

Giffgaff

[Giffgaff is a UK subsidiary of the giant Telefonica](#) operation launched in 2009 and has successfully carved out a niche in the highly competitive mobile phone marketplace. It is a mobile virtual network operator and is the third largest in the UK after Tesco Mobile and Virgin Mobile; it makes use of the O2 network in the UK and EU, operated by Telefonica.

The basic model is a network run without call centres and high-street shops and is built around members, not customers, who would get rewarded for active participation.

It has close to four million users and continues to grow. Its core differentiator is that it has built a community of users who actively co-create and market the service and in doing so become not only value consumers but also value creators. It's where the name 'giffgaff' comes from; it is originally a Scots phrase meaning 'mutual giving'. As a result its net promoter score (a measure of customer satisfaction and loyalty) is way above the industry average, helping protect its competitiveness.

Giffgaff manages to keep costs down by making use of this online user community rather than a customer support team. While that may not seem ideal, it came out top in a recent [Ofcom report](#) into mobile customer satisfaction. Its on-site FAQ and community message boards are excellent and provide answers to even the most niche of questions.

Building a user community as a source of innovation

[You can find out more here](#)

[And here](#)

[And here](#)

[This is a key research article by Stephen Flowers](#) which explores the case through the lens of user innovation

Working with value networks

We can see the way in which it has tried to assemble and manage its value network and in particular how it has worked to draw in players from its 'outer value network' (OVN) to be more closely aligned with their inner value network. (See below for an explanation of value networks and key roles and for more see ['The scaling value playbook' which offers a variety of tools for working with value networks](#)).

In terms of its OVN, giffgaff differentiates itself in a number of ways, as the table suggests.

Network role	Key players	Nature of relationship	
Value creator(s)	Giffgaff and its community	Co-creation across community	
Value captors	Giffgaff and its parent, Telefonica	Formal ownership	
Value conveyors	O2 network in the UK (owned by Telefonica)	Formal service-level agreements but supplemented by virtue of being community led rather than supported by a call centre or high-street shop	
Value channels	Social media		
Value coordinators	Giffgaff community	Strong participation reinforced by rewards and by peer-to-peer loyalty	
Value competitors	Other mobile operators	Giffgaff differentiates itself in a crowded market by its emphasis on co-creating community	
Value cartographers	Ofcom – the national regulatory body	Lobbying via Telefonica parent	
Value complementors	The giffgaff community	Strong and innovative, many useful new service ideas emerging from the ongoing idea labs	

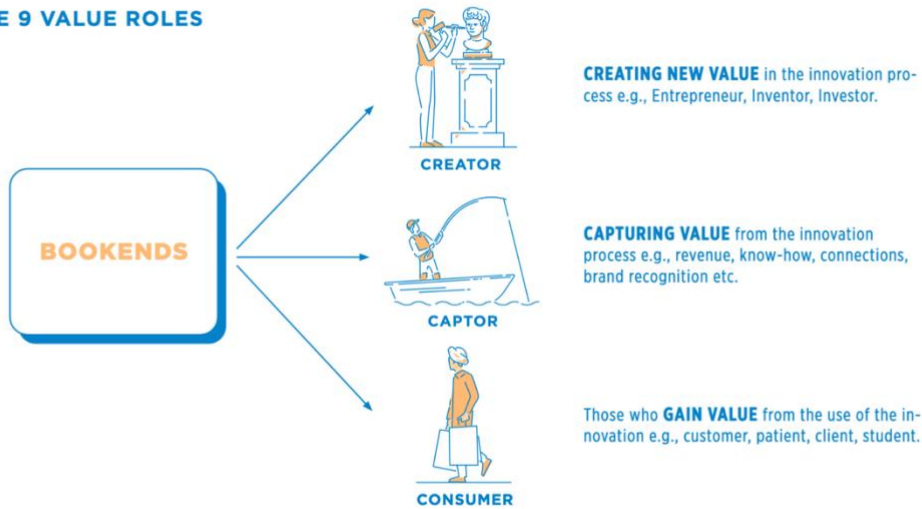
Value consumers	The giffgaff community – close to 4 million users	Strong through building a sense of shared ownership and co-creation	
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Value networks and scaling innovation

Scaling innovations is far from a solo act – it’s putting together a group of entities which can work together to create shared value at scale. Value networks don’t just happen; they involve three key challenges – finding, forming and performing. Working out the ‘who else and what else do we need?’ question isn’t simply a matter of creating a shopping list – you’ve got to find the relevant players and make sure you aren’t missing any. And then you’ve got to find ways of bringing them alongside, engaging them as partners with a stake in helping you create the shared value you seek. And finally you have to orchestrate the whole, engage them so that together they deliver ‘emergent properties’, something which is greater than the sum of the parts.

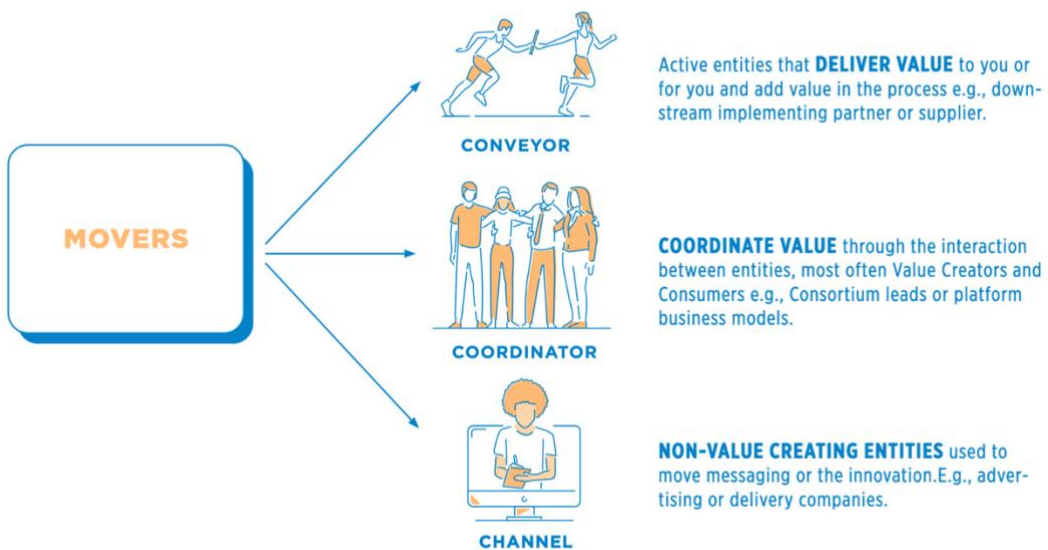
So how do you go about working with value networks to deliver innovation at scale? There are multiple potential partners but we’ve found it useful to think about some key complementary roles which are usually played. First you need to think about your ‘bookends’ – these represent you as a value creator and the consumer for whom you are trying to create it. But it also involves others who form part of the creation process and who are looking to capture some kind of value from doing so – whether it is financial, experience, learning, reputation or whatever.

THE 9 VALUE ROLES



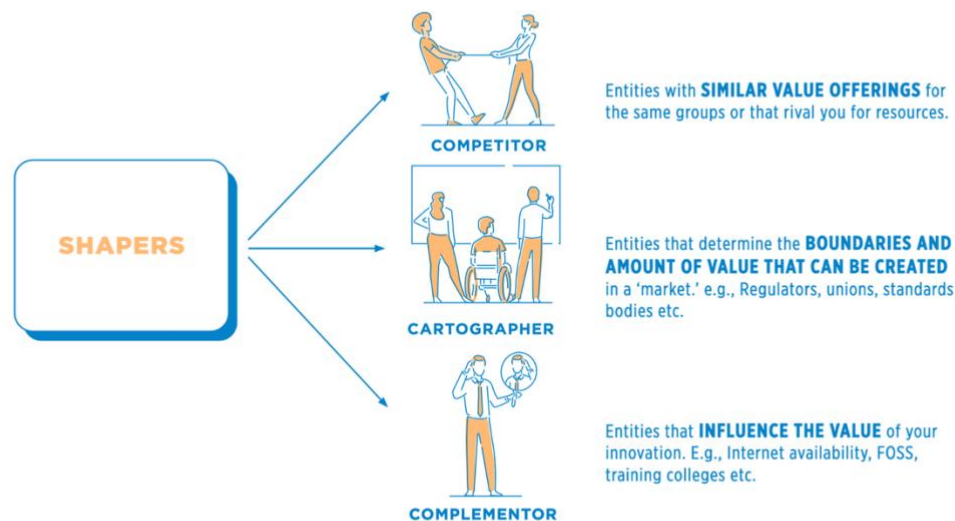
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Movers do what the name suggests – they help moving value around the system you’re creating. They may be passive channels – like the internet or, in those early days of mail order, the embryonic postal system. Passive, yes – but without them you might be in trouble. Conveyors are more active, giving impetus to your innovation, spreading the word and helping convince adopters. And then there are co-ordinators, enabling the whole to operate; think, for example of the ways in which today’s platform business act as co-ordinators to bring different creators and consumers together.



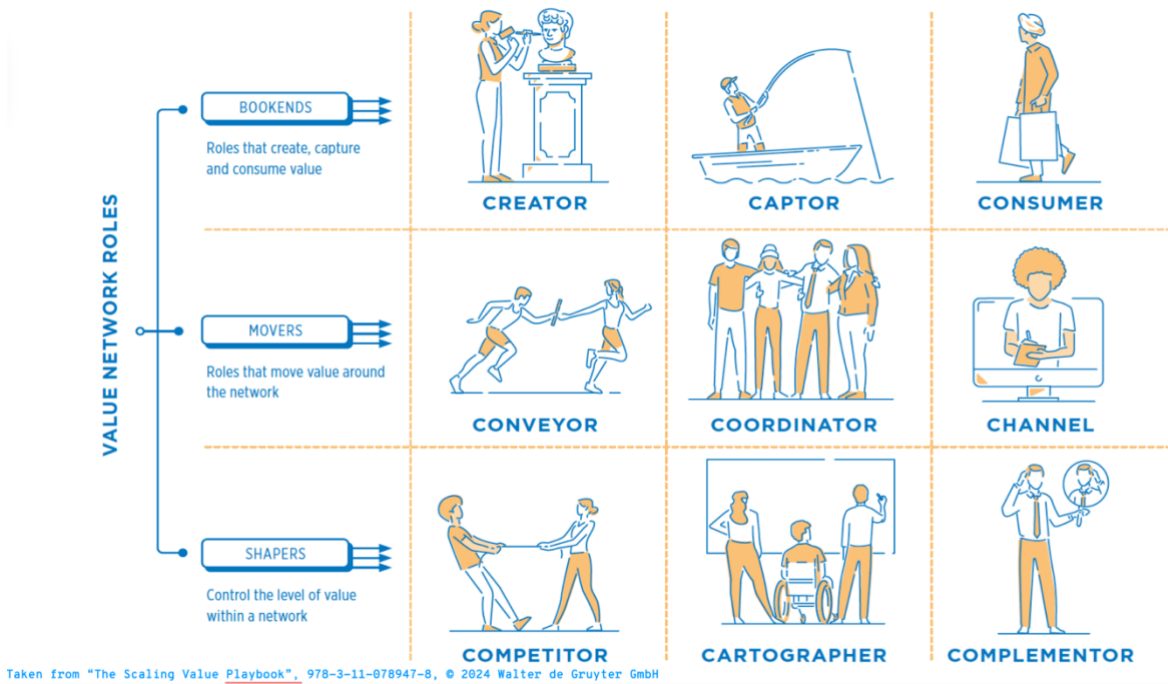
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Shapers are the third group, setting out the space within which you can operate your value network. Competitors can't be ignored and competition comes in many different forms, from head on challengers to other ways in which you might find your innovation fighting for resources or attention. Cartographers set the rules of the game, mark out the playing field and generally shape the way in which value can be created and shared. And complementors influence the value, providing necessary positive (or sometimes negative) input to shape the environment in which your innovation is trying to scale.



Taken from "The Scaling Value Playbook", 978-3-11-078947-8, © 2024 Walter de Gruyter GmbH

Your value network is going to involve a combination of entities – people, organizations and resources – which span these nine core roles. Cue the need for a simple checklist when you begin thinking about scaling your innovation – can you map what you need and what you already have) in terms the roles they play in your value network?



But having mapped your value network you need to think about *working* with it, engaging different players in different ways. It's not just assembling pieces on the chessboard but the moves you make with them that is going to make the difference. Not least because you are unlikely to be able to control this or order them about.

To switch analogies, your role isn't really like that of a conductor creating something wonderful by co-ordinating all the players in an orchestra. Your band is full of players who may have their own ideas and agendas and may not always want to play by the score in front of them – it's more like a jam session in a jazz group with extensive improvisation and depending on listening and aligning

And it's here that life gets a little more complicated, for two reasons. First of all entities in your value network may well play more than one role at the same time. Think of an education technology innovation designed to enhance learning in schools; scaling that will almost certainly involve ministries of education acting as cartographers, setting out education policies, rules and regulations,. But they may also be conveyors, actively promoting your approach and enabling connections to schools, and becoming value captors, sharing in the overall value of enhanced learning across the population.

Conveyors may also be co-creators, not only getting your value solution to where it is needed and accelerating adoption but also creating new value alongside it. Brownie Wise played a key conveyor role in the scaling of Tupperware as an innovation but she (and her team) were also a key source of product design and improvement ideas.

Roles also change over time – and this opens up considerable opportunity in terms of shaping the way the value network evolves. For example, Lego moved from being a creator of toys to engage with many of their consumers to capture and use their ideas for future products, effectively recruiting them to be co-creators.

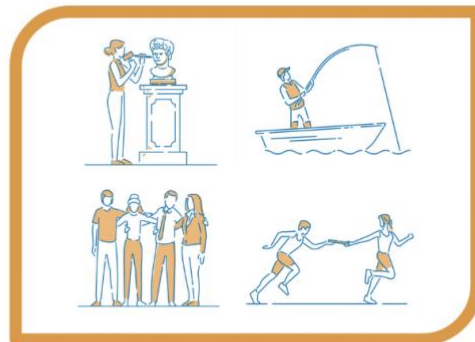
In similar fashion competitors can become value captors, helping grow a market in which they also operate. For example, Amazon supplies the AWS infrastructure on which Netflix has built its streaming and both Prime and Netflix have benefitted from their shared learning about growing the streaming market.

To stay with our jazz ensemble metaphor it's as if different players are also multi-instrumentalists and can bring their different instruments to bear. That brings with it the potential for some amazing emergent properties but also a seriously unpleasant cacophony!

Once again it raises some key checklist questions as you think about scale, in particular how roles might change, which players in your network might play multiple roles – and how you might act to engage and align them over time?

One way to help this strategic planning process is to think about spheres of influence – what we term your inner and outer value network. The inner value network (IVN) represents those entities you need to keep close; typically this includes not only your consumers but also captors (the partners you need to create shared value) and key conveyors. You need to keep them close and engage with them in ways which represent a formal relationship – contracts, partnership agreements, etc.

Inner Value Network

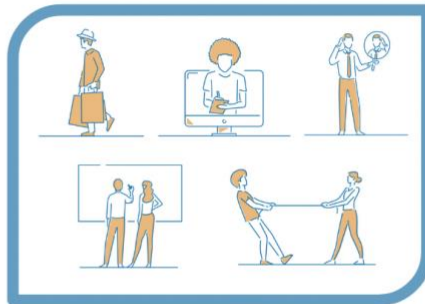


Definition:

Stakeholders & Entities that require a formal relationship

Your outer value network (OVN) represents those entities typically outside your direct control or influence. They may be the channels which are available to you to work with or the cartographers who make the rules within which you have to operate – for example government regulations or trade standards.

Outer Value Network



Definition:

Stakeholders & Entities do not require a formal relationship

The important thing here is to remind ourselves that roles can change and so there is potential for drawing players in the OVN closer, making them part of our inner network. For example, working with consumers as co-creators, drawing on their ideas and engaging them as partners in the way that Lego has done. GiffGaff is a small but highly successful player in the tightly competitive world of mobile phone networking; its excellent customer service record is in no small measure down to the way in which it has engaged its community of consumers to play this role...

Or you might work alongside regulatory bodies, building active partnerships to help promote adoption. Mobile money is still an exciting new field for apps and hardware players – yet it's been a reality in east Africa for over a decade. M-PESA has been a transformational innovation and has scaled around the world – but its early success depended critically on the support of the central bank rather than its opposition to newcomer ideas. It helped create a fertile regulatory landscape within which mobile money could develop and scale.

And in the world of entertainment innovators behind films, books and music have realised the power of 'fandom' as a resource to help scaling, partnering with communities who represent key complementors. Think about the role played by communities which form around movie series like 'Star Wars' with its conventions, costumes and huge online presence. This is not directly controlled by the film companies but instead exists alongside it, complementing the rate and direction of development, helping create new characters and backstories which feed into the core.

'Now when things go wrong, as they sometimes will, and the road you travel it stays all uphill.....' These could be the description of an innovation team's frustration as they try to scale but they are actually lyrics from a successful blues offering by Canned Heat released

over fifty years ago. It's still a great song – and it still has some powerful advice for those travellers trying to make it up that hill, going on to remind them that '*...together we stand, divided we fall...*' The chorus really sums it up; the key to scaling innovation is simple – '*let's work together*'.

The challenge, of course, is working out how...