

Geoff Mulgan

The Process of Social Innovation

Every truth passes through three stages. First, it is ridiculed. Second, it is violently opposed. Third, it is accepted as being self-evident.

—Arthur Schopenhauer

Much of what we now take for granted in social life began as radical innovation. A century ago, few believed that ordinary people could be trusted to drive cars at high speed, the idea of a national health service freely available was seen as absurdly utopian, the concept of “kindergarten” was still considered revolutionary, and only one country had given women the vote. Yet in the interim, these and many other social innovations have progressed from the margins to the mainstream.

During some periods in recent history, civil society provided most of the impetus for social innovation (see box, facing page). The great wave of industrialization and urbanization in the nineteenth century was accompanied by an extraordinary upsurge of social enterprise and innovation: mutual self-help, microcredit, building societies, cooperatives, trade unions, reading clubs, and philanthropic business leaders creating model towns and model schools. In nineteenth and early twentieth century Britain, civil society pioneered the most influential new models of childcare, housing, community development and social care. At other times governments have taken the lead in social innovation—for example, in the years after 1945 democratic governments built welfare states, schooling systems, and institutions using methods such as credit banks for farmers and networks of adult education colleges. (This was a period when many came to see civic and charitable organizations as too parochial, paternalist, and inefficient to meet social needs on any scale.)

There is every reason to believe that the pace of social innovation will, if anything, accelerate in the coming century. There is certainly more money flowing into NGOs and civil society than ever before. Economies in both developed and (to

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This paper draws on a report titled “Social Silicon Valleys: A manifesto for social innovation,” available for download from <<http://www.youngfoundation.org>>.

What Is Social Innovation?

Social innovation refers to innovative activities and services that are motivated by the goal of meeting a social need and that are predominantly diffused through organizations whose primary purposes are social. Business innovation is generally motivated by profit maximization and diffused through organizations that are primarily motivated by profit maximization. There are of course very many borderline cases, for example models of distance learning that were pioneered in social organizations but then adopted by businesses, or for-profit businesses innovating new approaches to helping disabled people into work. But these definitions provide a reasonable starting point.

A good example of a socially innovative *activity* in this sense is the spread of cognitive behavioral therapy, proposed in the 1960s by Aaron Beck, tested empirically in the 1970s, and then spread through professional and policy networks in the subsequent decades. A good example of socially innovative new organizations is the Big Issue, which publishes *Big Issue Magazine*, and its international successor network of magazines sold by homeless people.

a lesser extent) developing countries are increasingly dominated by services rather than manufacturing. Over the next 20 years, the biggest growth for national economies is likely to come in health, education, whose shares of GDP are already much greater than are cars, telecommunications, or steel. These growing social sectors are all fields in which commercial, voluntary, and public organizations deliver services, in which public policy plays a key role, and in which consumers co-create value alongside producers (no teacher can force students to learn if they don't want to). For all of these reasons, traditional business models of innovation are only of limited use—and much of the most important innovation of the next few decades is set to follow patterns of social innovation rather than innovation patterns developed in sectors such as information technology or insurance.

Thousands of recent examples of successful social innovations have moved from the margins to the mainstream. They include neighborhood nurseries and neighborhood wardens; Wikipedia and the Open University; holistic health care, and hospices; microcredit and consumer cooperatives; the fair trade movement; zero-carbon housing developments and community wind farms; restorative justice and community courts; and online self-help health groups.

Yet despite these trends, the process of social innovation remains understudied. While processes of commercial innovation have been the subject of considerable academic research, the parallel field of social innovation has received little attention and rarely goes beyond anecdotes and vague generalizations.¹ This neglect is mirrored by the lack of practical attention paid to social innovation. As compared with the funds spend on commercial and military innovation, the amount spent by governments, nongovernmental organizations, and foundations to devel-

Where Severe Innovation Deficits Exist

- Ageing populations that require, for example, new ways of organizing pensions, care, mutual support, housing, urban design, mobility, and new methods of countering isolation.
- The growing diversity of countries and cities, which demands innovative ways of organizing schooling, language training, and housing, to avoid the risks of conflict and mutual resentment.
- The rising incidence of chronic diseases such as arthritis, depression, and diabetes. Some historically acute diseases (such as cancers and heart disease) are becoming chronic. It is widely acknowledged that the key solutions will have as much to do with social organization as with medical provision.
- Many of the behavioral problems that partly result from affluence are worsening, including obesity, bad diet, and inactivity, as well as addictions to alcohol, drugs, and gambling. None of these is easily addressed by traditional models.
- Difficult transitions to adulthood—there is a great need to help teenagers successfully navigate their way into more stable careers, relationships, and lifestyles.
- Crime and punishment in some countries (including the United Kingdom) show a new trend in which a majority of convicted criminals re-offend within two years of leaving prison—a striking pattern of failure.
- The mismatch between growing GDP and stagnating happiness (and declining real welfare according to some measures).
- The glaring challenges that surround climate change—how to reorganize cities, transport systems, and housing to dramatically reduce carbon emissions, and how to adapt to climate change that may already be irreversible.

op innovative solutions to common needs is small. While national strategies abound to support innovation in business and technology, no comparable strategies at the national level exist to understand and support social innovation.

The Young Foundation's precursors were among the world's most important centers for understanding social enterprise and innovation and for doing it. Under Michael Young, widely seen from the 1960s to the 1990s as one of the world's most effective social entrepreneurs, they helped create dozens of new institutions, including the Open University and its parallels around the world, Which?, the School for Social Entrepreneurs, and the Economic and Social Research Council. The institutions pioneered new social models such as phone-based health diagnoses, extended schooling, and patient-led health care.² This tradition of practical social innovation is now being energetically revived from the Young Foundation's base in east London, where we are working with cities, governments, companies,

and NGOs to accelerate their capacity to innovate and launching new organizations and models that can better meet people's needs for care, jobs, and homes.

The combination of our institutional heritage and current activities prompted us to seek a better understanding of social innovation—and particularly innovations that take the form of replicable programs or organizations. We are particularly interested in fields where there is the greatest gap between needs and current provision, which can often be gauged by how angry or dissatisfied people are (see Box 2). As the great Victorian historian Lord Macaulay wrote: “There is constant improvement precisely because there is constant discontent.”

This article provides a summary of our findings about the processes of social innovation and it outlines the frameworks we have developed for understanding how to accelerate social innovation and how to improve the chances of new ideas succeeding.

WHO DOES SOCIAL INNOVATION

There are many lenses through which to understand social innovation. Today most discussion of social innovation tends to adopt one of two main lenses for understanding how change happens. In the first, social change is portrayed as having been driven by a very small number of heroic, energetic, and impatient individuals. History is told as the story of how they remade the world, persuading and cajoling the lazy and timid majority into change. Robert Owen (founded cooperatively run factories), Octavia Hill (inventor of many ideas of housing management, heritage protection, and community housing) and Michael Young are three exemplars drawn from British history who combined an ability to communicate complex ideas in compelling ways with a practical ability to make things happen. Countless other similar social innovators can be cited from around the world—and the leaders of social innovation have included politicians, bureaucrats, intellectuals, business people, as well as NGO activists. Some are widely celebrated—Muhammad Yunus (the founder of Grameen Bank and other microcredit enterprises), Kenyan Nobel Prize winner Wangari Maathai, and Saul Alinsky, the evangelist of community organizing in the United States.

There are also many less well-known but deeply impressive figures, such as Jeroo Billimoria who founded the India-wide Childline, a 24-hour help line and emergency response system for children in distress;³ Vera Cordeiro who founded *Associação Saúde Criança* in Brazil;⁴ and Taddy Blecher who founded the Community and Individual Development Association (CIDA) City Campus, the first private higher education institution in South Africa to offer a virtually free business degree to students from disadvantaged backgrounds.⁵ These individual stories are always inspiring, energizing, and impressive. They show just how much persistent, dedicated people can achieve against the odds; and they serve as reminders of the courage that always accompanies radical social change.

The second lens is a very different lens through which to understand the question of who drives social innovation. Seen through this lens, individuals are the

carriers of ideas rather than originators. If we ask which innovations had the most impact over the past half century, the role of individuals quickly fades into the background. The far-reaching movements of change, such as feminism or environmentalism, have involved millions of people and dozens of intellectual and organizational leaders, many of whom have had the humility to realize that they were often as much following as directing changes in public consciousness. As with individual innovators, these movements are rooted in ideas grown from discontent. But their histories look very different. Environmentalism, for example, grew from many different sources. Precursors in the nineteenth century include movements for protecting forests and landscapes. In the twentieth century environmentalism spawned scientifically inspired movements to protect biodiversity, movements to counter the pollution of big companies or gain redress for their victims, movements of direct action such as Greenpeace (which itself drew on much older Quaker traditions), and Green Parties around the world. Environmentalism has also spawned a huge range of social innovations, from urban recycling to community-owned wind farms.

Whether focusing on individuals or on broader movements, both of these lens with which to view social innovation bring with them useful insights. Both call attention to the cultural basis for social innovation—the combination of exclusion, resentment, passion, and commitment that make social change possible. Both also confirm that social innovations spread in an “S curve,” with an early phase of slow growth among a small group of committed supporters, followed by a phase of rapid take-off, and then a slowing down as saturation and maturity are achieved. Both accounts also rightly emphasize the importance of ideas—visions of how things could be different and better. Every successful social innovator or movement has succeeded because it has planted the seeds of an idea into many minds. In the long run, ideas are more powerful than individuals or institutions; indeed, as John Maynard Keynes noted, “the world is ruled by little else.”

But neither story adequately explains the complexities of social change. Change rarely happens without some brave people willing to take risks and take a stand. Leadership matters even in the most egalitarian and democratic movement. Equally important is that social change depends on many people being persuaded to abandon old habits. The great religious prophets spawned great religions because they were followed by great organizers, evangelists, and military conquerors who were able to focus their energies and create great organizations.⁶

Generating Ideas by Understanding Needs and Identifying Potential Solutions

The starting point for innovation is an idea of a need that isn't being met, coupled with an idea of how it could be met. Sometimes needs are glaringly obvious, such as like hunger, homelessness, or disease. But sometimes needs are less obvious or not recognized—for example, racism or the need for protection from domestic violence—and it takes campaigners and movements to name and describe these.

Needs come to the fore in many ways—through angry individuals and groups, campaigns, and political movements as well as through careful observation. They may come from informal social movements (such as online self-help groups); religious movements (instrumental, for example, in the global campaign for debt relief in Africa); existing voluntary organizations (like the organizations for the deaf which led the development of digital hearing aids). Some of the best innovators spot needs which aren't being adequately met by the market or the state. They are often good at talking and listening, digging below the surface to understand peoples' needs and dislocations, dissatisfactions, and blockages (Michael Young got

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many of his best ideas from random conversations on street corners, buses, and even in cemeteries). Empathy is the starting point, and ethnography is usually a more relevant formal tool than statistical analysis. Personal motivations also play a critical role: people may want to solve their own problems, and they may be motivated by the suffering of their friends or family.

Some of the most effective methods for cultivating social innovation start from the presumption that people are competent interpreters of their own lives and competent solvers of their own problems. An individual or an institution seeking to find answers

to the management of chronic diseases or to the problem of alienation amongst teenagers may do best to find how people are themselves solving their problems. Another method is to find the people who are solving their problems against the odds—the ex-prisoners who do not re-offend or the 18-year-old without any qualifications who nevertheless finds a job. Looking for the “positive deviants” gives insights into what might be possible, and usually at much lower cost than top-down solutions.

Needs then have to be tied to new possibilities. New possibilities may be technological—for example, using the mobile telephones to support frontline workers or using cable television or the Internet to strengthen local communities. Indeed, the Internet is now generating a host of new business models that are set to have enormous impact in the social field.⁷ Other possibilities may derive from new organizational forms, like the Community Interest Company recently launched in the U.K., or the special purpose organizations increasingly used in global development (for example in developing new drugs for HIV/AIDS). Or possibilities may derive from new knowledge. For example, we now understand the importance of early childhood development in shaping future life chances. Innovators generally have a wide peripheral vision, and they are good at spotting how apparently unre-

lated methods and ideas can be used together.

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

New social ideas are also rarely inherently new in themselves. More often they combine ideas that had previously been separate. Examples of creative combinations include diagnostic health lines (which combined the telephone, nurses, and diagnostic software); magazines sold by homeless people; the linkage of gay rights to marriage; applying the idea of rights to animals; and the use of swipe cards for hiring bicycles in transit stations. Many of the most important ideas straddle the boundaries between sectors and disciplines.

Some organizations use formal creativity methods to generate possibilities, like the 6 hats method devised by Edward de Bono and now used worldwide,⁸ the various methods involving users used by the design company Ideo, and the consultancy What If?, all of which aim to free groups to think more laterally and to spot new patterns. Some of these methods force creativity. For example, they encourage developers and designers to engage with the toughest customers or those facing the most serious problems, and they may force more lateral solutions.

Creativity can be stimulated by other peoples' ideas, which are increasingly being collected and banked. Nicholas Albery, a regular collaborator with Michael Young, founded the Institute for Social Inventions in 1985, which produced regular editions of the *Book of Social Inventions* and the *Book of Visions*. In 1995, Albery helped launch the Global Ideas Bank, a rich online source of ideas and experiences (it also produces regular editions of the *Global Ideas Book*).⁹

In some cases, ideas can be bought on the open market. The web-based company Innocentive, for example, offers cash rewards for innovators who have workable solutions to problems they solve, based on an assumption that often in a neighboring sector a similar structure of problem may already have been solved. There are also now many innovation laboratories, some linked to universities, some linked to companies, and some focused on particular problems, including the MIT Community Innovation Lab, the Social Action Laboratory at Melbourne, and the Affirmative Action Laboratory in South Africa.¹⁰

All societies come up with many possible social innovations. Some never get beyond a conversation in a kitchen or a bar. Many briefly take organizational form but then fade as enthusiasm dims or as it becomes obvious that the idea isn't so good after all. But the key to success is to ensure that there is as wide as possible a range of choices to draw on. As Nobel Laureate Linus Pauling observed, "the way to get good ideas is to get lots of ideas and throw the bad ones away."

Developing, Prototyping, and Piloting Ideas

The second phase of any innovation process involves taking a promising idea and testing it in practice. Few plans survive their first encounter with reality. It is

through action that they evolve and improve. Social innovations may be helped by formal market research or desk analysis, but progress is often achieved more quickly through turning the idea into a prototype or pilot and then galvanizing enthusiasm for it.

Social innovations are often implemented early. Because those involved are usually highly motivated, they are too impatient to wait for governments or big foundations. The experience of trying to make them work speeds up their evolution, and the power of example then turns out to be as persuasive as written argument or advocacy. For example, Michael Young usually moved very quickly to set up an embryonic organization, rather than waiting for detailed business plans and

analyses. The Language Line organization, a case in point, began as two people with telephones and a tiny contract with the neighboring police station.

A key virtue of quick prototyping is that innovations often require several goes before they work. The first outings are invariably flawed. The U.K. National Health Service took 40 years to move from impossible dream to reality; the radio took a decade to find its form (its early pio-

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neers wrongly assumed that members of the public would purchase airtime to send messages to their friends and families, as with the telephone); what became Wikipedia was a failure in its first outing.

In business, people talk of the “chasm” that innovations have to cross as they pass from being promising pilot ideas to becoming mainstream products or services. There are likely to be quite long phases when revenues are negative and when investors have to hold their nerve. Exactly the same challenge faces social innovation. Several methods have been designed to speed up this period, including faster prototyping, intensive handholding by venture capital companies, and the use of rigorous milestones against which funds are released. A period of uncertainty, however, is unavoidable.

There is now a much richer range of methods available for prototyping, piloting, and testing new ideas—either in real environments or in protected conditions halfway between the real world and the laboratory. The relatively free money of foundations and philanthropists can be decisive in helping ideas through this phase. Governments have also become more sophisticated in their use of evidence and knowledge,¹¹ with a proliferation of pilots, pathfinders, and experiments. Incubators, which have long been widespread in business, have started to take off

in the public sector and among NGOs, although practice and understanding remains very patchy. Businesses have adopted new devices like 3-dimensional printers, which have made it easier to turn ideas quickly into prototypes; parallel methods are being developed in the social fields to crystallize promising ideas so that they can be quickly tested.

Some ideas that seemed good on paper fall at this stage. Michael Young, for example, launched a do-it-yourself garage because he was convinced that most motorists would prefer to invest some of their time building the garage in exchange for lower costs of production. They didn't. But even failed ideas often point the way to related ideas that will succeed. As Samuel Beckett put it: "Try Again. Fail again. Fail better."

Assessing, Scaling Up, and Diffusing Good Ideas

The third stage of the social innovation process comes when an idea proves itself in practice and can then be grown, replicated, adapted, or franchised. Taking a good idea to scale requires skilful strategy and coherent vision, combined with the ability to marshal resources and support and identify the key points of leverage, the weak chinks in opponents' walls. Often the innovative and creative 'bees' (social entrepreneurs or inventors) need to find supportive "trees" (big organizations with the machineries to make things happen on a big scale). That in turn may demand formal methods to persuade potential backers, including investment appraisals, impact assessments, and newer devices to judge success, such as "social returns on investment" or "blended value."

Communication is essential at this stage. Social innovators need to capture the imagination of a community of supporters through the combination of contagious courage and pragmatic persistence. Good names, along with brands, identities, and stories play a critical role. Some social innovations then spread through the organic growth of the organizations that conceived them. Some have grown through federations—including many NGOs like Age Concern or the Citizens Advice Bureau. Governments have often played the critical role in scaling up social innovations. They have unique capacities to do this by passing laws; allocating public expenditure; and conferring authority on public agencies." Businesses grow ideas through a well-established range of methods, some of which are becoming more commonly used in the social sector, including organic growth of an originating organization; franchising and licensing; and takeover of similar but less effective organizations.

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

Our recent work on scaling up has shown why it is so hard for social innovation to replicate, and it has pointed to more effective strategies for handling scale.

Two necessary conditions are a propitious environment and organizational capacity to grow. These are rare with social innovations. It may take decades to create the environmental conditions for growth—persuading consumers and public agencies to pay for something new. The organizational challenges are no less severe. In charities and social enterprises, the founders who were just right for the organization during its early years are unlikely to have the right mix of skills and attitudes for a period of growth and consolidation. Often founders cling on too long, and trustees, funders and stakeholders do not impose necessary changes. By comparison, in business the early phases of fast-growing enterprises often involve ruthless turnover of managers and executives. Indeed, growth in all sectors nearly always involves *outgrowing* founders. Wise founders therefore put in place robust succession plans, and very few successfully remain in executive roles for much more than a decade. Similar considerations apply to organizations that create other organizations. Christian Aid, Catholic Agency for Overseas Development, and Tearfund, for example, are all social innovations with global reach today that outgrew their founders and founding institutions (the British Council of Churches, the Catholic Womens' League, and the Evangelical Alliance, respectively).

In business, the experiences of companies such as Microsoft, Procter & Gamble, and Amazon suggests that pioneers that create markets through radical innovation are almost never the companies that go on to scale up and dominate them. The skills and mind-sets required for creating a radically new market not only differ from, but actively conflict with, those needed to grow and consolidate. Big companies are often better placed to move new ideas from niche markets to mass markets, and many have concluded that they should subcontract the creation of new and radical products to start-up firms, thus concentrating their own efforts on consolidating markets and buying up companies or licenses that they see as promising.¹²

Learning and Evolving

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

These examples highlight innovation as a learning curve, rather than as the “eureka” moment of a lone genius. Ideas start off as possibilities that are only incompletely understood by their inventors. They evolve by becoming more explicit and more formalized, as best practice is worked out, and as organizations

The Process of Social Innovation

develop experience about how to make them work. This phase involves consolidation around a few core principles that can be easily communicated. Then as the idea is implemented in new contexts, it evolves further. It forms new combinations, learning once again becomes more tacit, until another set of simpler syntheses emerge.

Some organizations appear particularly good at maintaining the momentum from innovation rather than being stuck in a particular form or market. For example, the Samaritans in Australia have become a provider of welfare services rather than just a telephone counseling service; the ECT Group in the U.K. started as a community transport organization and evolved into a major supplier of curbside recycling services, and it is now moving into providing primary health care services. Generally, bigger organizations have more “absorptive capacity” to learn and evolve—but small ones can gain some of this ability through the skills of their staff and through taking part in the right kind of networks.

This linear account of innovation provides a useful framework for thinking about change, but the stages are not always consecutive. Sometimes action precedes understanding. Sometimes doing things catalyses new ideas. Feedback loops also exist between every stage, which make real innovations more like multiple spirals than straight lines. These patterns also manifest themselves differently in different sectors. Real-life innovation is a discovery process that often leaves ideas transformed and mutated, and it sometimes sees them jump from one sector to another. For example, innovations to reduce obesity can be found in public health programs, in self-help groups, and in large commercial organizations such as Weight Watchers.

COMMON PATTERNS OF SUCCESS AND FAILURE

Social innovation doesn't always happen easily, even though people are naturally inventive and curious. In some societies, social innovations are strangled at birth. This is particularly true for societies where power is tightly monopolized, where free communication is inhibited, or where there are no independent sources of money. Generally, social innovation is much more likely to happen when the right background conditions are present. For social movements, basic legal protections and status, plus open media are key. In business, social innovation can be driven by competition, open cultures, and accessible capital, and it will be impeded where capital is monopolized by urban elites or government. In politics and government, the conditions are likely to include competing parties, think tanks, innovation funds, contestable markets, and plentiful pilots, as well as creative leaders like Jaime Lerner in Curitiba or Lee Myung-bak in Seoul. In social organizations, the acceleration of social innovation is aided by practitioner networks, allies in politics, strong civic organizations (from trade unions to hospitals) and the support of progressive foundations and philanthropists. And in all of these fields, global links make it much easier to learn lessons and share ideas at an early stage, with ideas moving in every direction (for example, the movement of restorative justice from

Maori culture in New Zealand to mainstream practice around the world).

Most innovations in business and technology fail. So do most social innovations. Sometimes there are good reasons for failure. An idea may be too expensive; not wanted; insufficiently useful; not good enough relative to the alternatives; or flawed by unforeseen side effects. But many ideas fail not because of inherent flaws but because of the lack of adequate mechanisms to promote them, adapt them, and then scale them up. In business, there is a reasonable flow of good innovations in part because of the pull of competitive markets, but also because of public subsidy of technology and private investment in incubators, venture capital, and start-

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ups. The equivalent potential supports for social innovation—foundations and public agencies—are much weaker. Governments typically provide 30–40 percent of NGO finance in countries like the U.S., Germany, the U.K., France, and Japan, but these governments are generally poor at recognizing and replicating good innovations, particularly when these come from other sectors. It is notoriously difficult for government to close even failing programs and services, and there are few incentives for either politicians or officials to take up new ideas. Failure to adapt is rarely career threatening, and

anyone who does promote innovations risks upsetting powerful vested interests. It's all too easy to conclude that the apparently promising new idea depends too heavily on particular circumstances such as a charismatic individual, or that the evidence just is not strong enough.

Social innovators generally find governments unresponsive. But there are also good reasons for public sectors to be cautious about innovation. Innovation must involve failure, and the appetite for failure is bound to be limited in very accountable organizations or where peoples' lives depend on reliability (for example, around traffic light systems, or delivery of welfare payments). In part for this reason, improved service delivery from public institutions and NGOs usually occurs via incremental improvements to existing models rather than via the invention of entirely new ones.

Innovation is therefore easier where the risks are contained; where there is evident failure; where users have choice (so that they can choose a radically different model of school or doctor rather than having it forced on them); and where expectations are carefully managed. More generally, innovation is likely to be easier when contracts for services reward outcomes achieved rather than outputs or activities, or when there is some competition or contestability rather than monopoly provision by the state. How public sectors “dock” with the social or non-profit sector is also important, particularly given that public funding tends to overshadow-

The Process of Social Innovation

ow other revenue sources for many innovations. Funding outcomes rather than activities helps; so too does funding directed to genuinely risk-taking ideas, experiments, and trials. Yet we are not aware of a single government that has developed a fully fledged machinery for accelerating social innovation in a major sector.

Public bodies usually move too slowly for impatient entrepreneurs and activists. But in one important respect they typically move too fast: far-reaching restructurings tend to be driven through much too quickly, ignoring the long time it takes to establish new cultures, procedures, and skills, let alone new patterns of trust.

WHY WE NEED TO KNOW MORE ABOUT SOCIAL INNOVATION

The expanding field of research on business innovation has obvious relevance to social innovation. Some of the distinctions are relevant between total, expansionary, or evolutionary innovations,¹³ or incremental, radical, or systematic ones.¹⁴ So is the research on competing models,¹⁵ the sociological work on the role of intermediaries who help make markets work more efficiently, spotting connections and opportunities,¹⁶ the analyses of how much innovation is best understood as creative reinterpretation,¹⁷ and the work pioneered by Everett Rogers on diffusion.

Often the insights from business pose important challenges to social innovators. We know, for example, that in some sectors the best market structure for innovation seems to be a combination of oligopolistic competition between a few big companies and a much larger penumbra of smaller firms (the model that exists in sectors such as microchips, software, cars, and retailing). Yet in most social fields, monopolistic governments sit alongside small units that are usually too small to innovate radically (schools, doctors surgeries, police stations), which may be one reason why far-reaching innovations are so rare.

We know that disaggregated industries tend to adapt better to volatility, and that big structures are better under stable conditions. We know that innovation is often serendipitous—seeking one solution, firms stumble on another, quite different one. The organizational choices faced by social and commercial organizations also run in parallel. Some companies organize innovation largely in-house as part of their mainstream business (like 3M); some create semi-autonomous corporate venture units (like Nokia); some grow through acquisition of other innovative companies as well as their own innovation (Cisco for example); others use widespread networks (like the Original Design Manufacturing companies in China). Again, in the social field there are similar advantages and disadvantages in keeping innovation in-house (as, for example in the U.K. National Health Service in the past); integrating innovative NGOs into big public systems (as has often happened in housing); or using networks (the traditional method of innovation in fields as diverse as public health and urban planning).

In other fields, social organizations have been ahead of business. The fashion for user networks in business innovation is emulating longstanding practices in NGOs (Michael Young pioneered patient-led health innovations a generation ago,

including what became the Expert Patients Programme in the U.K. National Health Service); similarly the open-source methods have taken models from academia and civic organizations directly into the heart of business.¹⁸

Important differences also separate social innovation from innovation in business. There are likely to be very different motives, which may include material incentives but will almost certainly go far wider to include motives of recognition, compassion, identity, autonomy, and care. The critical resources are likely to be different: in businesses money provides the bottom line, but social innovations usually seek out a different mix of resources including political recognition and support, voluntary labor, and philanthropic commitment. Social organizations tend to have different patterns of growth: as a rule they don't grow as fast as private ones, but they also tend to be more resilient. Judging success is also bound to be very different. Scale or market share may matter little for a social innovation concerned with a very intense but contained need. In some of the most radical social innovations, participants' lives are dramatically improved by the act of collaboration, such as in the reorganization of social care as self-directed support.¹⁹ These are all reasons to call for more rigor, sharper concepts, and clearer metrics in understanding social innovation.

Existing Research on Social Innovation and Related Fields

Fortunately our understanding of social innovation is not a completely barren territory. There have been many case studies of social innovations within different fields (including health, education, and criminal policy), and useful attempts have been made to understand social innovation in some universities, including Stanford, Duke, and Harvard. However, these endeavors have focused on individual case studies rather than investigating common patterns or aggregating learning.²⁰ As such, they have not yet provided widely acknowledged models or sufficient practical insights for practitioners: often rich accounts of individual social innovations do not add up to a clear picture of patterns (and generally the quality of theoretical work in this field has been low, with little progress since the pioneering work in the 1980s at Manchester and Sussex Universities linking social innovation to broader patterns of technological change). Nor has much use been made of the advances made in parallel disciplines.

As well as the study of innovation in economics and science, there is a small emerging body of research into the capacity of formally constituted social organizations (non-profits, NGOs, charities, and voluntary and community organizations) to innovate in the delivery of public services and, to build up innovative capacity more widely.²¹ However, such research (while extremely valuable) tests one sector's putative innovative capacity, not the wider territory of social innovation. The only (and excellent) piece of original research we found into the U.K. on the voluntary sector's innovative capacity concluded that voluntary organizations are "better at believing they are innovative than being innovative."²² There is also some limited emerging work on the replication of successful voluntary sector ini-

tiatives²³—which, though valuable, investigates one aspect of the process of innovation in isolation from its wider and precursory elements.

Considerable work is now under way on measuring the outputs and outcomes of public and social organizations, including the fascinating work led by Dale Jorgensen at Harvard on valuing the informal economy and family work, and the recent work led by Tony Atkinson at Oxford University on the value of public services. These go far beyond the rather crude claims that are sometimes made for the productivity and efficacy of social organizations. Yet the truth is that very little is known about productivity in the civic sector—and although in mature fields it is possible to compare similar public, private, and non-profit organizations, there are few general patterns. The serious work on understanding social value and productivity is still at a very early stage, without much in the way of theoretical foundations or practical applications.

Why What We Don't Know Matters

The absence of sustained and systematic analysis is holding back the practice of social innovation. Specifically, a lack of knowledge makes it harder to see the main gaps in current provision of funding, advice, and support. This is likely to result in fewer potential innovations being initiated. A lack of knowledge about common patterns is almost certain to make it harder for innovators themselves to be effective and for ideas to be improved into a sustainable form.

The practice of social innovation remains roughly at the point where science was more than a century ago, when invention and innovation were left to the enthusiasm and energy of determined individuals like Thomas Edison and Alexander Graham Bell, who beavered away in their laboratories until the occasional “Eureka!” moment gave the world a new invention. As it came to be understood just how important science was to the economy (and to warfare), invention and innovation were taken out of the attics and garden sheds. Ideas were backed with large scale public funding, R&D departments in big companies and university departments, and the systematic testing of new ideas became the norm. We live today with the results of that revolution, along with a stream of new products that come onto the market every year.

Social innovation has yet to pass through a similar revolution. But many are beginning to recognize that more systematic approaches pay dividends by speeding up the spread of effective solutions and reducing social costs. It is also becoming apparent to many that the key industries of the twenty-first century—health, education, and childcare and eldercare, each of which will be a far larger share of GDP than information technology or cars—will require very different approaches, partly because they are so deeply shaped by public policy, and partly because they depend so much on co-production by the user, patient, or learner.

We have proposed some of the new mechanisms and methods that may be needed. In fields where governments are the main purchasers, the more deliberate funding of outcomes rather than outputs, and the encouragement of genuine con-

testability, can help. But these are unlikely to be sufficient. We therefore advocate what we call “innovation accelerators”: funds for seeding ideas supported by teams that combine understanding of policy contexts with understanding of business design, growth, and management (the Young Foundation’s Launchpad team demonstrates how these can work in practice). We also have advocated more deliberately designed spaces in public services that encourage experimentation (such as the U.K.’s public service zones that allowed national rules to be broken, and rewarded results rather than compliance) and incubators that deliberately focus on mining new technologies for social applications.

In all of these, social innovation is likely to be most successful when there is close involvement of people with the strongest understanding of needs and where there are sophisticated metrics of success that can reward rapid learning and evolving end goals.

The good news is that this field is advancing rapidly, moving beyond the phase of anecdotes and enthusiasms, and beyond the twin vices of excessive faith in government action on the one hand and excessive faith in heroic individuals on the other. Instead it is addressing in a more systematic way some of the barriers that stand in the way of change. Through our work at the Young Foundation, we have found that there is growing interest in this field around the world—from China, whose leaders recognize the need to speed up solutions to their profound social challenges, to the Scandinavian countries which have led the world in social innovation over the past two decades and are keen to preserve their position. It is still an emerging field, with much to learn as well as much to achieve.

We invite reader comments. Email <editors@innovationsjournal.net>.

1. Rare exceptions include Tudor Rickards, *Stimulating Innovation: A Systems Approach* (London: F. Pinter, 1985); J. Gerhuny, *Social Innovation and the Division of Labour* (London: Oxford University Press, 1983); M. Njihoff, *The Political Economy of Innovation* (The Hague: Kingston, 1984).

2. Michael Young, inspiration for the Young Foundation, was judged by Harvard University’s Daniel Bell the world’s “most successful entrepreneur of social enterprises,” and in his work and his writings he anticipated today’s interest in social enterprise and the broader question of how societies innovate. For example, see M. Young, *The Social Scientist as Innovator* (Cambridge, Mass: Abt Books, 1983).

3. Childline was founded in Bombay in 1996; by 2002 the organization was working in 30 cities. For a full account, see D. Bornstein, *How To Change the World: Social Entrepreneurs and the Power of New Ideas* (Oxford, U.K.: Oxford University Press, 2004).

4. Renascer provides care to poor children after they are discharged from hospital. By 2002, Renascer had assisted 6,000 children, and successor organizations assisted a further 10,000 people. Now the challenge is to transform Renascer into a reference and training center spawning and supporting cells across Brazil. For a full account, see Bornstein, *How To Change the World* (New York: Oxford University Press, 2004).

The Process of Social Innovation

5. CIDA believes itself to be the world's only "free," open-access, holistic, higher educational facility operated and managed by its students. Students perform all functions, from administrative duties to facilities management. Two key features of the university are (1) its partnerships with a great number of businesses in the design and delivery of all programs, and (2) the requirement of all students to return to their rural schools and communities during holidays to teach what they have learned. For a full account, see Bornstein, *How To Change the World*. See also <http://www.cida.co.za> (accessed May 24, 2006); Lucille Davie, "Jo'Burg's Best Kept Secret" April 8, 2002, <<http://www.joburg.org.za/apn/2002/klipiviersberg.stm>> (Accessed on May 24, 2006); link goes to a generic page, not Lucille Davie; delete, or point reader to a specific set of writings]; and Andrea Vinassa writing on <<http://www.workinfo.com/free/Downloads/243.htm>> (accessed May 24, 2006).
6. For comparisons between business and the social sector in making organizations great, see <<http://www.jimcollins.com/lib/articles.html#>>.
7. For details about the open-source business model, see the *Economist*, "Open, but not as Usual," <http://www.economist.com/business/displaystory.cfm?story_id=5624944> (accessed May 24, 2006).
8. For example, see de E. Bono, *Lateral Thinking—Creativity Step by Step*, (London, U.K.: Perennial Library, 1970).
9. See Global Ideas Bank, <<http://www.globalideasbank.org/site/home/>>. The top 500 ideas that will change the world are at <http://www.globalideasbank.org/site/store/detail.php?articleId=178>. For a list of similar organizations, see Stuart C. Dodd Institute for Social Innovation, <http://www.stuartcoddinstitute.org/innovationlinks.shtml> (accessed May 26, 2006).
10. See generally: Poverty Action Lab <<http://www.povertyactionlab.org/>>; Social Action Laboratory <http://www.psych.unimelb.edu.au/research/labs/soc_actionlab.html>; Affirmative Action Laboratory <<http://www.naledi.org.za/pubs/2000/indicator/article4.htm>>; Innovation Lab Copenhagen <<http://www.innovationlab.net/sw4918.asp>>; Civic Innovation Lab <<http://www.civicinnovationlab.org/>>; Eastman Innovation Lab <http://www.eastman.com/innovationlab/>; MIT Community Innovation Lab <<http://web.mit.edu/cilab/>>; ETSU Innovation Lab <http://www.etsu.edu/innovationlab/>.
11. G. Mulgan, "Government and Knowledge," *Evidence and Policy Journal*, Vol. 1, no. 2 (May 2005) 215-226.
12. C. Markides and P. Geroski, *Fast Second: How Smart Companies Bypass Radical Innovation To Enter and Dominate New Markets* (San Francisco, Jossey-Bass, 2005).
13. R.M. Walker, E. Jeanes, and R.O. Rowlands, "Measuring Innovation—Applying the Literature-Based Innovation Output Indicator to Public Services," *Public Administration*, Vol. 80 (2002), 201–214.
14. D. Albury and G. Mulgan, *Innovation in the Public Sector* (London: Strategy Unit, Cabinet Office, 2003).
15. Two good general sources are the Stanford Project on Emerging Companies, <http://www.gsb.stanford.edu/SPEC/index.html> (accessed May 25, 2006); and the Wharton School's Innovation and Entrepreneurship, <http://knowledge.wharton.upenn.edu/index.cfm?fa=viewCat&CID=12>.
16. J.P. Murmann, *Knowledge and Competitive Advantage: The Coevolution of Firms, Technology & National Institutions* (London: Cambridge University Press, 2004); E. von Hippel, *Democratizing Innovation* (Cambridge, Mass.: MIT Press, 2005); R. Baumol, *The Free-Market Innovation Machine: Analyzing the Growth of Miracle Capitalism*, (Princeton, N.J.: Princeton University Press 2003).
17. R. Lester and M. Piore, *Innovation—The Missing Dimension* (Cambridge, Mass.: Harvard University Press, 2004).
18. For a thorough analysis of open source methods and their great potential, see G. Mulgan and T. Steinberg, *Wide Open: The Potential of Open Source Methods* (London, U.K.: Demos and the Young Foundation, 2005).
19. In the U.K., the In Control pilots delivered under the government's policy Valuing People and now recommended for wider adoption are a good examples of innovation in the a new relation-

Geoff Mulgan

ship between user and suppliers. Prime Minister's Strategy Unit, *Improving the Life Chances of Disabled People*, January 2005, p.93; David Brindle, "Controlling interest," *Society Guardian*, March 2, 2005; See also <<http://www.in-control.org.uk/>> (accessed May 25, 2006).

20. See, for example, *Stanford Social Innovation Review*, <<http://www.ssireview.com>> (accessed May 25, 2006); The Social Innovation Forum, <<http://www.wfs.org/innovate.htm>> (accessed May 25, 2006); Government Innovators Network, <<http://www.innovations.harvard.edu>> (accessed May 25, 2006); Changemakers, <<http://www.changemakers.net>> (accessed May 25, 2006); Leader to Leader Institute, <<http://www.pfdf.org/innovation/>> (accessed May 25, 2006).

21. For innovations in the delivery of public services, see, for example: P. Alcock, T. Barnwell, and L. Ross, *Formality or Flexibility? Voluntary Sector Contracting*, (London, U.K.: National Council for Voluntary Organizations, 2004); S. Osborne, *Voluntary Organizations and Innovation in Public services*, (London, U.K.: Routledge, 1998). For general capacity building, see E. Evans and J. Saxton, *Innovation rules! A Roadmap to Creativity and Innovation for Not-For-Profit Organizations* (London, U.K.: NFP Synergy, 2004).

22. Evans and Saxton, *Innovation Rules!*

23. D. Leat, *Replicating Successful Voluntary Sector Projects*, (London, U.K.: Association of Charitable Foundations, 2003); Community Action Network's beanstalk programme – <<http://www.can-online.org.uk>> (accessed May 25, 2006).