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SAID BUSINESS SCHOOL

SOCIAL INNOVATION

WHAT IT IS, WHY IT MATTERS AND HOW IT CAN BE ACCELERATED

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SUMMARY

1. The results of social innovation – new ideas that meet unmet needs – are all around us. They include fair trade and restorative justice, hospices and kindergartens, distance learning and traffic calming. Many social innovations were successfully promoted by the Young Foundation in its previous incarnations under Michael Young (including some 60 organisations such as the Open University, Which?, Healthline and International Alert). Over the last two centuries, innumerable social innovations, from cognitive behavioural therapy for prisoners to Wikipedia, have moved from the margins to the mainstream. As this has happened, many have passed through the three stages that Schopenhauer identified for any new 'truth': 'First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.'

2. These processes of change are sometimes understood as resulting from the work of heroic individuals (such as Robert Owen or Muhammad Yunus); sometimes as resulting from much broader movements of change (such as feminism and environmentalism), or from market dynamics and organisational incentives. Here we look at how innovations have progressed through a series of stages: from the generation of ideas through prototyping and piloting, to scaling up and learning. We look at how in some sectors key stages are missing or inadequately supported. We look at the role of technology – and how inefficient existing systems are at reaping the full social potential of maturing technologies. We also show that in some cases innovation starts by doing things – and then adapting and adjusting in the light of experience. Users have always played a decisive role in social innovation – a role which is increasingly recognised in business too. In all cases, innovation usually involves some struggle against vested interests; the 'contagious courage' that persuades others to change; and the pragmatic persistence that turns promising ideas into real institutions.

3. Social innovation is not unique to the non-profit sector. It can be driven by politics and government (for example, new models of public health), markets

(for example, open source software or organic food), movements (for example, fair trade), and academia (for example, pedagogical models of childcare), as well as by social enterprises (microcredit and magazines for the homeless). Many of the most successful innovators have learned to operate across the boundaries between these sectors and innovation thrives best when there are effective alliances between small organisations and entrepreneurs (the 'bees' who are mobile, fast, and cross-pollinate) and big organisations (the 'trees' with roots, resilience and size) which can grow ideas to scale. Innovations then scale up along a continuum from diffusion of ideas to organic growth of organisations, with the patterns of growth dependent on the mix of environmental conditions (including effective demand to pay for the innovation) and capacities (managerial, financial etc.).

4. We describe a 'connected difference' theory of social innovation which emphasises three key dimensions of most important social innovations:

■ they are usually new **combinations** or hybrids of existing elements, rather than being wholly new in themselves

■ putting them into practice involves **cutting across** organisational, sectoral or disciplinary boundaries

■ they leave behind **compelling new social relationships** between previously separate individuals and groups which matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations

5. This approach highlights the critical role played by the 'connectors' in any innovation system – the brokers, entrepreneurs and institutions that link together people, ideas, money and power – who contribute as much to lasting change as thinkers, creators, designers, activists and community groups.

6. Economists estimate that 50-80% of economic growth comes from innovation and new knowledge.[1] Although there are no reliable metrics, innovation appears to play an equally decisive role in social progress. Moreover, social innovation plays a decisive role in economic growth. Past advances in healthcare and the spread of new technologies like the car,

electricity or the internet, depended as much on social innovation as they did on innovation in technology or business. Today there are signs that social innovation is becoming even more important for economic growth. This is partly because some of the barriers to lasting growth (such as climate change, or ageing populations) can only be overcome with the help of social innovation, and partly because of rising demands for types of economic growth that enhance rather than damage human relationships and well being. The key growth sectors of the 21st century economy look set to be health, education and care, accounting between them for around 20-30% of GDP, and more in some countries. These are all mixed economies, strongly shaped by public policy, and requiring models of innovation very different to those that worked well for cars, microprocessors or biotechnology.

7. Surprisingly little is known about social innovation compared to the vast amount of research into innovation in business and science. In an extensive survey we found no systematic overviews of the field, no major datasets or long-term analyses, and few signs of interest from the big foundations or academic research funding bodies. Some of the insights gained into business innovation are relevant in the social field, but there are also important differences (and so far none of the big names in business theory have engaged seriously with the field). Some of the small literature on public innovation is also relevant – but less good at understanding how ideas move across sectoral boundaries. We argue that the lack of knowledge impedes the many institutions interested in this field, including innovators themselves, philanthropists, foundations and governments, and means that far too many rely on anecdotes and hunches.

8. Although social innovation happens all around us, many promising ideas are stillborn, blocked by vested interests or otherwise marginalised. The competitive pressures that drive innovation in commercial markets are blunted or absent in the social field and the absence of institutions and funds devoted to social innovation means that too often it is a matter of luck whether ideas come to fruition, or displace less effective alternatives. As a result, many social problems remain more acute than they need to be. We advocate a much more concerted approach to social innovation, and have coined the phrase 'Social Silicon Valleys' to describe the future

[1] Helpman, E (2004), *The Mystery of Economic Growth*, Cambridge, MA. Following on from Solow's work Elhanan Helpman estimated that differences in knowledge and technology explain more than 60% of the differences among countries in income and growth rates.

places and institutions that will mobilise resources and energies to tackle social problems in ways that are comparable to the investments in technology made in the first silicon valley and its equivalents around the world. This is likely to require major changes amongst governments, foundations, civic organisations and businesses, and strategies that prioritise creative connections, and institutions that can cut across boundaries.

9. We show that although much innovation is bound to be messy and unpredictable it is likely to be greatly helped by:

■ Leaders who visibly encourage and reward successful innovation, and who can straddle different fields.

■ Finance focused specifically on innovation, including public and philanthropic investment in high risk R&D, targeted at the areas of greatest need and greatest potential, and organised to support the key stages of innovation.

■ More open markets for social solutions, including public funding and services directed more to outcomes and opened up to social enterprises and user groups as well as private business.

■ Incubators for promising models, along the lines of the Young Foundation's Launchpad programme and the NESTA-Young Foundation Health Innovation Accelerator, to advance innovation in particular priority areas such as chronic disease, the cultivation of non-cognitive social skills or reducing re-offending.

■ Explicit methodologies for R&D in the public sector – including new ways of forming partnerships for innovation between local and national governments.

■ Ways of empowering users to drive innovation themselves – with tools, incentives, recognition and access to funding for ideas that work.

■ Institutions to help orchestrate more systemic change in fields like climate change or welfare – linking small scale social enterprises and projects to big institutions, laws and regulations (for example, shifting a city's transport system over to plug-ins or hybrids).

■ New approaches to innovation for individual nations, cities and regions that cut across public, private and non-profit boundaries, including cross-

national pools to develop and test new approaches to issues like prison reform or childcare.

■ New institutions focused on adapting new technologies for their social potential – such as artificial intelligence, grid computing or Global Positioning Systems.

■ New ways of cultivating the innovators themselves – drawing on experiences from organisations like the School for Social Entrepreneurs.

10. Very diverse fields are becoming interested in social innovation. They include the fields of:

■ Social entrepreneurship

■ Design

■ Technology

■ Public policy

■ Cities and urban development

■ Social movements

■ Community Development

All bring distinctive methods and insights. But all also have a great deal to learn from each other, and from more extensive and rigorous research on how social innovation happens. We describe the emerging 'network of networks' (SIX – socialinnovationexchange.org) that is bringing together like-minded organisations and networks from all of these fields to share ideas and experiences with the aim of speeding up our common ability to treat, and even solve, some of the pressing social challenges of our times.

SOCIAL INNOVATION

AN INTRODUCTION

THE GROWING IMPORTANCE OF SOCIAL INNOVATION

The results of social innovation are all around us. Self-help health groups and self-build housing; telephone help lines and telethon fundraising; neighbourhood nurseries and neighbourhood wardens; Wikipedia and the Open University; complementary medicine, holistic health and hospices; microcredit and consumer cooperatives; charity shops and the fair trade movement; zero carbon housing schemes and community wind farms; restorative justice and community courts. All are examples of social innovation – new ideas that work to meet pressing unmet needs and improve peoples' lives.

This report is about how we can improve societies' capacities to solve their problems. It is about old and new methods for mobilising the ubiquitous intelligence that exists within any society. We see the development of social innovation as an urgent task – one of the most urgent there is. There is a wide, and probably growing, gap between the scale of the problems we face and the scale of the solutions on offer. New methods for advancing social innovation are relevant in every sector but they are likely to offer most in fields where problems are intensifying (from diversity and conflict, to climate change and mental illness), in fields where existing models are failing or stagnant (from traditional electoral democracy to criminal justice), and in fields where new possibilities (such as mobile technologies and open source methods) are not being adequately exploited.

There is no shortage of good writing on innovation in business and technology, from such figures as Everett Rogers, Christopher Freeman, Rosabeth Moss Kanter, William Baumol, Eric Von Hippel, Bart Nooteboom, Clay Christianson and John Kao. Yet there is a remarkable dearth of serious analysis of how social innovation is done and how it can be supported, and in a survey of the field we have found little serious research, no widely shared concepts, thorough histories, comparative research or quantitative analysis.[2]

This neglect is mirrored by the lack of practical attention paid to social innovation. Vast amounts of money are spent by business on innovation to meet both real and imagined consumer demands. Almost as much is spent by governments – much of it to devise new methods of killing people. But far less is spent by governments or NGOs or foundations to more systematically develop innovative solutions to common needs. And not one country has a serious strategy for social innovation that is remotely comparable to the strategies for innovation in business and technology, although some, for example in Scandinavia, are rapidly coming to recognise that future growth and well-being depend as much on social innovation as they do on a continuing stream of new technologies.

THE YOUNG FOUNDATION: A CENTRE OF PAST AND FUTURE SOCIAL INNOVATION

At the Young Foundation we have particular reasons for being interested in this field. For over 50 years the Young Foundation's precursors were amongst the world's most important centres both for understanding social enterprise and innovation and doing it. They helped create dozens of new institutions (such as the Open University and its parallels around the world, Which?, the School for Social Entrepreneurs and the Economic and Social Research Council) and pioneered new social models (such as phone based health diagnosis, extended schooling and patient led health care). Harvard's Daniel Bell (one of the USA's most influential social scientists in the second half of the last century) judged Michael Young to be the world's 'most successful entrepreneur of social enterprises', and in his work and his writings he anticipated today's interest in social enterprise and the broader question of how societies innovate.[3]

This tradition of practical social innovation is now being energetically revived from our base in east London. We work with cities, governments, companies and NGOs to accelerate their capacity to innovate, and we help to design and launch new organisations and models which can better meet people's needs for care, jobs and homes, including radical new models of schooling, health care and criminal justice.

[2] Rare exceptions include Pinter, F (1985), S*timulating Innovation: A Systems Approach*, Tudor Rickards; Gerhuny, J (1983), *Social Innovation and the Division of Labour*, OUP; Njihoff, M (1984), *The Political Economy of Innovation*, The Hague, Kingston

[3] For example his book: Young, M (1983), *The Social Scientist as Innovator*, Cambridge, Mass.

WHAT SOCIAL INNOVATION IS

[4] There is of course a large literature on the meaning of the word 'social' and its limitations which we don't pursue here (see for example the recent work of Bruno Latour).

DEFINING SOCIAL INNOVATION

Innovation is often given complex definitions. We prefer the simple one: 'new ideas that work'. This differentiates innovation from improvement, which implies only incremental change; and from creativity and invention, which are vital to innovation but miss out the hard work of implementation and diffusion that makes promising ideas useful. Social innovation refers to new ideas that work in meeting social goals. Defined in this way the term has, potentially, very wide boundaries – from gay partnerships to new ways of using mobile phone texting, and from new lifestyles to new products and services. We have also suggested a somewhat narrower definition:

'innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly developed and diffused through organisations whose primary purposes are social.'[4]

This differentiates social innovation from business innovations which are generally motivated by profit maximisation and diffused through organisations that are primarily motivated by profit maximisation. There are of course many borderline cases, for example models of distance learning that were pioneered in social organisations but then adopted by businesses, or for profit businesses innovating new approaches to helping disabled people into work. But these definitions provide a reasonable starting point (and overly precise definitions tend to limit understanding rather than helping it).

Our interest here is primarily with innovations that take the form of replicable programmes or organisations. A good example of a socially innovative activity in this sense is the spread of cognitive behavioural therapy, proposed in the 1960s by Aaron Beck, tested empirically in the 1970s, and then spread through professional and policy networks in the subsequent decades. A good example of socially innovative new organisations is the Big Issue, and its international successor network of magazines sold by homeless people, as well as its more recent spin-offs, like the Homeless World Cup competition in which teams of homeless people compete.

Our approach overlaps with, but differs, from some of the other current meanings of social innovation. Some use the term primarily to refer to processes of innovation that are social in nature – such as the use of open source methods, networks and collaboratives. There is a good deal of interesting work underway in this field, but it generally ignores the question of purpose (i.e. it covers innovations whose only use is better logistics management for selling baked beans or insurance). Others use the term to refer to the social dimension of much broader processes of economic change.[5] Here we focus instead on replicable models and programmes.

FIELDS FOR SOCIAL INNOVATION

A contented and stable world might have little need for innovation. Innovation becomes an imperative when problems are getting worse, when systems are not working or when institutions reflect past rather than present problems. As the great Victorian historian Lord Macauley wrote: 'There is constant improvement precisely because there is constant discontent'. The other driver of innovation is awareness of a gap between what there is and what there ought to be, between what people need and what they are offered by governments, private firms and NGOs – a gap which is constantly widened by the emergence of new technologies and new scientific knowledge. These are some of the fields where we see particularly severe innovation deficits, but also great opportunities for new creative solutions:

Rising life expectancy – which requires new ways of organising pensions, care and mutual support, new models of housing and urban design (for 4 and 5 generation families and continually changing housing needs), and new methods for countering isolation. Climate change – which demands new thinking on how to reorder cities, transport systems, energy and housing to dramatically reduce carbon emissions. Technology has a decisive role to play – but so will social innovations which help to change behaviour.

Growing diversity of countries and cities – which demands innovative ways of organising schooling, language training and housing to prevent segregation and conflict.

Stark inequalities – which have widened in many societies, including the US, UK, China and tend to be associated with many other social ills, ranging from violence to mental illness.

Rising incidence of long-term conditions such as arthritis, depression, diabetes, cancers and heart diseases (which are now chronic as well as acute) which demand novel social solutions as well as new models of medical support.

Behavioural problems of affluence – including obesity, bad diets and inactivity as well as addictions to alcohol, drugs and gambling.

Difficult transitions to adulthood – which require new ways to help teenagers successfully navigate their way into more stable careers, relationships and lifestyles.

Happiness – the mismatch between growing GDP and stagnant well being and declining real welfare according to some measures requires new ways of thinking about public policy and civic action.

In each of these fields many of the dominant existing models simply do not work well enough. Often they are too inflexible and unimaginative. They may be fitted to past problems or bound by powerful interests. They may be provided by agencies that have become complacent or outdated. The result is unnecessary human suffering, and unrealised potential.

A SHORT HISTORY OF SOCIAL INNOVATION

Much of what we take for granted in social policy and service delivery began as radical innovation: promising ideas and unproven possibilities. The idea of a national health service freely available to all was at first seen as absurdly utopian and has still not been achieved in many big countries, including the USA and China. It was once thought strange to imagine that ordinary people could be trusted to drive cars at high speed. Much of what we now consider common sense was greeted by powerful interest groups with hostility. As Schopenhauer observed: 'every truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.'

Over the last two centuries innumerable social innovations have moved from the margins to the mainstream. They include the invention and spread of trade unions and cooperatives, which drew on earlier models of guilds but radically reshaped them for the grim factories of 19th century industry; the spread of collective insurance against sickness and poverty, from self-organised communities to states;

the spread of new models of the university in the 19th century, which drew on the traditional examples of al-Azhar, Paris and Oxford, but redefined them to meet the needs of modern industrial societies; the spread of the kindergarten, building on Friedrich Froebel's ideas that were embodied in the first kindergarten in 1837; and the spread of sports clubs alongside the global enthusiasm for sports like football and cricket.

During some periods civil society provided the impetus for social innovation. The great wave of industrialisation and urbanisation in the 19th century was accompanied by an extraordinary upsurge of social enterprise and innovation: mutual self-help, microcredit, building societies, cooperatives, trade unions, reading clubs and philanthropic business leaders creating model towns and model schools. In 19th and early 20th century Britain civil society pioneered the most influential new models of childcare (Barnardos), housing (Peabody), community development (the Edwardian settlements) and social care (Rowntree).

During some periods the lead was taken by social movements. The first of these was the anti-slavery movement in late 18th century Britain which pioneered almost all the methods used by campaigns: mass membership, demonstrations, petitions, consumer boycotts, logos and slogans (including, famously, the slogan: 'Am I not a man and a brother?'). The 1960s and 1970s saw particularly vigorous social movements around ecology, feminism and civil rights which spawned innovations in governments and commercial markets as well as in NGOs. Another wave of civic innovation in movements is under way as the power of the internet and global media is harnessed to causes like world poverty and the environment.

At other times governments have taken the lead in social innovation, for example in the years after 1945 when democratic governments built welfare states, schooling systems and institutions as various as credit banks for farmers and networks of adult education colleges. This was a period when many came to see civic and charitable organisations as too

parochial, paternalistic and inefficient to meet social needs on any scale.

Social innovation has never been restricted to what we would now call social policy. Robert Owen in 19th century Scotland attempted to create an entirely new economy and society (in embryo) from his base in Lanarkshire. More recently successful innovations have grown up in many fields. For example, Rabobank, a cooperative bank, has one of the world's highest credit ratings. The Mondragon network of cooperatives in Spain now employs some 80,000 people, and has grown by 10,000 each decade since 1980. It now operates with some 50 plants outside Spain making it probably the world's most successful social enterprise. Social innovation can be found in utilities too: in the UK one of the most successful privatised utilities is the one that chose to become a mutual – Welsh Water/Glas Cymru. In many countries significant shares of agriculture, retailing, and finance are organised through co-ops and mutuals that combine economic and social goals. There has also been social innovation in the media: from trade union newspapers in the 19th century through community radio and television networks to new media forms like Ohmynews in South Korea. Ohmynews employs over 30,000 citizen reporters and combines a higher young readership than the newspapers with real evidence of political influence.

Religion, too, has played a role in generating, sustaining and scaling social innovation, from Florence Nightingale, who was supported by nurses from the Irish Sisters of Mercy, to the black faith-inspired pioneer, Mary Seacole, who set up new medical facilities during the Crimean war, to the Victorian settlements which paved the way for so much 20th century social change. In South Africa the anti-apartheid movement depended greatly on faith, while in the US black churches were instrumental in the civil rights movement and innovations in micro-banking. Recent years have also seen the emergence of new waves of engaged Muslim NGOs such as Islamic Relief.

Looking back it is hard to find any field in which

SERVICES: EMPLOYMENT   Contribution to total employment

	Wholesale and retail trade, restaurant and hotels		Transport, storage and communication		Finance and insurance		Real estate, renting and business services		Public administration and defence		Education, health, social work and other services		
	2003	1993	2003	1993	2003	1993	2003	1993	2003	1993	2003	1993	
Australia	24.7	25.2	6.4	6.3	3.6	4.1	12.1	8.4	5.8	6.7	22.4	20.7	**Australia**
Austria	19.6	19.3	6.4	6.4	2.8	3.0	10.8	6.3	6.1	6.5	18.6	16.4	Austria
Belgium	18.1	19.2	6.5	6.5	3.4	3.6	14.1	11.1	10.3	10.2	24.4	22.2	**Belgium**
Canada	25.5	24.7	6.1	6.3	5.3	5.3	11.0	8.1	4.8	5.8	22.8	23.7	Canada
Czech Republic	18.3	18.2	7.2	7.1	1.6	1.5	9.8	7.7	6.4	5.6	14.2	14.0	**Czech Republic**
Denmark	19.2	17.6	6.5	7.0	2.7	2.9	10.2	7.7	7.2	8.1	28.4	27.0	Denmark
Finland	16.0	15.2	7.2	7.7	1.7	2.6	10.2	6.8	7.3	7.7	26.4	24.6	**Finland**
France	16.6	16.5	6.4	6.1	3.1	3.3	14.8	11.5	8.9	9.9	25.3	22.9	France
Germany	20.0	18.8	5.4	6.2	3.3	3.4	12.4	7.5	6.9	8.1	22.4	18.6	**Germany**
Greece	22.0	20.3	6.8	6.9	2.4	2.2	6.5	4.8	7.1	7.1	16.1	14.6	Greece
Hungary	17.7	15.4	7.7	8.9	1.9	1.9	6.8	3.6	7.5	6.5	19.7	20.1	**Hungary**
Iceland	16.6	18.0	6.2	6.6	3.9	3.8	9.1	5.4	5.2	5.3	30.1	26.6	Iceland
Ireland	20.5	19.4	6.2	5.1	4.2	3.8	8.5	6.0	5.1	5.6	21.4	21.2	**Ireland**
Italy	20.5	19.6	4.5	4.9	2.7	2.8	11.0	7.4	5.6	6.6	22.2	20.8	Italy
Japan	18.0	17.4	6.0	5.7	3.0	3.2	7.5	6.9	3.2	3.3	27.8	23.4	**Japan**
Korea	26.5	25.4	6.0	5.3	3.4	3.4	7.8	3.8	3.4	3.2	16.4	11.4	Korea
Luxembourg	18.6	20.9	8.4	7.2	11.4	9.7	16.5	8.9	5.2	5.4	17.1	16.4	**Luxembourg**
Mexico	19.3	18.3	6.0	5.5	0.5	0.9	3.5	3.0	4.6	5.2	21.6	21.0	Mexico
Netherlands	20.2	20.0	5.6	5.8	3.5	3.5	15.3	11.5	6.2	7.0	26.8	25.1	**Netherlands**
New Zealand	26.8	25.9	6.2	6.2	3.0	4.0	12.0	8.8	3.2	4.8	25.6	23.7	New Zealand
Norway	17.5	17.2	8.3	9.4	2.1	2.7	10.2	6.3	6.6	8.5	32.1	29.3	**Norway**
Poland	16.2	14.2	5.2	6.1	2.0	1.5	6.3	3.5	3.7	2.4	14.4	14.9	Poland
Portugal	20.8	19.3	3.1	3.5	2.1	2.6	7.1	5.7	8.0	8.0	19.2	17.2	**Portugal**
Slovak Republic	20.4	13.5	7.3	7.7	1.7	1.4	6.7	5.4	6.9	6.4	18.5	19.6	Slovak Republic
Spain	21.5	20.9	6.0	5.9	2.1	2.7	8.0	5.7	8.0	8.8	19.7	19.0	**Spain**
Sweden	15.2	15.5	6.8	7.0	2.2	2.0	11.8	8.1	6.1	8.1	32.3	32.2	Sweden
Switzerland	21.3	-	6.6	-	6.0	-	10.2	-	9.3	-	13.4	-	**Switzerland**
Turkey	19.2	13.0	5.0	5.0	1.1	-	2.5	-	5.7	-	9.4	-	Turkey
United Kingdom	24.2	23.0	6.1	5.9	4.3	4.5	15.1	12.2	5.6	6.4	23.8	23.8	**United Kingdom**
United States	21.2	22.7	5.5.	5.2	4.9	4.7	12.0	9.9	6.1	8.3	27.5	24.6	United States

6 www.spartacus.schoolnet.co.uk; www.bbc.co.uk/history. Chadwick's wider role in British society was, unfortunately, far less progressive.

7 OECD in Figures, 2005 Edition STATISTICS ON THE MEMBER COUNTRIES

social innovation has not played an important role. Even the spread of the car depended not just on the technology of the internal combustion engine and modern production lines, but also on a host of associated social innovations: driving schools, road markings and protocols, garages, traffic wardens and speeding tickets, and more recently, congestion charging systems.

Improvements in healthcare depended on innovations in medicine (including antibiotics) and surgery (from sterilisation to keyhole surgery) but also on a host of other innovations including: public health systems to provide clean water and sewers; changing home habits to promote cleanliness in kitchens and new methods of measurement – a primary interest of Florence Nightingale who was as innovative a statistician as she was a nurse. Health improvement also depended on new organisational forms such as primary care practices and barefoot health services; new business forms in pharmaceuticals to enable long-term investment in research (for example, Du Pont); state regulation of food to promote safety, and more recently to cut sugar and salt contents and provision of meals to children in schools; national health services funded by taxpayers; self help groups, and civil organisations for diseases such as Alzheimer's; volunteers, trained for example to use defibrillators; and new models of care such as the hospices pioneered by Cicely Saunders. Modern health's heroes are not just the pioneers of new drugs and surgical procedures. They also include social innovators like Edwin Chadwick,[6] whose report "The Sanitary Conditions of the Labouring Population", published in 1842 when the average life expectancy for factory workers in the new industrial towns and cities like Bolton in north-west England was only 17 years, successfully persuaded government to provide clean water, sewers, street cleaning and refuse.

Health is typical in this respect. Science and technology have played a profoundly important role in helping people live longer and healthier lives, but simplistic accounts in which progress is directly caused by technology invariably fall apart on closer inspection. Instead most of what we now count as progress has come about through the mutual reinforcement of social, economic, technological and political innovations.

SOCIAL AND ECONOMIC CHANGE: THE SHAPE OF THE ECONOMY TO COME

Economies in both developed and to a lesser extent developing countries are increasingly dominated by services rather than manufacturing. Over the next 20 years the biggest growth in OECD countries is likely to come in health, education and care, whose shares of GDP are already much greater than cars or telecoms, steel or biotech. These are all fields in which commercial, voluntary and public organisations deliver services, in which public policy plays a key role and in which consumers co-create value alongside producers – no teacher can force a student to learn if they do not want to. For all of these reasons traditional business models of innovation are of only limited use. Much of the most important innovation of the next few decades is set to follow the patterns of social innovation rather than the patterns familiar from sectors like IT or insurance.

The table below from the OECD[7] shows that the contribution to total employment of 'education, health, social work and other services' sector has risen in nearly every member country. In the same ten year period total expenditure on healthcare rose as a percentage of GDP in all but three member countries. Yet much of the writing on R&D and innovation – and most government policies – lag behind these changes and remain much more focused on hardware and objects rather than services. In health, for example, many governments (including the UK) provide very generous subsidies for R&D into pharmaceuticals despite their relatively poor record in delivering health gain, but very little for innovation in models of health service delivery.

WHO DOES SOCIAL INNOVATION

INDIVIDUALS, MOVEMENTS AND ORGANISATIONS

There are many lenses through which to understand social innovation. For much of the last century it was understood within much broader frameworks of thinking about social change, industrialisation and modernity. Small innovations were seen as reflections of big dynamics. In the contrary approach advocated by Karl Popper and others, social innovation was the incremental and experimental alternative to the errors of utopian blueprints and violent revolution (our reflections on theories of change and their relevance to social innovation are contained in this endnote **A**, p50).

Today most discussion of social innovation tends to adopt one of three main lenses for understanding how change happens: individuals, movements or organisations.

INDIVIDUALS – ALWAYS TAKING NO AS A QUESTION

In the first social change is portrayed as having been driven by a very small number of heroic, energetic and impatient individuals. History is told as the story of how they remade the world, persuading and cajoling the lazy and timid majority into change. Robert Owen, Octavia Hill and Michael Young are three people who embody this view of history.

The most important social innovator from the 18th century was arguably Robert Owen, born in 1771 at the dawn of the industrial revolution.[8] By the turn of the century he had bought four textile factories in New Lanark and was determined to use them not just to make money but to remake the world. Arguing that people were naturally good but corrupted by harsh conditions, under Owen's management the cotton mills and village of New Lanark became a model community. When Owen arrived at New Lanark children from as young as five were working for 13 hours a day in the textile mills. He stopped employing children under ten and sent young children to newly built nursery and infant schools, while older children combined work and secondary school. In addition to schools New Lanark set up a crèche for working mothers, free medical care, and comprehensive education, including evening classes. There were concerts, dancing, music-making and pleasant landscaped areas. His

[8] www.robert-owen.com
www.newlanark.org

9 The Octavia Hill
Birthplace Museum
www.octaviahillmuseum.org

10 For a good overview of his work
see Dench, G, Flower, T and Gavron,
K (2005) *Young at Eighty: the
prolific public life of Michael Young*,
Carcanet Press, Manchester. For a
full biography see Briggs, A (2001)
Michael Young: Social Entrepreneur,
Palgrave Macmillan, London

ideas inspired emulators all over the world, and New Lanark remains a popular tourist attraction. He had an enormous influence on the new cooperative and mutualist movements as well as paving the way for modern management theories.

The 19th century produced many more social innovators. A good example is Octavia Hill, who was born in 1838.[9] Her father had been a follower of Robert Owen and as a child she was exposed to an extraordinary range of contemporary progressive thinkers, including Dr. Thomas Southwood Smith, 'father of sanitary reform,' F. D. Maurice, the leader of the Christian Socialists, and John Ruskin. In 1864, Ruskin bought three buildings in Paradise Place, a notorious slum, and gave them to Octavia Hill to manage. The aim was to make 'lives noble, homes happy, and family life good' and her determination, personality, and skill transformed the poverty-stricken areas into tolerably harmonious communities. Communal amenities such as meeting halls, savings clubs, and dramatic productions were encouraged. Her training programmes laid the foundations of the modern profession of housing management and her first organisation, the Horace Street Trust (now Octavia Housing and Care) became the model for all subsequent housing associations. In addition, Octavia Hill was the first advocate of a green belt for London; launched the Army Cadet Force to socialise inner city teenagers; campaigned to create public parks and to decorate hospitals with arts and beauty; and in 1895 created the National Trust (which now has more than 3.4 million members), arguably the world's first great modern heritage organisation.

Michael Young (after whom the Young Foundation is named) was one of the 20th century's outstanding social innovators. As Head of Research for the Labour Party in 1945, he helped shape the welfare state and saw the power of the government to change people's lives, not least through radical social innovations including the National Health Service and comprehensive welfare provision. He became concerned, however, about the risks of government becoming too powerful and moved out to east London to approach change through a very different route. His approach involved stimulating argument and he wrote a series of bestsellers that changed attitudes to a host of social issues, including urban planning (leading the movement away from tower blocks), education (leading thinking about how to radically widen access) and poverty. He also pioneered ideas of public and consumer

empowerment in private markets and public services: NHS Direct, the spread of after-school clubs and neighbourhood councils can all be traced to Young's work. However, for our purposes, his most important skill lay in creating new organisations and models: in total some 60 independent organisations including the Open University, the Consumers' Association, Language Line, Education Extra and the Open College of the Arts. Some of these drew on formal academic research; others simply drew on hunches. Others still drew on informal conversations held on buses or street corners which illuminated people's unmet needs.[10]

Although many of these ideas look obvious in retrospect they were generally met with hostility, and one of Michael Young's characteristics (shared with many pioneers in social innovation) was, in the words of one of his collaborators, Tony Flower: 'sheer persistence, a kind of benign ruthlessness, clutching onto an idea beyond the bitter end, always taking no as a question.' Many of his projects began very small – often only one or two people working from a basement in Bethnal Green. But he was always looking for small changes that could achieve leverage by demonstrating how things could work differently. And he was convinced that practical action was often more convincing than eloquent books and pamphlets.

Another striking feature of his work was that he straddled different sectors, as did his creations. Most of them became voluntary organisations. But some which began as voluntary organisations ended up as public bodies (such as the Open University); some which had been conceived as public bodies ended up as voluntary organisations (Which? for example); and some which began as voluntary organisations ended up as for-profit enterprises (like Language Line, which was recently sold for £25m).

These individuals are particularly outstanding examples drawn from British history. All three combined an ability to communicate complex ideas in compelling ways with a practical ability to make things happen. There are countless other examples of similar social innovators from around the world – leaders of social innovation have included politicians, bureaucrats, intellectuals, business people as well as NGO activists. Some are widely celebrated like Muhammad Yunus, the founder of Grameen, Kenyan Nobel Prize winner Wangari Maathai, or Saul Alinsky the highly influential evangelist of community organising in the USA, or Abbe Pierre whose approaches to homelessness in

France were copied in some 35 countries. There are also many less well-known but impressive figures, some of whom are described in David Bornstein's book on *How to Change the World*.[11] These accounts include the stories of Jeroo Billimoria, founder of the India-wide Childline, a 24-hour helpline and emergency response system for children in distress[12]; Vera Cordeiro, founder of Associacao Saude Crianca Rensacer in Brazil[13]; Taddy Blecher, founder of the Community and Individual Development Association (CIDA) City Campus, the first private higher education institution in South Africa to offer a virtually free business degree to students from disadvantaged backgrounds[14], and Karen Tse, founder of International Bridges to Justice. Their individual stories are always inspiring, energising, and impressive. They show just how much persistent, dedicated people can achieve against the odds and they serve as reminders of the courage that always accompanies radical social change.

MOVEMENTS FOR CHANGE

Seen through another lens, however, individuals are the carriers of ideas rather than originators. If we ask which movements had the most impact over the last half century the role of individuals quickly fades into the background. The most far-reaching movements of change, such as feminism or environmentalism, involved millions of people and had dozens of intellectual and organisational leaders, many of whom had the humility to realise that they were often as much following, and channelling, changes in public consciousness as they were directing them.

Like individual change-makers these movements have their roots in ideas grown from discontent. But their histories look very different. Environmentalism, for example, grew from many different sources. There were precursors in the 19th century, including: movements for protecting forests and landscapes; scientifically inspired movements to protect biodiversity; more politicised movements to counter the pollution of big companies or gain redress for their victims; movements of direct action like Greenpeace (which itself drew on much older Quaker traditions); and the various Green Parties around the world which have always been suspicious of individual leaders. Environmentalism has spawned a huge range of social innovations, from urban recycling to community owned wind farms. Today environmentalism is as much part of big business culture as companies like BP try to finesse the shift to more renewable energy sources, as it is of the alternative business culture

of organic food, household composting, municipal government (for example the hundreds of US Mayors who committed themselves to Kyoto in the early 2000s), and civil society (through mass campaigns like Friends of the Earth).

Feminism too grew out of many different currents.[15] In the West it had its roots in the humanism of the 18th century and the Industrial Revolution, and in the French Revolution's Women's Republican Club. It evolved as a movement that was simultaneously intellectual and cultural (pushed forward by pioneers like Emmeline Pankhurst, Simone de Beauvoir and Germaine Greer), political (New Zealand was the first country to give all adult women the vote and along with Scandinavia has consistently been ahead of the US, Germany, France and the UK) and economic (helped by women's growing power in the labour market). Many of its ideas were crystallised through legislation: Norway's ruling Labour Party's recent proposal that big companies should be required to have 40% of their boards made up of women is just one example.

As in the case of environmentalism, thousands of social innovations grew out of the movement: from clubs and networks to promote women in particular professions, to integrated childcare centres, abortion rights, equitable divorce laws, protections against rape and sexual harassment, maternity leave and skills programmes for mothers returning to the labour market.

Disability rights is another example of a powerful set of ideas whose impact is still being felt on building regulation, employment practices and public policy, as well as on popular culture, where stereotypes that were once acceptable are shown to be degrading and offensive.[16] As recently as 1979 it was legal for some state governments in the USA to sterilize disabled people against their will. During the 1980s and 1990s the disability movement became increasingly militant: voluntary organisations serving disabled people went through fierce battles as the beneficiaries fought to take control over NGOs that had been established as paternalistic providers for mute recipients. Thanks to their battles, legislation conferred new rights and obligations on employers and planners; and technologists accelerated their efforts to innovate. The Center for Independent Living founded in 1972 by disability activists in Berkeley, California developed technologies such as telecaptioners, text telephones, voice-recognition systems, voice synthesizers and screen readers. In the UK, the 'direct payments' and 'In Control'

[11] Bornstein, D (2004) *How to change the world: social entrepreneurs and the power of new ideas*, Oxford University Press, Oxford

[12] Childline was founded in Bombay in 1996; by 2002 the organisation was working in thirty cities. A full account is available in Bornstein, D (2004) op cit.

[13] Renascer provides care to poor children after they are discharged from hospital. By 2002, Renascer had assisted 6,000 children and successor organisations a further 10,000 people. Now the challenge is to transform Renascer into a reference and training centre spawning and supporting cells across Brazil. A full account is available in Bornstein, D (2004) op cit.

[14] CIDA believes itself to be the only 'free', open-access, holistic, higher educational facility in the world which is operated and managed by its students, from administration duties to facilities management. Two additional key features are partnerships with a great number of businesses in the design and delivery of all programmes – and the requirement of every student to return to their rural schools and communities, during holidays, to teach what they have learnt. A full account is available in Bornstein, D (2004) op cit. See also www.cida.co.za; Lucille Davie writing on www.joburg.org.za; and Andrea Vinassa writing on www.workinfo.com.

[15] http://en.wikipedia.org/wiki/History_of_feminism

[16] www.disabilityhistory.org
http://bancroft.berkeley.edu/collections/drilm
http://americanhistory.si.edu/disabilityrights

[17] INSP
http://www.sdinet.org
GROOTS
http://www.groots.org
Streetnet
http://www.streetnet.org.za
WIEGO
http://www.wiego.org

programmes gave people with disability direct control over public budgets and services far beyond any other public services.

Growing numbers of movements are taking shape globally – and they are increasingly cooperating across borders. Impressive grassroots movements that have done this include the International Network of Street Papers (INSP), Streetnet (a network of street vendors based in South Africa), Shack/Slum Dwellers International, GROOTS (which links together grassroots womens organisations around the world), WIEGO (which campaigns for women in informal employment), and the Forum Network in Asia for drugs projects.[17] All have pioneered and promoted the spread of radical social innovations.

Interestingly all of these very different movements have adopted an ethos suspicious of overly individualistic pictures of change. In their view the idea that progress comes from the wisdom of a few exceptional individuals is an anachronism, a throwback to pre-democratic times. All of these movements have also emphasised empowerment – enabling people to solve their own problems rather than waiting for the state, or heroic leaders, to solve problems for them.

INNOVATIVE ORGANISATIONS

The third lens for understanding innovation is the organisation. Not all innovations come from new organisations. Many come from existing organisations learning to renew themselves. The Internet came from within the US military and the early understanding of climate change from NASA, just as many of the most advanced ideas about how to look after children have evolved within existing public and professional organisations in countries like Denmark.

Any successful organisation needs to be simultaneously focused on existing activities, emerging ones and more radical possibilities that could be the mainstream activities of the future.

THE FOUR HORIZONS OF EFFECTIVE LEADERSHIP

LEGACY / GENERATIONAL TIME
CO_2, pensions etc.

LONG (2-20+ days)
Radical innovation necessary and likely

MEDIUM (1-3 years)
Incremental innovation, efficiency and performance

SHORT (days, weeks, months)
Fire-fighting
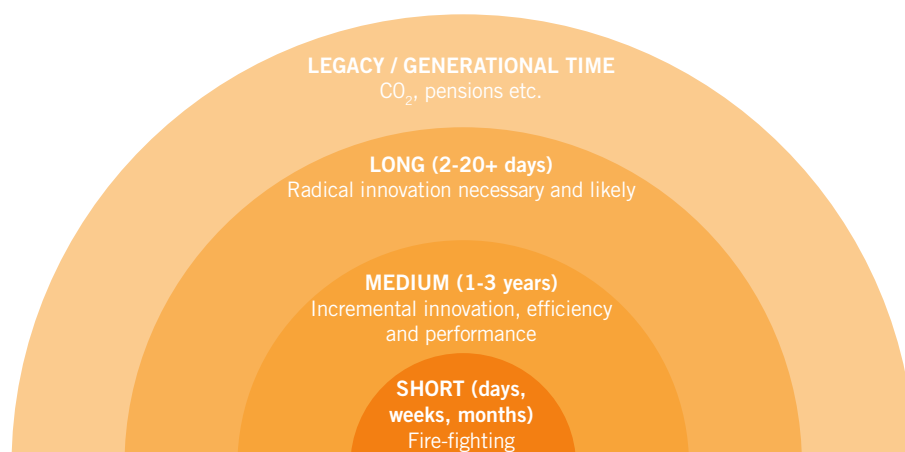
Effective leaders and the teams around them need to focus on four horizons for decision-making:

1. Day to day management, efficiency and firefighting

2. Effective implementation and incremental innovation over the medium term of 1-3 years

3. Developing more radical options – including in very different fields – that could become mainstream in 3-20 years

4. Taking account of generational timescales – particularly in relation to climate change and issues like pensions

Innovation matters for all but one of these horizons – but it is bound to matter most for the latter two, and for organisations that have a sense of their responsibilities to the future.

Sometimes innovation is presented as a distraction from efficiency and performance management. The truth is that any competent leadership should be able to do both – with time, money and management effort devoted to each of these horizons, and appropriate organisational structures and cultures for each task.

THE WIDER CONTEXT:
UNDERSTANDING SOCIAL CHANGE
Every successful social innovator or movement has succeeded because it has planted the seeds of an idea in many minds. In the long run ideas are more powerful than individuals or institutions; indeed, as John Maynard Keynes wrote, 'the world is ruled by little else'. But ideas need to take concrete form. Even the great religious prophets only spawned great religions because they were followed by great organisers and evangelists and military conquerors who were able to focus their energies and create great organisations.[18] And ideas only rule the world

[18] For the comparisons between business and the social sector in making organisations great see www.jimcollins.com

Product / service 1

Product / service 3

Period of transition of favour from existing product or service to innovation

Product / service 2 (failed)

Functionality / net value

Time
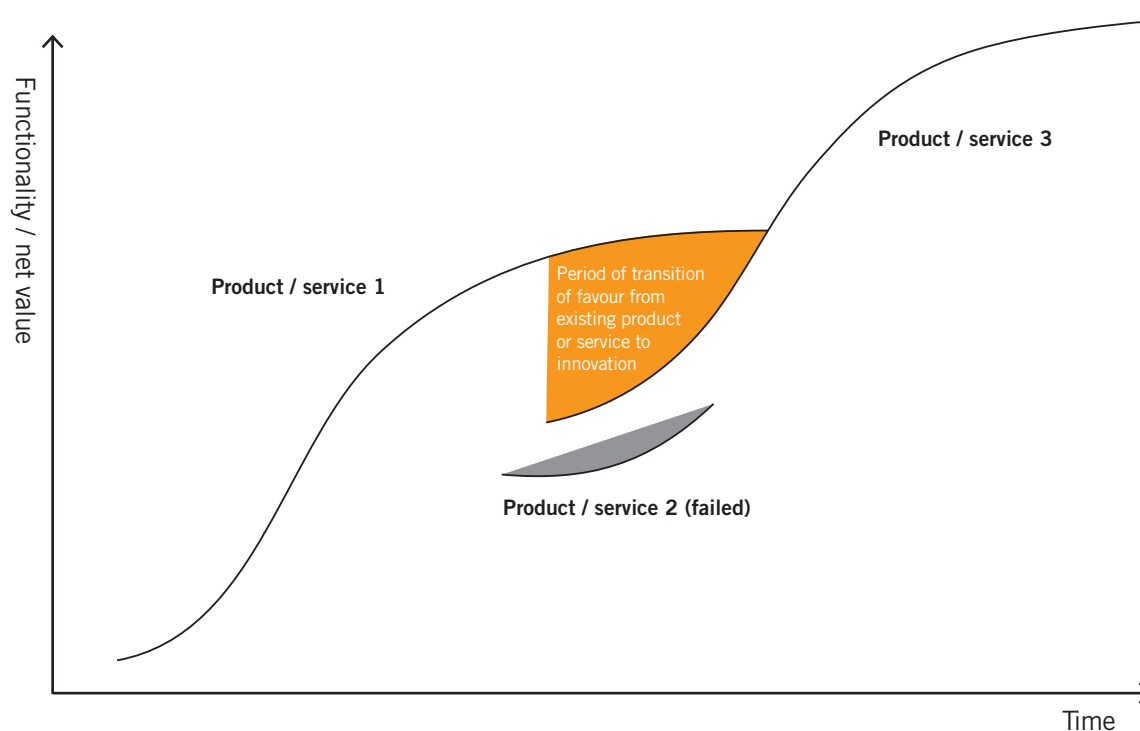
[19] This section draws on very useful work by Hämäläinen, TJ (2007), Social Innovation, Structural Adjustment and Economic Performance in Hämäläinen, TJ and Heiskala, R (eds) *Social Innovations, Institutional Change and Economic Performance: Making Sense of Structural Adjustment Processes in Industrial Sectors, Regions and Societies*, Edward Elgar Publishing, Cheltenham, UK and Northampton, MA, USA

[20] This chapter also draws in particular on the school of thought promoted by Christopher Freeman, Carlotta Perez and Luc Soete in a pioneering series of books and articles on technological, economic and social change in the 1980s and 1990s.

[21] This is core to the argument of Mancur Olson, who argued that long periods of stability would inevitably lead to stagnation, *The Rise and Decline of Nations* (1982), Yale university Press, New Haven

[22] An interesting recent book which explores some of these dynamics is Michael Fairbanks and Stace Lindsay: *Plowing the Sea; Nurturing the Hidden Sources of Growth in the Developing World*, Harvard Business School Press, Boston, 1997.

[23] Richard Nelson and Sidney Winter: *An evolutionary theory of economic change* remains the outstanding account of how firms resist change – and sometimes enable change to happen.

when the right conditions are in place. To fully understand social innovation, we therefore need to look at the conditions which either allow change or inhibit it.[19]

There is a vast literature on how change happens, but at its heart it emphasises two simple questions: why (most of the time) do things stay the same? and why (some of the time) do things change?[20] For innovators themselves the barriers to change often look like personal failings on the part of the powerful: their stupidity, rigidity and lack of imagination is all that stands between a brilliant new idea and its execution. But the barriers to change go much deeper than this.

First, **efficiency**. People resist even the most appealing reforms because in the short-run they threaten to worsen performance. The reason for this is that within any social system different elements have optimised around each other over time. The details of how businesses operate; how professions are trained and rewarded, how laws are made, how families organise their time and a million other aspects of daily life have evolved in tandem. Any new approach, however well designed, may appear quite inefficient compared to the subtle interdependencies of a real social or economic system. Even public sectors which by many standards are highly inefficient will have built up their own logic – like the military bases in the old Soviet Union that propped up local economies, or the vast US prisons built in the 1980s and 1990s that did the same.

The importance of this point was identified by a succession of writers about change – from Joseph Schumpeter in the 1930s to Donald Schon in the 1970s. In the 1990s Amitai Etzioni and Clayton Christensen recognised the implication that any radical innovators have to hold their nerve – and hold onto their supporters – through difficult transition periods when things may appear to be getting worse rather than better. Christensen's account of the 'innovators dilemma' is a good summary of this issue. Firms – or public organisations with established ways of doing things – become used to improving their position by steadily adding new features. But radical new options then arise which start off less efficient than the older, optimised alternatives, but which have the potential to transcend them. For the organisation this presents two dilemmas: first how to cultivate the new, potentially higher impact innovation (recognising that it may fail); and second, how to simultaneously ride both the old and the new waves – how, in some

cases, to compete against yourself.

The second barrier to change is peoples' **interests**. In any successful social system many people will have high stakes in stability. The risks of change will appear great compared to the benefits of continuity. This applies as much to peasant farmers nervously contemplating new models of farming as to managers responding to globalisation or civil servants contemplating a new deal around performance related pay. Most will have sunk investments – of time and money – in past practices that they are loath to discard or cannibalise. In stable societies the most acute tensions will have been papered over – or settled in compromises – prompting fear that change may bring these to the surface. Simultaneously the interest groups which are the greatest beneficiaries of the status quo will have learned how to work the system to their own ends and how to make themselves indispensable.[21]

The third barrier is **minds**. Any social system comes to be solidified within peoples' minds in the form of assumptions, values and norms. The more the system appears to work, giving people security and prosperity the more its norms will become entrenched as part of peoples' very sense of identity.[22] Organisations then become locked into routines and habits that are as much psychological as practical, and which become embedded in organisational memories.[23]

The fourth barrier is **relationships**. The personal relationships between the movers and shakers in the system create an additional stabilising factor in the form of social capital and mutual commitment. Much of the business of government and the social sector rests on personal relationships that may count for more than formal organograms. These networks of favours and debts can be key for getting things to happen within a stable system, but they are likely to seriously impede any radical change.

These barriers explain why even where there is a healthy appetite for incremental improvements and changes it is generally hard to push through more radical transformations – regardless of evidence or rationales or passions.

Probably the most famous account of these barriers was provided by Thomas Kuhn in his work on science which popularised the idea of a 'paradigm'. Kuhn showed that even in the apparently rational world of science better theories do not automatically displace worse ones. Instead existing theories have to be clearly failing on a wide range of issues and ultimately their adherents have to have died or given

up before the new theory can take over.

So why, despite the power of these barriers, does change still happen? The simple reason is that in some circumstances each of the four barriers to change switches. First, **efficiency**: sooner or later all systems become less optimal, less successful at delivering the goods. As their problems accumulate the crisis may be felt at many levels: declining profitability for companies; fiscal crisis or legitimacy crisis for the state; the personal stress felt by millions as they see their cherished values or norms less validated by experience. Although people are adept at explaining away uncomfortable results and avoiding 'cognitive dissonance'[24], and although elites generally try to police taboo ideas, at some point performance is bound to decline. Then a growing range of **interests**, particularly more marginalised ones, lose confidence in the system, and start to seek alternatives. Critics become more visible: in particular the young, marginal, ambitious, and angry start to advocate radical change and to directly challenge their older colleagues who have been most socialised into the status quo and find it hardest to imagine how things could be different.[25] Artists, writers and poets may come to the fore during this phase, using stories, images and metaphors to help people break free from the past, while others may cling even harder to fixed points in their identity, responding to the cognitive fluidity of the world around them by ever more ferocious assertion of their nationality, religion or values. During these periods **mental models** start changing. Intellectuals, activists, political entrepreneurs, trouble makers, or prophets find their voice in denouncing the present and promoting a different future, with a characteristic tone that is deliberately unsettling, amplifying dissonance and tensions. At the same time the longstanding personal **relationships** that held the system in place come under strain as some sense that change is imminent and others resist.

Patterns of this kind can be found on a micro scale within particular sectors and they can affect whole societies. During periods of change those within the system – especially those who have prospered from it and now sit at the top of business, bureaucratic or political hierarchies – are likely to be the last to see its deficiencies. Ever more sophisticated accounts may explain why the status quo can be saved, or why only modest reform will be enough. Such periods, when old systems are in crisis, can continue for many years. But sooner or later they come to an end as the new ideas diffuse,

and the innovators connect to the main sources of power and money. When the conditions are right new ideas can quickly move from the margins to the mainstream, since many people are well-attuned to watching what the successful do, take their cues from recognised figures of authority and only adopt new ideas when they no longer appear risky. In all cases change is more likely when there are visible, easily identifiable winners. Conversely, as Machiavelli pointed out, change is harder when the losers are concentrated and certain, and the winners are diffuse and uncertain of their possible gains.[26]

When systemic change does happen – for example the rise of welfare states fifty years ago, the shift to a more knowledge based economy in the last decades of the 20th century, or the shift to a low carbon economy in the early 21st century – the opportunities for social innovation greatly increase. Some ideas can be copied from other societies that have moved faster – for example how to run web-based exchange systems, or road charging. But more often the elements of the new paradigm are not self-evident; they evolve rapidly through trial and error, and even the elements which appear to be proven successes need to be adapted to local conditions.

Once a system has made a fundamental shift new energies are often released. An emerging paradigm is likely to be rich in positive interdependencies. New kinds of efficiency are discovered – including more systemic efficiencies, such as the efficiencies that flow into the economy from better public health or low carbon technologies.[27] This is one of the reasons why big changes are often followed by a honeymoon period. People tire of change and want to give the new model a fair chance. New elites radiate the confidence that comes from successfully overcoming enemies and barriers. And societies as a whole immerse themselves in the business of learning new habits, rules, and ways of seeing and doing.

[24] Festinger, L (1957), *A theory of cognitive dissonance*, Evanston, Row, Peterson and Company. As Howard Gardner has shown intellectuals are particularly attached to ideas that give them status, and particularly concerned to avoid cognitive dissonance.

[25] Gardner, H (2004) *Changing Minds*, Harvard Business School Press

[26] And in both cases change may be so delayed that apparently new ideas risk being outdated by the time they win acceptance. Schon, D (1973) *Beyond the stable state*, WW Norton, New York.

[27] Economists generally emphasise allocative efficiency. But other kinds of efficiency can be just as important for long-term growth. Dertouzos, M, Lester, R and Solow, R (1990), *Made in America: Regaining the productive edge*, Harper Perennial, New York.

HOW SOCIAL INNOVATION HAPPENS

THE UNEASY SYMBIOSIS OF 'BEES' AND 'TREES'

This story of change emphasises the interaction between the innovators and the environment they are working in. It emphasises, too, that new ideas have to secure support if they are to survive. The support they need may include: the passion and commitment of other people, the money of patrons or the state and contracts or consumers. Social change depends, in other words, on alliances between what could be called the 'bees' and the 'trees'. The bees are the small organisations, individuals and groups who have the new ideas, and are mobile, quick and able to cross-pollinate. The trees are the big organisations – governments, companies or big NGOs – which are poor at creativity but generally good at implementation, and which have the resilience, roots and scale to make things happen. Both need each other, and most social change comes from alliances between the two, just as most change within organisations depends on alliances between leaders and groups well down the formal hierarchy.

STAGES OF INNOVATION

In what follows we describe some of the stages that innovations have to pass through – as the bees find powerful allies to join up with.

GENERATING IDEAS BY UNDERSTANDING NEEDS AND IDENTIFYING POTENTIAL SOLUTIONS

The starting point for innovation is an awareness of a need that is not being met and some idea of how it could be met. Sometimes needs are glaringly obvious – like hunger, homelessness or disease. But sometimes needs are less obvious, or not recognised – like the need for protection from domestic violence, or racism, and it takes campaigners and movements to name and define these.

Needs come to the fore in many ways – through angry individuals and groups, campaigns and political movements as well as through careful observation. They may come from informal social movements (like health related, online self-help groups[28]); religious movements (instrumental in the Jubilee 2000 debt campaign); existing voluntary organisations (the RNID leading the move to digital hearing aids); individual social entrepreneurs (Octavia Hill founding the National Trust and pioneering occupational therapy); rising citizen expectations and aspirations (such as patient attitudes towards health professionals resulting in patient choice); or demographic change (Language Line catering for the needs of public services and people for whom English is a second language).

Some of the best innovators spot needs which are not being adequately met by the market or the state. They are often good at talking and listening, digging below the surface to understand peoples' needs and dislocations, dissatisfactions and 'blockages'. Michael Young got many of his best ideas from random conversations on street corners, buses and even in cemeteries. Empathy is the starting point and ethnography is usually a more relevant formal tool than statistical analysis. Personal motivations also play a critical role: people may want to solve their own problems and they may be motivated by the suffering of their friends or family.

Some of the most effective methods for

28 For example: http://james.parkinsons.org. uk/uk.htm

29 A recent article in the Economist can be found at www.economist.com/business/displaystory.cfm?story_id=5624944

30 For example, de Bono, E (1970) *Lateral Thinking – Creativity Step by Step*, Perennial Library London, and many others.

31 See www.globalideasbank.org/site/home. The top 500 ideas that will change the world are at: www.globalideasbank.org/site/store/detail.php?articleId=178. A list of similar organisations can be found at: www.stuartcdoddinstitute.org/innovationlinks.shtml

32 Useful websites include: Poverty Action Lab www.povertyactionlab.org; Social Action Laboratory www.psych.unimelb.edu.au/research/labs/soc_actionlab.html Affirmative Action Laboratory www.naledi.org.za/pubs/2000/indicator/article4.htm Innovation Lab Copenhagen www.innovationlab.net/sw4918.asp Civic Innovation Lab www.civicinnovationlab.org Eastman Innovation Lab www.eastman.com/innovationlab MIT Community Innovation Lab http://web.mit.edu/cilab ETSU Innovation Lab www.etsu.edu/innovationlab

cultivating social innovation start from the presumption that people are competent interpreters of their own lives and competent solvers of their own problems. Anyone seeking to find an answer to the management of chronic diseases or alienation amongst teenagers may do best to find out how people themselves are solving their problems. Another method is to find the people who are solving their problems against the odds – the ex-prisoners who do not re-offend or the 18 year old without any qualifications who nevertheless finds a job. Looking for the 'positive deviants' – the approaches that work when most others are failing – gives insights into what might be possible, and usually at much lower cost than top down solutions.

Next, needs have to be tied to new possibilities. New possibilities may be technological – for example, using the mobile telephone to support frontline workers, using digital television to strengthen local communities, or using artificial intelligence to guide family law, as in Victoria in Australia. Indeed the internet is now generating a host of new business models that are set to have enormous impact in the social field. Some of these are being collected by the Open Business Network, which is linked to the Young Foundation.[29]

Other possibilities may derive from new organisational forms, like the Community Interest Company recently launched in the UK, or the special purpose vehicles increasingly used in global development. Or possibilities may derive from new knowledge – for example, newly acquired understanding of the importance of early years development in shaping future life chances. Innovators generally have a wide peripheral vision and are good at spotting how apparently unrelated methods and ideas can be combined.

Few ideas emerge fully formed. Instead innovators often try things out, and then quickly adjust them in the light of experience. Tinkering seems to play a vital role in all kinds of innovation, involving trial and error, hunches and experiments that only in retrospect look rational and planned.

New social ideas are also rarely inherently new in themselves. More often they combine ideas that had previously been separate. Examples of creative combinations include diagnostic health lines (which combined the telephone, nurses and diagnostic software); magazines sold by homeless people; the linking of gay rights to marriage; applying the idea of rights to animals; or the use of swipe cards to make possible large scale bicycle hiring schemes, located

in stations or next to bus shelters. Many of the most important ideas straddle the boundaries between sectors and disciplines. For example about 50% of public sector innovation is now thought to cross organisational boundaries, for example.

Some organisations use formal creativity methods to generate possibilities, including the ones devised by Edward de Bono[30], the design company Ideo, and the consultancy What If?, all of which aim to free people to think more laterally, and to spot new patterns. Some methods try to force creativity – for example, getting developers and designers to engage with the toughest customers, or those facing the most serious problems, to ensure more lateral solutions.

Creativity can be stimulated by other peoples' ideas which are increasingly being collected and banked. Nicholas Albery, a regular collaborator with Michael Young, founded the Institute for Social Inventions in 1985. He produced regular editions of the Book of Social Inventions and the Book of Visions, and, in 1995, helped launch the Global Ideas Bank – a rich online source of ideas and experiences, which also produces regular editions of the Global Ideas Book.[31]

In some cases ideas can be bought on the open market. The company Innocentive, for example, offers cash rewards on the web for innovators who have workable solutions to problems they solve, based on the assumption that often a neighbouring sector may already have solved a similar problem. 100,000 scientists and technologists are now part of Innocentive's network and the company recently teamed up with the Rockefeller Foundation to offer rewards for scientists working on science and technology projects that could particularly benefit poor or vulnerable people. Today there are also many innovation labs, some linked to universities, some linked to companies and some focused on particular problems. These include the MIT Community Innovation Lab, the Social Action Laboratory at Melbourne and the Affirmative Action Laboratory in South Africa.[32]

All societies constantly throw up possible social innovations. Some never get beyond a conversation in a kitchen or a bar. Many briefly take organisational form but then fade as enthusiasm dims or it becomes obvious that the idea is not so good after all. But the key to success is to ensure that there is as wide as possible a range of choices to draw on. As Linus Pauling, (Nobel Prize winner in chemistry and peace) observed, 'the way to get good ideas is to get lots of ideas and throw the bad ones away.'

DEVELOPING, PROTOTYPING AND PILOTING IDEAS

The second phase of any innovation process involves taking a promising idea and testing it out in practice. Few plans survive their first encounter with reality wholly intact. But it is through action that they evolve and improve. Social innovations may be helped by formal market research or desk analysis but progress is often achieved more quickly by turning the idea into a prototype or pilot and then galvanising enthusiasm.

Social innovations are often implemented early. Because those involved are usually highly motivated they are too impatient to wait for governments or professions to act. The experience of trying to make their ideas work then speeds up their evolution, and the power of example then turns out to be as persuasive as written argument or advocacy. Michael Young usually moved very quickly to set up an embryonic organisation rather than waiting for detailed business plans and analyses. Language Line, for example, began as two people with telephones and a tiny contract with the neighbouring police station.

A key virtue of quick prototyping is that innovations often require several goes before they work. The first outings are invariably flawed. The British National Health Service took 40 years to move from impossible dream to reality; the radio took a decade to find its form – its early pioneers wrongly assumed that members of the public would purchase airtime to send messages to their friends and families, as with the telephone. What became Wikipedia was a failure in its first outing.

There is now a much richer range of methods available for prototyping, piloting and testing new ideas either in real environments or in protected conditions, halfway between the real world and the laboratory. The relatively free money of foundations and philanthropists can be decisive in helping ideas through this phase. Governments have also become more sophisticated in their use of evidence and knowledge,[33] with a proliferation of pilots, pathfinders and experiments. Incubators, which have long been widespread in business, have started to take off in the public sector and amongst NGOs, though practice and understanding remains very patchy. In business new devices like 3D printers have made it easier to turn ideas quickly into prototypes. In the social field parallel methods are being developed to crystallise promising ideas so that they can be tested quickly.

Some ideas that seem good on paper fall at this stage. Michael Young launched a DIY garage convinced that most motorists would prefer to invest some of their time in exchange for lower costs. They did not.[34] But even failed ideas often point the way to related ideas that will succeed. As Samuel Beckett put it: 'Try Again. Fail again. Fail better.'

ASSESSING THEN SCALING UP AND DIFFUSING THE GOOD ONES

The third stage of the social innovation process comes when an idea is proving itself in practice and can then be grown, potentially through organic growth, replication, adaptation or franchising. Usually innovations spread in an 'S curve', with an early phase of slow growth amongst a small group of committed supporters, then a phase of rapid take-off, and then a slowing down as saturation and maturity are achieved.

Taking a good idea to scale requires skilful strategy and coherent vision, combined with the ability to marshal resources and support and identify the key points of leverage, the weak chinks in opponents' walls. 'Bees' need to find supportive 'trees' with the machineries to make things happen on a big scale. That in turn may demand formal methods to persuade potential backers, including investment appraisals, impact assessments and newer devices to judge success like 'social returns on investment' or 'blended value'.

For many decades there has been a lot of discussion on the problems of scaling up apparently excellent local initiatives. Time and again charismatic social entrepreneurs have established brilliant projects and then spent decades trying and failing to get the model to take root in other places, even when they have had high profile backing from funders and political leaders. Time and again apparently very powerful ideas have languished and never found sufficient backing to grow to any scale.

To understand processes of growth it's important to distinguish what is being scaled up and how it is scaled up. The 'what' can vary greatly in nature, along a continuum from very generic ideas which spread by attraction to tightly controlled growth under a single management team.

Each type of growth brings with it different opportunities and challenges. Type 4 growth is often the most attractive for social innovators, since it offers the promise of growth and impact without too much managerial responsibility. But it is usually the hardest in practice because of the ambiguities of control and the financial obligations that it brings.

How does scaling up happen in any of these

[33] Mulgan, G (2005), Government and Knowledge, in *Evidence and Policy Journal*

[34] The project did survive for several years in Milton Keynes in England. But it never took off.

PATTERNS OF GROWTH AND REPLICATION

Type 1 **General ideas and principles**	Spread through advocacy, persuasion and the sense of a movement; e.g. the idea of the consumer cooperative
Type 2 **1+ design features**	Spread through professional and other networks, helped by some evaluation: eg the 12 step programme of Alcoholics Anonymous
Type 3 **1+2+ specified programmes**	Spread through professional and other networks, sometimes with payment, IP, technical assistance and consultancy. E.g. some methadone treatment programmes for heroin addicts would be an example, or the High Scope/Perry model for early years.
Type 4 **1+2+3+franchising**	Spread by an organization, using quality assurance, common training and other support. E.g. the one third of independent public schools in Sweden that are part of a single network would be an example; or Grameen's growth in Bangladesh and then worldwide.
Type 5 **1+2+3+4+some direct control**	Organic growth of a single organisation, sometimes including takeovers, with a common albeit often federated governance structure. E.g. Amnesty International or Greenpeace.

cases? Scaling up depends on two clusters of factors being in place:

An environment that provides **effective demand** for the model: public agencies willing to provide commissions or contracts; members of the public willing to pay for services; charitable funders willing to provide subsidy. For radical ideas this effective demand is generally not present, or not shaped in the right way. For example public bodies often provide funding and contracts for specific functions but not in a joined up way.

Capacities to grow – in terms of management, money, leadership and governance. There are many aspects to this capacity, including managerial, financial and personnel skills. A particularly important capacity is being able to straddle different sectors. Another is the ability to communicate. Social innovators need to capture the imagination of a community of supporters through the combination of contagious courage and pragmatic persistence. Good names, along with brands, identities and stories play a critical role.

Businesses grow ideas through a well-established range of methods some of which are becoming more commonly used in the social sector. These include the organic growth of an originating organisation, franchising and licensing; and takeover of similar but less effective organisations. Some social innovations spread through the organic growth of the organisations that conceived them – like the Samaritans volunteer service which provides confidential, emotional support. Some have grown through federations, including many NGOs like Age Concern or the Citizens Advice Bureaux. Governments have often played the critical role in scaling up social innovations and have unique

capacities to do this by. Many social movements have achieved their greatest impact by persuading parliaments to pass new laws, for example giving women the vote, or legalising gay marriage. As well as new laws, governments can commit spending, for example, to extended schools and confer authority on public agencies, for example, to grow the role of health visitors.

This growth phase is potentially becoming much faster. With the help of the web, innovations can spread very quickly, and indeed there can be little point in doing local pilots since the economics of the web may make it as cheap to launch on a national or continental scale. Marginal costs close to zero accelerate the growth phase – but also the phase of decline and disappearance.

However, often growth is inhibited – both by the absence of effective demand and by weaknesses of capacity. In charities and social enterprises the founders who were just right for the organisation during its early years are unlikely to have the right mix of skills and attitudes for a period of growth and consolidation. Often founders cling on too long and trustees, funders and stakeholders do not impose necessary changes. By comparison in business the early phases of fast growing enterprises often involve ruthless turnover of managers and executives. Indeed growth in all sectors nearly always involves outgrowing founders. Wise founders therefore put in place robust succession plans and very few successfully remain in executive roles for much more than a decade. Similar considerations apply to organisations which create other organisations. Christian Aid, CAFOD and Tearfund, for example, are all social innovations with global reach today that outgrew their founders and founding institutions – the British Council of Churches, the Catholic Womens' League and the Evangelical Alliance respectively.

In business, the experience of companies such as Microsoft, Procter & Gamble and Amazon suggests that pioneers who create markets through radical innovation are almost never the companies that go on to scale up and dominate them. The skills and mind-sets required for creating a radically new market not only differ from, but actively conflict with, those needed to grow and consolidate. Big companies are often better placed to take new ideas from niche markets to mass markets, and many have concluded that they should subcontract the creation of new and radical products to start-up firms. This allows them to concentrate their own efforts on consolidating markets, buying up companies or licenses that they

see as promising.[35]

For innovators themselves one of the key lessons from all sectors is that ideas spread more quickly when credit is shared, and when at least some of the 'trees' can claim ownership. As President Truman suggested: 'it is amazing what you can achieve if you don't care who gets the credit.'

LEARNING AND EVOLVING
Innovations continue to change through a fourth stage: learning and adaptation turns the ideas into forms that may be very different from the expectations of the pioneers. Experience may show unintended consequences, or unexpected applications. In professions, in competitive markets and in the public sector, there is an increasingly sophisticated understanding of how learning takes place. New models such as the collaboratives in health (used by the NHS to improve innovation and practice in fields like cancer and primary care) and closed research groups (used by a number of major cities to analyse their transport strategies) have helped to embed innovation and improvement into fairly conservative professions.

These highlight the degree to which all processes of innovation can be understood as types of learning, rather than as 'eureka' moments of lone geniuses. Instead, ideas start off as possibilities that are only incompletely understood by their inventors. They evolve by becoming more explicit and more formalised, as best practice is worked out, and as organisations develop experience about how to make them work. This phase involves consolidation around a few core principles which can be easily communicated. Then as the idea is implemented in new contexts it evolves further, and in new combinations, with the learning once again more tacit, held within organisations, until another set of simpler syntheses emerge.

Some organisations appear particularly good at maintaining the momentum from innovation rather than being stuck in a particular form or market. For example the Samaritans in Australia have become a provider of welfare services, while the ECT Group in the UK started as a community transport organisation and evolved into a major supplier of kerbside recycling services and is now moving into health. Generally, bigger organisations have more 'absorptive capacity' to learn and evolve – but small ones can gain some of this ability through the skills of their staff and through taking part in the right kind of networks.

[35] Markides, C and Geroski, P (2005) *Fast Second: how smart companies bypass radical innovation to enter and dominate new markets*, Jossey-Bass, San Francisco

LINEAR AND LESS LINEAR PATTERNS

[36] *Making Finland a leading country in innovation* (2005), Final Report of the Competitive Innovation Environment Development Programme, Edita Prima Ltd
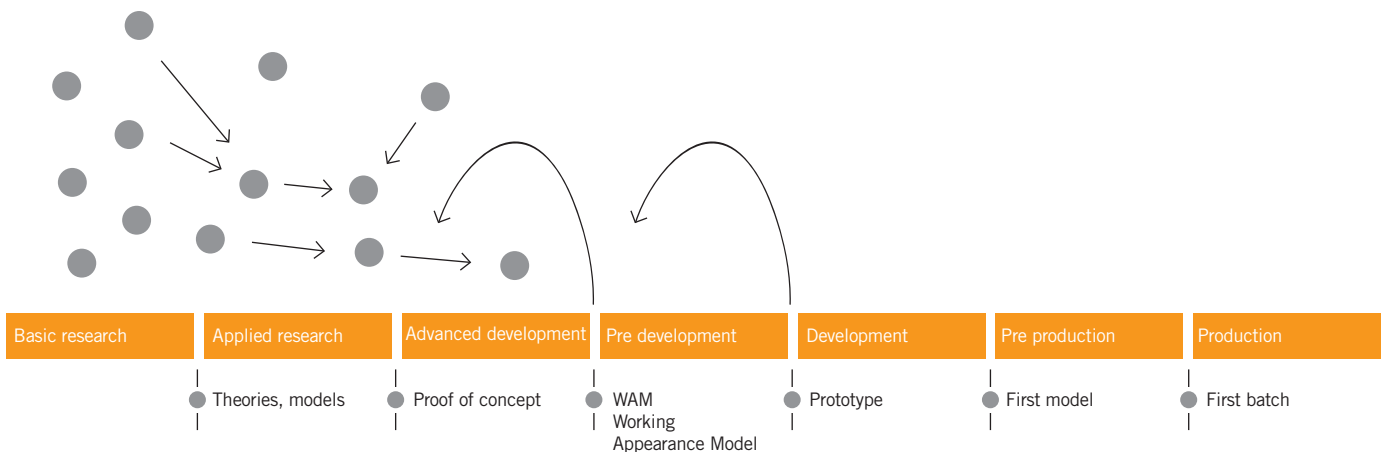
[37] Ibid: 15

As we have seen the conventional account of innovation presents it in terms of the 'funnel model': many different and varied ideas are slowly whittled down until eventually only a small number of the most feasible concepts are left standing. At each stage tough decisions have to be made based on judgements of the realistic potential of the idea (for example by internal committees or external funders).

The 'waterfall' model of research funding captures a similar idea: that the amount of basic research affects the number of innovations, which in turn determines the growth rate of production and subsequently of employment.[36]

But experience – and the history of innovation – suggests that there are very real flaws with this model. Some 20 years ago Nathan Rosenberg showed convincingly that the linear model of

innovation does not even work very well for applied science let alone other fields. Some of the most important innovations evolve in a zig zag line with their end uses being very different from those that were originally envisaged. Sometimes action precedes understanding. Sometimes doing things catalyses the ideas. There are also feedback loops between every stage, which make real innovations more like multiple spirals than straight lines. Pigeonholing ideas too early can stifle their potential. And the linear approach fails to take account of the social factors that shape innovation including market factors and social demands. As a result more recent perspectives emphasise the interactive character of the innovation process, the significance of communication, and the synergic advantages of networks and clusters.[37]

Basic research	Applied research	Advanced development	Pre development	Development	Pre production	Production
	Theories, models	Proof of concept	WAM Working Appearance Model	Prototype	First model	First batch

STAGES OF INNOVATION

Real life innovation is a discovery process that often leaves ideas transformed and mutated, and sometimes sees them jump from one sector to another. So, for example, innovations to reduce obesity can be found in public health programmes funded by taxpayers, as well as in online in self-help groups and in large commercial organisations like Weightwatchers. Many of the innovations associated with the Young Foundation ended up in a different sector from where they had started: not for profit ideas ended up as for-profit firms; public agencies ended up as charities, charities ended up as government agencies. These provide strong arguments against any support for innovation that is too prescriptive too early about the best organisational form for a new idea. However, each sector does have some distinct patterns, drivers and inhibitors and understanding these is vital for anyone wanting to promote new ideas.

SOCIAL ORGANISATIONS AND ENTERPRISES
In social organisations (charities, community groups, NGOs) new ideas often begin from a particular individual or community's problems and passions. The new model is launched in prototype in a very precarious form before securing resources and support from philanthropists or small donors. Growing new social models usually takes longer than in other sectors because of the need to align a more complex set of allies and a more complex economic base, though the most successful can in time replicate themselves through growth or emulation. Good examples include the Grameen Bank and BRAC in Bangladesh, The Big Issue and Teach First, or Barnardos Australia's case management systems for children.[38] Community Land Banks are an example of how ideas can spread successfully: they were pioneered in India, spread to the USA and are now being adopted globally. The web is also making it possible to create and spread new social organisations much more quickly, and to meet new needs in different ways. Pledgebank launched by mySociety.org (led by Young Foundation fellow Tom Steinberg) has created a very powerful tool for bringing groups together to advance a cause. It allows people to commit to an action so long as a

[38] www.barnardos.org.au/barnardos/html/innovations.cfm

[39] There is also a small, but growing, group of organisations dedicated to encouraging innovation in the UK voluntary sector (including the Community Action Network, the Centre for Innovation in Voluntary Action and NFP Synergy).

specified number of other people do so as well. A very different model is the Australian organisation Reach Out! which has used the web to help young people contemplating suicide: 4m people have used the service since its inception.

New sources of finance for social enterprise such as UnLtd are making it easier for individuals with a good idea to get started, and easier for existing organisations to grow, for example through the loan finance provided by Charity Bank.[39] But most of the time social innovation in the social field is slow, and determined as much by luck as anything else.

SOCIAL MOVEMENTS

Social movements operate in the space between politics and civil society. To succeed they have to address a compelling fear or aspiration. Generally speaking, innovative social movements start out with small groups seeking likeminded allies, animated by anger or hope. They then develop into more organized campaigns that try to demonstrate the four key attributes of any successful social movement: worthiness, unity, numbers and commitment. States can play a decisive role in helping them to succeed – or blocking them. Campaigns for equal opportunities, for example,

moved from the radical margins in the 1960s to transform mainstream business, helped along the way by changes in legislation. More recent examples of innovative campaigns include Make Poverty History, a dramatically novel campaign linking politicians and celebrities, and the Fathers for Justice campaign, which made headlines with its use of shock tactics in advocating fathers' rights.

POLITICS AND GOVERNMENT

Politicians and political activists promote new ideas partly to promote their beliefs and partly to gain an edge in political competition – more public support and more chance of winning and retaining power. They campaign through party structures, newspaper articles, meetings and lobbies to get their ideas into party programmes and manifestos, ministerial speeches and programmes, and then into legislation or spending programmes. For example, campaigns for environmentally tougher building regulations, community bus services or foyers for homeless teenagers have all focused on politics as the best route to achieve change, even if the services were then run by NGOs.

Some political leaders are natural social innovators: Jaime Lerner, mayor of the city of

TABLE 1: SOCIAL INNOVATION IN SOCIAL ORGANISATIONS

Generation of possibilities	Prototypes	Growth
Practice, imagination, beneficiaries and user inputs generate possibilities.	Start ups, incubators, learning by doing and pilots road test ideas e.g. Pledgebank, new models of refugee integration.	Organisational growth, emulation, replication and franchise to achieve scale e.g., Médecins Sans Frontières, Wikipedia, Grameen, Teach First, Reach Out!.

TABLE 2: SOCIAL INNOVATION IN SOCIAL MOVEMENTS

Formation	Campaigning and advocacy	Legislation, habit change, changed values
Small groups, seeking likeminded allies, spurred by anger, resentment e.g. current campaigns against slavery or for legalised prostitution.	Movements try to demonstrate worthiness, unity, numbers and commitment e.g. slow food and Make Poverty History.	Governments endorse claims and pass legislation. Public habits change e.g. equal opportunities in business, gay marriage..

TABLE 3: SOCIAL INNOVATION IN POLITICS

Demands and campaigns	Policy formulation and manifestos	Public spending, programmes Legislation, new professions
NGOs, party activists, people in need and the media make demands for new programmes e.g. father's rights, or free eldercare.	Politicians become champions, ministers and officials take up issues and give political commitment e.g. to extended schools or new powers for neighbourhood governance.	Bureaucrats and professionals then implement, provide funding and authority e.g. for tax credits, early years centres or bicycle transport networks.

TABLE 4: SOCIAL INNOVATION IN GOVERNMENT

Generation of possibilities	Piloting, testing, learning by doing	Scaling up
Creativity methods, consultations, contestability and the adaptation of models from other sectors generate possibilities e.g. weekend prisons or nurse led primary care.	Incubators, zones, and pathfinders – with assessment and evaluation methods – test and capture lessons e.g. restorative justice or carbon markets, or uses of artificial intelligence in family law.	Growth, new structures, franchises and spending programmes achieve scale e.g. urban road charging and integrated web portals.

Curitiba in Brazil, has, over several decades, been an outstanding example. He has been responsible for completely refashioning his city's transport system, rebuilding parks and libraries and experimenting with lateral solutions, such as paying slum children for bringing rubbish out of slums with vouchers for transport. Some political leaders take pride in being on the cutting edge of cultural and social change. San Francisco, for example, pays for sex change operations as a result of political campaigns, while in the 1980s Ken Livingstone's London pioneered radical models of equal opportunity, appropriate technology and social inclusion. A good current example of how political leaders can galvanise creative combinations of public bodies with academics and business, helped by a major event, is the city of Zaragoza's work in developing new digital services ahead of its Expo in 2008.

Within government bureaucracies there is a rather different story of social innovations gaining momentum, away from the glare of party politics.

The motivation is usually to address a compelling problem or to cut costs. Here the experience of officials themselves, consultations and contestable markets can be key to taking innovations from ideas into reality. Promising ideas may be tested through incubators (like Singapore's incubator for e-government), or zones (like the UK's Employment Zones), pathfinders or pilots, with formal assessment and evaluation methods to prove their efficacy.

A good example of encouraging public innovation is the partnership between the state and city of New York to support the Centre for Court Innovation which helps develop, test out and appraise new approaches to courts and crime reduction. For example, it introduced specialist drug and domestic violence courts. Denmark provides two very different examples: its Ministry of Economics and Business Affairs founded MindLab in 2002 as a way of injecting innovation into its work mainly by spreading creative methods, and its Ministry of Finance has played a leading role in

TABLE 5: SOCIAL INNOVATION IN MARKETS

Embryonic niches	Niche markets	Co-option into mainstream
Enthusiasts produce and consume in what is almost a gift economy, e.g. life coaches.	Small companies, mission related investment and consumer and shareholder activism develop niche markets e.g. speed dating or plug in cars.	Multinationals and majors buy in and achieve marketing clout e.g. Linux software, complementary medicine and fair trade.

TABLE 6: SOCIAL INNOVATION IN ACADEMIA

Invention	Diffusion	Incorporation
New ideas are developed on the margins of academia e.g. 150 year life expectancy.	Ideas are tested in practice or spread through academic networks e.g. Cognitive Behavioural Therapy or participant action.	The once radical idea becomes mainstream e.g. the idea of educating for multiple intelligences.

encouraging and promoting innovations, particularly on cross-cutting issues, such as the Nem Konto (Easy Account), under which all citizens will have an account number relating to a digital account, even if they do not have a bank account.

MARKETS

Commercial markets can also be an effective route for promoting new social ideas. Successive social innovations have gone from the margins of the counterculture into the mainstream using commercial markets. They have generally started with enthusiasts producing and consuming in what is almost a gift economy. Then as markets grow enthusiasts are able to form small companies within their own niches, helped by consumers and in some cases by mission-related investment. At a later stage more mainstream investors have often come in, convinced that there really is scope for making profits. Then, in a final stage, what was once marginal becomes mainstream as larger companies try to take models over, making use of their scale, logistical and marketing prowess.

A good examples is the evolution of fair trade from being a radical campaign supported by churches and trade unions to the mainstream of most supermarkets. The point at which mainstreaming occurs can be experienced as deeply ambiguous with Nestlé's launch of a range of fair trade products in 2005 being a good example. Another example is the spread of Linux open source software which has, in barely a decade, moved from the margins of computer culture into becoming a dominant technology underpinning the internet and an increasingly powerful competitor to Microsoft. The University of Phoenix is an interesting example of an innovation that took some elements from NGOs and the public sector (including the Open University) and turned them into a successful commercial model that could be quickly scaled up.

There are also many important social innovations in markets themselves. These include innovative types of business organisation (like Denmark's Mandag Morgen, which combines a newsletter, think-tank, forum and consultancy) and new types of market (like the various guaranteed electronic market concepts which are now being piloted in east London).[40]

A small number of companies have pioneered social change rather than following it. The Body Shop is the outstanding example of integrating a social mission with a business one. Business Corporate Social Responsibility is usually more detached from core business activities. However, well designed CSR projects can encourage genuinely radical approaches, and apply imaginative business thinking to social problems. Companies like BP, TNT and Salesforce have given a very high priority to CSR, employee volunteering and creative ways of using corporate resources. But despite the major contribution of business skills to the social sector surprisingly few CSR projects have had much influence on the big systems of health, education or welfare. One reason may be that the aim of making projects attractive in reputational terms leads some CSR projects to be gold-plated, which in turn makes them too expensive to be replicated by cash-strapped public sectors.

ACADEMIA

Sometimes new models are developed in universities, argued about within academic disciplines, put into practice and then evaluated before spreading. To succeed they have to offer the prospects of peer recognition and to mobilise intellectual labour – for example from PhD students. Examples include the Cognitive Behavioural Therapy models used by Martin Seligman to help teenagers avoid depression; models of participant action used to empower communities, the idea of 'food miles', developed by Tim Lang, which has led to new thinking about local sourcing, or the idea of trading carbon and other emissions.

But academia still lacks mechanisms for cultivating and disseminating good ideas. After two decades of energetic reform to improve technology transfer universities are only just beginning to think about how to achieve equivalent results in the social field, through the employment of heads of social innovation and social transfer, running social laboratories or incubators to connect users and innovators, or setting up 'social science parks'.

PHILANTHROPY

Philanthropists are well placed to support innovation: they have money, can often access powerful networks and have the advantage of minimal accountability. In the 19th century philanthropists played an important role in innovation, notably in creating model towns for their workers. In the 20th century the great legacies left by Carnegie, Rockefeller and Ford helped to fund, and shape, creative new approaches to poverty, healthcare and learning. Michael Young's work, for

40 Wingham, R (1997) *Guaranteed electronic markets: The backbone of the twenty first century economy?*, Demos, London. This book described a sophisticated new form of market that could be organised on the web, and which is now being piloted in east London.

[41] Mulgan, G and Steinberg, T (2005), *Wide Open Open source methods and their future potential*, London, Demos

[42] Ibid: 15

[43] Ibid: 16-22

example, was supported by the Ford Foundation.

During much of the 20th century there was very widespread criticism of philanthropy. Its mix of paternalism, idiosyncratic funding and power without accountability were seen as anachronisms. This prompted the more progressive foundations – including Ford in the US and the Rowntree organisations in the UK – to adopt more radical approaches to empowerment. Today, although many philanthropists support projects in a scattergun way and without much coherent view of social change, there is growing interest in how resources can be used more strategically. The Gates Foundation has been the pre-eminent example in recent years, supporting existing healthcare and poverty alleviation models but also encouraging innovation, for example by designing funding tools to incentivise new vaccines and treatments for AIDS, TB and malaria. The sheer scale of resources at its disposal has also enabled it to take a more rounded approach to changing public attitudes and to collaboration with governments. In the UK, Peter Lampl (through the Sutton Trust) has been an outstanding recent example of modern individual philanthropy. Through his single minded focus on a specific issue – raising social mobility through education – he has successfully combined funding for innovative projects and pilots with support for research and direct influence on public policy.

SOCIAL SOFTWARE AND OPEN SOURCE METHODS

Online networks of various kinds are fast becoming one of the more important spaces where innovation can happen. The potential impact of open source methods and social softwares is described in more detail in the Young Foundation/Demos book 'Wide Open'. These generally link widely dispersed communities of contributors in collaborative work. Well-known examples include Linux software; Wikipedia; and the many new applications growing up around Googlemaps.[41] Their starting ethos is the opposite of proprietary knowledge – the underlying principle is that knowledge grows best through sharing and cooperation, and the open source networks operate at times like conversations, sometimes more like formal research teams or university scholarship, and sometimes as DIY.[42] Their key principles include transparency and visibility; reasonably open access so that anyone can contribute regardless of formal expertise; peer review and feedback. Eric Raymond summed up the basic

idea using the language of software programmers: 'Given enough eyes, all bugs are shallow' meaning that with enough people working on a project even the most complex issues and problems can be resolved. In practice most of the influential open source models turn out to be led by a influential leaders who can motivate a dispersed group of developers, and intervene to maintain standards and values.[43] But the underlying idea is highly egalitarian and democratic.

Open source methods have many limitations and potential problems. They work less well, for example, in fields where underlying goals are contested or ones which require heavy capital investment, and so far they have proved of limited use in shaping decisions in zero-sum situations ('bugs' are only shallow when there are no conflicting interests). However they offer radically new ways of organising new ideas and innovation, democratising the design process and linking users to producers. Their full potential remains to be proven – but there is great scope (described in 'Wide Open') to extend them into fields such as the media and finance, lawmaking and legal advice.

COMMON PATTERNS OF SUCCESS AND FAILURE

Social innovation doesn't always happen easily, even though people are naturally inventive and curious. In some societies social innovations are strangled at birth, particularly societies where power is tightly monopolized, where free communication is inhibited, or where there are no independent sources of money. Some innovations may simply be too radical to be viable and the phrase 'Leonardo effect' is sometimes used to describe ideas (like the helicopter) that were too far ahead of the prevailing levels of technology (by contrast, some of Leonardo da Vinci's other ideas, like flying men with wings attached to their arms or legs simply failed the laws of physics.) Within any hierarchy there are many people who are skilled at finding ways to kill new ideas (we list Rosabeth Moss Kanter's 'rules for stifling innovation' in this endnote **B**, p51).

Generally, social innovation is much more likely to happen when the right background conditions are present. For **social movements**, basic legal protections and status, plus open media and the web are key. In **business** social innovation can be driven by competition, open cultures and accessible capital, and will be impeded where capital is monopolised by urban elites or government. In **politics and government** the conditions are likely to include competing parties, think tanks, innovation funds, contestable markets and plentiful pilots. In **social organisations** the acceleration of social innovation is aided by practitioner networks, allies in politics, strong civic organisations (from trade unions to hospitals) and the support of progressive foundations and philanthropists. And in all of these fields **global links** make it much easier to learn lessons and share ideas at an early stage, with ideas moving in every direction (for example, the movement of restorative justice from Maori New Zealand to mainstream practice around the world).

Most innovations in business and technology fail. So do most social innovations. Sometimes

there are good reasons for failure. An idea may be too expensive; not good enough relative to the alternatives; or flawed by unforeseen side-effects. But we think that many ideas are failing not because of inherent flaws but because of the lack of adequate mechanisms to promote them, adapt them and then scale them up. In business there is a reasonable flow of good innovations in part because of the pull of competitive markets, but also because of public subsidy of technology, and private investment in incubators, venture capital and start-ups. The equivalent potential supports for social innovation – foundations, public agencies – are much weaker. Governments – which typically provide some 30-40% of NGO finance in countries like the US, Germany, UK, France and Japan – are generally poor at recognising and replicating good innovations, particularly when these come from other sectors. It is notoriously difficult for government to close even failing programmes and services, and there are few incentives for either politicians or officials to take up new ideas. Failure to adapt is rarely career threatening, and anyone who does promote innovations risks upsetting powerful vested interests. It's all too easy to conclude that the apparently promising new idea is too dependent on particular circumstances – such as a charismatic individual – or that the evidence just isn't strong enough (the threshold for evidence on existing programmes tends to be much lower).

Sometimes, too, innovation on the ground may be impeded by structures and systems (and anyone concerned with social change needs to be clear about whether most can be achieved upstream, in the realm of law, policy and structures, or downstream in the practical methods used on the frontline).

HANDLING INNOVATION IN PUBLIC CONTEXTS
Social innovators generally find governments unresponsive. But there are sometimes good reasons for public sectors to be cautious about innovation. Innovation must involve failure – and appetites for failure are bound to be limited in very accountable organisations, or where peoples' lives depend on the reliability of such things as traffic light systems, or welfare payments. Most public services, and most NGO service delivery organisations, have to concentrate primarily on better management and performance of existing models rather than invention of new ones.

However, all competent leaders of public organisations recognise that they also have a duty

to cultivate a flow of new models and innovations that may in time become mainstream. In cultivating these, innovation tends to be easier where:

■ the 'worst-case' risks can be contained (for example, through keeping innovation relatively small scale)

■ there is evident failure in existing models

■ users have choice (so that they can choose a radically different model of school or doctor rather than having it forced on them)

■ expectations are carefully managed (for example through politicians acknowledging that many models are being tried out and that some are likely to fail)

■ contracts for services reward outcomes achieved rather than outputs or activities

■ there is some competition or contestability rather than monopoly provision by the state.

How public sectors 'dock' with the social or non-profit sector is also important here, particularly given that public funding tends to overshadow other revenue sources for many innovations.

Public bodies usually move too slowly for impatient entrepreneurs and activists. But in one important respect they typically move too fast: far-reaching restructurings tend to be driven through too quickly, ignoring the long time it takes to establish new cultures, procedures and skills, let alone new patterns of trust. For these sorts of systemic change timescales of 10-15 years are more realistic than the shorter timescales of impatient ministers.

A 'CONNECTED DIFFERENCE' THEORY OF SOCIAL INNOVATION
We are now in a position to draw some of these threads together and suggest an overarching theory which makes sense of the diversity of social innovations. In the many examples we've described three key characteristics have come up again and again. These differentiate social innovation from technological innovation and give it its distinctive character.

First, social innovations are usually new **combinations** or hybrids of existing elements, rather than being wholly new in themselves. In this sense we are echoing Joseph Schumpeter who placed a

strong emphasis on the role of entrepreneurs finding new combinations in the story of economic growth.

Second, putting social innovations into effect usually involves **cutting across** organisational, sectoral or disciplinary boundaries (and often tapping into new sources of value by arbitraging ideas and knowledge).

Third, social innovations, unlike most technological ones, leave behind **compelling new social relationships** between previously separate individuals and groups. These matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations (as the organisation or group further differentiates itself from itself and becomes more confident about its capacity to exercise power).

Our approach highlights the critical role played by the connectors in any innovation system – the people and institutions which link together different people, ideas, money and power. If we stand back and look at the whole system of innovation and change it's clear that they often play more important roles than the individual entrepreneurs, thinkers, creators, designers, activists and community groups, even if they are often less visible.[44] Indeed their absence often explains why so many social innovations are stillborn and why so many social entrepreneurs are frustrated.

Economic development is usually characterised by growing numbers of intermediary occupations – advising, interpreting and brokering. The same may be true in the social field where progress seems to depend on the density and quality of connections, and the calibre of the connectors.

[44] The same is often true in the arts where impresarios and producers can play a more decisive, and creative role than the more famous people they serve.

WHAT NEXT

AN AGENDA FOR ACTION

Throughout this report we have argued that social innovation is too little understood and too often left to chance. Business and science no longer depend on obdurate individuals and teams battling against the odds to get their ideas accepted. Instead they recognise that more systematic approaches pay dividends. A similarly thorough approach is long overdue in relation to social issues. If social innovation continues to be left to chance the risk is that pressing social problems will worsen; barriers (from congestion to climate change) will increasingly constrain economic growth; and the costs of key sectors (like health, the largest industry of the 21st century) will rise while their effectiveness stagnates.

Some countries have begun to widen their strategies for innovation beyond science and technology to encompass services and social organisations. Some have deliberately introduced new teams within government to act as catalysts for creativity. Some have introduced welcome new support for individual social entrepreneurs, community projects and pilots and have recognised the need to cultivate milieux in which risk taking is accepted and there is the 'buzz' and optimism that seem so essential for creativity.[45] But all of these still fall well short of what is needed, and without systemic conditions for innovations to evolve and spread, most are bound to be crushed by existing vested interests, or at best to remain no more than interesting pilots.

In what follows we therefore turn to the new methods and structures which are needed to put social innovation on a firmer footing – all of which help to reinforce the connections that make innovation systems work.

LEADERSHIP AND STRUCTURES SUITED TO INNOVATION

A lot of social innovation bubbles up from the bottom – and is messy, unpredictable and entrepreneurial. But it is greatly assisted when leaders in fields like health and education (whether in local or national government, or in other agencies with the power to act) visibly value and reward innovators and innovations.

There are simple devices for reinforcing these messages: board directors with responsibility for ensuring a strong flow of new innovations; events, rewards and competitions for new ideas; pay review systems that give weight to entrepreneurialism and healthy risk taking; audit cultures that do not crush creativity. This is also territory where what leaders say matters, as well as what they do.

Structures are also important. In the very best organisations innovation becomes mainstream and people at every level are open to ideas and quick to seize new opportunities. Funding and investment automatically gravitate to the most promising innovations. But in the great majority of organisations this doesn't happen. Instead innovation depends on dedicated people and teams, with a license to explore new possibilities – at arms length from day to day performance management pressures. Again and again radical innovations have had to be developed in their own separate structures, insulated from the day to day pressures of existing organisations (for example in 'skunk works'). Generally 'in/out' units of this kind, which straddle the boundaries of organisations or systems, and combine freshness of perspective and the power to make things happen, seem to be most effective at driving change.

FINANCE FOCUSED ON INNOVATION

Bright ideas may appear to emerge from thin air, but the business of innovation invariably involves costs to generate ideas, test them out and then to adapt them in the light of experience. In business, a significant proportion of funding for innovation comes from governments – through grants, tax credits for R&D and subsidies, alongside private investment within companies and through dedicated investment vehicles, ranging from technology oriented venture capital to banks.

An equivalent mix of funding sources is needed for social innovation, for experiments, start ups and then for growth. Some of that will need to come from government, drawing on the experience of funds like the UK government's Invest to Save Budget (set up to fund innovative collaborative ventures between public agencies that would lead to long term savings) and Futurebuilders (for investing in growing social organisations). Some will need to come from foundations, which have greater freedom to experiment, and to target unfashionable and politically controversial fields. Some will need to come from more commercial funds drawing on the experience of venture capital funds such as Bridges Community Ventures in the UK and Pacific Community Ventures in the US. Although these are bound to be less suitable for higher risk and more radical ventures which cannot demonstrate a prospective income stream, they fill an important niche alongside the growing field of venture philanthropy which is providing some debt and quasi-equity finance alongside grants[46] (a list of the key forms of finance is provided in this endnote **C**, p51). Looking to the future, these are some of the funding elements that would form a more mature social innovation system:

■ Public (and foundation) funding for high risk 'blue skies' R&D in priority areas, deliberately aiming to generate a wide range of options that can be tested, observed, adapted and improved, with an assumption that a significant proportion will not work.

■ Public agencies, foundations and individual philanthropists providing core funding for intermediary bodies like innovation laboratories and accelerators, that can then provide a mix of development and financial support (we describe some of these in the next section).

■ More sophisticated metrics to assess investment prospects and results achieved in a way compatible with innovation, such as rapid learning and evolution of end goals during prototyping and start-up.

PUBLIC POLICY FRAMEWORKS THAT ENCOURAGE INNOVATION

Public policy has rarely been explicit in supporting social innovation, despite the plethora

[45] Ibid: 16

[46] As above

47 *Making Finland a leading country in innovation* (2005), Final Report of the Competitive Innovation Environment Development Programme, Edita Prima Ltd: 25.

of supports for technological R&D. Yet there are many simple ways that governments can improve the climate for innovation. In Finland, for example, the government's main advisory body on science, innovation and research (SITRA) has recommended that innovativeness should be made a criterion for competitive bidding associated with public procurement. They have also recommended that a proportion of funding for departments should be clearly designated to innovation and development activities, which are interpreted widely to include innovation in services.[47] In the UK various methods have been used to support social innovation including:

■ More developed markets for social solutions, including outcome based funding models (which reward organisations for cutting recidivism, keeping people in jobs or improving the experience of chronic disease sufferers) and greater competition and contestability.

■ Decentralisation of power and money allowing communities greater freedom to shape their own solutions – along with shared knowledge, measurement of results and peer networks to prevent complacency

■ Zones' in the main public services allowing spaces for public, private and non-profit organisations to break nationally set rules and test out new ideas. The UK Employment Zones have been particularly effective in encouraging more radical approaches to welfare.

■ Collaboratives (like the UK's health collaboratives) bringing together practitioners, policy makers, and social entrepreneurs to discuss new possibilities and changing needs

■ Innovation units to coordinate pioneers, promote new ideas and promote faster learning (for example the Department for Education's Innovation Unit)

■ Expert user laboratories to test out ideas, with the close involvement of users in shaping innovations (building on the UK's Expert Patients programme)

■ Technology labs focused specifically on mining mature or near mature technologies for social potential: such as mobile telephony, artificial intelligence and Global Positioning Systems.

DEDICATED SOCIAL INNOVATION ACCELERATORS

Few new ideas are born fully formed: instead they often need incubation in a protected environment that provides support, advice and the freedom to evolve. There are various incubators of social ventures already in existence such as Singapore's incubator for e-government ideas or Social Fusion, a California-based incubator for social enterprises. There are also a growing number of sources of support for individual social entrepreneurs, including funding and support organisations such as Ashoka and UnLtd, and educators such as the School for Social Entrepreneurs and the Skoll Centre for Social Entrepreneurship at Oxford's Saïd Business School. The Young Foundation's Launchpad programme takes a more active role in the identification of needs and the design of new organisations as well as their incubation and launch, with a particular focus on ideas that have the potential to be scaled up.

A related approach is to develop 'accelerators' for particular sectors, such as health and education or cross-cutting themes such as ageing or care, with an emphasis on scaleable innovations. The NESTA/ Young Foundation Health Innovation Accelerator is an example. These are most likely to work in sectors where public provision is dominant and where a government can see the advantage of speeding up innovation. They are also most likely to be useful where there is scope for innovation that crosses sectoral and disciplinary boundaries – as is the case with services for chronic illness, diet, fitness and mental health.

Such accelerators can: provide development funding for social entrepreneurs, groups of public sector workers, private companies and academics, as well as partnerships; rapidly test out new ideas in practice, with quick assessments; allow fast learning across a community of innovators; and establish clear pathways for scaling up the most promising models.

A parallel idea ('city accelerators') is being developed for cities to help them address pressing needs. These combine: systematic methods for mapping changing needs; scanning for promising solutions (from around the world as well as from people living within the city, frontline staff etc.); testing them out in practice with rapid measurement and assessment; and then applying them. These too are likely to work best where they can provide support for a wide range of types of organisation and project – from teams of public sector staff to NGOs

and businesses – and where they have the clear support of political leaders in the city.

NATIONAL AND CROSS-NATIONAL POOLS

Many of the problems faced by communities around the world are not unique. We favour cross national innovation pools which bring together a group of interested governments or foundations from several countries for an aligned innovation process. The precursor for this exists in the closed groups of cities that share data and experiences on transport systems. An equivalent, for example for employment for the over-50s, would agree a common research programme, undertake parallel pilots, enable mutual learning between the people involved, (both those on the receiving end of the programme and those delivering it) and carry out joint assessment of the results.

RESEARCH AND FASTER LEARNING

To inform practical initiatives we also need much more extensive, rigorous, imaginative and historically aware research on how social innovation happens and how it can be helped. Alongside greater conceptual clarity and common definitions we need more case studies and better analysis of critical success factors and potential inhibitors at each stage of the innovation process, better links with adjacent disciplines working on private sector innovation and science, public sector improvement, and civil society, as well as research on some of the specifics of social innovation – for example on its links to faith; on which styles of philanthropy achieve the greatest long-term impact; how business CSR can best contribute to scaleable and replicable models; or how the use of new internet based business models can address social challenges.

A GLOBAL NETWORK FOR ACTION AND RESEARCH

[48] For example, the world bank's 'social innovation' blog http://psdblog.worldbank.org/psdblog/2006/02/social_and_envi.html

[49] These include Mandag Morgen, the Copenhagen Institute for Future Studies and Learning Lab in Denmark; Demos, the British Council, the International Futures Forum and the Design Council in the UK; the Centre for Comparative Political Economy in Beijing which runs a major annual prize for local innovations; the Institute for Smart Governance in Hyderabad and the Centre for Knowledge Societies in Bangalore; the Doors of Perception Network in the Netherlands; the Kennedy School at Harvard University; the pan-European EMUDE network coordinated from Milan; and the Baltic Design Network around the Baltic sea. www.balticdesigntransfer.com

This report was prepared as a contribution to an emerging global network committed to building up the field of social innovation. The network is sharing a common website (the international Social Innovation Exchange – SIX), a series of events which began with the Young Foundation/CCCPE conference in Beijing in 2006, collaborations, development of learning tools, case studies. Individuals and organisations in many different fields are now engaging with social innovation – from social entrepreneurship and design, public policy and cities, media organisations and academia. All are bringing distinct insights – but all also have much to learn from each other. The core partners in SIX come from a wide range of sectors, including Mondragon/MIK, corporations including Cisco and Philips Design, NGOs including the Global Ideas Bank, organisations involved in social entrepreneurship such as Kaospilots and the School for Social Entrepreneurs, grassroots innovation movements including Honeybee, and global events organisers like the Tallberg Forum, alongside many more in the fields of social change.

Our aim has been to create a network of network for innovations taking place in the space between civil society, government and business, and drawing on the best existing networks in:

- Social entrepreneurship

- Design

- Technology

- Business

- Public policy

- Cities

- Social movements

- Community Development

The network will also pull in the many thinkers in the field, aggregating blogs[48], recent research and new ideas, as well as drawing together collaborative groups to work on common problems. The aim is to draw in the very many small organisations from the NGO world, design, academia and community action converging on this area[49] and thousands of organisations working on practical social innovation in health, education, the law, welfare and poverty and the environment. Our interest lies in finding ways to enhance this disparate community, and to develop common ways of understanding social innovation and common methods for supporting social innovation that are widely understood. That will include work to persuade governments and foundations to engage more seriously in this field, but the main aim will be very practical – to help partners move more quickly to viable solutions.

We believe that this work is long overdue. There is a good chance that within the next 20 to 40 years the innovative capacity of societies and governments will become at least as important a differentiator of national success as the innovative capacity of economies. As that happens, new tools will be needed, new skills and new kinds of organisation. All societies have remarkable capacities for myopia, obduracy and inertia. But greater awareness of the gap between what exists and what's needed in such fields as zero carbon housing and poverty alleviation should focus the minds of politicians, business, foundations and NGOs on the need to raise their game. Hopefully the ideas set out here will help them to do so.

WHY WE NEED TO KNOW MORE ABOUT SOCIAL INNOVATION

The observations set out in this report have been drawn from many case studies, analyses and from our own experience. But we are acutely aware just how much is not known about social innovation. In this section we compare what's known about innovation in science and business, and identify the relevant knowledge in surrounding fields which is likely to provide useful insights as the field develops.

WHAT'S KNOWN ABOUT INNOVATION IN BUSINESS AND SCIENCE

The study of innovation in business and science (and to a lesser extent public services) has progressed rapidly over the last few decades, with much richer theories and much more empirical analysis of specific sectors which has yielded a great wealth of insight.[50]

In science, there are extensive and distinct literatures on invention and innovation. The pioneering work started at Sussex University in the mid-1960s remains the benchmark in terms of sophisticated, empirical study of innovation in science, technology and economics. Much of that work has focused on the long waves of technological and economic change, but there has also been a lot of more practical work. For example, one strand of research has tried to understand how the substantial public funding that is devoted to basic science should best be used. It has looked at whether to organise funding strategically or reactively in response to scientists' interests and enthusiasms. It has concerned itself with the role of intellectual property protection – and whether, for example, promising biotech ideas in a university should be quickly handed over to private companies and made secret. It has studied the global collaborations that now drive progress in fields like fusion technologies for energy, or new drugs for cancer, and the practical question of how far public support should spread from basic research, through support for generic technologies, to subsidy for promising applications.

In business, the vast volume of analysis done on innovation has given rise to fairly well accepted typologies to understand the different types of innovation connected to products, services and processes. Some have used the distinctions between total, expansionary or evolutionary innovations[51]; others have preferred to differentiate between incremental, radical or systematic ones[52], or between innovations that happen within

[50] For example, a review of the literature on organisational innovation identified 6,240 articles published between 1980 and 1994 alone. Wolfe, RA (1994), Organisational innovation: review, critique and suggested research directions, *Journal of Management Studies* 31 (3), pp405-431. For a more recent literature review see Reed, R (1999), Determinants of Successful Organisational Innovation: A Review of Current Research, *Journal of Management Practice,* Jan-June 2000

[51] Walker RM, Jeanes, E and Rowlands, RO (2002), Measuring Innovation – applying the literature-based innovation output indicator to public services, *Public Administration* 80 10 pp201-214

52 Walker RM, Jeanes, E and Rowlands, RO (2002) Measuring Innovation – Applying the Literature-based Innovation Output Indicator to Public Services, *Public Administration* 80 10 pp201-214

53 As identified by Damapnour, F (1987), The Adoption of Technological, Administrative and Ancillary innovations: Impact of Organisational Factors in *Journal of Management*, 13, 4 pp675 -688

54 The best recent survey of the field is Nooteboom, B (2001), *Learning and Innovation in Organisations and Economies*, Oxford University Press, which provides a very sophisticated overview both of the sociology and economics of innovation

55 Two good general sources are the Stanford Project on Emerging Companies: www.gsb.stanford.edu/SPEC/index.html and Innovation and Entrepreneurship http://knowledge.wharton.upenn.edu/index.cfm?fa=viewCat&CID=12

56 Albury, D and Mulgan, G (2003), *Innovation in the Public Sector*, Strategy Unit, London, p26

57 Murmann, JP (2004), *Knowledge and Competitive Advantage*, EH.NET; von Hippel, E (2005), *Democratising Innovation*, MIT Press Cambridge Mass; Baumol, R (2003), *The Free-Market Innovation Machine: Analyzing the Growth of Miracle Capitalism*, Princeton University Press

58 Lester, R and Piore, M (2004), *Innovation – The Missing Dimension,* Harvard University Press Cambridge Mass

organisations and those that cross organisational boundaries.[53]

This body of work has provided many useful insights.[54] Economists have shown the importance of incentives and returns (including temporary monopolies) and the dynamics whereby many competing innovations consolidate on a dominant model – because of economies of scale, and sometimes because of the power of leading companies.[55] They have also shown the importance of smallness in invention: patents from small firms are twice as likely to be amongst the top 1% of patents subsequently identified as having high impact. Other insights emphasise the importance of abundant venture capital[56] and the common ways in which new models often start on the periphery and are then taken over by big organisations (for example, self service supermarkets began in small retailers before being copied by big ones). Here, once again, we see how 'bees' and 'trees' can complement each other.

We know that disaggregated industries tend to adapt better to volatility, big structures better to stable conditions. And we know how serendipitous innovation often is – seeking one solution, firms stumble on another, quite different one.

Thanks to decades of sociological research we now know that one reason why some sectors have historically been more innovative than others is the role of intermediaries who help make markets work more efficiently, spotting connections and opportunities (and these can be more important than formal market structures)[57]. More generally, the detailed study of innovation has put an increasing emphasis on the value of relationships rather than formal stocks of knowledge or assets, and the very extensive field of organisational learning, pioneered by figures such as Michael Argyris, has had a big influence on innovation studies.

Some of the more recent work on the experience of innovation has shown that it is more like a cultural activity than traditional science. The key is often a creative reinterpretation of old problems or solutions by a group of innovators, who then have to persuade others of this reinterpretation.[58]

One of the reasons that rigorous research into business innovation has proved valuable is that many findings are counterintuitive. For example, in some sectors the best market structure for innovation seems to be a combination of oligopolistic competition between a few big companies and a much larger penumbra of smaller

firms (the model that exists in sectors such as microchips, software, cars and retailing). This is roughly the opposite structure to that found in many public services which combine a monopoly department or ministry with very small operating units – schools, primary care centres and police stations; a structure that may greatly reduce the prospects for radical systemic innovation.

Much of the academic work on innovation has focused on how ideas diffuse, yielding insights into the role of (amongst others) leadership, networks and social systems in determining the likelihood and rate of diffusion.[59] Everett's Rogers's seminal work on diffusion, for example, showed that adopters of any new innovation or idea could be categorized as innovators (2.5%), early adopters (13.5%), early majority (34%), late majority (34%) and laggards (16%), and roughly fitted a Bell Curve. People could fall into different categories for different innovations – so a farmer might be an early adopter of hybrid corn, but a late majority adopter of video recorders. Rogers showed these innovations would spread through society in an 'S' curve, starting off slowly, then spreading much more rapidly until saturation is reached (and he applied his approach not just to business but also to practical health problems, including hygiene, family planning, cancer prevention and drink driving).

Another important issue that has been much studied is the nature of learning between organisations and individuals. For example, one finding is that the most important value of patents is often not their direct impact on production but their role in facilitating learning by increasing the attractiveness of the patent holder as a partner for others.[60]

There is also an extensive literature and body of practice on how innovation should be organised within organisations, pioneered by figures including Peter Drucker, Rosabeth Moss Kanter[61] and John Kao.[62] They have studied the many methods used to generate ideas – pulling in possibilities from sales forces, customers, staff and universities and using skunk works, internal venture funds and competitions or competing teams. They have also analysed the relative advantages of developing ideas inhouse or by turning new ideas into separate businesses run by 'intrapreneurs'.

One finding is that funding that backs groups or individuals rather than specific projects over periods of time may deliver greater results than overly planned innovation.[63] There is also a growing

literature on innovation in management practices and organisation[64] and some cases of non-profit sector innovation influencing the business sector.[65] One recent report suggested that innovation in management practices was now more important than product innovation – and that the lead in this field has passed to China.[66] Another rising theme is the important role that users can play in innovation. This has always been mainstream in the social field, but is being given increasing prominence in business – for example by Eric von Hippel and Charles Leadbeater – along with the development of new ways of tying consumers and users into the design of new products and services.[67]

Many of the issues that are thrown up from this work are directly relevant to social innovation. For example, in business there has long been talk of the 'chasm' that innovations have to cross as they pass from being promising pilot ideas to becoming mainstream products or services. There are likely to be quite long phases when revenues are negative, and when investors have to hold their nerve. As we've seen exactly the same challenge faces any social innovation. Several methods have been designed to speed up this period, including faster prototyping, intensive handholding by venture capital companies and the use of rigorous milestones against which funds are released – but there is no avoiding a period of uncertainty while success is uncertain (and as Rosabeth Moss Kanter memorably put it, everything looks like a failure in the middle).

The organisational choices faced by social and commercial organisations also run in parallel. Some companies organise innovation largely in-house as part of their mainstream business (like 3M); some create semi-autonomous corporate venture units (like Nokia); some grow through acquisition of other innovative companies as well as their own innovation (Cisco for example); others use widespread networks (like the Original Design Manufacturing companies in China). Again, in the social field there are advantages and disadvantages in keeping innovation in-house (as, for example in the British National Health Service in the past); integrating innovative NGOs into big public systems (as has often happened in housing); or using networks (the traditional method of innovation in fields as diverse as public health and urban planning).

In the late 1990s it was briefly fashionable to claim that the whole paradigm of innovation in both business and civil society was being transformed by the internet. In retrospect these claims were greatly overblown. But there is no doubt that the internet both grew out of radically different models and has made new business models possible. Many of the internet's key business innovations emerged from very open processes, without any role for intellectual property: the original technologies of the internet (like the TCP/IP protocol) were developed by networks of programmers supported by the Defense Advanced Research Projects Agency and the Pentagon; and the first web browser was developed at the University of Illinois without any ownership. More recently, open source Linux software has been developed by a loose community of programmers (for a thorough analysis of open source methods and their great potential see the Young Foundation/Demos publication in 2005: *Wide Open*[68]), while the internet has continued to foster very novel business models (from Friends Reunited to the many innovations of Google and MySpace).

So a lot is known about business innovation. But there are still some fundamental uncertainties. Despite the extensive literature and the many departments in universities and business schools this field is far from being a settled science. For example, the debate about intellectual property remains deeply contentious. It used to be thought that property rights were vital to stimulate innovation, and that their absence was one reason why public sectors and NGOs were less innovative than private firms. But there are now plenty of sceptics who point out that most fundamental innovations were not protected as patents. They argue that patents may crush innovation in fields like software and that patents for business ideas (like Amazon's protection of its One-Click purchasing system) constrain innovation rather than encouraging it. It has even been suggested that the great majority of universities which have invested in trying to capture the intellectual property they produce have lost money by doing so.[69] Another major issue is that most understanding of innovation has been derived from studying manufacturing. Less is known about innovation in services – and many business involved in services find the innovation literature unsatisfactory (IBM for example has called for a new 'services science' to rectify this). Ian Miles' work at Manchester is a rare exception of work that is both theoretically sophisticated and grounded in empirical observation and data.[70]

Similarly there is considerable disagreement about the precise role of entrepreneurs – whether,

[59] See Rogers, EM (1995), *Diffusion of Innovations*, Free Press New York; Nutley, S Davies, H and Walter, I (2002), *Learning from the Diffusion of Innovations University of St Andrews*; Nooteboom B (2000), *Learning and innovation in organisations and economies*, Oxford University Press, Oxford

[60] Smith-Doerr L et al (1999), Networks and Knowledge Production: Collaboration and Patenting in Bio-Technology in Leenders AJ and Gabbay SM (eds) *Corporate Social Capital and Liability*, cited in Noteboom B (2001) op cit

[61] For example, Moss Kanter, R (2001), *Evolve! Succeeding in the digital culture of tomorrow*, Harvard Business School Press, Cambridge, Mass.

[62] For example, Kao J (1991), *The Entrepreneurial Organisation*, Prentice Hall, New Jersey, and *Jamming*

[63] For example, Braben, D (2004), *Pioneering Research: A Risk Worth Taking*, Wiley

[64] For example, Hamel, G (2000), *Leading The Revolution*, Penguin, New York

[65] For example, Follett, MP (1924), *Creative Experience*, New York

[66] Hagel, J and Brown, JS, *Connecting globalisation and innovation: some contrarian perspectives*, paper prepared for the World Economic Forum 2006

[67] Von Hippel, E (2005), *Democratising Innovation*, MIT. Leadbeater, C (2006), *The user innovation revolution*, National Consumer Council

68 Mulgan, G and Steinberg, T (2005), *Wide Open: the potential of open source methods*, Demos and the Young Foundation, London

69 See http://en.wikipedia.org/wiki/Reverse_engineering for an interesting discussion of property rights and innovation.

70 See for example 'Innovation in services' by Ian Miles in *The Oxford Handbook of Innovation*.

71 In the UK, the In Control pilots delivered under the government's policy Valuing People and now recommended for wider adoption are a good examples of innovation in the a new relationship between user and suppliers Improving the Life Chances of Disabled People, Prime Minister's Strategy Unit, January 2005 p93; 'Controlling interest', David Brindle in *Society Guardian*, March 2nd 2005
www.selfdirectedsupport.org

72 Stanford Social Innovation Review
www.ssireview.com
The Social Innovation Forum
www.wfs.org/innovate.htm
Government Innovators Network
www.innovations.harvard.edu
www.changemakers.net
Drucker NonProfit Innovation Discovery Site
www.pfdf.org/innovation

73 For example Alcock, P, Barnwell, T and Ross, L (2004), *Formality or Flexibility? Voluntary Sector Contracting*, NCVO, London; Osborne, S (1998), *Voluntary Organisations and Innovation in Public services*, Routledge, London

as in Schumpeter's account, they are an elite who drive change, or whether they are better understood as reacting to changes in the environment. There is also disagreement on the precise relationships between market structures and innovation; on the relative virtues of private ownership and public listings on stock exchanges (with some suggesting that privately owned companies are better placed to invest long-term in innovation); and on the appropriate timescales for intellectual property protection.

BUSINESS INNOVATION AND SOCIAL INNOVATION: SIMILARITIES AND DIFFERENCES

If the literature on business innovation is extensive but still unsettled the systematic analysis of social innovation is in its infancy. As we've already seen, some of the patterns may be similar. Social innovations only thrive if they really do meet needs: to spread they need to gain the support of people with resources – funders, investors, purchasers. As in the private sector there will be parallel questions of risk and reward, and of how to manage portfolios of ideas. And, again as in the private sector, very capital intensive innovations (the hugely expensive CERN in Switzerland, the world's largest particle physics laboratory, could at a stretch be thought of as a social innovation) will develop in very different ways from ones with very low barriers to entry (like the millions of websites which have made use of the technologies invented at CERN).

But many of the patterns of social innovation are very different:

■ There are likely to be very different motives, which may include material incentives but will almost certainly go far wider, to include motives of recognition, compassion, identity, autonomy and care.

■ The critical resources are likely to be different: in businesses money provides the bottom line, but social innovations usually seek out a different mix of resources including political recognition and support, voluntary labour and philanthropic commitment.

■ Social organisations tend to have different patterns of growth: as a rule they don't grow as fast as private ones, but they also tend to be more resilient.

■ Judging success is also bound to be very different. Scale or market share may matter little

for a social innovation concerned with a very intense but contained need. In some of the most radical social innovations participants' lives are dramatically improved by the act of collaboration (e.g. the reorganisation of social care as self-directed support).[71]

These are all reasons why there is a need for more rigour, sharper concepts, and clearer metrics.

EXISTING RESEARCH ON SOCIAL INNOVATION AND RELATED FIELDS

Fortunately this is not a completely barren territory. There have been many case studies of social innovations within different fields (including health, education and criminal policy) and useful attempts have been made to understand social innovation in some universities, including Stanford (which publishes a 'Social Innovation Review', primarily focused on foundations and CSR), Fuqua (which has done significant work on social entrepreneurship), and Harvard where the Kennedy School has run an extensive programme on innovations in governance. In the UK there has been a long programme of work at Sussex and Manchester (primarily looking at social innovation from a technological perspective) and at Warwick (primarily looking through the lens of public administration and business).

Much of this work has been suggestive and interesting. But it has tended to consist of case studies and exploratory studies rather than offering robust theory, substantial data sets, or even much in the way of practical learning about how innovation should best be organised[72] and there has been surprisingly little theoretical progress since the pioneering work of Chris Freeman, Giovanni Dosi and Carlotta Perez in the 1980s linking social innovation to broader patterns of technological change. Nor has much use been made of the advances made in parallel disciplines – from psychology to organisational theory.

There is a growing field of research on public sector innovation, building on some pioneering work in the 1960s and 1970s that tried to map the traits of innovative states and governments. More recent work has looked at patterns of diffusion, the interplay between politics and bureaucracies, and the 'ecological niches' that innovations fill. Canada has been a particularly fertile country for research in this field (and increasingly for research on social innovation as well). Eleanor Glor's recent publication – 'A Gardener Innovator's Guide to Innovating in

Organisations' – provides a particularly useful survey of the field (and builds on her experience in running the Innovation Journal and the Innovation Network in Canada).

As well as the study of innovation in economics and science there is an emerging, yet still small, body of research into the capacity of formally constituted social organisations (non-profits, NGOs, charities, voluntary and community organisations) to innovate in the delivery of public services[73] and, to build up innovative capacity more widely.[74] However such research (whilst extremely valuable) tests one sector's putative innovative capacity not the wider territory of social innovation. The little original research on voluntary organisations' innovative capacity has tended to conclude that voluntary organisations are 'better at believing they are innovative than being innovative'.[75] There is also some limited emerging work on the replication of successful voluntary sector initiatives[76] – which, though valuable, investigates one aspect of the process of innovation in isolation from its wider and precursory elements.

Considerable work is now under way on measuring the outputs and outcomes of public and social organisations, including the fascinating work led by Dale Jorgensen at MIT on valuing the informal economy and family work, and the recent work led by Tony Atkinson at Oxford University on the value of public services. These go far beyond the rather misleading claims that are sometimes made for the productivity and efficacy of social organisations.[77] But they have yet to generate reliable metrics for the social or civic value that social organisations create.

The global umbrella organisations supporting social entrepreneurs and civic action – notably Civicus and Ashoka – have chosen to remain in an advocacy and promotional stance giving primacy to civic organisations in the first case, and a largely individualistic model of change driven by social entrepreneurs in the latter. They have done a great deal to promote wider understanding of civic activism, and have provided invaluable support for many individuals and organisations across the world. But they have done less to advance serious knowledge about how social change takes place, or to engage with the new insights from economics and technology.

Meanwhile within academia, centres at Harvard, Oxford and elsewhere are beginning to put the study of social enterprise (understood as the technique of trading in the market to achieve social aims) and social entrepreneurship (understood as the use of entrepreneurial skills to achieve a social purpose but not necessarily involving social enterprise) onto a surer footing.[78] However, whilst social innovation certainly occurs through social enterprise and social entrepreneurship it also happens in many other contexts. Conversely, although social entrepreneurship often involves innovation, only a small minority of social entrepreneurs create new models that can then be scaled up, and that process of scaling up often involves governments and larger businesses.

Another relevant body of work comes from the study of social investment (providing a range of debt through to equity products to social purpose organisations) stemming from progressive practice in philanthropy, for-profit banking and venture capital.[79] This work is valuable in illuminating the potential for different kinds of support – but it remains in its infancy in understanding how portfolios of different kinds of risk could be assembled, and the perspective of financial investment naturally tends to favour models that can already demonstrate either public demand, or the prospect of public sector contracts. Genuinely radical innovations can rarely do either.

In short, whilst there is plenty of knowledge to draw on, the whole is less than the parts. In a preliminary survey of research undertaken across the world we have found no quantitative analysis systematically identifying inhibitors and critical success factors at each stage of the social innovation cycle. Nor have we found work specifically analysing the role that policy makers, funders and universities can play in supporting the process of social innovation.

WHY WHAT WE DON'T KNOW MATTERS

A Google search on the word 'innovation' in March 2007 threw up some 121 million web pages, ranging from articles to toolkits, books to consultancies. By contrast a search for 'social innovation' generates only 840,000 – a sign of how marginal this field remains.

We believe that the absence of sustained and systematic analysis is holding back the practice of social innovation. Specifically, a lack of knowledge makes it harder to see the main gaps in current provision of funding, advice and support. This is likely to result in fewer potential innovations being initiated. A lack of knowledge about common patterns is almost certain to make it harder for

[74] Evans, E and Saxton, J (2004), *Innovation rules! A roadmap to creativity and innovation for not-for-profit organisations*, NFP Synergy, London

[75] Ibid

[76] Leat, D (2003), *Replicating Successful Voluntary Sector Projects, Association of Charitable Foundations London*, Community Action Network's beanstalk programme www.can-online.org.uk

[77] One leading figure in the social enterprise field, for example, has repeatedly suggested that the social sector is experiencing a rapid jump in productivity, and cites as evidence the fast growth of jobs numbers in civic organisations in countries like Germany and USA. The growth in jobs is fairly well-attested; but to link it to rising productivity is at best a non-sequitur, at worst economically illiterate. A more honest comment might be that we know very little about whether civic productivity is rising, falling or flat.

[78] For example: Amin, A, Cameron, A and Hudson, R (2002), *Placing the Social Economy*, Routledge, London; Westall, A (2001), *Value Led, Market Driven,* IPPR London; Pharaoh, C (2004), *Social enterprise in the balance*, Charities Aid Foundation, West Malling

[79] For example: at www.davidcarrington.net/articles.php; Peacock, G et al, (2003) *The Magic Roundabout – how charities can make their money go further: an introduction to programme related investment*, Bircham Dyson Bell, London; Bolton, M (2004), *New approaches to funding not for profit organisations: a snapshot*, Charities Aid Foundation, West Malling

innovators themselves to be effective and for ideas to be improved into a sustainable form.

We know that some of the critical success factors for social innovation include strong leadership, clear mission, sensitivity to markets and users, and lean and flexible design. But much more work needs to be done to understand the precise ways in which social innovation can best be supported. We need to better understand:

■ The key gaps in particular sectors, and whether, for example, there is an excess of experimentation relative to take-up or vice versa.

■ The best balance between very speculative funding of new ideas and investment in the growth of part-proven innovations.

■ How best to straddle the innovation chasm – between promising ideas and large scale implementation.

■ Appropriate and acceptable ratios of risk – are the patterns from venture capital or creative industries relevant, and if so what are the implications for investment?

■ The best ways of refining and testing innovations – for example, in incubators or as offshoots of existing organisations.

■ The relationships between organisational forms and creativity – for example, do boards of trustees tend to inhibit it?

■ The best ways of using visionary founders – and moving them to one side if they lack management skills or become rigid in their thinking.

■ The role of different electoral systems in encouraging political competition and social innovation.

■ The merits and challenges of engaging service users and existing providers at differing stages of the innovation process.

Business innovation and social innovation: similarities and differences

If the literature on business innovation is extensive but still unsettled the systematic analysis of social innovation is in its infancy. As we've already seen, some of the patterns may be similar. Social innovations only thrive if they really do meet needs: to spread they need to gain the support of people with resources – funders, investors, purchasers. As in the private sector there will be parallel questions of risk and reward, and of how to manage portfolios of ideas. And, again as in the private sector, very capital intensive innovations (the hugely expensive CERN in Switzerland, the world's largest particle physics laboratory, could at a stretch be thought of as a social innovation) will develop in very different ways from ones with very low barriers to entry (like the millions of websites which have made use of the technologies invented at CERN).

But many of the patterns of social innovation are very different:

■ There are likely to be very different motives, which may include material incentives but will almost certainly go far wider, to include motives of recognition, compassion, identity, autonomy and care.

■ The critical resources are likely to be different: in businesses money provides the bottom line, but social innovations usually seek out a different mix of resources including political recognition and support, voluntary labour and philanthropic commitment.

■ Social organisations tend to have different patterns of growth: as a rule they don't grow as fast as private ones, but they also tend to be more resilient.

■ Judging success is also bound to be very different. Scale or market share may matter little for a social innovation concerned with a very intense but contained need. In some of the most radical social innovations participants' lives are dramatically improved by the act of collaboration (e.g. the reorganisation of social care as self-directed support).

These are all reasons why there is a need for more rigour, sharper concepts, and clearer metrics.

10 WORLD-CHANGING SOCIAL INNOVATIONS

1. The Open University – and the many models of distance learning that have opened up education across the world and are continuing to do so.

2. Fair trade – pioneered in the UK and USA in the 1940s-80s and now growing globally.

3. Greenpeace – and the many movements of ecological direct action which drew on much older Quaker ideas and which have transformed how citizens can engage directly in social change.

4. Grameen – alongside BRAC and others whose new models of village and community based microcredit have been emulated worldwide.

5. Amnesty International – and the growth of human rights.

6. Oxfam (originally the Oxford Committee for Relief of Famine) and the spread of humanitarian relief.

7. The Women's Institute (founded in Canada in the 1890s)– and the innumerable women's organisations and innovations which have made feminism mainstream.

8. Linux software – and other open source methods such as Wikipedia and Ohmynews that are transforming many fields.

9. NHS Direct and the many organisations, ranging from Doctor Foster to the Expert Patients Programme, which have opened up access to health and knowledge about health to ordinary people.

10. Participatory budgeting models – of the kind pioneered in Porto Alegre and now being emulated, alongside a broad range of democratic innovations, all over the world.

ANNEX 3

SUGGESTED FURTHER READING

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ENDNOTES

A There have been many attempts to define an overarching theory of social (or economic) change. These theories were particularly fashionable in the 19th century – change was explained through elaborate theories focused on the impact of technology, contradictions, class struggle, or the advance of reason, and there were also more simplistic theories which ascribed change to visionary individuals or national will. More recently there have been various attempts to define an overarching 'theory of change' (and in economics to offer a synthetic theory of growth). However, all theories of this kind are based on a simple error: although every aspect of social life is connected, there are no good reasons for believing that a single theory could explain phenomena as diverse as family life, urban communities, the evolution of workplaces, identity and conflict, crime and violence, exploitation and cooperation. They are different in nature, have their own logics, rhythms, and any general theory is likely to be either banal or wrong. Even within economics overarching theories of change and growth have not fared well compared to more modest theories focused on such things as the dynamics of labour markets or monetary policy. The big social changes that have accompanied industrialisation have had some common features: urbanisation; changed gender roles; the rise of mass media; globalisation; political empowerment of previously marginalised groups and so on. It is also possible to point to some common themes in the stories of social change: the role of blockages and impediments in galvanising change; the role of ideas in giving shape to these and turning personal resentments into social forces; the role of new knowledge in making things possible – from technologies like the car or genomics, to the knowledge about health that has motivated anti-smoking campaigns. There are also parallel struggles for resources – political, economic, cultural – and parallel stories about how new ideas and movements try to attract others. But these cannot be summarised into a simple model (for example, by analogy with evolutionary theories) that have any explanatory or predictive power, despite many attempts. We believe that it is possible to provide more accurate analyses and descriptions of how new models, programmes and organisations emerge and spread, how they crystallise, are concentrated in a model and are then amplified, and our expectation is that new insights will come from gathering examples, studying the fine-grained detail as much as from abstract theory. Anyone wanting to achieve social change also needs to have thought through how they think change happens – and how they can influence major interests and public excitement, how they can circumvent barriers, and what might be realistic timescales for change. But we are neither advocating, nor expecting, an overarching theory.

B Rosabeth Moss Kanter's "Rules for Stifling Innovation" are:

1. Regard any new idea with suspicion – because it's new, and because it's from below.

2. Insist that people who need your approval to act first go through several other layers of management to get their signatures.

3. Ask departments or individuals to challenge or criticise each other's proposals (that saves you the trouble of deciding – you just pick the survivor).

4. Express your criticisms freely, and withhold your praise (that keeps people on their toes). Let them know they can be fired at any time.

5. Treat identification of problems as signs of failure, to discourage people from letting you know when something in their area isn't working.

6. Control everything, carefully. Make sure that people count everything that can be counted, frequently.

7. Make decisions to reorganize or change policies in secret, and spring them on people unexpectedly (that also keeps people on their toes).

8. Make sure that requests for information are fully justified, and make sure that it is not given out to managers freely (you don't want data to fall into the wrong hands).

9. Assign to lower-level managers, in the name of delegation and participation, responsibility for figuring out how to cut back, lay off, move people around, or otherwise implement threatening decisions that you have made. And get them to do it quickly.

C The seven main sources of social investment are:

■ Specialist investors established specifically to provide capital to under-capitalised geographical communities, such as Bridges Community Ventures

■ Specialist lenders established specifically to provide capital to civil society organisations, such as Futurebuilders

■ Specialist divisions of mainstream banking institutions

■ Venture capital funds targeting businesses pursuing social goals alongside profits (such as Climate Change Capital)

■ Government investment agencies

■ Individual philanthropists or angel investors

■ Grant making foundations (through mission related investments)

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THE YOUNG FOUNDATION