Innovation and Scaling for Impact

*Bringing Organizations back in*

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Based on joint work with Christian Seelos
A pervasive myth today

Social impact is generated by innovation

... spurs the search for “magic innovation formula” and “innovation success factors”

(Social) Innovation is Not the Holy Grail

1. OVERATING the value of innovation
2. UNDERVALUING the importance of failed innovation
3. UNDERAPPRECIATING the difficulty of innovation

http://www.ssireview.org/articles/entry/innovation_is_not_the_holy_grail
OVERRATING the value of innovation

• Building deep competencies through routinization and standardization
• Incremental improvements over time create tremendous impact
• Accumulation of knowledge increases absorptive capacity
• Difficulties:
  • how to prevent people from going into too many new directions;
  • how to say no to catering to desperate needs of communities;
  • how to keep motivation for improving routine activities up;
  • how to turn “routine” into an interesting message for supporters/funders;

The prevailing innovation discourse may push organizations toward adopting innovative practices, when actually more incremental developmental practices would produce more impact over time.
UNDERVALUING the importance of failed innovation

• Building organizational knowledge about “how the system works”
• Experimenting what works and what does not – intended and unintended consequences
• Shaping and refining your innovation approaches
• Difficulties:
  • how to prevent a blame culture;
  • how to reflect openly about failures and learn systematically;
  • how to keep the motivation up;
  • how to afford “costly” innovation with little to show for;

Evaluating the innovation performance of organizations primarily based on positive outcomes may stifle the risky experimentation necessary for progress in difficult and unpredictable environments.
UNDERAPPRECIATING the difficulty of innovation

“The massive scale on which social problems are conceived precludes innovative action because bounded rationality is exceeded and dysfunctional levels of arousal are induced”.

Karl Weick
The Innovation Process: Reckoning with Uncertainty

I have an idea

Let’s try it

We have some resources

Communities are skeptical

We found a village for the trial

Getting the village elders on board helped

Training worked without problems

The new training scheme works

I think I know what the problem is

It does not work in some villages

Our field staff does not follow procedures

They are not using our solution

We ignored power dynamics amongst villagers

They are not using our solution

We are facing a challenge

This will not work

It will never work!

The boss thinks it is important

It works

I have a fix

Results look great

Perceived likelihood of success

higher

lower

https://ssir.org/articles/entry/when_innovation_goes_wrong
Differentiate between innovation as an outcome and process

**Innovation as a process ...**
- has distinct characteristics and potentials.
- involves efforts to address and ultimately remove various forms of uncertainty

We are facing a challenge
This will not work
We ignored power dynamics amongst villagers
They are not using our solution
It will never work!

Training worked without problems
The new training scheme works
Results look great

Perceived likelihood of success
If you don’t know how to learn, don’t innovate!

Problem frame uncertainty | Do you sufficiently understand the social or environmental problem that you aim to solve, along with the factors that cause that problem? Problem frame uncertainty lowers your chance of designing a solution that goes to the root of an issue.

Solution uncertainty | Are you able to access appropriate resources and to configure them in a way that yields a viable solution? Solution uncertainty lowers your chance of turning an idea into an effective innovation.

Adoption uncertainty | Will people in target communities accept and implement your solution? Adoption uncertainty lowers your chance that a solution—even one that ostensibly “works”—will take hold among its intended users.

Consequence uncertainty | Does your solution run the risk of producing negative side effects? Consequence uncertainty lowers the chance that your innovation will produce positive social impact. (It also may threaten the reputation of your organization.)

Identity uncertainty | Does your proposed solution align with your sense of purpose? Identity uncertainty lowers the chance that your commitment to an innovation will be strong enough to overcome setbacks and to persist through the scaling process.

Managerial uncertainty | Do you have an ability to oversee innovation processes in a productive manner? Managerial uncertainty lowers your chance of implementing and supporting a solution over a long timeframe.

A core purpose of the innovation process is the conversion of uncertainty into knowledge. Innovation is a matter of learning. A focus on learning creates a sense of progress rather than failure.
Innovation does not create impact

Innovation is an investment

Seelos and Mair (2012) *Innovation is Not the Holy Grail*, SSIR

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Innovation does not create impact

*Innovation is an investment*

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**Dimensions of Learning**

1. **Problem/solution frame**: Improved understanding of social reality
2. **Fit with organization**: Clearer understanding of who you are (identity/mission)
3. **Capacity and competency**: Refined understanding of organizational resources and capabilities

→ Are you learning something?

New process
New service
New product
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Seelos and Mair (2012) *Innovation is Not the Holy Grail*, SSIR

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What creates value from the investment into innovation?
Scaling creates value from innovation

Acting on and deepening existing knowledge

Impact

Investment

Scaling

Bigger (size/quantity)
Better (quality/productivity)

Innovation

Scaling

Innovation - a process of addressing various kinds of uncertainty

Scaling - delivering effective products and services to more people and doing it more reliably, more efficiently, and with a steady improvement in quality

If you don’t know how to scale – don’t innovate!

Scaling
Innovation
Impact

Never get started
Too many bad ideas get pushed
Insufficient scaling
Innovate again too soon
Stop too late
Stop too early

Bigger (size/quantity)
Better (quality/productivity)

Investment

Diagnosing the organizational factors that limit impact creation from innovation

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Productive innovation depends on
1. An organization's capacity for replacing innovation uncertainty with knowledge
2. Its ability to scale up innovation outcomes by enhancing its organizational effectiveness
Mapping Innovation Pathologies

Beneficial effects of mapping what makes innovation unproductive

**Liberating** – “I am not the only one who finds innovation difficult”

**Empowering** - spreads the responsibility more equally between employees and the organization context

**Scales down hierarchy effects** – “we can really talk openly about problems and seniors actually listen w/o being defensive”

**Generates constructive dissatisfaction with the status quo** - a primary characteristic of productive organizations
Innovation Archetypes

Mapping the roles of innovations and the balancing between innovation and scaling

- a) Gram Vikas: Innovation for learning
- b) Aravind: Innovation for scaling
- c) BRAC: Innovation for transformative impact
- d) Waste Concern: Innovation for diffusion

Two things to remember

1. If you do not know how to learn do not innovate!
2. Do not innovate if do not know how to scale!