Unfinished Business: Co-Creating Solutions With Beneficiaries

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Under severe budget constraints, how can NPOs manage the trade-offs between offering variety versus serving more beneficiaries?

A non-profit organisation's (NPO) work is hardly ever finished. Faced with competing beneficiary needs and budget constraints, the NPO must also ensure that the goods and services it provides suit beneficiaries' diverse needs so that they will be put to good use.

However, finding out what the recipient wants and what works for the individual – and eventually translating this information into customised offerings – can be an arduous and costly exercise. In the face of budget constraints and a lack of information, one way to achieve impact at scale is to remove information-gathering from the process and instead, provide unfinished products. By allowing recipients to complete the product or service according to their preferences and abilities, NPOs are in fact inviting beneficiaries to participate in value creation. This represents a shift from an off-the-shelf mode of delivery to a partial-DIY paradigm.

The Chilean architectural firm Elemental's response to this emerging concept is the "**half-house**", which has become the lifeline of beneficiaries from post-disaster to social development settings. The firm, co-founded by "starchitect" Alejandro Aravena, specialises in unfinished social housing that meets the basic requirements for shelter, but with one half framed around an empty space. Recipients are meant to self-complete and personalise the uncompleted half according to their needs, with their own money, and at their own pace.

Managing trade-offs

Partial completion is a viable strategy when beneficiary needs are highly diverse and one-size-fits-all solutions do not exist. It could well be the answer to the NPO's perennial dilemma: to offer more customised solutions or serve more beneficiaries.

In Elemental's case, the partially completed houses clearly provide value to recipients by offering the flexibility to add fixtures and features according to their preferences. Interestingly, beyond physical products, the concept of partial completion can also apply to services. One example is Houston-based aid organisation Daya, which helps women in the local South Asian community leave abusive relationships and establish financial independence.

Daya provides rent-free temporary housing and legal support to help these women get a head start in their new life. Offering a single location would be far from optimal, as they not only need reasonable access to their respective workplaces and children's schools, but also considerable distance from their abusive partners. In this case, the mission of welfare maximisation would be best served by offering these diverse recipients more location choices.

However, variety comes at a cost, due to the additional administrative costs and loss of economies of scale. In the case of Daya, while providing a range of housing locations mitigates the inconvenience and monetary costs of long commutes, its beneficiaries are offered only four months' stay under its self-completion strategy. According to Daya, it takes at least six months for these women to find jobs and become financially self-sufficient.

Therefore, in practice, managing the trade-off between variety and completeness is a delicate balancing act.

Can we hit the right balance?

In a recent study on **partial completion as a non-profit strategy**, my co-authors* and I drew upon these organisations to develop a model for determining when, and to what extent, leaving products incomplete can help NPOs benefit more people without breaking their budget. The model can help NPOs derive optimal variety and completion levels under different budgetary scenarios. It can also identify tipping points when the strategy needs to change.

Our research jumps off from two main assumptions. First, partial completion's value as a delivery strategy is contextual, not universal. Second, organisations whose contexts call for partial completion will nonetheless differ in the level of completion (30 percent, 50 percent, etc.) that is optimal for them.

In addition to budget constraints, we found that optimal completion levels are based on the interaction of three factors: the diversity of needs among beneficiaries, how easy (or difficult) it is for beneficiaries to complete products and services by themselves, and the importance of fairness to the organisational mission.

Generally, variance in capabilities (e.g. in completing an unfinished house) would translate into higher optimal completion levels, so that recipients with low ability to complete (the house) would have a greater chance of a successful outcome. This is especially true for NPOs that place a high emphasis on fairness in prioritising successful outcomes for all beneficiaries, over and above giving everyone a fighting chance.

Compromise or choice

While partial completion may seem like a compromise, our model proves that it is a worthy option, even when NPOs have ample resources. Particularly in cases where only small efforts and costs are required by recipients to complete the product, the NPO can leverage on this potential cost-efficiency to minimise the total cost incurred to both parties.

In their own ways, Daya and Elemental's partial-service delivery models both work towards welfare maximisation. In the case of Elemental, constructing half a house allows it to shelter twice as many families as it would have if it had completed the house. It also adds value when beneficiaries take more pride in – and hence better care of – a house they helped to build. For Daya, providing temporary housing, even for a few months, supports these women on their path to independence by buying them time and peace of mind to source for housing and put their lives back on track.

As long as beneficiaries have diverse needs as well as some ability to complete the project themselves, bringing them on board as co-creators can add value to the final product or service, while helping NPOs achieve scale. In fact, the NPO world seems to be catching on to the benefits of partial completion.

In an article on **MedShare**, I described how the medical surplus recovery organisation used a partial-completion strategy to maximise value out of its shipments to under-resourced healthcare clinics. Scott Merrill, senior global director at the Habitat for Humanity's Terwilliger Center for Innovation in Shelter, agreed that such models can generate more impact and observed that even for-profit developers based in India are adopting a similar model.

Even if it seems counterintuitive, for-profit corporations can at times look towards the non-profit sector for less conventional solutions when faced with similar challenges. As businesses start to engage in different notions of **stakeholder capitalism**, can innovation in the NPO context inspire them to think outside the box? For this to happen, perhaps managers need to leave traditional managerial reflexes aside at times to do well by doing good.

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About the research

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