Developing Mission Model Canvas For Mission-Driven Organization Case Study Scholarship Program Of Indonesia Endowment Fund For Education

Mochammad Thanthowy Syamsuddin
Universitas Airlangga, Surabaya

*m-thanthowy-s@feb.unair.ac.id

Abstract

Indonesia Endowment Fund for Education is a Public Service Organization under the Indonesia Ministry of Finance designed to provide scholarship and research funding for Indonesian citizens. At that time, they have not developed a model canvas while at the same time organization facing more opportunities and challenges in education and talent agencies in the country. The study uses a model canvas framework with a qualitative methodology. The study defines business issues through observation first, followed by a literature review related to the problem. The data analysis of semi-structured interviews and benchmarking with other scholarship providers was conducted to address the issue. This research found that the pre-development of the model canvas of the organization is underdeveloped; thus, the new mission model canvas is proposed to answer future opportunities and challenges.

Keywords: business model, mission model, mission-driven organization, scholarship providers.

Introduction

Indonesia is one of the fastest growing economies, predicted by some of the global research institutes to be the more significant in terms of the Gross Domestic Product (GDP) in the year 2030-2050. Standard Chartered Bank (2010) estimated Indonesia as a country with the fifth largest GDP, while PricewaterhouseCoopers (2017) placed Indonesia as the fourth and fifth country with the largest GDP in 2030 and 2050 consecutively. In tertiary education, there is strong evidence of national development that can contribute significantly to increasing productivity, technological transfer and the betterment of society (Johnston, 2007; International Labor Office, 2010; McGrath, 2015). But Indonesia still shows inconsistent progress in improving its competitiveness among other countries.

The potential is imminent, but Indonesia needs to do significant work to make the project actual. Therefore, to optimize the opportunities and tackle those challenges up front, in 2010 Government of the Republic of Indonesia established Indonesia Endowment Fund for Education to ensure the continuity of research and higher education funding is intergeneration. This organization is designed to prepare future leaders and encourage innovation for the betterment of the country, which has three primary missions and strategic programs: Preparing Indonesia's future leaders and professionals through education funding; ensuring the continuity of education funding for intergeneration with the optimum of the national endowment fund of education; and encouraging the implementation of strategic and innovative research to create added value through research funding.

Since 2012, the annual scholarship awardees have grown significantly due to the growing budget allocation for an endowment fund and the popularity among Indonesian citizens worldwide to get higher education in master and doctoral degrees. As the author

immersed in the organization as a based-on-project researcher, the author observed that the organization does not yet realize the importance of having a proper model canvas. At the same time, it is a more significant organization with more opportunities and challenges than education and talent agencies in the country. Thus, the organization must develop a proper mission model canvas to assess its value creation process.

The significance of this research relies on two essential facts. First, the author observed that the organization does not have a written model canvas with all the macro analyses mentioned above. After being granted permission to conduct the research, the author asked one of the business analysts to access the business model canvas. Instead of giving the documents related to the business model, the officer gave the overall business process data.

The second reason is that the author did not find a research report analysing the model canvas application on a government agency. The author only found the application of the business model canvas for gon-government organizations (Sanderse, 2014), which has more complex building blocks. Therefore, the author believes this research will make valuable contributions to the improvement of organization and contribute to the body of knowledge on business model topics.

Literature Review

The study of the mission model can't be separated from the business model concept. Some may argue that the business model idea began in the late 1990s, but the related concept appeared earlier (Fielt, 2013). Ostewalder et al. (2005) also support that the term "business model" is a relatively new discussion in academic literature. Nevertheless, they outlined two essential facts related to the origin of the business model study. First, by tracing query-related business models in business journals, this term appeared first in an academic article in 1957 and as the title and abstract of a paper in 1960. Second, there is a unique finding that this term arises significantly in academic discourse when technology internet business burst from the 1990s frontwards.

There is no universal agreement among scholars about the definition and elements of the business model. The lack of consensus in term of meaning and concept are caused by misinterpretation and misused over the years by both practitioners and scholars, with the worst tendency to be frequently confused with other popular terms in management literature such as strategy, revenue model, business process, strategy, business concept and economic model (DaSilva, 2014).

Be that as it may, Ostewalder and Pigneur (2009) proposed the business model definition as the logic of how an organization creates, delivers and controls value and how money is earned in a company. Meanwhile, though there is no universal agreement about the definition of a business model, it is essential to note that the distinction between a business model and the business process should be clear. The business model and business process are both conceptual modelling, but they differ significantly. Gordijn et al. (2010) suggested seven notable differences among those concepts as follows:

Table 1. Gordijn et.al (2010) Business Modelling is not Processing Modelling

No.	Dimension	Business Model	Business Process
1	Concept	Centred around the notion of value	How a process should be carried out in operational terms
2	Role of actor	Adding value	Performs operational process

Mohammad Thanthowy Syamsuddin

3	Role of object	Presenting something of value to stakeholders	Serve as inputs and outputs for activities and may be used the steer the process flow
4	Object properties	Can be used by stakeholders to determine the value of an object	Used to determine state transactions
5	Value exchanges	Represent a transfer of ownership	Implies a change of state
6	Value interface	Exist	None
7	Role of decomposition	To note the adding value	Clarification of the workflow or to show the assignment of activities to working actors

The author made some observations by literature research and observe the way practitioners and entrepreneurs doing business lead to a finding that the most well-known concept about business model is business model canvas proposed by Ostewalder and Pigneur (2009). They come one's way to develop a practical approach to implement the concept of business model for business entity with the help of building blocks canvas as a tool to visualize the concept.

Business Model for Non-Profit Organization

There are very limited studies about the business model concept applied to non-profit organisations and the government sector. Previous work has only focused on the private sector or profit organizations. In this area of study arise which is Mission Model proposed by Ostewalder and Blank (2016).

Ostewalder and Blank (2016) proposed the mission model concept in the context of defence and intelligence communities. One more concept of the business model for non-profit organizations is suggested by Sanderse (2014) with specific implementation for Non-Government organizations (NGO), which has 15 building block components. The canvas model of this concept is similar to the business model canvas proposed by Osterwalder and Pigneur. Still, it has six more building block components to accommodate the different approaches to be used for the ultimate beneficiaries and customer or donor segment as a source of fundraising.

The study of business models for non-profit organizations is extremely new; therefore, the author chooses only one concept or term to be used instead of elaborating all of the canvas models as a framework of the entire research.

Mission Model Canvas

The basic concept of the mission model is how to adapt the business model canvas concept to the organization the primary goal is not to earn money but rather to fulfil a particular mission. More precisely, the business model canvas needs to be adapted when revenue is not an organisation's success metric. The author suggested a mission model as the value logic of how a non-profit organization captures, creates and delivers the value of its beneficiaries and how such achievements or impact factors are attained by an organization with a particular mission budget.

Considering the mission model concept from Ostewalder and Blank (2016) and the relevance of model usefulness for the broader context, the author offers nine of the building block components of the mission model as follows:

1) Beneficiaries

The beneficiaries building block describes the most important stakeholder to be served or for whom is the organization creating value. Unlike the business model concept that relies on psychological, economic, social or particular segmentation, the beneficiaries on the mission model seems to be defined differently depending on whom the organization creates.

2) Value Propositions

The value propositions building block defines what unique of service or program should be delivered to the beneficiaries.

3) Key Partners

The key partnerships building block describes the relationship between all key resources, suppliers or partners in order to make the mission model work. The type of partnership can be cooperation, outsourcing, project and other partnerships.

4) Key Activities

The key activities building block talks about the most important action to do and successfully operated by the organization to make the mission model work.

5) Key Resources

The key resources building block describes the most important assets required to make a mission model work.

6) User Relationship

The user relationship building block describes the type of relationship that each of the beneficiaries expects the organization to establish and maintain with them.

7) Channels

The channels building block describes the best way to satisfy how the beneficiaries need to be reached in bringing the value propositions.

8) Cost Structure

This building block describes the most important cost that arise to perform operational activities under a particular mission model.

Mission Achievement

The mission achievement building blocks basically discuss the key performance indicators (KPI) that should be attained with the mission model. The mission achievement is not necessarily related to financial outcomes, the achievement or impacts can be social, political, or anything depending on why the such organization is established. But still, the achievement should be measurable for sure.

Mission-Driven Organization

There are some articles and research reports on the subject of government, non-profit organizations even businesses that clearly stated mission-driven terms in their articles, abstracts and titles (John, 1994; George, 1999; Glackin, 2014; Martenson et al., 2009, Wang, 2010; Whit, 2013). Unfortunately, not a single of them gives a definition related to this term. As a result of this absence, the author needs to set a clear definition by looking at the basic English translation.

Oxford Dictionary naming mission as "an important assignment given to a person or group of people" while driven means "motivated or determined by a specified factor or feeling". Throughout this research, the author consistently defines a mission-driven organization as an organization with specific important assignments to be done for their stakeholder. It means any organization with a particular assignment to be done, whether in the private or public sector, arguably can be categorized to these definitions.

Methodology

The author defines business issue in the first place than followed by literature review related to the problem. As in private sector, every company has a business model whether it is explicitly articulated or not (Teece, 2010). Therefore, in the context of non-private sector, the author also believes that every organization has its mission model. Then the author examines the current internal and external factors to create more relevant mission model for to answer the ultimate research objective. The conceptual framework is designed to guide the whole research and visualized in the figure below:
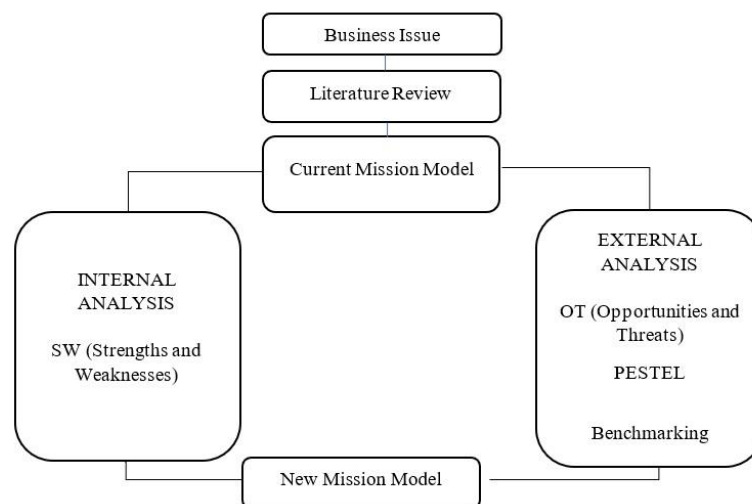
Figure 1. *Conceptual Framework*

In this research, understanding of what and how about the case study are the key driven to set a qualitative research method. Flick (2013) proposed qualitative data analysis as a classification and interpretation of linguistic (or visual) material to make statements about implicit and explicit dimensions and structures of meaning-making in the material and what is represented in it.

The research will respond the research question that has explained in the background. The research questions are breakdown as follows:
Research Question 1: How is the current mission model of organization?
Research Question 2: How to develop a proper mission model canvas to address future conditions of organization?

In this research, the author uses the interview technique to generate data. One typology that is commonly used is thus related to the level of formality and structure, whereby interviews may be categorized as one of structured interviews which use questionnaires based on a predetermined and 'standardized' or identical set of questions and we refer to them as interviewer-administered questionnaires, semi-structured interviews in which the researcher will have a list of themes and questions to be cover or unstructured or in-depth interviews which is the more informal one and the interviewee is given a chance to talk freely (Saunders, *et.al,* 2009).

The author uses semi-structured interview technique in this research. The sequence of the questions could be varied depending on the condition of the conversation but the nature of the method makes the author ready to take notes and all the conversation will be recorded by audio recording.

As a guidance before conducting the research, the author developed the topic guide which has several key questions as a part of semi-structured interview procedure. In semi-structured interviews the author will have a list of themes and questions to be covered meaning the author may deprive some questions in particular interviews, given a specific organizational context that is encountered in relation to the research topic.

Table 2. Protocol of Interview

Research Objective	Variable	Question	Output
Assesing current mission model	Beneficiaries	Who do you create value for? Who are your most important users? What are your user's needs?	The beneficiaries of the program
	Value Propositions	What value do you deliver to the user? Which of your user's problem are solving? What bundles of service are you offering to each user segment? Which user needs are you satisfying?	The unique value delivered by the program
	Key Partners	Who are your key partners? Who are your key suppliers? Which key resources are you acquiring from partners? Which key activities do partners perform?	The important partners to run the program with
	Key Activities	What key activities do your value propositions require? Your distribution channels? User relationships? Service KPIs?	The important activities along the program
	Key Resources	What key resources do your value propositions require? User relationships? Service KPIs?	The important resources owned to run the program
	User Relationship	What type of relationship does each of our user segment expect us to establish and maintain with them? Which ones have you established? How are they integrated with the rest of your model? How costly are they?	The approach used to maintain with the beneficiaries
	Channels	Through which channels do your user segments want to be reached? How are we reaching them now? How are your channels integrated? Which work best?	The channels used to deliver output of program

		Which are most cost-efficient? How are you integrating them with user routines?	
	Cost Structure	What are the most important costs inherent in your service model? Which key resources are most expensive? Which key activities are most expensive?	The cost structure to run the program
	Service KPIs	What is your Service KPIs or mission achievement?	The KPIs of the program

Analysis

The complete snapshot of cureen mission model canvas of LPDP is as follow:

Figure 2. Current Misison Model of Organization

After some analysis conducted the study suggests a new development of mission model canvas:

Figure 3. The Development of Mission Model of Organization

Mohammad Thanthowy Syamsuddin

The main issue of the mission model of the organization is the lack of value creation on the building block of User Relationship and Channels to deliver the values for the beneficiaries. Another condition is the Mission Achievement, Value Propositions and Beneficiaries blocks are assumed locked by the mission statement of the organization itself. Some addition will be proposed to make sure that overall value creations are relevant. Therefore, the development of the mission model on this research will focus more on addition and improvement to some building blocks instead of revise the rest of it.

The study suggests two important Key Resources that the organization should have. The first one is the direct access to all government agency, state owned and selected institution partners that actually they already have at some point. Probably the organization only needs to make partnership mapping with whom they have to partnering and collaborate. The second Key Resources they should acquire is the integrated mobile application as the insight taken from Yayasan Khazanah who have mobile application for their scholarship selection process. As a case in point, it will be very convenient for their stakeholders to have mobile application that integrating the process of selection, monitoring and evaluation program, talent and alumni program with different level of authorization and data access. Thus, even the beneficiaries and the higher policy makers have real time access on the process of improving nation through education.

On User Relationship building block the study only suggests the way ideally keep their relations with the beneficiaries. MoU is a formal agreement between parties under some circumstances for particular purpose yet it will be very interesting on value creation process when the beneficiaries are also invited to collaborate to specific areas. For instance on understanding of human resources need for the country. The beneficiaries or selected institution partners could propose roadmap or research about workforce skills gap in industry or society. According to the key person of the organztaion, it has been done but the study suggests the effect will be more significant if it is programmed systematically and invite more parties.

On the Channels building block, the study recommends three things which are creating periodical local and national events, online platform for the beneficiaries and stakeholders and employment program on government agency, state-owned enterprise or selected institution partners. All of those channels linked with the previous Key Resources that assuring the value proposition delivered efficiently and effectively to the beneficiaries. Last building block that the study proposed to be modified is the concept of the Beneficiaries defined by the organization. It is important to clearly state their beneficiaries following the Quadruple Helix Model which consist of industry, university, government, and civil society as part of innovation and knowledge creation in a nation.

Conclusion

This research has led the author to conclude that the mission model canvas analysis is working on mission-driven organization to assess how non-profit organization captures, creates and delivers the value of its beneficiaries and how such achievements or impact factors attained by an organization with particular mission budget. The case of this organization is a prominent evidence that the concept of business model analysis that previously commonly known applied for business can be applied to a non-profit organization as well with some term adjustments on the building blocks. In this study, the author found that the organization does not have a written mission model shown by the observation on the research. Moreover, the pre-analysis of mission model canvas is not adequate to deliver the value to the beneficiaries indicated by the insignificant and less activities on User Relationship and Channels building blocks.

The findings shown that on the User Relationship building block, the organization only rely on the Memorandum of Understanding (MoU) as the way to keep relationship with the

beneficiaries. Moreover, on the Channel building block, the only activity for channeling value is the utilization of Mata Garuda as alumni organization and some annual event on Jakarta to gather the awardees as observed by the author. Meanwhile, the rest of the building blocks, relatively have more activities for value creation.

Compare to four others scholarship providers as the benchmarking which are Australia Awards Indonesia, Chevening, Fulbright AMINEF and Yayasan Khazanah, the mission model of the organztaion is not outstanding since two building blocks, User Relationship and Channels, are lack of activities to create value. Moreover, the benchmarking analysis also find that teh organztaion could benchmark to other scholarship providers for the value creation process such as Yayasan Khazanah.

Recommendation

This research provides powerful methodology to evaluate and assess their current mission model even demonstrated an option for the improvement of mission model by giving a proposed mission model canvas. But the final work should be done by the organzation itself to evaluate and improve the mission model adjusted with latest condition.

The benchmarking from four others scholarship providers suggest that the organization needs to evaluate the overall business process of the scholarship program as well since there are some indications that each of the scholarship providers have strong points in some areas of value creation. For instance, Chevening with very reliable information and technology infrastructure for selection process worldwide and Yayasan Khazanah that have their own mobile application for selection process as well. The business process evaluation needs to be conducted in order to make the overall business process more efficient and effective.

In relate to previous recommendation, the organization should consider invest more on their information and technology system for the value creation. Stregnthening the role of technology in digital era could be a breakthrough such as using mobile application for all value creation. The author believe that the huge amount of fund managed by the organization, make them easy to acquire everything they need.

Limitation

The author aware that this research may have some limitations. The study collects interview data only from the top executive position who held the responsibility to the program to assess the mission model of scholarship program not the overall programs or entire organization. Also, the study was conducted in 2017 and does not portrait the latest development of the organzitaion. The prospect of being able to analyze and assess entire mission model of the organization, serves as a continuous incentive for future research.

References

Batocchio, A, Ghezzi, A & Rangone, A. (2016). A Method for Evaluating Business Models Implementation Process. *Business Process Management Journal*, vol. 22, No.4, pp. 712-726.

Beha, F, Göritz, A & Schildhauer, T (2015). Business Model Innovation: the Role of Different Types of Visualizations. *The XXVI ISPIM Conference – Shaping the Frontiers of Innovation Management*.

Blank, S. (2016). The Mission Model Canvas: An Adapted Business Model Canvas for Mission-Driven Organizations. https://steveblank.com/2016/02/23/the-mission-model-canvas-an-adapted-business-model-canvas-for-mission-driven-organizations/

Bonazzi, FLZ & Zilber MA. (2014). Innovation and Business Model: a case study about integration of Innovation Funnel and Business Model Canvas. *Review of Business Management*, vol. 16, no. 53, pp. 616-637.

Burkett, I. (2013). Using the Business Model Canvas for Social Enterprise Design, Knode.

Cavallini, S., Soldi, R., Friedl, J. & Volpe, M. (2016). Using the Quadruple Helix Approach to Accelerate the Transfer of Research and Innovation Results to Regional Growth, Committee of the Region, Brussels.

Fielt, E. (2013). Conceptualising Business Models: Definitions, Frameworks and Classifications. *Journal of Business Models*, vol.1, no.1, pp. 85-105.

Hayes, A, Setyonaluri, D. (2015) Taking Advantage of the Demographic Dividend in Indonesia: A Brief Introduction to Theory and Practice. UNFPA. Jakarta.

Indonesia Endowment Fund for Education (LPDP). (2017). *RISET Inovatif-Produktif (RISPRO),* report by Moh. Sofwan Effendi.

Indonesia Endowment Fund for Education (LPDP). (2016). Annual Report, Jakarta.

KPMG. (2014). Future State 2030: The global megatrends shaping governments. KPMG International.

Lewrick, M & Link, P. (2015) *Design Thinking Tools: Early Insights Accelerate Marketers' Success*, Universität St.Gallen, St. Gallen.

Leschke, J. (2013). Business Model Mapping: A New Tool to Encourage Entrepreneurial Activity and Accelerate New Venture Creation. *Journal of Marketing Development and Competitiveness* vol. 7(1).

McKinsey&Company. (2012). The Archipelago Economy: Unleashing Indonesia's Potential. McKinsey Global Institute.

Narasimhalu, AD. (2013). A Tool for Designing Business Model Innovations. The XXIV ISPIM Conference – Innovating in Global Markets: Challenges for Sustainable Growth. Helsinki, Finland.

Nielsen, C & Lund, M. (2014). An Introduction to Business Models' in The Basics of Business Models, chapter 1, pp. 8-20, Ventus.

Osterwalder, A. (2010). Business Model Generation. John Wiley & Sons, New Jersey.

O'Neill, TW. (2015). The Business Model Canvas as a Platform for Business Information Literacy Instruction. *Reference Services Review*, vol. 43, No.3, pp. 450-460.

Sandersen, J. (2014). The Business Model Canvas of NGOs. Open Universiteit.

Slavik, S & Bednar, R. (2014). Analysis of Business Models. *Journal of Competitiveness*, vol. 6, pp.19-40.

PricewaterhouseCoopers. (2017). The Long View How Will The Global Economic Order Change by 2050? PricewaterhouseCoopers, United ingdom.

Roland Berger Strategy Consultants. (2011). Trend Compedium 2013, Roland Berger Strategy Consultants. München.

World Bank. (2002). Constructing Knowledge Societies: New Challenges for Tertiary Education. World Bank, Washington DC.

World Economic Forum 2017, Advancing Human-Centred Economic Progress in the Fourth Industrial Revolution, World Economic Forum, Geneva.