure 3.6 *Career Aspirations and Goals in Relation to Work Experience* displays the feelings young adults have in regards to career aspirations in relation to the level of work experience they already have.

Figure 3.6 *Career Aspirations and Goals in Relation to Work Experience*

8 out of 20 participants who had a clear idea of career aspirations and goals and knew how they were going to make it happen had substantial relevant work experience. For example, a participant with a lot of relevant work experience stated, *"I'd love to work somewhere cool like Saatchi and Saatchi."*

5 out of 20 participants who had a clear idea of career aspirations and goals had a lot of work experience (not necessarily relevant to their career path) but did not have a clear path as to how they were going to get there. For example, *"I'd just like to do something involved with my degree like finance and eventually I'd like to get on the board at school and try to give back to school."*

7 out of 20 participants who had not thought about career aspirations and goals had little work experience. For example, one with little work experience commented *“not sure, haven’t really thought about it.”*

The findings for career aspirations and goals in relation to work experience are significant in understanding the challenges young adults face in gaining experience, without any experience to start off with. As discussed in *Chapter 1 Introduction 1.1.3 Young Adults*, it can be difficult for young adults to know what kind of work or job they want to do given the effect of technology on jobs and the workforce. This emphasises the need for young adults to gain experience as early as possible to help build basic skills and understand at least the type of work they may like to pursue.

3.1.2 Young Adult User Personas

The thematic analysis was organised in a way to make it meaningful for the stakeholders, using the service design tool of user personas. Interviews revealed clear segmentation between young adults, resulting in three personas. These personas were then tested against a set of six further interviews with young adults. At the end of the interview, participants were asked to identify themselves with a persona and if they were unable to, to explain what made them different. All 20 participants could identify with an existing persona clearly validating the data collected from the initial interviews. The validated user personas are presented as *Figure 3.7 Persona A*, *Figure 3.8 Persona B* and *Figure 3.9 Persona C*. Each persona highlights the thoughts and feelings of a segment in the larger target market population, supporting the customer-centric approach championed by service design thinking.

Second year University student

Hi! I'm a second year University student.

I don't have any work experience related to my potential future career, but I have helped out in my family's business and seen how that works.

I'm learning new skills and knowledge everyday at University but haven't had a chance to apply these in a real world context.

I'm not very confident because I don't think I will be considered for jobs, this is due to my lack of work experience.

I'm not too sure what I want to do in the future, but I know that once I have had some work experience, that will be clear.

Figure 3.7 Persona A

Persona A is a second-year university student with little work experience and no relevant work experience. They lack confidence in applying their knowledge and skills because of this. They are uncertain about their future career and see work experience as the key to helping them figure it out. Due to a lack of confidence in applying skills and knowledge, Persona A would not be a suitable early adopter customer for the proposed connection service. More work experience in an unrelated field can aid in raising confidence levels, or more time at university could help with this too. Seven participants identified with this persona.

Persona B

Recent graduate

Hi! I'm a third year (or above) University student or recent graduate.

I have a fair amount of work experience related to my potential future career, and I have mostly worked in jobs where the skills I want to be using have been utilised which will make it easier to differentiate in such a competitive job market.

I'm learning new skills and knowledge everyday at University and on the job which is invaluable because quite often using your skills in the real world is different to learning about them at University.

I'm confident in my abilities, I know that my work experience and skills are of value to employers.

I know the job I want to do in the future because of my wide range of work experience.

Overall work experience
100%

Relevant work experience
90%

University completion
90%

Confidence 90%

Knowledge and skills 80%

Confidence in knowledge
and skills 80%

Figure 3.8 Persona B

Persona B is a recent graduate, or a third year (or above) university student. They have a significant amount of work experience related to their future career. They are confident in applying their knowledge and skills in a wide range of contexts. They are certain about their career path and know how to get there. Persona B is not a suitable early adopter customer for the connection service because they are beyond the stage of needing work experience. This being said, they may be considered a secondary segment if they are unable to find a suitable job as they have the requisite experience and the proposed service would enable them to connect, make a difference and network. Eight participants identified with this persona.

Persona C

Third year(+) University student

Hi! I'm a third year (or above) University student (or recent graduate).

I have some work experience related to my potential future career, but I have mostly worked in jobs where the skills I want to be using haven't been utilised so I am finding it hard to compete in such a competitive job market.

I'm learning new skills and knowledge everyday at University but haven't had a chance to apply these in a real world context as much as I need.

I'm pretty confident in my abilities, I know I could help someone that had a problem in the area of my expertise but I just haven't had the opportunity.

I know the general direction of where I want my future career path to take me but couldn't identify a specific role, more relevant experience would help me make this big decision.

Overall work experience
70%

Relevant work experience
40%

University completion
70%

Confidence 70%

Knowledge and skills 80%

Confidence in knowledge
and skills 60%

Figure 3.9 Persona C

Persona C is a third year (or above) university student or a recent graduate. They have some work experience in the field they want to enter but more experience in jobs unrelated to their future careers. They are confident in applying their skills and knowledge and are looking for a way to do so. They know the general direction of their career and are looking for work experience to help solidify this. Persona C is the most suitable potential customer for the connection service because they appear to have the confidence and relevant skills and knowledge required to solve small business problems. Five participants identified with this persona. This persona is likely to be the early adopter market segment for young adults.

3.1.3 Findings and Analysis of Interviews with Small Businesses

A sample of six small business owners were interviewed initially, with another four interviews conducted after the analysis of those interviews to validate the initial findings. Participants were asked a range of questions from four areas, business challenges, business capabilities, ways to address gaps in capabilities and employment (see *Appendix 2 Small Business Interview Guide*). Interviews were transcribed and thematically coded. Themes were drawn from the conversation topics and analysed, resulting in sub themes explained in the following sections along with supporting quotes.

Following the end of the interview, participants were asked if they would be willing to participate in a trial of the prototyped service, MVS. 5 out of 10 participants were willing to participate, indicating a positive response from the market.

Relevant links to the trends impacting small businesses (outlined in *Chapter 1 Introduction 1.1.4 Small Businesses*) have also been noted in regards to specific findings.

Background and Business Challenges

The sampled small business owners had businesses from a range of industries including boutique retail, homewares, consulting, online retail and social media, health, digital services, finance, creative arts, health and fitness and hospitality.

THEME ONE: BUSINESS PRIORITIES, IMPORTANCE OF BUSINESS GROWTH AND DIFFICULTIES OF BUSINESS GROWTH IN RELATION TO STAGE OF BUSINESS

Figure 3.10 Business Priorities, Importance and Difficulties of Business Growth in Relation to Stage of Business highlights the three groups that emerged in terms of stage of business, participants who identified their business moving into the growth phase, those in the growth phase and those with established small businesses.

BUSINESS PRIORITIES, IMPORTANCE AND DIFFICULTIES OF BUSINESS GROWTH IN RELATION TO STAGE OF BUSINESS

Figure 3.10 Business Priorities, Importance and Difficulties of Business Growth in Relation to Stage of Business

3 out of 10 participants identified their business as between start up and growth phase, they prioritised growing their business correctly. For example, *“growing a business that I like and making sure it grows in the right direction.”* They also identified which particular markets the business should be targeting, solidifying the brand and brand image and maintaining business integrity and not growing too big too fast as important. They noted the importance of marketing for growth, for example, *“marketing definitely and management of systems like databases,”* in addition to the development of other channels such as websites. They noted difficulties such as, *“constant troubleshooting,”* including finances, managing cash flow and employment of staff. For example, *“you have to take people on for a lesser role because you can’t afford to take them on for the role that they’re eventually going to be doing.”* They also did not want to do certain tasks because they either didn’t have the skills to do it themselves, didn’t like them, didn’t have the time for them, or both. They were also concerned with moving and operating too fast which could lead to skimming and missing details. Responding to change quickly was another difficulty. For example, *“you’ve got to always stay ahead which is difficult, it’s a balance between keeping people happy but also trying to move your business in the right direction.”*

3 out of 10 participants identified their business as being in the growth phase. They prioritised a growth strategy which included a strong cash flow, learning how to manage a sustainable level of turnover and paying attention to customers, (for example, *"making sure they, every single person that walks through that door has a memorable experience and is made to feel good"*), getting a return on any investment, and looking after staff, (for example, *"making sure they are really happy in that they champion [store] as a brand and they love working here and they feel empowered to come to me with new ideas and create more"*). They noted the importance of creating growth processes, for example, *"it is about exposure, making sure I am able to get this brand out and people connecting with it, understanding it and ultimately coming and purchasing from it,"* and marketing for growth including social media and customer relationship management. They noted difficulties around balancing cost when growing and being stuck in contracts when getting work done. For example, *"in retrospect I shouldn't have done that because it cost an absolute fortune and personally it hasn't been a fun experience for me because I don't really like dealing with them up in Auckland, I'd rather it be a more intimate experience."* Not seeing the value of work being done and needing to employ other people to do jobs that they didn't like to do were further difficulties identified.

4 out of 10 participants identified their business as in the established phase, and noted the importance of internal harmony. For example, *"to have a conducive environment for working,"* including the smooth running of operations on a day to day basis. They did not note growth as a major concern. For example, *"just to stay where we are, we don't want to grow anymore, we are happy where we are,"* but did note the importance of getting regular income from customers and providing the best service possible to maintain their business position.

The findings from the sample of small business owners supported the literature reviewed in *Chapter 1 Introduction 1.1.4 Small Businesses* where a small business framework was examined and business priorities and difficulties were highlighted. Each stage of small business development had a different set of priorities and difficulties which were validated and confirmed by these findings. Most interestingly, those at the same phases had similar priorities, found similar issues important and faced similar difficulties.

Capabilities

Two main themes were highlighted from participants when discussing business capabilities:

skills required and **gaps in capabilities**.

THEME TWO: SKILLS REQUIRED

All 10 participants noted important skills required to run their business successfully including drive, determination, perseverance, a good accountant, money managing skills, a business mentor, good financial planning skills and time management. Interestingly, keeping up with technology was also highlighted as an important skill to have.

THEME THREE: GAPS IN CAPABILITIES

All 10 participants, regardless of industry, noted gaps in similar areas including design/graphic design, social media, marketing, sales and promotions and other administrative tasks that the small business owner did not have time for, did not enjoy or didn't have the skills to do them.

Ways to address gaps

The small business owners all managed and operated their own small businesses, but a clear distinction was made between those participants that also managed employees and a physical space compared to those that did not.

THEME FOUR: ADDRESSING GAPS IN RELATION TO NUMBER OF EMPLOYEES

Figure 3.11 Addressing Gaps in Relation to Number of Employees illustrates the proportion of small business owners interviewed that addressed the gaps in their capabilities with the help of their employees as well as those with no employees. The colours (pink and blue) on the pie chart correlate to the specific user persona that were developed from this information.

ADDRESSING GAPS IN RELATION TO NUMBER OF EMPLOYEES

Figure 3.11 Addressing Gaps in Relation to Number of Employees

5 out of 10 participants had zero employees, and saw cost as the biggest barrier to addressing gaps in capabilities as well as being under resourced (time poor), therefore were not actively doing anything to address gaps. These participants were also willing to spend a reasonable amount of money to assist them with fixing their problems but this was conditional on seeing a return on their investment. For example, *"every time I go to pay something I always figure it out like well how many [products] do I need to sell to cover this off? And if I'm making a \$30 profit on a [product] and I'm paying someone \$30/h then for every hour I pay that person I need to sell one [product] to breakeven... if I knew that return on investment, if I could pay them to do things that would generate sales of [product] because at the moment that's the only offering that doesn't involve my time it's already printed, for me to deliver a [service] it requires my time to be there. But to sell a [product] I can sell them while I sleep."*

5 out of 10 participants had one or more employees, they looked to employ staff with the skills to fill the gaps in capabilities and for purposes above and beyond the job they were hired for. For example, *"I've just employed this new girl and she's amazing at design, photography, social media I don't know if it's a gap in terms of that I can't do it, it's that I don't want to do that I don't like it that much."* They also noted that employees must fit well within the businesses culture.

THEME FIVE: ALTERNATIVE METHODS OF FILLING GAPS

All 10 participants were strongly against considering professional help or going through a recruitment agency to fill the gaps in capabilities because of the cost associated with both. For example, *"I think I've got a really strong network and I don't think that that's probably a service that I need to pay for."* They perceived recruitment agencies as too expensive.

All 10 participants were very open to hiring, or contracting and working with, young adults, including paying them a fair wage, as long as they could see a return on investment. They believed young adults to be enthusiastic and willing to give things a go. For example, *"a young person is more upbeat, they're happier and I like giving people a chance to grow, quite often a young person just needs that experience and a little bit of time to develop and so maybe the role that you're hiring them for is about what they can do but as they grow with the company they're going to be able to manage that bigger role further down the road when you need them, I quite often find that people a little bit older have pre-learned behaviours that aren't necessarily what you want them to be doing or displaying,"* and adding value to their businesses.

Findings that small business owners oppose professional help or going through a recruitment agency are aligned with findings from the literature review in *Chapter 1 Introduction 1.1.4 Small Businesses* regarding the hesitancy in asking for help despite a lack of day-to-day business knowledge.

Employment

5 out of 10 small business owners *did not* have any employees so they, unsurprisingly, had little to no experience with employment processes. Two main themes were drawn from discussing employment with the 5 out of 10 small business owners that *had* employees; **challenges** and **desirable qualities**.

THEME SIX: CHALLENGES

5 out of 5 participants noted the challenges around employing people and the difficulty of on-boarding staff and bringing people into the business, because of the time and cost involved. For example, *“there’s training right and I’m not a natural trainer like I don’t really, I’m kind of just like leave them to it a little bit and I have to really force myself to spend quality time with them. I’d expect them to take initiative.”* They also noted a challenge as not wanting to hold employees back or inhibit personal growth.

THEME SEVEN: DESIRABLE QUALITIES

5 out of 5 participants noted desirable qualities of their employees as being a good cultural fit and having the skills to do more than simply the job they would be hired for. For example, *“I want to grow them with my business, I’m going to invest my time in them and I want to treat them super well so that they love this store so that they genuinely want to do cool work for this store.”* They also noted the high percentage of young adults they employed because of their affinity with technology, being able to keep up to date and adapt quickly. Trust and the willingness to grow and learn were other very desirable qualities for employers. Employers also wanted to get the most out of their employees and tended to employ people that they could also learn and grow from too.

[3.1.4 Small Business User Personas](#)

As for young adults, the thematic analysis was then organised into user personas. Interviews revealed sharp segmentation between two types of small business owners. These two personas were then tested against a further set of four interviews with small business owners. At the end of the interview, participants were asked to identify themselves with a persona and, if they were unable to, to explain what made them different. All 10 participants could identify with an existing persona clearly validating the data collected from the initial interviews. The validated user personas created from the data are presented as *Figure 3.12 Persona D* and *Figure 3.13 Persona E*.

Small business owner-operator

Hi! I'm a small business owner-operator. I manage the ins and outs of my business as well as a small number of full-time and part-time staff in the physical store.

When employing staff members, I look for things like cultural fit, "will they fit in well with the existing team?" and whether they can grow with the company. Other important considerations are if they are passionate about the brand and products/services we deliver and if they can add value to the business in terms of possessing additional skills beyond the job description.

If I have gaps in capabilities, I tend to manage these myself by either Googling how to solve the problem or delegating the responsibility to a staff member.

I believe young adults to be upbeat, vibrant and adaptable which is what attracts me to employing them over other candidates.

Stage of business

Start Growth Established
-up

Areas of importance

- + Marketing, especially digital and social media
- + Driving customer loyalty
- + Having 'good' staff

Figure 3.12 Persona D

Persona D is a small business owner-operator. They manage the running of their business and are assisted by a small number of full-time and part-time employees. They prefer their employees to be a good cultural fit, be passionate about the products or services and add value in other areas of the business. They manage the gaps in their capabilities by solving problems themselves or delegating these tasks to employees. They see young adults as adaptable and enthusiastic which can lead to them offering young adults positions over other applicants. Persona D runs their business in a way that means the gaps in their capabilities are filled and therefore they would not be a suitable customer for the connection service. Five participants identified with this persona.

Independent small business owner

Hi! I'm an independent small business owner. I manage the ins and outs of my business and I don't have any employees.

Business growth is of significant importance to me, but currently, I am ignoring the weaknesses in my capabilities. I don't see the gaps as critical to the running of my business but it would be nice to see them filled.

In an ideal world, if I could afford to hire someone to help out, I would but because I am under-resourced I find it difficult to see this as feasible.

I am open to young adults aiding in the development of my business, especially if they are interested in what I am offering but would need to see a real return on investment for me to consider this as a serious option.

Stage of business

Start Growth Established
-up

Areas of importance

- + Marketing, especially digital and social media
- + Driving customer loyalty and retention
- + Business growth and/or maintenance

Figure 3.13 Persona E

Persona E is an independent small business owner. They run their business alone and don't have any employees. Business growth is important to them and they don't see the gaps in their capabilities as necessary for the day to day running of their business. They are open to young adults being involved in their business, but are cautious about the amount of value a young adult can bring. Persona E is a suitable potential customer for the connection service because of their openness and willingness to work with young adults. This persona is likely to be the early adopter market segment for small business owners. Five participants identified with this persona.

3.1.5 Market Findings in relation to Market Assumptions

The two main market assumptions were assessed and analysed in relation to the key findings from the market segments.

Capable young adults struggle to find work experience to secure employment related to their careers.

This assumption was tested via interviews with a sample of 20 young adults, asking them questions about their education, employment, work experience and aspirations. The user personas resulting from the thematic analysis showed three distinct groups emerge from the larger target market population. Persona C 'Third year (+) University student' showed promise to be an ideal early adopter for the connection service, highlighting the theme that young adults struggle to find work experience relevant to future careers. Interestingly, the participants who identified with Persona C were most willing to participate in a trial of the service.

Small businesses lack the resources to initialise and sustain growth.

This assumption was tested via interviews with a sample of 10 small business owners, asking them questions about their business challenges, capabilities, and ways to address the gaps in capability and employment. The user personas resulting from the thematic analysis showed two distinct groups emerge from the larger target market population. Persona E 'Independent Small Business Owner' showed promise to be an ideal early adopter for the connection service, highlighting the theme that small businesses lack resources to initialise and sustain growth. As a result the participants who identified with Persona E were most willing to participate in a trial of the service.

Both market segments displayed an early adopter (in the form of Personas C and E), indicated by their eagerness to engage in the proposed service, even at MVS level. A significant consideration resulting from interviews with small businesses was that the cost associated with hiring someone full time, or even part time, as too great. Despite their intentions of growth as a priority, the risk of failing to make a return on investment was greater. The key to success, or at

the very least to mitigate this barrier, is to design the service in a way that ensures return on investment for both market segments. A positive indication is that the findings revealed the wide range of skills and expertise young adults possess that could aid in solving small business problems such as law, accounting skills, marketing skills, design and communication skills. The greatest implications of the market findings at this stage show significant potential to continue research for service development and validation.

3.2 Phase Two Service Development and Validation

3.2.1 Findings and Analysis of Service Prototype

The service prototype simulated the service experience. Due to the small number of participants involved, it was decided to run the trial manually using email as the remote communication facilitator which enabled full control over each step until the trial began. Once the trial had begun, there was no interference or dictation over what should happen and the arrangement between the young adult and small business was not influenced in any way. This ensured that any risks for the service could be clearly identified.

Research participants from Persona C and E that had expressed interest in the service prototype trial were emailed as a follow-up, thanking them for their participation in the interview stage. In the same email, participants received an offer to opt in to a place on the trial, on the condition that an appropriate match could be made. That is, a young adult possessing the knowledge and skills required to solve a problem that a small business required and conversely a small business that had a problem able to be solved by a young adult.

Following this initial email, all six participants responded that they would be interested in being paired with a young adult or small business. All participants were emailed the best fit candidate (see *Appendix 3 Trial Email*). Participants were given the option to withdraw if they did not think the young adult or small business presented was a good fit. One small business withdrew from the trial because of internal issues, unrelated to the candidate they were presented with. Two young adults and two small businesses were therefore paired and introduced via email. They

set up a time and place to meet and decide if they wanted to pursue the work experience/service relationship. Both small businesses and young adults agreed to work together for the trial period of one month. The period of one month was chosen to allow enough time for the young adult to potentially begin to make an impact and for the small business to potentially see the early stages of impact that the young adult could make.

Participants agreed to meet weekly. *Table 3.14 Case Study A* and *Table 3.15 Case Study B* outline the case findings and key events and decisions drawn from the notes taken while observing the weekly meetings during the trial. Due to the confidential nature of the issues discussed in the meetings, the content regarding the work completed for the businesses by the young adults is generalised and names have also been changed.

3.2.2 Findings from Case Study A

Table 3.14 Case Study A

MEETING NUMBER AND DATE	DETAILS
1. 27/09/17 Katie (third year marketing student) and Katrina and Adam (owners of small yoga studio) meet for the first time at the yoga studio	<ul style="list-style-type: none"> • Katrina and Adam discussed their core business values, expectations and objectives, Katie introduced herself, her background and expertise/experiences. • Katrina and Adam then highlighted an area of weakness for them both, marketing and technology, where they required assistance, giving examples. • Katie explained that she is currently nearing the end of her marketing major and is looking for a way to apply the knowledge and skills she has learnt from her degree. Katie offered solutions and suggestions for the problems that Katrina and Adam were facing. • Katrina and Adam were impressed with Katie's knowledge and they discussed the trial conditions. In this discussion, Katrina and Adam agreed to offer Katie a membership to their yoga studio in exchange for her services which Katie accepted. • Katrina and Adam together with Katie planned regular weekly meetings for the duration of the trial. They created a list of priorities for the business that needed addressing. They set SMART goals for each week, based on the priorities and discussion. • Katie emailed Katrina and Adam with a follow-up email, outlining what was discussed in the meeting and what was to happen before the next meeting.

MEETING NUMBER AND DATE	DETAILS
2. 04/10/17 Katie and Katrina meet remotely via Facetime, Adam was not present.	<ul style="list-style-type: none"> Marketing ideas and concepts were discussed along with the work completed by Katie. New product lines were also discussed. Katrina asked Katie for advice on how to best market these. Upon the meetings end, Katie emailed Katrina with a list of deliverables for the next meeting.
3. 10/10/17 Katie, Katrina and Adam meet at the yoga studio	<ul style="list-style-type: none"> Katie presented her work and it was discussed in detail. Another discussion of new product lines was had with Adam present. Upon the meeting's end, Katie emailed Katrina and Adam with a list of deliverables for the next meeting.
4. 18/10/17 Katie, Katrina and Adam meet at the yoga studio	<ul style="list-style-type: none"> Katie's work was reviewed. Content for marketing channels was discussed. The new product line was also finalised. Upon the meeting's end, Katie emailed Katrina and Adam with a list of deliverables for the final meeting.
5. 25/10/17 Katie, Katrina and Adam meet at the yoga studio	<ul style="list-style-type: none"> A review of the deliverables was conducted and a discussion about marketing techniques was had. The meeting ended with both Katie and Katrina and Adam sad to end their working relationship, so discussed maintaining an ongoing relationship where Katie consults and completes work when required by Katrina and Adam.

3.2.3 Findings from Case Study B

Table 3.15 Case Study B

MEETING NUMBER AND DATE	DETAILS
1. 28/09/17 Penelope (fourth year law and business student, with a passion for yoga, health and wellness) and Simone (owner of an online business) meet for the first time at a local cafe	<ul style="list-style-type: none"> Simone told Penelope about her business, an online merchandise store. Firstly, she discussed how her business started, her goals and expectations. Penelope then introduced herself, her background, expertise and current University situation. Simone then explained her busy lifestyle, as a time-poor mother and contractor she did not have much spare time to build content for her website and social media. Penelope explained her familiarity with social media and understanding of what good content looks like and while she did not have a background in design or marketing, her passions lay in the industry that Simone's business operated within. Simone saw Penelope's passion and agreed to offer her the living wage in exchange for her services which Penelope accepted.

MEETING NUMBER AND DATE	DETAILS
	<ul style="list-style-type: none"> • Together, Simone and Penelope set regular meetings for the length of the trial and SMART goals for each week, based on earlier discussion. They created a list of priorities for the business. • The meeting ended with Penelope understanding the work that needed to be complete before the next week. • Following the meeting, Penelope emailed Simone outlining the meetings discussion and what was to happen before the next meeting.
2. 05/10/17 Penelope and Simone meet at a local cafe	<ul style="list-style-type: none"> • Penelope showed Simone the content she had begun curating and creating. • Feedback was received from Simone. • Penelope made notes for the following weeks work.
3. 12/10/17 Penelope and Simone meet at a local cafe	<ul style="list-style-type: none"> • Content was reviewed and a discussion of what was to be done before next week was held. • A discussion of ideas for newsletters and downloads was also had.
4. 18/10/17 Penelope and Simone meet at a local cafe	<ul style="list-style-type: none"> • Not a lot of work had been done this week by Penelope as she had been busy with University. • A further discussion of work to be done for the newsletter was had.
5. 25/10/17 Penelope and Simone meet at a local cafe	<ul style="list-style-type: none"> • A review of the work completed so far was done. • The meeting ended with Penelope feeling bad for not completing all the tasks that were meant to be completed in the timeframe therefore she offered to finish the work set out in the agreement without payment.

3.2.4 Use Case Comparison

The participants in Case Study A were paired solely because the young adult had the skills required to solve the small business's problems regarding marketing and technology. This relationship was successful for several reasons including the personality and values match, regular meetings, follow up contact, accountability from both the young adult and small business's perspective and the work completed was of use to the small business.

Comparatively, the participants in Case Study B were paired because the young adult was passionate about the industry that the small business operated in. This relationship ended up posing a risk to the small business. While regular meetings were held, there was less contact between the pair after the meeting and therefore the young adult was less accountable. This led to work being left incomplete and disappointment felt on both sides of the relationship. The personality and values of both participants was aligned, but this was not enough to address the

purpose of the relationship being unmet – to address a small business problem. The young adult needed assistance in solving the problem and therefore the consideration of mentorship for young adults should be an area of further exploration in building the business model.

The participants from Case Study A continued working together for months after the end of the research trial. The small business valued the input and work done by the young adult so agreed to continue the arrangement by offering work of approximately 4–6 hours per week at the living wage. This is a testimony to the success of the match and the value that these opportunities could bring to young adults and small businesses.

Overall, the case studies highlight an absolute need for continuous communication between the young adult and small business owner. In addition, the findings recognise the need for structure around the partnership in the form of a written agreement before the partnership begins.

Furthermore, the findings support the literature from *Chapter 1 Introduction 1.1.5 The Connection* outlining the work done in Otorohanga in supporting work experience opportunities and partnering with local businesses. Ultimately, it highlights the critical success factor of young adults being capable of solving small business problems without assistance from the small businesses themselves. The following section highlights this analysis in the form of critical success factors for the service.

[3.2.5 Analysis of Use Cases / Success Criteria and Risks](#)

Observation of the service prototype uncovered the most significant critical success factors for the service. These critical success factors can then be used to assist in the development of the business model for the service.

- **Clearly defined role, scope of work, availability and length of engagement** – the young adult and small business owner must clearly define their roles in the relationship, the scope of work to be completed in the engagement period and availability. This will avoid the young adult feeling like they do not know where they add value or not completing work, and offer the small business security in terms of accountability and offers flexibility in terms of extending or shortening the engagement period to maximise returns.

- **Progress measurement and communication** – the need for a feedback tool to track and measure progress and communicate, especially about issues that may arise or to voice concerns was also highlighted by both young adults and small businesses through the positive response towards organised regular meetings, follow up communications and clarity of communication between young adults and small businesses.
- **Qualifications and aptitude** – the young adult must be qualified in the area that the small business needs assistance in and have the relevant background knowledge, experience and skills to aid in solving the small business problem.
- **Return on investment** – the small business owner must see a return on their investment in the young adult which can be noted through the visibility of work completed and turning the exchange or pay into revenue. This is also true for young adults who need to see value created or received to feel they are positively contributing.
- **Personality match, work purpose and culture** – both the young adult and small business owner must fit in terms of personality, including culture and values, as well as having a sound understanding of each other's goals and objectives.

3.2.6 Service Findings in relation to Service Assumptions

The two main service assumptions have been assessed and analysed in relation to the key findings from the service prototype/trial.

Young adults are capable of solving small business problems.

This assumption was tested by pairing two young adults with two small businesses. One young adult was passionate about the work that the small business conducted, while the other young adult had the expertise to aid in increasing the small business' capabilities. Most interestingly, the young adult that was passionate about the small business and its work needed coaching throughout the four-week service prototype trial period, whereas the young adult with knowledge of the problem area for small business needed little to no guidance. A key implication for the proposed service is that the young adult must have the requisite educational background to be a suitable and successful match for the small business, or alternatively the

proposed service must offer mentorship to young adults wanting to learn the skills required to enter their desired career path.

Small businesses are open to young adults being involved in their business.

This assumption was tested by observing the relationship between small businesses and young adults during the service prototype trial period. Both small businesses were open to young adults being involved in their business, evidenced firstly by their eagerness to participate and secondly by their open and frequent communication and willingness to work together. If the proposed service were to commercialise, a more formal agreement between the small business and young adult would be necessary so as to protect both parties, ensure a fair and successful outcome, and keep both accountable.

It can be implied from the validation of assumptions that a service connecting both young adults and small businesses is a valid and effective means of enabling both young adults and small businesses to gain work experience and fill gaps in capability. In addition, the service should be delivered not only with a technological component but also a personal element where both young adults and small businesses can connect, contact and chat with each other and the service provider should any issues arise. The findings from this phase confirm that not only are small businesses open to young adults being involved in their business by solving problems but young adults are capable of solving common small business problems and adding value to the day to day running of a small business.

3.3 Phase Three Business Case Development

All five trial participants (two young adults and three small business owners) attended a focus group for one hour on October 27, 2017. The focus group was run in a workshop style with participants given post-it notes and pens to write down their thoughts and feelings about specific topics. The topics discussed included objectives for participating in the trial, expectations for and outcomes of the trial, what went well and what didn't go well or what could be improved. The post-its were collected on a sheet of paper and discussed at the end between

the participants. *Table 3.16 Case A Focus Group* and *Table 3.17 Case B Focus Group* highlight the key thoughts and feelings of the young adults and thoughts and feelings of the small business owners for each case study to examine the correlation between the two.

3.3.1 Findings from Case A in Focus Group

Table 3.16 Case A Focus Group

DISCUSSION AREA	THOUGHTS AND FEELINGS OF YOUNG ADULT	THOUGHTS AND FEELINGS OF SMALL BUSINESS OWNER
Objectives	Gain practical experience and put the skills they had learnt into a real-life context.	The business felt they needed to become more organised and systematic by creating a marketing strategy and acting on it.
Expectations and Outcomes	The expectations were that they would be given a task or multiple tasks to complete, they would form a relationship with the business and that it would hopefully lead to ongoing work. The outcome ended up being a lot more self-led which they believed was great for professional growth and they felt it met expectations in terms of having an ongoing relationship with the business and an opportunity to continue to work with them.	Expected the young adult to understand the marketing side of things (skills the business does not have) and how to get the business in a position of implementation. Expectations were met, the match had ideas, organisational skills and an understanding of how the marketing world works.
What went well	Felt like they made a positive contribution to the business and they were excited about the initiatives and growth. They felt that communication with the business was easy and the meetings were informal so it made the process easier. They felt meeting weekly helped with their time management of university commitments. The business location was central and easy to get to. The business owners were friendly, had a down to earth nature and made the participant feel at ease.	The young adult had a sound understanding of the business and their purpose. Weekly meetings were very organised and follow ups were great. Ideas came thick and fast and the young adult was full of skill and ingenuity. The young adult followed through and was very easy to communicate with.
What did not go well/ Areas for improvement	Identified a need for more focus to meetings, having an agenda would be helpful.	Length of time, no chance to make any real change or results so basically working with ideas and nothing

DISCUSSION AREA	THOUGHTS AND FEELINGS OF YOUNG ADULT	THOUGHTS AND FEELINGS OF SMALL BUSINESS OWNER
		implemented. Risk of being matched with the right person or the person could have a lack of integrity. To mitigate the risks there could be a written contract.
Other Feedback (Pricing of the service paid by both young adult and small business)	Around \$5-10/week if on a subscription basis or a pay for what you use pricing model.	\$15/week, but only for the weeks you use.

3.3.2 Findings from Case B in Focus Group

Table 3.17 Case B Focus Group

DISCUSSION AREA	THOUGHTS AND FEELINGS OF YOUNG ADULT	THOUGHTS AND FEELINGS OF SMALL BUSINESS OWNER
Objectives	Put the skills they had learnt into a real-life context and networking opportunities.	Happy to give people a go, regardless of age.
Expectations and Outcomes	The expectation was to be paired with a small business that had a problem relevant to their degree, their expectations changed when they were invited to participate based on their passion for the industry that the small business operated in so they expected to get involved in the business community more. The outcome was a developed professional relationship with the business owner and learning about the business. They felt the experience may be useful one day.	Expected to have access to a young adult to do key administrative and low end tasks that the business owner was too busy to do. The student ended up not being 100% aligned to the business owner's needs but still able to do key tasks with instructions.
What went well	The meetings were productive and efficient. The business owner used the content that the participant created. Felt that learning what the client wanted and being able to adapt on a weekly basis went well. Good communication. Sharing tools such as software to get the work done.	Matched with a sharp, intelligent person. Communication was open and the young adult was willing to listen and take advice and feedback. Cost was great, living wage.
What didn't go	Did not feel like they had the	Not being matched with the right skills

DISCUSSION AREA	THOUGHTS AND FEELINGS OF YOUNG ADULT	THOUGHTS AND FEELINGS OF SMALL BUSINESS OWNER
well/ Areas for improvement	experience or qualification for the role. There were weeks where no work was done. Uncertain of the outcome for the business owner. Did not feel that they could add more value than what the business was already capable of.	and spending time teaching the young adult how to do the tasks. Need to turn money into sales. To improve this there could be a written agreement, better matching of skills to reduce the hand-holding and clarity around availability due to university and exams.
Other Feedback (Pricing of the service paid by both young adult and small business)	Around \$5-10/week if on a subscription model or monthly with the option to only pay for months you use.	\$10/week or \$30/month.

3.3.3 Focus Group Analysis / Customer Journey Canvas

A customer journey canvas allows for the visualisation and targeted approach to focus on areas that need attention from a customer's perspective. *Figure 3.18 Young Adult Customer Journey Canvas* and *Figure 3.19 Small Business Customer Journey Canvas* illustrate the expectations, experiences and satisfaction/dissatisfaction young adults and small businesses had at each stage of the customer journey while interacting with the service prototype. These canvases are based on information found in *Table 3.16 Case A Focus Group* and *Table 3.17 Case B Focus Group*. These maps can then be used to support the development of the business case by addressing any additional critical success factors.

Figure 3.18 Young Adult Customer Journey Canvas (Stickdorn & Schneider, 2010)

The Customer Journey Canvas

Small Business E Pilot

Researcher
Service Provider

Design Team

Concept and design: Marc Stickdorn & Jakob Schneider — inspired by the Business Model Canvas — www.thisisservice.designthinking.com
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Figure 3.19 Small Business Customer Journey Canvas (Stickdorn & Schneider, 2010)

Because the service prototype was a pilot study, both customer journey canvases are not an accurate depiction of the service operating commercially. This distinction emphasises the clear need for the development of a technological component to be a key component of the service for further validation. Due to the scope of the research and timeframe, the technological component was not developed, however this highlights the clear need for its exploration.

3.3.4 Business Case Findings in relation to Business Case Development Assumptions

Due to the exploratory nature of the research and the uncertainty of whether the markets for, and the connection service itself, would be feasible, a set of assumptions around the business case was not made at the beginning of the research project as it would have been premature given the number of assumptions and unknowns at Phases One and Two of the research project. Thus, the underlying assumption at this phase was that the market and service were feasible for a business case to be developed. Instead, this phase focused on answering the research questions developed in *Chapter 2 Methodology*, designed to aid in building a business case for potential commercialisation.

What is the most suitable business model?

From the evidenced feasibility of both the market and service concept in Phases One and Two, in addition to the findings of the focus group, the business model can be assumed to take its form as a Lean platform. In *Chapter 1 Introduction 1.4 Innovative Service Industry*, Srniceks' (2017) critique classified the use of the lean platform as an unsustainable business model going into the future, but due to the transient nature of the problem space and environmental factors influencing it, the lean platform appears to be the most suitable in providing a solution for the problems faced by both young adults and small businesses. The most popular revenue generating concept was that of a subscription based, freemium marketplace business model, likened to a 'Tinder for jobs' by focus group participants, an exploration into this model is detailed in *Chapter 5 Business Case (Recommendations)*.

What are the critical success factors for, and risks of, the connection service?

Critical success factors and risks for the proposed service can be found in *3.2.5 Analysis of Use Cases/Success Criteria and Risks*.

Who is instrumental to the connection service's success?

The people and partners that are instrumental to the connection services' success are discussed in *Chapter 5 Business Case (Recommendations)*.

How much will it cost to develop and manufacture the connection service?

Aspects regarding the cost and development of manufacturing the proposed service are highlighted in *Chapter 5 Business Case (Recommendations)*.

How much are customers willing to pay for the connection service?

Discussion within the focus group suggested \$10–\$20 a month for the proposed service as a reasonable price.

3.4 Summary

This chapter presented the results of the data collection and interpreted what it meant for the project. For each research phase, it described the findings in relation to the key assumptions including the degree to which they were confirmed or otherwise, along with how unexpected opportunities and challenges were addressed. It also explained the results of further data collection and analysis, that is, the results for the next phase of research.

Chapter 4 Discussion

This chapter discusses the major findings and what they mean for the project. Each phase of research includes an evidence-based reflection on the feasibility of the project, opportunities and barriers present and how these were addressed, a reflection on how the initial assumptions about the project developed throughout the research and what remains unknown and why. It also links in discussion relating to literature from *Chapter 1 Introduction* and makes comparisons to similar platform services in the industry. A set of implications that the research may have for practice beyond the scope of the project and industry being explored has also been identified.

4.1 Key Findings

All three phases of the research provided evidence to support the feasibility of a commercially viable service concept and assess its commercial potential. A summary of how each phase of research informed the next phase is illustrated in *Figure 4.0 Summary of How Research Informs Next Phase*.

Figure 4.0 Summary of How Research Informs Next Phase

4.1.1 Phase One Market Development and Validation

Market Feasibility

Interviews with young adults revealed three distinctive segments within the market. These market segments were formed according to the consistent themes that emerged for each segment and visualised as personas. For the most feasible market segment, Persona C, the key characteristics included confidence in their own ability, having prior work experience in a variety of areas not necessarily related to their future career path and/or some experience in a related area, as well as the motivation and drive to apply themselves. The persona for the early adopter market segment within the young adult market (Persona C) can be found in *Chapter 3 Findings and Analysis 3.1.2 Young Adult User Personas*.

Comparatively, interviews with small business owners revealed two clear segments within the wider market. These two market segments were formed according to their distinctive characteristics. For the most feasible market segment, Persona E, the key characteristics included a high level of importance on business growth, zero employees and openness towards young adults being involved in their business. The persona for the early adopter market segment within the small business market (Persona E) can be found in *Chapter 3 Findings and Analysis 3.1.4 Small Business User Personas*.

The key findings from Phase One of the research indicate the feasibility of the proposed connection service concept as the findings support the literature discussed in *Chapter 1 Introduction 1.1.3 Young Adults* and *1.1.4 Small Businesses*. In particular, evidence suggested that the trends identified (refer to *Figure 1.0 Young Adult Challenges* and *Figure 1.1 Small Business Challenges*) did in fact affect young adults and small businesses. The feasibility of both markets meant that the project could continue to Phase Two, to test the concept of connecting both markets.

Market Opportunities and Barriers

Several opportunities and barriers presented themselves, as a result of the feasibility of both

market segments,

The first opportunity was the ability to quickly test concepts and prototypes with the market. Following the lean methodology, after identifying the optimal market for the concept, prototypes and tests were able to be conducted to gain valuable feedback from potential customers as is evident in Phase Two. The barrier for this then was that the development and testing of any concepts was limited due to the time restriction for this Masters of one year,. To address this barrier, careful planning with Accenture and execution of a service prototype was conducted for Phase Two to support the service development and validation.

Fortunately, access to the young adult and small business owner markets became easier, due to network effects and referrals. The opportunity here lay in the ability to gain fast, reliable and easy access to others within the same market segments with the sheer size of the markets or in other words, those facing the difficulties knew others within the market segment that had the same difficulty. This is particularly key because if the service were to commercialise, network effects and referrals are a critical success factor in building a database of users for a platform, as discussed in *Chapter 1 Introduction 1.4 Innovative Service Industry*.

Finally, the last opportunity identified was the ability to develop the MVS based on interview findings to test with participants. A barrier for this was the lack of technical skill to create software for user testing. Instead, a manual conduction of how the service could operate was trialled with the market segments in Phase Two. This process helped to mitigate this barrier, but still enabled valuable information to be gained for the development of the service.

Reflection on Market Assumptions

The assumptions made about the market developed throughout the research in two main ways. Firstly, the assumption that capable young adults struggle to find work experience to secure employment related to their careers was confirmed through a thorough environmental analysis of the situation young adults face and interviews with young adults. Secondly, the assumption that small businesses lack the resources to initialise and sustain growth was confirmed through an in depth literature review of the small business environment and interviews with small

business owners. These assumptions, once confirmed, formed the foundation for testing the assumptions made about the service in Phase Two.

[4.1.2 Phase Two Service Development and Validation](#)

Service Feasibility

Testing the service prototype with users from the market segments revealed clear criteria for the commercial solution. The key findings from the service prototype have been divided into four sections below in connection with the service journey including preliminary (what must happen before the match is made), set up (what must happen upon initial consultation between the users), during (what must happen during the period of engagement) and post (what must happen after the engagement is over).

Preliminary

- **Qualifications** – the young adult must have in-depth knowledge in the area that the small business needs assistance in.
- **Aptitude** – the young adult must have the relevant background knowledge, experience and skills to help solve the small business problem.
- **Personality match** – both the young adult and small business owner must align in terms of culture and values.

Set Up

- **Clearly defined role** – the young adult and small business owner must clearly define their roles in the relationship and ensure feedback loops are built in
- **Clearly defined scope** – the young adult and small business owner must identify the scope of work to be undertaken for the engagement period
- **Availability** – the young adult must communicate their availability and have the ability to manage time honestly
- **Length of engagement** – the young adult and small business owner must agree to a set

engagement period with the option to extend or shorten upon negotiation

- **SMART KPI's** – a set of agreed key performance indicators for both the young adult and small business to measure and track progress and performance as well as return on investment
- **Communication** – agreed method and frequency of communication between young adults and small businesses i.e. email, Facebook Messenger, Skype/Facetime, phone call, text message etc.

During

- **Progress measurement and communication** – there must be a way to track and measure progress as well as voice any issues between the parties that may arise.

Post

- **Return on investment** – the small business owner must see a return on their investment of the young adult and equally the young adult must feel valued by the small business owner.

The key findings from Phase Two of the research indicate the feasibility of the proposed connection service concept as the findings highlight the success of the matches, based on a set of criteria from observation. In particular, this evidence suggested that young adults can in fact make an impact on small businesses, even over a short period of time. Similar to the Otorohanga precedent discussed in *Chapter 1 Introduction 1.1.5 The Connection*, the service prototype had a positive impact on both young adults and small businesses. The feasibility of the service meant that the project could continue to Phase Three, to delve deeper into the thought process of the participants who fit into the optimal market segments and trialled the service via the focus group.

Service Opportunities and Barriers

As a result of the feasibility of the service concept, an opportunity to move forward with the technical development of the potential solution in the form of a technological platform or

“application” arose. In conjunction with constant customer feedback, this could have accelerated the proposed solution’s commercialisation in addition to success in the market. The barrier for this was the funding required to hire a software developer or engineer to develop the technology. Instead, other alternate means of development were assessed including partnering with final year engineering students to work on the prototype of the technical solution. With Accenture’s support, this could have proved to be the most cost-effective way of developing the service for commercialisation. The barrier here was the additional commitment from Accenture and their ability to invest additional time in the project beyond the scope of this Master’s project. In mitigation, other developmental pathways were highlighted by Accenture, as discussed in *Chapter 5 Business Case (Recommendations)*.

Reflection on Service Assumptions

The assumptions made about the service developed throughout the research in two main ways. Firstly, the assumption that small businesses are open to young adults being involved in their business was confirmed through the willingness of small business owners to participate and trial the proposed concept. Secondly, the assumption that young adults are capable of solving small business problems was confirmed through the service prototype trial, where I paired young adults with small business owners. This evidenced that young adults could successfully address and solve the problems faced by small business owners. These assumptions, once confirmed, formed the foundation for developing the business model and case in Phase Three.

4.1.3 Phase Three Business Case Development

Business Model Feasibility

The final area that research was conducted in to support the development of the business case involved the participants from Phase One and Two, to follow up their participation in the trial. Evidence suggests the participants from the optimal market segments supported the implementation of the service. This being said, there were a number of conditions that needed to be met in order to best meet the stakeholder’s needs. Therefore the purpose of the focus group, was to use these conditions in a way that informed the development of the business

model. These conditions directly influenced the information illustrated on *Figure 4.1 Business Model Canvas*. The Business Model Canvas (BMC) was developed and made popular by the book *Business Model Generation* by Osterwalder and Pigneur (2010). It is a useful tool in describing, analysing and designing business models. In consultation with Accenture and mentors, the BMC presents a visual manifesto of a proposed business model informed by the most recent and significant findings from the customer segments. This canvas provides a starting point for a business case to be built.

Figure 4.1 Business Model Canvas (Osterwalder & Pigneur, 2010)

While a BMC provides a starting point for a business case to be designed, it does not aid in clarifying exactly how the business operates from a customer's point of view. During the development of the BMC, it became apparent that the canvas did not sufficiently aid in understanding the timeframe of the service, the specific customer touchpoints, and evidence as a result as well as customer-facing and backend actions of the business. Again, service design thinking bridges this gap in understanding. Service design provides many tools in clarifying each of these processes, as exhibited throughout the research process. Most importantly for designers, all of the processes involved can be illustrated on a single page in the form of a service blueprint. Service blueprints specify and detail each individual aspect of a service (Stickdorn & Schneider, 2010). It is an "operational tool that describes the nature and characteristics of the service interactions in enough detail to verify, implement and maintain it". The concept is based on a "graphical technique that displays the process functions above and below the line of visibility to a customer". Significantly, all the touchpoints and back-stage processes are "documented and aligned to the user experience," which provides a holistic view of the business (Tassi, 2009).

The document can be thought of as an amalgamation between *Figure 4.1 Business Model Canvas*, and the earlier, also visual *Figures 3.18 Young Adult Customer Journey Canvas* and *3.19 Small Business Customer Journey Canvases* found in *Chapter 3 Findings and Analysis 3.3.3 Focus Group Analysis / Customer Journey Canvas*. The service blueprint for the proposed service is visualised in *Figure 4.2 Service Blueprint*.

Figure 4.2 Service Blueprint (Stickdorn & Schneider, 2010)

Interestingly, while the BMC provides an actionable plan for most businesses, services are different in that they are largely intangible. Therefore, more thought needs to be placed on each action the business makes and how these actions affect potential customers. Given the interlinking development strategies of lean start-up methodology and service design thinking for this project, it would be a mistake to ignore the impact each business action and decision has on the customer. The overall purpose for both the BMC and service blueprints is to visually communicate components of the business. However, the BMC focuses on the business as a whole, while service blueprints aim to display more specific actions of the business. This slight, but crucial distinction makes all the difference when clarifying how a business should operate.

The BMC and service blueprints are unique, but have one underlying similarity. They are both periodically revised documents. This is hugely important because of the fast paced and ever changing world that businesses operate in. For services in particular, it is imperative to consistently be in touch with both the environment that the service operates in and the preferences of the users it caters for. This reinforces the need for services to remain agile enough to respond in evolving environments.

Reflection on Business Case Assumptions

The assumption made about the business case, primarily that the market and service are feasible for a business case to be created, developed throughout the three phased research process as data was collected, analysed and interpreted through qualitative methods. In this way, each stage in each phase of the research supported the development of the business case and enabled an evidence based case to be put forward to Accenture and potential investors.

4.2 Industry Comparisons

Due to the exploratory nature of the project, the literature reviewed in *Chapter 1 Introduction* was primarily concerned with the external environmental factors affecting both young adults and small businesses. This is because of the practical and applied nature of this thesis, compared to the academic focus of traditional theses. In addition, technologies that address similar problems

were reviewed as well as the acknowledgement of development strategies for this project.

Finally, the platform business model was reviewed. This discussion focuses on the relevance of this literature to the proposed service.

Within the industry, there has been development of similar services to the proposed connection service in New Zealand including Filtr, Sexy Summer Jobs, Summer of Tech and Summer of Biz. While these services are all examples of strong competitors, as evidenced in *Chapter 5 Business Case (Recommendations)*, the proposed solution focuses on the customers at the heart of the design. With the application of service design thinking principles, the proposed service is specifically tailored to the needs of both young adults and small businesses. Because competitors target young adults broadly, they generally overlook the underlying problems and challenges faced by them including high competition for jobs and lack of relevant work experience. Similarly, the needs of small businesses are highly unique compared to larger organisations therefore careful consideration must be taken when designing for this target market segment, particularly those looking to grow. These underserved markets are prime in today's economic climate, and present an opportunity to leverage the capabilities and situations of both to meet individual goals.

Beyond the industry, the development of disruptive technologies, in particular platform businesses, have altered the way people ultimately live their lives, including Airbnb, Uber and Tinder. The proposed service could potentially change the way that young adults view and experience recruitment and the way that small businesses solve short term problems. Much like Srnicek's (2017) evaluation of Uber and Airbnb, the proposed solution revolves around a minimal asset ownership business model, leveraging technology to facilitate exchange between two customers. While Srnicek was critical of the longevity of these types of business models, the lean platform appears to be the smartest and most obvious solution for the proposed service. For this type of platform to be successful however, the business model must remain adaptable and be able to respond to changes in a way that it is possible to reinvent the business model, if necessary while simultaneously retaining the core business purpose.

4.2 Implications

Three significant implications that the research findings could potentially have for practice beyond the project and its industry have been identified.

The first involves its relevance and timing in relation to the Government's 'Fees Free Tertiary Education and Training'. The Government has already indicated its investment into young adults and the quality of their futures by this policy so the research findings may be of interest to them in wanting to further support young adults during and after tertiary education (Ministry of Education, 2017). Besides being politically motivated, the Government may be economically motivated to lessen the cost on society if more young adults are securing employment, faster. In the past, the Government has supported young adults transitioning from secondary to tertiary education. The research findings and proposed solution would allow the Government to assist young adults beyond tertiary education, through to employment.

Secondly, research findings may be of interest to organisations that have a direct impact and influence on small businesses, such as Xero and Business Mentors NZ who work with small businesses every day. The research findings can aid these larger businesses in understanding the environment that small businesses operate in better and the common areas in which small businesses can look to connect with young adults to solve their problems. In addition, the research findings can be used as a tool to entice larger organisations in sponsoring or funding the project from a corporate citizenship or even public relations point of view by giving back to the local community; that is, supporting the growth of young adults' careers and small businesses.

Lastly, Universities and Polytechnic institutions that work closely with young adults may find the research findings interesting, particularly in building programmes to support young adults during their time in tertiary education and once they graduate. The research findings would enable Universities and Polytechnics to have a better understanding of young adults including their thoughts and feelings. They could also further build on the research findings, given their access to vast networks of young adults. Thus, further research in terms of quantifying the

findings through surveys and questionnaires could be completed by tertiary institutions to help in developing solutions. In addition, the association of the platform with tertiary education providers could help young adults by triggering them to gain experience early. It is also worth mentioning here that while the sample size of young adults interviewed were from Universities, the proposed service could also equally apply to “trade” careers or those young adults that have completed training and are looking for experience.

4.3 Summary

This chapter discussed the major findings and what they meant for the project. It included an evidenced-based reflection on the feasibility of the project including opportunities and barriers present at each phase of research and how these were addressed. Additionally, it included a reflection on how the assumptions of the project developed throughout the research and an examination of what remained unknown and why. Finally, it reviewed the literature in relation to the proposed service and implications of the research findings beyond the scope of the project.

Chapter 5 Business Case (Recommendations)

The purpose of this chapter is to consolidate the findings and recommendations of the research into a concise report designed for Accenture and potential investor audiences. The chapter presents first an executive summary, establishing the key findings and recommendations of the report and details the business model design, market validation and development, service validation and development and resource requirements and returns. The material in this chapter has been visualised and abridged to encourage the readership to read the document entirely, and not simply the executive summary. This is purely because of the nature of the audience for this document, a busy high level executive. Should the reader want more detail, references will be made to the relevant chapters and subsections of this thesis. This internal referencing is intentional as the Business Case will be received by Accenture with the rest of the thesis.

HIRINGLAB.io

5.1 Executive Summary

The proposed solution, HIRINGLAB.io aims to connect young adults and small businesses to promote personal and business growth. It provides a pathway to transition young adults from study to a work environment and also seeks to provide opportunities within New Zealand for young adults to gain relevant work experience and retain educated people in New Zealand thereby enabling the ongoing growth of New Zealand businesses and the New Zealand economy.

The indicative business case proposes an information technology (IT) solution to match young adults with relevant skills and experience to small businesses that have gaps in their capability. The development of HIRINGLAB.io is the outcome of an extensive literature review and a joint research project between VUW and Accenture. While the research itself trialled a successful manual solution, one of the key recommendations was the need to provide an easily accessible digital platform to connect the key customers in order to scale the business in future.

The indicative business case includes recommendations on the business model design, market, service and resource requirements and potential returns. The key recommendations are as follows;

- The business should adopt a freemium marketplace model, where users obtain basic features for free and pay \$4.95 per week for premium features;
- The markets that should be targeted first are young adults nearing the end of tertiary education and small businesses with zero employees;
- HIRINGLAB.io should have features that encourage the use of the service over any other method and be more convenient for users to go through to retain usership;
- Funding opportunities should be evaluated by first approaching Callaghan Innovation and the Wellington Regional Economic Development Agency (WREDA); and
- Design, marketing, software development,, customer service, sales and accounting skills should be engaged for the commercialisation of HIRINGLAB.io.

The indicative business case provides a starting point to enable potential investor audiences to initially review the research and proposed solution. A more detailed business case analysing the costs, risks and benefits of the preferred option will be required to enable an informed decision on investment and implementation.

5.2 Business Model Design

The business model design has been developed as a result of this research project, a literature and industry review of young adults and small businesses, ongoing consultation with Accenture and exploration into the development and commercialisation opportunities presented by this research project with mentors. This section introduces the project's goals and vision then discusses possible commercialisation options and the business model recommendations for the proposed commercialisation pathway.

5.2.1 Problem Statement

Young adults, especially those leaving tertiary study are facing increasing challenges in entering the workforce, conversely small businesses in New Zealand are facing increasing challenges in maintaining profitability or growth. In many cases this is due to gaps in capability. Research suggests that these trends are on the rise, especially with the increased number of young adults undertaking tertiary study and an aging population staying in the workforce.

A detailed discussion of the problem is outlined in *Chapter 1 Introduction 1.1.3 Young Adults* and *1.1.4 Small Businesses*.

5.2.2 Purpose (Vision and Goals)

The purpose of this project is to help connect young adults who are entering the workforce to acquire relevant and meaningful work experience and small businesses who have gaps in their capability improve their operations and drive growth.

The overall aim of this research was to explore the commercial potential of a solution to connect young adults with small businesses, based on an experience I had during University (see

5.2.3 Commercialisation Options

Assumptions

Project assumptions relevant for each commercialisation option were well tested through three key phases of research: Phase One Market Development and Validation, Phase Two Service Development and Validation and Phase Three Business Case Development. *Table 5.0 Research Assumptions Summary* highlights the key assumptions of the research and methods used to test them.

Table 5.0 Research Assumptions Summary

PHASE OF RESEARCH	KEY ASSUMPTIONS	METHOD TO TEST
Phase One Market Development and Validation	<ul style="list-style-type: none">• Young adults find it difficult to obtain relevant work experience related to their study to secure employment.• Small businesses lack the resources to initialise, modernise or sustain growth.	<ul style="list-style-type: none">• Semi structured interviews with young adults and small business owners.• Responses analysed and key themes identified.• Using the themes, user personas developed (market segments).
Phase Two Service Development and Validation	<ul style="list-style-type: none">• Young adults are capable of solving small business problems.• Small businesses are open to young adults being involved in their business.	<ul style="list-style-type: none">• Service prototype set up.• Observations undertaken.• Notes taken from the trial.• Responses analysed and themes identified.• Use cases developed from the themes.
Phase Three Business Case Development	<ul style="list-style-type: none">• Both the market and service are feasible for a business case to be developed.	<ul style="list-style-type: none">• Focus groups conducted with participants from Phase Two.• Discussions undertaken and analysed.• Themes identified and interpreted using customer journey canvases.

Table 5.1 Commercialisation Options, Opportunities and Constraints outlines the key opportunities and constraints of each commercialisation option, based on the feasibility of both the market and proposed service.

Table 5.1 Commercialisation Options, Opportunities and Constraints

OPTION	OPPORTUNITIES	CONSTRAINTS
1. Independently develop and sell or license the technology to a larger organisation	<ul style="list-style-type: none"> • Retain control of initial design and development of technology • Obtain funding from government based organisations for start up e.g. accelerator/incubator programmes run through Callaghan Innovation as purpose aligns with government goals • Government, Callaghan Innovation or company that buys the technology could also fund the development 	<ul style="list-style-type: none"> • Responsible for full start-up costs of if unable to secure funding • Funder may place restrictions on design/development • No control over how the technology is used or further developed once sold • IP ownership difficult to manage for technology solutions as heavily reliant on NDAS for trade secrets such as computer algorithms • Risk falls on self • If funding or support received, there may be some reporting requirements to funder
2. Partner with a company that has the resources to commercialise	<ul style="list-style-type: none"> • No significant start-up business costs or ongoing costs re outsourcing hosting of solution • Risk is managed and owned by partner company • Ongoing ability to influence decisions made about design, development and use of technology • Partner up with agencies such as Ministry of Social Development, Work and Income for subscription costs of young adults on a benefit 	<ul style="list-style-type: none"> • IP owned by partner company – no control over future expansion or direction of the service • Decisions jointly made between partner and self • Maybe some reporting requirements to partner agency • Company may place restrictions on design/development
3. Start a business (HIRINGLAB.IO)	<ul style="list-style-type: none"> • Full control over design and development of technology and how the service is used • IP owned by self (subject to negotiation with Accenture) • Provides future opportunities for growth or expansion • Enables other business decisions such as partnerships or selling technology once developed • Option to outsource hosting of solution if no technical skills within company • Obtain funding from government based organisations for start up e.g. accelerator/incubator 	<ul style="list-style-type: none"> • Responsible for full start-up costs if unable to secure funding • Responsible for managing the business as well as staff • If funding or support received there may be some reporting requirements to funder or partner agency • Ongoing need to engage with designer/developer to manage and maintain and develop where hosting outsourced • Risk falls on self

OPTION	OPPORTUNITIES	CONSTRAINTS
	<p>programmes run through Callaghan Innovation as purpose aligns with government goals</p> <ul style="list-style-type: none"> • Partner up with agencies such as Ministry of Social Development, Work and Income for subscription costs of young adults on a benefit 	

5.2.4 Proposed Commercialisation Pathway

Based on *Table 5.1 Commercialisation Options, Opportunities and Constraints* the most viable commercialisation pathway is Option 3 to start a business (HIRINGLAB.io). Option 3 provides the most autonomy and control of the design, and development of the technology and following this, the delivery of the service. However, it also carries the greatest risk if the project fails and requires funding either through self-funding, Callaghan Innovation, or other organisation. Risk mitigation strategies for ensuring the project succeeds and is able to secure funding are outlined below.

To ensure the project succeeds, the constraints of owning a business must be managed. One way this could be addressed is by having good business mentors and advisors. This would allow any foreseeable challenges to be properly advised on. In addition, it is important to have a backup plan should the project not follow the direction intended such as being open to partnering with another person or as in Option 2, a company with resources.

To secure funding, it is important that the business purpose be aligned with the goals and vision of those that provide funding. The goals and vision align well with the Government's vision for young adults, such as the 'Ready for Work' policy, three years free tertiary education and training, and reducing the youth unemployment rate (Little, 2016). Similarly Callaghan Innovation's main purpose is to "accelerate the commercialisation of innovation by New Zealand businesses" (Callaghan Innovation, 2018). They seek to do this by delivering innovation services to businesses and building New Zealand's innovation capability. Another agency that can provide assistance is WREDA, a council controlled agency that seeks to help promote and support business services.

Given the purpose of this project is to explore the commercial potential of a solution to connect young adults with small businesses, provide relevant experience for young adults and build capability in small businesses, these are strongly aligned to the Government's wider goal to lower the youth unemployment rate as well as support young entrepreneurs.

While obtaining funding is challenging, there are a range of options available to help minimise personal costs, detailed in *5.5.1 Resources Required*.

Business Model Recommendations

Business model recommendations have been derived from *Figure 4.1 Business Model Canvas* and *Figure 4.2 Service Blueprint* in *Chapter 4 Discussion 4.5.6 Business Case Feasibility*.

- **Key partners** should be approached to aid in specific areas of the business including government (central and local) for funding, HR managers for the development of the technology and firms with small business databases i.e. Business Mentors NZ, Xero, Trademe as well as universities and polytechnics as marketing channel partners.
- **Key activities** in the development and commercialisation of HIRINGLAB.io should include developing a business plan, securing funding, setting up the business, developing the technology, designing and developing the platform and reviewing the progress of each of these activities regularly.
- **Key resources** should include people with design, marketing, software development, accounting, legal, sales and customer service skills as well as funding from appropriate sources.
- **Customer segments** that should be targeted first are young adults nearing the end of their studies and small businesses with zero employees.
- **Customer relationships** that should be managed include online (website, social media) and while using the service, an interactive assistant that can support users.
- **Value proposition** of HIRINGLAB.io for young adults is gaining real life work experience so they can stand out in competitive job markets and for small businesses is finding the right person to fill a gap in their capability.

- **Cost structure** for the service should take into account all of the required activities necessary for setting up a business as well as the cost of designing and developing the service as a technological platform.
- **Revenue streams** for the service should include any funding acquired as well as user subscription charges of \$4.95 per week (premium).

5.3 Market Development and Validation

The market was developed and validated as a result of interviews with young adults and small businesses (as evidenced in *Chapter 3 Findings and Analysis 3.1 Phase One Market Validation and Development*), a thorough literature review including examination of potential competitors; and consultation with Accenture. This section identifies a marketing strategy, highlights the two target market segments, analyses competitors, details market positioning based on competitors and the target market response, and identifies barriers to changing target market behaviours.

5.3.1 Marketing Strategy

An outline of a marketing strategy based on the proposed business model recommendations for the service is detailed in *Table 5.2 Marketing Strategy*.

Table 5.2 Marketing Strategy

AREA OF MARKETING MIX	STRATEGY
Product	<ul style="list-style-type: none"> • Referrals (word of mouth) • Clear information around the service's purpose • Features – refer to <i>5.4.2 Service Design and Features</i> • Channel partners – universities, polytechnics, Business Mentors NZ
Price	<ul style="list-style-type: none"> • Penetration pricing strategy (low price, high quality service) to initially build up a database with prices increasing over time
Place	<ul style="list-style-type: none"> • Online channels – website, social media i.e. Facebook, Instagram • Logistics – refer to <i>Chapter 4 Discussion Figure 4.2 Service Blueprint</i>
Promotion	<ul style="list-style-type: none"> • Advertising – through channel partners • Public relations – possible media coverage

5.3.2 Target Markets

Two key target markets were identified as feasible from the research, young adults and small businesses. Within these target markets, several segments revealed likely early adopters for the proposed service.

Young Adults

Figure 5.3 Young Adult Market Segment illustrates the key findings of the early adopter market segment for young adults within the larger target market of young adults aged 18–24. The persona below illustrates clearly how and where the proposed service could add value.

Independent small business owner

Hi! I'm an independent small business owner. I manage the ins and outs of my business and I don't have any employees.

Business growth is of significant importance to me, but currently, I am ignoring the weaknesses in my capabilities. I don't see the gaps as critical to the running of my business but it would be nice to see them filled.

In an ideal world, if I could afford to hire someone to help out, I would but because I am under-resourced I find it difficult to see this as feasible.

I am open to young adults aiding in the development of my business, especially if they are interested in what I am offering but would need to see a real return on investment for me to consider this as a serious option.

Stage of business

Start Growth Established
-up

Areas of importance

- + Marketing, especially digital and social media
- + Driving customer loyalty and retention
- + Business growth and/or maintenance

Figure 5.3 Young Adult Market Segment

Market Potential

There are approximately 355,830 (people aged 20–24) out of a total 385,000 young adults (people aged 18–24) in New Zealand (Statistics NZ, 2017). While the specified definition of young adult for this project was 18–24, those aged 20–24 are likely to fit into the early adopter market

segment identified. This is simply because of the age and stage of their lives, confidence and relative work experience in addition to being able to make a meaningful impact on small businesses. Therefore, it can be estimated that approximately 92% of the total market could be potential customers. *Figure 5.4 Young Adult Market Potential* visualises the proportion of early adopter young adults as part of the total young adult population.

PROPORTION OF EARLY ADOPTER YOUNG ADULTS AS PART OF THE TOTAL YOUNG ADULT POPULATION

Figure 5.4 Young Adult Market Potential

Small Businesses

Figure 5.5 Small Business Segment illustrates the key findings of the early adopter market segment for small businesses within the larger target market of small businesses (less than 20 employees). The persona below illustrates clearly how and where the proposed service could add value.

Third year(+) University student

Hi! I'm a third year (or above) University student (or recent graduate).

I have some work experience related to my potential future career, but I have mostly worked in jobs where the skills I want to be using haven't been utilised so I am finding it hard to compete in such a competitive job market.

I'm learning new skills and knowledge everyday at University but haven't had a chance to apply these in a real world context as much as I need.

I'm pretty confident in my abilities, I know I could help someone that had a problem in the area of my expertise but I just haven't had the opportunity.

I know the general direction of where I want my future career path to take me but couldn't identify a specific role, more relevant experience would help me make this big decision.

Overall work experience
70%

Relevant work experience
40%

University completion
70%

Confidence 70%

Knowledge and skills 80%

Confidence in knowledge
and skills 60%

Figure 5.5 Small Business Market Segment

Market Potential

Approximately 97% of all businesses (528,170) are considered to be small, with less than 20 employees: 499,944 (Statistics NZ, 2017). Of this, 71% (354,960) had no paid employees and 27% (144,984) had 1-19 employees. Approximately 354,960 out of 499,944 (total number of small businesses in New Zealand) businesses fit into the early adopter market segment identified, not taking into account their stage of business. Therefore, it can be estimated that approximately 71% of the total market could be potential customers. *Figure 5.6 Small Business Market Potential* depicts the number of early adopter small businesses within the larger small business market.

PROPORTION OF EARLY ADOPTER SMALL BUSINESSES AS PART OF THE TOTAL SMALL BUSINESS POPULATION

Figure 5.6 Small Business Market Potential

5.3.3 Competitors

This section highlights key competitors in the employment marketplace industry as identified by for young adult and small business market segments interviewed.

To understand how young adults and small businesses currently respond to the challenges they face, it is important to evaluate the existing options available to them that they use. Note there are other options and these are identified in the positioning map in *5.3.4 Unique Value Proposition*. The term competitors is not narrowly limited to services in the industry but rather ways in which the target market solves the problem they face.

Table 5.7 Competitor Analysis outlines a competitor analysis for ways that young adults may look for and gain work experience and small businesses may fill gaps in capability. Competitors have been drawn from interviews with young adults, with the question “where do you go to look for work experience?” resulting in the following top of mind competitors; SEEK, Trademe Jobs, Indeed, Careerhub and Student Job Search. Interestingly, they are all online methods stressing the importance of an online solution. They also highlighted word of mouth as a primary method of seeking work and work experience further emphasising the power of networking and network effects. Similarly, when asked “how are you filling gaps in your capability now?” small businesses

mentioned using their own channels and those with employees engaged existing staff who have the skillset and capabilities but not necessarily within the scope of their role.

Table 5.7 Competitor Analysis

COMPETITORS	Online-based?	Cost / Accessibility	Features / Strategies	Target Market / Communication Channels
SEEK	✓	<ul style="list-style-type: none"> • Free to use • Anyone can access – sign up 	<ul style="list-style-type: none"> • All types of jobs from medium skill level to high skill level • Ability to filter jobs • Users post through website 	<ul style="list-style-type: none"> • Targeted to all companies big and small and those seeking employment • Email, social media and advertising
Trademe Jobs	✓	<ul style="list-style-type: none"> • Free to use • Anyone can access – sign up 	<ul style="list-style-type: none"> • All types of jobs from low skill level to medium skill level • Ability to filter jobs • Users post through website 	<ul style="list-style-type: none"> • Targeted to small to medium sized businesses and those seeking employment • Email and social media
Indeed	✓	<ul style="list-style-type: none"> • Free to use • Anyone can access – sign up 	<ul style="list-style-type: none"> • All types of jobs from medium skill level to high skill level • Ability to filter jobs • Pulls in job opportunities from all online locations 	<ul style="list-style-type: none"> • Targeted to largely big companies and those seeking employment • Email and social media
Careerhub	✓	<ul style="list-style-type: none"> • Only students at uni can access but access is free 	<ul style="list-style-type: none"> • Ability to filter jobs • Job opportunities relevant to career pathways but limited number 	<ul style="list-style-type: none"> • Targeted to tertiary students • Email, universities
Student Job Search	✓	<ul style="list-style-type: none"> • Free to use • Accessible by students 	<ul style="list-style-type: none"> • Lots of job opportunities but usually not relevant to career pathways 	<ul style="list-style-type: none"> • Targeted to small to medium sized businesses and students • Email, social media
Word of mouth		<ul style="list-style-type: none"> • Free 	<ul style="list-style-type: none"> • Trustworthy and reliable references 	<ul style="list-style-type: none"> • People they know/networks
Own channels i.e. Facebook groups, social media and website	✓	<ul style="list-style-type: none"> • Free 	<ul style="list-style-type: none"> • Takes time but guarantees that the people that see it are already interested in brand/company 	<ul style="list-style-type: none"> • Social media, website, email

5.3.4 Unique Value Proposition

Because HIRINGLAB.io has two very unique target markets, the value proposition for each of them is also different. For young adults, the value lies in gaining real life work experience in a job so they can “stand out in competitive job markets”. Conversely, the value for small businesses is found in finding the right person to fill or address a gap in their capability so they can “have time to focus on the things they’re best at.” The overall value for both market segments is the promise that they will be matched with someone that needs them through an accessible and easy to use customised concierge service.

The market’s reaction to the proposed service was positive, indicated by the number of interview participants willing to participate in the service prototype trial (Phase Two Service Development and Validation), 12/20 young adults and 5/10 small businesses were interested in participating, highlighting the current and relevant pain points that both target markets are feeling.

Positioning

HIRINGLAB.io’s marketplace position is visualised on a positioning map, relevant to its closest identified competitors including those mentioned in *Chapter 1 Introduction 1.3 Related Technologies*. *Figure 5.8 Positioning Map* illustrates where HIRINGLAB.io fits in to the competitive landscape, according to the size of the businesses targeted and how far the reach extends, that is by region, big cities or a combination of both.

EMPLOYMENT MARKETPLACE INDUSTRY

Figure 5.8 Positioning Map

HIRINGLAB.io fits into a clear gap in the competitive landscape, targeting small businesses specifically and reaching both regions and cities. Student Job Search, a close competitor targets small businesses but does not offer many relevant work experience opportunities, and when these opportunities occur are largely based in big cities. Sexy Summer Jobs on the other hand, is based in Dunedin, and provides a service partnering local businesses with young adults, similar to human resource companies. However this model is not scalable because of the time and cost of setting up and implementing across New Zealand.

5.3.5 Risks and Issues

The willingness of research participants to participate in the service prototype suggested that the problems they are facing are great enough to overcome the barriers to trialling. *Table 5.9 Market Risks and Issues* identifies key barriers to changing the markets' existing behaviours. These barriers have been inferred from the pairing of young adults and small businesses in the

service prototype (Phase Two Service Development and Validation) and discussion with mentors. Barriers have been identified below to highlight key areas that may limit subscription numbers and alter perception of the service's value.

Table 5.9 Market Risks and Issues

RISKS AND ISSUES	MITIGATION STRATEGIES
Awareness – If market segments are unaware they have a problem	<ul style="list-style-type: none"> • Raise awareness through social media and key partners (Universities and Business Mentors) • Promotional stands at Universities and Polytechnics • Create a pamphlet for distribution at careers events and expos
Good job opportunities/talent available – If good job opportunities or talent is not available on the marketplace	<ul style="list-style-type: none"> • Work with key partners to target the key market segments • Connect with organisations such as LinkedIn • Use “success stories” as advertising material on website, promotional material and social media
Alignment of values and personality fit – If users are incorrectly matched	<ul style="list-style-type: none"> • Work with HR Managers to identify personality types/profiles for each target market and the best matches • Work with the target market segments to identify key values of each • Ask participants key questions about their personality and values to enable a positive match
Cost and perception of value – If the cost of the service is too high	<ul style="list-style-type: none"> • Assess cost with comparable services • Survey participants/users and adjust as necessary • Consider a staged approach to fees, with initial service being free and subsequent matches being charged • Consider a range of fee structures, with a successful match being a criteria to charging fee
Return on investment – If young adults are not getting the work experience expected or small businesses are not seeing results, they will not use the service again	<ul style="list-style-type: none"> • Verify knowledge and skills of young adults • Make sure clear expectations of work are set by small businesses require

5.4 Service Development and Validation

The service was developed and validated as a result of running a service prototype (as evidenced in *Chapter 3 Findings and Analysis 3.2 Phase Two Service Validation and Development*), examining industry standard technologies and consultation with Accenture. This section describes the service design and development strategy including all activities and estimated costs associated with the design, development and regulatory processes required for commercialisation.

[5.4.1 Service Design and Development Strategy](#)

The service design and development strategy involves two paradigms that were central to the research, lean start-up methodology and service design thinking. The benefit of these paradigms is that they are not only suitable for conducting research into business development but also in applying their principles to business strategy. More information about the application of these unique strategies can be found in *Chapter 2 Methodology 2.1 Proposed Development Strategy*.

[5.4.2 Service Design and Features](#)

The successful running of the service prototype, is strong evidence that the service functions as intended. The matching of two pairs of young adults and small businesses is testament to the potential of the service, given the small sample size. In addition, an exploration into designing the service was conducted as part of *Chapter 4 Discussion in 4.1.3 Phase Three Business Case Development*, *Figure 4.2 Service Blueprint* highlights the key actions and processes that should occur if the service is commercialised.

Table 5.10 Design Features identifies the technological features recommended for HIRINGLAB.io based on the critical success factors identified as a result of the service prototype. These features should be delivered in an agile framework to allow for a workable solution to be delivered and ongoing development and modifications to be made. This process of delivery will ensure a faster path to market. Several iterations beginning with a minimum viable solution should be developed before additional investment is made into developing technological features.

Table 5.10 Design Features

FEATURES	DETAILS
Static pages	<ul style="list-style-type: none"> • Transparent business information allowing users to learn about the HIRINGLAB.io company, the story, structure, process, sign up, privacy protection, key partners, log in and/or contact.
Users and accounts and user generated content	<ul style="list-style-type: none"> • Ability to use email and password to sign up and create profile, answer a series of simple questions to enable personality and values match, filter to narrow down options, receive automatic emails when a match is made. • Convenient administration for young adults: upload/edit CV, input relevant skills and experience by exploring a 'skills and experience library', display availability. • Convenient administration for small businesses: upload business information, templates for role description and scope of work, input expectations, template for agreement between users, ability to update status of opportunities available. • Once signed up/logged in, the platform should display a list of suitable matches for the user (job opportunities or talent) and easy method to connect as well as the ability to search and edit privacy settings to protect access to information. • A feedback tool allowing the ability to leave a review or rating at the end of an engagement leveraging the reputation economy and holding people accountable.
Billing and eCommerce	<ul style="list-style-type: none"> • A range of secure payment options for subscribers including range of subscription plans.
Social and engagement	<ul style="list-style-type: none"> • When users are matched, the ability to message between them enabling communication of issues that may arise or voice concerns and quickly and conveniently write up 'minutes' for meetings between users • Interactive chat tool to assist users in real time.
Admin, feedback and analytics	<ul style="list-style-type: none"> • Behavioural and data analytics tool to track, display and measure the length and progress of an engagement with the option to shorten or extend easily.
Integrated matching technology/software	<ul style="list-style-type: none"> • System that leverages artificial intelligence and data science to match users based on the information provided including personality, work purpose, culture, skills, experience, gaps in capabilities, goals and objectives.

5.4.3 Service Development

Generally the development cost of a technological solution depends on the scope of the features, as this will determine the amount of time required to develop (Oozou, 2015). *Figure 5.11 Estimated Development Time and Cost MVS Backend and Figure 5.12 Estimated Time and Cost MVS App* illustrates the estimated time for development of the MVS for HIRINGLAB.io web app/back-end to a mobile app and mobile app with minimal features.

Figure 5.11 Estimated Development Time and Cost MVS

Figure 5.12 Estimated Development Time and Cost MVS App

Figure 5.13 Estimated Development Time and Cost MVS – All Features and Figure 5.14 Estimated Development Time and Cost MVS App – All Features show the estimated development time for the MVS including all features for a web app/back-end to a mobile app and mobile app.

Figure 5.13 Estimated Development Time and Cost MVS – All Features

Figure 5.14 Estimated Development Time and Cost MVS App – All Features

Figure 5.15 Estimated Development Time and Cost Total and 5.16 Estimated Development Time and Cost App Total/illustrate the time to develop a polished web app/back-end to a mobile app and app for HIRINGLAB.io.

Figure 5.15 Estimated Development Time and Cost Total

Figure 5.16 Estimated Development Time and Cost App Total

On average developers In New Zealand charge between \$35 and \$48 per hour and designers charge between \$26 and \$48 per hour (Careers NZ, 2018). The costs in the figures above are based on the median averages per hour for developers and designers. A full breakdown of costs for the service is located in 5.4.4 Costs.

Following consultation with Accenture, it is recommended that the development of HIRINGLAB.io be outsourced offshore and built on top of existing marketplace software (hosted using cloud computing). This means that an external organisation should be engaged to develop the

platform in a country other than where the service is originally developed.

There are two main reasons for this development pathway, the first is the lower cost associated with offshore outsourcing compared to engaging a developer onshore to code from scratch, or to build on top of existing marketplace software (self-hosted), or to build using a hosted software solution (SaaS).

Secondly, coding from scratch would require a significant amount of time as well as a high level of technical skill. There are a number of benefits associated with offshore outsourcing including:

- **Low infrastructure investments** regarding technology reducing the need for workstations and other facilities needed for technology operations;
- **Access to industry leading technology** and capabilities improving internal operations and workflow processes; and
- **Faster migration to new technology** leading to increased productivity and quality outputs.

Other considerations when choosing to outsource offshore should include choosing the right offshore partner and creating a strong security/privacy policy to ensure the partner maintains IP and is aware of how to manage sensitive information in New Zealand. These considerations are key if the platform is developed offshore because the offshore partner may not necessarily be aware of the privacy laws in New Zealand.

[5.4.4 Costs](#)

A breakdown of all costs involved in the start-up, design and development of the HIRINGLAB.io service are outlined in *Table 5.17 Service Costs Year 1*, *Table 5.18 Service Costs Year 2* and *Table 5.19 Service Costs Year 3*. Costs have been estimated following initial research and consultation with Accenture.

Table 5.17 Service Costs Year 1

YEAR 1	LOW	HIGH
START UP COSTS		
Register company name with Companies Register (MBIE, 2018)	\$310	\$310
Domain name (1 year) and email address (Squarespace, 2018)	\$28	\$28
Cost of Staff (i.e. salaries) (Careers NZ, 2018)	\$80,000	\$120,000
Marketing (Figmints, 2018)	\$6,000	\$12,000
Web hosting service (includes hosting, maintenance, software, support, running software on servers and security) (Mango Matter Media, 2018)	\$70	\$77
Business protection insurance (Trusted Choice, 2018)	\$1,000	\$3,000
SSL Certificate (2 years) – flat rate (eCorner, 2018)	\$185	\$185
Payment gateway or provider (e.g Paypal, Payment Express, Securepay, Worldpay) (eCorner, 2018)	\$0	\$500
Accounting and legal fees – flat rate (Patriot Software, 2018)	\$250	\$250
Rent and utilities (incl 3 month bond) (Bizdojo, 2018)	\$1,197	\$1,197
Stage 1 Design and development (based on MVS features)	\$40,600	\$55,680
LOW: Developer \$40,600 (\$35 per 1160hours) Designer \$1,248 (\$26 x 48hours)	\$1,248	\$2,304
HIGH: Developer \$55,680 (\$48 per 1160hours) Designer \$2,304 (\$48 x 48hours)		
ANNUAL COSTS		
SSL Certificate – flat rate	\$185	\$185
Domain name – flat rate	\$28	\$28
Marketing	\$12,000	\$24,000
Payment gateway or provider – annual fee	\$200	\$500
Rent and utilities (including electricity and internet) – flat rate	\$4,788	\$4,788
Accounting – flat rate (Xero, 2018)	\$660	\$660
Specialist help as required i.e. human resources, legal	\$1,000	\$3,000
Estimated payment costs based on projected revenue in Year 1 and estimated number of users and cost @ \$4.95	\$4,258	\$66,189
Estimated taxes based on projected revenue and projected users in Year 1 (1 week and 4 weeks)	\$58,060	\$232,241
SUB TOTAL	\$212,067	\$527,122
Contingency (20 - 30%)	\$4,241	\$15,814
GRAND TOTAL YEAR 1	\$216,308	\$542,935

Table 5.18 Service Costs Year 2

YEAR 2	LOW	HIGH
FURTHER DEVELOPMENT AND ANNUAL COSTS		
Stage 2 Design and development (based on additional features)	\$79,520	\$109,056
LOW: Developer \$79,520 (\$35 per 2272hours) Designer \$6,240 (\$26 x 240hours)	\$6,240	\$11,520
HIGH: Developer \$109,056 (\$48 per 2272hours) Designer \$11,520 (\$48 x 240hours)		
Cost of Staff (i.e. salaries)	\$120,000	\$160,000
SSL Certificate – flat rate	\$185	\$185
Domain name – flat rate	\$28	\$28
Business protection insurance	\$1,000	\$3,000
Web hosting service (includes hosting, maintenance, software, support, running software on servers and security)	\$70	\$77
Marketing	\$12,000	\$24,000
Payment gateway or provider – annual fee	\$200	\$500
Rent and utilities (including electricity and internet) – flat rate	\$4,788	\$4,788
Accounting – flat rate	\$660	\$660
Specialist help as required i.e. human resources, legal	\$1,200	\$3,500
Estimated payment costs based on projected revenue in Year 2 and estimated number of users and cost @ \$4.95	\$7,451	\$69,672
Estimated taxes based on projected revenue and projected users in Year 2 (1 week and 4 weeks)	\$101,605	\$232,241
SUB TOTAL	\$334,947	\$619,227
Contingency (20 - 30%)	\$10,048	\$18,577
GRAND TOTAL YEAR 2	\$344,996	\$637,804

Table 5.19 Service Costs Year 3

YEAR 3	LOW	HIGH
ANNUAL COSTS		
SSL Certificate – flat rate	\$185	\$185
Domain name – flat rate	\$28	\$28
Cost of Staff (i.e. salaries etc)	\$200,000	\$300,000
Marketing	\$20,000	\$40,000
Payment gateway or provider - annual fee	\$200	\$500
Business protection insurance	\$1,000	\$3,000
Web hosting service (includes hosting, maintenance, software, support, running software on servers and security)	\$70	\$77
Rent and utilities (including electricity and internet) – flat rate	\$4,788	\$4,788
Accounting – flat rate	\$660	\$660
Specialist help as required i.e. human resources, legal	\$1,500	\$4,000
Estimated payment costs based on projected revenue in Year 3 and estimated number of users and cost @ \$4.95	\$11,709	\$191,599
Estimated taxes based on projected revenue and projected users in Year 3 (1 week and 4 weeks)	\$159,666	\$638,663
SUB TOTAL	\$399,806	\$1,183,499
Contingency (20 - 30%)	\$79,961	\$355,050
GRAND TOTAL YEAR 3	\$479,767	\$1,538,549

5.4.5 Legal and Compliance

As part of setting up and managing HIRINGLAB.io, there are a number of legal and compliance processes that will need to be considered and met as recommended in *Table 5.20 Legal and Compliance Factors*.

Table 5.20 Legal and Compliance Factors

LEGAL AND COMPLIANCE	DETAILS
Tax	<ul style="list-style-type: none">Engage an accountant to ensure tax obligations are understood and met i.e. employing staff and ensuring tax is paid.Obtain a GST number with IRD and open a separate bank account for business income/expenses.Keep a ledger for all transactions and commence filing regular tax returns.
Domain Name	<ul style="list-style-type: none">Secure domain name (the domain name has already been secured as www.hiringlabio.com).
Insurance	<ul style="list-style-type: none">Consider business protection insurance, especially if leasing offices or purchasing office equipment.
Intellectual Property	<ul style="list-style-type: none">Review and register any Intellectual Property (IP) of the service that can be protected with this method through IPONZ.Protect other IP that cannot be registered including computer algorithms and processes (trade secrets) that would give the business an advantage over competitors through detailed, carefully written and monitored non-disclosure agreements (NDAs) as protection of trade secrets relies on the disclosure and use of the information.
Legal	<ul style="list-style-type: none">Ensure all contracts, NDA's, employment agreements, licenses, leases, and technology transfer agreements entered into are legally reviewed.Enforce strict restrictions on access to confidential information, post-employment restrictive covenants and other security practices to maintain trade secrets.
SSL Certificate	<ul style="list-style-type: none">An appropriate SSL Certificate is recommended which enables secure connections from a web server to a browser to ensure an efficient and safe service is developed. This is an essential prerequisite when designing and developing systems that involve the transfer of sensitive information including credit card transactions, data transfer and logins.
Company Name	<ul style="list-style-type: none">Reserve or register HIRINGLAB.io under the Companies Act 1993 (often required as a precursor to funding), this also minimises personal liability.The first step is to obtain a RealMe login and then consider reserving a name or registering the company online through the Companies Register website.

LEGAL AND COMPLIANCE	DETAILS
Health and Safety	<ul style="list-style-type: none"> • If employing staff, there are a range of obligations under the Health and Safety at Work Act 2015 that need to be met. • As a first step, review the obligations on the WorkSafe website.
Privacy	<ul style="list-style-type: none"> • Ensure compliance with the collection, storage and use of personal information. • As a first step review the requirements on the Office of the Privacy Commissioner's website.
Complaints Management	<ul style="list-style-type: none"> • Because the service is customer centric, it's important to have a clear process for managing complaints. • As a first step recommend developing a clear step by step process for managing complaints, with some frequently asked questions (FAQ's).

5.5 Resource Requirements and Returns

Resource requirements and returns are detailed as a result of consultation with Accenture. This section emphasises the skills required in a team to develop the proposed solution for commercialisation as well as opportunities for funding, projected estimates for return on investment and broad estimates regarding the commercialisation timeline.

5.5.1 Resources Required

Skills

Table 5.21 Skills Required outlines the certain skills recommended in the team that develops and subsequently commercialises HIRINGLAB.io.

Table 5.21 Skills Required

SKILLS	WHEN	WHAT FOR
Design	First in the design of HIRINGLAB.io and secondly to aid in the visual elements of marketing campaigns.	To work closely with the design agency/software developers and marketer.
Software Development	First in the development of HIRINGLAB.io and then on an ongoing basis as updates occur.	To understand the technology and processes behind HIRINGLAB.io, even if the development of the platform is outsourced.
Marketing	Required in the lead up to the launch of HIRINGLAB.io and regularly from then.	To maintain HIRINGLAB.io's presence, engage with customers and grow the customer base.

SKILLS	WHEN	WHAT FOR
Customer Engagement	Required once HIRINGLAB.io has launched.	With a growing customer base it is crucial to manage and deliver excellent customer service.
Sales	Needed on a regular basis once HIRINGLAB.io has launched.	To assist in the management and delivery of the service.
Accounting/Legal	Required in the business set up and on an ongoing basis following the launch of HIRINGLAB.io.	Set up and management of finances/compliance associated with HIRINGLAB.io.

Partners

Key partners recommended to assist and support the development and commercialisation of HIRINGLAB.io are detailed in *Table 5.22 Partners*.

Table 5.22 Partners

PARTNERS	DETAILS
Funding – Government (central and local)	Financial support for commercialisation of the service.
Development – HR Managers	Assist in the design of the information that will aid with profiling and matching personality, values, skills and experience, and therefore as a precursor to developing the technology or software that will match young adults and small businesses.
Marketing – Firms with small business databases (Business Mentors NZ, Xero, Trademe)	Help provide mentoring as part of starting a new business and commercialising an idea and help to identify databases of the small business target market segment.
Marketing – Universities and polytechnics	Help provide access to the young adult target market segment, and assist with promoting a trial and ongoing use.

Funding

According to Callaghan Innovation's Statement of Intent (2015–2019), one of their core purposes is to "accelerate the commercialisation of innovation by New Zealand businesses" (Callaghan Innovation, 2018). The first step towards accessing funding is to register with the local office of the regional business partner network, WREDA. WREDA can give information and tools to help build skills and knowledge, provide contacts and links to business networks, help connect with other professionals and advisors for help in different business areas and advise on other kinds of government assistance that HIRINGLAB.io may be eligible for. WREDA may be able to connect this start-up to an incubator, getting started or accelerator, which are funded by Callaghan

Innovation. An accelerator would be most appropriate for HIRINGLAB.io as a technology start-up, it would catalyse the readiness of the business for investment.

Two accelerator programmes that HIRINGLAB.io may be appropriate to apply for are Lightning Lab Digital and Lightning Lab XX. Lightning Lab is a national accelerator programme run by Creative HQ for three months to assist New Zealand companies in competing on the world stage. Lightning Lab Digital is designed for start-ups with ideas based around applications and technology, including web/enterprise 2.0, business intelligence/data/analytics, software as a service and mobile. On the other hand, Lightning Lab XX encourages diversity by supporting women founders. Both programmes sound promising to apply for in regards to HIRINGLAB.io. Based on current information, applications to both programmes are closed and detail on when applications will open is unknown (Lightning Lab, 2018).

The government has also introduced a Young Entrepreneurs policy allowing any New Zealander aged 18 to 23 opportunity to apply for \$20,000 to start a business based on an innovative idea. There are some conditions to this such as having been through the accelerator business training programme, paid for under the policy, have a business mentor and a business plan accepted by an independent panel of experts (Little, 2016).

Another funding partner that could be considered is the Ministry of Social Development (MSD), in particular their Work and Income division. As opposed to assistance with start-up costs, they could be approached as part of covering the subscription fees for the service alongside their work experience programme. The first step towards seeking engagement is to identify the appropriate point of contact at MSD to have an initial discussion about the idea. Alternatively this option could also be discussed with Callaghan Innovation, who could identify key points of contact .

[5.5.2 Projected Returns on Investment](#)

Figure 5.23 Projected Users and Revenue illustrates the estimated projected users and revenue based on the following assumptions:

- For the young adult market segment:
 - There are 385,000 young adults in NZ;
 - 355,830 (92%) of young adults in NZ fit into the early adopter market segment;
 - Based on the participants interviewed (20), 12 young adults were interested in participating in the service prototype (60%); and
 - On this basis at a maximum level over a five year period we can estimate that 213,498 (60% of 355,830) could be potential users.
- For the small business market segment:
 - There are 528,170 small businesses in NZ;
 - 354,960 (67%) of small businesses in NZ fit into the early adopter market segment;
 - Based on the participants interviewed (10), 5 small businesses were interested in participating in the service prototype (50%); and
 - On this basis at a maximum level over a five year period we can estimate that 177,480 (50% of 354,960) could be potential users.
- Cost has been set at \$4.95 per week, based on findings from the focus group.
- Estimated revenue where user subscribes for 1 week, and estimated revenue where user subscribes for 4 weeks.
- Estimated that HIRINGLAB.io could increase to getting 70% of the early adopter segment of the target markets.

Data showing the percent and number of users in each early adopter segment of the target market (young adults and small businesses in NZ) is located in *Appendix 5 Projected Users and Revenue over 5 Years*. It is estimated that the growth in the number of users will be gradual over 5 years, from 1% to 70% of the target market segments, and revenue has been estimated based on users subscribing to 1 week (low) or 4 weeks (high). These are conservative estimates and it is expected that the actual subscription based on the research would be higher per user. Further

work will need to be undertaken to validate this as part of a detailed business case and financial feasibility study.

Figure 5.21 Projected Users and Revenue

Based on estimated costs (low and high) and estimated revenue (low and high) identified in *Appendix 5 Projected Users and Revenue over 5 Years*, the projected return on Investment over 3 years is outlined in *Table 5.24 Projected Return on Investment*. The table compares the projected estimate of costs compared to the projected revenue. This clearly shows that even where the costs and revenue are low there is still a substantial return on investment which gradually grows over 3 years. This is even more so where the potential user subscription is high.

Table 5.24 Projected Return on Investment

PERIOD	ESTIMATED REVENUE IF SUBSCRIBED FOR 1 WEEK (LOW)	ESTIMATED REVENUE IF SUBSCRIBED FOR 4 WEEKS (HIGH)	ESTIMATED COSTS (LOW)	ESTIMATED COSTS (HIGH)	ROI (LOW)	ROI (HIGH)
Year 1	\$387,068	\$1,548,273	\$216,308	\$542,935	1.79	2.85
Year 2	\$677,369	\$2,709,478	\$344,996	\$637,804	1.96	4.25
Year 3	\$1,064,438	\$4,257,750	\$479,767	\$1,538,549	2.22	2.77

5.5.3 Implementation Plan

The timeline in *Table 5.25 Timeline* outlines the key activities required to successfully commercially launch the proposed service. These timeframes are initial estimates over a 12 month period and may change following finalisation of the detailed business case and discussions with mentors/funders.

The key phases are:

1. Complete a detailed business plan
2. Secure funding
3. Set up a business, including legal, financial and compliance
4. Detail the specifications
5. Develop the technology (in conjunction with a developer)
6. Undertake a BETA launch (private) to test the platform
7. User test the software and fix any issues
8. Develop marketing material
9. Undertake a BETA launch (public) to test the platform at a wider level
10. Market the platform
11. Monitor and evaluate the use

Table 5.25 Timeline

PROJECT STAGE	2018								2019				
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
PHASE ONE													
Complete detailed discussions on personality profiles/values and appropriate matches with business mentors and HR managers													
Finalise detailed business case detailing projected costs and forecasted revenue, and data matching specifications, negotiate IP transfer with Accenture													
Contact Callaghan Innovation (WREDA) and MSD and evaluate opportunities for funding/ongoing support													
Apply for funding e.g. accelerator programmes													
PHASE TWO													
Set up business (financial, legal,, location, resources and equipment)													
Review options for design and development and engage start-up team (e.g. agency designers, developers, and marketer)													
In consult with agency, design and develop MVS (and additional features based on funding) platform including identifying process or algorithm for matching													
Design marketing material and commence initial marketing activities													
Beta launch (private)													
Test with first customers													
Recruit customer service and sales experts													
Establish infrastructure for sales, customers, marketing, technology and design within start-up													
Beta launch (public)													
Evaluate solution and consider future growth													

5.6 Summary

This chapter presented the key findings and recommendations of the research project of this thesis as a single report. It contained an executive summary that established the key findings and recommendations and then went into detail about the decisions surrounding the business model, market development and validation, service development and validation, and resource requirements and returns.

Chapter 6 Conclusion

The purpose of this chapter is to provide a summary of key outtakes from the research and its most important implications. In this chapter, the future of the project will also be discussed indicating areas that further research could be conducted to progress it further. Additionally, the wider implications and value of the proposed service, if commercialised, will also be explained. Finally, the main learning from the research project will be highlighted.

6.1 Key Outtakes and Implications

The research project resulted in three outputs. The first, was the identification of two feasible market segments for the proposed marketplace. The second, a list of critical success factors for the proposed service. And finally, key insights including a proposed business model/case and the importance of a value-based match for success based on the literature and research evidence. These outputs form the foundation for assessing the commercial potential of this research project and identifying where further research can be conducted.

Phase One Market Development and Validation

Phase One Market Development and Validation involved collecting and thematically analysing qualitative data by interviewing 20 young adults and 10 small businesses through a series of semi-structured interviews which led to the formation of three user personas for young adults and two for small business owners. These personas represented segments of the market, with one persona from each market labelled as the potential early adopter. The sample size provided rich data that illustrated the thoughts and feelings of both young adults and small businesses. While the personas validated the market feasibility, further research could be done to quantify the data collected through surveys with the two market segments. A larger sample size of 200 young adults and 100 small business owners could be recruited by approaching universities, polytechnics and organisations that work with small businesses such as Business Mentors New Zealand to share the survey. On the other hand, following the lean start-up methodology, as this research has done, the focus could be shifted to, iterating on the solution based on customer

feedback. By creating a technical prototype and 'launching' the proposed service commercially, the number of people signing up in a specific amount of time could be another way to measure market potential.

Phase Two Service Development and Validation

Phase Two Service Development and Validation involved collecting and analysing qualitative data by observing and facilitating a service prototype with two young adults that were matched with two small businesses to simultaneously solve a small business problem and gain meaningful work experience. The analysis of this data formed two use cases and resulted in the identification of a number of critical success factors for the proposed service. Again, while the sample size was limited by the number of participants interviewed, the overall outcome of the trial was successful and it provided a number of valuable insights. The service potential is evidenced by key findings of one young adult and small business continuing to work together for four months following the end of research and the same small business referring the service experienced to another small business, indicating the commercial potential for the proposed service.

Phase Three Business Case Development

Finally, Phase Three Business Case Development reviewed the literature analysed in *Chapter 1 Introduction* and the research conducted for this project to produce key recommendations for a proposed business model. The unique value based on market potential and competitors was analysed, potential costs, funding and revenue were scoped, and the resources and skills, tasks and activities required to commercialise the solution were identified. It also involved conducting a retrospective focus group with the trial participants from Phase Two Service Development and Validation to better understand the thoughts and feelings of the market segments for the service to truly be customer-centric. This method proved to be valuable in gaining insights from participants about the service prototype which helped to develop the business case. A key recommendation was for the service to be delivered as a platform, adhering to the characteristics of a platform as described by Srnicek, in *Chapter 1 Introduction 1.4 Innovative*

Service Industry. Platforms are one way for the service to be recognised quickly, and remain competitive as well as adaptable, should external environmental forces impact the service or its processes. Another recommendation was for the service to utilise a marketplace business model, with both a freemium and premium option for users. A freemium site would be similar to competitors, but users would pay for features and customisation of the data, delivered through developing technologies such as artificial intelligence. These technologies should be protected by trade secrets and tight non-disclosure agreements to protect any intellectual property. Further research would however need to be conducted into developing the matching technology, platform feasibility and financial feasibility of the service. Ultimately, the project's future will be determined by access to funding for these areas, as detailed in *Chapter 5 Business Case (Recommendations)*.

[6.2 Areas for Further Research](#)

Research findings provided valuable insight into the feasibility of the proposed service. This being said, there are key areas that should be investigated further to strengthen the case put forward to potential investors. The findings from Phase One Market Development and Validation could be quantified to assist in assessing market potential. An MVS of the platform could be developed to assess technical feasibility. And user testing could be conducted with potential customers to test financial feasibility. The findings and feasibility of both the market and service provide strong evidence for further exploring the commercialisation of the idea and proposed service.

[6.3 Wider Implications and Value](#)

Young adults today face challenges seeking meaningful employment because of a number of trends influenced by the external environment including the changing expectations of employers, the effect of technology on entry level jobs, the rise of the gig economy and short term contract based work and the difficulty of gaining work experience without experience. The commercialisation of the proposed service could help to address the difficulties faced by young adults by providing an online space to connect with small businesses. Small businesses, on the

other hand face their own challenges, including keep at pace with changing technology and ensuring they continue to have the capability required to grow. They are however disadvantaged in that they do not have access to the same level of resources that larger businesses do. These resources include the time to invest in an area of their business, the money to afford a professional or the necessary skills to fill a gap themselves. By allowing small businesses and young adults the opportunity to not only connect with, but be matched with those that need experience, the challenges faced by each could be eased. The value of commercialising the proposed service could be far reaching, beyond affecting the individual lives of those that engage with the service. If successful, the proposed service could ultimately change the way that both young adults seek employment and small businesses address gaps. While this solution was limited to young adults it could also equally apply to very experienced individuals wanting to share their knowledge and experience or to a wider market such as trade.

[6.4 The Amalgamation of Business Innovation and Service Design Thinking](#)

The impact of technology is not only felt by young adults and small businesses but also academic disciplines within Universities aiming to keep up with changing environmental forces (Sharma, 2013). At the heart of this research project, tools and concepts from both the business and design disciplines have informed its development. Contemporary ideas of business innovation and service design thinking have been applied together to conduct research. These ideas are particularly relevant for modern businesses competing in a rapidly changing environment. The most significant discovery throughout this process was not in fact the direct output of the research, but rather the idea that business concepts are strengthened by and can work together with service design thinking principles to produce better outcomes.

1 Young Adult Interview Guide

I.Education

- What University did/do you attend?
- What year are you? (If still at university) or When did you graduate?
- What are your major/s and/or minor/s?
- Thinking about the future, how do you feel about career prospects in your chosen education field?

II.Knowledge and Skills

- Thinking about your specific knowledge and skills, what do you consider to be your strengths?
- How confident are you in being able to apply your skills in a job?
- In what areas would you consider upskilling?

III.Work Experience Thinking about your CV..., Tell me about the last time...

- When looking for a job, how important is it for you to apply your skills?
- Would you take a job that didn't leverage your skills?
- How important is it for you to apply the knowledge and skills you have to your next job?
- In the past, have you had any work experience? Tell me a little about your work experience/s, things to prompt: how you obtained it, how long for, what you got out of it if anything, what impact you think you made etc
- Thinking about your future career path, how relevant do you consider your work experience/s to be?
- What is your current work situation? Prompts: Full time/part time, in a field related to your future career/not in a field related to your future career
- Where do you go to look for work experience? Prompts: Online/offline
- How easy/hard was that experience?
- In a job, which of these is more important to you: work experience or pay rate? Why?

IV.Aspirations

- What do you do in your free time/how do you spend your free time?
- What are your plans for after study? If you have finished studying, what are you doing?
- Where do you see your future career path taking you?
- What is your dream job? Do you have a plan to get there? If so, describe the plan.

Describe the research project and service prototype and then ask if they would be interested in participating in the trial

Screening

- What is the name of your business?
- How many employees does your business have?
- How would you classify your business?
- Is your business revenue above or below \$850,000?
- If above – According to MBIE, your business earns above the approximate average annual revenue for a small business, can you tell me why you think your business should be classified as a small business?

I. Background and Business Challenges

- What industry would you say you operate in?
- What stage of business would you say you're in?
- What's important to you at this stage?
- What is your business' purpose?
- How would you describe your core product or service offering?
- What are your main business priorities?
- Do you face any difficulties regarding these priorities or at this stage in your business?
- What do you find hard? Why?
- How often do these issues arise?
- What can you afford to pay, if anything?

II. Employment

- How difficult do you find it to find new people for your business?
- Can you describe some difficulties about bringing new people into your business?
- When was the last time that happened?
- Why was it hard?
- What, if anything, have you done to address these difficulties?
- What do you like or dislike about this solution?
- What, in future, would help to solve this problem?
- What would you do differently next time?

III. Capabilities

- What would you say are the main weaknesses of your business/operations?
- Have you tried to solve or address this weakness?
- What has worked for you/what hasn't?
- Have you encountered any difficulties with this weakness?
- Why not?
- How important is business growth to your business?
- In what ways are you trying to achieve business growth?
- Have you encountered any difficulties with this?
- What skills/expertise do you need to make that happen? ...

...

IV. Ways to fill gaps

- Have you considered professional help?
- Why/why not?
- Have you ever tried a recruitment agency? What made you try it?
- How did you feel about the cost associated with the recruitment agency? Roughly, do you recall that cost?
- Have you considered hiring a young adult?:
- What made you consider hiring a young adult?/Why not?
- Are you open to the idea of a young adult being involved in your business?
- Are you willing to invest some time to help your business in the long run?
- Are you willing to invest some of your time in working with a young adult who's keen to learn your business?
- Would you be willing to pay a young adult? Who's keen to learn your business? Who's keen to solve a problem you are facing or need help with?

Describe the research project and service prototype and then ask if they would be interested in participating in the trial

3 Trial Email

Young Adult

Hi [young adult],

Thanks for agreeing to potentially be a part of my research! I believe I have found a suitable role for you to gain some experience in the online social media and marketing field you are looking to enter. Below is a brief profile of the recommended business fit:

Contact: [small business owner]

Business: [business name]

Website: [business website, if applicable]

Role: Online social media and marketing – [small business owner] is looking for someone with an expert understanding of marketing and the online world, she requires someone to schedule posts and run the Facebook and Instagram pages, send out email newsletters and compare and analyse two different CRM systems in order to help decide which the business should take on.

I have also attached a copy of the information sheet and consent form to take part in this research. I will bring printed copies of these to the first meeting to sign should you wish to participate.

If you are happy with the match, let's organise a time to meet with [small business owner]. Please send through two or three times this week that you are able to meet for half an hour.

If you think I could have done a better job matching, please let me know more specifically the kind of position and area of work you are looking to enter.

All the best,

Darshana

Small Business Owner

Hi [small business owner],

Thanks for agreeing to potentially be a part of my research! I believe I have found a suitable candidate for the online social media and marketing role you are looking to fill. Below is a brief profile of the recommended fit:

Name: [young adult]

Education: Bachelor of Commerce and Bachelor of Arts majoring in Marketing and French

I felt this candidate would be a great match not only because of her marketing background and digital capabilities but because of her interest in health and wellness.

I have also attached a copy of the candidate's resume, alongside the information sheet and consent form to take part in this research. I will bring printed copies of these to the first meeting to sign should you wish to participate.

If you are happy with the match, let's organise a time to meet with [young adult]. Please send through two or three times next week that you are able to meet for half an hour.

If you think I could have done a better job matching, please let me know where or how I could better assist you in finding the candidate you are looking for.

All the best,

Darshana

I. Introductions, Objectives and Expectations

Introduce the project briefly and start by asking everyone to introduce themselves. Get them to write down on a post it why they wanted to participate in the service prototype (objectives) and what they expected to happen or get out of the trial (expectations)

II. Experience

Get participants to note key touchpoints of their journey including what happened before the trial, what happened during the trial and what happened after

Ask participants to note down what went well and what did not go so well or what could be improved for others doing the same or a similar activity

III. Closing and Ideas

Thank participants for their time and ask them if they have any other ideas about the service experience or any suggestions for if the service were to operate commercially

*At the end of each topic, get participants to tac their post-it's onto a sheet of paper for analysis

5 Projected Users and Revenue over 5 Years

PERIOD	YOUNG ADULTS %	YOUNG ADULT USERS	SMALL BUSINESSES %	SMALL BUSINESS USERS	TOTAL USERS	ESTIMATED REVENUE IF SUBSCRIBED FOR 1 WEEK	ESTIMATED REVENUE IF SUBSCRIBED FOR 4 WEEKS
Jan-18	1%	2135	1%	1775	3910	\$19,353	\$77,414
Feb-18	2%	4270	2%	3550	7820	\$38,707	\$154,827
Mar-18	3%	6405	3%	5324	11729	\$58,060	\$232,241
Apr-18	5%	10675	5%	8874	19549	\$96,767	\$387,068
May-18	7%	14945	7%	12424	27368	\$135,474	\$541,896
Jun-18	9%	19215	9%	15973	35188	\$174,181	\$696,723
Jul-18	10%	21350	10%	17748	39098	\$193,534	\$774,136
Aug-18	12%	25620	12%	21298	46917	\$232,241	\$928,964
Sep-18	15%	32025	15%	26622	58647	\$290,301	\$1,161,205
Oct-18	17%	36295	17%	30172	66466	\$329,008	\$1,316,032
Nov-18	19%	40565	19%	33721	74286	\$367,715	\$1,470,859
Dec-18	20%	42700	20%	35496	78196	\$387,068	\$1,548,273
Dec-19	35%	74724	35%	62118	136842	\$677,369	\$2,709,478
Dec-20	55%	117424	55%	97614	215038	\$1,064,438	\$4,257,750
Dec-21	65%	138774	65%	115362	254136	\$1,257,972	\$5,031,887
Dec-22	70%	213,498	70%	177,480	390978	\$1,935,341	\$7,741,364

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