The Revolution of Social Innovation: Emerging Lessons for Large, Complex Organizations

BY BROOK MANVILLE

Finding new sources of inspiration and creative ideas is easier said than done—mandates to just "start thinking outside the box" are hardly the answer. The innovating organization looks constantly to often unfamiliar models and sources of inspiration, challenging itself to understand when and how someone else is "changing the game"—and what it might mean for them. Breakthrough ideas come when someone dares to look beyond the predictable boundaries of "how we normally work in our industry." One source of new thinking still unfamiliar to most organizations is the emerging field of "social innovation."

The Rising Tide of Social Innovation

Social innovation has captured the imagination and enthusiasm of legions of young, new professionals and is drawing millions of philanthropic dollars to its pioneers. It is spawning thousands of new Web sites and bloggers; some state governments and the Obama administration are authorizing special funding for it; colleges and universities are establishing new degrees and academic programs about it. It is generally shaking the traditional assumptions and operations of the nonprofit sector. Some fresh thinking from this rising revolution may be an opportunity for others who are not themselves "social innovators"—even leaders of major enterprises not necessarily in the business of "saving the poor." So what might be learned from this evolving phenomenon? Are there lessons about innovation for any organization?

Social innovation is a developing set of new approaches to solving social problems, born out of the frustration and persisting shortfall of traditional nonprofits' efforts to address the problems of society. Social innovators believe that such problems can be tackled by bringing entrepreneurial thinking and market-based problem solving to social issues, novel and transformative approaches to change the status quo, and strategic efforts to spread success. Some social innovations—the charter school movement, microfinance, the "fair trade" branding movement are examples—have become well known, but there are also now thousands of smaller organizations capitalizing on new approaches to solving social ills, creatively bringing to bear business strategies or new uses of technology or some "turn-it-on-its-head" new process to tackle homelessness, declining crop yields in the fields of Kenya, shortages of supplies in U.S. urban schools, or the lack of sanitation in rural villages in India.

For leaders seeking new sources of creative thinking and new ways to create value, social innovation can be a promising arena from which to learn. Like the social innovator, leaders of large and complex organizations face seemingly intractable problems they need to solve despite barriers such as the morass of bureaucracy, too little funding, and a shortage of motivated people. Imagine your own organization today: are your challenges any more pressing and difficult than motivating underpaid teachers in an urban school, providing clean water to poor villagers living in the squalor of lands polluted by animal waste, or preparing former prisoners for a productive return to society?

Obviously each successful individual case has its own structure and strategies, but we can identify a few themes of potential application to any organization seeking to create its own innovative approaches.

Simple Technology Often Wins

How many projects in large, complex organizations become large and complex because of this or that huge IT investment intended to bring together and analyze all the information needed by different users in every different configuration possible? Many large projects are delayed, run overbudget, or even ultimately fail when the key problems might have been solved by a simpler approach, using less but more targeted technology—typically everyday technology already in the hands of users. Social innovators, who normally lack the resources and infrastructure for complex systems, often call upon what is literally at hand—for example, collecting and distributing market prices over cell phone SMS messages to poor farmers in Africa, allowing them to bypass exploitative middlemen and gain more profit for their work in the fields, or distributing basic health information to indigent villagers about infection, HIV, and maternal care using the same simple medium, as the Grameen Foundation does.

In other words, consider simple and basic solutions to capture value faster and cheaper. African fields in many countries are now being irrigated without electricity or complex machinery by simple bicycle-like pedal pumps. Charles Best, a U.S.-based social innovator, created a minor revolution in funding supplies for poor public schools with the elegant idea of allowing teachers themselves to post specific needs for their classrooms on his "Donors Choose" Web site; donors can browse through the advertised needs and in a simple and targeted way provide money for calculators, new books, or basic furnishings for underequipped classrooms. Before "Donors Choose," funding for school supplies was caught in the bureaucracy of district budgets and complex allocations; that's not gone away,

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but entrepreneurial teachers can now cut through the red tape and rapidly get what they need, thanks to the small-scale philanthropy of private donors—brokered through a basic Web site open to the public.

Breaking Silos with Hybrid Approaches

The bureaucracy of large organizations stifles projects and frustrates customers with the all-too-common cry of "not my department"—when in fact the solution to a problem or the opportunity to be captured is all about putting the ideas of different departments together. Managers become frozen by the mind-set that they must control all that reports to them and work around all that does not; similarly, most believe that there is one way of doing things within an industry or unit that defines how that enterprise works and differentiates it from other enterprises. The hardware people make hardware, the software people make software, and never the twain shall meet. Yet when they do meet, wonderful things can sometimes happen.

Social innovators create often unpredictable value by jumping across traditional categories and breaking silos with cross-domain thinking and collaboration, combining unexpected entities, processes, or multiple approaches to problems in a new composite solution. The citizens of Nairobi long believed that public sanitation, when it existed at all, was the province of the not-very-efficient municipal authorities—until a social entrepreneur named David Kuria created a successful network of pay toilets combined with related small businesses in the slums of the city. Co-designed with members of the community, featuring innovative design and operations that also provide energy recycling and reuse of waste for farming, the "IKO" toilets have become profitable community institutions, funded not just by users but also investors and retailers who use the sites to set up adjacent micro-businesses such as shoeshining, retailing, and phone-card sales.

The citizens of Mumbai until recently despaired about their hopelessly inefficient municipal ambulance service, but with the launch of an entrepreneurial nonprofit organization "1298" (the telephone number of the new service), they now have a separate, high-quality response that combines a state-of-the-art call center and information-technology tracking with a network of privately maintained emergency medical vehicles. 1298 uses an innovative business model whereby better-off patients cross-subsidize less-well-off patients on an ability-to-pay basis, and prices further vary depending on the quality of the hospital the patient desires. Another innovative hybrid organization is the "Partnership for Quality Medical Donations" (PQMD), a consortium of pharmaceutical and medical-supply companies that work with relief organizations serving needy populations around the world; the manufacturers combine their product know-how and supply with the nongovernmental organizations' (NGO) distribution and on-the-ground knowledge of community health organizations to create an integrated end-to-end supply chain. The unique partnership thus provides access to donated pharmaceuticals and other health-care supplies for people in need all around the world. In these and many other cases, new value is created by bringing together often unfamiliar partners or processes, spanning boundaries embodied in traditional categories of industry or service.

Leveraging Networks for Scale

PQMD is an example of another common strategy in much of social innovation—using networks and a range of "softer" or more informal relationships to spread programs and create more impact. The combined networks and relationships of all the NGOs in PQMD provide much greater reach and distribution than any single organization, and more than all the pharmaceutical manufacturers can hope to achieve on their own; the heart of the consortium is a set of core values and a commitment to mission that binds the different networks of the members into an integrated whole.

Root Cause, a social-innovation consulting and research organization, has created a path-breaking funding marketplace in Boston (the "Social Innovation Forum"), bringing together donor-investors and their networks of socially minded colleagues with rising community innovators who need knowledge, visibility, and operating capital to advance their work in health, education, and other human services. Thanks to these networks, much more funding is now available to the social entrepreneurs

of metropolitan Boston; other municipalities have expressed interest in the model, and Root Cause is building networks to support the spread of the innovation.

Another network-building story can be found in the Nyala Dairy Cooperative in Kenya. The cooperative, aided by pioneering work of the social-innovation consulting organization TechnoServe, built a wide range of community networks and for-profit business relationships (leveraging both commercial and traditional tribal relationships) to make its dairy the hub of a much larger commercial and social center. The network expansion now brings more economic prosperity to an increasingly large population in the region. Teach for America, the social innovation of Wendy Kopp that recruits and places "best and brightest" graduating college students in poverty-stricken urban and rural school districts, continues to build its impact not just through the development of its corps of teachers, but also through networks of alumni who collect and share best practices and help recruit future members. In these, and thousands of other cases, innovations are spread by people-to-people relationships, with impact growing more through the informal transfer of values and knowledge focused on a shared mission than formal infrastructure.

Mission-Driven Performance and the New Kind of Leadership

The motivating power of mission is another critical attribute of social innovation. Though nonprofits have long called on the shared values and shared purpose of noble missions to engage volunteers and staff, social innovators up the ante. Leaders of social innovation seek solutions that are more rapid, measurable, and disruptive; they make the call to mission a deep and penetrating part of all that they and their organizations do. At the same time, the leadership style of social innovators is neither messianic nor ego-driven; depending on networks, rapid problem solving, and widely distributed learning and change, the best socially innovative leaders share responsibility within their organizations and across the networks they call upon and do all they can to replace hierarchy with purpose-driven collaboration.

That style of leadership is further enhanced by social innovation's insistence on measurable performance, accountability, and transparency. When all are committed to mission and results, and when all engage in new ways of working and solving problems in order to break through persisting, complex barriers, there is no tolerance for the pomp of position or the hoarding of knowledge or authority for personal gain. The common themes of these innovators are not "me" but "us," not "glory" but "impact." Thus the comment of Charlie Brown, the leader of Ashoka's open-source social-solution network, Changemakers.net: "There are better ways to change the world than building a personal empire."

A Challenge for All

Not all problems or opportunities are suitable for social innovation, nor is social innovation a panacea for all that ails humanity or a particular organization. But more and more organizations adopting the social-innovation approach are getting traction in problem arenas long written off as hopeless. At the same time, like other revolutions through history, this one may be as valuable for the broader and longer-term effects it catalyzes as for the immediate change it brings. We may hope and pray that creative social innovation finds new and better ways to educate children, provide better health and living conditions for the poor, and make a dent in ending domestic violence or global pollution. If it also serves to inspire leaders in any organization to work in new, better ways, it may deservedly live beyond the excitement of the moment. ●

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