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Talking About Social Innovation

Summary of International Roundtable on Social Innovation (March 18, 2010)

Workshop Report

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Policy Research Initiative

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Executive Summary

On March 18, 2010, the Policy Research Initiative (PRI) and the Public Policy Forum (PPF) co-hosted a one-day roundtable on international practices of innovation in the social sector. The event was a structured conversation among leading thinkers and practitioners in Canada and abroad who have been researching and developing innovative solutions to social challenges. Conducted under the Chatham House Rule, it focused on 1) the attributes of social innovation, 2) the process of innovation, 3) the potential of and limits to social innovation, and 4) the roles of institutional actors (including governments) in fostering innovative approaches. This document summarizes key messages from the event, including recommendations for further exploration.

Key Messages

- Social innovation was seen as responding to challenges that are not being addressed through conventional approaches and that often require new forms of collaboration.
- Social innovation was described as an iterative process that often entails precisely these new forms of collaboration, including “co-creation” and “co-production” among citizens and institutional actors.
- Given its iterative process and largely local focus, the impacts of social innovation were seen to be difficult to measure with the existing evaluation tools that governments and other funding institutions currently use.
- According to participants, many social innovations are not designed in a way that generates measurable outcomes. A “well designed” social innovation would consider its intended effects, what metrics it would use to assess its effectiveness, and how it would change its design if it does not achieve its intended results.
- Governments were viewed as having a unique role in the “eco-system” of social innovation: 1) to “set the tone,” 2) to convene multiple stakeholders, 3) to facilitate access to resources from both non-governmental and governmental sources, and 4) to spread successful practices and mobilizing knowledge.

Areas for Further Exploration

Participants identified a number of questions for further exploration, including:

- how to bring together stakeholders from all sectors to engage in socially innovative undertakings;
- how to work horizontally (e.g. across disciplines and government departments) as well as vertically (e.g. across jurisdictions);

- the points in the life cycle of innovations at which governments could and should be involved, and when they should stay (or get) out of the way;
- the tools governments can use to facilitate greater access for social innovators to private funding sources;
- how to take advantage of innovation while ensuring fairness;
- how to create space for “flexible rigour” that enables innovation while ensuring accountability;
- how to “scale up” social innovations; and
- how to measure the effects of social innovation.

Introduction

In Canada, as well as globally, the concept of social innovation has attracted significant attention as a way to address multi-faceted societal challenges that appear to resist existing interventions by families, communities, and governments.

In both developed and developing countries, innovations targeting such challenges are increasingly receiving support from both private and public sector institutions. Policy makers and practitioners are also becoming more interested in understanding:

- how social innovation compares with innovation in other domains; and
- more importantly, the roles best played by different institutional actors (including governments) in facilitating such innovation.

It is in this context that the PRI and the PPF co-hosted an international roundtable on social innovation on March 18, 2010, in Ottawa.

Conducted under the Chatham House Rule, this structured conversation among approximately 30 leading thinkers and practitioners in social innovation in Canada and abroad addressed these issues:

- the attributes of social innovation;
- the process of innovation;
- the potential of and limits to social innovation; and
- the institutional actors' roles in fostering innovative approaches.

This report highlights key messages gleaned from the discussions, as well as areas for further exploration.

Key Messages

Social Innovation Responds to Challenges that cannot be met through Private Actions Alone

According to the participants, a primary objective of social innovation is to respond to societal challenges that are not being addressed through conventional approaches – whether through the market sector, interventions within families, or individuals' actions. (It was recognized that social innovations often build on and interact with the actions of all of these.)

Social innovation was seen as not solely about novel ideas, but rather about how ideas of value to individuals, communities, and the broader society are implemented. Thus, transformative social innovations were often seen as being incremental and adaptive and frequently as having primarily local or place-based impacts – though they often lead to significant society-wide changes that can appear to have occurred suddenly. In addition to creating new approaches to

address emerging issues, social innovation was often seen as a means of taking advantage of existing solutions and applying them to different domains.

Distinct from (though in some cases analogous to) the “bottom lines” of business innovation, the bottom lines associated with social innovation were seen to include improvements in productivity, efficiency, accountability, and transparency of government policies or programs. Some participants referred to social innovations as phenomena “difficult to describe, but you know it when you see it.” Consequently, participants seemed to be in agreement that, rather than focusing too much on defining the term, emphasis should be placed on the ideas, processes, and projects that can be scaled up, duplicated, or adapted elsewhere.

Social Innovation is a Process of “Co-creation” and “Co-production” among Citizens and Institutional Actors

Participants agreed that social innovation is a process of “co-creating” and “co-producing” solutions to address basic individual and societal needs – in which individuals, families, and community organizations (along with for-profit businesses and governments, in many cases) were all seen as potential catalysts of innovation.

Steps in this co-creation process include 1) identifying and resolving to address a given problem; 2) understanding the nature of the problem, including its causes and patterns; 3) engaging all relevant stakeholders to develop a prototype for a solution; 4) implementing the solution; and 5) evaluating its impact.

Though clearly related to social innovation (and offering potential synergies and opportunities for co-creation or co-production), public sector innovation was seen as a distinct phenomenon through which governments improve policies and services not simply “for” citizens, but, more importantly, “with” individuals and their communities. As in the case of social innovations that are based in the broader community, a citizen-centred process of public sector innovation necessitates new forms of partnership and networks bringing together governments, businesses, and community organizations, as well as individuals and their families.

The Impacts of Social Innovation are Difficult to Measure with Existing Evaluation Tools

Participants noted that, in spite of the growing number of innovative approaches to address social needs, the impacts of such initiatives remain largely qualitative and hard to quantify. Participants attributed this to the largely “messy,” “non-linear” and iterative nature of social innovation. They described social innovation as often being small in scale, local in focus, fragmented, and occurring in informal settings.

Participants noted that a variety of conditions can create fertile ground for innovations to emerge and flourish, but also that innovations successful in one area can fail in another. For example, the same innovation may have different

impacts depending on the social and economic environments, as well as the policy regimes.

Furthermore, even under the same social and economic environment, the benefits of an innovation may vary across populations. Some participants noted that, through their often local impacts, successful innovative approaches may benefit one segment of the population, but leave others unable to benefit from them (e.g. those living in communities where the innovation in question may not be replicable for a variety of reasons). This was seen as raising potential questions about public perceptions of the “fairness” of social innovations that sprout unevenly within and between the communities in a city, a state/province, and a country.

Consequently, while it has been possible to document the evolution of socially innovative solutions from the earliest stages in individual cases, assessing the overall impact of social innovations more generally remains difficult. This is in large part because it is not clear what constitutes the overall “portfolio” of such innovations, and also because their impacts generally unfold over a long time frame in a way that varies from one context to another. The lack of a scientific and robust methodology for evaluating impacts was also seen as warranting further social policy research.

Governments have a unique Role in the "Eco-System" of Social Innovation

Governments were seen as occupying a unique place in the process of social innovation, given their multiple roles as policy makers, regulators, and funders of many forms of direct and indirect intervention in and by communities.

Governments were seen as already investing substantially in addressing social challenges. For many participants, the question was not “whether” governments have a role to play in social innovation, but rather “how” and “where” they fit in the “eco-system” of innovation.

Participants, especially those from abroad, noted a number of ways governments could facilitate the social innovation process. This includes by 1) setting the tone, 2) convening multiple stakeholders, 3) facilitating access to resources from non-governmental as well as governmental sources, and 4) spreading successful practices and mobilizing knowledge.

Governments as Tone-Setters and “Champions” of Social Innovation

For any entrepreneur (social or otherwise), the start-up period of an organization was viewed as critical. Public authorities were seen as having an important role in encouraging social innovation and helping spur the testing of promising new approaches to addressing social challenges.

It was noted that the very nature of innovation means that social entrepreneurs are heading into new territory and often encounter unexpected barriers along the way. Among their other potential contributions, public authorities can help lift such barriers for social entrepreneurs and help them gather momentum merely by lending them credibility and drawing attention to issues they tackle or initiatives they undertake.

In some developed countries, formal offices of innovation are part of the machinery of government at both the national and subnational levels. In the United States, elected officials often champion social innovation by locating innovation “hubs” within the administrative machinery of government (e.g. through “offices” responsible for promoting social entrepreneurship or innovation, at the federal, state, and municipal levels) or as more-or-less arm’s-length foundations. Denmark has sought to “institutionalize” citizen-centred innovation in policies and programs delivered by its national government. Its [MindLab](#) (see following text box), an innovation hub fully funded by three government departments, is responsible for policies related to economic and business development, employment, and taxation. In addition to MindLab, a number of Danish government departments have created their own innovation units to explore ways to improve service delivery and programs.

Governments as Convenors

As “champions,” governments were also seen to be in a unique position to convene stakeholders from all sectors and to catalyze public-private partnerships. By leveraging the wide range of resources available across all sectors – and by successfully bringing various stakeholders to the table to advance effective solutions – they can often achieve results much greater than solutions that focus solely on one institution or sector.

MindLab was described as offering a neutral space for citizens, businesses, and civil servants to collaborate and create solutions for all parts of Danish society. Other participants noted that elected officials were usually the ones most able to bring about and implement change by mobilizing a broad range of stakeholders to address multi-faceted challenges.

MindLab is a cross-ministerial Danish innovation unit that encourages citizens and businesses in envisioning and creating a new society together. It consists of a physical neutral space for inspiring innovation and fostering collaboration.

MindLab's goal is to improve customer service and increase efficiency. It works with civil servants of three Danish government ministries: the Ministry of Economic and Business Affairs, the Ministry of Taxation, and the Ministry of Employment.

Some of the tools and techniques that foster innovation at MindLab, such as electronic brainstorming tools and multimedia applications, are not commonly found in governmental offices. MindLab focuses on co-creating and co-producing ideas and innovations. The organization has managed to remove some regulatory burdens from the government structure, making customer service productive and efficient. MindLab focuses on systemically approaching issues in the government sector using design thinking, qualitative research, and policy development.

The organization uses a seven-step model for co-creation that identifies opportunities to improve customer service in government, and then makes those improvements. These are the steps: 1) decide on a project focus, 2) learn about the users, 3) analyze the problem, 4) develop ideas and concepts to target the problem, 5) test the concepts, 6) communicate the results, and 7) measure the impact.

[Midlab](#)

[MindLab: A Conversation with Denmark's Ministry of Taxation](#)

Governments as Enablers

Many participants argued that governments could foster an enabling environment for new forms of venture to take root and grow by establishing appropriate policy and regulatory frameworks (though a variety of views were expressed about what these frameworks might entail).

Some suggested the need for more flexible corporate forms that are better tailored to social enterprise, and greater flexibility for foundations to make program-related investments.

Others emphasized the need to reward social-entrepreneurial initiatives for exceptional performance, noting that access to reliable sources of funding (whether public or private) was essential to the growth and sustainability of solutions that work. By tying decisions about funding and purchasing to performance, governments can help ensure that solutions that work will sustain and increase their impact.

There was also a significant emphasis on enabling successful approaches to be scaled up. Expanding the reach of proven solutions was described as critical to

ensuring that they become truly transformative. At the same time, acquiring recognition, support for dissemination, or funding to scale up successful initiatives was described as notoriously difficult. Governments were seen as potentially able to play a crucial role in expanding the reach of solutions that work by seeking out what works and then helping scale them up.

Participants noted a number of cases in which governments had provided seed money for projects that were unlikely to receive private sector support at the start-up stage.

For example, a New England “social entrepreneur,” with seed money from the US Department of Transportation, created [ITNAmerica](#) (see following text box). This is a transportation exchange to ensure mobility for seniors who can no longer safely drive. Once the project became self-sustaining (with significant funding from local businesses, among other sources) and awareness of it spread, the social entrepreneur developed a franchise model and worked with other cities to open ITN affiliates in several places across the United States.

ITNAmerica was founded in Maine by Katherine Freund, the mother of a child who was hit by a senior driver.

Some seniors choose to drive their cars even when their health is deteriorating, posing a threat to other drivers and to pedestrians. Freund recognized that the problem was the lack of readily accessible transportation for seniors living in Maine, which often forced them to decide between driving their cars and remaining housebound.

In acknowledging the cause of the problem, Freund was able to devise a solution. She founded ITNAmerica, which provides personal driving services to seniors for roughly half the cost of a taxicab. Seniors may also donate their cars to the organization, as well as bank and transfer their hours to current clients or save the credits for themselves in the future.

ITN received seed funding from government to facilitate start-up, and since then has managed a sustainable enterprise fully independent of government funding. Through a business planning engagement with the research and consulting firm Root Cause, ITN was able to spread its model to 11 more cities in the United States.

[ITNAmerica](#)

In Denmark, the bi-annual [INDEX award](#) was established by a non-profit organization with support from government departments and private foundations. The award offers financial prizes for designs from anywhere in the world that improve the lives of individuals in both developed and developing societies.

In the United States and Australia, governments are spreading social innovation by directly leveraging funding and creating opportunities for practitioners to access private funds. The [Social Innovation Fund](#) (see following text box) set up by the Obama Administration requires matching funds from grant-making intermediaries and community-based organizations, resulting in a 3:1 match of government dollars. Its goal is to identify and spread delivery models that have demonstrated results. In Australia, the recent economic stimulus package set aside funding for innovation in employment programs.

The Social Innovation Fund (SIF) is a US grant competition launched in 2010 by the Obama Administration under the Corporation for National and Community Service. The SIF, a new public-private investment vehicle established by the 2009 *Edward M. Kennedy Serve America Act*, is designed to:

- fund effective and potentially transformative portfolios of non-profit community organizations to help them strengthen their evidence base and replicate and expand to serve more low-income communities;
- identify effective approaches to addressing critical social challenges and broadly share this knowledge; and
- develop the grant-making infrastructure necessary to support the work of social innovation in communities across the country.

The project is a new collaborative partnership between the private and public sectors acting together to solve pressing issues. The federal government has offered \$50 million in seed capital for intermediary organizations, increasing to \$100 million by 2014. The SIF funding mechanism will generate a total investment of \$200 million in 2010, through leveraging \$3 in private funding for every \$1 in federal funding. The fund is ambitious in its aims to promote creative ways of addressing problems. These methods include:

- increasing economic opportunities for economically disadvantaged individuals;
- preparing America's youth for success in school, active citizenship, productive work, and healthy and safe lives; and
- promoting healthy lifestyles and reducing the risk factors that can lead to illness.

[National Service](#)

Governments as Knowledge Mobilizers

Governments were already viewed as a crucial source of data and standards that help entrepreneurs. Public authorities were also seen in the important role of ensuring that knowledge about social innovations is produced, setting clear standards, and making data readily accessible.

For example, through its annual call for proposals, the [European Commission's](#) Socio-economic Science and Humanities research program supports large-scale, multi-stakeholder research programs and disseminates its findings among senior officials in member states. Social innovation is also being addressed by many services of the Commission in charge of European policies (Industries and Innovation, Employment, Regional Development, Information Technologies, Health, and Education). As well, the European Commission's Bureau of European Policy Advisors supported the U.K.-based Young Foundation's recent publication that took stock of existing innovative practices in order to develop a knowledge base on methods and tools.¹ Both the European Commission's new "Europe 2020" strategy and its "Research and Innovation Plan" currently under preparation include policy orientations and actions related to major social innovation initiatives.

The Organisation for Economic Co-operation and Development was also said to be emphasizing social entrepreneurship and social innovation in its work on innovation policy.

Questions for Further Exploration

In addition to sharing their experiences and views about what social innovation is, how it works, its limitations, and how it can be facilitated, participants raised a number of questions to be considered in pursuing the social innovation agenda.

Broadening the Innovation Tent

Participants noted that today's major challenges (such as population aging, health care, immigration and diversity, poverty reduction, and environmental sustainability) cut across jurisdictions and intersect with multiple policy domains. Addressing these challenges requires the collaboration of a diverse range of stakeholders, many of whom may not have been previously engaged in or invited into the discussion. However, getting all willing and able individuals and organizations involved is seen to be an ongoing challenge. Some participants mentioned that many of the existing processes have often led to "consultation fatigue" because of a lack of meaningful engagement. A few suggested that, in order to get "buy-in" from all parties involved, it would be more effective to include all who had a stake or mutual "enlightened interest" in the issue.

In particular, participants emphasized the business sector's role in providing solutions to social problems, as well as the importance of attracting private capital to scale up social innovation. A number of examples of corporate social innovation were cited. These include the [Chulha stove](#) developed by Phillips for rural India (see following text box) and the [Grundfos LIFELINK](#) system that provides access to clean water in developing countries.

It was noted that Canada's business sector is currently engaged to only a limited degree, leaving most dialogue and action on social innovation to community-sector organizations and governments. A more active engagement of (and by) the business sector may be essential if Canada is to have an effective social innovation agenda.

Philips is a Netherlands-based diversified health and well-being company that emphasizes improvement to the lives of its consumers through innovation. In the field of social innovation, Philips has adapted the design of a traditional Indian stove and made it safer and more affordable for rural families. The traditional Indian stove, called a "chulha," is a U-shaped fire-pit made of mud and brick and fuelled by biomass such as wood, crop residues, and cow dung. Due to poor ventilation, traditional chulhas cause indoor air pollution. This persistent smoke inhalation results in respiratory problems that cause ill health in many rural households. Similarly, many Indian women become blind because of this smoky air in their homes. Philips' smokeless chulha provides a safe and affordable way of cooking and reduces the health problems caused by traditional chulhas.

[Philips](#)

The Role of Governments over the Life Cycle of Innovation

While governments were seen in a number of cases as important sources of initial support for innovation (similar to the role of venture capitalists in other areas of innovation), there was general agreement on the need, after enabling an idea to germinate, to refrain from stifling its growth once it takes root. It would be important to know at what point in the life cycle of innovations governments should be involved and when they should stay (or get) out of the way.

According to many participants, governments could leverage their regulatory and policy capacities to allow innovators greater access to private funding sources. Seen to be at issue is how to create mechanisms for multi-source funding and multi-stakeholder involvement. Some Canadian participants noted a gap in Canada's mechanisms for facilitating social enterprises, including a lack of flexibility in corporate forms (unlike in the United Kingdom and United States, where new corporate forms tailored to social enterprises have been created in recent years). Furthermore, regulations relating to eligibility for tax treatment as charitable organizations often make it difficult for charities to meet social needs through market-based instruments and mechanisms in partnership with other players.

Creating Space for "Flexible Rigour"

The notion of living in a risk-averse society was brought up a number of times. Participants indicated that both government and non-government actors have

become increasingly risk averse. Yet risk was seen as being inherent to all forms of innovation. Many participants called for the development of an environment that is conducive to “safe” and “smart” risk-taking in the social realm – but, in cases that use public funds, in a way that taxpayers would accept.

Such a “safe fail zone” would offer a space to identify complex challenges and test innovative ideas, allowing for smart errors, while getting rid of the inefficient ones. Furthermore, such a space would allow for improvement of an initiative through rigorous analysis of its application at the early stage and offering lessons learned throughout the process. Denmark’s MindLab was cited as a prime example of such a space.

Recognizing the proliferation of social media and technological tools, some participants argued that collaboration in innovation should not be confined to physical space, but needed to be complemented by new collaboration platforms on-line. Harkening back to the notion of creating solutions “with” the people rather than “for” the people, participants recognized the need to engage a broad range of stakeholders (both face-to-face and virtually) for such a space to work.

Assessing the Impacts of Social Innovation

It was agreed that building capacity for innovation requires a meaningful evaluation framework. Most participants noted that existing performance measurement tools tend to focus too much on outside compliance measures that appear ill-suited for evaluating socially innovative initiatives. Compared with the speed of evaluating the return on innovations in the business sector, such as the iPhone, it may take years for an innovation in the social sector to pay dividends. Furthermore, the “learning by doing” nature of the innovation process is seen to “clash” with the clear and pre-defined performance measures often demanded by funders and investors and provides little leeway for unpredicted outcomes. Moreover, in today’s fast-changing world, what worked for yesterday’s challenge may no longer be applicable to those of today and tomorrow.

To establish an effective mechanism for measuring social innovation impacts, some participants argued for building dialogue among private and public sector investors and the creators and implementers of social innovation. One could begin by developing a common understanding of the iterative and “messy” process of innovation. A “social return on investment” indicator could be developed, as well as other scorecards to monitor initiatives.

A few participants pointed out that the existing language and culture of describing and conducting social innovation primarily emphasizes the novelty of breakthrough ideas, but is short on acknowledging that innovations are not always new and may be built on existing structures and frameworks.

The contribution of social innovation to the “beyond GDP” concept was also noted as potentially significant.

Conclusion

Most participants agreed that innovation in the social sector shared similar processes with innovation in businesses, science, and technology. The “eco-system” of innovation was summarized as involving “four ‘C’s”:

- 1) cultivation of a common understanding of the innovation process;
- 2) capacity to build an enabling environment to recognize a challenge or a need, as well as to come up with solutions;
- 3) courage to take on new challenges and to allow for smart risk-taking;
- and 4) co-creating solutions with all stakeholders.

The bottom line for all innovations is in the value they generate for individuals and society. In this respect, innovation in the social sector faces unique challenges when it comes to assessing impacts. As some participants noted: there is a well-developed market for setting the price of an iPhone, but the non-profit sector has no similar market that can send price signals in relation to social innovations (largely because those who use the services or products generated by social innovations are rarely the same people who pay for them). As a result, resources may not flow to the most valuable products/services in the way that they do in the for-profit sector.

A key message of the roundtable was the need to encourage collaboration in and between networks and to focus on building relationships between the government, community, and private sectors in Canada to better tackle multi-faceted issues. As a process of co-creation, it was generally agreed that the tent needed to be broadened to include all stakeholders – especially those in the business sector. Within this process, governments play an important role as convenors, enablers, and information-providers.

Another key message is the need for evaluation tools complementary to the innovation process.

Finally, given the risk inherent in all innovation, the creation of an innovative space that allows for safe risk taking was seen as a crucial step in fostering social innovation.

International exchanges of views of the sort held at this roundtable appear to be an efficient way to strengthen and boost social innovation, because they facilitate the spread of knowledge, ideas, and approaches for the mutual benefit of participants.

Note

¹ Robin Murray, Julie Caulier-Grice, and Geoff Mulgan. 2010. *The Open Book of Social Innovation*. London: The Young Foundation and the National Endowment for Science, Technology and the Arts.