Incubating and accelerating social innovation idea

Table of Contents

Building the culture of social innovations in Higher Education Institutions

Incubating and accelerating social innovation ideas is a challenge. Social innovation is not easily enclosed in KPIs and pre-established results. The main strength of innovative approach is high level of underdensity and wide impact on various elements of the ecosystem. As Ashoka Fellow Elżbieta Pomaska says the social innovators often are not "foreseen by the legislation". It is true that implementing innovations often requires a new interpretation of existing laws and sometimes changes in law. In the following chapters you will read about Discovering hands®, that could legally operate in Germany, but to be able to scale to Austria, legal appendage of the new medical profession was required. Even for these reasons incubating and accelerating social innovation ideas is a challenge.

However, this guidebook is not to discourage, but to give a hand and increase competencies in the field of working with social innovation ideas. Based on experience of partners we decided to devote a lot of space into financing aspects. We believe that too often social innovations don't emerge, because creators are not aware of funding possibilities or stick to old-school ways of financing, while creating disruptive solutions of important social problems.

This guidebook has five main parts: identifying business opportunities, creating business model, measuring social impact, searching for financing and approaches to scaling. When you decide to read from the very beginning to the very end you will have an initial idea on how to approach incubating and accelerating social innovation ideas and you might be ready to act towards common good. You are also free to read only selected chapters or even use this guidebook as a sourcebook for resources and practical applications when needed.

However, this guidebook is not a profound source of knowledge and know how about every aspect discussed in it – it's ambition is to signalize certain aspects rather than to analyze them deeply. In the Resources part we suggest some other publications that can be your next step in gaining in depth understanding of particular subjects. There is no need to mention, that impact measurement, and business models are infinitely deep topics to explore.

To illustrate topics deliberated in this guidebook I have used real life examples from Ashoka Network. Ashoka Fellows are the world's leading social innovators. They champion innovative new ideas that transform society's systems, providing benefits for everyone and improving the lives of millions of people. Ashoka Fellows define the new roadmaps that allow people to thrive in the new environment, while providing solutions and demonstrating the how-tos. They are the ultimate role models in today's world. And they fulfill Ashoka's criteria: path-breaking new idea, social impact, that is foreseeable, entrepreneurship, creativity and ethical fiber.

For consistency with other intellectual outputs created in frames of Building the culture of Social Innovation in Higher Education Institutions we share very down to earth, working definition of social innovation. Social innovation refers to a novel process, product or service that is designed and implemented in such a manner that it helps to address a social problem. In other words, it is a business opportunity that does good stuff.

Do good stuff,

Martyna Rubinowska
Head of Fellowship
Ashoka Poland

1. Identifying business opportunities

When looking across the full field of possibilities to finance a social idea – ranging from venture philanthropy (strategic grant giving) to impact investment (investment into for-profit social businesses) there is a huge overlooked gap of financing innovative solutions. In Ashoka we are convinced that social entrepreneurs are individuals with innovative solutions to society's most pressing problems. They are both visionary and ultimate realists, concerned with the practical implementation of their vision above all else. Sustainable social innovation is always in a dimension between a social idea and a business model.
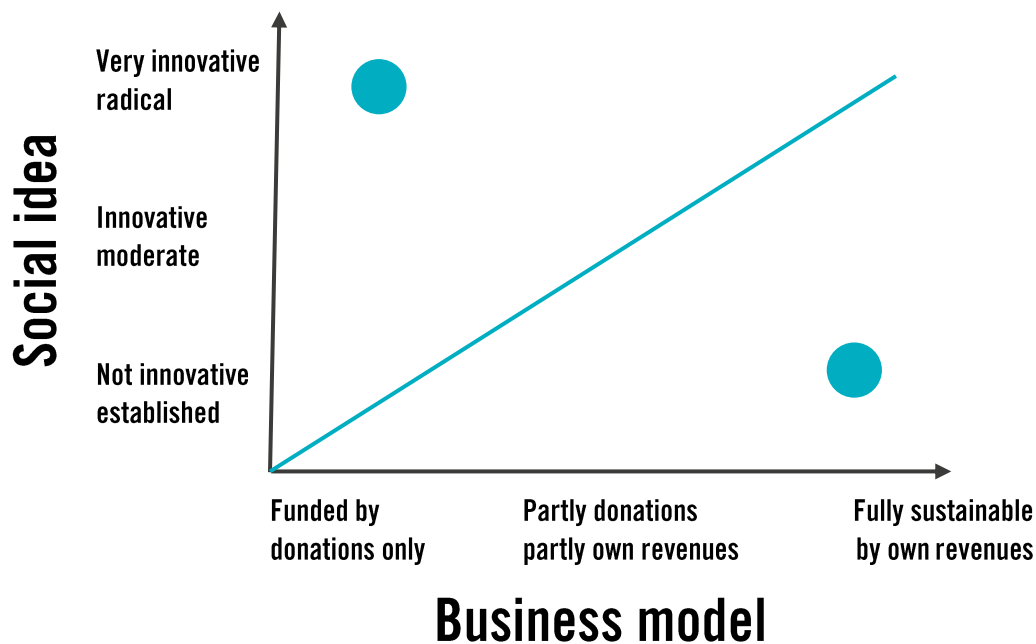
A self-sustaining business model may seem the best solution, but to achieve it, a social innovator quite often needs to limit the disruptive, innovative aspects, which can correlate negatively with social impact. It is extremely difficult to finance extremely innovative solutions only by ones' own income, that's why social innovators very often combine their revenue sources creating a hybrid value chain. It is worthy to develop a self-sustaining business model, because it allows to grow the idea and solve a social problem in a bigger scale as well as to assure that the solution brings social benefits long-term and in a sustainable manner.

Within the Ashoka network we see that the concept of Hybrid Finance solves this missing piece in the social finance ecosystem by supporting hybrid enterprises undergoing the transition and scaling process to become self-sustainable. You can read more about Hybrid Finance in the next chapter.

Examples

Various cases manifest different approaches to the development of hybrid finance instruments, which combine features of both debt and equity into a single financing vehicle. More and more often social innovations are planned from the very beginning as a sustainable

model (it does not mean for profit, or strict business model), but also grant deependent social innovation are forced to look for new ways of financing.
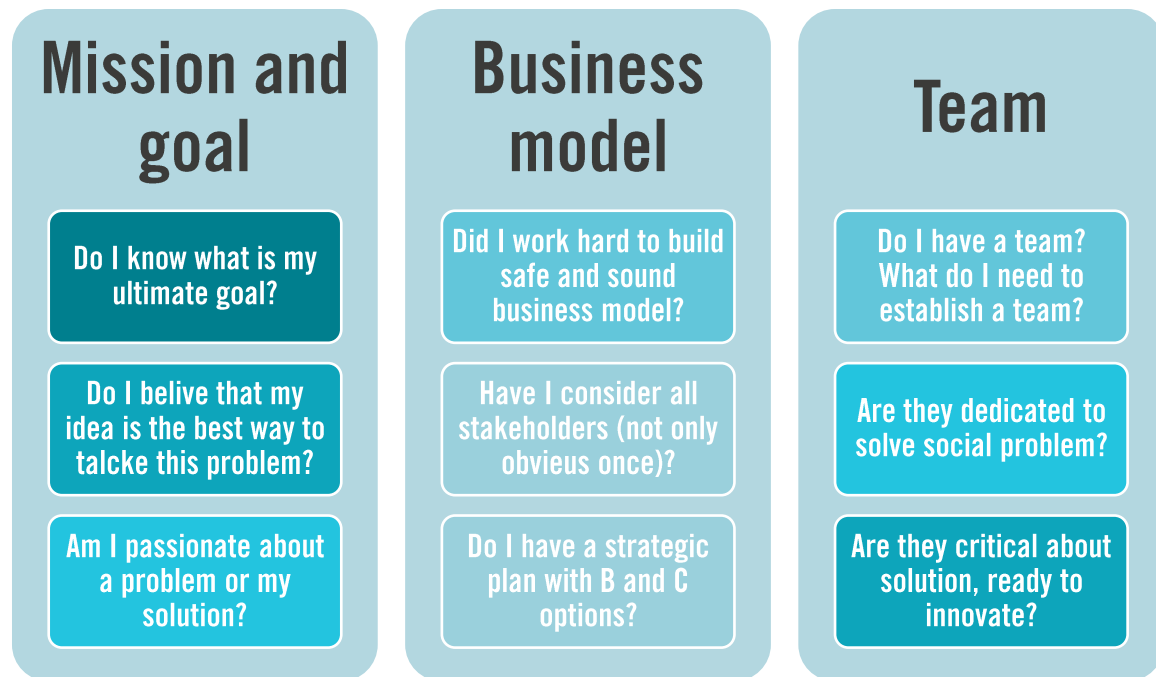
Ashoka Fellow Thorkil Sonne is transforming the way society perceives autism—from viewing it as a handicap to recognizing that it can become a competitive advantage. By demonstrating that autistic people can not only function in the business world but can thrive as specialists in certain types of work, he is offering an often isolated population the opportunity for active, productive and fulfilling lives. He has created socially innovative company where the majority of employees have a diagnosis on the autism spectrum - Specialisterne, which translates from Danish as "The Specialists". Employees work as business consultants on tasks such as software testing, programming and data entry for the public and private sectors. Thorkil aims to solve social problem for his son and other and he realized that life quality of people with autism is directly proportional to unemployment. That's why he created a company operating on open market, currently in Denmark, Canada, Australia, Singapore, Brazil, USA and others.

Ashoka Fellow Witold Klaus from Association For Legal Intervention has introduced a new approach to legal advocacy for marginalized groups in Poland through a client-centered model that draws on individual cases of rights abuse, as an instrument to reform malfunctioning of laws and legal institutions. The legal advocacy was mainly founded by national and international donations, but since right wing populist party starts to rule the finance stream was frozen. It was a moment when Witold with his team started to look for new financial sources. They looked for unique value that can be monetized and have realized that they can sell their knowledge to companies which employ people from abroad, especially people from outside the European Union. Association For Legal Intervention has developed a business branch which advises, supports, and provides training in this field. Currently it is part of the financing stream complementing previous cuts and allowing to provide crucial statutory services to the people in need.

Application

Identifying business opportunities is a constant challenge, because the model is never given and is continuously readapted. Social innovators should provide a space for themselves to ask questions: What's the ideal fertilizer to speed up growth of your social innovation? And which resources do we need to flourish efficiently? There is a suitable funding model for everyone, but you have to ask yourself and your team what it is that you really want.

For both new social innovations, and organizations giving them a legal form, as well for the well-established ones we encourage to start with a simple checklist. The usual mistake made by social innovators is that after having started their work, they do not find time and resources for strategic thinking. If you already have a team do it with your team.

Mission and goal	**Business model**	**Team**
Do I know what is my ultimate goal?	Did I work hard to build safe and sound business model?	Do I have a team? What do I need to establish a team?
Do I belive that my idea is the best way to talcke this problem?	Have I consider all stakeholders (not only obvieus once)?	Are they dedicated to solve social problem?
Am I passionate about a problem or my solution?	Do I have a strategic plan with B and C options?	Are they critical about solution, ready to innovate?

There are no good nor bad answers to the questions here above. Nerveless let me build on being passionate about a problem or solution. While accompanying outstanding social innovators in Ashoka we see, that people passionate about a solution are in bigger risk to fail. Why? Because if the solution does not work in a way they have planned, they quit. At the same time those who are passionate about solving a social problem, always look for new ways to do so. Change, readapt, reinvent or even after solving one social problem move to another aspect of it.

Ashoka Fellow Teresa Ogrodzińska has transformed the Polish education system by introducing alternative forms of preschool education. When her solution was scaled and included in national level legislation she focused on kids before preschool, and not only in Poland, but also in Ukraine or Kazakhstan. That's why I encourage you to focus on a social problem, not on your solution, even if your solution is the best one.

Resources

First, I recommend this brilliant article by Julie Battilana, Matthew Lee, John Walker, & Cheryl Dorsey titled: In Search of the Hybrid Ideal from Stanford Social Innovation Review. Researchers from Harvard Business School and Echoing Green did a large-scale, quantitative study of nascent social entrepreneurs and have examined the rise of hybrid organizations that combine aspects of nonprofits and for-profits and the challenges hybrids face as they attempt to integrate traditionally separate organizational models. In the article they named four main challenges: legal structure, financing, customers and beneficiaries, organizational culture and talent development.

I would encourage you to read, at least, one more article from Stanford Social Innovation Review What Business Execs Don't Know—but Should—About Nonprofits by Les Silverman & Lynn Taliento. It's crucial to remember that business leaders play vital roles in the nonprofit sector – as board members, donors, partners, and even executives. Yet all too often they underestimate the unique challenges of managing nonprofit organizations. In the article, you will find, some very practical tips on how to be a better crossover leader.

And what about more hands on resources? I encourage you to start with very simple tool, that you can find in many options: business model canvas, here for social business from http://www.socialbusinessmodelcanvas.com/. I share with you an example filled for Kiva, project initiated by an Ashoka Fellow Matt Flannery, which returns to microfinance its human face, and builds a citizen-based movement of micro-lenders as young as four years old. The Social Business Model Canvas is a tool for creating a solid business model around your social enterprise. It's also a collaborative tool that helps you communicate different business models with your stakeholders and brainstorm new ones.

Source: http://www.socialbusinessmodelcanvas.com/
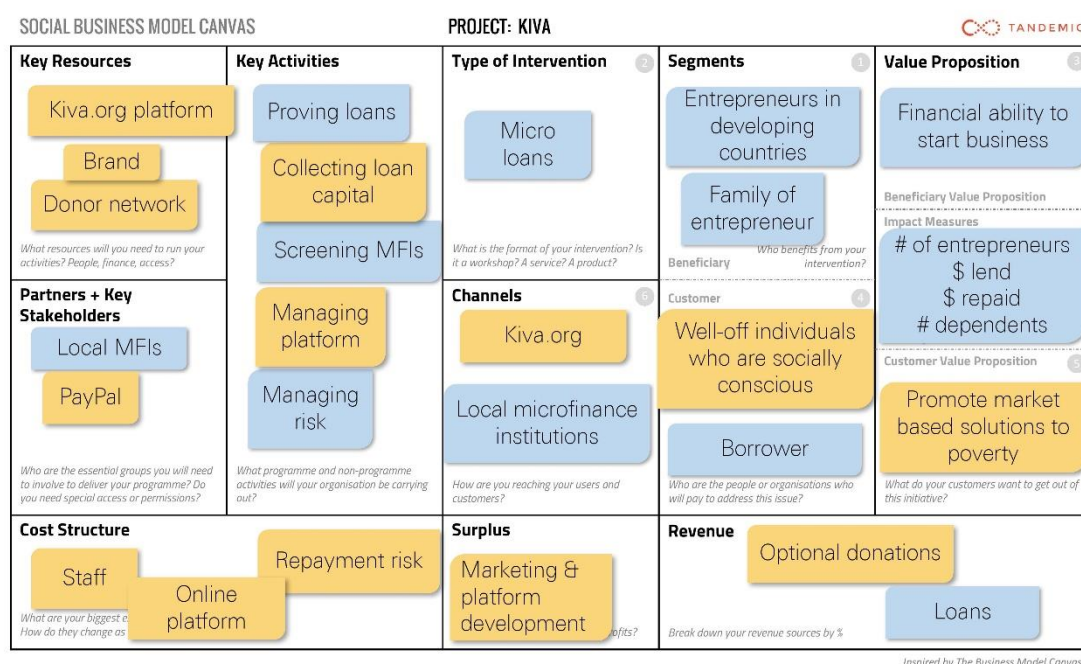
2. Creating a business model

Most organizations are neither charitable nor commercial, the sources of finance neatly divide into two income streams - the non-repayable and repayable. Increasingly, the most transformational ideas in any field are hybrids: partly non-profit, partly business. More than half of the leading social entrepreneurs find their market mechanisms at odds with most philanthropic sources of funding, and yet their commitment to solving a social problem alienates investors.

Financing forms can be differentiated between non-repayable and repayable forms of financing. The graph below offers a good overview of how the categories can be structured:

Forms of financing

Non-repyable financing	Repayable fiancing

Donations/ Grants	Sponsoring	Loans	Direct Investment	Mezzanine Capital

Overview of financing forms papered by The Financing Agency for Social Entrepreneurship build on this aspect.

Despite this transfer of financial expertise, the dilemma of hybrid organizations being faced by a fragmented financial system remains unsolved, or not fully solved. Complex solutions, and social innovations very often touch interconnected systems, cannot be financed by one source of money but by piecing together several sources of money with often quite different risk-return profiles. A pension fund may be invested with a low risk and low return, a venture capitalist with a much higher return for his higher risk, while a public authority provides a guarantee and is happy to lose money for a different kind of benefit. This practice is called syndication, and it has been great business for banks and other intermediaries for more than a century, time to use it in social sector as well.

Regardless of the financing form it is extremely important for social innovators to partner with trustworthy institutions. The most important asset of social innovator is always trust. You cannot do good in one sphere and bring devastation in another. That's why it's important to take grants or be investment form organizations that not only have good reputation, but also the one that you have personally checked and fully believe to be trustworthy.

Example

I will share with you an example of an Ashoka Fellow Frank Hoffmann, who pioneered a diagnostically superior breast examination method by training blind people as skilled diagnosticians. Discovering hands® is based on standardize tactile procedure, in which visually impaired women use their superior tactile senses to detect early indications of breast cancer. Preliminary studies show a 28% increase in early detections. In addition to this visually impaired woman are filling a position and are coupled with gynecological practices ad clinics, not in spite of their disabilities but because of their special capabilities. At the time of the first financing round raised with the help of The Financing Agency for Social Entrepreneurship, 10,000 women have been examined and 38,000 were planned for the next five years to come.

The hybrid financial structure of Discovering hands® is built as on a graph here below shows.
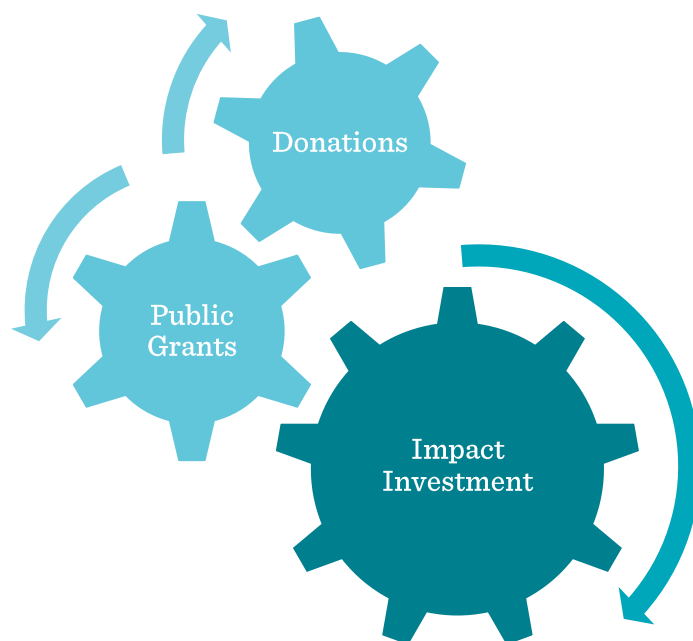
Donations allow to finance the development of the model, as well as scientific validation and the curriculum. Public grants are the primary source of funding for training of the tactile examiners as a public rehabilitation measure. Model is complemented by impact investment in a form of shareholder loan to finance investment is a self-sustaining business model.

discovering hands® not forprofit	discovering hands® Service for profit	MTE (Medical Tactile Examiners) - Forum not for profit
further development and penetration of the discovering hands system globally	operative business entity	representation of intrests of the MTE
maintenence and further development of the curruculum for MTE	production and distribution of orientation stips (nessery for each examination)	support of MTE in education and practive
academical validation	contractual partner of health insurances and doctors	recruting
education for MTE and doctors	public relations	granting of education stipends

Discovering hands® has developed a hybrid financial model in order to avoid potential conflicts with the philanthropic donors and create positive synergy: profit from the for-profit service organization supports the social mission. If you would like to explore this example in more details please read a case study of Discovering hands® prepared by The Financing Agency for Social Entrepreneurship.

Application

Direct investment and Mezzanine Capital requires from a social innovator to be in a state of a so called investment readiness. It means capability and an obligation to focus on the investors perspective. You can read more about that in the paper: Social Impact Investment: Building the Evidence Base published by OECD. Before you start approaching this specific kind of financiers, it makes a lot of sense to submit your social enterprise to a systematic x-ray – a so-called "investment readiness" check.

Vision and impact

- Do I have a clear and comprehensible theory of change?
- Do I meassure the impact? How can I measure the impact in a more consistent and reliable way? (More in next chapter)
- How can I add more depth or breadth to the impact that I already achieved with my initial projects?
- How can I scale to more beneficiaries, regions or countries?
- Am I ready to present my impact value chain to potential investors and other stakeholders in a clear and compelling way? What do I need to do so?

Self-sustaining business model

- How can I create revenues? What is my organization unique value?
- How much turnover do I already create and with which target groups or services can I expand it?
- How will my costs develop when I scale?
- How can my organization reach breakeven and create a surplus?

Diverse financing sources

- What are the features and consequences of different financing sources and instruments to my organization?
- Which financing models are available for my type of organization and what are their pros and cons?
- Will they rather compromise my mission or support it effectively?
- What do different sources of capital and types of investors expect from me in return?

Team

- Do I have the right people aboard to master the scaling of social innovation?
- Which additional competences and professionals do I need?
- How can I ensure that my team will be fully committed to the mission long-term?

My achivments

- Did my pilot project really work?
- Did my products or services successfully reach the target groups and beneficiaries and effectively improved their situations?
- Where are shortcomings in my offering or misconceptions in my theory of change? How can I improve them?

Inspired by FASE.

Resources

I recommend you to read an article [Best bits: advice from our experts on 'investment readiness'](#) where The Guardian round up the best advice from our recent live Q&A on how to improve the 'investment readiness' of social enterprises.

There is many investment readiness check lists available online. I recommend you [Investment Readiness in the UK](#) by Dan Gregory, Katie Hill, Iona Joy, Sarah Keen, because it's a very complex publication and UK is a very mature market. I like also a much simpler paper initially for Northern Ontario communities titled: [The Investment Readiness Test](#).

Last but not least, a manual: [Social Investment Manual: An Introduction for Social Entrepreneurs](#) provides social innovators with a comprehensive and easy to use guidebook on how to develop successful relationships with social investors.

There is also an inspiring article [The future of business lies in hybrid social finance partnerships,](#) which picture a story of an Ashoka Fellow [Luke Dowdney](#) founder of Fight for Peace, who thanks to Ashoka's support found a dedicated investor who didn't want to just 'donate to charity, but invest and be involved in building success.

3. Measuring social impact of social innovations

Małgorzata Baran, PhD

Paweł Maranowski

The measurement of social innovation and social impact should be one of the key elements of social intervention planning. The main aim of social innovation research is to assess effectiveness of innovation. In addition, the study of social innovation must answer the questions whether social innovation responds to the needs of people and how social innovation is implemented. This implies conducting research at every stage of innovation: the research preceding the implementation of innovation (ex-ante evaluation), the intervention (ongoing evaluation), and the final results and products (ex-post evaluation).

Many scientists attempt to develop methods and tools of measuring social innovation and social impact. Taking into account existing scientific findings, two main approaches can be distinguished. The first of them is an economic approach. In this approach the most relevant are objective indicators that can be analyzed using a quantitative method, which makes it possible to compare the results of social innovations at the level of regions and countries. Some economists measure social innovations as they do technological innovations. For example, they parameterize return on effort as results and products of social innovation.

The second approach is based on existing methodologies of social research, in particular, on evaluation methods. In social research a number of techniques are used, both qualitative (e.g. in-depth interviews) and quantitative (surveys). Researchers using social research methods must take into account not only the specifics of the subject of research, but also its cultural, political, sociological and psychological context. Building objective indicators is complicated when the subject of measurement is social innovation and people who benefit from it. Moreover, implementation of social innovations is related to the risk of failure and unintended effects. The

crucial element is to determine the method of gathering data on social innovation. This decision depends primarily on the nature of social innovation: measuring the reduction of digital exclusion of older people is, for example, different from measuring assistance to alcohol addicts or the increase in civic participation in the local legislative procedure.

This chapter presents, in a simplified form, approaches and methods used to measure social innovation and social impact. The main focus is on indicating various applications of social research methods, including qualitative, quantitative, evaluation, case study and experimental methods. Economic approaches are excluded, as they lose sight of the specificity and uniqueness of social innovations. It should also be stressed that there is no single research method whose results are the most reliable and valid. For instance, quantitative research methods and techniques are more successful in situations where specific statistics are needed, whereas the nature and effects of social innovation are better understood with qualitative research. Also, psychological methods are more effective in studying social innovations with an element of psychological change, while ethnographic studies are more suitable for cultural projects.

Examples

Three different cases are presented below. Selected cases are based on real innovative projects. The aim of these examples is to present different methods and techniques of measuring social innovation and social impact.

Case 1

Description:

A lot of schoolchildren suffer from social exclusion. Psychologists agree that this could be dangerous for children who are directly affected by the rejection of their friends. Such situations are often referred to as "scapegoating". Children rejected by the class are more exposed to depression, obesity and other psychological issues. Psychologists have developed an innovative method of reducing the social distance between an excluded child and other children in the classroom. This method is based on workshops conducted in schools in which exclusion occurs. It is implemented in order to prevent this phenomenon in the future.

Measurement:

To assess the effectiveness of the innovative educational method, the authors of the study decided to establish a diagnosis. Desk research analysis showed that the problem of exclusion in the classroom is quite common, and thus there was no need to conduct a new study identifying the need to implement an innovative project. Researchers only had to study specific schools and classes requiring social and psychological intervention. During the project the researchers planned to conduct qualitative studies using two techniques: in-depth interview and classroom observation. The interviews were conducted with teachers, children and the children's parents, while observation was conducted in selected classes. Monitoring aimed to control the implementation of the intervention and, if necessary, its modification. The project was summarized with an ex-post evaluation. That phase involved both quantitative and qualitative methods as well as psychological interviews. The quantitative method helped to assess the scale of intervention by the use of measurable indicators (e.g. the number of children included in the project). The qualitative method and psychological interviews made results more

understandable and demonstrated that the workshops changed children's attitude towards excluded classmates.

Case 2

Description:

One of the most common accusations against universities is the overproduction of graduates. Recent graduates face considerable difficulties in finding a job, a lot of them are unemployed for a long time after graduation. This phenomenon was to be prevented by a project financed by the government and implemented by NGOs specialized in unemployment. The aim of the project was to employ career counsellors who would help students build their own professional lives through training courses and consultations. The programme was expected to include all universities across the country; however, the pilot phase of the project was only introduced in selected universities.

Measurement:

In order to measure whether introducing special counsellors in the universities reduces the unemployment rate among graduates, the authors conducted a social experiment. The aim of this method was to compare universities participating in the programme with the universities that did not. With the use of statistical analysis, it was possible to measure effects of the programme in comparison with the experimental group (programme participants) and control group. The authors of the study set up measurable indicators for graduate employment across different universities (both participating and non-participating). This enabled them to demonstrate objectively that students participating in the programme had more success finding their way in the labour market than students who did not take part in the career counselling programme.

Case 3

Description:

Many European societies exhibit low levels of reading. This phenomenon is affected by many factors, including habits acquired in childhood, book prices and lack of access to libraries. A local civil society organisation decided to increase reading among residents by using the idea of bookcrossing[1]. In order to put this idea into practice, the organisation financed the purchase and assembly of bookshelves in buildings and an advertising campaign that promoted sharing books with neighbours.

Measurement:

The neighbour library project was spontaneous and its authors initially did not plan any additional measurements. As an analysis of initial needs was conducted, it was based on generally available statistics regarding reading and a simple questionnaire placed in the

---

[1] The practice of deliberately leaving books in places where they will be found and read by other people.

buildings where the bookshelves were to appear. As a result, the organisation had to confront the problem of measuring the effects of the innovation. For this purpose a case study method was conducted selecting 5 buildings in different parts of the district. Selection criteria included the socio-economic status of residents and the number of residents of buildings with bookcrossing libraries. As part of the case study, the authors described implementation of bookcrossing libraries, conducted in-depth interviews with residents and implementers and also summarized the effects. Although the study did not reveal an increase in quantitative reading indicators (which was not its purpose), it was possible to verify the process of implementation of the innovation, compare it with other processes in other locations and assess residents' commitment to the issue of reading (based on subjective perspective of readers).

Application

A social innovation study should begin with establishing its purpose. The majority of studies of social impact projects are focused on their effects and products and measure their efficiency. A study of social innovation can determine whether the innovation is being implemented as planned and whether it is compatible with the goals of the innovation. The aim of the study is therefore to assess to what extent the intended effects were achieved.

When planning social innovation research, one needs to take the following steps:

1.	Define the subject of the study and determine essential research problems
2.	Determine research methods and techniques that are the most suitable for the nature of social intervention under study
3.	Define the population and determine which part of the population will be analysed
4.	Plan the number and time of research activities
5.	Calculate costs
6.	Plan the method of analysis and data presentation

These steps should be considered in conjunction with each other; for example, the cost calculation and the selection of appropriate methods should be made simultaneously, and the selection of methods should take into account the selection of individuals for the study and final presentation of findings. Sometimes it can be difficult to do all the steps at the same time. For instance, planning an ex-post evaluation (following the intervention) must be preceded by an ex-ante evaluation (prior to the intervention) or desk research.

The basic research problem in the study of social innovation and social impact is usually the measurement of results and effects. The aim of almost every measurement of social innovation is to answer the question whether social innovation has achieved the intended effects. However,

results and effects strongly depend on the nature of social intervention. For example, we get different results with projects strengthening legal empowerment and different results with projects reducing discrimination and social distance.

There is no perfect method or technique for measuring social innovations and social impact. The quantitative method in social innovation research is effective if one wants to gather objective data in the form of tables and charts. The most frequently used technique with this method is a survey questionnaire, which can be handed to respondents personally, filled out by the interviewer or filled out online using CAWI (computer-assisted web interview). This method creates an impression that the data gathered is objective, reliable and valid. However, applying a qualitative method brings more accurate outcomes. In some cases it is good to conduct soft research techniques such as in-depth interviews, focus group interviews or observation. The qualitative method and related research techniques ensure that innovations are analyzed at their core and from the perspective of their main beneficiaries. Quantitative research is more likely to show its limitations in studying the nature and dynamics of human attitudes and behaviour.

Another approach involves the case study method. This method can be used to study an innovation in a comprehensive way from the planning phase to final results. In this method the key is to select the type and define the number of cases. The "case" in case study method may be the innovation itself, but it can also be the beneficiary or decision-makers. Case studies can be conducted using both quantitative and qualitative methods as well as methods related to ethnographic, psychological or economic research.

For a long period of time social interventions have been successfully measured using the social experiment method. Its principles are almost identical to those of the classical experimental method. In order to assess whether a socially innovative project fulfils its objectives, this method involves a measurement of effects in two different groups, the experimental group, i.e. the group participating in the social intervention, and control group, i.e. the group that is not the subject of the innovative project. Quantitative research and statistical analysis are the most common tools used to assess results. Significant differences in results between the two groups prove whether the social intervention actually has an impact on increasing or decreasing the indicators. Consequently, experiment is a method that primarily tests cause-and-effect relationships.

The selection of the sample also plays a role. Case analysis attempts to analyse all categories of people engaged in a project. For studies involving the survey technique, it is advisable to select a proper sample (e.g. by randomising), which will help to save time and money. As far as qualitative studies are concerned, they need to take into account criteria for selecting the sample. Those criteria should be diverse enough to identify the entire spectrum of possible individuals (e.g. the study should include different genders, younger and older people, etc.). Qualitative studies are therefore generally more focused on the diversity rather than size of the sample.

The final stage of the research includes the calculation of respondents' responses in a survey, analysis of interviewees' statements in an interview or a detailed description of case studies. Presentation of research data should take into account the subjects of the findings and the way they are presented. In order to make the subjects confident in our actions, the form of presentation of findings should be accessible and easily digestible. This is particularly important, if the sponsor of an innovative project expects specific results. This is why it is worth including positive unintended effects in the analysis and presentation of the research findings.

On the other hand, the main aim of research should be to show the effects of a project. Social innovation research can neither be a tool of persuasion, nor manipulation. It must reveal the true nature of social impact as well as when that impact is insufficient and does not meet expectations of the decision-makers.

Resources

An effective method in analysing results of social innovations and social impact is the evaluation method, whose aim is to measure such attributes as effectiveness, adequacy, efficiency and sustainability of innovative and other projects. This method and examples of its use are discussed in the following handbooks and documents:

1. European Commission, *Guide to Social Innovation*, 2011
2. European Commission, *Evaluation Methods for the European Union's External Assistance*, 2006
3. Reinhard Stockmann (ed.), *A Practitioner Handbook on Evaluation,* Edward Elgar Pub, 2011
4. Ian Shaw, Jenniger Greene, Melvin Mark (eds.), *The SAGE Handbook of Evaluation,* SAGE Publications, 2013
5. Hallie Preskill and Tanya Beer, *Evaluating Social Innovations,* FSG, 2012
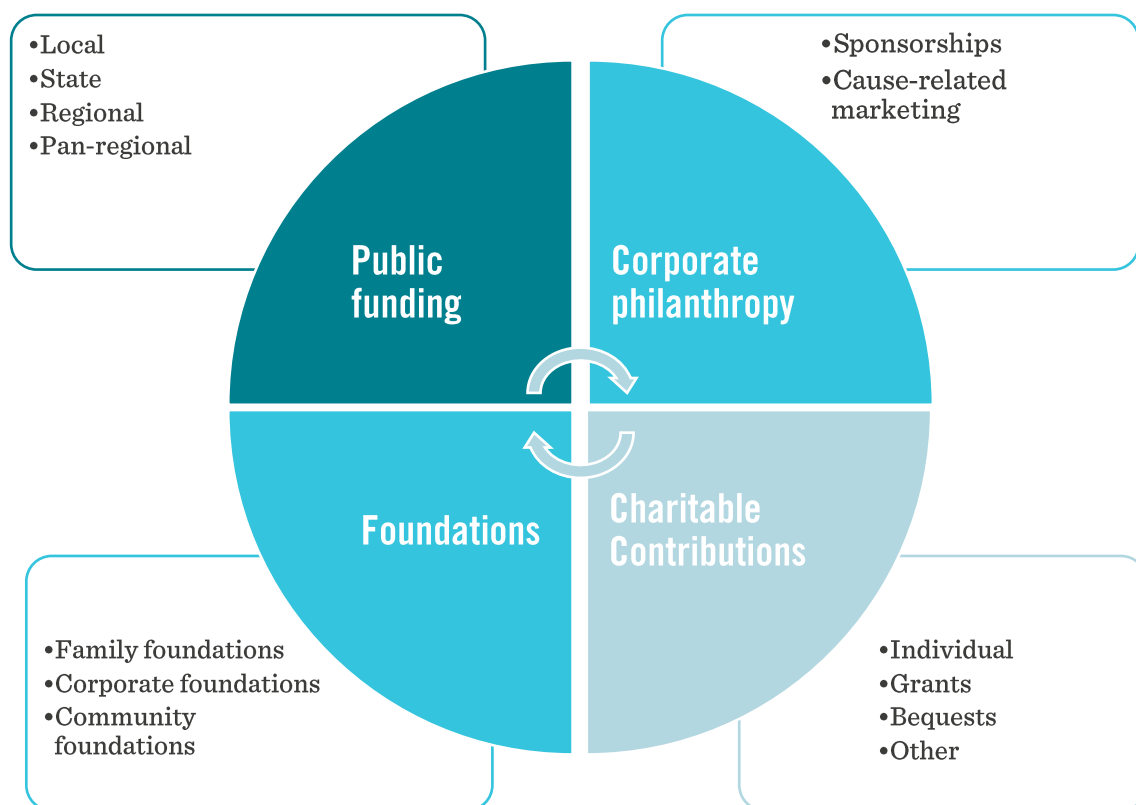
A particular method for measuring the effectiveness of social innovations is the social experiment method. The planning phase, implementation and examples of this method are described in the following:

1. European Commission, *A Guide to Social Experimentation*, 2011
2. David H. Greenberg, Mark Shroder, *The Digest of Social Experiments*, Rowman & Littlefield Publishers, 2004
3. Esther Duflo, Abhijit Banerjee (eds.), *Handbook of Field Experiments*, North Holland, 2017

Reliable source of information on social innovations is the online magazine Stanford Social Innovation Review (www.ssir.org). The magazine publishes articles by researchers, community organisation leaders and engaged citizens who share their experiences. The Measurement & Evaluation tab is exclusively dedicated to the subject of social innovation research.

4. Searching for financing

Social innovations very often are tested by NGOs or cross-sector partnerships, that's why founding for those initiative is quite similar to financing other socially impactful projects. New ways to raise revenue spring into existence, but there is a basic set of methods typically forms the backbone of fundraising. We have already said about hybrid models' spectrum from donations to Mazzaine Capital but focused mostly on repayable financing and fees for services. Nevertheless, the non-repyable financing is no less important. There are four main kinds of non-repayable financing.

- Local
- State
- Regional
- Pan-regional

- Sponsorships
- Cause-related marketing

Public funding

Corporate philanthropy

Foundations

Charitable Contributions

- Family foundations
- Corporate foundations
- Community foundations

- Individual
- Grants
- Bequests
- Other

Of course, every one of them requires a fundraising effort and skills as well as has it's limitations. The public funding can be refused if the social impact in particular area is in contrary to a current political interest. Reaching for funds from corporates tight you with their responsibility or irresponsibility, especially in case of reputation crisis, but also every time when your partner is not trustworthy. Foundations have their own more or less narrow goals and you will always contribute to their aim. Charitable contributions from individual donors require a lot of effort from a fundraiser.

Every one of them has also its own strengths. When social innovation directly addresses a social problem that is assigned as a responsibility of the state, as inmates or kids in foster care, it is natural to make a use of the available public funding. In European Union structural funds also aim to boost social innovation, but always according to EU strategies, so more for development of labor market than continuing system change work in citizen sector. Corporations may build long time partnerships based on individual relations, when organizations are a good fit for their mission and complement their hybrid value chain. A successful co-creation between business and NGOs can bring fruits for long years and give some stability so often needed to leverage impact or scale. Charitable contributions, not only crowdfunding, very often are seen as a source that gives the biggest freedom of action. However, during financial crisis in 2008 there was more then 50% drop off regular financial support in form of distant adoption, individual support of living and educational cost of kids in developing countries. Despite the risks, I will share with you here below some interesting strategies to charitable contributions by Ashoka Fellows, also because the money from individual donors are quite often unrestricted, so an innovator can make decisions on spending accordingly to the true needs of the project.

Examples

Ashoka Fellow [Bart Weetjens'](#) organization APOPO, trains HeroRats (giant pouched rats) to detect land mines in Africa. Compared to manual demining, a rat scans an average of 100 meters in half an hour, twice the area covered by an expert deminer in a day. Bart is also employing their superb noses to detect tuberculosis. Two rats can analyze 320 samples in 40 minutes—it takes a whole day for eight highly skilled technicians to analyze the same number of samples. APOPO has hybrid finance model, getting funding from number of sources, but has developed individual donations developed. They don't simply ask to support them, but prepared number of products and services that you can buy for their rats. Diner for two is my favorite. Buy the lovely gift of a romantic dinner for two to support our breeding program. This gift includes a candlelit dinner of bananas, corn and other delicious foods with soft music, a perfect setting for kindling romance between two HeroRats. Every product goes with certificate that you can give as gift to your friends, family, employees. Public fundraising in 2017 was APOPO's second largest revenue source, even thou grants from foundations were 4 times bigger then public fundraising it shows that this way of attracting donors work. I personally bought love nest from APOPO as a wedding gifts to my friends. They loved it.

Ashoka Fellow [Marek Łagodziński](#) is introducing a new approach to prisoner rehabilitation that helps prisoners reconnect with their families and with life outside prison well before they finish their sentences. His Slawek Foundation provides practical job training and placement for prisoners and ex-prisoners, but more importantly, psychological support and motivation to begin new lives and stay out of prison. For years their main funding source were public grants. In 2016 they received none of the 4 major grants that were base of their funding model, they were in risk of closing organization after almost 20 years of successful work. Searching for funding for prisoners is almost impossible, that's why they ask individuals for support to kids of inmates. There were the same programs, but communication focused on children missing parents. What is more, in crisis moment, first time they had asked for support their former beneficiaries, who as individual donors started monthly donations. It was also a moment when they have increased amount of adoptions of their Goya's bushes in social enterprise that they run. Charitable contribution from individuals almost balances out shortages and allow organization to endure and work on more sustainable finance model.

Application

Searching for financing is always a challenge and is differentt from case to case. Financing social innovations requires even more aware and brave donors, that makes fundraising even more tailor made and demanding. Based on good practices implemented by Ashoka Fellows, and Ashoka itself - as a donation based organization, I have prepared for you the 7 tips here below on how to search for financing from individual donors. You will find more about potential sources for foundations and public sector in the Resources part of he guidebook.

Identify prospects

- Keep it personal
- Do you *know* the potential donor?
- Does this person *care* about your cause?
- Do they have *money* to give?
- In doing so please keep in mind, that lower and midle-income hoseholds are more prone to give bigger sums randomly than usually less accessible wealthy households

Ask for support

- It might sound almost silly, but if you don't ask you will never get. It won't always work, it may happen that no one supports your croudfunding campaign, it may be the most sucsessful campaign as well. You have to try.

Thank for support

- Very often shaking someones hand and saying thank you, or sending a nice personal email is enough. Sometimes you can organize an event or prepare gifts for your donors, but never forget to express you gratitude.

Create a FOMO stategy

- FOMO - fear of missing out is somewthing that every social innovator knows well, mostly from attending conferences and public events. Will the World end if I won't be there? You can use this to convince your donors - they will loose acess to the network, events, fresh trends and other benefits if they don't support you - think wha are the benefits.

Involve your donors

- Involving donors deeply in your work is crucial for long term cooperation. It allows you also not only to make a good use of their financial recources, but also their know how, if they will become your pro-bono supporters, or their networks, you encourage your supporters to involve their friends and colleagues.

Impact report

- Donors want to know their money made a diffrence. It does't need to be a long report, or even it is better if it isn't too long and has good visials, but track your impact and communicate it in tempting way.

Be a fundraiser

- Funders preafer to interact with leadership and front-line staff. You don't need a person whose job is only to fundraise. Empower every team member to fundraise, also by preapering materials for them to do so.

Resources

Funding for social innovations in Ashoka's approach should be funding for social systems-level change. That's why A New Model of Collaborative Philanthropy by Olivia Leland is your must read. Olivia sums up in 3 points her conversations with hundreds of philanthropists and social change leaders around the world about this market failure. She herself is a CEO of Co-impact, global philanthropic collaborative for systems change focused on improving the lives of millions of people around the world. So you can look for funding also there.

NESTA, , and it's Nesta Impact Investments is a place where you can look for funding, as well as the European Union. Talking about EU, there is also EU Social Innovation Competition, not only for EU members.

There is very interesting article entitled: The New Corporate Philanthropy from Harvard Business Review by N. Craig Smith. The most interesting thing in this article, it is from 1994 and reader can reflect to which extend these companies have become *corporate citizens*. "Like citizens in the classical sense, corporate citizens cultivate a broad view of their own self-interest while instinctively searching for ways to align self-interest with the larger good."

Article Funding social innovation: how do we know what to grow? by Nino Antadze & Frances Westley starts with a quote from and Ashoka Fellow David Bornstein "... more people today have the freedom, time, wealth, health, exposure, social mobility, and confidence to address social problems in bold new ways. Supply is up; so is demand" and his book *How to change the world. Social entrepreneurs and the power of new ideas,* where he describes Ashoka Fellows from all over the world. That are not the reasons why I recommend that article, because by using the concept of demand they explain the success of social innovations, but also due to part about scaling up, which bridge us to the next chapter.

5. Approaches to growing, scaling and diffusing social innovation

Maximizing impact can be a difficult thing for even the most seasoned organizations to articulate and it doesn't have to mean the same thing to everyone. Ashoka has developed a framework called the "Four Levels of Impact" which distinguishes between different levels of impact a social enterprise may have.
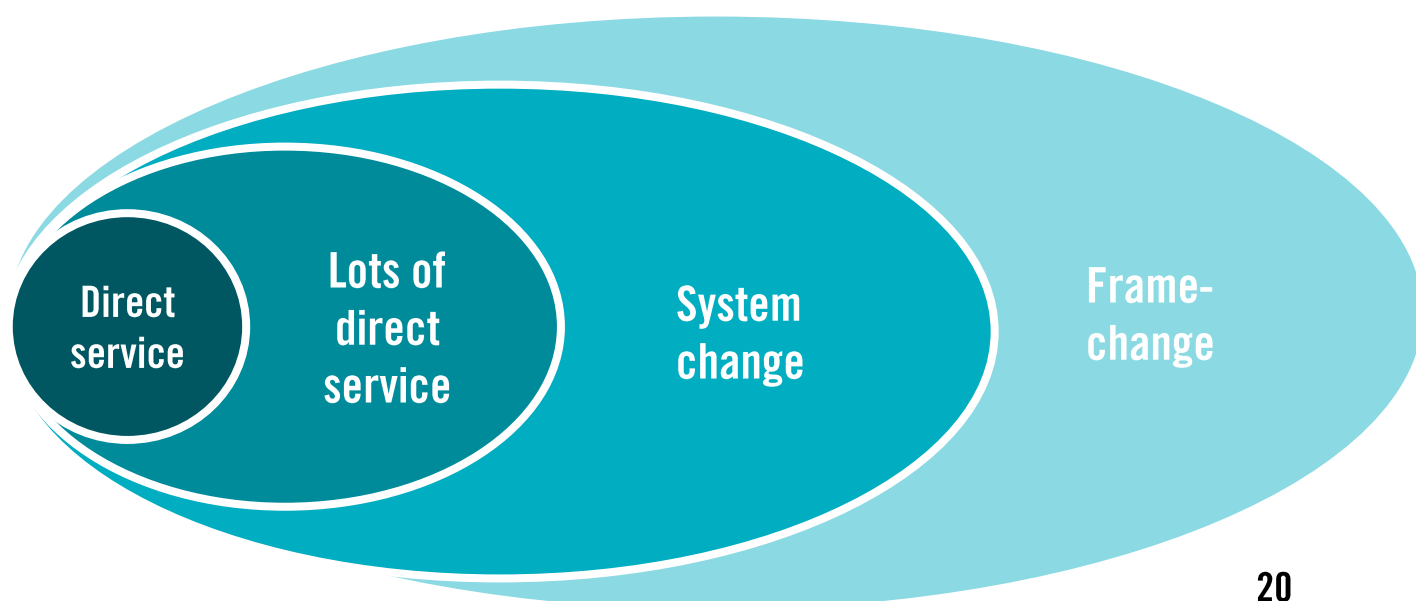
- **Direct Service** Work in populations needing services, food, and/or providing a direct benefit to their wellbeing.
- **Scaled Direct Service** Models that unlock efficiency and impact through well-managed logistics of an intervention or solution, benefitting a larger numbers of individuals.
- **Systems Change** A new model that is addressing the root cause of a problem. It often involves policy change, widespread adoption of a specific methodology by leading organizations in a sector or creates new behaviors within an existing market or ecosystem.
- **Frame Change** It affects individual mindsets at a large scale, which will ultimately change behaviors across society as a whole. This Impact Spectrum is not an impact hierarchy. Frame Change is not better than Direct Service, it just operates at a different, more macro level of changing people's world views, beliefs, and ultimately, behaviors. Not only is it important for organizations to understand where in this spectrum of impact they operate, but there must also be more conversation and a better understanding of the different levels of impact across all stakeholders in the social change sector.

This Impact Spectrum is not an impact hierarchy. Frame Change is not better than Direct Service, it just operates at a different, more macro level of changing people's world views, beliefs, and ultimately, behaviours. Not only is it important for organizations to understand where in this spectrum of impact they operate, but there must also be more conversation and a better understanding of the different levels of impact across all stakeholders in the social change sector.

Growing, scaling and diffusing is strictly connected to impact spectrum, because base on that social innovators can scale their impact, not their organizations.

Growth/ Fully owned replication

In this category, you grow your organisation and take care of delivering your model to your target audiences yourself. The greatest benefit of this approach can be the high degree of control: the person delivering the project is employed by the central organisation and follows rules and standards provided by them. This option often makes sense for social businesses and models that use technology-based distribution channels that can be scaled very efficiently and that realize economies of scale.

Affiliation

Affiliation is when an official on-going relationship with independent individuals or organisations is formed to help them implement your venture. There is generally a legal framework involved that sets out the nature of the relationship. Often there is also a financial relationship between the two parties, normally with the originator charging a fee to implementers.

Dissemination

At the flexible end of the spectrum is Dissemination. In this category, the originator creates resources that enable an independent other to implement the venture in a new location. There is only a loose relationship between the originator and the implementer. In some cases a fee may be charged for materials or advice, but there is generally no ongoing financial or legal relationship between the two parties.

We see that Ashoka Fellows turn their scaling strategies into more flexible and decentralized models, in what Ashoka defines as open approaches to scaling, that is, those pathways aimed at sharing practices with different actors, creating a movement and letting the idea eventually spread without controlling it. The most chosen scaling pathways lay between working with motivated strategic partners and open-sourcing. This change in approach holds tremendous promise because it focuses on spreading impact through others, to generate indirect impact

and reach a tipping point necessary to convert innovative models into the new norm in society, into real system or frame change.

Examples

Ashoka Fellow [Biplab Paul](#) has come up with a cost-effective and affordable solution to water scarcity that provides a reliable system of irrigation. In the rural areas of arid Gujarat (India), high saline soil creates an impermeable layer that prevents rain water from percolating; marginal farmers are unable to farm their crops and are eventually forced to abandon the land to join the growing workforce of migratory labor. Biplab's approach improves the lives of the rural poor through this unique participatory irrigation system based on rainwater harvesting. Firstly, Biplab was scailing impact by increasing number of direct services. After deep reflection and the guidance of Ashoka advisors, decided to open source his innovative, original and successful technology: anyone can now use it in any area of the world and adapt it to the local needs with the help of the Bhungroo team. In the last four years, Bhungroo became part of the Government of India's policy for National Rural Livelihood Mission, impacting the lives of more than 1.03 million rural poor across 12 states of India. Bhungroo expanded its footprints to three African nations and already 210 women farmers in Ghana are accessing solutions for food security and disaster mitigation through Bhungroo. In 2014, the United Nations awarded Bhungroo as the best Climate Change Mitigating development program for women across the globe and currently more than 100,000 ultra poor are benefiting from Bhungroo directly and indirectly.

Ashoka Fellow [Mary Gordon's](#) program, works to reduce childhood aggression by teaching students emotional literacy and fostering the development of empathy. Her program, which consists of children hosting parents and infants in a classroom setting, has been successfully launched in 133 Canadian schools, directly affecting some 4,450 children. She has started with direct service. Currently Roots of empathy is present in USA, UK, New Zealand, Switzerland, Netherlands, Germany and France. And it is still lots of direct services. Mary did not decide to open her know-how and her scaling strategy requires hiring someone in Canada and in new country, what result in very high entering cost and initiative present in only relatively very reach counters, but extremely high quality of program is maintained.

Application

Unfortunately, there is no easy tool to approach scaling. As it was said Impact Spectrum is not an impact hierarchy, eventually someone needs to provide direct service and good quality of the service is always crucial. That's why I will encourage you to:

- Be concentrate on problem, nor solution.

It was already mentioned, this innovative solution of yours, might not work in long term, or in other destinations. Be focus on problem and be ready to re-invent. Ashoka Fellow [Tristram Stuart](#) since 2009 he has been working to launch a broad-based, united global movement against food waste which will shift the food production system to dramatically decrease levels of waste. In 2016 initiated Toast, delicious beer which is brewed with unsold loaves from bakeries and unused crusts from sandwich makers. The only other ingredients are hops, yeast and water. He had this idea only because he is dedicated to fight against food waste.

22

- Think Big

Think about the problems that you want to solve, instead of thinking about aspects of problems that you are able to solve currently. Noone thought that people will open their homes for strangers, for free, to give them couch to crash on. But Ashoka Fellow Casey Fenton did, and couch surfing is available almost everywhere.

- Start small

When you start small you can test and improve. Ashoka Fellow Frank Hoffman from Discovering hands® tested his solution on only one, later two MTEs initially. It didn't leave him with a small impact.

- Track impact

When you track impact, you are able to notice syndromes and react accordingly. You can use as simple tool as Social Reporting Standard to become outcome oriented and act big.

When you are concentrated on the problem, you think big, start small and track your impact you are able to develop sufficient scaling strategy.

Resources

Article Scaling Impact by Jeffrey Bradach give answers to the question: how to get 100x the results with 2x the organization? Of course it's not the ultimate answer, but while reading you can explore exmples of more Ashoka Fellows: Darell Hammond from KaBOOM!, Jimmy Wales from Wikipedia and Wendy Kopp from Teach for America. Jeffrey Bradach continue to write about Scailing Impact and with Abe Grindle wrote From Scaling Impact to Impact at Scale, building on the topic. They also refer to great podcasts from the 2017 Transformative Impact Summit.
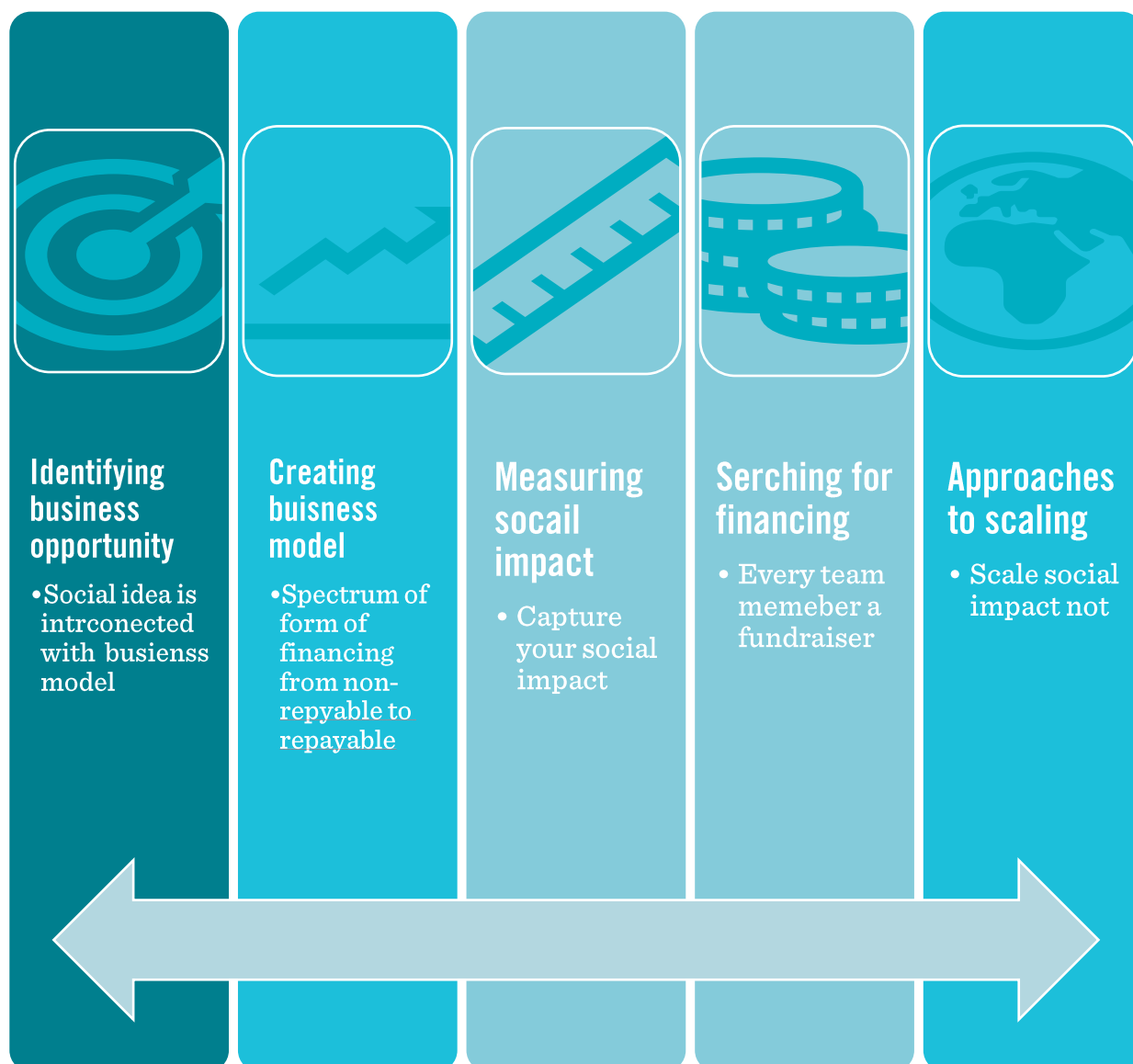
To know more about Ashoka approach to scaling you can explore Ashoka Globalizer.

I also recommend you read books about that topic. Please find time to explore: *Rippling: How Social Entrepreneurs Spread Innovation Throughout the World* by Beverly Schwartz. This book will highlight that scaling impact should be about empathy, creativity, passion, and persistence.

Summary

In Ashoka we call empathy and creativity next to leadership, teamwork, and mindfulness the basic changemaker skills. Thanks to them, and changemaker experiences, people decide to act towards common good. If there is no better way, they look for new solutions, they innovate. To incubate and accelerate more social innovations we need to support development of those skills, which were also described by other organizations, named: skills of the future by OECD or the 10 skills you need to thrive in the Fourth Industrial Revolution by World Economic Forum.

Infographic summarizing the process

Identifying business opportunity	Creating buisness model	Measuring socail impact	Serching for financing	Approaches to scaling
•Social idea is intrconected with busienss model	•Spectrum of form of financing from non-repyable to repayable	• Capture your social impact	• Every team memeber a fundraiser	• Scale social impact not

If you look for more information on social innovation, please look for other products created within Building the culture of Social Innovation in Higher Education Institutions.

If not indicated otherwise, it was written by Martyna Rubinowska base on Ashoka's expertise.

Building the culture of social innovations in Higher Education Institutions