

SOCIAL INNOVATION

TRAINING HANDBOOK

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INTRODUCTION TO THE MID SOCIAL INNOVATION (SI) TRAINING COURSE

Results of social innovation – new ideas that meet unmet needs – are all around us. They range from fair trade and restorative justice, hospices and kindergartens to distance learning and car sharing.

Social Innovation has moreover been increasingly perceived as the answer to the rising number of European societal challenges. While the European authorities, leading academics, policy experts, business people and activists agree that social innovation is the key to better future for Europe and the world, it is difficult to obtain information and training on what social innovation actually offers and, more importantly, how it can be done in practice. Surprisingly little is known about social innovation compared to the vast amount of research into innovation in business and science.

The objective of this training course is therefore to provide participants with solid conceptual foundations in the search for innovative solutions, while reinforcing and developing the vision, knowledge, skills, and abilities needed to face current and emerging challenges. This training course aims to provide participants with concepts, theories and tools that are crucial to understand why and under which circumstances social innovation initiatives succeed or fail.

The training workshops will help participants understand the innovation dynamics and the theory of social innovation. Content includes practical tools to do and support social innovation as well as case studies, group activities, and open discussion.

Specific attention is paid on design thinking to develop a context-responsive user-friendly service or product while exploring approaches and tools useful to plan, assess and deliver services and products able to answer to pressing social problems. Similarly also proper engagement of stakeholders and different audiences will be analysed to help future innovators participating in the training to get familiar with design and implementation of engagement process plan.

The expected results of this training are:

- Familiarity with social innovation definitions and process
- Understanding of the enabling conditions for Social Innovation
- Learning how to set up and run social innovation initiatives
- Learning the principle of effective design thinking and stakeholders engagement

Part I

• UNDERSTANDING SOCIAL INNOVATION

Defining Social Innovation

Social Innovation (SI) is not a new phenomenon while its results are all around us. However it is a relatively new and particularly fuzzy notion. Definitions vary depending on followed approach.

There are indeed plenty of SI examples throughout the history, from self-help health groups, neighborhood kindergarten, hospices, microcredit and consumer cooperatives, zero housing carbon schemes, community wind farms, self-building houses, etc. Wikipedia and the Open University are themselves examples of SI.

SI is however a relatively new and particularly fuzzy notion, even if there are many efforts for clarifying it. Many definitions of SI exist and follow different approaches, just to mention:

1. SI corresponds to innovative activities/ services for meeting a social need and that are predominantly developed and diffused through organizations whose purposes are social” according to the “pragmatic approach” by work of Geoff Mulgan in 2006
2. SI defined as "complex process through which new products, processes or programmes are introduced, leading to a deep change in daily routines, resources’ streams, power relations or values within the system affected by the innovation” (Westley & Antadze, 2010 - systemic approach)
3. In line with a more managerial stance, SI is “a new solution to a social problem which is more effective, efficient, sustainable or fairer compared to existing solutions, and which generates value primarily for society instead of single individuals or organisations (Phills, Deiglmeier, & Miller, 2008).
4. The fourth approach sees social innovation as a process of “empowerment and political mobilisation” aimed at a bottom-up transformation of the functioning of a social system both in terms of stakeholders and in terms of distribution of resources.

Social Innovations are new ideas that work to meet pressing unmet needs and improve people’s lives (Geoff Mulgan, 2007). Social innovations aim for the empowerment of groups facing common problems and address dysfunctional markets by deploying non-monetary resources and rules of partnership and collaboration (BEPA, 2009, 2010).

Despite different approaches followed for defining SI, the following key elements of SI are largely agreed upon:

1. Need-driven/outcome-oriented production: SI outcomes are intended to meet the needs of society or specific groups in society in a long-lasting way (BEPA, 2011; Mair & Marti, 2009; Mulgan, 2006).
2. Open process of co-creation/collaborative innovation networks: SI end-users and other relevant stakeholders participate in the development, implementation and adoption of these innovations (Gloor, 2005; Bason, 2010; Bommert, 2010; Sørensen & Torfing, 2011).
3. Fundamental change in the relationships between stakeholders: the ways in which stakeholders relate to each other, how they interact with each other, and how they collaborate with each other

are radically changed. Social innovation tries to act as a ‘game changer’, breaking through ‘path dependencies’ and disciplinary silos (BEPA, 2011).

4. Public value allocation and/or re-allocation: The public values pursued by social innovation also try to ensure that the innovation is an appropriate one, for instance because it adds to the value of democratic citizenship.

Social innovations are new ideas that meet social needs, create social relationships and form new collaborations. These innovations can be products, services or models addressing unmet needs more effectively. ([EC – DG Growth](#))

Types and fields of Social innovation

Defined as “new ideas that work to meet social needs” Social Innovation doesn’t have fixed boundaries . It is a broad term which refers to a wide range of activities.

Type of social Innovation	Description	Example
New services and products	New interventions or new programmes to meet social needs	Car-sharing; zero energy housing developments (e.g. BedZED)
New practices	New services which require new professional roles or relationships	Dispute resolution between citizens and the state in the Netherlands (the professional civil servant role has changed dramatically and citizens’ social needs are much better met)
New processes	Co-production of new services	Participatory budgeting (started in Brazil and since widely scaled; is not dependent on ICT, though ICT often used); Fair Trade
New rules and regulations	Creation of new laws or new entitlements	Personal budgets (e.g. in Denmark and the Netherlands where older people can decide themselves how to spend much of their support money)
New organisational forms	Hybrid organisational forms such as social enterprises	Belu Water, a small UK based social enterprise, which sells bottled water and donates all its profits to WaterAid and has pledged to raise £1m by 2020

Source: GROWING SOCIAL INNOVATION - A Guide for Policy Makers (https://youngfoundation.org/wp-content/uploads/2015/04/YOFJ2786_Growing_Social_Innovation_16.01.15_WEB.pdf)

Social Innovation moreover happens in all sectors, public, non-profit and private. Indeed, much of the most creative action is happening at the boundaries between sectors, in fields as diverse as fair trade, distance learning, hospices, urban farming, waste reduction and restorative justice

Over the last two decades social innovation gained significant popularity as a strategy to tackle new social challenges.

Innovation becomes an imperative when problems are getting worse and when systems/institutions' answers reflect more the past than current challenges.

The following fields currently offer great opportunities for new creative solutions given the fact that current models do not prove themselves successful enough:

Social challenges	New creative solutions needed
Rising life expectancy	new ways for pensions systems, care and mutual support, new models of housing and urban design, and new methods for countering isolation
Climate change	new thinking on how to reorder cities, transport systems, energy and housing to dramatically reduce carbon emissions. Technology has a decisive role to play – but so will social innovations which help to change behaviour
Growing diversity of countries and cities	innovative ways of organising schooling, language training and housing to prevent segregation and conflict.
Rising incidence of long-term diseases such as arthritis, depression, diabetes, cancers, etc.	novel social solutions as well as new models of medical support.
Behavioral problems (addictions, bad diets, etc), difficult transitions to adulthood	new ways to help teenagers successfully, navigate their way into more stable careers, relationships and lifestyles
Happiness (the mismatch between growing GDP and stagnant well being and declining real welfare)	new ways of thinking about public policy and civic action.

It is generally hard to find any field where SI has not played an important role.

Over last two centuries innumerable social innovations have moved from the margins to the mainstream. During some periods it is the civil society that providing the impetus for SI, in other times the lead was taken by governments or social movements.

Industrialisation and urbanisation in the 19th century saw an enormous increase of social enterprise and innovations: microcredit, building societies, cooperatives, trade unions, reading clubs and philanthropic business leaders creating model towns and model schools, etc.

After WW2 democratic governments built welfare states, schooling systems and institutions as various as credit banks for farmers and networks of adult education colleges. The first social movement is most likely represented by the antislavery undertaking in late 18th century with specific methods used by campaigns: mass membership, demonstrations, petitions, logos and slogans. The 1960s and 1970s furthermore saw particularly vigorous social engagements around ecology, feminism and civil rights which produced innovations in governments and commercial markets as well as in NGO s. Another wave of civic innovation in movements is under way as the power of the internet and global media is harnessed to causes like world poverty and the environment.

Most of what we nowadays count as progress derives from mutual reinforcement of social, economic, scientific, technological and political innovations.

Who are the Social Innovators?

To understand social innovation and how it happens there are many lenses to look through. Social Innovators can come from all walks of life and social innovation can happen in private, public or third sector. Often most fruitful sources of new ideas take place in collaboration across sectors. Last century social changes were understood within much broader frameworks i.e. industrialization and modernity while small innovations were seen as a result of big dynamics. Nowadays discussion of social innovation tends to recognize that the change happens by means of individuals, movements or organisations.

Individuals

Throughout the history many individuals are recognized to be pioneers in social innovation and generally described as progressive thinkers, heroic, energetic and impatient to change the world. An example of this kind of personality is represented by Robert Owen. In 18th century, moved by the intimate conviction that people are naturally good but corrupted by harsh conditions, he bought four textile factories in New Lanark (Uk) and was determined to use them not just to make money but to re-invent the way of living of the local community. He stopped employing children under ten and sent young children to newly built schools, while older children combined work and secondary school. In addition to schools New Lanark set up a crèche for working mothers, free medical care, and comprehensive education, including evening classes. His ideas have inspired many and had an enormous influence on the new cooperative and mutualist movements as well as paving the way for modern management theories. There are countless examples of similar social innovators all around the world.

These are leaders of social innovation and share the ability to communicate complex ideas in captivating ways with practical ability to make things happen. Social innovators are persistent, dedicated people with a clear vision for a radical social change.

Movements

As affirmed by Geoff Mulgan et al. in the “Working paper - Social innovation What it is, Why it matters and how it can be accelerated” (http://eureka.sbs.ox.ac.uk/761/1/Social_Innovation.pdf), aren’t individuals simply carriers of ideas rather than originators? Indeed, the idea that progress comes from the wisdom of a few exceptional individuals is an anachronism. It is a general discontent that offers the roots for new ideas by both individual change-makers as well as movements. The most far-reaching movements of change in modern history are for sure feminism and environmentalism. These involved millions of people and had dozens of intellectual and organisational leaders, many of whom had the humility to realise that they were often as much following, and channelling, changes in public consciousness as they were directing them.

Environmentalism raised from different precursors, including: movements for protecting forests and landscapes; scientifically or politicised movements to counter the pollution of big companies or gain redress for their victims; movements of direct action like Greenpeace; and the various Green Parties around the world. Environmentalism has produced a variety of social innovations, from urban recycling to community owned wind farms. It is currently part of a big business culture as companies like BP try to finesse the shift to more renewable energy sources, as it is of the alternative business culture of organic food, household composting, municipal government, and civil society (through mass campaigns like Friends of the Earth).

As far as Feminism is concerned, in the West we can find roots for this movement in the humanism of the 18th century and the Industrial Revolution, and in the French Revolution’s Women’s Republican Club. It evolved as a both intellectual and cultural movement but there is also a political facet (New Zealand was the first country to give all adult women the vote and along with Scandinavia has consistently been ahead of the US , Germany, France and the UK) as well as an economic one (helped by women’s growing power in the labour market). Feminisms’ ideas are also translated into legislation (Norway’s ruling Labour Party’s recent proposal that big companies should be required to have 40% of their boards made up of women is just one example).

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

Nowadays a growing number of movements is taking shape globally. What it is interesting to note is that they are increasingly cooperating across borders while emphasizing people’s empowerment - enabling people to solve their own problems rather than waiting for the state, or heroic leaders, to solve problems for them.

Innovative Organisations

Social innovation can happen also at organisations. Moreover, not all innovations come from new organisations. Many derive from existing organisations learning to renew themselves. Some examples are represented by the Internet being a result from US military and the early understanding of climate change coming from NASA.

To be successful and innovative organisations need to focus on existing activities while paying attention to the emerging ones and more radical possibilities that could be the mainstream activities of the future.

Effective leaders and the teams around them need to focus on four horizons for decision-making:

1. Day to day management, efficiency and firefighting
2. Effective implementation and incremental innovation over the medium term of 1-3 years
3. Developing more radical options – including in very different fields – that could become mainstream in 3-20 years
4. Taking account of generational timescales – particularly in relation to climate change and issues like pensions.

Any competent leadership should be able to innovate while keeping efficient and performant – thanks to time, money and management effort devoted to each of these horizons, and appropriate organizational structures and cultures for each task.

Understanding Social and Economic change

Services rather than manufacturing currently dominate the economies of both developed and developing countries. According to the OECD, over the next 20 years the biggest growth will be in the health, education and care sectors, whose contribution of national GDP are already much greater than cars or telecoms, steel or biotech. In these fields commercial, voluntary and public organisations deliver services, in which public policy plays a key role and in which consumers co-create value alongside producers. For these reasons traditional business models of innovation are becoming obsolete in such a context. Much of the most important innovation of the next future will follow patterns of social innovation rather than those of more traditional sectors.

The question to ask is, therefore, how does social innovation happen?

Throughout the history, every real social innovation has happened only because its originator has succeeded to plant the seeds of an idea in many minds. In the long run, quoting John Maynard Keynes, ‘the world is ruled by little else’...

Social Innovations happen only thanks to ideas which are shared by the multitude of minds and manage to assume a concrete form.

Ideas are more powerful than individuals or institutions only when the right conditions are in place. There are conditions preventing social innovations and that explain why even where there is a healthy desire for incremental improvements and changes it is generally hard to push through more radical transformations. Barriers to social innovations are:

- EFFICIENCY - even the most appealing reforms initially threaten to worsen performance. Within any social system different elements have optimised around each other over time. Therefore, any new approach, even if well designed, may appear quite inefficient compared to the subtle interdependencies of a real social or economic system. To produce innovation difficult transition periods have to be considered while holding the final goal. Within firms or public organisations with established ways of doing things radical

new options present two dilemmas: first how to cultivate the new, potentially higher impact innovation (recognizing that it may fail); and second, how to simultaneously ride both the old and the new waves – how, in some cases to compete against yourself.

- INTERESTS - The risks of change can appear great compared to the benefits of continuity, therefore no interest towards the change is shared by interest groups. This applies as much to peasant farmers nervously contemplating new models of farming as to managers responding to globalisation. Most will have ruined investments – of time and money – in past practices that they are reluctant to discard.
- MIND - Any social system is translated within peoples' minds in the form of assumptions, values and norms. The more the system appears to work the more its norms will influence peoples' very sense of identity. Organisations then become locked into routines and habits that are as much psychological as practical, and which become embedded in organisational memories
- RELATIONSHIPS - Personal relationships in the system create an additional stabilising factor. Much of the businesses rest on personal relationships. These networks of favours and debts can be key for getting things to happen within a stable system, but they are likely to seriously impede any radical change.

In general Innovation is messy, unpredictable and risky

Despite powerful barriers, social innovation happens. But why?

The simple reason is that sooner or later each of the four barriers changes. Regarding the efficiency of systems, these become less optimal and less successful at a certain point. Problems accumulate at many levels: declining profitability for companies; fiscal crisis or legitimacy crisis for the state; the personal stress felt by millions, etc. Therefore a growing range of interests, particularly more marginalized ones, lose confidence in the system, and start to seek alternatives. During these periods mental models start changing. Intellectuals, activists, political entrepreneurs, etc. find their voice in denouncing the present and promoting a different future. At the same time the longstanding personal relationships come under strain. Patterns of this kind can be found on a micro scale within particular sectors and they can affect whole societies. Such periods, when old systems are in crisis, can continue for many years. But sooner or later they come to an end as the new ideas diffuse.

When the conditions are right new ideas can quickly move from the margins to the mainstream. To do that they need support: from commitment of other people to financial aid and implementation.

Why you need to know about SI? The growing importance of SI

As previously mentioned, the transformation of modern societies into economies dominated by the service sector is one driver towards social innovation. Traditional business models of innovation are becoming obsolete in such a context whilst co-production, involving consumers and employees along with employers is often implied in new service organisations.

Citizen mobilization and a desire for citizen participation in decision-making in all sectors of the society is another key factor behind the greater importance of social innovation.. Technological improvements form an important part of these citizen engagement strategies and surely the internet has both produced social innovation (Google, for example) and been a support to social innovation (self-help internet sources).

Much of the most important innovation of the next future will follow patterns of social innovation given also the rising demands for alternative models of economic growth that enhance rather than damage human relationships and well-being.

In recent times, all over the world, social innovation has being moreover perceived as a way to achieve sustainable economic growth. Some of the barriers to lasting and sustainable economic growth (such as climate change, youth unemployment, aging populations, and increased social conflicts) can indeed be overcome only with the help of social innovation while Social Innovation is seen as contributor of new solutions.

That old pattern of government aid has become inadequate. There is instead a need for creative and innovative solutions to foster sustainable growth, secure jobs, and increase competitive abilities. Solutions are seen to require new models of coordination, bringing together novel sets of social actors. Social innovation indeed moves from a narrow way of thinking about social enterprises, business engagement, and philanthropy to the recognition of the interconnections between different factors and stakeholders. While creating solutions, Social Innovation also modifies beliefs, practices, resources, and social power structures. Knowing more about the processes of social innovation and the forms of support for social innovation would help societies to act more effectively on these barriers.

Social innovation therefore responds to a number of deep seated social trends. Its importance is only coming to be understood

Part II

- SOCIAL INNOVATION PROCESS - THE STAGES OF DOING SOCIAL INNOVATION**

The process taking ideas from initiation to impact have been described per stages by several authors. Murray et al. (2010) put forward a spiral model (see figure below) including six stages. This model recognizes that stages are not always serial (some innovations jump straight into 'practice' or even 'scaling'), and there are feedback loops between them. This model starts from the recognition of the problem to the formulation of sustainable and replicable solutions finally leading to a systemic change. The merit consists in presenting this model not as a closed system, but rather as an iterative scheme that can start off by generating new ideas and proposals. As stated by Murray et al. (2010, 107) "[s] systemic innovation is very different from innovation in products or services. It involves changes to concepts and mindsets as well as to economic flows "

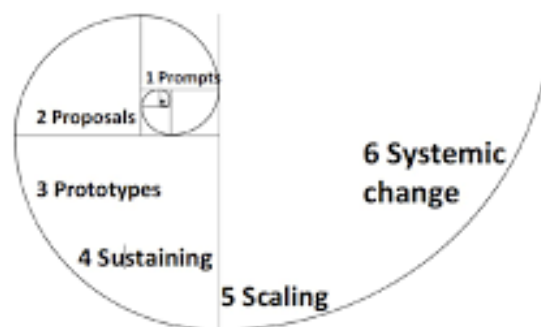


Figure: The spiral process of social innovation (Murray, R., Caulier-Grice, J., Mulgan, G. 2010. The open book of social innovation, p. 11)

Another model describing the stages of social innovation was proposed by Bates in 2012 (see below).



Figure: Bates, S.M. 2012. The Social Innovation Imperative: Create Winning Products, Services, and Programs That Solve Society's Most Pressing Challenges, p. xxii

In this model, the first stage (define the social challenge) provides the definition of needs and constraints while in the second (understand and prioritize the needs) the formulation of a blueprint takes place. The model ends with the development of the platform (examine the opportunity). In the fourth stage, thanks to the collected information, a solution is elaborated. In the fifth stage the development of the business model takes place to end with the diffusion phase. The framework proposed by Bates (2012) identifies a step entirely dedicated to the development of the business model, while in the model of Murray et al. (2010), this phase was included in the fourth stage "sustaining".

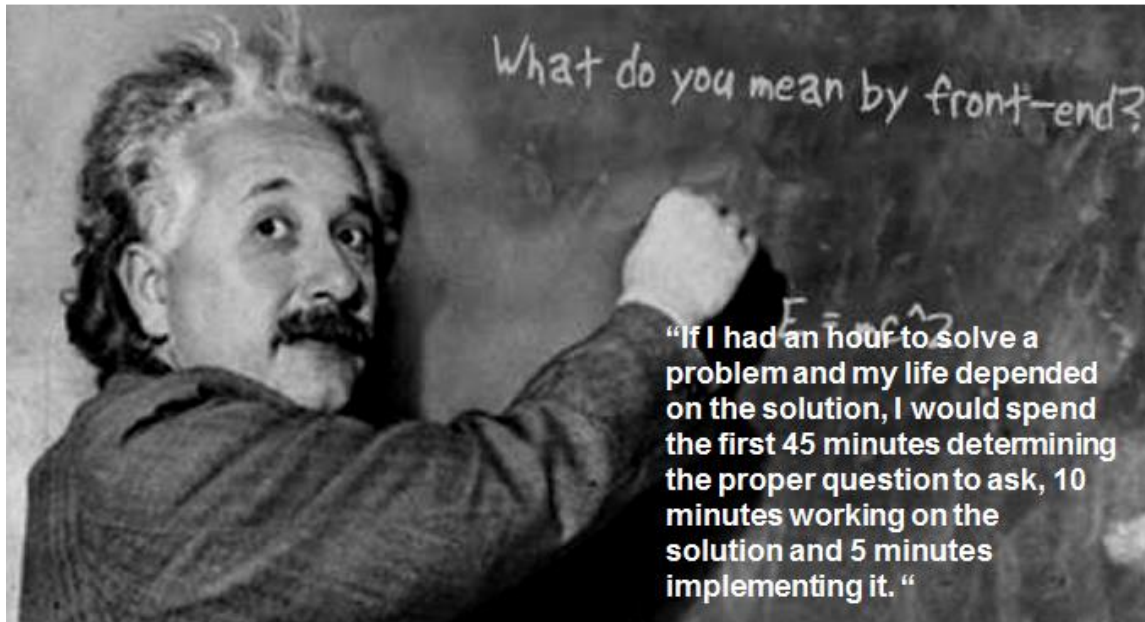
Another model can be summarized by **the four stages of innovation proposed by Mulgan et al. (2007)**. The four phases (idea generation; developing, prototyping and piloting ideas; sustaining, scaling up and diffusing good ones; learning and evolving until a systemic change), which include sub-phases, are displayed sequentially. In the first phase, problem analysis is followed by generation of ideas relating to needs and identification of solutions. A second phase sees development and testing through the prototype. In the third phase the innovation is evaluated and the initiative (scaling up) is replicated, to end with the fourth phase in which social innovation becomes learning and evolution.

In general, not considering the model adopted, the identification of phases provides a useful framework for thinking about the different kinds of support that innovators and innovations need in order to grow.

Idea Generation: understanding the needs and identifying potential solutions

The starting point is becoming aware of a need that is not being met and some idea of how it could be met.

Einstein is told to have said ...



Some needs are obvious (like hunger, homelessness or diseases) yet certain situations are less apparent or not recognized and it takes campaigners and movements to name and define these. How to recognize needs then? The needs can become evident in many ways: through angry individuals and groups, campaigns and political movements. Good innovators should be able to spot unmet needs through careful observation and by talking and listening to understand peoples' needs and dissatisfactions. Empathy is necessary 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 personal suffering.

Systematic creative problem solving can deliver unusual and surprising new solutions. Prerequisite therefore is a good preparation including a good problem analysis **Once a certain problem is recognized, it is therefore crucial to understand its root underlying causes. It is therefore vital at this stage to understand the problem's underlying dynamics while framing or reframing the question at play – even if you spontaneously came up with a great idea.**

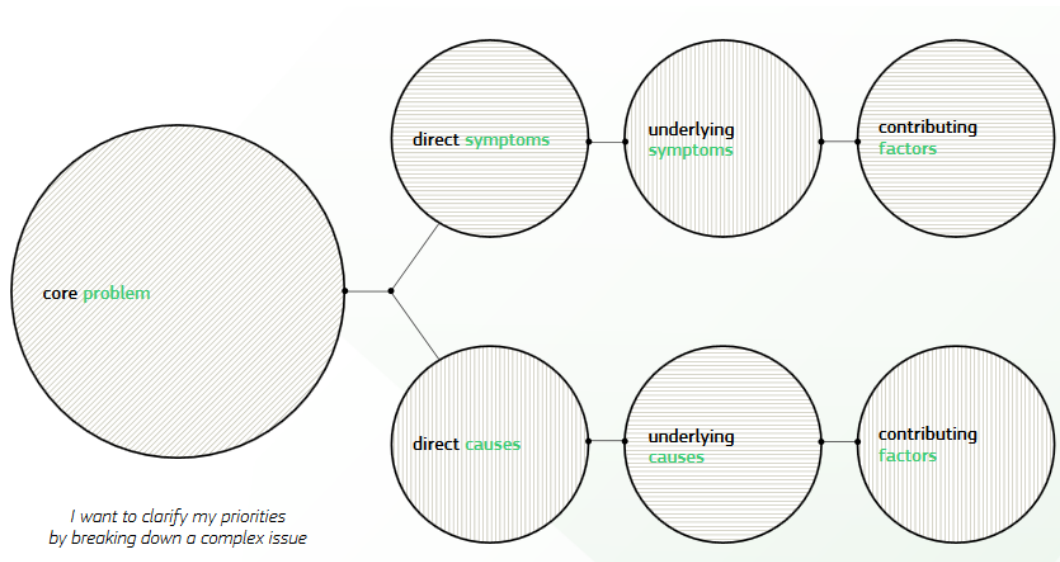
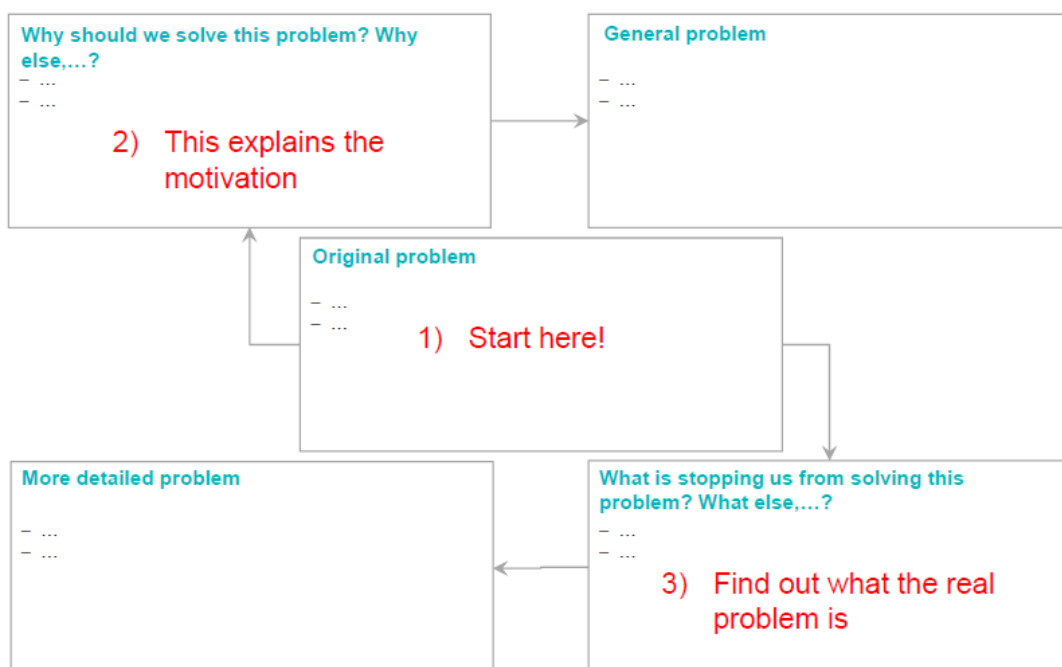


Figure: causes diagram from the DIY toolkit - <https://diytoolkit.org/tools/causes-diagram/>

To open up a problem and understand its wider context, it is necessary to pay attention to the problem's different perspectives while approaching the question from different point of views. **It is necessary to understand and engage with people dealing with the problem.** Tools and methods are available such as for instance: market research, horizon scanning, interviews, group interviews, etc.

As pointed out in the Social Innovation Toolkit 2018 reframing a question means to investigate the context in which something is considered a problem. As a simple example, a speeding driver is a problem when it concerns a regular driver, but becomes a necessity when it concerns an ambulance or fire truck on its way to an emergency. Reframing demands therefore to take a step back and wonder whether you have considered multiple angles to look at your issue. Tools are available also for this scope as for instance the problem hierarchy analysis (see below), the problem definition worksheet, question toolkit etc.



While reframing a social issue it might turn out that the problem to address is actually caused by something unexpected. There is the need to keep an open mind at this stage and change direction if necessary. Investing time in posing the right questions prevents you from moving on to implementation of solution too quickly, which can lead to limited impact, or even negative impact, of your innovation. Last but not least, it is necessary to look at what is already happening in the field, at what research already exists so as to find out whether any solutions have been already developed. It is moreover necessary to identify what trends are emerging and might have an influence. This eventually allows understanding whether the possible solution is truly innovative or just a re-invention.

After having identified a specific problem that is unmet by the market or the state, the next step is to come up with a credible and concrete idea (representing a new solution). Creativity plays an important role in such a context. . Ideas can come from all kinds of places. Sometimes they just pop up into your head, sometimes they are borrowed, and sometimes they can be sourced from a crowd. Existing ideas can be reframed, or new collaborations can help foster fresh ideas. Successful idea generation and selection requires individuals and teams to switch between two modes:

- 1) Developing new ideas (divergent mode) by opening up possibilities through a process as positive and collaborative as possible to reach the best results. Quantity instead of quality of ideas should be the focus; many might seem useless, but you may eventually hit upon a great, radical and transformative ideas
- 2) Selecting the best ideas (convergent mode) through evaluation of options to pick up the best ones, and then move forward. The challenge lies in identifying what ideas have the most potential, developing them further and then bringing them to life.

Today the nature of the social challenges we face is very complex; often they cannot be solved by a single actor and it requires a coordinated effort with multiple stakeholders to come up with innovative and sustainable solutions. **The way an innovation is developed is just important as the innovation itself. In most cases the success of innovation will rest on the participation and involvement of a wide variety of interests: the users and beneficiaries, as well as the producers and suppliers.**

To generate ideas and put forward solutions it is crucial to involve a variety of stakeholders from the very beginning so as to fully understand their perspectives.

What is the best way to engage and involve people?

There are a series of methods bringing people together to develop solutions by generating ideas. These are often defined as co-design methods. Just to mention the **creativity methods** (i.e. those put forward by Eduard de Bono) aimed to free people to think more laterally, and to spot new patterns. Creativity might be also “forced”(for example, getting developers and designers to engage with the toughest customers, or those facing the most serious problems, to ensure more lateral solutions) or stimulated by other peoples’ ideas which are increasingly being collected and banked. In some cases ideas can be bought on the open market (the company Innocentive, for example, offers cash rewards on the web for innovators who have workable solutions to problems they solve). Finally there are also many innovation labs, some linked to universities, some linked to companies and some focused on particular problems.

New solutions can derive from many sources. They can derive from one field and being adapted to another, they could be developed by connecting apparently diverse elements in a novel way. Only few ideas emerge fully formed, new social ideas are also seldom inherently new in themselves. More often they combine previous ideas based on experience, after creative reflection about things in new or different ways.

Open Innovation supports the process of thinking and seeing differently by harnessing the distributed and collective intelligence of crowds.

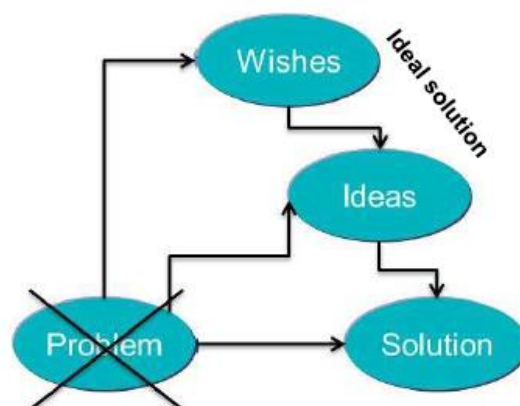
Often innovators have to test ideas and then quickly adjust them. Tinkering plays an important role in all kinds of innovation, involving tests and error, intuitions and trials that only in retrospect look rational and planned.

'The way to get good ideas is to get lots of ideas and throw the bad ones away.' - Linus Pauling, (nobel prize winner in chemistry and peace). Creativity plays a vital role in idea generation.

The key for success is to ensure that there is as wide as possible range of choices to draw on. The process for fruitful transformative idea generation is clear: firstly new ideas have to be developed and secondly best ideas have to be selected. In first "divergent mode" many possibilities need to be opened up. To stimulate development of ideas there are several methods to enable conversation on specific topics, allowing exchange of experiences and expertise to finally come up with new solutions or ideas. [Creative Workshops](#), the [6 Thinking hats](#), as well as the [idea speed dating](#) methods are only some examples. A "convergent mode" eventually implies the evaluation and selection of best options; those with highest potential to work. Ideas could at this stage been clustered based on relevance, feasibility and potential. Key questions in the selection of ideas are put forward by the [Social innovation toolkit 2018](#):

- What is new and innovative about your idea?
- What other related initiatives are happening in your country and in other EU countries?
- Where have you taken inspiration from, and how does your idea differ?
- Can your idea exist alongside other products or services?
- Are there any potential intellectual property issues?

An interesting idea generation method is represented by [WISH](#) that helps get away from the normal barriers of thinking. Many innovations were just wishes in several years back (i.e. o Mobile phone, Submarine, Flying, etc.).



Wishing legitimizes a statement that otherwise people might consider as too 'off the wall' and which they may secretly fear will cause others to laugh at them or otherwise reduce their social position.

Wishing can be framed as taking a child position, saying "hey, let's have some fun!" and again legitimizes statements and also encourages others to join in the fun. Wishing engages fantasy and unreal thinking, encouraging people to think outside the box. 'Wouldn't it be nice if' takes the person out of the statement, making it more objective. This works particularly in culture where 'I' statements are seen as perhaps too selfish. Wishing encourages others to chain further ideas off your wish.

Notice the difference between these two statements in how it makes you both feel and think:

- Change the size of tables.
- I wish tables could automatically change size.

Note how the 'How to' method is similar to Wishing, both legitimizing and encouraging new thinking. Where they are different is that Wishing encourages divergence, whilst 'How to' encourages convergence.

Developing, prototyping and piloting ideas

After a promising idea has been selected it needs to undergo testing in practice. Ideas are developed, despite errors, through trial and constant refinement. It's rare indeed for an idea to emerge fully intact. They rather evolve and improve through action: some ideas that seem good on paper fall at this stage but even failed ideas often point the way to related ideas that will succeed.

'Try again. fail again. fail better' - as the novelist Samuel Beckett said

There are many methods in use for testing ideas out and refining them, ranging from the formal methods of randomized controlled trials to pilots and experiments.

Formal market research or desk analysis are typical ways for developing ideas but progress is often reached more quickly by turning the idea into a prototype or pilot and then galvanising enthusiasm. Those involved in social innovation are usually highly motivated and impatient to wait for anyone to act or to develop detailed plans and strategies. This is why social innovations are often implemented early. Social entrepreneurs often dive into practice and hope to learn quickly without using formal evaluations or tests. The experience of trying to make ideas work further speeds up their evolution, and the power of example finally turns out to be as persuasive as written argument or advocacy.

There is a wider 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.

As an idea progresses through multiple stages of rapid prototyping, it faces many challenges: the feasibility of making the product, delivering the service, how to deal with particular issues, what the economics look like, and how it could be made cheaper.

Prototyping can help quickly evaluate and discard potential solutions and keep building on the ideas that work. Prototyping helps communicate or test aspects of a desired experience, a service or a programme. There are a lot of ways to prototype and these questions elaborated by Penny Hagen¹ can help us prioritise what to prototype first:

¹ <http://www.smallfire.co.nz/profile-2/>

- What do you want to learn through the prototyping process?
- What are the questions that need to be answered?
- What are the embedded assumptions with your idea that need to be tested?
- What aspects need further thinking and exploration?
- What aspects need to be communicated in order to enable feedback?



An interesting tool is [BrainGrouping©](#) - method for innovation workshops aimed at creating innovative ideas and rough level concepts. The phases of the method are:

- Preparation
- Idea generation (Provocation tool)
- Idea evaluation and selection
- Rough level concept development
- Class room prototyping

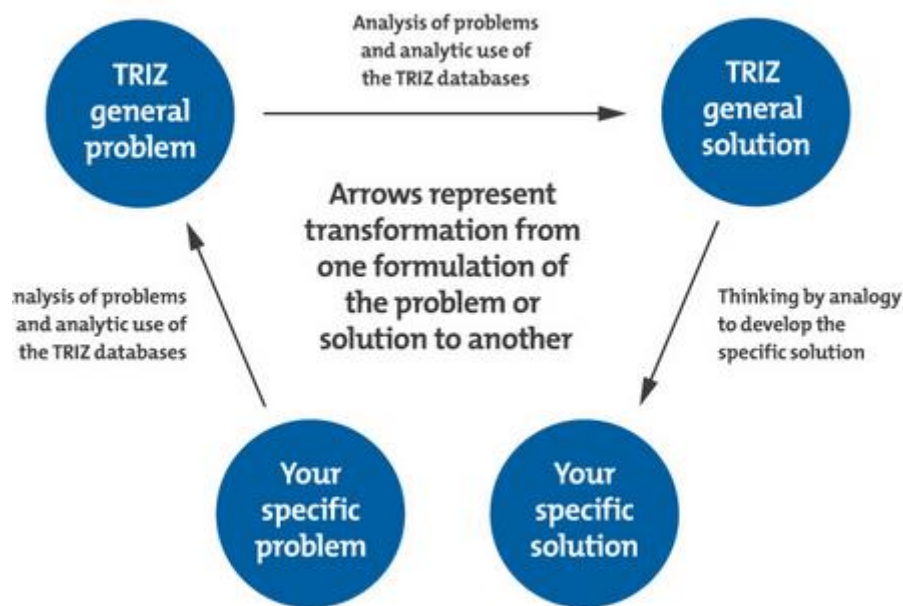
Another powerful method is represented by [TRIZ](#) (find below the method illustrated)consisting in a system of creative problem solving, commonly used in engineering and process management.

TRIZ is the Russian acronym for the "Theory of Inventive Problem Solving," an international system of creativity developed in the U.S.S.R. between 1946 and 1985, by engineer and scientist Genrich S. Altshuller and his colleagues. According to TRIZ, universal principles of creativity form the basis of innovation. TRIZ identifies and codifies these principles, and uses them to make the creative process more predictable.

In other words, whatever problem you're facing, somebody, somewhere, has already solved it (or one very like it). Creative problem solving involves finding that solution and adapting it to your problem.

The method follows four basic steps:

- Define your specific problem.
- Find the TRIZ generalized problem that matches it.
- Find the generalized solution that solves the generalized problem.
- Adapt the generalized solution to solve your specific problem.



TRIZ is most useful in roles such as product development, design engineering, and process management. Further information on creative problem solving methods can be found under SI tools chapter.

Prototyping is different to piloting. Before piloting a service or programme, one needs to be pretty sure about it –hopefully - after having gone through a range of cycles of prototyping to get there.

A wide range of financial tools can be used at these early stages: small grants, convertible loans, to quasi equity, prizes, direct commissions, and tendering. Some of the most useful approaches link money to development.

Sustaining, scaling up and diffusing good ones

Only a minority of ideas will survive the testing and piloting phase. It might be the case that even promising ideas turn out to be insufficiently effective, or not cost-effective to survive.

For each idea it is likely to be many competing alternatives and usually just a few of these survive. Think, for example, of the bicycle that took a variety of forms in first decades (from penny-farthings to three-wheelers) before a handful variant became dominant.

There are many metrics for judging whether innovations are working – at various stages of development. Metrics can play a decisive role in determining whether innovations are scaled up, or deserve to be.

If an idea proves itself in practice, it can then be grown, potentially through organic growth, replication, and adaptation or franchising.

To bring a good idea to scale clever strategy and coherent vision are necessary, in combination with the ability to arrange resources and support and identify the key points of leverage as well as the gaps. This imply the need also for formal methods to persuade potential backers, including investment appraisals, impact assessments and newer devices to judge success like ‘social returns on investment’ or ‘blended value’

Type of growth

There are clear differences in the diffusion of innovations between the social and market economies. While the private economy is structured to reserve the benefits of an innovation to its own organisation or to those licensees or franchisees willing to pay for it, the social economy mainly addresses social missions and fosters the rapid spread of an innovation, rather than keeping it private. This is one reason why the social economy has less compulsion to organisational growth and more towards collaborative networking as a way of sharing innovation

Usually innovations spread in an 's curve', including a first phase of slow growth amongst a small group of committed supporters, then a phase of rapid take-off, and then a slowing down as saturation and maturity are achieved.

To understand patterns of growth it's necessary to discriminate what is being scaled up and how it is scaled up:

PATTERNS OF GROWTH AND REPLICATION

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

Often growth is inhibited – both by the absence of effective demand and by weaknesses of capacities.

Scaling up depends on two factors being in place: an environment providing effective demand for the model and the capacity to grow– in terms of management, money, leadership and governance. There are many characteristics to consider, such as the managerial, financial and personnel skills.

To grow effective demand, there may then be a need for diffusion of innovation and the idea beside it through advocacy, awareness campaign, championing a cause, etc. Key successful factors are in this context the ability to involve different sectors and the capacity to properly communicate the “innovative aspects of an idea as well as the deriving benefits”. Social innovators have to inspire meaning to capture imagination of a community of supporters by combining contagious courage and pragmatic persistence.

Brands, good names, identities and stories play a relevant role while nowadays with the help of the web, innovations can spread very quickly, and indeed there can be little point in doing local pilots since the economics of the web may make it as cheap to launch on a national or continental scale.

As demand and supply come together, the growth's options include the development of brands, licensing, franchising, federations as well as using some of the tools of social movements. Other important issues include the emerging fields of open licensing and open brands, as well as the evolving tools for scaling in the public sector through commissioning and procurement.

Businesses grow ideas through a well-established range of methods some of which are becoming more commonly used in the social sector as well. It can be mentioned: organic growth of an originating organisation, franchising and licensing; and takeover of similar but less effective organisations.

Governments have often played the critical role in scaling up social innovations and have unique capacities to do this (many social movements have achieved their greatest impact by persuading parliaments to pass new laws, for example giving women the vote, etc.)

Ideas spread more quickly when credit is shared

In business, pioneers who create markets through radical innovation are almost never the companies that go on to scale up and dominate them.

The experience suggests that the skills and mind-sets required for creating a radically new market usually differ from and conflict with, those needed to grow and consolidate. Big companies are indeed often better placed to take new ideas from niche markets to mass markets. Microsoft, Amazon and Procter & Gamble are few examples of this.

Learning and evolving until a systemic change

Learning and adaptation turns the ideas into forms that may be very different from the expectations of the pioneers. Most of the times, innovations do not derive from as 'eureka' moments but are the result of a learning process of possibilities initially not fully understood by inventors.

Within organisations, ideas evolve by becoming more structured depending on experience about how to make them work. After being implemented in new contexts it evolves further, and in new combinations, with the learning once again more tacit, held within organisations, until another set of simpler syntheses emerge.

Generally bigger organisations have more 'absorptive capacity' to learn and evolve – but small ones can gain some of this ability through the skills of their staff and through taking part in the right kind of networks.

How does it happen that an innovation introduces a systemic change?

Systemic change is explained by Hubert in the BEPA report (2010, 38) as the perspective of as an innovation that changes attitudes, values, strategies and policies, organizational structures and processes. The dimension of systemic change is expressed as a level transformation cultural and organizational.

Systemic change is a stage that not automatically follows from the previous steps. Creating space for something new is the most difficult part of implementing innovation.

A clear analysis of the system you are operating in and your role therein, as well as those of others. Smart partnerships, lobbying, patience, and sometimes using technology are crucial if you have the ambition to change big or small systems

Most transformative innovations have been the ones that combine many elements in a new way.

For instance the car is a combination of many innovations – combustion engines, tyres, electrical systems, road traffic management, and driving schools. The mobile phone combines microprocessors, transmitters, networks of masts, payment models, and so on.

Some innovations are systemic in nature. These radically transform some of the fundamental systems on which we depend – how food is provided, healthcare, housing, or learning – according to fundamentally different principles and involving many different elements (the organising ideas and then some of the methods which contribute to making change happen). There are many examples – from new models of personal finance to new models of university. The key is that in every example systemic change involves the interaction of ideas, movements, models, and interests.

Infrastructures and inter-structures can have a key role in system change.

Some new systems depend on them to happen. For instance: widespread broadband infrastructures are the precondition for some new models of home-care; mobile phone infrastructures may be the precondition for organising new models of low-cost banking.

Users and citizens often need to play a part in the design and implementation of new systems.

They may require new skills and approaches. This is evident in many for instance in personalised healthcare which requires patients to become more skilled in monitoring and managing their own conditions, and healthcare professionals to expand their skills of personal support.

Almost every systemic change involves regulatory and fiscal changes and the state at some point. There are a few exceptions, such as the rise of new online infrastructures for retailing. But every movement involved in profound change, from the environment to equality, has depended on recognition of its principles in law. New legislative and regulatory architectures can be the keys to unlocking systemic change, whether through new rights or new trading or building standard, social and environmental performance requirements, or new ways of handling or measuring value.

PART III

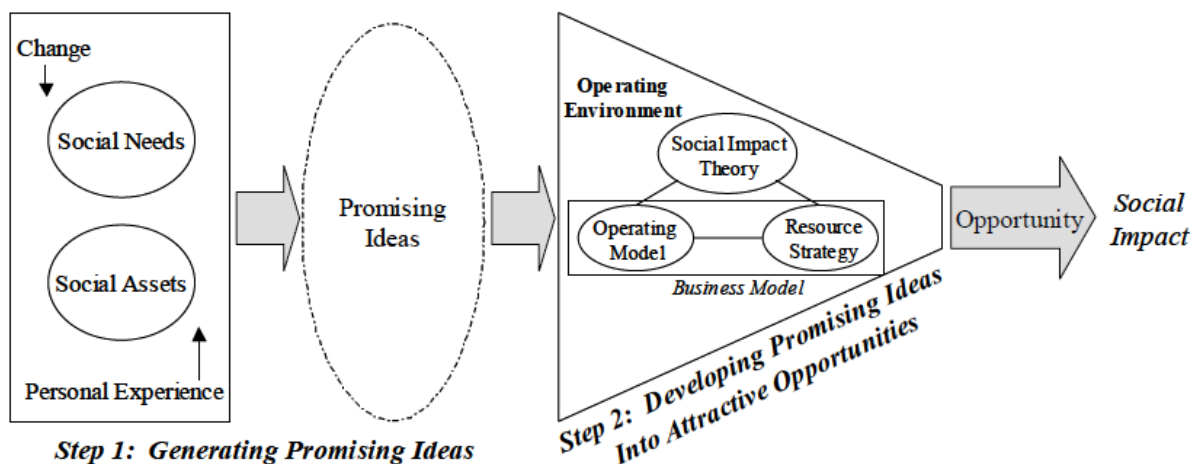
• CREATING SOCIAL ENTREPRENEURSHIP

How to move on from worthy opportunities to serious pursuit

Social innovation refers to more than social aspects of the innovation process or the aim that innovations should also be sustainable in the sense understood by corporate social responsibility (Freibauer et al., 2011: 90). Social innovation also highlights the fact that social problems need innovative approaches.

All acts of entrepreneurship start with the vision of an attractive opportunity. For social entrepreneurs, an “attractive” opportunity is one that has sufficient potential for positive social impact to justify the investment of time, energy, and money required to pursue it seriously.

Hereinafter a framework for the process of Social Entrepreneurship is described to guide social entrepreneurs through the process of creating a worthwhile opportunity. It aims to help increase the chances of success for anyone contemplating the journey of social entrepreneurship, and it may also be helpful for those considering investing in new social ventures.



Opportunity creation process - Source: DUKE - Fuqua Centers - https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/02/Article_Deas_TheProcessOfSocialEntrepreneurshipCreatingOppWorthyOfSeriousPursuit_2002.pdf

First, a social entrepreneur generates a promising idea.

Successful social entrepreneurs embody this “how can” attitude, particularly in the idea generation phase. How can I translate my personal experience into broad social impact? How can I address a particular social need or make the most of existing social assets to improve society? How can I capitalize on recent changes to create new opportunities for social impact? Effective social entrepreneurs carry this orientation into the opportunity development process, engaging in continuous innovation, adaptation, analysis, and learning along the way.

Personal Experience - It often motivates, inspires, or informs the idea generation process. Not surprisingly, many successful new venture ideas arise from the entrepreneur's education, work experience, and hobbies. Dissatisfaction with the status quo often spurs entrepreneurial creativity, prompting social entrepreneurs to look for new approaches to problems and frustrations they have encountered personally, witnessed among family or friends, or seen on the job.

Social Needs - Personal experience is valuable, but it is limited and may be idiosyncratic. Sound entrepreneurial ideas respond to genuine needs. For business ventures, these are unmet or poorly met consumer needs. "Social needs" can be understood as the gaps between socially desirable conditions and the existing reality.

Social Assets - While it is important to ground new venture ideas in a plausible diagnosis of social needs, there is a danger of over-emphasizing the negative. Some argue that the social sector concentrates too much on needs and that better ideas emerge out of a focus on assets.

Change - It is common to think of entrepreneurs as creating change. Economist Joseph Schumpeter described entrepreneurs as reforming or revolutionizing the patterns of production, but creating change is only part of the story. In addition, entrepreneurs are often stimulated by the changes all around them. Social entrepreneurs looking to generate promising ideas would do well to keep abreast of relevant changes. Changes can create new needs, assets, or both, opening up new possibilities and prompting social entrepreneurs to generate promising new ideas.

Second, the social entrepreneur attempts to develop that idea into an attractive opportunity. It is natural to think of the generation step as an act of pure creativity and the development step as purely analytic and logical. However, both steps combine inspiration, insight, and imagination with research, logic, and analysis. Innovative ideas can be generated systematically, based on keen observation and reasoning, as well as creativity. The bigger challenge is converting an initially appealing idea into a worthwhile opportunity. This step combines rigorous analysis with creative adjustment as social entrepreneurs test and refine ideas through a mixture of action and research. The chances of success are significantly increased if the action and research are grounded in a set of plausible hypotheses about the underlying social impact theory and business model, which includes an effective operating model, and a viable resource strategy

Social Impact Theory - Entrepreneurs should regularly test and, if necessary, revise their social impact theory to assure they are pursuing a worthwhile opportunity. By clearly defining the venture's intended outcomes and means for achieving them, the theory also provides a precise description of the ultimate social impacts for which the organization will hold itself accountable. A well-articulated social impact theory should also allow the social entrepreneur to identify and test some of the core assumptions behind the venture. Is the theory plausible given what we currently know? Can it be tested in a timely and cost effective way by new research? While some assumptions can be tested upfront, others are best tested in practice.

Business Model - In addition to a compelling social impact theory, every worthwhile opportunity needs to be supported by a plausible business model that includes an effective operating model coupled with a viable resource strategy. These two elements of the business model work closely together to bring the social impact theory to life. The analysis should start with the operating model. Resource needs cannot be determined without a specific operating model in mind that converts the resources into the capabilities necessary to create the intended social impact efficiently and effectively. These capabilities will drive

resource needs. Of course, as the idea is refined, the original operating model may need to be adjusted to fit the realities of resource mobilization.

Operating Model - Within the business model, the operating model describes how the social impact theory will be implemented in practice. It is a combination of specific activities, structures, and support systems that are designed to work together to bring about the intended impact.

The first step is to trace a chain of activity from inputs to outcomes, identifying every step that is necessary in between. These direct productive activities will usually need to be supported by more administrative functions, such as accounting, human resources, fundraising, etc. When all of these elements are put together, the result looks similar to the “value chain” in a business

Example: **STRIVE** is a US nationally recognized workforce development agency whose operating model requires a series of activities that work together to achieve its primary social impact goal – helping men and women who have had difficulty obtaining employment achieve financial independence. The following graphic depicts STRIVE’s basic operating model:



Once all key activities have been identified, structural decisions need to be made, particularly defining the division of labor and coordination of activities.

Social entrepreneurs should consider the support systems that may need to be in place to assure effective and efficient social value creation, including intangible support systems such as the organization’s culture. With these pieces in place, the operating model should allow social entrepreneurs to trace a plausible and specific causal path through a chain of activities, structures, and support systems to the intended social impact. Like the other elements of this framework, designing, testing, and refining an attractive and effective operating model requires a blend of analysis and creativity.

Resource Strategy - An operating model cannot begin to create value unless it is nurtured and supported by a viable resource strategy. Social entrepreneurs need ‘people’ and ‘things’ to go forward. In the social sector, both people and things can be acquired with or without using money. Thus, for social entrepreneurs, a resource strategy is much more than a financial strategy.

The first step in developing a resource strategy is the identification of resource requirements. Entrepreneurs can deduce requirements from the operating model, and have to determine how best to mobilize them. There are three main options available to social entrepreneurs: building partnerships or alliances, attracting donations, and paying for the resources. While some partnerships may be desirable as part of the operating model, others are driven more by resource considerations.

Operating Environment - Every new venture idea will be implemented in a distinctive operating environment that will be favorable in some respects and challenging in others:

- Markets refer not only to the intended users or clients, but also to third-party payers, donors, volunteers, and workers, anyone who must voluntarily participate in the venture in order for it to be successful. Social entrepreneurs must have a plausible value proposition for each market or stakeholder group.

- The industry structure includes alternative providers as well as potential collaborators or partners, crucial complementary services, potential substitutes, and key suppliers.
- The political environment refers to specific regulatory requirements and the various potential sources of public support or resistance.
- The culture is defined not only by the dominant values of the people in the intended operating environment, but also by behavioral norms and relevant sub-group cultures.

Personal Fit - As social entrepreneurs develop their ideas into worthwhile opportunities, they also have to be sensitive to personal fit. Even if they have found an attractive opportunity, it may not be a good opportunity for them. Several factors should be considered in assessing personal fit. For simplicity, we have identified three categories: 1) commitment, 2) qualifications, and 3) stage of life. Social entrepreneurs must make sure they have the requisite commitment when deciding to pursue a given opportunity. Having the original idea is not a sufficient qualification for leading the venture. Social entrepreneurs should conduct an honest self-assessment of whether they have the skills, expertise, credibility, credentials, and contacts to make a particular venture work.

In order to determine whether a promising idea can be transformed into an opportunity worthy of serious pursuit, it is essential for the social entrepreneur to articulate a compelling social impact theory and a plausible business model. Developing a plausible business model requires designing an effective operating model and crafting a viable resource strategy. These pieces must fit together, and the assumptions embedded in them must be credible given the environment in which the social entrepreneur intends to operate. Finally, the requirements of the venture must fit the commitment, qualifications, and life stage of the entrepreneur considering it. When all these elements are feasible and aligned, the chances for success are relatively high and those involved can make a more informed estimate of the potential for social impact.

Even if the probability of success and the potential magnitude of the impact are relatively high, social entrepreneurs and potential supporters still face the difficult question of whether a particular opportunity is, in an absolute sense, worth the investment of energy and resources that would be required to pursue it. It would be ideal if there were tools for calculating a return on investment that could be used for comparison with other potential opportunities. Business entrepreneurs aim to create value for their customers in a way that generates sufficient residual returns to make the venture attractive to investors and to themselves. These economic returns on investment serve as the yardstick by which a business venture's attractiveness is commonly measured. No similar common measure exists for measuring social return on investment.

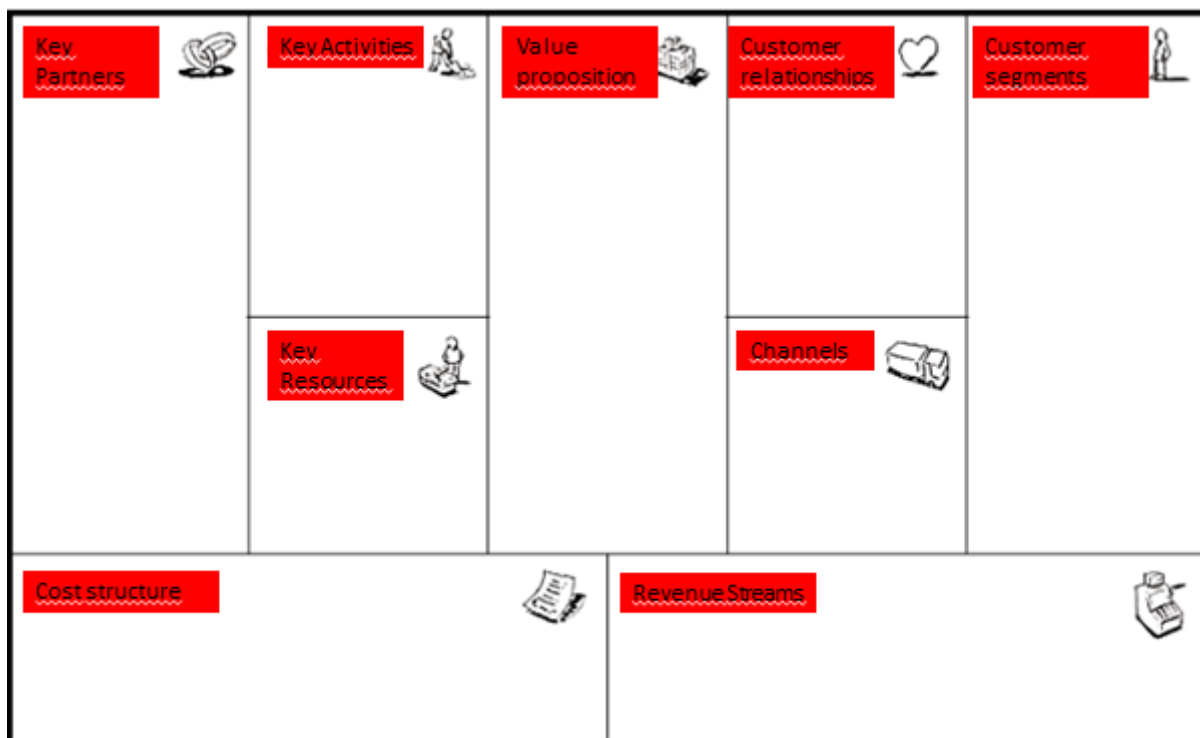
Potential social entrepreneurs contemplating dedicating a portion of their lives to pursuing a particular opportunity, as well as funders considering backing a venture, should make their decisions armed with meaningful information about the chances of success and the potential magnitude of the impact. With that information, those investing time, energy, or money in a social venture can determine whether that investment is worth it for them.

How to visualise a business model

In the second part of present handbook some models were presented to explain the development cycle of social innovation. The business model takes place in different phases of such frameworks. In that proposed by Bates (2012) a step is entirely dedicated to the development of the business model, while in the model of Murray et al. (2010), this phase was included in the fourth stage "sustaining".

But what is the business model?

According to Osterwalder and Pigneur (2012, 14) "a business model describes the logic on which an organization creates, distributes and capture value ". For Chesbrough (2013, 127), the business model is "a useful framework for linking ideas and technologies to economic results"; and furthermore it (2013, 128) "performs two important functions: creation of value and acquisition of value". The business model created by Osterwalder and Pigneur (2012) is divided into nine blocks and is reproduced in the figure.

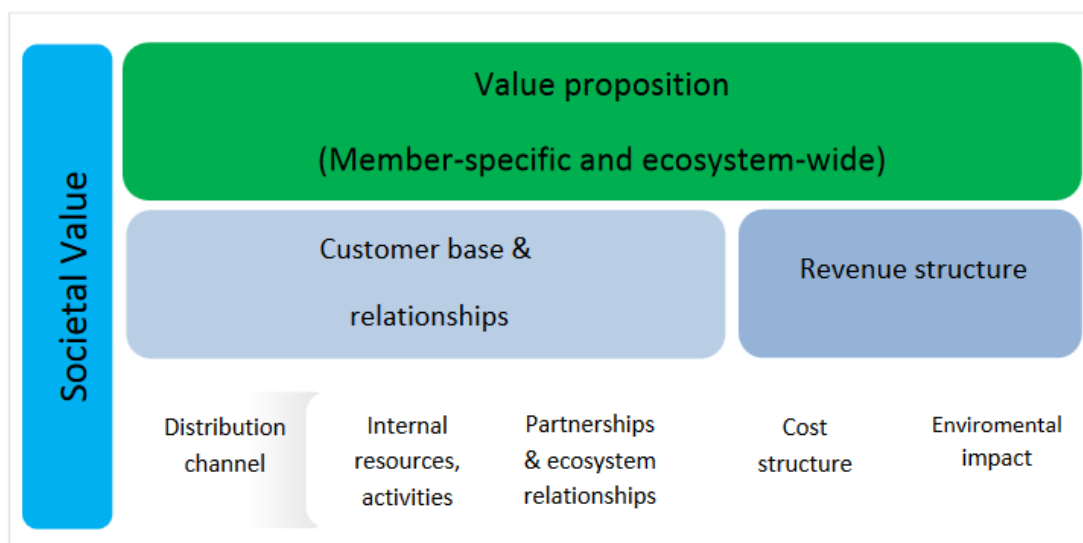


The **business model canvas** has established itself as a central development tool for visualizing and testing **business models**. It's likewise proven to be very useful for the development of social business models. The business model canvas allows a social entrepreneur to distil the complexities of their business model into a one-page overview. There are several variants of the business model canvas.

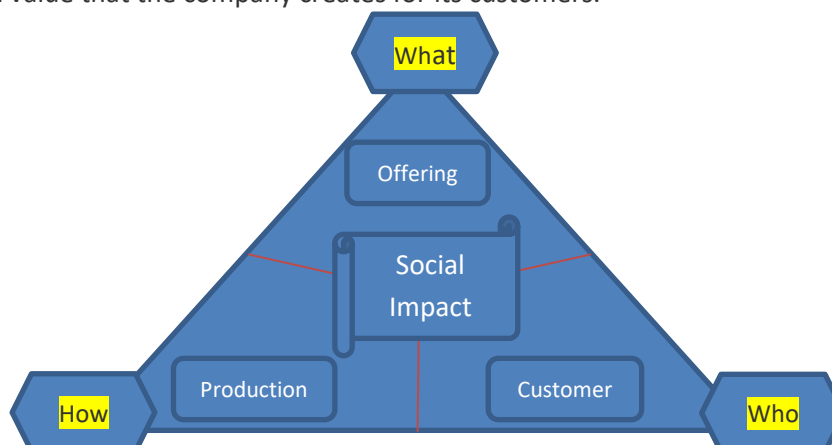
First, there is the need to classify the customer segments for which one is creating value. For each segment, then it is to identify a specific value proposition (i.e., the bundle of services that create value for customers). Third, the channels need to be described through which it is possible to reach and interact with customers. Fourth, the types of relationships with customers have to be underlined. Fifth, specification on

how the business model is generating revenue. Also the key resources and activities need to be described to generate revenue. Next, the key partners that can help leverage the business model need to be identified. Finally, with an understanding of key resources and activities, the cost structure of business mode can be sketched. With these nine basic building blocks, the entire business model in is summarized in one image.

With reference to the canvas just described, Bates (2012, 157) stated that "Although the book provides a thorough and effective tool for mapping out the relevant components of the business model, it is missing one critical piece - social impact ". For this reason, starting from the model of the canvas, Bates has developed the "Social Business Model Canvas" showed in next figure.



Both for traditional and social businesses – the business model can be also illustrated using a triangle (see next page). The three cornerstones of the triangle are the central elements of a business model. First, the product/service; second, the customers; third, the production of the product/service. The centre of the triangle is the added value that the company creates for its customers.



A social business model is characterized by the fact that in one or more dimensions of the triangle a societal added value (social impact) is created. Business models that produce their social impact in the customer dimension provide, for example, a product or service previously unavailable to a specific target

group. In contrast, business models that produce their social impact in the production dimension emphasize, for example, organic or fair production and frequently employ disadvantaged persons.

A social innovation project necessarily requires a profound rethinking of every single building block, and a considerable commitment of resources in the design phase. In some cases it is the same business model that is becoming social innovation.

By reconfiguring the business model at the service of social it is necessary to overcome the concept of revenues stream and reasoning in terms of social benefits. These benefits, linked for example to the socio-cultural development of a territory, do not directly generate revenues directly. In order to avoid failures of the initiative in the medium to long term, it is therefore necessary to take action first of all on the cost structure.

The cost structure should opt for variable costs, eliminating or transferring fixed costs thanks to partnerships or the support of networks and projects for social entrepreneurs. The reduction in fixed costs is certainly favored in recent years by some "technological, normative, cultural and socio-economic" trends among those the most important is certainly the phenomenon of **Open Innovation**.

Considering the revenues, the greatest difficulties are related to access to financial resources. For the social enterprise some problems arise in the initial phases of the project, or when the revenue stream generated does not allow self-financing. There are different possibilities to finance a social innovation project: international competitions, funding for social innovation by the European Union, philanthropy. Alongside these tools, the use of Social Impact Bond and crowdfunding is spreading.

Crowdfunding is becoming an indispensable tool for the financing of the social enterprise. The equity-based crowdfunding is destined to play a decisive role, for the financing of companies that operate in social initiatives, for the following reasons: it allows a direct participation of the community and requires the sharing of the project by the investor; it establishes a bottom-up modality in the formulation and implementation of a social business.

Crowdfunding platforms have grown rapidly in recent years globally.. In addition to these innovative financial instruments, which are best suited to the needs of a social innovation project, the social enterprise can resort to traditional channels, also through facilitated financing methods. An example of new type of business model is moreover represented by the social franchising. It applies the principles of commercial franchising, replicating an existing business model to a new social value creation initiative. The social franchising fosters projects scaling up by reducing the risk associated with the new initiative, leaving the freedom linked to the model of ownership and governance of the social enterprise unaltered. The business model created in business "as usual" becomes, in social innovation, a social business model, which subsequently involves the transition to a *network business model*, or an *open model* that includes all the building blocks, connected, within the perimeter in which the project takes place.

A Business Model Canvas sample: KIVA

Kiva (as explained by Dr. Chris Drew at this page <https://drchrisdrew.com/2015/02/03/importance-of-business-modeling-in-social-ventures-23/>) is a US-based micro-lending nonprofit organization that allows funders to invest in entrepreneurs in developing countries.

Kiva's business model is a great example of leveraging an inspiring mission, building a trusted brand, delivering measurable impact on village economies, empowering jobs creation, and generating multiple revenue streams. Kiva makes money primarily four ways – donors, grants, float and fees – but they have unlimited potential to uncap some of the current revenue streams and unshackle themselves from grants should they ever decide to abandon their non-profit status and raise cash for equity.

Kiva is a **social impact organization that has focused from the beginning on their business modeling.** Its founders, as soon as they made the decision to move ahead with the Kiva concept, had to decide what corporate tax structure for their entity. They started an intensive multi-stakeholder brainstorming process: “they set up meeting after meeting with contacts in microfinance to discuss, among many other topics, whether the venture should be nonprofit or for-profit.”

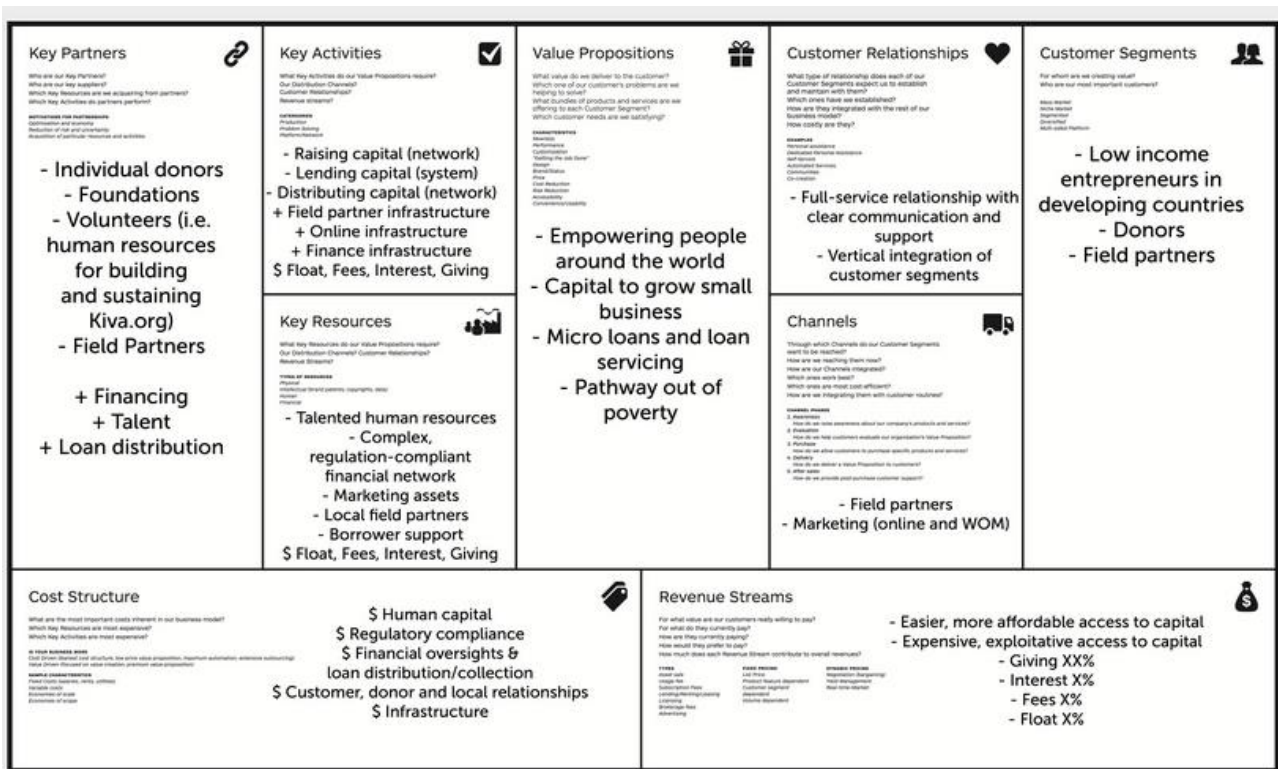
Kiva wasn't necessarily destined, from the beginning, to be a non-profit. **They engaged in a design process following an entrepreneurial approach.** Once they did make their decision to incorporate as a non-profit they were able to gain access to enormous pools of talent throughout Silicon Valley, talent that helped them build the technology, marketing, partnerships, processes, their board of advisors and the Kiva brand. Had they decided to incorporate as a for-profit social venture, they would have missed out on valuable and crucial startup resources.

Kiva still needed startup capital, though. Even after Kiva received major press coverage and got a flood of traffic in 2005, the flowing capital was for loans for the entrepreneurs in East Africa, not for their operating costs. But they had another asset on their hands: their huge and influential network of Silicon Valley entrepreneurs.

Once the press coverage hit Kiva then leveraged their network to secure nearly \$2 million in grants. Before that the company was surviving off of founder's student loans, personal savings and donations from friends and volunteers. Having an army of pro-bono human capital is what made Kiva's startup costs manageable.

The number one thing social venture founders have to grasp from *before the beginning* is the financials: costs, revenues, cash flow. And this is where the Business Model Canvas becomes indispensable. Was the Kiva idea a gamble? Was it feasible? How could they know if they, the founders, were chasing their gut, their passions, or whether they were pursuing a sound business idea? By doing some homework and by testing their value proposition through interviews, brainstorming and modeling.

For illustrative purposes, below there is a sample model canvas that might reflect the brainstorming session for Kiva:



Source: https://drchrisdrew.files.wordpress.com/2015/02/kiva_business_model_canvas.jpg

The core of the exercise is **starting with your Value Proposition**, answering the question: **what is the goal of my venture? For Kiva, that answer is to empower people around the globe to lift themselves out of poverty.** This exercise can be as brief or in-depth as you want to make it. **The one thing any early stage business model should be is this: iterative.** It should be the work of numerous minds, countless pitch sessions with friends and critics, and seemingly infinite customer interactions. Early on you should create constant feedback loops.

Kiva startup funding came from, essentially, a bank of human capital reserves. Could your social venture get off the ground with this type of capital? Do you need office space? Do you have the technical skills that Matt had to build your first platform? Are you in a geographic region like Silicon Valley that is soaked with talented do-gooders?

Know what assets can you leverage. Know the fixed costs of getting started. Have a solid understanding of how long “getting started” will take. Know how you’re going to get to revenue (and don’t count on grants for at least two years if you’re a non-profit). Have solid estimates of what that revenue will be. And get to revenue ASAP.

One of Kiva’s goals was to have 100% of donor loans go to the entrepreneurs at the other end of the loans, which meant Kiva had to both raise money to give as loans and develop revenue to support operations and other fixed costs of running the organization. They did this primarily through four streams:

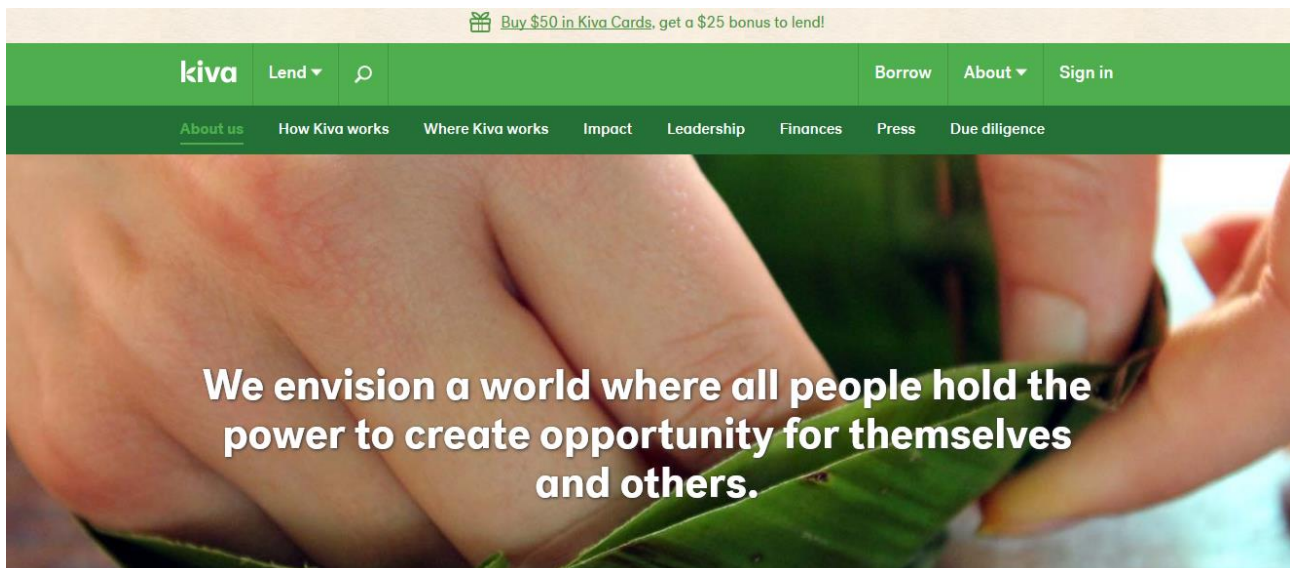
- Donors
- Grants

- Floats
- Fees

Even within these four seemingly straightforward revenue streams Kiva got creative by leveraging donor giving at the point of purchase to make a subtle, but powerful, ask: to pay an additional fee to help with operational costs. This ended up being a huge revenue driver for the organization.

Sustainability is tied to one thing – revenues. As a founder or a CEO your number one duty to your social venture is to make sure there is money to keep the lights on and the payroll humming. What are the revenue streams you can monetize? Know your assets. Know timelines. Know your cost of revenue.

If you are the founder, CEO, president or executive director how are you thinking about sustaining your social venture? How are you innovating to create multiple revenue streams? Whether it's business model canvassing, design thinking, lean startup methodology or some other framework, how can you use available means to prepare for the longevity of your venture?



Source: <https://www.kiva.org/>

Part IV

• ENABLING CONDITIONS FOR SOCIAL INNOVATION

Creating Ecosystems for Social Innovation

What is an ecosystem and why is it important?

An ecosystem is a set of interdependent complex relationships that work best through effective networks and communities. Certain conditions help the development of ecosystems, allowing innovation and innovators to modify the dynamics of the status quo system. Developed and mature social innovations ecosystems help deepen the impact of social innovation through solutions that match the scale and complexity of the problems to solve.

“Social innovation ecosystems should be inclusive, collaborative, neutral, and diverse enough to hold and bring together different people and engage them to solve problems.” Violaine des Rosiers, la maison de L’innovation Sociale, Canada

Challenges to solve are usually too large and complex for one organisation or sector, thus collaboration across sectors are key to create real change.

Diversity drives innovation. This means that difference needs to be valued and people of diverse backgrounds need to find a way to come together, share experiences, exchange theory and practice, and solve problems. Exchange and connections between and amongst all sectors is key to strong ecosystems. Building understanding and trust is a prerequisite of collaboration.

An ecosystem doesn’t manifest in an isolated laboratory or test-tube, nor without space, place and people. A dedicated space (physical or virtual) in a city or a region can help create the conditions for collaboration, highlight new opportunities and provide needed inspiration. It also helps make social innovation more visible.

[Dialogue Café](https://www.dialoguecafe.org/about.php) (<https://www.dialoguecafe.org/about.php>) is an example of these dedicated spaces. DC is the world's first public video conferencing network for civil society.



Dialogue Café is based on the radical but simple idea that people have many things in common and given the opportunity, they will explore their common interests, sparking collaborations and stimulating ideas that address the major issues of today. These kinds of conversations and collaborations can lead to new

ways of thinking and doing: they can empower individuals and communities, break down prejudice and misconceptions and promote greater understanding and co-operation across cultures.

Despite rapid advances in communications technologies, there remain real barriers for civil society organisations, public sector organisations and social enterprises to share their work and learn from others globally. Dialogue Café hopes to bridge this divide and enable civil society organisations and others to collaborate, thereby enhancing understanding between different cultures and societies and promoting social and economic development. Dialogue Café is a global non-profit initiative that enables face-to-face conversations between diverse groups of people from around the world so that they can share experiences, learn from each other and work together to make the world a better place. This is the world's first public video conferencing network specifically for civil society - for social, educational and cultural organizations.

Even if much of social innovation is inevitable to be messy and unpredictable it is likely to be greatly supported by:

- Governments and leaders support and engagement. They visibly encourage and reward successful innovation, and can straddle different fields. Engagement in social innovation is crucial for working at scale. **Recognition and support of social innovation is just as important as engagement** — by signalling its support, government creates a culture of permission for public servants and government partners across sectors to engage in social innovation.
- Finance focused specifically on innovation, including public and philanthropic investment in high risk R&D, targeted at the areas of greatest need and greatest potential, and organised to support the key stages of innovation. **Access to social finance and funding from different types of actors for different stages of innovations and capacity-building is key to increase visibility and public awareness of social innovation**
- more open markets for social solutions, including public funding and services directed more to outcomes and opened up to social enterprises and user groups as well as private business.
- incubators for promising models as well as innovation accelerators, to advance innovation in particular priority areas such as chronic disease, the cultivation of non-cognitive social skills or reducing re-offending.

Empowering young generations of social innovation leaders is further an essential focal point for the social innovation movement. Young people are enthusiastic about social innovation but in many places lack the means or support to pursue their passion.

Mainstreaming social innovation will require new and creative ways to communicate the process and purpose of this work. This also means engaging with new audiences. Questions to ask are: How to unlock community, family, households as an asset and include them in our movement for social innovation? How to include those who never attend a social innovation conference?

Creating ecosystems for social innovation is a mindset, a common (and collective) aspiration

This means not only seeing one set of top-down components parts, but also seeing things bottom-up — seeing people, values and cultures as the fundamental ingredients of the ecosystem. Healthy ecosystems foster an outcome greater than the sum of the parts by challenging the myth of the individual entrepreneur and recognising behind all real innovation there is collective action — rooted in shared values and aspirations.

To unlock solutions with communities, there is the need to work across sectors, with business, civil society and government, all finding new ways to work in true partnership. Therefore to create ecosystems for social innovation there is a need for shared understanding and a common terminology. “Narrative can be a technology.”

A shared understanding is necessary to make clear is clear both to each other and to those outside the movement, relate to one another and develop trust by finding where our stories align and co-creating a common narrative. Different interpretation of key words and phrases can create misunderstanding. Storytelling emerged as one of the most powerful creative tools for unlocking change. How to tell stories and build up the narrative of change is of utmost importance.

How to make a SI ecosystem flourish?

General features of successful ecosystems are listed below and were recently pointed out by the “SIX Istanbul Wayfinder 2018” - a global event on the future of social innovation curated by the Social Innovation Exchange (SIX) and hosted in partnership with local and international partners, it explores how social innovators can create large-scale, deep and systemic change over the next ten years.

A collective aspiration for social innovation, justice and transformation that recognises complexity, community and collective action and challenges the myth of the individual entrepreneur.

A shared narrative that embraces social innovation in all its diverse aspects and emphasises how these lead to social transformation. Experience in Europe shows the value of investing in this.

A common terminology to run alongside shared narratives so that what we do is clear, both to each other and to those outside the movement. Different interpretation of key words and phrases can create misunderstanding.

Strong innovation support systems that can test and then transform ideas into fully operating services, including alternative resource flows of funding and financing to work with communities and innovate solutions before scaling. In the social space, we don't have the right to be wrong.

Real pathways to scale — We need to ground our work in reality for our movement to be successful and to create impact at scale, taking both **top-down and bottom-up approaches** to unlock latent assets from deep within communities in combination with public sector assets and support. We need to focus more on how we achieve this.

A platform for networking and dialogue that engages all parties and helps orchestrate concerted efforts. A 'civic incubator', which mediates between citizen (ideas) and private sector (funding), has worked well in Canada.

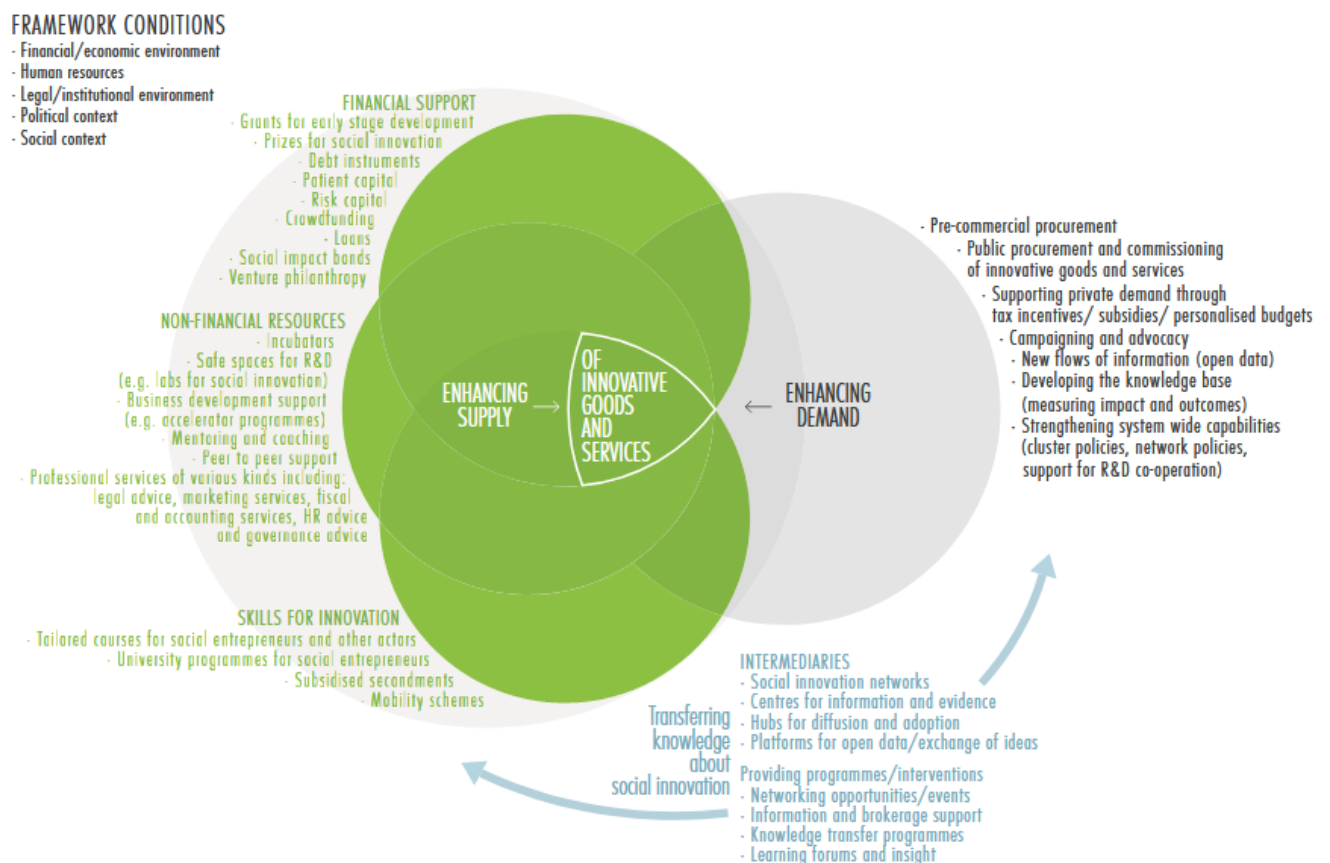
Spaces for people to come together with open minds to try out new ideas. These need to be physical as well as virtual. Importantly, they must seek out, be accessible to and welcome the 'unusual suspects,' those who may not already be involved or invited into our networks and spaces.

Increased visibility and public awareness of social innovation. Social media and mainstream TV are channels through which the concept of social innovation could feed into everyday life. Showing government officials the social impact of social enterprises and innovations could also promote greater state engagement.

The necessary components for building an ecosystem that is supportive of social innovators and socially innovative organisations were also listed in the guide for policy makers “Growing Social Innovation” (Deliverable 1.4 of the FP7–project: TEPSIE- 290771). These can be segmented into those components

which enhance the supply of social innovations, those which foster the demand, and then intermediaries which transfer knowledge about social innovation. A diagram illustrating this (see Figure below) features specific examples of these components, e.g. business development support for social enterprises on the supply side, and socially responsible public procurement on the demand side. This way of thinking helps frame the ways in which policy makers can promote and facilitate social innovation, in particular, through:

- Funding
- Procurement
- Alternative use of assets
- New legal frameworks
- Increased support for networking
- Capacity building
- Commissioning and utilising research
- Promoting citizen engagement
- Measurement
- Digital technology



Source: GROWING SOCIAL INNOVATION - A Guide for Policy Makers (https://youngfoundation.org/wp-content/uploads/2015/04/YOFJ2786_Growing_Social_Innovation_16.01.15_WEB.pdf)

Networks and Capacity Building in Social Innovation

As innovation is a risky business and benefits from the exchange of ideas, learning and innovation networks have proven to be an adequate vehicle for empowering groups to investigate new options to make their business more viable or sustainable (EU SCAR, 2012: 9).

Much social innovation comes indeed from linking up the individuals and small organisations that are buzzing with ideas and imagination and bigger institutions that have power and money but are usually not so good at thinking creatively.

Supply of ideas and demand for them do not automatically link up. A great variety of institutions defined as intermediary or social connectors exist to connect them better.

Intermediaries are individuals, organisations, networks, or spaces which connect people, ideas, and resources. A comprehensive list of intermediaries is provided below, briefly said their support ranges:

- from incubating innovations by providing a ‘safe’ space for collaboration and experimentation;
- while connecting entrepreneurs with the supports they need to grow their innovations;
- to finally help to spread innovations by developing networks and collaborations.

To be effective, intermediaries need to reach across the boundaries that divide sectors, disciplines, and fields.

As mentioned by the The Open Book of Social Innovation, 2010, intermediaries need to attract innovative, entrepreneurial people. That is to say their job needs to be highly creative but at the same time they also must succeed in translating from the ‘language of everyday needs’ to the very different ‘languages’ of policymakers or investors, for example.

Intermediaries also play a critical role at the stages of growth and diffusion. They are often involved in designing, testing and evaluating projects, subsequently advocating their adoption by government, businesses and non-profit organisations.

They help to establish markets for new services and projects, and to spread innovations by developing networks which highlight, promote and disseminate learning and best practice

Intermediaries can be grouped as following:

Championing innovation	
<p>Individual roles can be created to scout out, highlight, and disseminate innovations. These individuals can work within, or across, organisations.</p> <p>They can be involved in adopting or adapting existing innovations. Or, they can be responsible for embedding processes within an organisation to enable innovation to flourish. These kinds of role are increasingly popular within the public sector.</p>	<ul style="list-style-type: none"> • Innovation scouts - are responsible for discovering innovations which can be adapted, adopted, or replicated within their organisation. • Innovation champions - are individual consultants who produce ideas, network to find what else is being tried, and build coalitions of support. • Social intrapreneurs - are people who work inside large organisations to develop and promote practical solutions to social or environmental challenges • Social entrepreneurs in residence - are entrepreneurs who are brought in to develop the innovative capacities of an organisation.
Innovation Teams	
<p>There is a wide range of innovation teams. Some work within organisations, either within or across departments, some are set up to</p>	<ul style="list-style-type: none"> • In-house innovation units, such as NESTA’s Public Services Innovation Lab (launched in 2009) which supports a range of

<p>encourage collaboration across organisations, and some are designed to focus on particular issues – or use a particular approach. The best innovation teams are multidisciplinary and able to engage a wide range of stakeholders in the design, development, and evaluation of innovation.</p>	<p>different social start-ups</p> <ul style="list-style-type: none"> Arms length or spin off innovation units, Local innovation teams, Specialist innovation units
<p>Innovation hubs</p>	
<p>Innovation hubs are spaces and places which bring people together to learn, share, and collaborate. They are much more than shared work spaces. They are places where social entrepreneurs, community activists, non-profits, and others, can come together to share ideas, insights, and experiences. In this way, hubs provide mutual support. They also provide economies of scale and scope – as hub members share associated costs (overheads, meeting rooms, connectivity, and so on)</p>	<ul style="list-style-type: none"> Innovation hubs - are shared work spaces which are specifically designed to promote collaboration and innovation Social business parks and ‘social Silicon Valleys’ – of the kind being developed by DenokInn in Bilbao, Spain. It is the world’s first experiment in creating a ‘social Silicon Valley’. They are creating a business park for social enterprises and co-operatives.
<p>Institutions to drive social innovation</p>	
<p>The absence of institutions devoted to social innovation means that too often it is a matter of luck whether ideas come to fruition. Institutions play a critical role in mobilising energies and orchestrating more systemic change in fields such as climate change and welfare by linking small-scale social enterprises and projects to big institutions, laws, and regulations</p>	<ul style="list-style-type: none"> Innovation departments and offices covering public and social innovation, as well as innovation for the economy. Public innovation agencies such as NESTA (the National Endowment for Science, Technology and the Arts) in the UK or Sitra in Finland. Specialist innovation agencies such as the NHS Institute for Innovation and improvement in the UK, or the Harvard-based Institute for Healthcare Improvement. Innovation funds. Innovation incubators play a critical role: they bring together the skills and expertise necessary to help sustain and grow a social enterprise; provide a space to test out new ideas rapidly in practice, with quick assessments; allow fast learning across a community of innovators; and establish clear pathways for scaling up the most promising models. Innovation brokers such as InnoCentive – an online platform which connects organisations

	<p>that have science-related research and development problems ('seekers') with people and organisations that have the solutions ('solvers')</p> <ul style="list-style-type: none"> • Trade papers and magazines are an important source for circulating information. • Innovation accelerators bring people together to quicken the initial stages of innovation. One example is Social Innovation Camp which brings together web designers and developers with those involved in meeting social needs to design web-based solutions to particular social challenges. Over one weekend, groups have to design and build a functioning website. • Research centres, Innovation learning labs., Innovation learning labs, demonstration centres
<p>Innovation networks</p>	
<p>Networks can serve as alternatives to formal organisational structures within the social economy – 'they can leverage the assets that already exist in a system by connecting them to others'. The very nature of networks bring a range of benefits that are particularly important within the social economy: they can expand rapidly and widely; information and resources can be spread quickly; they bring people together efficiently and in new ways because they provide short 'pathways' from one individual to the next (despite social or geographic distance); and they are resilient to outside shocks because the structure is adaptive and fluid. However, different kinds of networks will be appropriate for different kinds of organisations, foundations, and institutions.</p>	<ul style="list-style-type: none"> • Innovation Networks. Such as the International Social Innovation Exchange (SIX) – a global community of over 400 individuals and organisations, including small NGOs and global firms, public agencies and academics – committed to promoting social innovation and growing the capacity of the field. • Pollinating networks. Some networks deliberately try to cross-pollinate ideas, sharing emerging practice to stimulate creativity. • Collaborative networks including international collaborative action networks such as the C40 network of cities, the Clinton Global Initiative • Service collaboratives combining face-to-face events, research provision, online support, and funding to develop innovations • Communities of practice are a group of people who share a common concern, set of problems, or a passion about a topic, who deepen their knowledge and expertise by interacting on an ongoing basis • Action learning sets are groups of

	<p>between four and seven people who come together on a regular basis to reflect on their work, support and learn from each other</p>
<p>Innovation Platforms</p>	
<p>There are different types and forms of platforms. They involve giving people the tools and resources they need to organise themselves. In the case of Meetup, for example, this means enabling people to connect and come together to discuss and act on issues of their choice. Among other examples: micro-blogging service Twitter, personal publishing platform Wordpress, social networking sites such as Facebook or collaborative projects such as Wikipedia. It is easy to see the generative potential of platforms: as more people get involved, the wider the scope and reach, and by extension, the greater the social impact. But platforms do not follow the traditional linear model of social innovation. The various stages from design, testing, development and diffusion occur almost simultaneously.</p>	<ul style="list-style-type: none"> • Information platforms such as websites which provide user-generated information or platforms for connecting. This includes social networking websites Facebook, Orkut, and Bebo, as well as websites which aim to connect people together in real life for particular causes. • Platforms for aggregating action such as PledgeBank, an online platform which helps people come together to take collective action. • Platforms for pro-ams, that is, people pursuing amateur activities to professional standards. • Co-production platforms. Traditionally, we think of businesses providing and charging customers for a particular service. With platforms, the distinction between customers and producers dissolves as ‘customers’ produce services themselves. This is the case, for example, with Lego. Lego have created a web platform – DesignByMe 3.0 – which enables users (mainly children) to design their own Lego sets. The designs are collated together in the Lego gallery and can then be bought by other users. There are also a number of clothing companies and boutique design agencies which have adopted this ‘design and order’ approach. Here, customers are co-producers and co-creators. • Online laboratories equip innovators with the tools to carry out their own experiments. One newly developed initiative is the iLab developed by MIT. The aim of this virtual lab is to share expensive equipment and educational materials related to lab experiments as widely as possible to support distance learning and distributed innovation. • Peer-to-peer platforms are distributed and do not require central co-ordination. Users make their resources (time, disk-storage etc) available to other users for free. This includes file-sharing

	<p>services such as Napster, and open-source software such as the Linux operating system, the Mozilla Firefox browser, and the Apache web server.</p>
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Ways of supporting social innovation

Social innovations are new ideas (products, services and models) that simultaneously meet social needs and create new social relationships or collaborations. In other words, they are innovations that are both good for society and enhance society's capacity to act. Attention towards Social Innovation in last decade depends on the fact that structures and policies have found it impossible to solve some of the most pressing challenges – such as climate change, the worldwide epidemic of chronic disease, and widening inequality, etc.

Traditionally, the private market has been seen as the primary source of innovation. This is because it has the structures, mechanisms, and incentives that drive innovation. It has been argued elsewhere that the social economy, as a source of innovation and production, could stand on an equal footing with the private market economy.

Much of this innovation is pointing towards a new kind of economy, the so-called “social economy” combining new and old elements but generally merges features which are very different from economies based on the production and consumption of commodities. The social economy includes cooperatives, mutual societies, non-profit associations, foundations and social enterprises. They operate a very broad number of commercial activities, provide a wide range of products and services and generate millions of jobs. Social enterprises are also the engine for social innovation.

<p>The social economy is the source of social innovation and could have even a greater role.</p>
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The social economy is a factor, and an engine, of social innovation (Bouchard, 2007). It enhances the solving and the prevention of social problems by modifying social relations and reversing social norms. It is a real tool to mitigate the failures of markets, the political challenges, and the difficulties of welfare states in fighting poverty and exclusion for instance. A definition of the social economy is the following: as a whole, the social economy refers to the set of activities and organizations stemming from collective entrepreneurship, organized around the following principles and operating rules: 1) the purpose of a social economy is to serve its members or the community rather than to simply make profits; 2) it operates at arm's length from the state; 3) it promotes a democratic management process involving all users and/or workers through its statutes and the way it does business; 4) it defends the primacy of individuals and work over capital in the distribution of its surplus and its revenues; 5) it bases its activities on the principles of participation and individual and collective empowerment.

The social economy can be therefore developed in all sectors that meet the needs of the people and the community. (Cited in Mendell, 2008) It encompasses all cooperative and mutual movements and associations. Mendell (2008) describes the success of the social economy as resting on three pillars; the enterprises, public policy and leadership.

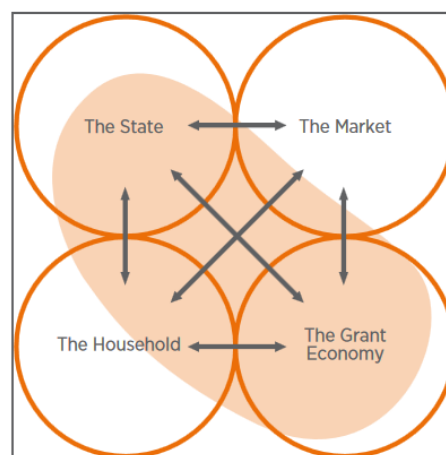
Social Economy's features include:

- The intensive use of distributed networks to sustain and manage relationships, helped by broadband, mobile and other means of communication.

- Unclear boundaries between production and consumption.
- An emphasis on collaboration and on repeated interactions, care and maintenance rather than one-off consumption.
- A strong role for values and missions

The social economy is a hybrid. It cuts across the four sub-economies: the market, the state, the grant economy, and the household. Each of these sectors has its own logics and rhythms, its own means of obtaining resources, its own structures of control and allocation, and its own rules and customs for the distribution of its outputs. But the parts of these economies which we term the social economy are united by their focus on social goals, by the importance given to ethics, and by their multiple threads of reciprocity.

The Social Economy

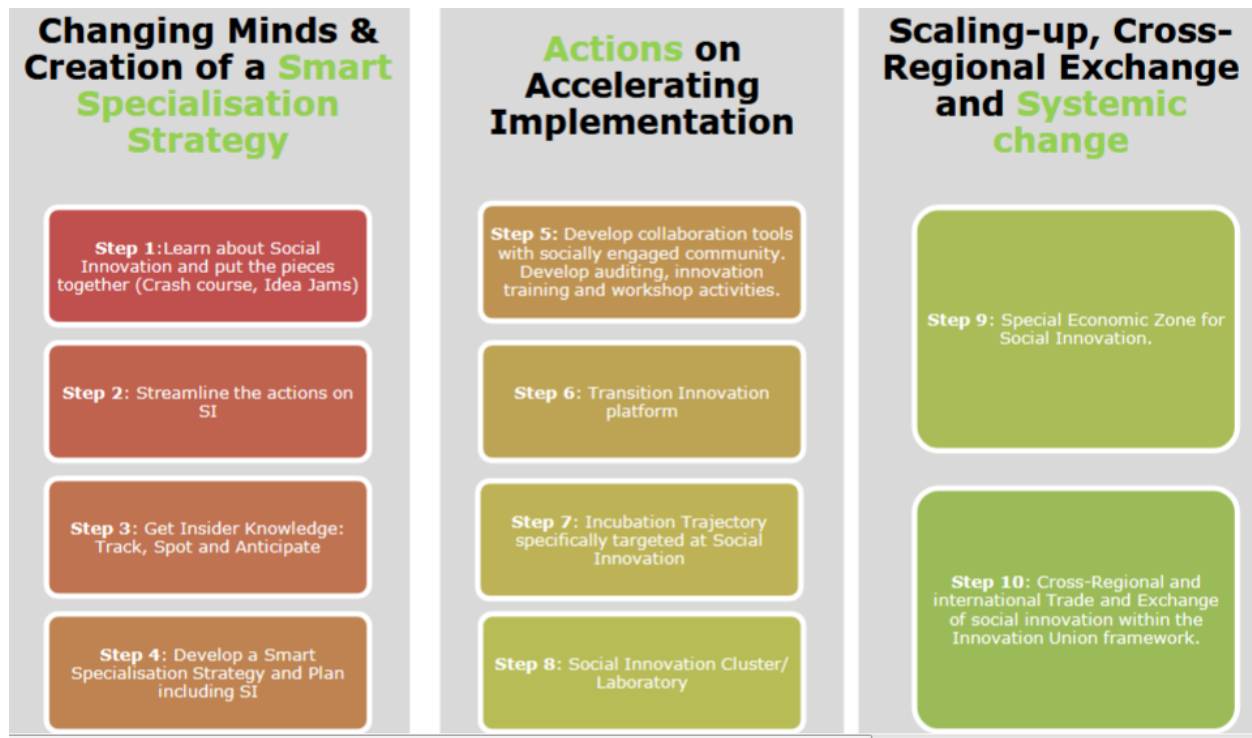


Source: The Young Foundation

Christian Bason, the director of Mindlab, a Danish agency for social innovation operating within government, has listed the **main ways in which the public sector role develops towards becoming an enabler of social innovation:**

- A shift from random innovation to a conscious and systematic approach to public sector renewal;
- A shift from managing human resources to building innovation capacity at all levels of government;
- A shift from running tasks and projects to orchestrating processes of co-creation, creating new solutions with people, not for them;
- And finally, a shift from administrating public organisations to courageously leading innovation across and beyond the public sector

The Guide for Social Innovation by the EC – DG Regional and urban Policies (2013) further listed ten practical steps to promote social innovation from the side of authorities. They are represented in following figure:



The Innovation Foundation NESTA also contributed to the debate and through Madeleine Gabriel underlines that across Europe there are many initiatives operating nationally and transnationally to support social innovation. Nevertheless a well-developed field of ‘social innovation policy’ still needs to be developed. **Public policy can both enhance supply of and demand for social innovation, as well as creating a wider environment in which social innovations can thrive.** NESTA proposes [5 ways policy can support social innovation](#):

1. FUNDING FOR EARLY-STAGE INITIATIVES, SCALE-UPS AND INTERMEDIARIES (funding tops the list of needs for many social innovators, including grants (widely seen as important for early-stage seed funding) and investment. Policymakers at both European and national government level have prioritised this issue. EC actions have included the Social Business Initiative to support social enterprise, and greater prioritisation of social innovation within structural funds. It has also invested in intermediaries to support social innovators - like incubators and accelerators - through the TRANSITION and BENISI projects)
2. SUPPORTIVE REGULATION AND LEGAL FRAMEWORKS (Socially innovative organisations often don’t fit traditional institutional forms well, which can cause problems - for instance, not all social economy enterprises can access Horizon 2020 and COSME funding. Regulation can stimulate or inhibit social innovation!; for example around new forms of financing (like crowdfunding) and new business models being developed in collaborative economy initiatives. People in these sectors have called for ‘smart regulation’ that allows space for innovation while still protecting consumers and citizens.)

3. **OPENING UP PUBLIC PROCUREMENT PROCESSES** (public agencies are important potential ‘customers’ for social innovation. In their role as commissioners, funders and providers of public services, public agencies have the ability to help social innovators develop and test solutions, get them working and take them to scale. But this can only work if procurement processes are open to social innovators of a variety of organisational forms - small organizations or large, community sector, social economy as well as private sector or public organizations.)
4. **USING PUBLIC ASSETS IN SOCIALLY INNOVATIVE WAYS** (Opening up access to public assets can stimulate social innovation. This doesn’t just apply to physical, but also virtual assets. Digital social innovators have called for more opening up of public data to stimulate innovation - alongside measures to increase citizens’ control of their own data.
5. **RAISING AWARENESS AND BUILDING SKILLS** (Policymakers can help to improve the legitimacy and visibility of social innovation through initiatives that map and measure activity, and attempt to measure its impact and contribution. The EC-funded Tepsie project, for example, set out a blueprint for measuring social innovation, that would give national or regional policymakers a good evidence base to inform new policy measures.).

CASE STUDIES

In order to illustrate the processes and the importance of social innovation some case studies are illustrated below. The descriptions attempt to briefly highlight the context of the creation of the social innovation, its objectives, the process of innovation and the degree of institutionalization.

India: - SKS Microfinance Initiative
An example of new "social" business model



SKS Microfinance

Summary Information

Exchanges:

Bombay Stock Exchange (BOM)
National Stock Exchange (NSE)

Trading Symbol: SKSMICRO



SKS: Poor Prospects

Initiate coverage with Sell Rating

We initiate coverage on SKS Microfinance with a sell rating and a target price of Rs. 855.82, representing a 24 percent potential downside.

Company Overview

SKS Microfinance (also referred to as "SKS" or "the Company") is the largest microfinance institution (MFI) in India. The organization provides small value, collateral-free loans for income generation to poor women in groups. This model has proven extremely successful with over 99% repayment rates. As of March 31, 2010, SKS had 6.78 million women borrowers with total lifetime disbursements worth more than US\$ 3 billion.

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Organizations operating in microcredit context refer to a completely new business model if compared to organizations "as usual" operating in the credit sector. The loan is granted on the basis of trust, which is established in the relationship between the organization and the obliged and not on the basis of collateral guarantees. Building blocks of the business model of a traditional bank present many differences compared with that of a social enterprise operating in microcredit.

As far as the resources are concerned, the focus shifts from the physical and financial, mainly towards the development of human capital, which allows the construction of a loyalty relationship with the "customer". As a consequence, the key activities require the social enterprise to visit the "customer" at all stages of the loan, including monitoring, reversing the sense of the relationship with respect to the basic model.

In microcredit, key suppliers and partners become important mainly in the initial phases and in supporting the scaling of the initiative; on the contrary, in traditional models, the focus is on the development of

business profitability, through additions or commercial agreements between the various players on the market. The communication and distribution channels are completely redefined thanks to the figure of the local loan officer.

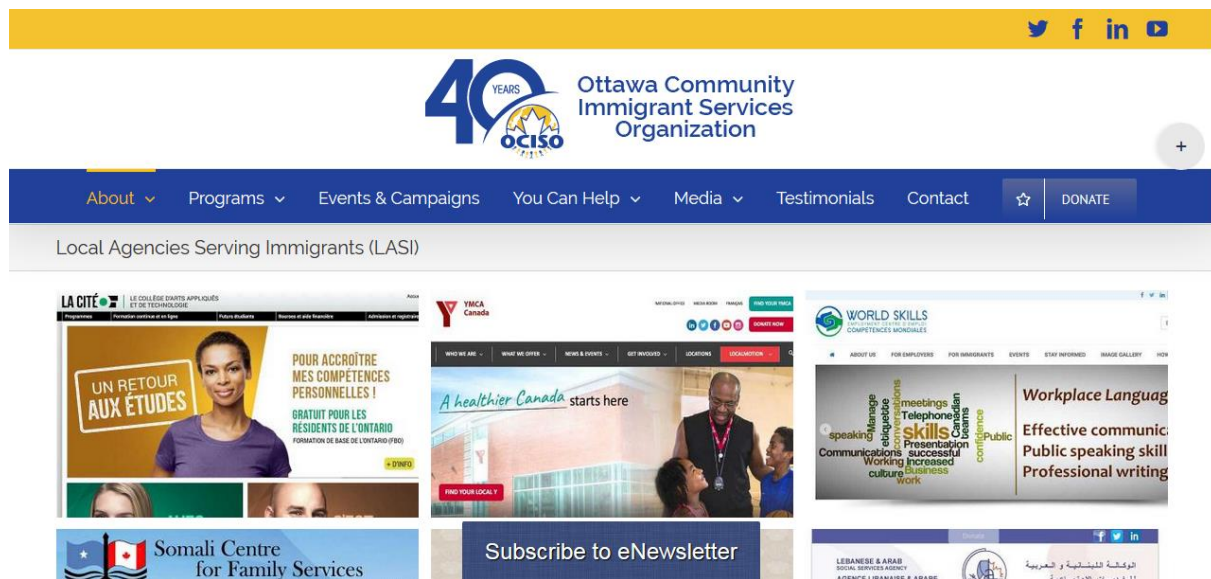
The customer relationship then passes from a personal or self-service modality of the traditional model, to a community dimension in microcredit. The bank, operating with the traditional business model, and the social enterprise operating in microcredit, both offer a loan linked to some ancillary services, even in different socio-economic and cultural contexts and in different ways. If in the first case the strategic objectives are planned by the shareholders, in microcredit the focus is on the social welfare of the community as a whole.

As a consequence the value proposition of microcredit changes as it is linked to inclusion and intends to solve a social need in a given context. The formulation of a competitive strategy has a lower weight compared to a business model developed in the field of technological innovation for instance. In the microcredit business model, the biggest barrier is related to the costs deriving from loan provision, on which depend the final interest rates. An innovation of the model in this sense is proposed by the peer-to-peer microcredit platforms which directly connect lender and borrower through the web platform.

Microfinance organisations further redefine the microcredit business model in relation to the building blocks of the communication and distribution channels, as well as the customer relationship, focusing their resources and activities, mainly on the development of the web platform as a brokerage service.

Canada: Ottawa - Local Agencies Serving Immigrants (LASI)
An example at an organizational level

LASI is a coalition of the executive directors of the major immigrant serving agencies in Ottawa, Canada. In addition to creating a fertile ground for transformative innovations, the LASI partnership can itself be considered a social innovation. Bringing together the executive directors of the major immigrant serving agencies on a regular basis is a social innovation in creating a space for collaboration between agencies that in many other communities work in competition.



The LASI partnership created a fertile ground for a number of social innovations including LASI World Skills and the Multicultural Liaison Officer Program.

LASI World Skills describes itself as a connector, linking skilled new Canadians with employers looking for those skills, while in the process promoting social inclusion and diversity. According to the organization’s website, “LASI World Skills is a recognized leader in responding to the needs of the local labour market while promoting the skills and talents of New Canadians. Our vision is to build a welcoming community that meets its full potential.”

One of LASI World Skills “sector-specific support” projects is geared towards teachers; the Internationally Educated Teacher (IET) project. The project provides information on how to become a teacher in Ontario or, alternatively, pursue a related career that would make use of their skills –as private school teachers, educational assistants, multicultural liaison officers, ESL or FSL teachers, tutors, translators, etc.

Three favourable conditions paved the way for the creation and future development of the Internationally Educated Teacher initiative: a community consultation held by the Ontario government, the introduction of new stream of funding within the settlement programming package and, finally, an understanding that immigration was a solution to Ottawa’s demographic challenges and to impending skills shortages in certain sectors. This formed the bases for multi-stakeholder partnership to pursue provincial resources to prepare a selected group of internationally trained teachers for Ottawa schools. The successful completion of the program led to a B.Ed from Queens University to 74 immigrant teachers across Ontario, a licence to teach in Ontario and, after some time, teaching positions for 90 percent of the participants –most of them with the public school board.

This innovation was in part institutionalized through the creation of a five-year Ontario-wide program launched with the Ontario College of Teachers as the lead, with joint funding by the federal and provincial governments. This program was branded under the name “Teach in Ontario” program (2004-2008).

Hawaruhof – Austria

An example on new relationship between producers and consumers

The HAWARUHOF is located in the Austrian municipality of Kirchberg am Wagram, in the periphery of the region Wiener Umland Nordteil. The municipality is located north of the Danube and is mainly known for its viticulture. The demographic development is stable, currently 3,633 live there on an area of 60 km². Kirchberg am Wagram is classified as rural area with relatively good accessibility to regional and higher level centres. 158 farms cultivate 4,600 ha of agricultural area, of which around 90% are arable land and 8% vineyards. The forestry area comprises 146 ha. The average farm size is 29 ha, while the number of farms has been decreasing by 30 % since 1999, which is above the average at Austrian national level (-20%). The marginalisation of the study area according to the project [SIMRA](#) is characterized by a rural area with a low population density and below average GDP/capita. Despite good general conditions for agricultural production, water scarcity may be a limiting factor for some crops.



The small-scale biodynamic Austrian farm HAWARUHOF was re-arranged into a producer-led Community Supported Agriculture (CSA) in 2012. A CSA is a new relationship between producers and consumers in which they share the risks, responsibilities and rewards of the farm holding. This alternative agricultural production model aims at providing fair prices and income security for the farmer of HAWARUHOF. At the same time, it enhances the provision of a high variety of local and seasonal vegetables and herbs for about 30 consumers involved in the CSA, the so-called harvest-sharers. In addition to the production of agricultural products, the farmer offers workshops and seminars, with topics ranging from principles of fermentation to alternative planting methods.

More information as collected by SIMRA project is available [here](#).

ReBOOT

An example on community engagement

ReBOOT is a social enterprise and registered charity that focuses on re-using and recycling information technology (IT) hardware and software with the aim of reducing waste and protecting the environment. Alongside this objective is their commitment to supporting the local community by offering opportunities to volunteer, train and gain support in finding employment. Another dimension to ReBOOT is that they offer affordable access to IT and related services to households in the Highland region. The social enterprise is based in Forres in Morayshire which is located in the far North East of Scotland where there is a relatively low and dispersed population.



Reboot offer recycling free of charge to households. Other services have a fee attached but this is to cover costs of labour, overheads and transport. Clients can input their requirements and get an estimate of the fee. The venture is a not-for-profit social enterprise with charity status.

The highly visible aspect of the social innovation makes community engagement easier to realise. That is, the ease with which citizens can grasp the added value encourages participation rates. ReBoot have been able to demonstrate the value of the social innovation in a meaningful way that encourages community participation.

The ReBoot social innovation is an example of a robust model that is capable of widespread stakeholder support, measurable, scalable and has social impact in an area of environmental protection that is well understood and valued. There are both tangible and intangible rewards from

the activities undertaken by staff and volunteers that have attracted important partners that have allowed the social enterprise to grow since being established in the mid 1990's. The experience and learning of key personnel has been pivotal in promoting the social innovation to key stakeholders, most notably the public in the region of Morayshire. A structured approach to strategy of diffusing the social innovation has allowed the enterprise to grow at a pace that aligns with demand for services. As the ReBoot 'brand' and concept became more widely known and appreciated the growth potential was realised through expansion of services and the increase in the number of volunteers delivering the service. The added value of the social innovation extended to the learning of new skills and knowledge by volunteers and providing opportunities for people out of formal employment to re-engage with the working environment whilst learning new skills. ReBoot is an example of a social innovation that strikes a resonance with citizens in an era when issues of environmental protection, sustainability and waste management have become increasingly prescient in the public life.

Find source and more information [here](#)

Sandawe

An example of a new fundraising channel based on public engagement: "crowdfunding"

Sandawe is a Belgian platform especially devoted to the production of comics. Sandawe considers itself as a publishing house for comics based on the principles of crowdfunding. If a project reaches 30.000 to 50.000 Euro the comic will be produced and the profit distributed between authors, the platform and the investors.

The site has an on line shop:



The screenshot shows the Sandawe website homepage. At the top left is the Sandawe logo with the tagline "Éditer autrement". To the right, it says "Se connecter" with a user icon. Below the logo, statistics are displayed: "25.920 Membres", "166 Projets", and "3.042.400 € investis". A navigation menu includes "PROJETS", "BLOG", "ACTU PROJETS", "ACTU AUTEURS", "BOUTIQUE", and "COMPTOIR BD", along with a red "Créer un projet!" button. A search bar with "Google Recherche personnalisée" is present. The main visual is a row of colorful speech bubbles. Below this, the text reads: "SANDAWE, LA PLATEFORME COLLABORATIVE POUR SOUTENIR LES PROJETS DE BD." followed by "Lecteurs de bande dessinée, soutenez des projets d'albums. Au teurs de bande dessinée, faites aboutir vos projets avec l'aide de passionnés." and a red "S'inscrire →" button. At the bottom, a banner features the text "Ils avaient rêvé du paradis sur terre..." over a comic book cover.

Sandawe is a clear example of the new fundraising channel based on public engagement: “crowdfunding”. This site allows to general public to provide financial support to the cultural creation, creating a new tool for comics creators to access to funds. Sandawe is a Belgium publishing house composed by two people with external outsourcing for the communication, media, site development, edition and distribution services.

Members can invest money starting from 10 euro, the investment provides them a customized comic with its name on it as well as part of the revenues generated by the comics. They have also access, through the client area on the site, to read the comic before it arrives to the general public.

Publication is guaranteed once the crowdfunding arrives up to the 75% of the total cost. The average cost to launch a new comic to the market is around 50.000 euro.

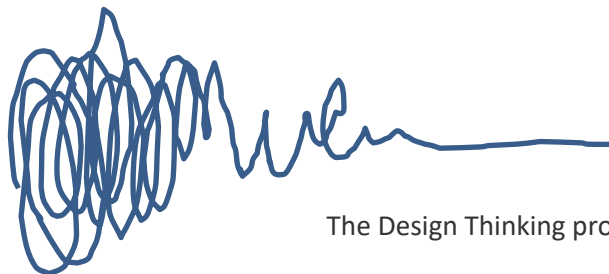
Find source and more information [here](#)

SI TOOLS

Design thinking: how to leverage creativity and technology to develop innovative services/products to solve social problems

In its simplest form, design thinking is a mindset, the primary focus of which is to develop an understanding of the people for whom a solution is being designed. Design thinking is often referred to as “human-centric” because its focus is on the affected people; their feelings, knowledge, beliefs and attitudes.

Design thinking isn’t just for designers or businesses. It can be used by everyone and anyone who’s creating something or grappling with a big question because its process is so simple and can be flexible around whatever you’re working on. “But how?” Well, the design process goes a roughly a little something like this:



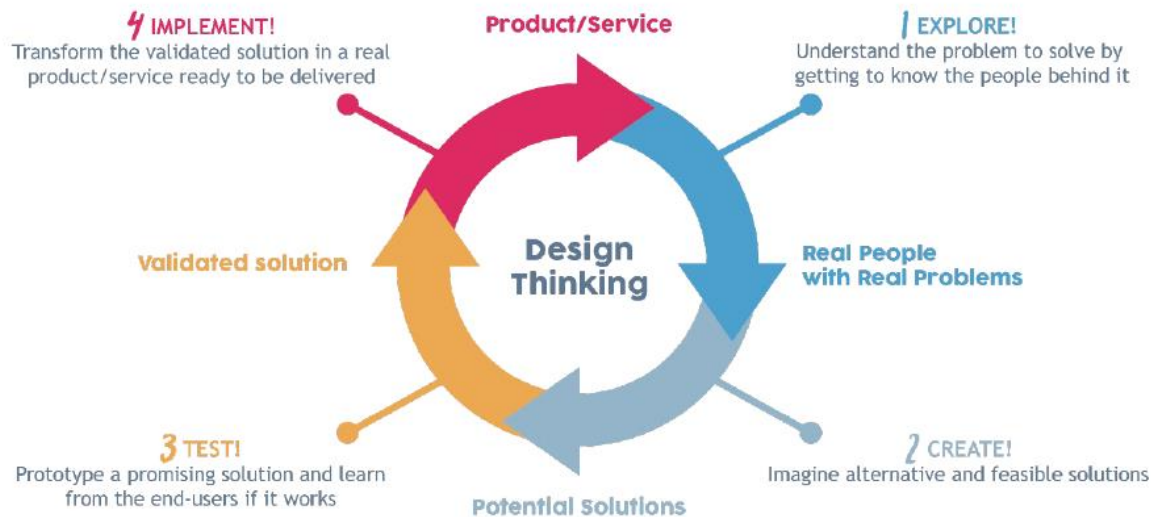
The Design Thinking process

Design Thinking is an internationally-adopted approach to develop products and services. It invites you to:

- Keep in mind the final users and their daily needs while you develop a product or service;
- Co-create in teams, exploring different competences and perspectives;
- Use prototypes to test and validate your solution before scaling it up.

The approach consists of 4 main steps:

1. Explore – understand the problem to solve by getting to know the people behind it;
2. Create - imagine alternative and feasible solutions;
3. Test - prototype a promising solution and learn from the end-users if it works;
4. Implement - transform the validated solution in a product/service ready to be delivered.



Source: Social Innovation Academy - <https://social-innovation-academy.teachable.com/courses/358335/lectures/5963306>

Within the design thinking phases several tools help learn how to

1. analyze and understand the concrete needs of the people experiencing social problems;
2. design user-centred innovative services and products able to satisfy such needs;
3. develop and test prototypes of products and services in the real world and learn how to improve (or discard) them;
4. transform a prototype into an actual product/service.

Exploring means stepping into the shoes of the people facing the problem or need your support to solve it. There are several tools which help transform the problem concrete. These help understand who are the people experiencing it and how they manage it daily.

Designers often use **PERSONAS** to obtain useful insights to create suitable and effective solutions.

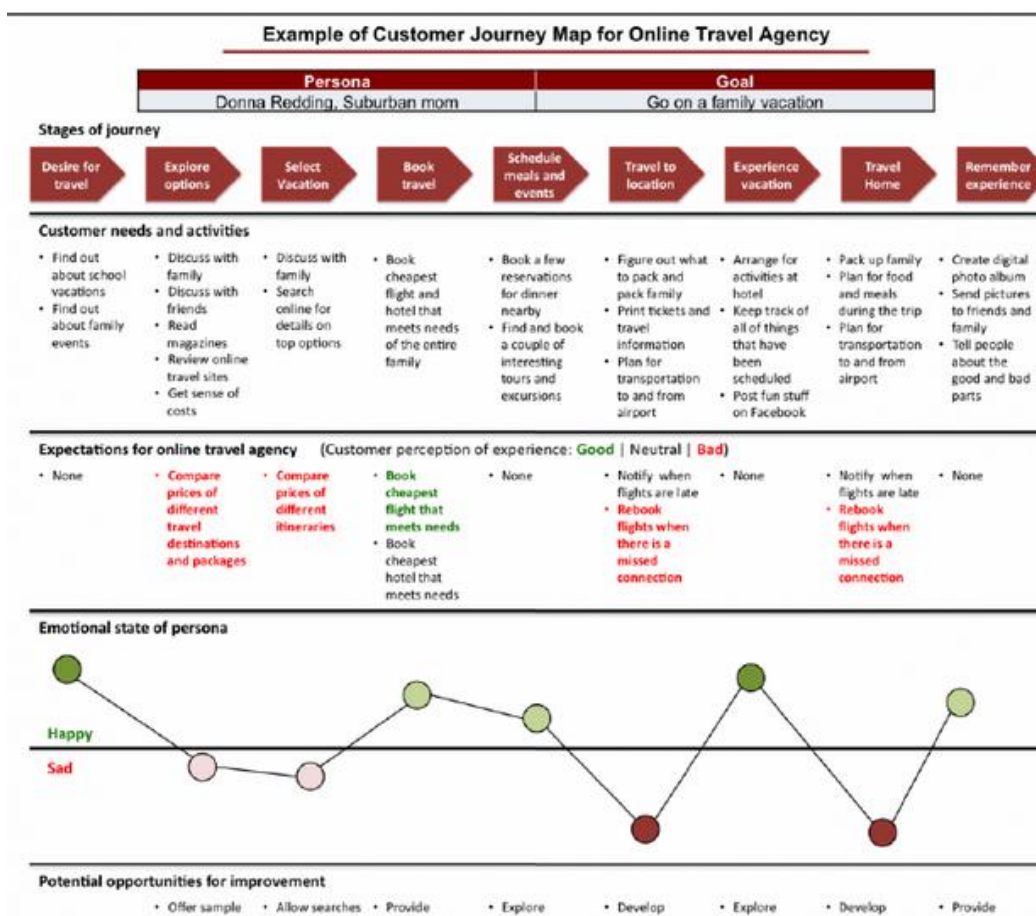
- Personas are fictional characters [Stickdorn & Scheinder, 2011: 178], which you create based upon your research in order to represent the different user types that might use your service, product, site, or brand in a similar way. Creating personas will help you to understand your users' needs, experiences, behaviours and goals. Creating personas can help you step out of yourself. It can help you to recognise that different people have different needs and expectations, and it can also help you to identify with the user you're designing for. Personas make the design task at hand less complex, they guide your ideation processes, and they can help you to achieve the goal of creating a good user experience for your target user group.



Therefore, when you explore, Personas can help collect data about:

- the behaviours and mind-sets of the people you want to help;
- the obstacles they encounter daily;
- the interactions they have with other people, organizations or objects.

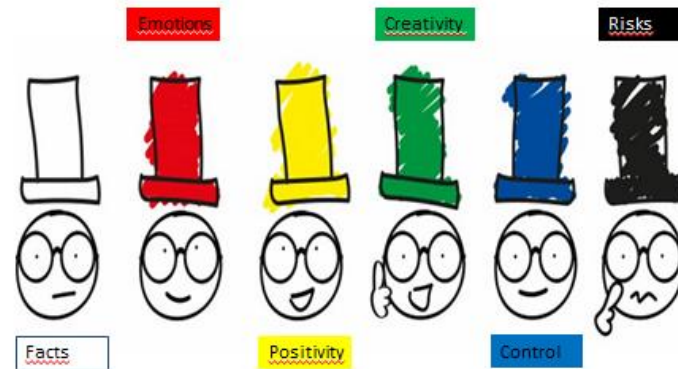
Among other tools we can find: **CUSTOMER JOURNEY MAP** that helps you think systematically through the steps your customers—internal or external—have when they interact with your product or service. We use maps to synthesize what we learn from interviews and observations (or, during field research, you can also try asking your end user to map out his or her own journey.) Fundamental components of any customer journey map are the Touchpoints - that is, where and through which means users interact with a service. Other tools such as contextual interviews can be combined with the customer journey map to obtain an even more detailed analysis. See hereinafter an example of customer journey map.



Creating implies the identification of alternative solutions that could be feasible. **Co-Creation in such context** is a powerful approach that enables to:

- directly involve the final users and all the other relevant stakeholders in the designing phase;
- explore different perspectives and expertise.

There are different methods to drive creativity in and collect meaningful feedback and generate discussion around design. One of the oldest and most popular was defined by Edward De Bono and is called **Lateral Thinking. - Six Thinking Hats!**



Possible solution can be discussed following this technique from 6 different perspectives (= the hats):

- White: Focus on facts. “This information is not clear to me.”
- Yellow: This is the positive view. They focus on the benefits. “It was very easy to find the search field.”
- Black: The devil’s advocate. They focus on risks and weaknesses. “There is not enough color contrast and it is really hard to read the text on this graphs.”
- Red: They provide emotional feedback based on intuition. “I don’t like the animations, it makes me feel distracted.”
- Green: They bring news alternatives and concepts not explored yet. “What about a tooltip to help users to understand the abbreviations on this table?”
- Blue: Control the initiative. They help the team to focus on the process and ensure that the guidelines are followed.

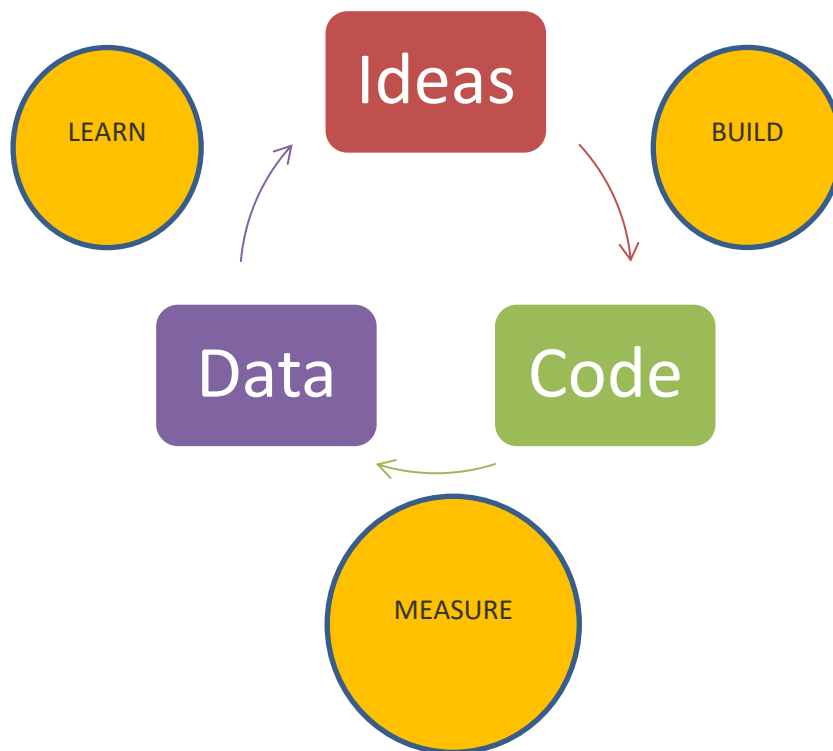
Lateral thinking can be mixed with other tools that can help you to identify solutions in a more practical way. **Storyboards** (a series of graphics, drawings, picture, etc. that are put into a particular sequence of service events. They can be used for visualization of a common situation or hypothetical one. The process of creating the comic strip stories forces the designers into the shoes of the customers or other service stakeholders. This help you refine what the idea is, it can also reveal who will use it, where, and how.) and **Desktop Walkthrough** (It’s a technique that tries to imitate the real service environment. By the use of LEGO figures designers can act different scenarios and simulate the possible problems).

(Refer to Part II for more methods)

features necessary to make it usable by the target people and to test the solution's Value and Growth. [Ries, 2011: 76-77]

2. Measure the impact you reach with the MVP - Once the MVP is established, a startup can work on tuning the engine. This will involve measurement and learning and must include actionable metrics that can demonstrate cause and effect question.

3. Learn how to develop the MVP to further increase the demand of your solution and spread its positive impact. - The startup will also utilize an investigative development method called the "Five Whys"-asking simple questions to study and solve problems along the way. When this process of measuring and learning is done correctly, it will be clear that a company is either moving the drivers of the business model or not. If not, it is a sign that it is time to pivot or make a structural course correction to test a new fundamental hypothesis about the product, strategy and engine of growth.



There are many other techniques to build your tests, as for instance **Staging Service or the popular Design Sprint**.

The "Design Sprint" is one of the fastest trending innovation and design thinking approaches in the past decade. It is an important approach to innovation and quickly developing new products and services that customers want. The concept has been made famous by Google Ventures in the book Sprint by Jake Knapp, John Zeratsky, and Braden Kowitz. It is now becoming a popular trend in organizations and with designers and developers. It is also relevant to people of other roles since innovation is everyone's business.

Design Sprint help build and test a prototype in just five days. It is based on a small team, with no schedule for a week, who rapidly progress from problem to tested solution using a proven step-by-step checklist. It's like fast-forwarding into the future so to evaluate how customers react before investing all the time and expense of building a real product.

But the Design Sprint is not just about efficiency. It's also an excellent way to stop the old defaults of office work and replace them with a smarter, more respectful, and more effective way of solving problems that brings out the best contributions of everyone on the team—including the decision-maker—and helps you

spend your time on work that really matters. Steps include: Day1, you make a map of the problem. On Day 2, each individual sketches solutions. On Day 3, you decide which sketches are strongest. On Day 4, you build a realistic prototype. And on Day 5, you test that prototype with five target customers.

The final step is represented by implementation and in such a phase among designing tools the **Service Blueprint** is one of the most prevailing to stay relevant with today's fast-moving customer. A Service Blueprint details in a visual manner all the aspects of a service to deliver: from touchpoints to behind-the-scene processes. It is described by the perspectives of all the actors involved: the users, the providers and their third parties. [Stickdorn & Scheinder, 2011: 204-205]. It is used to organize how to deliver the service (but it works also for a product).

Service Blueprint



It is, generally speaking, an extension of a customer journey map as it helps **understanding the actors in a service**. When there are many actors (customers, suppliers, consultants, employees, teams, etc.) it can be very useful to have a blueprint to help manage the complexity of a situation. The journey maps and service blueprints help better understand how the customers think and how organizations respond. Mapping means understanding and intervening where necessary. The technique was first described by G. Lynn Shostack, an interesting article that can be found at the Harvard Business Review - <https://hbr.org/1984/01/designing-services-that-deliver/ar/1>

A new service or product always implies a change that might require some adjusting. Therefore, it is fundamental to implement also the basic principles of Change Management - that is, plan, implement and review change. It is a structured approach that provides tools and processes to recognize and understand change. Also in this phase it is important to involve all the people who have to contribute. In this sense, **Storytelling** as one of the techniques for 'Stakeholder Engagement' - offers an invaluable help.

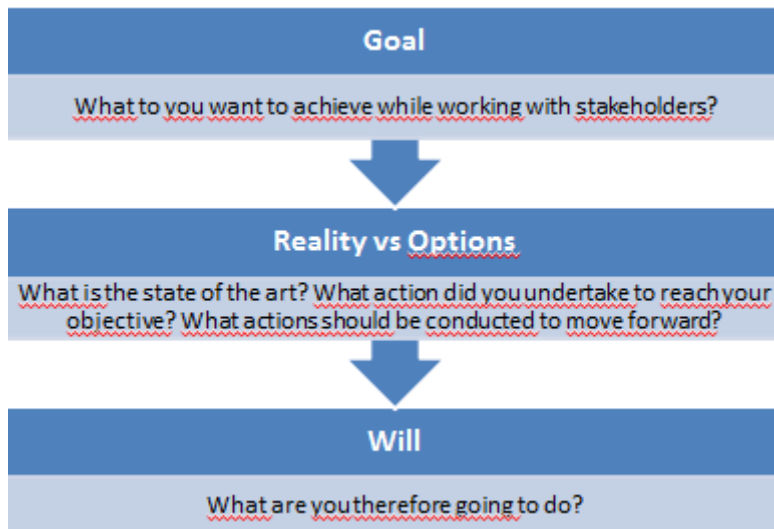
Practical guidance on how to embed stakeholders in a social innovation project

Stakeholders engagement in a nutshell	
Who are stakeholders?	A stakeholder is a person or a group that's in contact with your social innovation or your organisation. A stakeholder either affects your activities or is affected by them.
What does engagement mean?	Engagement is the way an organization tries to "understand and involve stakeholders in its activities and decisions" (Partridge et al. 2005: 13).
Why is stakeholder engagement necessary?	Today the nature of the social challenges we face is very complex; often they cannot be solved by a single actor and it requires a coordinated effort with multiple stakeholders to come up with innovative and sustainable solutions
What are the benefits of stakeholders engagement?	<ol style="list-style-type: none"> 1. engagement can help you to really understand the groups you want to cater to and the issues you want to tackle with your social innovation, 2. it can help you to get access to important resources. It can support you in attracting financial capital or qualified and motivated personnel, 3. it can also bring in intangible resources such as knowledge or good relations to other stakeholder groups that can also be involved, 4. it can promote your social innovation. If done right stakeholders will not only know that your social innovation project exists, but also how they or others can benefit from it, 5. it helps to build trust between the social innovators and the stakeholders. <p>To sup up: stakeholders engagement helps you to reduce risks of the social innovation project.</p>

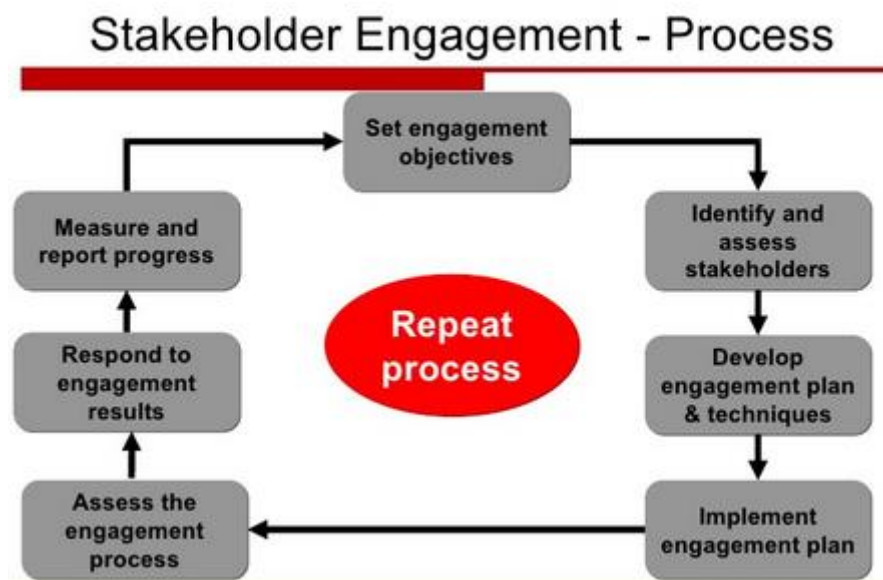
Stakeholder engagement can be used in different situations and contexts, ranging from simply gathering information on social needs to establishing trust-relationships and developing innovative ideas and novel solutions. The stakeholder engagement process provides the opportunity to manage social challenges by finding innovative solutions and creating value for everyone involved (see [AccountAbility 2005](#)).

How to successfully design the stakeholder engagement process?

First there is the need to start off planning stakeholder engagement by checking the status-quo and developing actions. The GROW model (Whitmore 2010) can help you to and helps you to reflect whether your actions contribute to fulfilling your stakeholder engagement goals.



A well-designed stakeholder engagement plan foresees following steps:



Important aspects, after the setting of the goals of the engagement process and the stakeholder analysis, are the setting up an implementation plan and the reflection on monitoring and assessing of the outputs of engagement.

Key elements of the SEP are:

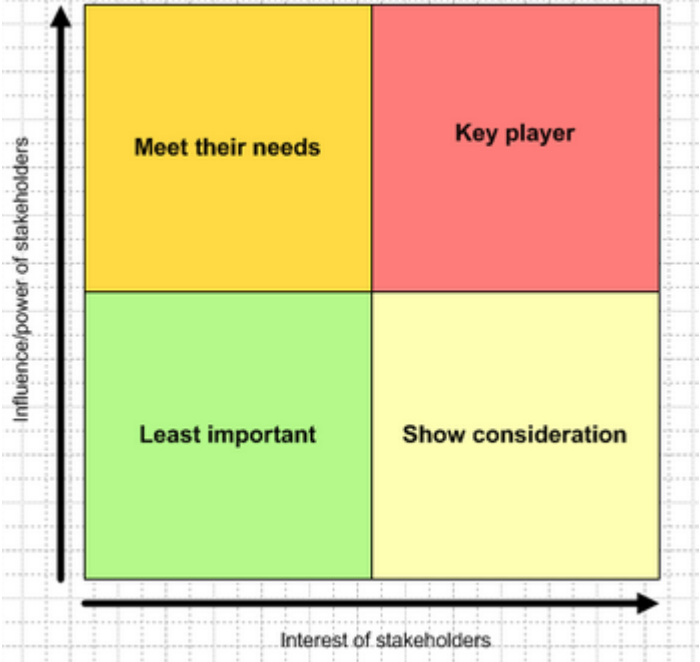


Stakeholder mapping:

Analyze the stakeholders using a stakeholder analysis table to examine power, interest, and alignment. The goal is to find out who your primary and most important stakeholders are

Stakeholder Analysis Matrix Template

Stakeholder Analysis Matrix				
Stakeholder	Interests	Influence	Needs	Expectations

<ul style="list-style-type: none"> • Categorize stakeholders along these categories and focus the lion's share of your attention on the most interested and powerful stakeholders 	
<p>Key Questions in the Stakeholder Identification Process are for instance:</p>	<ul style="list-style-type: none"> • Who is affected by your work? • Who are the beneficiaries of your social innovation project? • What benefit will they gain? • Who will pay for the services and products you will provide? • Who can affect your work? • Who has power over your work? • Who has interest in your work? <p>Try to find reliable sources for your answers (do not only trust your assumptions). One of the best methods is to talk to the stakeholders directly (this will also help you to build relationships).</p>
<p>Potential stakeholders are:</p>	<ul style="list-style-type: none"> • Customers (direct customers, target group, indirect customers) • Investors (public investors, private investors, banks, grant-giving organizations, business angels) • Employees (current and potential employees, volunteers, trainees,...) • Industry (corporations and businesses, business associations, suppliers, competitors,...) • Government (Local, Regional, National, International, Political Parties, Civil • Servants and Departments, Ministries,...) • Civil Society Stakeholders

	<ul style="list-style-type: none"> • Social Movement Groups and Special Interest Groups (eg. Women Rights Groups, • Environmental Groups) • National and International NGOs (Non-Governmental Groups) • Trade Unions • Other relevant actors such as the Media and academic Institutions • Community (local neighbours, resident associations, community organizations) • “Intermediary” stakeholders that can help you to get in contact with powerful key stakeholders
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Stakeholders engagement

There are three different approaches to stakeholder engagement: information, participation, and collaboration

Engagement approach	Description	Examples
Informing	One-way communication with the goal to inform various stakeholders about your project and your activities	newsletters, reports, open houses and tours, press releases, social media activities (facebook posts, youtube videos, Instagram, twitter,...)
Participating	Understanding the perspectives of stakeholders to inform decision making processes	Focus groups, town hall meetings, workshops, online feedback or discussion forums, voluntary work
Collaborating	Working together with stakeholders at eye-level to reach common goals	Advisory board, joint committees, multi stakeholder projects, alliances

Not considering the chosen approach, following principles guarantee a successful stakeholder engagement:

- Build trust with stakeholders: by setting up a proactive, transparent and continued communication with stakeholders
- Establish goals together with your stakeholders; this increases commitment throughout the whole process

- Ensure that all stakeholders understand you: make sure that your language, the tools you use etc. are understood by your stakeholders and are accessible to them
- Make sure that you understand your stakeholders (their dynamics in terms of culture, gender, political orientation etc.) and actively listen to their voices
- If stakeholders feel that they are heard and well represented their motivation is significantly higher
- When conflicts arise...be open, address divergent opinions early on in the process
- Let people address their doubts to collectively find mitigation strategies
- Use multiple ways of communication and remind stakeholders of project's goals and principles to have a common ground

To conclude this part, here is a short overview of several useful tools, which can be either employed to:

- open up and explore issues
- analyse different options or
- close down and decide

Tools for opening up	Description
Brainstorming	Get participants to think rapidly and express their ideas in keywords.
Metaplan	Give people a fixed number of post-it notes and ask to write one idea per post-it. Post-its are then grouped according to similarity.
Station group work	Create „stations“ around the room where participants can tell their ideas or share information.
Tools for analysing	Description
SWOT analysis	This tool helps people to think systematically about strengths, weaknesses, opportunities and threats of certain issues
Mind-mapping	Useful for linking ideas
Tools for closing down	Description
Voting	Helps you to reduce options and come up with a shared solution to a problem
Ranking or Priorisation	By using sticky dots people make transparent the options they prefer

Risks and Reflection

It is really important to reflect on the stakeholder engagement process, measuring its effectiveness and analyzing areas for improvement. Important questions in such a context are;

- Have you identified the right stakeholders?
- Were there any other stakeholder groups which might have been appropriate for the process but which were not selected?

- Were the methods chosen to involve stakeholders appropriate and successful?
- Were the levels of participation of stakeholders appropriate?
- Were the costs reasonable?

The following table is a tool that outlines key indicators of effectiveness and performance which will help you to evaluate how your stakeholder engagement process is working or not working and with which problem areas you are dealing with.

Process/Outcome Level of indicators	Stakeholder Engagement Goals	Indicators to measure the success	Methods to obtain data	Time period to collect data
<i>e.g. Outcome level</i>	<i>Business sector grows in the region X</i>	<ul style="list-style-type: none"> • <i>Number of new businesses opened up in respective year</i> • <i>Wages increase</i> • <i>Employment rates increase</i> 	<ul style="list-style-type: none"> • <i>The respective statistical data can be retrieved from a database provided by national statistical office on a monthly basis</i> 	<ul style="list-style-type: none"> • <i>Once a year</i>

To fill in the table follow these three steps:

<p>Step 1: Chose an evaluation framework</p>	<p>If the goal is to evaluate the engagement process itself (e.g. the appropriateness of selected methods) or the outcomes and impact of the process or both;</p> <ul style="list-style-type: none"> • either apply a “formative evaluation approach”(obtaining information on how engagement is working or not working and identifying areas of improvement) • or a “summative evaluation approach” (obtaining an assessment at end of the project whether the process fulfilled desired aims and outcomes and what difference it has made) or if both aspects are interesting, you can combine the two approaches; <p>if the goal is to carry out the evaluation with or without the participation from those who are involved as stakeholders in your project (participatory evaluation or not):</p> <ul style="list-style-type: none"> • identify the stakeholders you want to involve or not; in the participatory evaluation you identify together with the stakeholders the indicators and data collection methods and you analyze and interpret data as a group. Have in mind, that including stakeholders also in the evaluation can lead to an increased motivation and engagement within the actual process and allows you to get a
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	<p>multitude of perspectives on your data which enhances understanding and learning.</p>
<p>Step 2: Establish meaningful indicators and methods to obtain data</p>	<p>After deciding on the evaluation framework, think about indicators, which are in fact tools to measure your progress in relation to specific aims.</p> <ul style="list-style-type: none"> • go back to your initial goals of the engagement and develop indicators that can be used to evaluate and demonstrate whether they were achieved or not. • good indicators are specific, measurable, attainable, relevant and trackable (Reed et al. 2006). Where possible, use existing indicators, proved to measure a specific concept rather than developing everything by yourself. This enhances the credibility but also the comparability of your results and saves time.
<p>Step 3: Set up clear time points for data collection</p>	<p>For each indicator you have selected, determine how and when it should be measured.</p> <p>For most activities quarterly measurement or measurement on a twice-a-year basis will suffice. Please also think about how the data and source documentation will be stored, analyzed and reported.</p>

Additional information regarding Stakeholders Engagement for you to use

- [People and Connections Map: https://www.silearning.eu/wp-content/uploads/2017/04/people-and-connections-map.pdf](https://www.silearning.eu/wp-content/uploads/2017/04/people-and-connections-map.pdf)
- <https://www.smartsheet.com/what-stakeholder-analysis-and-mapping-and-how-do-you-do-it-effectively>
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- Young Foundation <http://youngfoundation.org/>
- Social Innovation Community - <https://www.siceurope.eu/>
- TEPSIE (Theoretical, Empirical and Policy Foundations for Social Innovation in Europe) - <http://www.tepsie.eu/>.
- Design Sprint <https://www.innovationtraining.org/design-sprint-training/>
- Stanford Graduate School of Business. Center for Social Innovation - <http://csi.gsb.stanford.edu/>
- TACSI (The Australian Centre for Social Innovation) - <http://www.tacsi.org.au/about/>
- SKS Microfinance - <http://www.sksindia.com>
- SI Academy by Social Makers project – free training - <https://social-innovation-academy.teachable.com/>
- Social Innovation Europe (SIE) - <https://webgate.ec.europa.eu/socialinnovationeurope>
- Open University - <http://www.open.ac.uk/>.
- International Centre for Social Franchising.- <http://www.the-icsf.org/>.
- Importance of Business Modeling in Social Ventures - <https://drchrisdrew.com/2015/02/03/importance-of-business-modeling-in-social-ventures-23/>
- MaRS - <https://www.marsdd.com/mars-library/social-innovation/> - <https://www.marsdd.com/mars-library/business-model-design/>
- European Social Innovation Competition - https://ec.europa.eu/growth/industry/innovation/policy/social/competition_en
- IDEO - <https://www.ideo.com>
- Impact Hub Network - <http://www.impacthub.net>
- Schwab Foundation. "What is a Social Entrepreneur?" <http://www.schwabfound.org/content/what-social-entrepreneur>
- European Microfinance Network (EMN) - <http://www.european-microfinance.org>
- TRIZ - https://www.mindtools.com/pages/article/newCT_92.htm
- UXPRESSIA – PERSONAS in 7 steps - <https://uxpressia.com/blog/how-to-create-persona-guide-examples>
- Social Innovation Academy - <http://www.socialinnovationacademy.eu/>
- SIX - social innovation exchange - <https://www.socialinnovationexchange.org>

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