

a white paper

# radical(re)invention

why there are so few breakthrough  
social innovations and 20 recommendations to  
overcome the barriers



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## Introduction

***Our single greatest asset is the innovation and the ingenuity and creativity of the [American] people.*** President Obama, 2010

Given the vast amount of money from tax revenues and philanthropic donations funneled into the social sector in the last 10 years, there have been surprisingly few revolutionary, 'disruptive' or breakthrough social innovations that have disappeared, or at least reduced significantly, the issues they were designed to impact. With few notable exceptions such as NHS Direct, Kiva.org, Open University, Grameen and its derivatives and some of the vaccines and drugs developed for killer microbes, we are yet to see many game-changing, scalable, systemic and sustainable services, programs or products that permanently dissolve away social problems. This paper aims to understand why this is, and goes on to recommend a series of shifts at every level and niche within the social innovation ecology which can help us harness the full power of our ideas, technologies and will.

With a resurgent passion for social innovation in all areas of public life, communities, politicians and civic leaders are being offered a way to deliver better-designed, decentralized, economically-viable and 'cheap' social programs that could disappear, rather than just manage, fundamental social problems. It is therefore important that we do not squander the most precious resource we have that can make this a reality: teams of committed and creative people determined to generate breakthrough change (whether as public servants, social entrepreneurs, non-profits or most importantly as active citizens). As new administrations on both side of the Atlantic trumpet loudly the potential role of social innovation (and social entrepreneurship) in the betterment of their respective societies, now is an ideal time to take stock of what has failed to come to fruition and why.

This paper comes at a vital juncture. We are entering a new age where the web is starting to rewire the planet. This wikified world invites us to pool our intelligence and resources and work together to solve the most pressing challenges of the day. At this defining moment in the history of our species we are all being offered a once-in-a-generation chance to make our voices count through the digital and social networks that are invading all areas of public and private life. It is the time to realize that the only way to achieve our boldest social ideas and our deepest civic aspirations is to work with others as collaborators on radical innovations for the public good.

Before we look and some of the considerable and significant political, economic and cultural barriers to this occurring - as well as go on to look at policy initiatives and organizational strategies that could change this - we must first explore what social innovation and, in particular, what breakthrough or 'disruptive' social innovation is.



## Breakthrough or 'disruptive' innovation

Innovation can be described as 'the profitable leverage of ideas'. It can be a new product (Innocent smoothies), a new brand extension (Smirnoff Ice), a new service (debit card payments), or increasingly with the advent of the networked age, a new business model (zopa.com). Most innovation tends to be incremental - a small improvement to a product or service or a more significant leap that only a few of the very wealthy can afford. They tend to do little to reshape, or 'disrupt', the market as a whole<sup>1</sup>.

However, every now and again, a person or company has a 'big idea' that disrupts the market entirely. Such a 'disruptive innovation' permanently changes the rules of the market place, shifts consumer opinions and assumptions about what a good or affordable product is, creates new consumer or customer behaviors and repositions the competition by default. In other words, they leapfrog the incumbents and market leaders, usually killing them off in the process. Netflix in the USA (the equivalent to LoveFilm.com in the UK) is a good example of this in action.

Before Netflix hit the scene, the main solution for customers wanting to watch movies at home was the local video store. As we all know to our regret, these businesses make the majority of their profits on late fees. In the 80s, Blockbuster was pioneered a supply-side business model (serving the industry and not the end beneficiary) that effectively locked consumers away from the latest movies until Blockbuster had made their profits on new releases. Blockbuster was sold at one stage for \$8.5 billions dollars, and was reportedly opening a store every 17 hours. Netflix was launched into this system and disrupted the status quo.

Netflix has developed a radical new business model that was consumer-centric and web-enabled. You pay a fixed fee for a certain number of DVDs, which you can keep as long as you like, which means late fees have been abolished. Netflix massively reduced overhead by making all transactions occur over the web and through the regular post. In a little over ten years, Netflix has built up 15 million subscribers, has posted its billionth DVD, and has 5 times as many visitors to its site than Blockbuster, the former market dominator.

A sure way of telling a market disruption, once Netflix had launched their services, Wal-Mart, Blockbuster, Amazon and more all raced to catch up. They had been suddenly repositioned as laggards behind the new kid in town. With only around two thousand employees, Netflix has a market capitalization of around \$7 billion, and its share price has risen by roughly 60% since the start of the 2008 downturn. Blockbuster, the legacy company with 6500 stores worldwide, has a market cap of \$78 million. In march of this

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<sup>1</sup> See Jean Marie Dru or Clayton Christensen for more



year, its auditors expressed doubts that it was a viable concern. It is in default on a \$45 million interest repayment as I write. This is disruption in action.<sup>2</sup>

### **Characteristics of breakthrough social innovations**

Netflix designed a business model that showed four key characteristics:

- Systemic - they changed the entire way business was done and how the market operated, shifting consumer behaviors to a subscription model with maximum consumer choice and freedom and minimum provider overheads. Doing this these disappeared the no.1 consumer problem: paying late fees.
- Sustainable - without retail locations and staff it could use its rapid profitability to offset losses in late fees and drive profitable growth and expansion through digital delivery
- Scalable - wherever there is internet access and a postal system, Netflix can deliver its service with minimal need for new staff and new set up costs
- Self-organized - Netflix relies on a smart and informed consumer to use the online system effectively, send their DVDs back in a timely manner, and be honest about losses, damage and postal issues

Let us define social innovation as 'the leverage of ideas for social or public good'. Then breakthrough or disruptive social innovation becomes 'the leverage of ideas for social or public good that can permanently disappear or massively reduce a problem'. Ideally they show the same 4 key characteristics, slightly repurposed to fit the pro-social and not for-profit agenda. We will return to them when looking at the institutional and cultural barriers to successful breakthrough social innovation.

1. Systemic. That is, they work at the level of the entire system, shifting it to a new state of equilibrium where pernicious social problems no longer exist. By definition this means they are not just treating symptoms, but are targeting the root causes of social problems and looking to eradicate them for good.
2. Sustainable. Although they might need public or private investment to get started, once up and running the social services or products can sustain themselves without continuous public hand-outs or having to go cap-in-hand to foundations and donors. These activities not only limit expansion but they reduce the ability for long-term strategic planning, operational flexibility and truly radical innovation.
3. Scalable. They are designed from scratch to scale. This means that their potential reach is in the millions and billions and not the hundreds or thousands. It is usually

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<sup>2</sup> Netflix Annual Report



extremely hard to up-scale highly labour intensive, centralized and resource-heavy programs, which is where much public and donor money is invested for a number of reasons.

4. Self-organized. This means they leverage the capacity of grassroots, decentralized, localized and in culture individuals and communities to co-create and co-deliver the services themselves. This requires treating citizens as smart, independent and interdependent participants and contributors.

### **Why is breakthrough social innovation important?**

With the current mix of slow growth and recession, sovereign debt crises, government redundancies and cutbacks and more, tax revenues and philanthropic donation are dropping. With the debt that both the US and the UK are carrying, governments are under pressure to cut costs like never before. The new UK government predicts 30% cutbacks in services and 1 million civil service jobs will be lost. The Obama administration is also under pressure, economically and politically, to scale back 'big government', whilst some of the largest states are cutting even core services.

At the same time, our social problems are increasing at home and overseas. Population expansion, ethnic conflict, resource disputes, environmental degradation exhaustion, oil and gas replenishment all contribute to major problems for global communities. Now add in addictions to: consumerism, alcohol, large families, drugs, property ownership, cigarettes and food - and a concurrent rise in depression, heart disease, debt, divorce and of course unemployment - and our communities are breeding grounds for poverty, downward spirals, civil unrest, crime and ethnic, tribal and gangland atrocities, mental distress and physiological disability.

With less money to spend, but increasingly complex, interconnected and intractable social problems (often called WICKED problems), people are turning to the social sector to help deliver lower cost and higher impact solutions.

So with all the clear need and vested political interest in high-profile Netflix-style social solutions, why have we seen so few of them?

### **The barriers to breakthrough social innovation**

By taking the four key characteristics of disruptive social innovations in turn, we can spot a number of entrenched barriers to disruptive and breakthrough social innovation.

#### Barriers to Systemic Social Innovation



Most funders, public managers and politicians tend to focus on the easily visible symptoms of a problem. These often seem to be the most pressing issues, so solving them can win votes, donations, funding; whilst at the same time deliver a feeling of success and of progress. This focus on the external and visible is convenient because it tends to make the jobs of both policy-makers and front-line deliverers easier. So we see vast resources spent on stopping youth binge drinking or preventing town centre violence; regulating bankers' bonuses; and cutting hospital waiting times. But our social problems seem to persist because the underlying psycho-social causes that lie at their heart have not been transcended. For example: the mental anguish that underlies excess drinking; the disempowerment and disenfranchisement at the heart of gang violence; the emotional and ethical immaturity at the centre of City and Wall Street imprudence; and the addictions (to cigarettes, booze and food) that cause such a strain on the medical system in the first place.

Symptoms are also much more easily measured than root causes. The institutionalised social sector has, by demand or desire, focused on measuring the impact of programs in terms of the number of symptoms that have been removed. Numbers give managers and politicians a sense of security and certainty. They suggest that messy human beings with complex, unwieldy problems can be managed into neat numbers on a spreadsheet. Often they give us the belief things are getting better, even when we know from experience that so many problems still exist. As a result, billions are focused on solutions that generate the numbers - or 'evidence' - needed to win in the fiercely competitive funding world. This prioritisation of evidence and efficiency above veracity and effectiveness drives resources to projects whose results can be easily seen and, therefore, measured.

The things that can easily be seen and measured are usually quite unlike the root causes of an issue; they are outputs, symptoms. As long as we want quick fixes that avoid the messiness of real people's assumptions, traumas, choices and worldviews we will always limit just how effective our social innovations can be. Thus, as we have seen in the decades since the New Deal and the Welfare State, our social and environmental problems have not disappeared. Instead they tend to be managed until the next administration takes over, or at best, manipulated into other issues somewhere else in the system. Hence it often seems like charities and public sector organisations are in the business of continuing their own self-existence and increasing their budgets rather than in the business of permanently dissolving away problems. As Professor Clayton Christensen and others have written, "too much of the money available to address social needs is used to maintain the status quo, because it is given to organizations that are wedded to their current solutions, delivery models and recipients."<sup>3</sup> In the anti-psychology and anti-systems

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<sup>3</sup> Disruptive Innovation for Social Change, Harvard Business Review



thinking cultures of the political elite nobody wants to go on the long and challenging journey to shift people's hearts and minds, helping them heal inside the root causes of their problems. Symptoms remain the easiest issues to treat. Established best-practice remains the best way to treat it - rather than inventing breakthrough new solutions to old problems.

The influence of the physical sciences, in particular the desire to analyse, split apart and categorise, has also led to a widespread approach to problem-solving that sees each social problem as isolated issues. The 'command and control' type of management so efficient when controlling workers and increasing their productivity tends to falsely divide complex social issues into linear, separate parts that one part of government, or social organization, can focus on. Each non-profit or government department works harder and harder to solve their part of the problem. Yet no matter the volume of resources focused on it, the overall wellbeing of the masses tends to remain constant. Unless the whole person is understood within their cultural context, solutions will always fail to create the breakthroughs we are looking for. The silo thinking seemingly inevitable in hierarchical structures limits the joined up thinking and creative connections made when things are seen as a whole; and solutions are developing that are designed to fit real people, living varied lives in the complex web of the real world.

Finally, the kind of paradigm-busting thinking that creates systemic innovations usually comes from the edges and margins. This is why established players tend to be 'disrupted' by new entrants from the fringes. This is often a visionary entrepreneur - think of Richard Branson vs. British Airways. It is these outliers, who work outside of the silos, that push the conversation forward and create discontinuous leaps in thinking. "Disparate information and its transmission are keys to innovation." says a Stanford Business School Professor<sup>4</sup>. Andrew Hargadon, author of *How Breakthroughs Happen*, says it is through "people or organizations linking isolated groups and industries to integrate previously unrelated viewpoints and technologies to resolve new problems".

People whose perspective could be critical to identifying and leveraging a disruptive social innovation - the mavericks - are often side-lined and ridiculed within large social organisations. At the same time, solo mavericks such as some social entrepreneurs, can find it very hard to access (and then communicate powerfully with the right jargon and evidence-bank) the policy-makers and funders that could support them, no matter how innovative their ideas. Thus the established paradigms remain intact, 'group-think' is solidified, and our problems keep on growing. Endless deliberation and consultation cycles also rarely encourage breakthrough social innovation, as they tend towards lowest common denominator and incremental thinking.

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<sup>4</sup> Strong ties, weak ties and islands. *Industrial and Corporate Change*



Whilst symptoms are mistaken for root causes, complex interrelated challenges are falsely split apart into linear problems that silo-based managers feel more comfortable managing, and the visionaries are silenced, sidelined or encouraged to work separately there is little hope for breakthrough systemic ideas to come to the fore.

### Barriers to Sustainable Social Innovation

There are a number of reasons why there are institutional and cultural barriers to sustainability (in terms of financial, environmental and human sustainability) in the social space. In the USA, philanthropy is the dominant nourishment of social innovation. Wealthy individuals give their resources to professionalized managers to invest in projects, generating a hierarchical system that keeps people in jobs; and charities and non-profits competing (often voraciously) for handouts from a small number of managers. In the UK, and to a lesser extent the US, these managers - together with their counterparts managing public funds for social innovation - form a cabal of a few hundred to a few thousand people who, together, decide the kinds of projects that should and should not get funding (and by extension, define the ruling paradigm). If the dominant discourse in these spaces is one of symptomatic problem-solving (as it currently is), then the end-result leads to safer, incremental innovations that may alleviate but rarely solve social problems. Whilst donor- and publicly-funded social innovations are vital to the reinvention of the future discussed in this paper, it is important that managers responsibly are exposed to fresh and insightful innovation thinking if we want to collectively maximise the long-term impact of scarcer and scarcer philanthropic resources for seeding new ideas and expanding on successful ones until they reach sustainability.

Meanwhile the idea of a social enterprise or social venture, that uses a business engine to deliver social good, is still alien to most people. Left-wing types worry that its is a cynical right-wing plot to force civil society to take over the role of job that government is there to do (redistribution of wealth and welfare services). A majority of people in the social sector remain distrustful of the commercial world (and to a lesser extent, marketing). To many, the idea of making a 'profit' is anathema, so much so that it has been renamed as a 'surplus' - and even then it can cause much suspicion if included on a business plan or spreadsheet. Financially sustainable social innovations are, to many, further evidence of the increased 'marketization' of all forms of public life, and the entry of capitalist values into the 'sacred' areas of human suffering and human rights. In some ways they may unfortunately be right, as various politicians and policy-makers might well advocate the



relentless march of heart-less, profit-focused market 'realities' into the welfare state. However, with a sense of ethics, community and purpose, the business engine of creativity and risk can of course generate real social value *and* income for a social enterprise.

Finally, many social entrepreneurs and social innovators within non-profits have little experience designing and operating business models that generate a surplus, nor how to monetize the skills, assets and expertise of the organisation in such a way that they can continue to deliver social value without an injection of more funds. Many are unaware of the value that they are creating which could be leveraged. Whilst public and donor funding still dominates the scene, vital creative ingenuity is focused on fund-raising and marketing programs to donors. This reduces the amount of bandwidth available for the kind of delivery model innovation that could permanently free organisations from the sink of fund-raising; and the radical invention of products and programs that could dissolve away problems for good. People are comfortable with the current model and so entire marketing and advocacy set-ups are geared towards maximising donor incomes, not generating social impact through creating breakthroughs in thinking,

Above all, whilst public and foundation funding reigns, innovators are prevented from taking the risks that potentially breakthrough ideas entail. Neither non-execs on foundation advisory boards nor mandarins on public sector funding boards are known for their appetite for risk. This almost inevitably guarantees incremental social innovation. Whilst foundations are often vital for seeding ideas, and governments are key for scaling up those that work, too much focus on raising money from these naturally conservative sources forces social innovators to compromise their vision to the necessities of placating foundation review boards and ticking public sector boxes to stay afloat.

### Barriers to Scaleable Social Innovation

Most disruptive innovations that go on to become genuinely mainstream were designed, from scratch, to be scaleable and accessible. Because of this they are often delivering less complex or premium solutions but to a far wider group than the current solutions do. Indeed, it is often the specific strategy of disruptive brands to reduce the conventional measure of efficacy of a product in order to make it more accessible to those who cannot afford it or have yet to know its value. Think of the less powerful Nintendo Wii that far outsells the technologically impressive Xbox; or the Ford model 'T' car vs. the high performance cars of the time. Because breakthrough innovations are designed from the



start to be scaleable, it means that a large amount of time, energy and resource must be invested into the design phase to make this vision a reality. One doesn't get an iPhone overnight. It takes organisational commitment and patience until the right combination of elements is cracked, at the right time, in the right place.

In the social space, the way people design services is usually the opposite to this. A small amount of money is released for a pilot, say with 20 or 100 people. As cash is tight, one makes do, stitching together available resources, often using experts and specialists to do what they can, perhaps for a hefty discount. Services are cobbled together from available tools, with innovators usually working in other jobs and doing the project on the side. Then, if successful (which can take 5 or 10 years to 'prove'), people get excited and want to scale them up. This is something like the story of the much-lauded Harlem Children's Zone. But then social innovators are presented with the problem of how to replicate and magnify a once small-scale operation, reliant on skilled people or specific locations and spaces. Such expert-to-user models tend not to be scaled easily, and certainly not cheaply.

Meanwhile, for ideas to be designed for scale, a 'proof of concept' is needed. In the private sector angel funders and VCs exist to help innovators crack their big idea with sufficient funds. This is typically between \$100,000 and \$500,000. It is the kind of money needed to pay for the innovator and a small team to pursue success, as well as any technology or new materials needed to design something for scale. Once proven, more money can be released to take the prototype to the next level and beyond. In the social space, two major issues occur around this kind of POC funding. The first is risk and reward asynchronies. The second is the way funds are divested from governments and foundations.

Firstly, risk and reward asynchronies. Managers of public bodies, foundations and social institutions (as well as politicians) tend to be rewarded by the *absence* of any major public or political scandals as opposed to the presence of a radical idea. These leads to a focus on moderately decreasing or managing the social issues in their purloin. The last thing a civil servant or foundation manager wants is to be on the front-page of a tabloid linked to an 'experimental' social service that 'went wrong'. Ten years ago, when NHS Direct was scaled-up in the UK, the sister of Cherie Blair complained to the newspapers that she was given "potentially fatal" advice and that the service was a "placebo for hypochondriacs." Few institutional innovators can handle that kind of press - it can mean they are side-lined



permanently. So the social sector as a whole is actively disincentivized to innovate. This is a major problem that lies at the heart of so much social problem stagnation. In addition, disruptive innovations usually take collaboration to pull off - one person or department is unlikely to pull off a joined up, systemic innovation without the contribution of many other people. Again, public managers and non-profits competing for rapidly disappearing funding are incentivized to keep projects in their own domains and silos, further preventing breakthrough innovation.

Secondly, institutions and government bodies seem unable, or unwilling, to develop ways and means to divest sufficient resources for the vital proof-of-concept stage discussed above. For that kind of money they want to see a fully functioning program, which of course means that they are likely to invest further into incremental social innovations that can deliver this. So we see lovely programs that work in one city or one location rather than a major innovation that could (or could not) change the world forever. In the private sector, venture capitalists know that only 1 in 10 of the companies they back will win big; a couple will do OK; and the rest will fail. But the upside of the big win counteracts the losses. In the social space, funders are terrified of 'wasting' that vital \$300,000 proof-of-concept amounts, so they back safer projects with 'proven', measured results. Therefore breakthrough social innovators are left fending for themselves, perhaps picking up \$20,000 or \$30,000 here or there, investing their own money, and living on the edge in the hope that they can get an idea up and rolling before financial realities hit. Due to this culture of incremental innovation it also takes longer to get a non-profit or 'beyond profit' idea beyond 'the hump' than a commercial idea.

Unless policy advisors and funders work out ways to channel that vital 'money of the middle' (bigger than seed funding, smaller than major government or 'venture philanthropy' investment), they risk wasting the most precious resource in the system - the passion and energy of social entrepreneurs that dream big and put their entire life on the line to serve the community. Even with the right contacts, strategic tools and collaboration partners, ensuring that a potentially high-impact social innovation reaches critical mass is exceptionally challenging. Without the right political, institutional and philanthropic appetite for scale - and the financial, cultural and practical support needed to enable it - social innovators are reduced to developing incremental, easy-to-sell ideas that can keep them afloat or in a job. Even regulatory hurdles form an obstacle for the newer forms of collective, crowd-sourced and mutual funding routes seen in the commercial space. "What's required is expanded support for organizations that are approaching social-



sector problems in a fundamentally new way and creating scalable, sustainable, systems-changing solutions."<sup>5</sup>

### Barriers to Self-Organized Social Innovation

In many ways, government as a whole is still premised on a Hobbesian view of human nature: We are all animals, ready to fight and steal unless government is there to protect us. Behavioural science have done their best to back this assumption up for most of the 20th Century. Likewise, many non-profits and foundations still operate on a subtle, but persistent, assumption that there are 'needy' people needing their help. Even more problematic, particularly in the US where people are measured by their ability to create success from nothing (the 'he arrived here on the boat with 50 cents to his name, going on to make billions' syndrome), poverty is quietly blamed on the poor. This has been seen recently in Los Angeles, home of the highest percentage of homeless people in the country. The traditional poor areas of Downtown began to gentrify a few years ago, leading to a 'Safer Cities' program that began to arrest homeless people and by doing so criminalising poverty. By focusing on the broken civic spaces, a symptom not a root cause, they merely pushed homeless people into other areas and into more suffering.

Put together this generates a kind of paternalistic and evangelical philanthropy, where a Victorian sensibility attempts to offer salvation or reform to the less fortunate. It reminds one of the 'noble savage' that the missionaries went out to help with our Western ways - and instead decimated their cultures with 'diseases' of the body (such as smallpox) and the mind (such as our addiction to booze consumerism and debt). It also naturally leads to the high recidivism rates<sup>6</sup> one sees across social welfare programs, where broken people that are committed, out of habit or perceived necessity, to crime, income support, alcohol, drugs, violence etc. are treated symptomatically through punishment, rather than restored to a sense of self-worth. This maintains their disempowerment rather than builds their capacity to self-organize and self-create.

Many disruptive innovations rely, in part, on the intelligence of the user (or end-beneficiary) to contribute their time and ideas to the functioning of the product. Wikipedia, which disrupted the reference book business and decimated encyclopaedia

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<sup>5</sup> Disruptive Innovation for Social Change, Harvard Business Review

<sup>6</sup> Bureau of Justice reports that rearrest within 3 years is at 67.5%, up from 10 years prior.



sales, relies on the collective intelligence of users to co-create decent content and act in accordance with shared principles. However, many politicians, non-profit workers and public managers find it hard to relinquish this kind of control to the people they are 'helping'. NHS Direct, which now fields millions of calls a year from citizens saving government many millions of pounds, was resisted by the doctors themselves, even though now their time it freed up for more serious complaints. Doctors did not like the idea that their hard-earned expertise, from years at medical school and beyond, was going to be put in the hands of telephone receptionists, computer databases, and nurses. It is said that it was initially launched outside of the main NHS organisation as 'Healthline', to give it space to create a breakthrough outside of the status quo. Now NHS Direct is quoted as "the largest and most successful healthcare provider of its kind, anywhere in the world". In many ways, disruptive social innovators must focus on doing themselves out of jobs as soon as they possibly can.<sup>7</sup>

Finally, the attitudes and behaviours of funders and many social entrepreneurs challenges the potential for self-organised, collaborative innovation. Firstly, just a relative handful of individuals in a small number of countries hold most of the resources for community-led and peer-enabled breakthrough social innovations. By keeping the techniques, contacts, funds and networks closed they limit the flow of innovation that could make all the difference. The importance of open access and the weak ties that allow information to flow from one group to another are vital in effectively developing the collaborations that lead to successful breakthrough innovation. Secondly, the ideal of the heroic social entrepreneur who battles the system to create a breakthrough social innovation is borrowed heavily from the private sector, but the underlying motivations are different. The conventional capitalist mindset focuses on individual drive. Brought over to the social space (through prizes, fellowships etc) and it tends to encourage the creation of new, discrete social enterprises that often replicate the work of other providers and remain too disconnected or small to scale-up effectively. Unless social entrepreneurs are rewarded for collaboration and contribution to other social innovations (as opposed to being glorified after personal success), they will continue to operate as loners, focused on one element of the system that they see clearest. This prevents them from coming together and self-organizing for maximum impact.<sup>8</sup>

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<sup>7</sup> Developing NHS Direct - Strategy document for the next three years

<sup>8</sup> Rediscovering Social Innovation, Stanford Graduate School of Business



## Conclusion

***To be truly radical is to make hope possible rather than despair convincing. Raymond Williams***

After a decade or more of increased spending across the social space, we still face a plethora of urgent, severe, systemic and seemingly intractable social issues. Einstein, who knew a thing or two about breakthrough thinking, famously stated that 'no problem can be solved by the same level of consciousness that created it.' If we heed Einstein's words and look at most of our social problems under the steely gaze of systemic thinking their root causes are revealed to be, by and large, psychological - whether they are the assumptions and beliefs of the end-users of services; those of the people who create the problems in the first place; or those of the folk that work so hard to help solve them. By being so mental, so hidden and so unmeasurable, they become eminently unsexy to discuss, let alone fund or tackle. So unfortunately the welfare systems do what they are good at - managing the chaos - and rarely penetrating to, and resolving, the root causes.

In the near future we are likely to be threatened by problems of significantly greater magnitude than even the ones we are currently faced with: severe global water shortages, rapid and poorly planned urban growth, global shortages of quality food, further environmental degradation, peak oil, increased 'post-industrial' diseases such as obesity, heart disease and stress-related illnesses, increase in poverty and malnutrition; rising rates of depression, anxiety and mental stress and manageable illnesses such as malaria or TB; resource waters, ethnic conflict and human rights abuses and above all potentially lethal climate change effects including further species extinction and possibly our own.

The most successful corporations in the private sector would never let the situation become so pressing; nor allow the barriers outlined above to remain in place. They know that to create the disruptive innovations that give them a disproportionately large market share in the future they must 'think differently'. In doing so they successfully challenge long-held assumptions to imagine that computers can be playful (Apple's iMac) or that flights can be basic and cheap (EasyJet or Jet Blue). It is only by challenging the conventions and myths that maintain the status quo that radical innovations can come into being.



Now is the time to bring this wisdom into the social sphere and think anew about the real truth behind our most pressing issues. We can achieve much headway if we have the courage and foresight to place the gloriously challenging human psyche at the centre of many policy initiatives and social innovations. We can reinvent the future if we bring together experts, end-beneficiaries, businesses, private and third sector leaders to collaborate on both understanding the root causes of problems and developing breakthrough solutions to them. We can crack the big ideas we need if we incentivize and support those with passion and skill to explore, trial and pilot the most extreme ideas that might just work. Sectoral thinking, conventional approaches and 'business as usual' are powerless and redundant in the fight for humanity's future. This is not about huge new welfare programs but about smart, strategic and systemic ideas that transform things. As the International Future Forum wrote in a recent report: You cannot control complex systems, only disturb them. And even a small disturbance, artfully designed can have large systemic effects.<sup>9</sup>

If we truly want to serve society by bringing to life the kinds of ideas that can not just manage but permanently disappear our problems, we must question the assumptions that guide so much policy and so many social programs. If we want to create the significant changes that so many are working so hard to see, and not merely pass our problems from one administration to the next, from one part of the system to another, we have no choice but to think differently. The tools exist. Just not the mindsets to wield them. We don't need deep pockets to do this. Just deep thinking. We hope the 20 recommendations below, and this paper as a whole, can stimulate the radical reinvention of the future that so many of us are so collectively committed to.

## **A Radical Reinvention of the Future: 20 Ways to Overcome the Barriers to Breakthrough Social Innovation**

***You can never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete. Buckminster Fuller***

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<sup>9</sup> Ten Things To Do in A Conceptual Emergency, IFF 2009



There are a number of practical, policy and strategic shifts that must be made if we are to harness the enthusiasm of big hearted people to commit their lives (and reputations) to creating breakthrough social innovations with more efficacy than the current models.

**1. Challenge assumptions, question received wisdom, debate business-as-usual.** As most truly disruptive innovations begin with a reconceptualization of the problem or need, it is vital that individuals and organisation become adept at challenging received wisdom and conventional assumptions. Key is to ensure there are no white elephants or sacrosanct ways of doing things. No recruits and those from outside the space are usually better able to question the status quo than those inside of it. Anthropological research can also highlight where expert thinking and real-world realities do not resonate. Such context-based insights, as well as lead-user programs, such as that pioneered by private sector companies like 3M, can open up opportunities for breakthrough. The X-Prize Foundation and The Buckminster Fuller Foundation are both expressly working towards fostering breakthrough social innovations.

**2. Think systemically, act disruptively.** Teams must be encouraged to think systemically and holistically, penetrating to the deepest causes possible across the system their 'problem' sits within. See reamp.org for a great example of how a major investment in joined up (at least \$1 million) thinking - before a cent had been spent on doing stuff - generated (and continues to generate) a disproportionately high real-world impact. The disruptive social innovation process that we have piloted at various social sector events can help to make this kind of thinking quick, low-cost and accessible.

**3. Place the human psyche (and the behaviours that stem from it) at the center of social innovation.** As the system we rail against is merely a solidification of our collective beliefs, attitudes and behaviours, focus resources on uncovering and then shifting the psychological and attitudinal beliefs that perpetuate problems. Breakthrough innovations are almost always the result of challenging the prevailing assumptions and conventions of the space. The Fetzer Institute funds some interesting projects focused on forgiveness and compassion in everyday life, such as the Charter for Compassion. World Wildlife Foundation has a Sustainable Consumption Unit looking at reducing environmental problems by tackling the root cause - our consumption habits and the desire / beliefs that generate them. Jamie Oliver's effort to change the mindsets at the heart of the food system; St. Giles Trust using ex-con's as coaches and mentors to reduce recidivism; and International Future Foundations' 'kitbag' are all interesting. Mayor Bloomberg's Center for



Economic Opportunity focuses on investment in social programs that prioritize responsibility.

**4. Incentivise well-considered risk and celebrate the mavericks.** Reward financially and socially (via reputation etc.) those exhibiting well-considered risk in social innovation. Celebrate team and collaborative successes behind the big ideas that have 'failed' as much as those that have succeeded. Ensure mavericks are no longer vilified and sidelined as they are the source of many new ideas. Choose some team members, board members or advisors because they are risk takers and / or appreciate the rewards of thinking big. The Unreasonable Institute (as well as some social innovation prizes such as the X-Prize, Skoll, Rainer Arnhold, Ashoka and PopTech awards) seem to be working towards doing this. Various private sector organisations have are excellent and encouraging their teams to have bid ideas, most obviously Google's '20 percent time' policy. Programs like the TED Prizes encourage visionary ideas and UnLtd in the UK supports active citizens with the seed money to explore their pro-social ideas.

**5. Build appetite for ambiguity and patience.** Increase the capacity of organisations and funders (and key stakeholders, whether that means wealthy donors or journalists monitoring elected officials) to tolerate, even embrace, ambiguity. This allows innovators to present project proposals that contain unknowable unknowns, and to follow ideas through to completion before deciding what is a real 'failure' and what is a key learning for iteration. Ensure managers and those with oversight functions are comfortable with some uncertainty in the projects they are responsible for, particularly in the nature of evaluations and impact measures. Innovating metrics is often key to breakthrough innovation.

**6. Clear institutional memories after 'failure'.** If a manager, team or organization is burnt by what is considered a 'failed' innovation, it is rare that they will ever try developing something like it again. However many innovations are successful because their creators have the patience to wait until they reach the tipping point, and the skill and commitment to iterate until it is successful. Apple is the pre-eminent example of the clearing away of institutional memories. After their much-publicised failed Newton PDA, most companies would have exited that product sector for good. It is a testament to their innovation culture that they tried again, iterated many times, and ended up with the disruptive success of the ipod / iphone / ipad. Groupon.com., a fast-growing service that came out of 'failed' platform The Point, is another example.



**7.Leverage available smart and sophisticated tools.** Provide innovation teams in government, in non-profits and within programs with the tools and techniques for disruptive innovation, harnessing the billions spent by the commercial sector on techniques for breakthrough thinking. Ensure that teams in organisations have internal champions that can 'own' these tools in order to diminish reliance on over-priced consultants; and that people learn how to wield stripped down versions of them that can respond to the reduction in budgets and time. Provide simplified versions to the citizen through online platforms, like the beginning work on a Social Innovation Commons and Ethical Economy marketplace. Some examples of this are the visual business model generation techniques of Alex Ostwerwalder et. al. and our own wecreate peer-to-peer creativity and leadership toolkits.

**8.Practice rapid piloting and emergent strategy.** Disruptive social innovation demands flexibility of thought and implementation. This means strategy becomes 'emergent' rather than linear. Old-fashioned ideals of agreeing goal and strategy and then simply executing it will inevitably fail. The team must be able to adjust and even reinvent the strategy during development and implementation. Rapid prototyping and piloting is crucial to test out and evolve ideas to readiness. Evaluation procedures and measures of impact must again be redesigned to take this into account. TechShop is allowing a new generation of innovators to try out their project rapidly using 3D printers and the like.

**9.Mandate participatory design and design thinking in all programs.** Ensure is it standard operating procedure to bring end-beneficiaries into the innovation process as equals and valued parts of the design phase. Without their context-rich insights, it is highly likely that services will be launched that do not fit the language, customs, behaviours and cultural complexities that real-people have when they live real lives. People like participle and thinkpublic in the UK and D-Rev, WInterhouse and MIT in the US are making progress in this sphere, as well as those overseas such as Villgro (the Rural Innovations Network).

**10.Re-think the professional-client model and deliver services through expert end-users.** For scale and sustainability relinquish the expert-user model that limits access for billions of people to 'professional' services that they can never afford. The cost of providing enough 'professionals' to manage the growing medical, mental health, legal and education needs of the vast majority is untenable. Look to empower end-beneficiaries to become partners in the delivery of service and projects. This reduces reliance on expensive experts and create true social equality. Examples include kickstart.org, Barefoot Colleges, online



CBT, Survivor Corps, TEDx, SpecialistInterne in Scandinavia and the civic management in Curitiba, Brazil all treat end-users as smart, contributive people.

**11. Harness open innovation and be collaborative - from the Cabinet / Board right on down.** Rather than just talk about collaboration (and expect those on the ground to do it for one) it is time to make it 'business as usual' from the upper echelons to the street-level volunteer. How the leadership work sets the context for the entire organisation. Explore open innovation processes, restructured operational systems and co-development partnerships. This requires a shift from 'command and control' management styles to a purposefully collaborative approach which can only happen when leaders make that shift themselves. It demands the humility of all to know that little of any real ambition can be achieved without collaboration; and the courage to let go of the competitive culture that is rife when many people are going after limited funds and positions of conventional power. Above all it demands a certain level of emotional intelligence and leadership capacity amongst *all* players, at all levels, to overcome the inevitable tensions and blockages that occur in collaboration. Direct funding and resources to collaborative teams and organisations that think systemically, as opposed to glorifying individuals (such as social entrepreneurs who succeed, but only in one part of the system). The current Conservative / Liberal Coalition in the UK might well be the beginning of a powerful new form of collaborative government. The Rockefeller Foundation, Change Connections, Wiser Earth and our partners 100% Open (previously NESTA Connect, are pushing forward these kinds of open innovation models. The Foo Camp series put on by O'Reilly Media and Google offer a glimmer of what is possible.

**12. Pool resources for ambitious ideas.** Government, leading non-profits and foundations act as conveners to bring together private, public and social sector organisations to foster effective, systemic collaborations on potential breakthrough social innovations by pooling resources. Harness the web to allow citizens and individual social entrepreneurs to pool resources, expertise and experience to generate bottom-up innovations. World Wildlife Fund is convening major collaborations of cross-sector players in a number of key areas of sustainable consumption (e.g. mobility, finance). Services such as Social Edge and Assetmap.com and crowdise.com also promises some progress in this area as do the Innovative City programs that are fostered by orgs such as Ashoka. Project Masiluleke, a project that has come out of the PopTech Accelerator, is one such ambitious example as is Google's project 10<sup>100</sup> and Pepsi's Refresh Everything campaign. The Open Data / Open



Government / Open Science movements across both sides of the Atlantic might stimulate some transformative and breakthrough ideas.

**13. Make social 'venturing' - whether in or out of government and non-profits - aspirational.**

Increase awareness and the social cache of social ventures - whether they look like non-profits or social enterprises - a viable, and potentially more systemic and sustainable, versions of traditional social program delivery. Allow public sector and non-profit managers to develop projects that involve incoming revenue streams which can be used to expand successful projects or develop new ones. There are various 'intrapreneur' (entrepreneurs within large organizations) programs in private sector companies that are driving venturing in their sectors, which could be opened up to cultivate public sector intrapreneurs.

**14. Harness pro-social human capital from laid off public sector workers and unemployed grads.**

Leverage the high predicted volume of laid off public sector workers, retired baby-boomers and the cohort of recent graduates, many of whom are unemployed. A high percentage of these groups share a pro-social attitude and desire to serve. Retrain and empower them to explore and implement breakthrough social ventures as an alternative to non-profits or traditional commerce. Research shows that recessions can be good times to nurture higher-risk projects - people have less to lose, and overheads are low. Platform such as allforgood.org are making great headway in tapping into dissipated pro-social urges. Starting Bloc and the Kaos Pilots program is carving our grads who want to be ethical entrepreneurs.

**15. Ensure access to proof-of-concept funds not just seed (small) or expansion (large) funds.**

Create essential funding pots, of both public and private varieties, for Proof Of Concept funding that are accessible to everyone, not just those in the know or in the right elite networks. Ensure that the administrators of these funds understand the risk / reward profiles of potentially breakthrough social innovations and are empowered to develop portfolios in which some projects are assumed to perform below expectations. Ideally some will be former disruptive innovators themselves. Social Impact Bonds may do this, though I fear they will act to generate scale-up funding for successful pilots, not investment in transformative ideas. According to the Economist, New York's Center for Economic Opportunity "emphasises taking risks, with the expectation of the high failure-rate typical in a venture-capital fund."<sup>10</sup>

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<sup>10</sup> [http://www.economist.com/node/16789766?story\\_id=16789766&fsrc=scn/tw/te/rss/pe](http://www.economist.com/node/16789766?story_id=16789766&fsrc=scn/tw/te/rss/pe)



**16. Innovate alternative funding pathways.** Overcome bottle-necks in funding by encouraging and reforming regulation to allow for peer-to-peer funding models (such as [www.sellaband.com](http://www.sellaband.com), zopa.com, profunder.com, kickstarter.com) to get POC funds to those that need it fast. Create a 'breakthrough social innovation marketplace' where citizens, public sector commissioners and philanthropists can view, evaluate and back potentially high-risk, high-reward social innovations. Encourage citizens, corporations and private investors to divest monies into 'breakthrough social innovation funds' by affording tax breaks for investment. Those behind the Social Capitals (SOCAP) conference are pushing this conversation forward, as of course are the micro-finance, micro-loan and micro-donations teams at places such as kiva, global giving and more. The ChangeXChange and Buzzbank.org are also ones to watch.

**17. Institutionalise a language of breakthrough innovation.** Develop and mainstream consistent terminology, approaches and measurement protocols that are commensurate with disruptive (as opposed to incremental) social innovation. Ensure the public and third sector workers understand the value of high-impact social innovators, and crucially what they look like. Those like The Schwab Foundation are working towards this, as are the Buckminster Fuller Institute. The site associated with this paper will begin to collect a bank of precedents and exemplars of breakthrough social innovation, which can in turn help make the language of it more commonplace.

**18. Encourage breakthrough social innovation 'incubation hubs'.** Support citizens who want to start social ventures through start-up support and advice at a local and federal / central level. A centralised, online, open access resource containing examples, figures, precedents and best-practice from across sectors with smart tagging and recommendation engines is of intense value. Build up a list of precedents and parallels from other sectors which can be used to inspire and incentivise breakthrough thinking. The Unreasonable Institute, Social Innovation Camp, The Feast, The Young Foundation, PopTech Accelerator, The Hub, Y-Combinator, Enviu and PureHouse are great examples of such hubs, although not all are looking specifically for the breakthrough or radical innovations.

**19. Ensure vital industry-wide innovations.** The emerging capabilities of the web, such as Google Earth's platform, afford the potential to massively reduce the costs and increase the accessibility of collaborative innovation processes, systems thinking, innovation best-practise and social venturing funds. The web can also radically improve the weak ties that



are so vital in social innovation. These 'meta-innovations' will likely need to be invested in by central government or major foundations, those with the foresight, cross-sectorial perspective and motivation to create platforms that can encourage breakthrough social innovation.

**20. Understand and leverage multi-platform thinking.** Harness every last drop of social impact by ensuring that any breakthrough idea is taken across all relevant distribution channels as well as media outlets, so that 'marketing' or advocacy campaigns such as films and short videos become revenue generators for on-the-ground service delivery. IN this way a 'big idea' can be delivered into various different contexts through the smart use of technology, media and supply channels. The work of Participant Media is pushing this conversation forward, as are projects such as The Cove.

### **About the author**

Nick Jankel is a leadership, collaboration and social innovation expert, a public intellectual, TV presenter, inspirational speaker and transformational coach. He is the



inventor of the WECREATE collaboration and leadership toolkit ([www.wecreate.cc](http://www.wecreate.cc)) that provides organisations with a grassroots program to shift cultures towards innovation, collaboration and creativity. It has been used by the NHS, the Ministry for Business, Innovation and Skill, MTV and WWF. Nick is an Associate of 100% Open, the boutique open innovation agency centered in London and trains teams across the globe on leadership, innovation and collaboration, with an emphasis on disruptive or breakthrough innovation. He is the founder of Disruptive Social Innovators, a 1500 person strong global network of big thinking social innovators (now renamed [radicalreinvention.org](http://radicalreinvention.org)). He has pioneered a breakthrough social innovation process that allows large collaborations to identify breakthrough sweetspots through a fusion of systems thinking and the disruption processes originally developed by TBAW/ Chiat Day, where he was a strategist in the 90s.

Nick holds a triple 1st Class B.A. / M.A. in Science from Cambridge University, studying both History of Science and Medicine. His transformative ideas have found their way to Prime Ministers through to Fortune 500 Chief Executives. Nick hosted and starred in a show on BBC Television as a psychological coach and has been a resident psychological expert on MTV. He writes for The Guardian social innovation and collaboration and has taught on the MBAs of Oxford, Warwick, Bath, Lancaster and London Universities and on the Executive MBAs of Ford and British Airways amongst others. He has advised The Ministry for Business, Innovation and Skills and No.10 Downing Street on innovation. Nick is an Entrepreneurship Ambassador for the UK and has been a judge on the Orange National Innovation Awards and the European Media Awards (MEDEA).

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