P·ACT

SEED
Promoting entrepreneurship for sustainable development

MIT D-Lab
designing for a more equitable world

Welcome to the Workshop

Name of Workshop

Tool: Balance Sheet

How much value and cost will we capture/incur?

Step-By-Step

Step 1 — Define Value and Cost elements
Step 2 — Evaluate Value-to-Cost ratio
Step 3 — Discuss Value & Costs distribution

Facilitation

Teams

Partner 1

Organization's name

Representatives

Partner 2

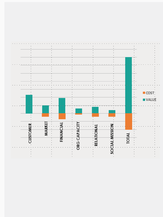
Organization's name

Representatives

Example

Step 1 Define Value and Cost elements

Step 2 Evaluate Value-to-Cost ratio



Step 3 Discuss Value & Costs distribution

Step 1 **Define Value and Cost elements**

Go to the Spreadsheet and fill in the data in your respective sheet: Partner 1 or Partner 2

You can then copy the results in the following steps below

Click on the link to acces the Spreadsheet

Step 2 **Evaluate Value-to-Cost ratio**

Partner 1

Where does most of the value come from?

Where does most of the cost come from?

Are certain elements of value of cost of different temporal nature (short, medium, long term)?

Does the value outweigh the cost for your organization?

What value element could your organization eventually achieve alone?

Does the incremental value still justify the cost?

Step 2 **Evaluate Value-to-Cost ratio**

Partner 2

Where does most of the value come from?

Where does most of the cost come from?

Are certain elements of value of cost of different temporal nature (short, medium, long term)?

Does the value outweigh the cost for your organization?

What value element could your organization eventually achieve alone?

Does the incremental value still justify the cost?

Step 3 **Discuss Value & Costs distribution**

What are the key elements of Value and Cost for each partner?

Does the Value outweigh the Cost for each partner?

How evenly balanced is the distribution of Value and Costs across the partners? Are there opportunities to improve on that?

Are there opportunities to work together on increasing value or reducing costs for any of the partners?

Partner 1 **Partner 2**

Steps Description

Step 1 **Define Value and Cost elements**

1.1. The tool suggests a framework to evaluate value and costs in six areas. For each area, work individually to identify the VALUE and COST elements that are most relevant to your organization.

- **Customer:** What will be the value and cost to our customers?
- **Market:** What market access or advantage will we gain or lose?
- **Financial:** What financial gains or expenditures will we make?
- **Capacity:** What gains or losses will we see in our organizational capacity?
- **Relational:** What gains or risks will it bring to our existing or future relationships?
- **Social Impact:** What changes will we observe in our social impact?

1.2. For each element, fill in individually the spreadsheet with:

WHAT? Describe concretely the value / cost expected from the partnership in this area

HOW MUCH? Input whenever possible, the amount of value / cost expected to gain from this partnership.

HOW CRITICAL? Assess how critical this value or cost is to your organization?

HOW LIKELY? Assess how likely it is for this value or cost to materialize?

Step 2 **Evaluate Value-to-Cost ratio**

2.1. Examine individually your Value versus Cost chart and reflect on the following questions:

- Where does most of the value come from? Where does most of the cost come from?
- Are certain elements of value of cost of different temporal nature (short, medium, long term)?
- Does the value outweigh the cost for your organization?
- What value element could your organization eventually achieve alone?
- Does the incremental value still justify the cost?

Record your answers and observations.

Step 3 **Discuss Value & Costs distribution**

3.1. Share your chart with your partners and explain your observations.

3.2. Together, review the comparison chart and reflect on the following questions

- What are the key elements of Value and Cost for each partner?
- Does the Value outweigh the Cost for each partner?
- How evenly balanced is the distribution of Value and Costs across the partners? Are there opportunities to improve on that?
- Are there opportunities to work together on increasing value or reducing costs for any of the partners?

Record your answers and observations.