How to Innovate:
The tools for social innovation

Robin Murray, Geoff Mulgan & Julie Caulier-Grice

This paper provides a first output from a major study on the methods being used to generate and grow social innovation around the world. These methods come from many fields – public policy, design, technology, business, community organising, the professions and social entrepreneurship.

Some are used consciously as distinct methods, but many are not. Indeed, our research suggests that relatively few people working in the field have had the chance to reflect on the methods that they already use, and that even fewer are aware of the other methods in neighbouring fields which they could be using. As a whole, the field is less self-aware than business, medicine or science. This is in part a symptom of relative newness. But one of the premises of this project is that greater awareness of methods will improve the practice, and success, of social innovation in fields as diverse as ageing, the environment, mental health, education and welfare.

The annex to this paper sets out a first collection of nearly 300 methods and supporting conditions which are either in use or being considered in the dynamic field of social innovation. These are set out both according to where they are used (in the non-profit grant economy, the public sector, the market and the household) and according to their uses in the different stages of innovation, that take ideas from inception to impact.

The methods are varied: they range from Finnish Complaints Choirs to Korean imagination banks, from Italy's social enterprise bank to US venture philanthropy models, Danish public service laboratories to Brazilian participatory budgeting.

The study is being done by a team at the Young Foundation with support from NESTA. The list draws in part on past research[i], and in part on inputs from practitioners, intermediaries, and the many members of the Social Innovation Exchange across the world. We welcome comments, amendments, additions and examples to contribute to what will become an open website to guide practitioners in the field as well as a printed guide.

The purpose of this material will be to guide and support the practice of all those who contribute to helping societies think, adapt and innovate: governments and policy-makers who can do so much to create the conditions for innovation, or to crush them; foundations and philanthropists with free money; NGOs and associations trying to meet needs more effectively; as well as entrepreneurs and innovators themselves.

This paper aims to prompt reflection, while also providing useful concepts, inspiration as well as practical tools. It has four parts:

- **I Background:** the first part situates the context for this explosion of different methods. It addresses why social innovation is coming to be seen as such an important issue for governments, communities, businesses and places.

- **II The architecture of the social economy:** the second part describes the growing social economy, which cuts across all sectors, with a variety of types of input, output, conceptions, as well as distinctive approaches to innovation.

- **III The process of social innovation.** This identifies four stages of development of an innovation, not necessarily sequential, but looped, spun off, then re-connected**.**

- **IV Methods and supports:** the fourth part is an annex that provides an initial list of methods and enabling conditions

I Background: why social innovation now?

We are currently in the midst of a period of transformative innovation. Two sometimes clashing, sometimes coinciding, themes give it its distinctive character. One comes from technology: the spread of networks and global infrastructures for information and social networking tools. The other comes from culture and values: the growing emphasis on the human dimension, on putting people first, giving democratic voice and starting with the individual and relationships rather than systems and structures.

The first of these has already revolutionised the economy. With hindsight it will seem astonishing that a company (Google) can within a decade of its founding grow to be in the top 10 companies in the world. Amazon, E Bay, MySpace, Apple, Linux, Microsoft – these are the new names, many of them having started their life in a garage, that have provided the infrastructure, the platforms and the tools of a post industrial age. The pace and extent of the present change is reminiscent of previous technological revolutions – the spread of the factory system, of the railway age, of those years when the principles of mass production finally took root in manufacturing. This time the revolution is in information and communication technologies, and in many fields where new knowledge is being applied, from genomics to materials. It is a revolution that has transformed the process of innovation itself.

As in previous technological revolutions, the state – and in particular the military – has played a decisive role as a patron and incubator of innovation (including the Internet, the web and a substantial proportion of the investment in Silicon Valley). But much of the drive has come through private innovation via companies operating in the market, and through unprecedented citizen action which has mushroomed since 1989.

For most of the 20th century innovation policy and practice was primarily concerned with hardware and with the market economy. Social innovation took place – in daily life, social movements and around the state. But it has only recently come to be a conscious concern of policy discussion for three main reasons.

First, there are a range of problems that existing structures and policies have found it impossible to crack – such as climate change, the world wide epidemic of chronic disease, and widening inequality. These are all issues that cut across boundaries, between the state, the market and the household, between different parts of the state, and between national states themselves. As a result the classic tools of government policy on the one hand, and market solutions on the other, have proved inadequate.

Second, the prospective cost of dealing with these (quite apart from the rising costs of other social issues) threatens to swamp public budgets – and in the case of climate change, or health care in the US, private budgets as well. To take only one instance, if radical policies cannot stem the increase in chronic disease, the cost of healthcare is forecast to rise from 9% to 12.5% of GDP in the UK in 15 years and from 16% to 20% in the US within a decade. In this instance – as in climate change, pollution control, waste reduction, poverty and welfare programmes, and other fields such as criminal justice or traffic congestion – the most effective policies are preventative. End of pipe measures are costly and should be unnecessary. But effective prevention has been notoriously difficult to introduce, in spite of its transparent economic and social benefits. This is a challenge for social innovation.

Third, as in earlier technological and social transformations, there is a disjunction between the structures and institutions formed in a previous period and the requirements of the new. This is as true for the private as for the social economy. New paradigms tend to flourish in areas where the institutions are most open to them, and where the forces of the old are weak. So, for example, there is more innovation around self-management of diseases and public health than around hospitals; more innovation around recycling and energy efficiency than around large scale energy production; more innovation around public participation than in parliaments and assemblies; more innovation around active ageing than around pensions provision. Everywhere innovations give rise to pressures for a wider change – to the way the economies are managed, to the supply and housing of appropriate labour, to new infrastructure and sources of energy, to new forms of consumption, and to the organisation and financing of government.

We are currently at one of the rare moments when a new set of paradigms challenges the previous ones. In place of the old world of mass production, with its standardised products and services, its reliance on deskilled labour, its cumbrous system of innovation, its focus on scale and all that enables it, its centralised structures of organisation and information, and the long standing disjunction of home and overseas markets, we have seen the emergence of a new world.

This new world is one formed around distributed systems as much as centralised structures. It handles complexity not by standardisation and simplification imposed from the centre, but by distributing complexity to the margins – to the local managers and workers on the shop floor, as much as to the consumers themselves. Those at the margins have what central managers can never have – knowledge of specificity - specificity of time, of place, of particular events and in the consumer's case of need and desire. We enter a world of differentiation and the dissolution of the norm. The micro can now be aggregated to the

macro. In place of scale (which is the simple issue) the new concerns are with economies of scope, of information, and most strikingly of trust.

In factories and workshops we have witnessed over the past twenty years a radical re-orientation of the governing principle of production – something like a magnetic reversal – from a push-through to a pull-through economy. Instead of the focus being on optimising the use of capacity of the mass production line, with a stock of products always in search of an average consumer, the supply and distribution chain has been re-oriented to respond to real time consumer demand, 'just in time'. This is itself a revolution within a revolution, enabling a whole productive system to meet a differentiated demand.

The role of the consumer changes as a result, from a passive to an active player, not only as a navigator and even shaper of the emerging kingdom governed by the tyranny of choice, but as a producer in their own right – Alvin Toffler's 'prosumer.'[ii] It has at last been acknowledged that retail purchases that have been cast as the end point of the linear process of mass production are part of a circular process of household production and reproduction. The so-called consumer doubles as a domestic producer - a cook, a mother, a carer, a shopper, a driver, a nurse, a gardener, a teacher or student - in short so much of what is entailed in making us human. This domestic sphere has previously been seen as outside the economy, as too complex and ungovernable, but has come now to be recognised as critical economically, with all the needs of support, tools, skills and advice that being a producer entails.

Firms that have failed to adapt to this new world – whether they are bookshops, auctioneers, or steel makers – have either gone out of business or shifted production to the zones of cheaper labour in Eastern Europe and Asia. Those that are still standing, have recognised that it is their capacity to provide bespoke services – with products being reconceptualised as part of a service – and above all their capacity to innovate on which their future depends.

Similar shifts can be seen in the social economy. The mechanisms of service and institutional transformation are different within government and in grant funded economies from those in competitive markets. They also differ around the world, shaped by institutional, political and cultural histories which have lent very different roles to the state, civil society and the market. But there are some common patterns, and new innovations from distance learning and microcredit, to open forms of governance, urban agriculture and patient-led healthcare have flourished in different environments. Similar approaches can be found amongst some of the leading edge organisations in very different places – like the Hope Institute in Korea and Kennisland in the Netherlands, PLAN in Canada and Honeybee in India.

In both the market and the state, the rise of distributed networks has coincided with a marked turn towards the human, the personal and the individual. This has brought a greater interest in the quality of relationships (what Jim Maxmin and Shoshanna Zuboff call the 'support economy'[iii]); it has led to lively innovation around personalisation (from new types of mentor to personal accounts); a new world rich in information and feedback (such as AMEE, tracking carbon outputs in 150 different countries); and growing interest in

pathways (for example from early childhood into adulthood) and service journeys (whether of a patient through a health system or a passenger through an airport).

With this emphasis on the individual has come an interest in experience as well as formal outcomes; in subjective feedback as well as the quantitative metrics of the late 20th century state and economy (hence the rise of innovations like the expert patient, or Patient Opinion). Public policy has also turned towards the household, through innovations like nurse-family partnerships and green concierges.

Some of what is happening in the market entails the adoption of ideas from the social sector – collaboration, cooperation, trust-based networks, user involvement in service design, for example, are all familiar concepts in the social field and are now seen as on the cutting edge of business. Yet some of the new methods are as challenging to existing charities, non-governmental organisations and cooperatives as they are to mainstream businesses and public agencies. Indeed one of the common themes of social innovation is that it often challenges relationships of power, creating sites of contest and conflict. This is evident in relation to distributed networks which have the potential to devolve and spread power, but also great potential to concentrate power (think, for example of Google). Similar tensions are visible in the field of social entrepreneurship (which straddles decentralised models rooted in community organising and a powerful new cadre of entrepreneurs often educated in Western business schools, tied into global consultancies, and backed by foundations rooted in big business); and in relation to public policy (which often seeks to co-opt grassroots innovators to serve the interests of big government).

A Hybrid Economy

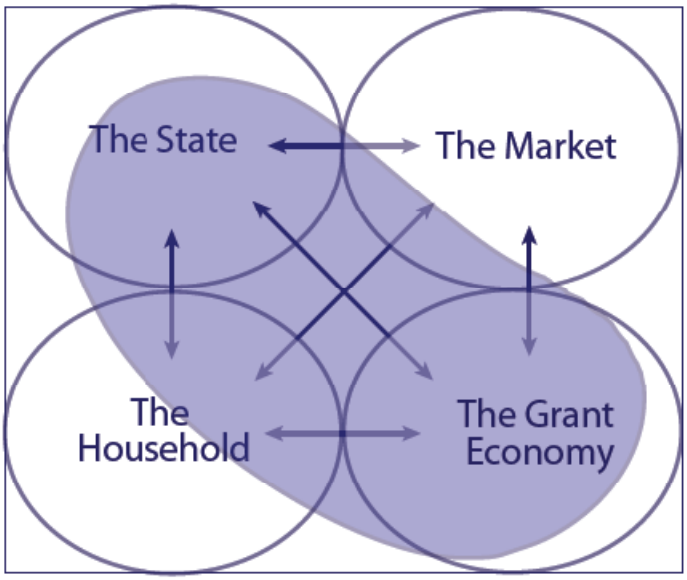
So how can the innovations needed to address ever more pressing (and costly) social and environmental demands be generated in the social economy, and grown in ways that spread power rather than concentrating it?

Traditionally, those social tasks for which the private market is inadequate have fallen to three quite different economies, the state, the household, and the grant economy. Each has its own means of obtaining resources, each its own structures of control and allocation, its own rules and customs for the distribution of its outputs, and its principles of reciprocity. In the industrial economies of the twentieth century, nations reached different settlements about the border lines and responsibilities of each. In Western Europe and Canada, the state played the leading role. In the USA a tradition of resistance to 'big government' left households to manage as best they could, with a greater role played by charitable foundations (though still with a large state by historical standards, and one that has played a role in funding a number of major commercial innovations).

Social innovation, in this context, refers not to any particular sector of the economy, but to innovation in the creation of social outputs and outcomes regardless of where they spring from. This is illustrated by the shaded area in Diagram 1. None of the four economies is wholly concerned with the social economy as defined above - production oriented to social needs and aspirations. The market economy itself, although largely private, nevertheless

engages in the social economy in the form, for example, of corporate social responsibility or movements like fair trade. The household, like the market, is in part purely private, but forms a critical part of the social economy both through labour in the household, and via the contribution to the substance and direction of social production of informal networks, associations and social movements. The grant economy, on the other hand, is by its nature largely concerned with the delivery of services as a counterpoint to the private market, as is much state spending. The shaded area therefore represents those parts of each of the four sub economies that together constitute the social economy.

Diagram 1. The Social Economy



The boundaries and responsibilities of each of these social sectors as established in the period of mass production are being brought into question, as is the distinction between the market and the social economy. The binary opposition between the market and the state, which was the fulcrum of twentieth century politics (and its ideologies), is being contextualised into a more complex set of relations as the market reaches into the state, and the state into the market, and as both find new accommodations with civil society and the grant economy.

The old boundary criteria of private and public goods, the one being assigned to the market and the other to the state, is no longer adequate. It is not just a question of the characteristics of a good or a service and its intrinsic capacity to be commodified that determines whether it should be undertaken in the private or the public sphere. It is also a question first of the kind of market, the kind of state, and the nature of the interface between them, and second of how the state and the market relate to those two other economic types, the household and the grant economy.

When it comes to considering social innovation, therefore, the inquiry can in no way be confined to any one sector – such as the so called third sector. It has to cover all these sectors,

and the dynamics of the relations between them. Its capacity to innovate will depend as much on innovation in the structures, the goals and the cross border relations of each of the four economic spheres, as on any specific role that each has traditionally played.

Reaching beyond the limitations of categories allows us to explore how markets can be re-institutionalised so that they meet the goals of the social economy – so those operating in the market can include in their goals and their calculus what was previously excluded. This is the burden of much recent environmental policy that seeks to redefine the responsibilities of private property, to internalise costs and benefits that were previously external, reframing regulations and incentives to this end. It runs in parallel with the question of how to re-institutionalise the state, including transforming concepts of public property and the means of 'commensurating' social production[iv], and reshaping the state's methods of allocation and control. All these have been threads in the fabric of British health service reform.

Considering social innovation as stemming from multiple sources encourages us to recognise emergent trends from outside the state and the private market. One is new forms of mutual action between individuals within the household economy – whether in the form of open source software, or web based social networking around specific issues (there are reportedly 18 million cancer websites, the great majority generated by those affected by the disease). These are two examples of We-Think innovation that inform Charles Leadbeater's proposition that production for the masses is being replaced by production by the masses. In these instances the innovations are generated outside the market and outside the state, many of them explicitly so. They have had to develop their own protocols and codes of conduct, and in the case of open source software, the terms on which the uncommodified information can be used.

The implications of peer-to-peer collaboration of this kind for many of the contemporary social economic issues have only begun to be explored, and prompt the question of whether and how such systems of highly distributed innovation and mutual support can be encouraged – how do they relate to the state and the market, and to their terms of funding and employment. Who will provide the necessary tools and platforms? Who will determine the protocols? Can they be self managed, or will they need hosts and intermediaries? These are some of the questions thrown up by this explosive area of innovation.

Another striking development has been the growth of social enterprise operating within the market. These are companies with a social mission, often socially owned and investing their profits in pursuit of their mission. The Mondragon group of cooperatives in Spain (the world's most successful social enterprise) has doubled in size each decade for thirty years, operating in sectors as diverse as banking, manufacturing and higher education. BRAC, now the developing world's largest NGO, has spread from microcredit into an equally diverse range of activities in Bangladesh and around the world.

One of the most visible examples of social enterprise is the Grameen Bank and its network of 27 enterprises and imitators, whose driving goal is to improve the incomes and well being of the poorest. The rural villages of Bangledesh, where its work is centred, could hardly be farther from Silicon Valley, yet Grameen has many of the characteristics of the new

paradigm – a highly distributed credit network in 39,000 villages, by far the most extensive in the country, a method for personalising loans and easing their repayment, and a support structure based on networks of women. As a social enterprise, it is majority owned and governed by its borrowers, 98% of them women. Significantly it calls its lending 'micro' credit and it has grown both by the spread of its model internationally, and through its own diversification in Bangladesh into mobile communications, internet services, education, fish farming, weaving, housing and most recently yoghurt manufacture.

How this is done and its underlying economic and organisational model has a significance that extends well beyond the rural poor of Bangladesh. Here the point is that Grameen operates in the market with the same freedom and discipline as a private company, but with a social goal, social ownership and a social distribution and re-investment of profits.

There has been a substantial growth of such firms in the past twenty years. They have had a marked impact on the nature and direction of growth in a number of sectors – in environmental technologies and services, for example, and the production and marketing of food, and in fair trade. In each of these cases innovation by social enterprises has provoked responses from the private sector and the state.

Mohammed Yunus, the founder of Grameen, has established and extended his enterprises in spite of the obstacles and opposition of a weak and corrupt state, and an orthodox banking system. He argues that social enterprises – at times in partnership with private corporations – are the most hopeful forms of social innovation and the delivery of services rather than states or charities. His project is to socialise the market rather than replace it. Around the world new institutions have grown up to assist this transition – from Banca Prossima in Italy to Sitawi in Brazil, and from schools for social entrepreneurs in the UK to the many networks (like Skoll and Ashoka) based in the US.

The economics of social innovation

Over the past twenty five years the predominant economic discourse in relation to the social economy has been a modern version of the classical debate between Smith and Ricardo, the one emphasising micro commodity exchange through the market, the other macro distribution through the agency of the state. In modern dress, the former has been applied to the public sector as a means of reducing costs and increasing efficiency. It has been advanced through the actual or simulated commodification of what had previously been commensurated and distributed according to the non market conventions of public finance. The latter has struggled with the question of state led redistribution in the context of the international mobility of capital and entrepreneurial labour. Yet neither of these traditions adequately addressed the economy wide issues of accumulation and what Schumpeter later called capitalism's process of creative destruction, with its focus on the material characteristics of production and technological innovation.

We want to suggest a Schumpeterian approach to social innovation, that is, examining what type of economy can generate and accumulate social innovation, and what if any are the

processes of creative destruction in the social economy that allow new ways of meeting social needs to supersede or reconstitute the old.

Traditionally, the primary site of innovation has been taken to be the private market because it has well developed structures, mechanisms and incentives that drive innovation. States and the grant economy still dominate fundamental research into new cures and new technologies. But they cannot match the scope and diffusion of innovation seen in the market. The household – that most distributed of economic systems – generates ideas but on its own lacks the capital, surplus time and organisational capacity to fully develop them. The question suggested by developments such as social networking, open source software, and Grameen, is whether the social economy can develop a capacity to foster and generalise innovations that matches the private market. Can it move from a responsive filling of the gaps left by the private market, to generate an economic dynamic of its own?

Posing the issue of social innovation in this way suggests that there are three principal levels of inquiry that we need to pursue. The first is a macro one about innovations in the structures and mechanisms of the social economy that would strengthen its capacity to develop and diffuse innovation. It asks what types of institutions and modes of economic operation are necessary to generate adequate responses to the social imperatives now confronting us.

The second is a micro enquiry into the process of social innovation – also in the Schumpeterian tradition - about how new ideas are generated and tested out in practice, how they can establish themselves sustainably, how they extend and spread, and how they can confront, by-pass or transform the restrictive structures of the old order.

The third is an inquiry into innovation in productive systems. What are the strategies and processes that lead to the re-shaping of the complex topography of critical areas of social production and distribution - of who does what, how and with whom – in ways that reflect the changing paradigm.

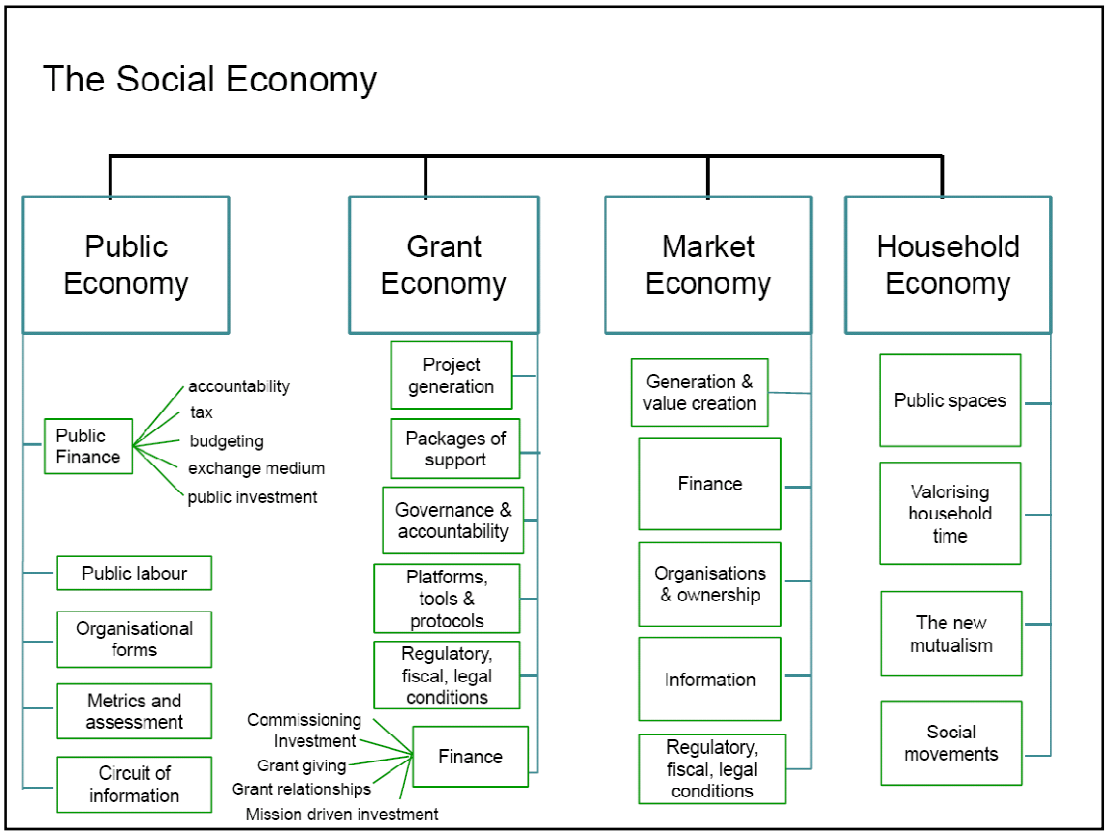
The three levels of inquiry mark three areas of social innovation. The first analyses the institutional conditions for social innovation, the second the distinct processes of social innovation and the third the systemic innovations that are needed to address the imperatives of our era.

II The architecture of the social economy

Here, we outline the architecture for the inquiry, and our analysis of the shape of the social economy.

The next three diagrams deal with the reconfiguration of the first of these spheres, the social economy. In diagram 2, we set out the four sub economies and suggest some of the key areas of change for the promotion of endogenous innovation.

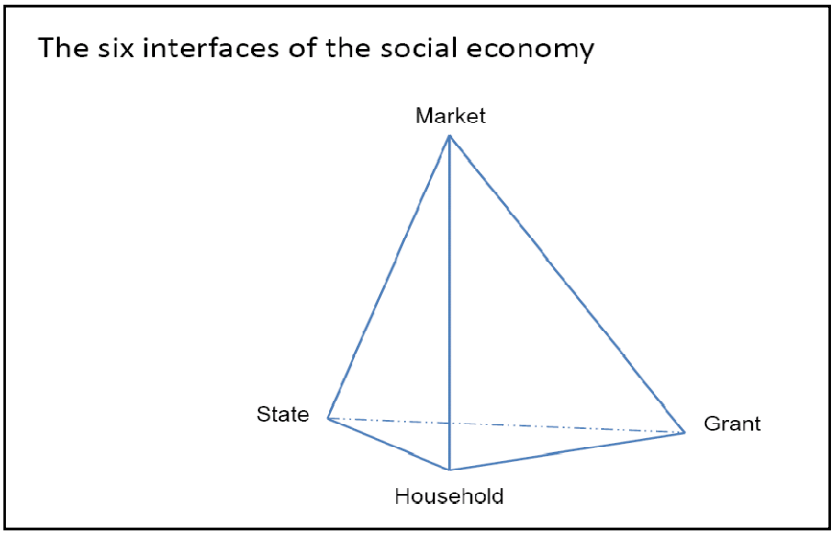
Diagram 2. The architecture for the analysis of social innovation.



These sub economies are not in any way isolated. Though they have their own distinct economic mechanisms, they form part of an inter-connected system, and it is the relationships between them which are as significant as the relationships within them. The enquiry will consider the key interfaces and how they can be modified in order to promote innovation.

Formally, if there are four sub economies, there will be six interfaces, as shown in diagram 4 below.

Diagram 3. The six interfaces of the social economy.



The first three interfaces are between the state and the other three sub-economies.[1] Central to these interfaces is the way finance crosses the borders, inwards in the form of taxation and fees, outwards in the form of grants, procurement and investment. There are many others, including the regulatory, fiscal and legal conditions determined by the state, and the platforms and tools provided by the state for the actors in other parts of the social economy. Each of these can be critical for innovation (for example changes in personal tax to allow new forms of caring) and are subject to innovation in themselves (for example the creation of community interest company status as an element in company law).

The fourth interface is between the private market and grant economy. These relations include, for example, corporate sponsorship, charitable donations, mentoring and various types of corporate social responsibility. There are also emergent forms of productive collaboration between private corporations and NGOs exemplified in the work of Philips in developing new models of healthcare, combining commercial provision of goods and services with mutual support and roles for NGOs.

The fifth and sixth interfaces (along with the third) constitute the household economy's relations with the other three sub-economies. Taking that between the household and the private market first, this is of course the space where firms operate, selling products and services to households and engaging individuals as workers. In some cases firms have used the particular relations that characterise households as a channel for selling. The extent to which social networks and a gift economy operate in the sphere of consumption has long been remarked on by anthropologists for example (from Christmas presents to the purchase of rounds of beer). But there are broader connections as in the way social movements have allied with sections of the private sector to press for systemic changes – for example the current political economy of environmental change.

Between the grant and the household economies there are also two way movements, of donations and volunteering from one direction to a multitude of services from the other. One of the most sensitive areas of this interface is when associations and movements from the household economy partially transfer themselves into the grant economy, appointing professionals paid for by subscriptions or grants.

These examples are the tidy, analytical depiction of the interfaces. In practice, however, each sub economy may relate simultaneously to a number of the others.[2] For example, the state can promote social innovation in the market as well as the grant economy by applying certain policy and regulatory levers such as minimum trading standards and compulsory targets for the employment of people with disabilities.

[1] The social components of these three sub economies outside the state are the economic parallel to civil society, and could be thought of as the civil economy, that it to say that part of the social economy that is outside the state.

[2] There are also interfaces within each sub economy, from example between the private and social markets. This may take the form of joint ventures, as in the recent case of Grameen-Danone and their collaboration in a social enterprise producing yoghurt for low income households in Bangladesh.

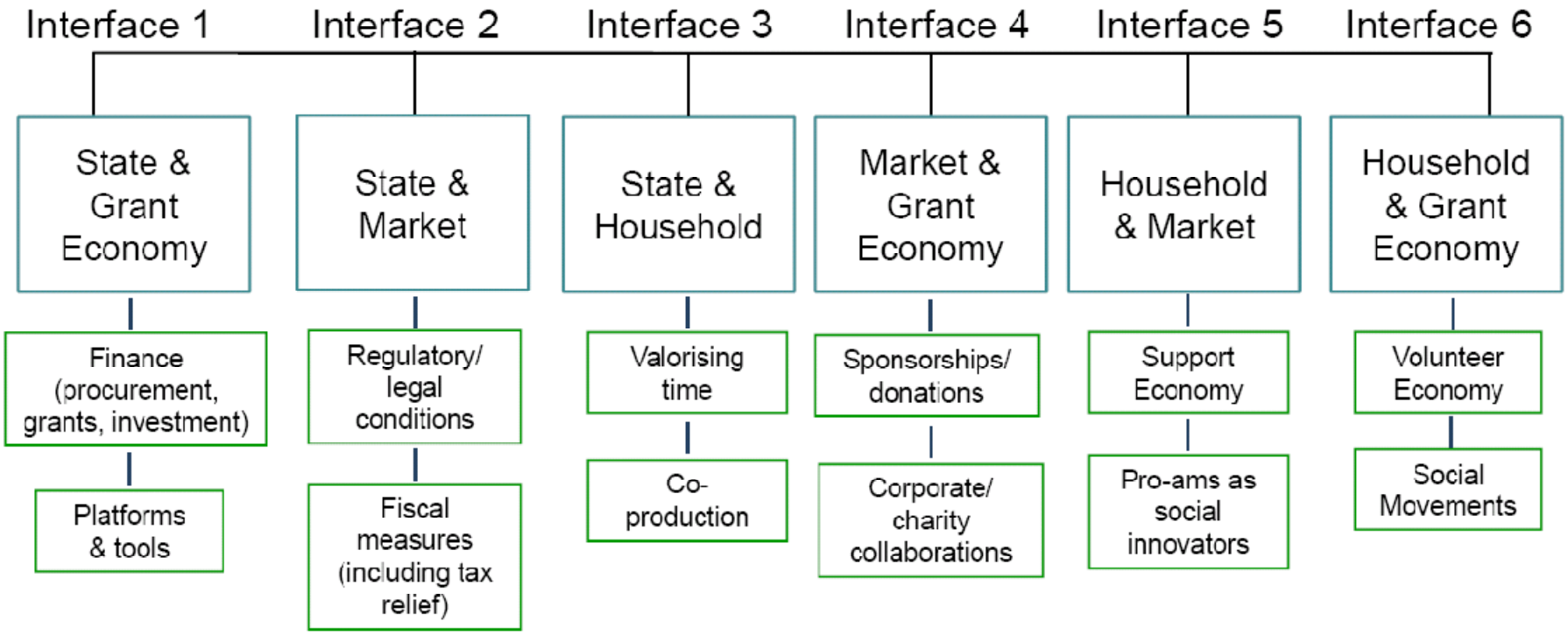
This is also the case with household generated innovation; there are a number of areas to explore that cut across and apply to the three interfaces between the household and the other sub economies. First is the development of new systems of support economy as put forward by Jim Maxmin and Soshana Zuboff in their book of that name. This is closely linked to the development of co-creation and co-production representing a partnership between households and professionals. Personal budgets (introduced for people with disabilities in the UK in the 2000s), for example, are an important innovation in this space – allowing for new types of support service that combine informal relationships of friends and family with formal provision.

There is then the whole subject of household time and how it relates to social production and innovation. One of the questions here is how if at all it would be possible to acknowledge the voluntary time contributed by the household sector, either individually or collectively, in some form of credits for cash or public rights and reduced obligations. This is already becoming a key issue in relation to ageing – how to recognise and reward different types of care and volunteering.

Finally, there is the complex issue of managing space – moving beyond the sharp public/private distinction, to degrees of the social, and how public space is allocated and administered. This question is of course central to current discussions of urban and rural policy (from lighting, to curfews, to concierges and street wardens, and of course to many aspects of urban transport). Here we want to focus on how spatial issues of this kind bear on the capacity for the household sector to innovate – for example in forms of recreation or in the initiatives termed 'guerrilla gardening'.

In the following diagram, we have picked out a couple of key examples for each of the six interfaces. These examples are illustrative rather than exhaustive but are meant to highlight the issues of relevance to the present enquiry.

Diagram 4. The Six Interfaces



III The process of innovation

We now move to the process of innovation, from the initial generation and trialling of ideas, to their establishment on a sustainable basis. This is often referred to as scaling, and in some cases the word is appropriate, as the innovation is generalised within an organisation (as in the state) or the organisation itself expands. But scaling is a concept from the mass production age, and we need to identify many other ways in which innovations take hold in the social economy. It may be through inspiration and emulation, or through the provision of support and know how from one to another.

In many spheres the issue is as much about connecting many similar initiatives so that they become collectively stronger – developing some services in common where scale is important. What is notable is that as innovation spreads it will take its own form in different places. It is a strength that while there may be a common inspiration or model, there will be a process of continuous innovation where each part – including the pioneers – learn from each other.

These processes are shown in Diagram 5. They are not linear but have feedback loops and leaps between them, but they do indicate a trend in the development of an innovation. In discussions of social innovation, the focus has been primarily on the generation of innovation on the one hand and the diffusion of innovation on the other. But from the point of view of the practitioner it is the ability to sustain an innovation that is often the greatest challenge – either through operating in the market or establishing a reliable, long term source of funding. That is the challenge for those operating outside the state, and constitutes the basis on which diffusion depends.

Diagram 5. The Process of Social Innovation

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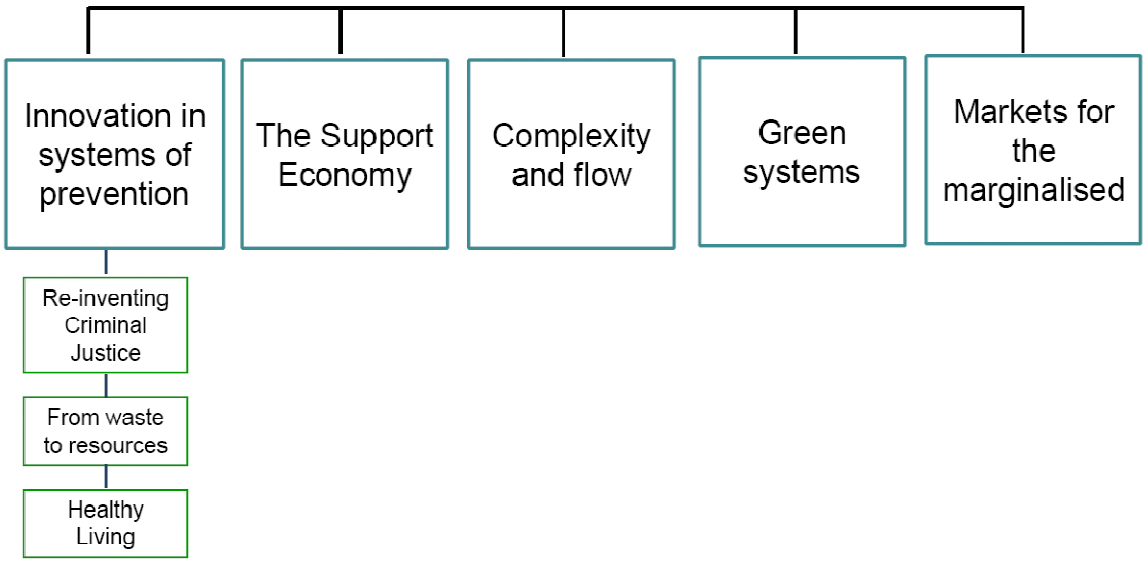
There is a second challenge. In the process of spreading, social innovations commonly come up against the barriers and hostility of an old order. Pilots and pioneers may side step these barriers, but the extent to which they can grow and diffuse will often depend on the creation of new conditions to make the innovations economically viable. These conditions include new technologies, supply chains, institutional forms, skills, and regulatory and fiscal framework. We refer to this stage as system innovation, and it commonly involves changes in all four sectors, usually over long periods of time.

Diagram 6 sets out a number of intractable areas where systemic innovation is called for, and examines the issue of how such innovation has taken root, or been blocked, as a basis for informing a strategy for transformative social innovation.

Diagram 6. Transformative Social Innovation



Between the policy and its realisation lies the shadow. For many years politics centred on the content of policy. In the past 20 years it has been forced to turn its attention to the shadow, and recognise that policy and its means of realisation are interwoven. We live in a post-Enlightenment world, where the pragmatic tradition of the interplay between thinking and doing, between theory and practice, offers an approach appropriate to the inquiry outlined here. We are, in other words, working in the tradition of John Dewey (and more recently of figures such as Roberto Mangabeira Unger) rather than that of social engineers and planners.

In the annex that follows we have listed possible innovations under each of these headings, with examples of where they have been tried or realised. These too are provisional, to be filled out, revised and added to – not least to draw on a much wider body of experience of social innovation than is contained here.

Annex

IV The Methods

This section provides a list of key methods that play a role in social innovation – from the methods that create the conditions for innovation to specific methods for funding, for design, for growth, inspiration and assessment. It draws on experiences from many countries and from many fields – including public policy, social entrepreneurship, business, design, technology, finance, professions as well as intermediaries and incubators.

As outlined above, the list is structured in the following way:

First, we look at the methods which help create the **conditions for social innovation** - the structures, mechanisms, systems and flows of the social economy that would strengthen its capacity to develop and diffuse innovation. Finance is key, but so too are: skills; lesson sharing; how time is organised; metrics for assessment and platforms.

Second, we look at the distinct **processes of social innovation** – how new ideas are generated, tested out in practice, how they become sustainable, how they spread, scale and mutate and how they move from the margins to the mainstream.

Finally, we examine the nature of **systemic innovation**: the experience of disruptive innovation with particular regard to emergent patterns of diffusion and system transformation.

The list is neither definitive nor comprehensive. During the course of the project we are building up more detailed descriptions and case studies to fill the list out. At this stage our aim is to elicit engagement: what are the key gaps? Which items should not be on the list? What might be the most useful typologies and organising principles?

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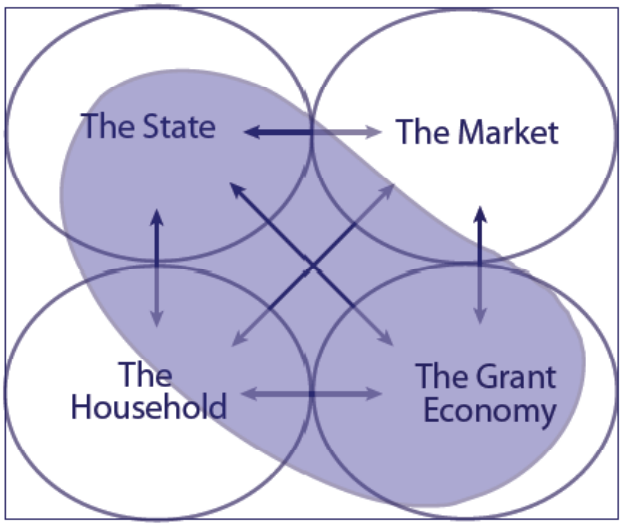
Section 1

Conditions for an innovative social economy

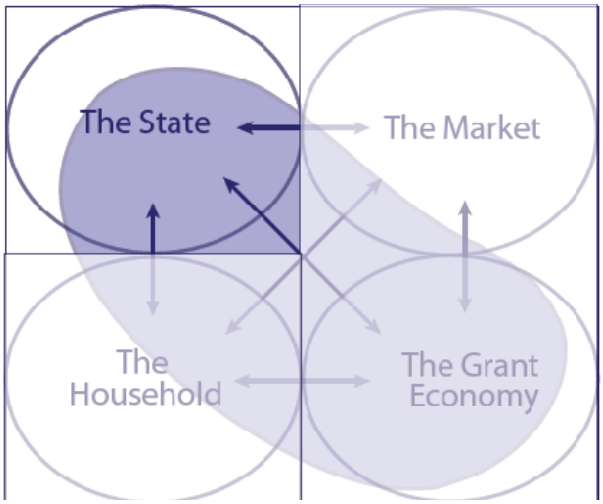
This section covers some of the key enablers for social innovation – the background conditions, funding flows and institutions that support the emergence of new ideas in the four sub economies of the social economy, illustrated by the shaded area in the diagram below: the public, grant, market and household economies. We examine these sub economies one by one



A. The Public Economy

I. Public Finance: methods to generate internal innovation

A key to transforming the conditions for encouraging the generation and adoption of innovation within the public sector and through its procurement, grants and investment programmes is a change in the tax relationship, in public budgeting and in the structure of financial accountability. Where the sources of funds and accountability shift from upwards to outwards there is greater scope for innovation and for the prompting of innovation.



a) Changing the tax relationship

1. **Voluntary taxes**, such as those introduced in Bogotá, Columbia but also including Community Pledgebanks, public subscriptions, lotteries, and competitions.
2. **Local bonds**, including Tax Increment Financing (TIF) and Business Improvement Districts (BIDs).
3. **Quasi Currencies** and environmental permits, such as Packaging Recovery Notes and emissions trading but also including targets, rewards and penalties.
4. **Hypothecated taxes** and obligations for households and corporations, such as the BBC license fee, London Congestion Charge, Climate Change Levy or Extended Producer Responsibility as in British Columbia.
5. **Socialising risk: new forms of social insurance** for, for example, long term care, to create incentives for providers to develop innovative solutions which will reduce demand for services.

b) Budgetary practice to promote internal innovation

6. **Top slicing** departmental budgets for innovation.
7. **Dedicated innovation funds** and internal public venture funds, including the UK's 'Invest to Save' budget for cross-cutting innovations and The Enterprise Challenge in Singapore.
8. **Outcome based budgets** which can be used to promote innovation including cross cutting outcome based budgets such as those for Sure Start.
9. **Ring fencing financial gains from innovation** for initiators and developers.
10. **Innovation-related pay** such as institutional, team and personal performance bonuses linked to innovation.

c) Distributed accountability and democratic innovation

11. **Participatory budgeting**, where citizens define local priorities and allocate public money accordingly, including the experiences of Ontario, Canada and Porto Alegre, Brazil.
12. **Large scale government-led exercises** to involve the public in generating ideas and possibilities, such as the Australia 2020 process initiated by Prime Minister Kevin Rudd in 2008.
13. **Citizen petitions.** The German parliament now encourages citizen online petitions. The petitioners who receive the most support get the chance to discuss their ideas in parliament – requiring radical innovation to parliamentary procedure (see www.zebralog.de).
14. **Parliamentary structures to develop citizen ideas,** like Korea's Tribunis Plebis a committee of senior legislators committed to putting ideas into legislation.
15. **Methods for participation and ideas generation and deliberation** such as the methods promoted by AmericaSpeaks, as well as Deliberation Days, Consensus Decision-Making, Fishbowls.
16. **Online petitions –** such as the No 10 website in the UK which allows citizens to petition the Prime Minister.
17. **'Open' Government** including open forms of consultation and participation such as the New Zealand Police Act wiki.
18. **Ideas and imagination Banks** – to draw in public ideas for improving public services (for example Seoul Metropolitan government launched its Imagination Bank in 2006 and in 2007 received 74000 proposals, 140 per day. All have to receive a reply within a week. 1300 were adopted wholesale and many others partially).
19. **Processes for involving children** in generating innovations, decision-making, urban design, planning, school management &c.
20. **Opt out rights for communities** to design and run their own services.
21. **Audit and inspection regimes** which overtly assess and support innovation.
22. **Open source auditing** as a mechanism for public accountability.
23. **Tracking the public finances**, including public balance sheet accounting and the example of transparency of public finance in Estonia.
24. **User feedback on service quality**, including web based models such as patientopinion.org.uk and Iwantgreatcare.org that hold service providers to account, or the Kafka Brigades in the Netherlands.
25. **'Open Politics'**, including online platforms such as MoveOn.org and MeetUp.org which mobilise and galvanise grassroots support for political parties.

d) A public medium of exchange

26. **Direct payments and personal service budgets**, such as the UK's In Control, which enable people to choose, arrange and pay for their own care and services.
27. **Personal public accounts** for credits and debits such as the Danish Nemkonto Easy Account. Here, Danish citizens and companies nominate one of their bank accounts as their Nemkonto Account into which all payments to and from public institutions are transferred directly. Such accounts would enable the design of new public products, including loans and payments.

28. **Smart cards**, for example an extended version of the Oyster Card which would enable innovation by connecting service users with multiple providers and by enabling improved data flows.
29. **Transaction charges and payments**, including fees, variable charges, penalties, rewards, discounts, and hypothecated fees for services by the state such as the transportation, waste and local food transactions scheme in Curitiba, Brazil.

e) Public investment, loans and means of payment

30. **Hybrid financing and joint ventures** such as the finance models used by Woking Borough Council and the London Climate Change Agency (LCCA) to develop sustainable energy programmes.
31. **Differential tax, credits, allowances and estate duties for personal public investment**, such as those for higher education, elder care and environmental investment.
32. **Valorising public investment by internalising public returns** for example, Community Land Trusts.
33. **Financial instruments for preventative and service investment** including the UK 'Invest to Save' budget, the US Justice Re-Investment programme and contingent revenue bonds such as the proposed Social Savings or Social Impact Bonds.

II. Public labour: redesigning the labour contract

34. **Public sector unions** as sources of innovation but also to promote and accelerate its adoption. Examples include the Fire Brigades Union in the UK which helps firemen find part time employment as benefits advisors alongside their roles as firemen.
35. **Front line workers as innovators** such as the nurses as social entrepreneurs programme developed at Oxford University's Saïd Business School.
36. **Tithes of working time** to generate collaborative public innovation, an extension of the Google model whereby staff spend one day a week developing their own projects. The parallel in the public sector could include making it easier to take sabbaticals to work on socially innovative projects.
37. **Incentives** for successful innovation, such as pension increments for proven innovation.
38. **Secondments** of public sector employees into skunk works, innovation teams and projects to develop service innovation.
39. **New professional definitions** to promote service innovation to include, for example, intramediaries (such as nurse intramediaries in Birmingham who connect promising ideas to existing public service structures), intermediaries and innovation managers.
40. **New funding and management methods** which separate project failure from redundancy including a move from project to career employment terms and conditions.
41. **Accreditation**, **search and recruitment of public innovators** by commercial head hunters or government agencies.
42. **Innovation experience** as a requirement for public advancement and formally integrated into the appraisal process.

43. **Formation and training** for public innovation, through, for example bodies like the National School of Government (NSG) and the Improvement and Development Agency for local government (IDeA).

III. Organisational forms

a) Internal

44. **Individuals** such as innovation champions and intrapreneurs, or individual consultants working as sole traders.
45. **Specialist innovation units**, including skunk works.
46. **In house innovation and spin off teams**, including, for example the Innovation Unit in the UK or Mindlab in Denmark which was set up by the Ministry of Economic and Business Affairs, the Ministry of Taxation, and the Ministry of Employment to bring together government, private enterprises and the research community under one roof to promote user-centred innovation.
47. **Quality circles** to drive continuous improvement (widespread in manufacturing, increasingly used in private and public services).
48. **Innovation agencies** such as the NHS Institute for Innovation and Improvement in the UK.
49. **Public venturing** such as the venture capital fund to promote green technologies being considered by the Indian government.

b) Brokers & intermediaries

50. **Intermediaries** such as Innovation Xchange in Australia and the Innovation Exchange and Innovation Unit in the UK.
51. **Mobile innovation units** including specialised consultancies or service design agencies such as RED at the Design Council.
52. **Innovation accelerators** such as NESTA's Public Services Innovation Laboratory.
53. **Inside/outside grant administration and commissioning bodies** such as Futurebuilders which offers financial support to third sector organisations to deliver publics services.
54. **Bridging foundations** such as NESTA and Edge that aim to connect research and practice.
55. **Sector specialist institutions and academies** such as WRAP and sectoral training colleges.

c) Professional collaboratives

56. **Communities of practice** (cf. 73) that bring together practitioners in formal mutual learning.
57. **Service collaboratives**, such as health collaboratives.
58. **Professional action learning groups** such as the Innovation Unit's Next Practice model.

IV. Metrics and assessment

59. **Operational metrics**, such as those for statistical production control to spot emergent problems as prompts for innovation, including the example of renal treatment in the US.
60. **Comparative metrics**, including benchmarking to identify sources for learning.
61. **Financial metrics** including granular metrics of conventional methods and services.
62. **Social and environmental metrics** including, Social Return on Investment (SROI), methods for measuring Social Impact and cost/benefit analyses.
63. **User oriented and generated metrics** such as the sousveys used to gather chronic disease data in Sheffield and metrics geared to self-monitoring such as those used by Activemobs in Kent.
64. **Cross government innovation metrics,** such as the Government Innovation Index developed by the Government of South Korea to measure current levels of innovation, and the results of new innovation.
65. **Multi-stakeholder dialogue** and other forms of stakeholder assessment.
66. **Assessment as learning**, including peer reviews and real time evaluation methods to promote cross-pollination such as NESTA's evaluation of Health Launchpad.
67. **Mission guardians**, **golden shares and independent reporting.**

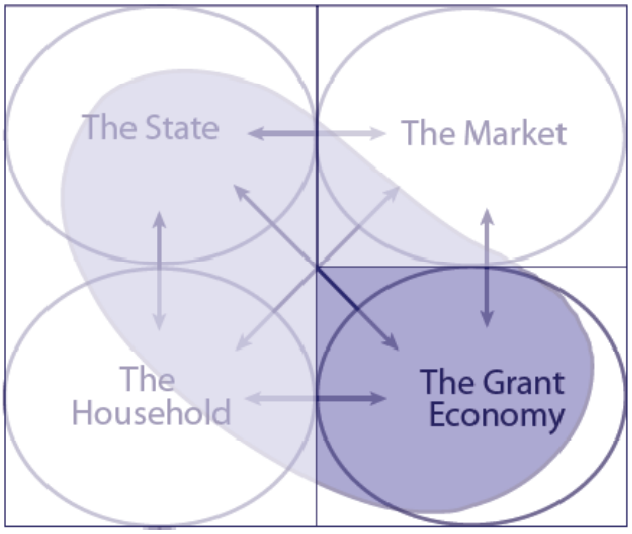
V. The circuit of information

68. **Integrated user centred data** such as Electronic Patient Records in the UK.
69. **Electronic data bases**, such as the Electronic Court Records for King County, Washington.
70. **Search services for user and professional accessibility**, including platforms such as NHS Direct.
71. **User generated feedback systems and response**, including, for example, fixmystreet.com and petitions.number10.gov.uk.
72. **Citizen led traffic planning** such as the use of web tools for changing travel patterns.
73. **Practitioner networks and communities of practice**, such as those organised by the Improvement and Development Agency for local government (IDeA).
74. **Information brokers**, **editors**, **intermediaries and scouts** to search out and highlight innovative practice.
75. **Engaging contributors and recipients in service innovation** such as the work undertaken by design consultancies like Think Public, Participle, Live Work and RED at the Design Council, or the Hope Institute's citizen teams around public service improvements (cf. 194).

B. The Grant Economy

Transforming the conditions for encouraging the generation and adoption of innovation within the grant economy requires new kinds of finance, platforms, packages of support,

and regulatory, governance and accountability frameworks. There is a key role to be played by government and charitable foundations in re-shaping these structures.



I. Generation of Innovative projects

76. **Competitions for technology ideas**, including Innocentive, X prizes, The Big Green Challenge and NESTA's Innovation Challenge in Mental Health.
77. **Open Source soliciting** of ideas for strategy, projects and grantees, including Ashoka Changemakers, the Case Foundation's Make It Your Own Awards, the Nevada Community Foundation and the Omidyar Network.
78. **Community Angels for project generation**, such as those supported by A Glimmer of Hope in Austin, Texas.
79. **Ideas banks** like the Global Ideas Bank and the Hope Institute's many methods for engaging citizens in promoting ideas.

II. Finance

a) Grant giving

80. **Direct funding for individuals**, including the grants given by UnLtd, The Skoll Foundation and Ashoka.
81. **Fast grants** such as those distributed by the Sobrato Family Foundation.
82. **Donor platforms,** such as Kiva, GlobalGiving, Donors Choose, Altruistiq, Network for Good, Brazil's Social and Environmental Stock Exchange.
83. **Initial Public Offerings (IPOs)** such as Do Something or Teach for America.
84. **Creative destruction**: term limited charities and spending down assets, such as the John M. Olin Foundation.
85. **Competitions**, **prizes and challenge funds** such as the Community Development Fund's Grassroots Grants programme in the UK.

86. **Grant allocation through public voting**, such as the ITV/Big Lottery Fund competition 'The People's 50 Million'.
87. **Grant recipient circles.**
88. **Micro grants for R&D** for concept development and prototyping.
89. **Grants as investment** including tapered grant funding, public equity and preference shares.
90. **Grants as complements to innovation investment packages.** Grant funding for off balance sheet expenditure, for example Cordaid's investment and development packages for commodity development projects, or the UK's DFID Frich grant programme for UK market development for African supply chains.
91. **Inverse tapering: grant growth based on performance.**
92. **Endowment finance** such as the National Endowment for Science, Technology and the Arts (NESTA) in the UK.
93. **Social innovation partnerships: tax holidays and contributions in kind.**

b) The grant relationship

94. **Intermediaries for contributions in kind**: labour and skills matching for volunteering, such as the Taproot Foundation's Service Grant program which provides not-for-profits with pro bono marketing, human resources and IT consulting services.
95. **Philanthropic eBays**: philanthropic platforms such as Volunteer Match.

c) Purchasing and commissioning

96. **Outcomes based commissioning.**
97. **Procurement as collaborative venturing**: promoting disruptive innovation through public procurement.
98. **Collaborative procuring** for search, diversity, prototyping and scale.
99. **Public contracting methods** that enable small scale and innovative commissioning and sub-contracting.
100. **Pre-finance** of service innovation development.
101. **Contestability** and multiple providers to promote diversity of innovation.
102. **Exploratory service contracts** to ensure overt funding of innovation discovery.
103. **Secure service contracts as a basis for collateral.**
104. **Independent progress review bodies as safe 'holders' of innovation**

d) Investment

105. **Investment guarantees** with future year payment of guarantees such as the Sheffield model.
106. **Public venture funding** (cf. 7 & 49)
107. **Public investment aimed at social innovation growth strategies** such as the Social Investment Bank, the Toronto Atmospheric Fund and Enterprise Boards.
108. **R&D tax credits** for the design and development of innovations.

e) Mission driven investment

109. **Venture philanthropy**, focused on innovation in particular sectors, such as the Robert Wood Johnson Foundation's Pioneer Portfolio which specialises in health and IT.
110. **Philanthropic mutual funds** such as the Acumen Fund and the Global Fund for Women.
111. **Strategic investments to transform social sectoral provisioning**, for example, the Bill and Melinda Gates Foundation's investment in High Schools across America.

III. Packages of Support

112. **Support services for innovators**: mentoring, information and advice, connections and networks, public visibility, such as Cleveland's Civic Innovation Lab in Michigan and the Social Innovation Generator in Toronto, Canada.
113. **R&D mentored funding prior to start up lending**, such as Mondragon's Caja Laboral.

IV. Platforms, tools and protocols for innovation

114. **Tools** such as Diabetes Agenda cards that help people imagine innovative alternatives.
115. **Interactive platforms** including internal platforms such as intranets, external platforms such as the BBC's Community Channel, hosted chronic conditions networks, the Open University and Enabled by Design.
116. **Service infrastructure** including digital spines.
117. **Support services** such as personal health and fitness coaches.
118. **Found in translation**: language facilities as sources of innovations for access and service design.
119. **Physical incubators and co-housing** to promote cross-pollination such as the Mezzanine in the UK and the Centre for Social Innovation in Toronto.

V. Governance and accountability

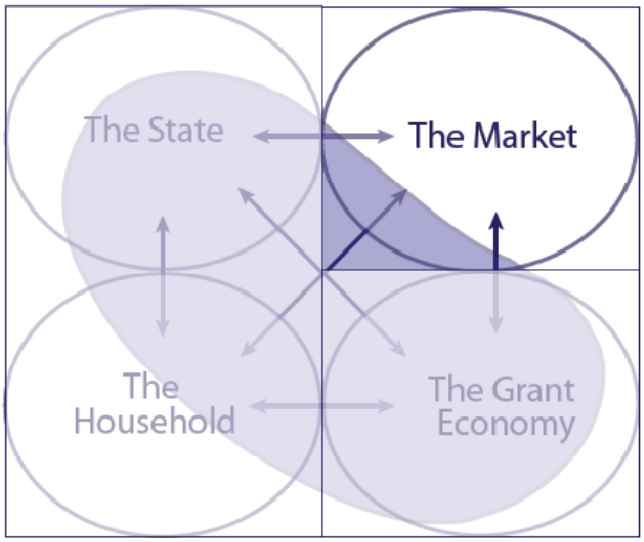
120. **User and beneficiary representation on management boards,** board champions for innovation and pipeline reviews.
121. **Innovation assessments** commissioned by users and beneficiaries.
122. **Members and associates** as sources of innovation and review.
123. **Metrics for venture philanthropy** for example those developed by Homeward Bound, a project to end homelessness in the US, or 'blended value' measures and Social Return on Investment measures used for stakeholder communications.

VI. Regulatory, fiscal, legal and other conditions for extending the social economy

124. **Planning and tax rules to promote creative economies** such as subsidised rent in arts districts including SoHo in New York.
125. **Legal forms and requirements** such as Community Interest Companies (CICs) and the Charity Commission's public benefit test.
126. **Local public currencies** such as the Wörgl in Austria during the 1930s, or more recently, the Patacón in Argentina.

127. **New forms of property ownership**: communities owning their assets such as the Goodwin Trust in Hull, and Community Land Trusts, enabling new uses of land and buildings.

C. Social Innovation in the Market Economy



I. Generation and value creation

128. **Pro-ams as social innovators.**
129. **Social markets** such as Slivers of Time.
130. **CSR** and social uses of marginal business assets.

II. Finance

131. **Micro credit for micro production.** Grameen and BRAC in Bangladesh, and the multiple versions of micro credit inspired by them, as well as much older traditions of micro-credit in Europe.
132. **Planning gain** and other devices for generating commercial funding for social value.
133. **Social stock markets,** the subject of an ongoing Rockefeller Foundation study (and the Brazilian social stock market which provides an online platform linking donors with projects).
134. **Commercial investment aimed at social targets**, such as Bridges Community Ventures in the UK.
135. **Bank-based funding for social enterprises** and not-for-profits including Banca Prossima in Italy.
136. **Philanthropic investment for growth** such as the CAN Breakthrough Social Investment Fund.

137. **Crowd funding.** Myfootballclub.com as a web based co-op to purchase and run a football club.

(See also Purchasing & Commissioning 96 -104; Investment 105 -108 and Mission-driven investment 109-111).

III. Organisations and ownership

138. **Foundations as owners of corporations**, such as the Bertelsmann Foundation and the Robert Bosch Foundation.
139. **Social enterprises**, especially those with a strong asset base.
140. **Businesses with social missions built into governance**, such as Banca Intesa, the Co-op Bank and Welsh Water.
141. **Extending the co-operative economy in production**, including the 'Third Italy', Mondragon and Peruvian coffee co-ops.
142. **Consumer co-ops**, such as the Japanese food co-ops.
143. **Consumer shareholding** as an instrument of social policy including, for example, Cafédirect.
144. **Social enterprise mutuals as aggregators of service provision from small social enterprises** such as WorkVentures.
145. **Socialising intellectual property to meet social needs** in the case of, for example, AIDS drugs in Africa.
146. **Social enterprise partnerships between corporations and not-for-distributed profits** such as Grameen-Danone.
147. **Corporate not for profit management of social provision** such as Academy Schools in the UK and Charter Schools in the US.

IV. Information

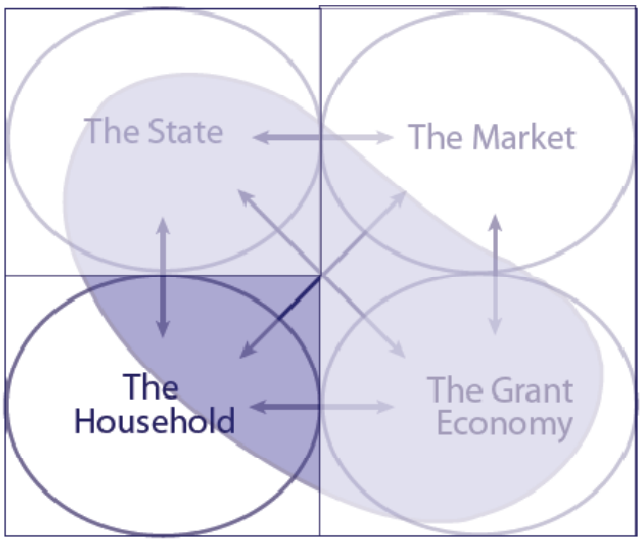
148. **Improving market information to achieve social goals**, such as better food labelling, environmental performance ratings and carbon footprints.
149. **Social marks and brands to secure a premium for social innovation**, such as 'organic', 'forest stewardship' and 'fair trade'.
150. **Consortia for co-operatives** to search out innovative practice and support its dissemination and adoption.
151. **Social movement campaigns around corporate conduct** (e.g. the Nestle baby milk campaign, MacLibel).

V. Regulatory, fiscal, legal and other conditions for generating innovation in the social economy.

152. **Policy instruments to re-make markets** in order to promote the social economy such as compulsory targets including the employment of people with disabilities, regulations for renewable energy, fiscal measures and planning conditions.
153. **Exemptions and assistance** such as tax relief along the lines of the Enterprise Investment Scheme (EIS) for social enterprises.

154. **Obligations and expectations** including innovation focused CSR.

D. Social Innovation and the household economy



I. Public spaces for social innovation

155. **Mobilising the street as a unit of innovation** through concierges, guardians and wardens.
156. **Extending public spaces for domestic production** such as allotments, parks, the new doctor's surgeries, street markets, community centres, internet libraries and street festivals.
157. **Reclaiming the streets** and managing public spaces with multiple uses, such as the 'Night for Women' in Bogotá, Columbia, or car free periods in Canadian cities.
158. **Protests through activity**, such as guerrilla gardening, or reverse strikes such as road building by the unemployed in Sicily.
159. **Complaints Choirs** – which gather groups of citizens to discuss complaints and turn into lyrics and then perform as songs. The idea was first conceived in Finland; first put into practice in Birmingham in England, and has now spread around the world. There are for example 11 in Korea.http://www.complaintschoir.org/

II. Valorising household time

160. **Recognising household time for social production** by valorising voluntary work and support through, for example, public tax credits, community commissioning and grant supported projects.

161. **Inter household reciprocity and forms of exchange** including time banks such as SPICE, Local Exchange Trading Systems (LETS), local currencies and airtime as currency.
162. **Creating productive time**, such as social sabbaticals.
163. **Flexible terms of formal employment** to enable a sustainable informal economy.
164. **The volunteer economy.** Organisation, training, meaning and incentives for volunteers.

III. The New Mutualism

165. **Enabling the informal social economy** such as mobs and mutual support services, local networks like freecycle or lift share networks such as liftshare.org.
166. **The support economy**: advising, coaching, mediating, supplementing and communicating for household production. This could include educational coaching service, relief and back up for home carers, health coaches, birthing and post birth support and support teams for end of life care.
167. **User groups** such as rail user groups or park user associations.
168. **Informal-formal partnerships**: such as Green Communities, a national network of not for profit organisations developing and delivering innovative green solutions to households and communities across Canada.

IV. Constructed households as sites of innovation

169. **Residential communities for care and cure,** for example moving beyond addiction at San Patrignano.
170. **Group services for networks of households**, generalising the principle of sheltered accommodation.

V. Social Movements

171. **Social movements focused on lifestyle innovation and transformation**, such as the feminist and green movements but also including, for example, transition towns. There is a key role for pioneers, the media and web-based groupings.
172. **Our Space: web based platforms for the household economy** such as freecycle.org.

Section 2.

The Process of Social Innovation

In these sections we set out some of the methods that are used for taking ideas through the various stages that turn them from a creative spark to a practical possibility and then to a large scale reality. In some, innovators work separately from those affected by innovations. In others there is engagement with co-creation, co-design and ultimately co-production of new models.

I. Diagnosis, design, and development

The early stages of innovation involve creative leaps, new combinations of existing things and pressures to change.

a) Triggers and Inspirations

Ideas come from many sources: theory, crisis, experience as well as formal methods.

173. **Generative paradigms, ideas and concepts** such as the concept of citizen-reporters and zero waste.
174. **Learning by visiting** which remains the most powerful tool for ideas transfer.

175. **Learning through crisis** such as the clothing industry in Prato, Italy or New Orleans' use of Hurricane Katrina to accelerate social innovation.
176. **Innovation prompted by new knowledge** such as lessons from neuroscience being applied to childcare and early years' interventions.
177. **Innovation prompted by wasted assets** such as the regeneration of the Westergasfabriek in Amsterdam by ReUse.
178. **Innovation prompted by intangible community assets** such as positive deviance in health and nutrition in Egypt and in North Lincolnshire schools or Stalker Lab's work with members of the Roma community in Italy.
179. **Creative meeting formats** such as open space, fishbowls &c**,** or the use of second life for public conferences (such as One World's parallel Bali conference on climate change), or 'Thinkathons' involving thousands in ideas brainstorms.
180. **Symbolic moves to foster innovative cultures,** such as Tirana's move to repaint houses in vivid colours, Gateshead's Angel of the North or the Waterfire in Rhode Island.

b) From symptom to cause: problem identification, awareness, assessment and reformulation.

A series of other methods can then help to refine and develop ideas.

181. **Beyond the hammer and the nail: methods for capturing user and producer experience with** multi-disciplinary evaluation to co-create diagnoses.
182. **Ideas banks** either within organisations or publicly as open spaces for people to propose ideas. The Institute of Social Invention in the UK pioneered them and created the online Global Ideas Bank which allows for comment and adaptation.
183. **Complaints Choirs: social innovation through song** such as Complaints Choirs in Finland, Australia and Singapore.
184. **User research** including ethnographic approaches such as user/citizen diaries.
185. **Identifying difference** through market research, consumer categories and Psycho-social demographics.
186. **Mapping the systems** such as participative mapping and sectoral analysis, as practiced for example in the Kerala People's Planning Campaign.
187. **Surveys and sousveys as vehicles of collaboration.**
188. **Making problems visible and tangible**: statistical production control, research, video interviews and artists in residence.
189. **Engagement through action.** Tools for users inviting reflection such as box recycling schemes as prompters of environmental awareness and low income food box schemes as vehicles for engagement in food and nutrition.
190. **Learning through collaboration** including international collaborative action networks such as the Clinton Global Initiative and action research collaboratives such as the Young Foundation's work with local authorities on neighbourhoods and wellbeing.
191. **University based innovation** - includes action learning within universities and business schools such as the Innovation and Action Lab based in Brussels, developed by i-propeller and including the London School of Economics, Harvard Business School, IESE Business School in Barcelona, SITE at the Stockholm School of Economics and the Catholic University of Leuven.

c) Imagining solutions

192. **Creative thinking methods** such as De Bono's Six Thinking Hats and Lateral Thinking and the work of What If?
193. **Design methods such** as brainstorming, visualisations, simulations and story boards used by design consultancies such as IDEO, Participle, Live Work and Think Public.
194. **Stakeholder methods** including participatory design and Planning for Real.
195. **Reviewing extremes** such as health services or energy production in remote communities.
196. **Arts based methods** such as those used by Mierle Laderman Ukeles at the New York Sanitation Department, or the innovations in traffic management using mime artists by the Mayor of Bogota
197. **Continuous improvement methods** such as Toyota's performance management.
198. **Hunting and gathering**. Scanning alternatives and inviting solutions through, for example, competitions and commissioning.
199. **Thinkers in Residence** such as those in South Australia and Manitoba.
200. **A-teams**, young public servants commissioned to innovate solutions in South Australia, alongside film-makers and artists.
201. **Innovation bazaars** such as BarCamps and Innovation camps.
202. **Cross-cutting think tanks** such as the Forum for the Future and do tanks.
203. **Mass Collaboration** such as the Open Source Software movement and Wikipedia.
204. **Distributed Problem Solving** such as Innocentive.
205. **Tapping proprietary knowledge**, for example, the Grameen-Danone partnership.

d) Trial and Error

206. **Fast prototyping methods** which move quickly to test out a new idea either in a real or partially real environment.
207. **Slow prototyping methods** which allow for more organic evolution of ideas and their testing.
208. **Formal pilots**, such as randomised control trials (RCTs)
209. **Tracking of non-experimental survey data** to identify patterns.
210. **Real time process experiments,** for example the application of just in time systems in hospitals
211. **Open testing** such as the tracking of performance of different plug in hybrid cars through Google, and C40 city governments.
212. **Incubators** and test beds to test alternative solutions.
213. **Proof of concept testing** and Beta testing.
214. **Experimental zones** such as enterprise, health and employment zones but also the Power to Innovate.

II. Sustaining innovation

215. **Business models** identifying effective demand, income streams and asset value.

216. **Bell-Mason methods** from venture capital for systematically turning ideas into sustainable business models
217. **Building networks** of allies with voice, power and money.
218. **Demonstrating effective supply** via evidence and value for money.
219. **Collaborative alliances with consumers and users** such as disability not for profits.
220. **Maintaining and extending meaning** to enable users to identify themselves as part of a social movement. Examples include slow food and fair trade products.
221. **Intellectual Property** and intangible assets in order to generate income to support the development of further innovations.
222. **Organisational forms for sustaining innovation** including consortia for technical and market feedback.
223. **Open Innovation** as a new model for organising the production of information and culture.

III. Scaling, diffusion and connecting

There are many methods for growing innovations – from organisational growth, through to licensing and franchising to federations and looser diffusion.[v]

224. **Scaling through organisational growth**: issues of organisational size, structure and process of continuous innovation.
225. **Scaling through takeover** by or of larger organisations.
226. **Spin offs** including associations, affiliations and federations and employee led spin offs with continued links to the original hub.
227. **Growth through people** – i.e. putting an experienced manager in to run a new branch while promoting their deputy to take over from them. This is usually more efficient than franchising or recruiting a new team to run a new operating unit since the experienced manager brings tacit as well as explicit knowledge.
228. **Scaling through collaborative support.** e.g. The Royal National Institute for the Blind
229. **Social franchising** such as the School for Social Entrepreneurs.
230. **Licensing,** such as Webster Stratton and their educational resources.
231. **Diffusion through purchasing policy and technical support**.
232. **Brand awareness** through kite marks and accreditation such as the 'Organic' and 'Fair Trade' labels.
233. **Replication within organisations** as in the case of greening the Harvard University campus.
234. **Dissemination** for collaboration and learning.
235. **Diffusion through television and the new media** for example Jamie Oliver's school dinners, or Castleford regeneration.

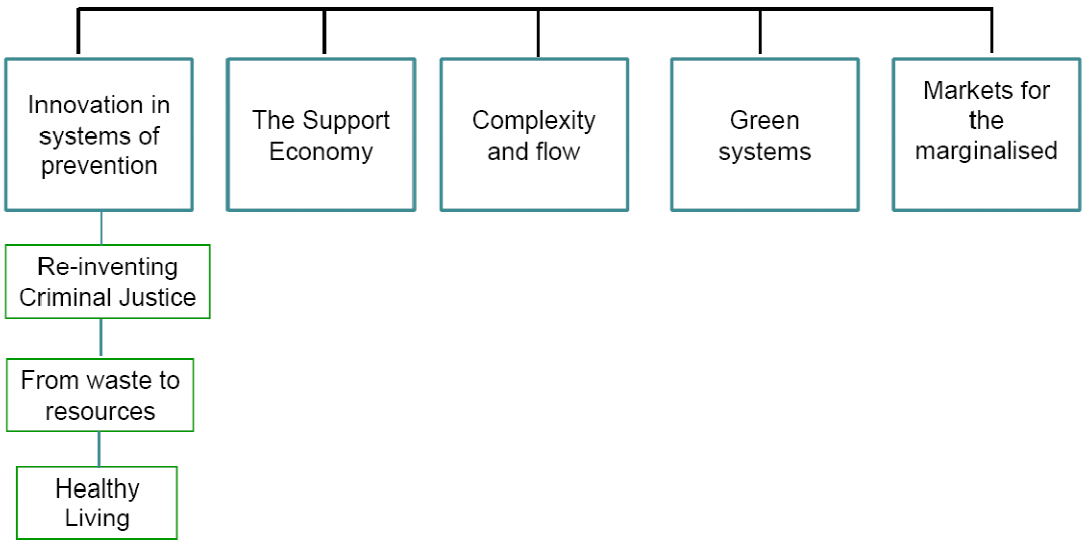
IV. Systemic Innovation

In this section we look at some of the conditions for more fundamental and systemic innovation. Systemic innovation generally has to involve all four sectors, and slow cumulative processes of change entailing changing infrastructures, behaviours and cultures.

236. **Strategies for systemic innovation,** including the formation of progressive coalitions, pre-empting inflexible conventional technologies that freeze disruptive forms of innovation, and accessing professional and other expertise for the contest of evidence (for example the Schiphol airport noise campaign).
237. **Self-organising social movements** for example the redesign of cities for those with disabilities.
238. **Creating new infrastructure,** or adapting old ones, necessary for the expansion of new systems (such as charging points for plug in hybrid cars, or local regeneration networks for the distribution of heat, power and cooling).
239. **Rewiring economies – promoting new supply or processing chains,** for example recycling industries to process secondary materials.
240. **Technical innovations for key points in the chain –** such as home medical testing equipment or bio-degradable plastic bags.
241. **Service innovations for the new systems** – support services (such as personal health trainers or Ten UK's support service for head teachers) new forms of finance and insurance, or the creation of new service, repair, and training hubs like the new model Applestores transposed to doctors' surgeries.
242. **Establishing working prototypes of the new system,** for example the low carbon housing in Hammarby Sjostad in Sweden, Vauban in Switzerland, and Bed Zed in the UK.
243. **Innovation academies** embodying the new system principles for training, action research and formation, such as the College of Health or Forum for the Future
244. **Re-calibrating markets** through for example, fiscal and pricing regimes such as the German feed-in tariffs.
245. **New legislative and regulatory architectures** to unlock systemic change such as new trading or building standards, or social and environmental performance requirements, or new ways of handling value such as QALYs in health, valuations of carbon reductions &c (cf. 124 -127; 152-155).

Section 3.

Transformative Social Innovations



In this section we look at some of the fields where fundamental social innovation is underway bringing with it radically different models of organisation.

I. Systems of prevention

A common theme across many fields is more effective investment in prevention of problems and waste.

246. **Re-inventing criminal justice,** for example Oregon's justice re-investment programme, Canada's support circles &c.
247. **Early years programmes** such as the Abercedarian project and Sure Start providing intensive support for children to reduce risk factors.
248. **From waste to resources**: reshaped systems for handling household and business waste (prompting use of the idea of zero waste as a frame for rethinking economic and social processes).
249. **Healthy living and positive health,** for instance Finland's public health programme in Karelia, and modern versions of the Peckham experiment to create holistic environments for health.

II. The Support Economy

250. **Radical models for reshaping care for the elderly,** combining new platforms, combinations of professional and mutual support (e.g. the digital spine for communication and service delivery in rural Maine).
251. **Tenant self-management and spin-offs to deal with multiple issues facing tenants** (as with housing co-ops in Canada).
252. **Supported self-care for chronic disease** combining rich data feedback and support structures such as innovations in the treatment of diabetes or multiple sclerosis.
253. **New models of learning** including peer to peer models such as the School of Everything and digital learning environments such as colleges in second life.

III. Complexity and flow

254. **Just in time in the social economy: queues, stocks and flows,** for example the transformation of hospital care in the UK.
255. **Redesigning urban mobility**: the experience of transport systems in Curitiba and Paris.

IV. Green systems

256. **The growth of distributed energy systems,** Woking, wind power and neighbourhood energy systems in Denmark and Manitoba, the rise of plug-in hybrid vehicles.
257. **From fork to table:** social movements like slow food as innovators in the production, preparation and consumption of food.

V. Markets for the Marginalised

258. **The market turned upside down**: Grameen's social innovation through micro finance
259. **Fair trade**: from social enterprise to social movement, spreading to ever more product fields.
260. **Sustaining local economies through collaborative networks**: co-operative industrial districts in the Third Italy.

END NOTES

[i] Mulgan, G. (2006) 'Social Innovation: what it is, why it matters, how it can be accelerated.' London: Basingstoke Press; Mulgan, G. (2007) 'Ready or Not? Taking Innovation in the Public Sector Seriously.' NESTA Provocation 03. London: NESTA.; Mulgan, G., Ali, R., Halkett, R. and Sanders, B. (2007) 'In and Out of Sync: The challenge of growing social innovations.' NESTA Research report. London: NESTA; Bacon, N., Faizullah, N., Mulgan, G., & Woodcraft, S. (2008) 'Transformers: How local areas innovate to address changing social needs.' NESTA. Research report. London: NESTA.

[ii] Toffler, A. (1980) *The Third Wave,* Collins: London

[iii] Jim Maxmin and Soshana Zuboff, The Support Economy: Why Corporations are Failing Individuals and the Next Episode of Capitalism, Penguin 2004

[iv] The question of how labour can be quantified and compared, and thus allocated socially, is one of the central themes of classical economics. From Smith to Marx there was agreement that the comparability took place indirectly through the exchange process, although there was a core debate about the relationship of labour and value. The German philosopher Alfred Sohn Rethel later used the term 'commensurability' to characterise this problem of comparability, and for him the striking development of the 20th century was the development of Taylorism, and the direct commensurability of social labour through time measurement. This was the basis for the planning of mass production, but also has clear relevance to those areas of the economy that lie outside commodity exchange – in particular many areas of the public sector. See A.Sohn Rethel, Intellectual and Manual Labour, Macmillan, 1978, Chapter 31.

[v] Mulgan, G., Ali, R., Halkett, R. and Sanders, B. (2007), 'In and Out of Sync: The challenge of growing social innovations', NESTA Research report, NESTA, London.

NESTA is the National Endowment for Science, Technology and the Arts - a unique and independent body with a mission to make the UK more innovative.

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The Young Foundation is a centre for social innovation based in London, with a 50 year track record of success in creating new organizations - public, private and non-profit - as well as influencing ideas and policies.

The Launchpad team creates innovative new organisations in health and education. The Local Innovation team works on practical projects involving neighbourhoods, wellbeing and the future of cities. The Research team studies the dynamics of social innovation and changing needs. We work locally around our base in east London, throughout the UK as well as internationally.

The Young Foundation was launched in 2005, but builds on a long history. Its predecessor organisations under Michael Young were responsible for far-reaching innovations ranging from the creation of the Open University and Which? to the School for Social Entrepreneurs, as well as pioneering research on changing patterns of community and family life.

For more information, visit www.youngfoundation.org