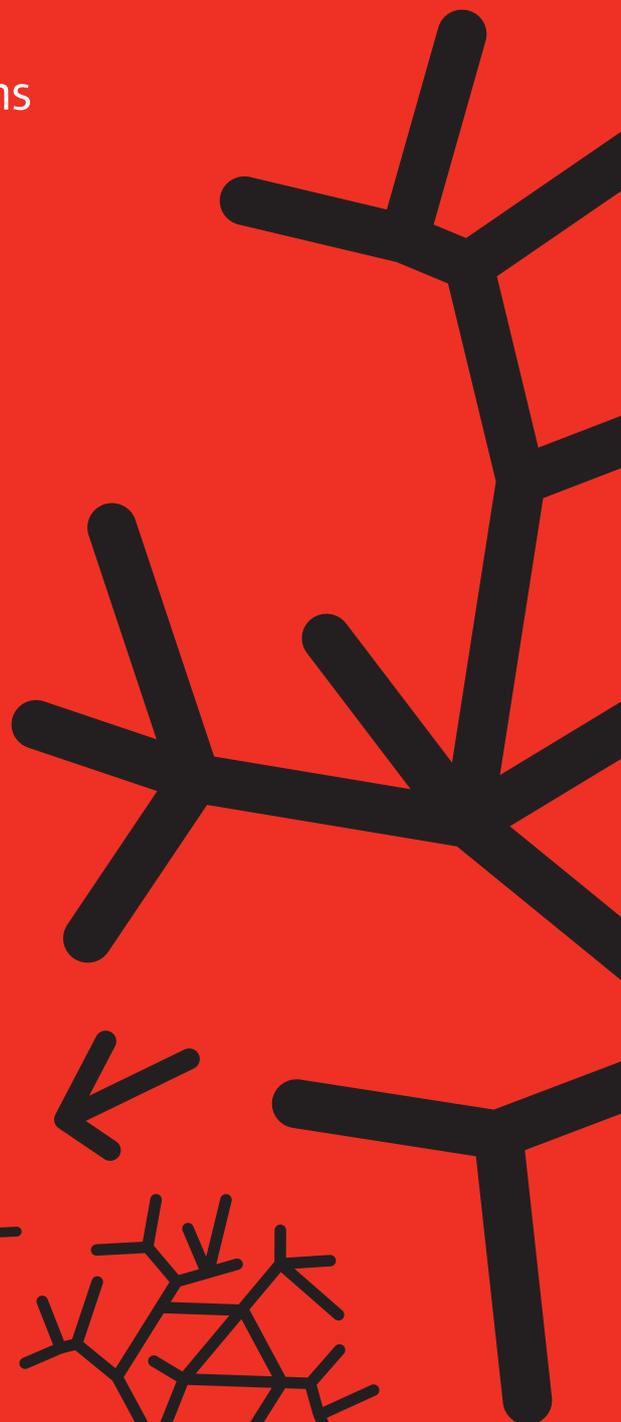
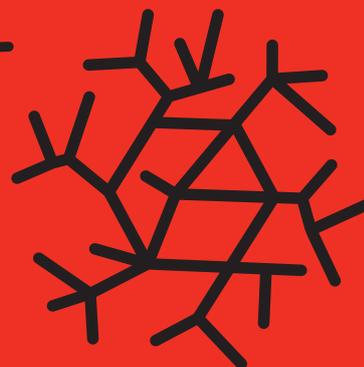


In and out of sync

The challenge of growing social innovations

Geoff Mulgan with Rushanara Ali,
Richard Halkett and Ben Sanders



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Foreword

Social innovation has become a popular phrase with politicians and investors around the UK. This report is about how private and third sector organisations innovate to respond to social needs.

It seeks to explain why certain social innovations grow and why others don't. It tracks many of those reasons back to the environment in which the innovation exists – how much demand there is for it. But this is not a defeatist argument. Using eleven case studies, the best literature available, and a strong analytical frame, this report highlights how many innovators have sought to change the characteristics of that demand – in effect to create a market for their innovation. And it shows how choices that are under the control of the innovator (like organisational form) can have a dramatic influence on success.

At NESTA, we like to work on research that has clear and practical implications. This report does just that – ending with a set of recommendations for policy-makers and funders of social innovation, and with a toolkit for innovators themselves. We also like to work with outstanding research teams who represent leadership in their field. In this case, we have been fortunate enough to work closely with a team from the Young Foundation headed by Geoff Mulgan and Rushanara Ali.

The field of social innovation remains relatively undeveloped. We hope that this project advances understanding considerably. However, as always, we welcome your input and your comments.

Jonathan Kestenbaum
CEO, NESTA

September, 2007

NESTA is the National Endowment for Science, Technology and the Arts.

Our aim is to transform the UK's capacity for innovation. We invest in early stage companies, inform innovation policy and encourage a culture that helps innovation to flourish.

Executive summary

This report is about how social innovations spread and grow. It aims to provide a theoretically and empirically grounded guide for the many people involved in social innovation: innovators, funders, policy-makers and commissioners. It draws on a growing body of research on patterns of growth, and distils its conclusions into a guide to help direct scarce resources more effectively to maximise social impact.

To validate and extend the existing literature, we undertook eleven case studies of social innovations. Although their patterns of growth vary in detail, they highlight four necessary conditions for putting innovative products, services and models into practice sustainably and on a large scale:

1. 'Pull' in the form of **effective demand**, which comes from the acknowledgement of a need within society, and from the recognition of that need by organisations (or consumers) with the financial capacity to address it;
2. 'Push' in the form of **effective supply**, which comes from: first, the generation of innovative ideas (by creative individuals and teams, potential beneficiaries and users, often inspired by anger, suffering or compassion); second, the development of those ideas into demonstrably workable forms; and third, their communication and dissemination;
3. **Effective strategies** that connect 'pull' to 'push', and find the right organisational forms to put the innovation into practice; and
4. **Learning and adaptation** to ensure that the innovation achieves social impact, and continues to do so as the environment around it changes.

When these elements are all in sync, innovations achieve 'resonance' with their environment and come to appear natural, even obvious. However, many promising innovations have foundered because critical elements were missing or 'out of sync'. There might be wide recognition of a need – but not on the part of organisations with power and money.

There might be plenty of innovative ideas, but a failure to communicate them widely or to develop them adequately. Or there might be no organisations with the capacity to implement promising innovations effectively.

If any one of these factors is deficient, the potential of the innovation will not be realised. However, smart strategies can compensate for weaknesses. If demand is judged to be weak, the priority may be advocacy, rather than organisational growth. If supply is weak, the priority may be further development of the innovation itself. A wide range of other types of strategies are also possible, including seeking to change tax treatments or regulation, alliance building, gathering evidence, or demonstrating effectiveness on a small scale.

The case studies in this report all point to the critical importance of organisational choices. In the past, innovations have sometimes spread through new organisations (such as the Red Cross and Grameen,¹ or, in the last decade, OhmyNews and *The Big Issue*), and sometimes through existing organisations. The ways in which they grow can be thought of as forming a continuum.

At one end, innovators attempt to control how their innovation spreads by containing the innovation within a single organisation, and in some cases, by protecting intellectual property through legal means. At the other end of the spectrum, innovations such as rural micro-credit or community recycling spread in a much looser way, with no-one exercising ownership or control. In these cases, the innovations spread more like spores or seeds in the natural world, and implementation happens through a range of existing as well as new organisations. In between these two poles, there exists a

1. For further information on the Red Cross and Grameen, see: <http://www.ifrc.org/> and <http://www.grameen-info.org/>

wide variety of halfway houses in which limited control is exercised over the innovation: licensing and franchising; structured open-source methods; federations or control through professional networks. Which option is best for maximising the social impact of an innovation depends on many factors, including the importance of tacit knowledge and key relationships, and capital requirements.

In the case that organisational growth is seen as the best way to spread an innovation, special challenges follow. Founders who played decisive roles in advocacy may be ill-suited for management as an organisation grows. Governance structures designed to provide support for managers may be inappropriate when tough decisions are needed. Informal organisational cultures may become disabling as scale increases and funding relationships become less direct and personal (e.g. with philanthropists and foundations), and more impersonal and contractual (e.g. with public commissioners).

However, social innovations' biggest and most lasting impacts are often not the result of organisational growth, but come from encouraging emulators, and transforming how societies think (with new concepts, arguments and stories). The most successful innovators do as much to change the conditions of demand as they do to create supply; they are campaigners as well as organisers. In the long-run, while ideas are often best promoted through the example of real organisations, their power and impact can far transcend the organisations that first put them into practice.

The missing middle: improving the social innovation system

There are frequently strong pulls from politics, public agencies, civil society and the public for specific social innovations, and strong pushes from people with creative ideas. However, there is a striking absence of institutions that link the two. The fields of science and technology are replete with intermediary bodies charged with linking the supply of ideas to effective uses (e.g. the institutions involved in technology transfer, high technology venture capital, and research foundations). By contrast, in the social field there are:

- Fragile markets for the results of social innovation – even the innovations with the clearest evidence of successful impact are not guaranteed to find reliable funders and purchasers;

- Underdeveloped capital markets to provide finance for social entrepreneurs and a lack of other organisations trying to put good social innovations into practice, and then grow them;
- Few and weak institutions and networks for spreading innovation around communities of practice (albeit with some impressive exceptions);
- Few established methods and strategies for nurturing and growing social innovations (so that most practitioners feel themselves to be improvising); and
- Under-developed labour pools from which to draw managers and others to help with growth.

These weaknesses make it difficult for promising social innovations to get through periods of difficulty and underperformance that characterise even the most successful ideas. They explain why many innovations still depend on the personal commitment of philanthropists, individuals within foundations, or champions within government.

At a strategic level, the priorities for improving the scaling-up and spread of social innovations include:

- The availability of more mature sources of finance, including sources of finance that allow genuine risk-taking where there is the potential for substantial social impact;
- More developed exchanges and intermediaries;
- Stronger knowledge and experience base for the whole field of social innovation; and
- Stronger incentives and encouragement for commissioners and managers in the public and third sectors to adopt better performing innovative models rather than sticking with familiar but less effective older ones.

Together, these would contribute to a more mature social innovation system, analogous to the many and diverse systems which exist around the world to promote technological innovation.

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1. Introduction

This report is about how ideas grow. We define social innovation as the development and implementation of new ideas (products, services and models) to meet social needs. Our primary concern here is with a subset of social innovations that:

1. Can be defined and potentially spread beyond their initial context (and are not entirely context-specific);
2. Are provided by organisations rather than being only about lifestyle choices;
3. Meet socially recognised needs (as opposed to merely personal needs or demands); and
4. Work in circumstances where normal commercial markets and existing public organisations have failed.

Some of these innovations are fairly modest and incremental, while others form part of more fundamental and systemic transformations, such as the shift to a low carbon economy, the empowerment of people with disabilities, or the rise of citizen producers in the media.

This study draws on a slim but growing body of literature (summarised in Annex 4, and including important contributions from Everett Rogers, Rosabeth Moss Kanter, Greg Dees, Peter Uvin, Amy Gerstein, Diana Leat and others), as well as empirical evidence and experience. It also draws on a wide range of disciplines that have useful insights for the field, including biology (and in particular D'Arcy Thompson's classic work on growth and form); sociology (and the extensive

literature on social change); the economics of innovation (and in particular the recent emphasis on 'pull' or demand factors); business and management theory (and its insights into organisational growth and the detail of options such as franchising); and research focused on innovation as a process of learning. We have attempted a synthetic approach which weaves these disciplines into a framework that draws upon concepts from economics.²

1.1. Eleven case studies

The study involved a series of new case studies that were chosen to illuminate the critical factors shaping the spread of innovations: OhmyNews, Reach Out!, *The Big Issue*, Education Extra and Hearing Aids. To develop a more comprehensive picture, we also reviewed an additional six secondary case studies: Teach First, Language Line, Aspire, Sure Start, Tower Hamlets Summer University (THSU), and Alcoholics Anonymous.

OhmyNews is a groundbreaking media-based social innovation that uses web technology to give voice to citizen journalists. It grew rapidly in South Korea, having tapped into the political fervour of the 2002 presidential elections. It later sought to expand into Japan, but struggled in a new cultural context. One of its main challenges has been how to successfully balance its social aims with business sustainability.

Reach Out! is a highly successful web-based peer-to-peer approach to tackling depression among young people. It was first established in Australia and is now spreading in the US. Early growth was the result of an effective marketing strategy (specifically a strong brand) to attract funding and counteract scepticism about web-based approaches. Reach Out! is currently

2. In our analysis, we emphasise the dynamic nature of changing preferences, the learning associated with the development and growth of social innovations, and the importance of non-financial motivations. These phenomena are difficult to explain using traditional market failure concepts such as externalities and information asymmetries.

considering how best to adapt its service to the different cultural context of the USA, and aid the transfer of the 'tacit' knowledge and core values accrued in the original organisation. Its current plan is to develop a mutually reinforcing network between the US and Australia rather than to transfer the model in its entirety.

The Big Issue is a street magazine that is sold by homeless people in the UK, and which represents one of the most visible social enterprises of recent years. While it has spawned a number of offshoots, *The Big Issue* has also faced significant barriers to replication, especially in the US, where it encountered competition from already-established street newspapers. As a for-profit organisation, sustainable growth was based on tapping individual consumers' willingness to pay, simultaneously addressing homelessness and empowering homeless people. Growth was initially driven by the entrepreneurial character and drive of founder John Bird, but those same qualities later presented challenges as the organisation grew.

Education Extra³ (now renamed ContinYou⁴) was an organisation founded by Michael Young and Kay Andrews that campaigned for extended schooling and also provided services directly to schools. Having started off as a small charity initiative, which aimed to understand the benefits of after-school activities and promote their importance in the UK, Education Extra became involved in more systematic action research. Through regional partnerships, it supported small pilots to demonstrate what could be done, and created a network of enthusiastic people and schools to promote extended schools activities. With the firm support of schools and strong evidence of effectiveness, government money was secured to pilot the initiative further. However, rapid growth brought new challenges. As the initiative became more centralised and aligned with the government, retaining autonomy and ensuring continued trust in the initiative proved difficult.

Hearing Aids was a unique collaboration between the Department of Health and RNID (formerly the Royal National Institute for Deaf People) to provide new Digital Processing hearing aids. When the RNID first lobbied for the provision of hearing aids to be modernised, the Government was keen to promote third sector involvement in public service provision. As a result, it took the unusual step of asking the RNID to help with the £125 million

modernisation scheme in partnership with the Department of Health. New initiatives like Public Private Partnerships and NHS Direct were used to manage high demand for Digital Signal Processing (DSP) aids generated by a strong publicity campaign. Even so, the scheme was almost too successful; it managed to create such high a demand for the new hearing aids that it struggled to maintain the capacity to deliver them.

Teach First was initially based on Teach for America, a successful model developed in the US in the 1990s. Teach First places top university graduates into poor performing schools in London and helps to meet the shortage of high-quality teachers while providing the graduates with a variety of new skills. It is now spreading to other UK cities.

Language Line started as a charity that provided telephone interpreting to organisations working with non-English speaking members of society. It proved very successful and decided that the only way to keep momentum was to become a for-profit operation. As a result, it was able to secure funds to expand and recruit professional managers. It has since been bought twice by venture capitalists (most recently for around £24 million). Despite its success, it failed in its efforts to expand into Germany, in part because many German public organisations believed that refugees and immigrants should learn German.

Aspire was a door-to-door catalogue franchise that employed homeless people. After considerable initial success, it created other franchises across the UK and significant positive attention as an innovative approach to tackling social problems. However, the business model turned out to be flawed – offering too narrow a range of projects, and demanding too much of staff who lacked skills and were often facing acute personal problems – and eventually the project failed.

Sure Start is a cross-departmental Government policy initiative that aims to tackle child poverty and improve life chances in deprived parts of the UK. It funded local programmes to improve children's health, learning and care, while also allowing communities wide latitude to adapt the policy to local circumstances. The Government expanded the scheme very rapidly although early evaluations of its performance have been mixed. This was also the case with some US equivalents, which later demonstrated very high returns on investment.

3. Education Extra was founded by Michael Young and Kay Andrews.

4. See <http://www.continyou.org.uk/>

AA (Alcoholics Anonymous) is an informal society for people who want to give up drinking alcohol, and has proved successful in many countries. AA was one of the first organisations to provide sustained treatment that combined religious, psychological and medical insights for alcoholics (regardless of who they are). It operates as a very simple organisation with a basic organisational structure and emphasises a core, straightforward, unalterable tradition enshrined in its ‘Twelve Steps’ programme. The AA model has subsequently been applied in other fields, e.g. to help recovering heroin addicts.

Tower Hamlets Summer University (THSU) was set up in the mid-1990s to provide a diverse range of educational activities for young people during the summer months. The programme quickly proved popular with young people and also attracted praise from the police for significantly lowering youth crime rates in the area over the summer period. Subsequently, foundations and government have provided strong support to spread the model, including a contract to create summer universities for all 33 London Boroughs. THSU has maintained tight control of the roll-out, but challenges remain, the biggest of which is how to maintain quality as the programme expands.

1.2. Different stories, common lessons

Each of these stories is full of uncertainty, twists and turns, experiments and rapid learning, as well as the bloody-minded determination of their pioneers and the commitment of their supporters. However, considered together, the case studies demonstrate that social innovation is not just a matter of chance or serendipity or the brilliance of a handful of individuals. Instead, there are clear patterns in successful innovation, and understanding these patterns can help today’s innovators deploy their energies more effectively.

2. Mapping how social innovations grow

Successful social innovations demonstrate alignment of what we call ‘effective supply’ with ‘effective demand’.

Effective demand is a familiar concept in economics. It refers to demands, wants and needs that become ‘effective’ when they are backed up with purchasing power. There are many things which we may want, but demand

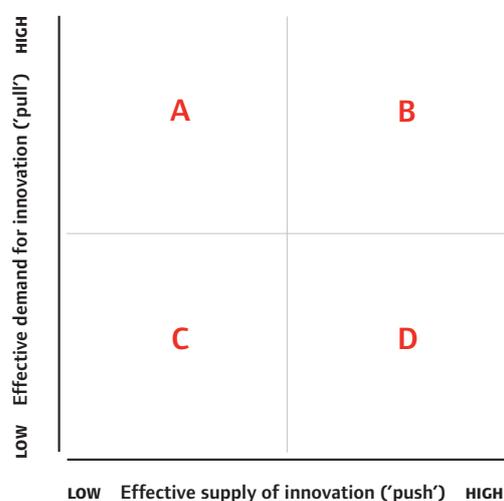
only becomes effective if we are willing to pay for cars, restaurant meals or newspapers with real money. The effective demand we are concerned with is often indirect, since the purchasers need not be the same people as the direct beneficiaries. For instance, general taxation may pay for programmes to help specific demographic groups. However our conception of effective demand is somewhat different from that of traditional economics, which treats preferences as exogenous and given. As we will argue, any model of social innovation has to treat preferences as endogenous, since the growth of social innovations is usually dependent on changing patterns of preference and demand.

Effective supply is a less familiar concept. We use it to refer to innovations that have been made workable and useful. There exists an enormous supply of innovations ranging from technologies and techniques to new ways of solving social problems. However, only a very small proportion of these have been made effective in the sense of demonstrably working at reasonable cost, and without depending on the efforts of unusually talented individuals.

The combination of ‘effective supply’ and ‘effective demand’ results in innovations that simultaneously achieve social impact and prove to be financially sustainable. To demonstrate how demand and supply interact we have developed a ‘Growth Map’ (Figure 1) that shows the space in which innovations evolve and grow.⁵

5. The underpinning framework behind this graph is contingent upon conditions staying relatively stable and the economic model not being undermined or overhauled by exceptional circumstances, i.e. global recession, re-nationalisation of industries.

Figure 1: The Growth Map



Here, the vertical axis charts the effective demand for the innovation while the horizontal axis charts the effectiveness of supply. The two axes are not independent of each other. Supply does not automatically elicit demand, or vice versa, but supply and demand do influence each other, for example, when a successful demonstration project persuades the public to look in a new way at the need for action to address a social problem, or when public concern persuades existing innovators to redirect their energies. In every example supply and demand co-evolve, and in some cases they are tightly linked: for example when people facing an acute need have themselves innovated to meet that need.

For innovations to achieve maximum social impact, they must be in the top right-hand quadrant (B) where viable innovations find customers who are willing to pay. Innovators (and those responsible for supporting them) need to think seriously about where they are on this map and how they can chart a journey towards the top right-hand corner: how they can mobilise allies, resources, and evidence; how to plan the right sequence of steps; and crucially how to choose the most appropriate organisational forms.

Such journeys are rarely straightforward, linear or predictable, and having arrived in the top right-hand quadrant, innovations may once again lose ground because of new competitors, or even because of having successfully tackled the problem they were set up to solve. But without a clear sense of direction and smart strategies that maximise strengths and compensate for weaknesses, the odds against an innovation succeeding will be high.

3. Effective demand – ‘pull’ factors

The starting point for demand is a social recognition of needs that are not being adequately met. Recognition often begins on the margins of society in the conversations, campaigns and groups of like-minded people; for example, the recognition of disabled people’s need to exercise control over their care, or of the need for radical reductions in carbon emissions.

Many innovators are very visible campaigners who try to persuade the public to care about new issues. A climate of concern is hard to manufacture, but it can be influenced, and social movements have often created the space

for innovations to grow. *The Big Issue* smartly linked rising concern about homelessness with the entrepreneurial spirit of the 1980s. OhmyNews capitalised on a groundswell of radical politics among Korean young people as a reaction against the mainstream media, which were perceived as anti-democratic, over-commercial in their approach, and prone to distort the facts. Reach Out! grew from widespread concern over high levels of suicide among young people in Australia.

Timing can be all-important, and many innovators consciously ‘park’ their ideas for years until the time is right. Demand may only grow once a problem is seen to be becoming more acute. For example, in the wake of growing evidence of the severity of climate change, there is much greater receptiveness for ideas like personal carbon accounts than there was a decade ago.⁶ Sometimes alternatives need to have been tried and failed (as with drugs policy in much of the Western world). And sometimes a new technology creates the opportunity for a previously impossible social innovation, such as the Internet – as in the case of Reach Out!.

However, a receptive climate on its own is not enough. Innovations are only implemented if the recognition of a need comes to be shared by people or organisations with the power to pay for it. These fall into two categories:

Direct consumers: the first category includes members of the public who pay directly for goods and services. Examples include people who help the homeless by buying (as with *The Big Issue*), buying alternative media (as with OhmyNews), or buying fair trade products (as with Café Direct coffee or People Tree fashions). The challenges faced by innovators and entrepreneurs in these cases are not dissimilar to those faced in more typical consumer markets. For example, they must have a good understanding of the nature of demand, sensitivity to price, and the strategies of competitors.

Indirect consumers: the second category includes organisations that buy goods and services on behalf of people in need who lack the resources to buy things for themselves. These indirect consumers may be foundations and philanthropists (e.g. the Gates Foundation paying for anti-retrovirals⁷) or public agencies willing to provide contracts and funding for new services (e.g. extended schools). The commissioners and purchasers in these cases are critical to the spread of innovations. In

6. See the Government’s Sustainable Development Commission at <http://www.sd-commission.org.uk/pages/carbontrading.html>

7. See for example Gates Foundation (2003) ‘Brazilian National AIDS Program Receives 2003 Gates Award for Global Health.’ Seattle: Gates Foundation. [online] Available from: <http://www.gatesfoundation.org/GlobalHealth/Announcements/Announce-030528.htm>

certain circumstances, governments can simply mandate the scaling up of an innovation, as is happening in the UK with the growth of the Healthy Choices website which builds on the innovative work of the social enterprise Patient Opinion.

This indirect demand for social innovations tends to be very 'lumpy' in nature, i.e. dependent on the decisions of a small number of indirect consumers, rather than widespread consumer markets. This makes growth patterns particularly unpredictable. Indirect demand also depends on what we call the 'change margin'⁸ in relevant public sectors, i.e. the proportion of resources that can be devoted to investment in new (and therefore risky) models or to responding to new needs. Change margins may be very small if there is no growth in public spending and all resources are locked into existing models; in such a situation, there is little scope for innovation or scaling up new models. By contrast, when revenues are growing and resources are routinely taken away from poorly performing existing models, change margins are wider and there is more scope for supporting innovation (both in terms of funding for speculative research and development and for taking up successful innovations).

In many of the case studies, the availability of relatively 'free' money was critical during an experimental phase – for example, funding from the Department for Education and Skills for experiments with extended schools or Body Shop funding for *The Big Issue*, and a small grant from Microsoft in the case of Reach Out!. However, much of the public sector is poor at widening its change margin by closing things down or 'decommissioning' and in many fields this has been a barrier to innovation.

Finally, the ways in which demand becomes effective are bound up with existing power structures. Innovators often find themselves in battles where the outcome depends on the balance of power between their allies and their enemies (who may include incumbent vested interests). These factors were pivotal in both the success of Hearing Aids (which thrived because of the strength of its allies) and the failure of attempts to spread *The Big Issue* in San Francisco, where it ran into fierce opposition from incumbents (and was arguably duplicating existing efforts). Radical ideas that threaten a significant shift in power are likely to face particularly ferocious opposition.

4. Effective supply – 'push' factors

So far we have concentrated on demand. But the story of individual innovations is much more commonly told as a story of 'push', i.e. a story of how innovators have hustled, cajoled, and pleaded with funders and commissioners to take up their idea.

Effective supply can be defined as the mirror of effective demand; supply is effective when the innovation's form has become well-fitted to patterns of likely demand, and when it has become possible to demonstrate its effectiveness, and how easily it can be implemented and replicated.

Innovations often begin with simple ideas and insights, which may ultimately originate from many different sources including social entrepreneurs, bureaucrats, frontline staff, service users, observers or volunteers. Old ideas are sometimes revived or adapted to new conditions, as in the case of the extended schools movement that drew on ideas pioneered by Community Schools. Other ideas are hybrids, linking existing elements in new ways as in the case of Hearing Aids, Reach Out!, the Open University which combined broadcasting and teaching, or Wikipedia which links the principles of open-source technology to the old idea of an encyclopaedia.⁹

Before ideas have any chance of being put into practice, they need to be developed and evolved. Most ideas begin half-formed and imperfect and it is rare for the first version of an innovation to be the one that ultimately achieves success. Some ideas grow steadily, improving along the way through trial and 'tinkering'. Others evolve by finding niches where modest demand and supply are brought together, but without achieving sufficient scale to truly challenge existing models. A good example of this pattern is the spread of parallel currencies. These have repeatedly grown up around the world, from Europe and North America in the 19th century and the 1930s, to Bavaria and Mexico in the 2000s. In recent years they have been joined by similar ideas like Local Exchange Trading Systems and Time Banks,¹⁰ or even air miles and the currencies in virtual worlds like Second Life. Thousands of these parallel currencies have found small viable niches; but to date none has yet achieved substantial scale.

Occasionally, small-scale initiatives turn out to be precursors for bigger alternatives. The

8. Wellington et al. (2007) 'Scaling Up: Global Technology Deployment to Stabilise Emissions.' World Resources Institute. [online] Available from: <http://pdf.wri.org/scalingup.pdf>
9. See <https://www.open.ac.uk/http://www.wikipedia.org/>
10. See <http://www.letslinkuk.net/>; <http://www.timebanks.co.uk/>

web-based media Ddanji Ilbo and Urimod, for example, prepared the ground for OhmyNews. But more commonly, apparently promising innovations turn out to be cul-de-sacs.

The development of ideas into more effective innovations usually depends on more people becoming engaged. Professional networks often work well as channels for dissemination and improvement of ideas, helped when there are charismatic advocates to make the case for change. In some sectors, well-developed networks exist for sharing and assessing innovations, such as the Cochrane Collaboration in health¹¹ (and its offshoot the Campbell Collaboration in social science¹²), and the many professional networks, conferences and journals in planning, medicine, law, architecture and social work.

Diffusion of an idea generally brings with it evolution; the innovation changes shape as more players use it, think about it, and relate it to their needs. For example, the idea of extended schools took many different forms and micro-credit has proliferated in a variety of ways. NHS Direct grew out of a series of related experiments, such as Michael Young's Healthline and experiments with nurses providing triage services over the phone, but it built on these to develop its own distinctive features.

Often a core idea will evolve in parallel with a fuzzier periphery of related ideas. Education Extra provided a particular interpretation of how extended schooling should be done, and grew as an organisation by expanding the market for its approach. But it also benefited from the diffusion of a less tightly defined idea. Similarly, THSU is seeking to retain a tight grip on what could constitute a Summer University, while also prompting others to set up their own versions.

How well innovations spread through networks depends in part on the characteristics of the innovation itself. The existing literature on diffusion points to the following critical elements:

Relative advantage: the innovation has to be demonstrably superior to alternatives. In some cases this may be quickly apparent to consumers. For example, the public were swiftly convinced that buying *The Big Issue* was a better way of helping homeless people than direct cash donations.

Triability and observable results: formal evidence is in some cases the best way to demonstrate relative advantage. For example, the initial pilot studies of digital hearing aids unequivocally demonstrated the benefits of their adoption. Another good example is the impact of resilience training on reducing depression amongst teenagers. However, even strong evidence may be ignored or resisted if it doesn't fit with the practical worldview of the key decision-makers. For example, a health innovation that leaves patients more satisfied, but has little impact on medical outcomes or financial returns for GPs will probably not be taken up.

Compatibility and complementary conditions: the innovation needs to be compatible with what already exists. A new web service like Reach Out! was highly compatible with the rapidly expanding web, while radical new web services (like the Guaranteed Electronic Markets model¹³) promoted a few years earlier in the mid-1990s faced much bigger hurdles because of insufficient public access to high-speed broadband and the lack of secure payment systems. The lack of complementary conditions including reliable technology is one of the many reasons why road charging has taken so long to spread since it was first proposed in the 1950s. In some cases, culture can be critical to the uptake of innovations. Large sums of money have been invested in exporting some US models, such as the mentoring scheme 'Big Brothers, Big Sisters', or the regeneration model 'Communities that Care', without much success,¹⁴ while others, such as Alcoholics Anonymous, have replicated globally without any formal finance to assist their growth. *The Big Issue* is another good example: it spread successfully in Australia, but failed in Los Angeles, perhaps because many people drive to work and do not interact with street vendors. However, one wave of innovations can make the environment more receptive for later ones. For example, the proliferation of innovations around carbon reduction, carbon offsets and personal allowances has created the conditions – including concepts, metrics and markets – in which new innovations with similar characteristics have a much better chance of succeeding.

Weak competition: the effectiveness of supply will depend on what the alternatives are. Micro-credit grew in 19th century Europe both because it built on other complementary conditions (such as strong civic organisations of many kinds) and because of the lack of

11. See <http://www.cochrane.org/index.htm>

12. See <http://www.campbellcollaboration.org/>

13. GEMs were developed by Wingham Rowan and promoted by Demos in the mid-1990s. They were a sophisticated model for creating local exchange systems using reputational devices. A decade later practical trials began in east London.

14. Booth, L. 'Could you be a Big Sister?' [online] Available from: <http://www.mentors.org.uk/archive/iVillageArchive.html>

competition. When banks and governments moved into the field offering alternative innovations (cheap mortgages, welfare benefits, etc.), micro-credit withered away. A similar pattern may occur with the more recent wave of micro-credit in the developing world.

Simplicity: innovations are more likely to be taken up if they do not require costly training or adaptation of facilities. The idea of extended schooling has spread in part because existing school buildings could be used for morning or after-school activities, and because at heart it is such a simple idea.

Cheapness and value for money: innovations that are costly or capital intensive will spread slowly (unless they are lucky enough to persuade a government to back them). Innovations with very low marginal costs (e.g. most web-based services) can grow quickly, especially if they benefit from positive network externalities (as in the case of many open-source models, and webspaces like MySpace or YouTube). The Summer University model pioneered in Tower Hamlets, and now being spread around London, is a good example of how a low-cost structure – achieved through the energetic use of volunteers and spare buildings – can achieve better results. However, in some cases entry barriers to setting up the first exemplar project are low, but those to scaling up are very high. Healthline, for example, was set up with relatively modest resources, but turning some of its ideas into NHS Direct involved very substantial investment by government.

The more radical and systemic the innovation, the harder it will be to implement, mainly because of the lack of complementary conditions. Occasionally, disruptive technologies and events can accelerate systemic change,¹⁵ but systemic change is usually slow and dependent on the cumulative impact of changes in attitudes, power, habits and institutional interests.

5. What turns a promising idea into a useful one?

Ideas take time to find their best forms. They can evolve through experiments, trials, arguments, or by borrowing from other fields. It is rare for an innovation to meet our definition of 'effective supply' early on. As a result, social innovators share the challenge faced by all innovators: how to cope with periods

when the innovation has promise but fails to perform more effectively than mature models which have had time to evolve and adapt to environmental conditions.

Even innovations with substantial promise are likely to go through a period when strict performance assessments run against them. This was true of the early cars, computers and telephones, and has also been true of new models for supporting children (like Headstart in the US¹⁶) or zero carbon housing.

During these periods, philanthropists may be patient because of their personal commitment to the cause or to the innovator. By contrast, more impersonal organisations, such as mainstream investors or governments, are much less likely to be able to justify sustained commitment.

To overcome these barriers, innovators have to work hard to make their case. Producing convincing evidence is always challenging for social projects, particularly those whose benefits cut across different fields, for example achieving reductions in unemployment, crime levels and health problems at the same time.¹⁷ Yet, many of our examples did use evidence to advance their ideas, and many invested scarce resources early on in trials and demonstration projects to win over sceptics. The Extended Schools movement spent considerable time and effort gathering evidence of and learning from best practice in after-hours learning before expanding the scheme. Teach First was independently evaluated after three years and found fundraising much easier afterwards. THSU focused heavily on evaluation and has used that comparative advantage to ensure that its model of provision remains relatively unadulterated as it expands.

By contrast, Sure Start was criticised for expanding nationally before enough evidence had been gathered, although it did benefit from several decades of research on parallel initiatives in Canada and the US. Aspire is another example of scaling up without an adequate period of experiment and testing, and this probably contributed to its subsequent failure.

Market research is also critical during development or expansion. Reach Out! spent considerable time and money researching the situation in the US before attempting to link with partners to expand there. By contrast, both Language Line and OhmyNews ignored critical differences in the cultures of countries

15. Christensen, C. et al. (2006) Disruptive Innovation for Social Change. 'Harvard Business Review.' December 2006.

16. See <http://www.acf.hhs.gov/programs/hsb/>

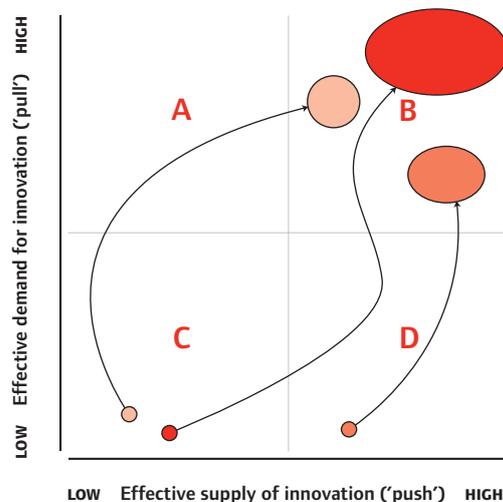
17. The overlapping fields of cost-benefit analysis, public value and social returns on investment all claim to address this problem, in some cases claiming that there is an objective measure of value, and in others, recognising that different interests will perceive value in very different ways.

they tried to expand into (Germany and Japan respectively). The development of innovations into more effective supply can, therefore, be challenging for innovators. On top of the many external barriers faced by innovators, their own attitudes can sometimes impede growth. Some innovators may be unwilling to compromise the purity of their idea by adapting it to market conditions, while others may be unwilling to lose the control which growth often entails.

6. Effective strategies to grow innovations

We can now turn to the question of strategy: how do innovators and the supporters of innovation get to the top-right of the Growth Map? On this map there are many possible starting positions and many possible journeys to reach the top-right (see Figure 2) although for any particular innovation at a particular time, the options will be limited.

Figure 2: Routes to growth and impact



The top left quadrant of the map (A) represents where there is willingness to pay and back successful innovations, but a lack of effective and well-proven options. Many important areas of public policy fall into this category. For example, some would argue that while there is evident demand for programmes that can cut the numbers of NEETs (those Not in Employment, Education or Training) in the UK, there are few reliably proven models for doing so. In this context, the priority will be to build the evidence-base and credibility of interventions through demonstrations, trials, or

the creative adaptation of innovations to make them more useable.

In the bottom-right quadrant (D) are well-developed innovations which are not wanted, perhaps because of the policy or political climate. For example, there are many promising models for helping ex-offenders avoid the risk of re-offending, but pressure on prison places means that there is very little spare money to pay for developing these. Similarly, harm reduction programmes for drug addicts are unlikely to thrive in an environment committed to coercive penalties. In this space, the priority will often be to work on the climate of opinion, including directly targeting current or future decision-makers.

There are many strategic options for growing an innovation.¹⁸ In some of the simplest cases, innovators with good models simply take to the road, demonstrating their approach to anyone who will listen, and encouraging emulation and adaptation (this has been particularly common in the recycling field, for example amongst the 250 members of the UK Community Recycling Network). In some cases the priority may be to change a regulation or a tax rule. In others, the best strategy may be to forge alliances, to win over key gatekeepers (for example the key commissioners or purchasers in public agencies or businesses), or to build up 'islands' which can then be linked up. In cases where there are low entry costs, the innovation may be able to grow up the map without having to demonstrate its effectiveness using formal methods (for example, Alcoholics Anonymous).

Some innovations successfully spread across national and cultural boundaries, as, once again, in the case of AA or consumer co-operatives. In other cases, what may have appeared to be a highly replicable innovation can turn out to be very context-specific. Our case studies suggest that the only way to find out is through the discovery process of attempting growth.

Trial and error will also determine how far it is possible to formalise and 'manualise' the innovation. In some cases very detailed and prescriptive models can spread more easily without so much training for practitioners and relatively straightforward quality assurance. Early investment in the model then pays off as it is franchised or licensed (as in the case, for example, of Webster-Stratton parenting programmes, or online Cognitive Behavioural Therapy). However, relatively few of the social innovations we surveyed could in practice be

18. Moss Kanter, R. (2005) 'Even Bigger Change: a framework for getting started at changing the world.' Cambridge, MA: Harvard Business School Press. This provides an insightful survey at the broader range of options for assembling coalitions, allies and the means to achieve change.

codified in detail in this way; to spread they had to be adapted to different local conditions, cultures and available resources.

In all of our case studies the innovators themselves had to work hard to bring demand and supply together. Yet in fields other than social innovation, specialised organisations exist to help: technology transfer bodies, venture capital, universities and umbrella bodies often specialise in knowing where a promising idea can find its best expression. Successful innovation systems around the world take many different forms but often rest on strong interlocking institutions and substantial resources to back risky, but potentially high impact innovations. For example, a very substantial proportion of the capital in Silicon Valley has come from the US Government. By contrast, in the field of social innovation, there is rarely much money to invest or the institutions to effectively mediate between supply and demand.

7. A spectrum of models of diffusion and growth

At the core of any strategy to grow an innovation rests a choice about organisational form. From society’s perspective, it matters little whether an innovation is implemented by the original innovator or by someone else (although from the innovator’s perspective this may seem all-important). However, over time, it is of vital importance that there are competent, financially sustainable organisations to put the innovation into effect.

To help understand the organisational dimension of these options, we have developed an

analytical framework which defines the degree to which organisations seek to put boundaries around the innovation by controlling the form it takes, who is involved in its implementation, where this happens and who benefits.

1. Uncontrolled diffusion: at one end of the spectrum, a social innovation can be spread by communication through the media, books, conferences or word of mouth, and through professional and other networks. Diffusion can be accelerated by self-appointed champions and ambassadors, who may or may not have a link with the original innovators. The less controlled the diffusion, the more likely it is that the innovation will adapt in different ways according to local conditions. The ideas of rural micro-credit, holistic medicine, and carbon offsetting have all spread in this pluralistic way.

2. More directed diffusion by a ‘parent’ organisation: innovators may try to prescribe processes and methods, rather than relying on loose diffusion. Examples include the ‘Twelve Steps’ programme of Alcoholics Anonymous, or the principles of Local Exchange Trading Systems which have been promoted by particular organisations. In some cases, an organisation and model may simply be copied. For example, Teach First is being explicitly copied in Estonia but not as a franchise. The attempts of sectoral organisations to impose rules are also relevant here – e.g. the Soil Association determining what counts as organic, or the Fair Trade movement attempting to establish common principles. There are also a variety of ways in which innovators can try to control diffusion, such as branding, ‘kitemarks’ or public argument about what count as true

Figure 3: A spectrum of models of diffusion and growth



or false adaptations. More formal variants of this directed diffusion include:

a. Concerted promotion through informal and formal networks, professional and other (e.g. by a charity set up to promote a new approach). Around the world, many new methods are coming into use which establish learning communities and communities of practice to speed up the spread of improvements and innovations. Some examples include health collaboratives in the NHS, or the communities of practice supported by the Improvement and Development Agency (IDeA) around local government;

b. Multiplication including federations that encourage the emergence of largely autonomous local branches, as happened in the cases of many trade unions, Age Concern, Help the Aged and the International Federation of Street Papers. In federations, power lies with the members collectively rather than with the federal body itself. This tends to be a looser way of speeding up diffusion, but has often proved highly resilient;

c. Licensing an idea, which is usually achieved with income provided to the parent organisation through associated training and support. An example that failed was the 'Communities that Care' project which tried to impose intellectual property (IP) controls on an approach to community regeneration. James Fishkin's attempts to control the spread of 'deliberative democracy' methods through IP is another example where too much emphasis on IP has probably inhibited take-up. 'America Speaks' is another example that has sought to maintain a high price through strict IP controls. A more successful example of widespread replication through licensing is the spread of the Webster-Stratton parenting training model¹⁹ which has kept prices lower and emphasised accessibility; and

d. Franchising represents an additional dimension of boundedness, which usually requires common training or quality assurance processes.²⁰ Franchising is attractive to innovators and social entrepreneurs because it appears to offer control and financial returns with less responsibility. Sometimes it has worked in the social field, as in the case of *The Big Issue* Scotland. But franchising often

fails because of the difficulties involved in sustaining quality control, and the right culture, as with the WISE Group's attempts to set up offshoots in London and elsewhere in England.²¹

3. Innovators can adopt a deliberate strategy of being **taken over** by larger organisations (like a trade-sale strategy in more traditional entrepreneurship). For example, a primary goal of Healthline, the diagnostic and advisory service set up by Michael Young, was to persuade government either to copy it or take it over (this eventually happened with NHS Direct). In other cases the goal may be to be taken over by a larger existing business or NGO, just as many web companies aspire to be taken over by Google or eBay.

4. At the far end of the spectrum is **organisational growth**, where both the nature of the idea, and its application are controlled (i.e. what it is, how it is done and who does it). The medium may be an NGO or social enterprise, Community Interest Companies, for-profit companies or the public sector – e.g. the proliferation of new kinds of school. Organisational growth can then either be organic or achieved by acquisition or mergers with other organisations.

The same organisation may pursue several strategies in tandem. For example, the Open University encouraged replicants; operated internationally itself; and promoted the idea of distance learning (in part via the International Extension College). Many of the examples we have looked at have followed twin-track approaches. Specifically, several organisations tried to grow by finding their own markets, while also promoting wider diffusion (e.g. *The Big Issue* and the International Federation of Street Papers, Education Extra and the extended schools movement).

8. Lessons from the case studies

The case studies set out some very different routes to achieving alignment between effective supply and effective demand and strategies for taking ideas into the top right-hand corner of the Growth Map.

In the case of Hearing Aids, there was a clear recognition of need but inadequate supply of effective innovations to make it happen – so the idea sat in the top-left quadrant. The

19. Webster-Stratton, C. (1997) From parent training to community building. 'The Journal of Contemporary Human Services, Families in Contemporary Society.' March/April, pp. 156-171.

20. Bradach, J. L. (1998) 'Franchise organizations.' Cambridge, MA: Harvard Business School Press; Bradach, J. L. and Eccles, R. G. (1989). Price, Authority, and Trust: From Ideal Types to Plural Forms. 'Annual Review of Sociology.' 15, pp. 97-118.

21. See <http://www.thewisegroup.co.uk/>

key for RNID was to form a partnership with the Department of Health to raise sufficient capital, develop the technology and therefore meet the criteria of 'effective supply,' and to then meet the resultant demand.

Sure Start began about halfway along the bottom axis; some of its advocates spent much of their energy developing the climate of opinion and demand (moving up the vertical axis), while others put in place networks of supply (in particular the Kids Club network which was then well-placed when Government decided to expand childcare). Once Government funding was committed, the priority then shifted to improving practical models on the ground, through a wide range of separate organisations and partnerships loosely networked together. By contrast, the example of Extended Schools shows how investment in developing a strong evidence-base (i.e. working from bottom-left to the bottom-right) then enabled demand to be mobilised.

In each successful case, the story is essentially one in which a series of sometimes carefully sequenced moves acted to bring effective demand and effective supply closer together. It is also important to note that the story rarely ends here and over the course of time, supply and demand may once again diverge.

8.1. When organisations are crucial to scaling up – and when they are not

Large scale will be efficient for some innovations; a new model university, for example, may need to provide access to many disciplines, and to make use of economies of scale in marketing or administration. For others, scale may be very inefficient (e.g. the quality of the direct relationship between patients and doctors in primary care appears to be lost above a fairly small scale). Optimum scale is partly a matter of economics as in the cost structure of facilities and common services, partly a matter of culture (i.e. the scale at which different types of cultures can be sustained) and partly a matter of essential relationships.

Some societies have strong cultural biases in favour of a larger scale, in particular the US, China and Russia. Yet organisational growth is often neither the only nor the best way to maximise social impact.

In general, the growth of a single organisation is likely to be the most effective way of spreading an innovation where:

- A highly specialised culture and specialised competencies are needed for the innovation to work, as in the case of Hearing Aids or Teach First;
- Tacit knowledge plays a vital role, limiting the scope for replicating technical features of the innovation without 'hands-on' involvement from the pioneers;
- The market niche depends on very strong direct relationships whether with funders or consumers;
- Success depends on strong alliances with bigger organisations which can provide complementary assets. For example, the Body Shop in the case of *The Big Issue* and News Corp in the case of Reach Out!;
- The characteristics of the leader or founder are (or at least perceived as) integral to the innovation; and
- There are no other existing organisations with the insights, skills or culture to implement the innovation.

Organisational growth is less likely to be the best approach when these factors are not present, and when:

- The underlying idea is simple and transferable;
- Strong interests can be persuaded to adopt the innovation, but will resist incursion from a new organisation; and
- There is a better chance of mobilising key resources such as capital, people, and relationships, through existing organisations than through creating a new one.

Organisations may also be particularly essential when the innovative idea is radical; not because the innovation will necessarily grow with one organisation but rather because an organisational base can provide the resilience to stick with an innovation through periods of setback and defeat. For example, Mondragon²² (now one of the world's largest social enterprises) has innovated in many ways around basic co-operative principles. It is a highly successful and entrepreneurial organisation, with activities in over 50 countries, and some 100,000 employees, but which is still firmly rooted in Spain's Basque region. Although it has successfully set up offshoots (which are not co-operatives), very

22. See <http://www.mcc.es/>

few of the many attempts to copy it elsewhere have succeeded on a significant scale. However, having a single family of organisations gave it the resilience to survive both the hostility of the Franco regime and, later, the competitive pressures of globalisation.

Similarly, the micro-credit pioneer BRAC in Bangladesh,²³ which now employs over 30,000 people and has over 4 million members, has innovated in many different directions, but remains rooted in a core business and in a particular nation. Again, the strength of its family of organisations has allowed it to thrive through periods of acute political turbulence.

9. The challenges of growing organisations around social innovations

9.1. Choosing an organisational model

Where an innovation sits on the Growth Map restricts the organisational options available to it. Franchising and licensing are only viable strategies if there is a well-developed innovation on the far right-hand side of the map. And federations are only feasible where there is the additional condition of widespread interest in creating local branches. Models requiring investment are only likely to be viable where there is clearly proven demand (i.e. higher up the map).

There are then many different types of strategy that may be considered. Most strategies will involve constructing coalitions of support to increase effective demand and to counter vested interests. Occasionally, a single sponsor or supporter may be vital to an innovation's growth, as were Tessa Jowell and Gordon Brown for Sure Start, or KPMG for the recent UK reading programme 'Every Child a Reader.'²⁴

If substantial demand from Government is likely and particularly if the Government will prefer to act as a provider rather than purchaser, there may be little advantage in setting up a single organisation, except to play an advocacy or demonstration role. For example, the National Extension College²⁵ provided a visible exemplar which encouraged the Government to create the Open University.

Alternatively, if there is widespread popular recognition of a need, but little interest in Government, there is not much point in setting up a service delivery organisation. The best strategy may be to persuade opposition politicians and to wait for a change of

Government (which is broadly the direction taken by campaigners for early-years services in the 1990s).

Scaling up that is directly driven by Governments can fit on this continuum too. Some examples sit clearly at one end (e.g. NHS Direct was scaled up as a single organisation within the NHS family), while new models of primary care (such as wellness checks), have spread through thousands of independent GP practices responding to nationally designed incentives. Where there are no alternative sources of demand, Governments can, if they wish, keep tight control over the dimensions of how an innovation scales up, subject to the power of relevant professional groups.

Many factors are likely to shape the detail of any strategy. In some cases, legal and regulatory conditions will block some options, for example, if general schooling is legally monopolised by the public sector there will be little scope for a new educational model for poor communities that aims to be for-profit. Similarly, regulation may make it impossible for loose networks to win contracts. In some fields, the market structure will determine what kinds of organisational form succeed. In the UK for example, contracting for welfare-to-work and ex-offender programmes is being reorganised on a larger regional scale, which will tend to preclude smaller NGOs from competing. In such cases, innovators focused on maximising social impact may have little choice but to seek to have their idea taken over by a much bigger organisation.

The competitive context can also be all important. If the new innovation is competing with similar ones, then standard issues of competitive strategy (such as cost of supply) come to the fore. In other cases, if an innovation clashes with the dominant environment, an insurgent, 'guerrilla' mentality will be required. That means deliberately avoiding the main gatekeepers in the sector and attempting to go behind them. The pioneers of the Open University did this – rebuffed by existing universities (it was argued that there would be no demand; that it wouldn't work; that standards would be too low), they mobilised political enthusiasm to get the idea off the ground. Similarly, *The Big Issue* did not rely on any of the existing homelessness charities, but instead drew on the support of Gordon Roddick.

23. See <http://www.brac.net/>

24. See <http://www.everychildareader.org/>

25. See <http://www.nec.ac.uk/info/>

9.2. Overcoming the challenges of growing organisations around social innovations

Growing organisations is never easy, and it can be particularly hard in the social field, where a high premium is placed on personal relationships and appropriateness to context. It invariably requires changes to form and culture (as opposed to simply ‘scaling up’ what went before). In addition, growth can involve deepening or intensifying operations, rather than spreading them. For example, many social enterprises accumulate a cluster of related activities in a single place instead of replicating their core activity – such as Community Links, the bromley-by-bow centre in east London or BRAC in Bangladesh.

In other fields, there is a well-established literature on how growth in scale requires changes to form. In the natural sciences, D’Arcy Wentworth Thompson’s classic book published nearly a century ago, *On Growth and Form*, explains why big animals or plants are so different in shape from small ones.²⁶ There is less of a science of growth in the social or organisational field, but experience confirms that there are common patterns. Small emerging organisations have to be exploratory and freewheeling. But with growth comes a need for more formal structures, less personalisation, more discipline and usually more accountability, particularly where public funds are involved.²⁷ It follows that if innovators choose to grow their innovation through a single organisation they need to be prepared for a series of radical changes as they journey across the Growth Map:

- **Adaptable or replaceable leader(s).** Leaders usually have to change their style and methods. A few highly adaptable leaders grow with their organisation. Andrew Karney at Language Line was involved from very early on, was asked to stay on after the first two venture capital buyouts, and adapted well to the new business model. As the Grameen Bank grew, Muhammad Yunus also successfully adapted his leadership style, and the teams around him. However, many social entrepreneurs find it hard to change, become a hindrance to further organisational growth, and are eventually eased out as was the case with John Bird at *The Big Issue*.
- **Evolving organisational systems and roles.** Growth tends to require more robust processes and systems, defined roles and rules, formal communication, and decision-making structures. Again, the very personal and informal qualities that may have been

decisive for early success can become drawbacks later on.

- **The right form of governance.** Governance structures need to evolve as the organisation grows – from primarily reinforcing and supporting management teams to being willing to take tough decisions (including preventing mission drift and replacing managers where necessary). In charities and social enterprises, governance structures are often not rigorous enough for these decisions to be made. The governance role is played largely by volunteer non-executive trustees, who have limited engagement with the organisation, and financial investors who rarely have or exercise rights to remove managers. These problems can be exacerbated by the fact that values-driven organisations frequently do not want to go against those who originated those values – which can be particularly disabling during periods of crisis (as in the case of *Aspire*). By contrast, the founders of *The Big Issue* claim that they greatly benefited from their for-profit status as they were unconstrained by charity governance rules.

Our case studies also point to some other typical problems of growth. Many organisations become victims of their own success as they find it hard to handle increased demand. OhmyNews suffered from too many people logging on during the 2002 presidential election and Hearing Aids failed to anticipate demand resulting in long waiting times for applicants. Here, the lack of mature capital markets or banks familiar with providing working capital can be a major constraint.

Then there are the common problems of aligning and realigning incentives as the organisation grows. Those who drive and staff social enterprises frequently have different and diverging objectives, and growth often brings these to the fore. The innovators themselves may be primarily concerned with recognition and impact, while managers may be more motivated by scale, status and turnover. Financiers are potentially most interested in profitability in the case of investment, or recognition in the case of foundations and philanthropists, while staff are often motivated by job satisfaction and may be resistant to the changes in ethos and structure that growth requires. Finally, there are the customers, who are likely to become less forgiving as growth continues.

26. “The effect of scale depends not on a thing in itself, but in relation to its whole environment or milieu ... a common effect of scale is due to the fact that of the physical forces, some act either directly at the surface of a body, or otherwise in proportion to its surface or area; while others, and above all gravity, act on all particles, internal and external alike, and exert a force which is proportional to the mass, and so usually to the volume of the body ... Since the weight of a fruit increases as the cube of its linear dimensions, while the strength of the stalk increases as the square, it follows that the stalk needs to grow out of apparent due proportion to the fruit, or alternatively that tall trees should not bear large fruit on slender branches, and that melons and pumpkins must lie upon the ground. And yet again, that in quadrupeds a large head must be supported on a neck which is either excessively thick and strong like a bull’s, or very short like an elephants.” Wentworth Thompson, D’A. (1961) ‘On Growth and Form.’ 1st abridged edition. Cambridge: Cambridge University Press.

27. These were called explorer and exploiter modes by March, J. (1991) *Exploration and exploitation in organisational learning.* ‘Organisation Science.’ 2 (1), pp. 71-87.

A recent survey of NGO organisational growth in the 'Stanford Social Innovation Review' confirmed the importance of sustaining critical relationships, and adapting organisations internally to fit external patterns of demand. The most successful growth occurred in organisations with relatively narrow funding bases,²⁸ challenging the typical assumption that a broad funding base is desirable. Many organisations had to shift their orientation over time, in particular towards the public sector which had become their primary source of revenue.

9.3. Organisational growth vs. social impact

Most innovators and their backers want 'their' organisations to be the carriers of the innovation. They want to be far along the continuum of control, shaping how their innovation evolves, and ensuring that they receive due recognition (and sometimes financial returns). Over the last decade, the growing interest in applying business-like investment models to the social sector has reinforced this bias, since organisational growth is likely the most reliable way of receiving a measurable return for any investment in the development of an innovation. There has also been growing interest in taking models of franchising and licensing from the commercial to the social sector, with the same goal of combining economic and social objectives.

However there are many reasons for being sceptical about the assumptions that social and economic goals can easily be integrated and that growing organisations is the best way to achieve social impact. Although in some cases social and economic objectives have been combined in a single organisation (as, for example, with Language Line or *The Big Issue*, or international examples like Mondragon, BRAC and APPROTECH)²⁹ there are often sharp trade-offs between the goals of social impact and the goal of achieving a financial or reputational return. For example, economic imperatives may point organisations towards rejecting difficult clients, avoiding risk and avoiding radical advocacy. By contrast, social objectives may mean chasing down hard problems and taking risks that others will not consider. Also, when it comes to deciding on an optimum scale, economic and social considerations can point in opposite directions.

Economics provides one lens for thinking about scale as a balance between economies and diseconomies of scale (and scope). But *social* returns to scale may point in a different direction. For example, Wikipedia

has achieved very substantial social returns to scale, but rather few economic ones. Social care providers may cut costs by growing, and appear to gain economies of scale, but lose the responsiveness and commitment that is crucial to the experience of beneficiaries (in other words, there are social diseconomies of scale). These factors may help to explain why many providers in fields like primary healthcare have tended to remain small (e.g. GPs), and why organisations in many fields have adopted an 'amoeba' growth strategy – the multiplication of small independent units rather than growth of integrated organisations.

There can be no doubt that many social innovations have been associated with *pioneer organisations* (e.g. Amnesty, OU, Greenpeace, BRAC). However, there are surprisingly few examples of major social innovations that are strongly associated with *organisational growth* (e.g. the many innovations associated with human rights, ecology, feminism, disability rights, micro-credit or intermediate technology emerged from a huge diversity of different organisations). Indeed it sometimes appears as if innovators themselves, and their funders, sometimes risk an illusion of control, believing that this is the best way to achieve impact when often it could be achieved through looser approaches to diffusion.

10. Changing how societies think: the ultimate goal of scaling up

If organisational growth is one of the most visible ways in which social innovations spread, the other main route to impact is subtler, but if anything more powerful. Many of the organisations covered in our case studies changed how societies think. They embodied and promoted radically different ideas – like the idea of lifelong learning, the idea of the very poor being entrepreneurs, or the idea that everyone can produce their own media. These ideas could only be widely understood because organisations demonstrated their practical worth. But their greatest impact came from the ideas being taken up by others until ultimately they became part of a changed 'common sense'.³⁰

Successful social innovation depends, in other words, on a series of reinterpretations, by practitioners, beneficiaries, funders and the wider public.³¹ Sometimes these happen quietly, as for example in the radical rethinking of health over the last two decades where

28. Foster, W. and Fine, G. (2007) How nonprofits get really big. 'Stanford Social Innovation Review.' 5 (2), pp. 46-55.
29. See <http://aproptech.org/>
30. For a more detailed analysis of the ways in which social change happens, and how new ideas overcome barriers of interest, culture and power, see The Young Foundation (2007) 'Social Innovation.' Oxford: Said Business School. pp. 17-19.
31. Lester and Piore claim that interpretative processes are the key to successful innovation but are often neglected. See Lester, R. and Piore, M. (2004) 'Innovation – The Missing Dimension.' Cambridge, MA: Harvard University Press.

paradigms focused on specific illnesses and cures have been partially displaced by paradigms based on wellness. Sometimes they happen through argument. The more a social innovation falls outside the cultural mainstream the more 're-interpretation' will be needed for it to be accepted, and the harder it may be to get traction, or to mobilise effective demand, no matter how effective the supply. Yet when reinterpretation is successful, it achieves impact far beyond the direct impact of any organisation.³²

Some of the academic work on innovation has pointed to the importance of this sort of interpretation and reinterpretation in helping innovations spread.³³ These processes can be rough and messy. However, clashing with dominant values may help to strengthen the innovation and the commitment of those associated with it. Sometimes, different reinterpretations come together (rather as new thinking on health with its emphasis on diet and exercise is combining with new thinking on sustainability that emphasises local sourcing and a return to walking and cycling). In these cases the key innovations concern 'scripts' or models of behaviour – like separating rubbish out for recycling or children acting as 'energy spies' tracking wasteful practices in their homes and schools – as well as products and services.³⁴

These processes of change do not easily fit into the standard economic templates for understanding growth. The concepts of externalities, market failure, transaction costs, information asymmetries, are relevant in part. But they are of little use in explaining the ways in which social innovation depends on changes in preferences, changes in knowledge and learning, and changes in relationships.

10.1. Systems change

Achieving fundamental change in one of the major systems that shape everyday life such as food, education, health or energy, is the ultimate goal of some social innovators. However in our case studies, as in other research, there were no examples of true systemic innovation being led by a single person or organisation. Some of the case studies did achieve very substantial change within a major system, but even the impact of bodies such as AA or OhmyNews are not in the same scale as the impact of truly systemic innovations like parliamentary democracy, the Internet, integrated childcare or zero carbon cities. Moreover each innovation in our case

studies, and the organisations associated with them, had to be optimised for its own context.

When systemic change does occur, it is often the result of the mutual adaptation of many different organisations, often inspired by similar ideas, rather than from the plan of any one. In most examples of true systemic change (such as the current attempts to radically cut carbon emissions in cities, or transport systems, or creation of systems of care for young children or the elderly), political leadership has played a decisive role. There are a few exceptions in countries where states are unusually weak (notably Bangladesh, where BRAC and Grameen have played roles played elsewhere by governments), and in cases where disruptive technologies have provided radically new infrastructures. But systemic change remains rare and far beyond the capability of individual innovators or institutions. However this point perhaps only reinforces our earlier conclusion, since it confirms the power of ideas, and in particular the power of ideas that can find many owners and many interpreters.

11. Conclusions – the challenge of being in sync

The successful growth of social innovations depends on effective demand and effective supply coming together. In an ideal world, every innovation would benefit from the recognition of a burning need; a track record of verifiable success; consumers (and organisations) willing to pay for it; and entrepreneurs and organisations with the right mix of people, capital and positioning to put the innovation into practice and then grow it. However, these conditions rarely exist simultaneously, and it is never enough to 'build a better mousetrap'. Demand for the mousetrap has to be cultivated too and people may even need to be persuaded that mice are worth catching in the first place.³⁵

Most promising social innovations fail to grow. Some innovations may find a very marginal niche for a period while others may find a number of islands of support but fail to combine these into significant scale and some may never get beyond being a good idea.

However, careful attention to the conditions of demand and supply, and to the options for strategy can improve the prospects for innovations to achieve their potential. Sometimes that will involve defining, refining

32. For example, persuading a society to see drug users as in need of care rather than prison; or seeing farmers as guardians of land rather than just as food producers; or seeing children as having rights.
33. Strang, D. and Soule, S. (1998) Diffusion in Organisations and Social Movements: From Hybrid Corn to Poison Pills. 'American Review of Sociology,' 24, pp. 265-290.
34. Nooteboom, B. (2000) 'Learning and Innovation in Organisations and Economies.' Oxford: Oxford University Press.
35. Leat, D. (2003) 'Replicating Successful Voluntary Sector Projects.' London: Association of Charitable Foundations. p. 55.

and formalising the innovation and spreading it as a model with precisely specified elements, stages, training support, quality assurance and formal evidence. That potential is as likely to be realised through emulation and directed diffusion as through organisational growth. Indeed, in some cases, if innovators and funders try to control too much, or to hoard credit, they may stand in the way of achieving the greatest social impact. That said, the case for an innovation is generally far better made through the example of a real organisation than through an abstract argument.

To be truly in sync may often be a matter of luck: but patient innovators help to make their own luck.

Our analysis has also pointed to the systematic weaknesses that inhibit the diffusion, replication or scaling up of social innovations. The examples we have focused on have generally succeeded. But even their successes highlight:

- Weak incentives for public agencies and NGOs to copy or fund more effective alternative models;
- The absence of intermediary bodies and networks that specialise in connecting supply and demand;
- The relative absence of resources for social research and development;
- Lack of access to capital to fund growth in social organisations; and
- Under-developed labour markets for managers to oversee growth.

These factors explain why there are often relatively few copiers even of successful innovations – the copiers themselves face many of the same problems even if they have been gifted a working idea. This is also why organisations with strong commitments to particular innovations are more likely to predominate, and to have the perseverance to get through obstacles and downturns.³⁶

The immaturity of the social innovation system means that there are almost no organisations, whether investors or development bodies, able to put together balanced portfolios of innovations combining incremental and lower risk ones with higher risk but potentially higher reward ones. The result is a higher than necessary level of risk for funders and

innovators themselves, less chance to spread risk, and consequently a likely under-supply of capital for developing innovative models.

There are some initiatives in place around the world that are seeking to speed up the adoption and growth of successful innovations. This role has at times been played by organisations like the Organisation for Economic Co-operation and Development (OECD) and the European Commission (through benchmarking and learning collaboratives), and by groupings of cities, consultancies, websites and through NGO and professional networks. Recent examples include the Clinton Global Initiative's attempts to speed up the development and application of new technologies and techniques to tackle HIV/AIDS, and more recently, to cut carbon emissions in the major cities.³⁷ However, the methods of observing, analysing, and then transferring or adapting innovations, are still underdeveloped and there are relatively few people who have specialised in these intermediary roles.

These are not problems that will be solved overnight. But governments, foundations, businesses and innovators themselves can collaborate to put these deficiencies right, to evolve more mature social innovation systems, and thereby improve the prospects of good ideas reaching their full potential.

36. For an interesting recent overview of scaling up from a foundation perspective, using ideas from complexity theory, see Pearson, K. A. (2006) 'Accelerating our Impact: Philanthropy, Innovation and Social Change.' The J.W. McConnell Family Foundation. [online] Available from: http://mccconnellfoundation.ca/utilisateur/documents/EN/Initiatives/Sustaining%20Social%20Innovation/Accelerating_our_Impact.pdf

37. See <http://www.clintonglobalinitiative.org/NETCOMMUNITY/Page.aspx?&pid=895&srcid=-2>

Annex 1: A guide for social innovators and investors

Growing social innovations is never easy. There will always be strong barriers in the way, vested interests who feel threatened, and experts who are convinced that the new idea will never work. Indeed, innovators will nearly always be weaker than the incumbents they are seeking to influence or displace.

This makes it all the more important that those involved in social innovation are smart about how they make the most of their strengths and how they address their deficiencies. That means thinking clearly about the nature of their innovation, the nature of the environment they are operating in, and the consequent organisational and strategic choices open to them.

This guide is an aid for thought and conversation that has been designed to help innovators, funders, and anyone involved in the governance of innovation, to think more rigorously about choices and possible journeys to success. It is not a blueprint or a mechanistic guide. Indeed, one of the strong messages of this report is that all real examples of social innovation are highly contextual. What counts as effective supply or demand depends very much on the specifics of the situation. These are also reasons why we have not proposed any generic quantification of the factors discussed below.

However, despite these recognised limitations, the guide asks important questions and should prompt the development of strategies with a better chance of success, as well as sometimes bringing out less obvious options.

Step 1: What is the essential nature of the innovation, and what need is it trying to address?

- What are its core components – and which aspects are peripheral?
- Can it be clearly specified, and differentiated from alternatives?
- What crucial insights or hunches is it based on?
- Is it rooted in particular local circumstances – history, culture, or a charismatic individual – or is it potentially more widely replicable? How much of it is replicable, and how much will need to be locally adapted? How do you know?
- Crucially, too, what is its main purpose and what would count as success?

Step 2: Understanding ‘push’ and ‘pull’

Effective demand

- **Recognition:** how much general social recognition of the need is there? Is the field a policy priority? Is that priority national, regional or local?
- **Purchasing commitment:** how much commitment to purchasing and funding is there from organisations and individuals with money? What evidence is there of willingness to pay?
- **Interpretative fit:** how easily can potential backers understand the innovation; does it fit their mental models; how much

‘re-interpretation work’ or ‘translation’ is needed?

- **Weak opposition:** how hostile are vested interests relative to supporters and champions?

Effective supply

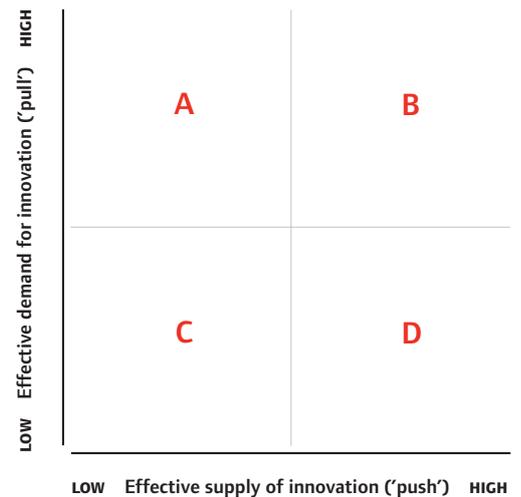
- **Efficacy:** how effective is the innovative new model in relation to a targeted niche?
- **Proof:** what evidence is there for its efficacy? How much practical experience can be pointed to?
- **Economy:** is its cost structure appropriate – and potentially scalable? How capital intensive is it?
- **Compatibility:** is it simple, adaptable, compatible with relevant contexts?
- **Competition:** how strong are the potential competitors?
- **Champions:** are there networks of supporters, champions and collaborators?
- **Codification:** has the innovation been turned into easily followed steps, elements and modules, including training support, advice, etc?

Step 3: Plotting a journey across the Growth Map

The next step is to consider alternative strategies and organisational forms for getting from the initial position to the top right hand corner of the Growth Map. The strategies need to address weaknesses in the previous dimensions, for example:

- If the innovation falls on the left hand side, the main priority may be to develop the innovation, building up evidence and credibility, finding options for trialling and demonstrating the idea in practice.
- If it falls on the right hand side the priority is more likely to be to work on the climate of opinion, or to target key funders and decision makers.

Figure 4: The Growth Map



When starting from unpromising beginnings in the bottom left hand corner, innovators have to be guileful: finding champions, networks or organisations to act as allies; persuading research funding bodies or foundations to finance pilots or experiments; or seeking out niches, islands where the innovation can grow on a small scale without exciting the opposition of powerful interests.

Where the innovation sits will limit the range of organisational options (see continuum below) – that are feasible. Licensing and franchising are only viable with fairly well developed models and some evidence – or alternatively access to specialised sources of funding. Federations are only viable if there are likely to be many enthusiastic local branches. Takeover may be a sensible strategy if growth depends on resources that are unlikely to be within the reach of any new organisation.

Figure 5: A spectrum of models of diffusion and growth



The following table develops this organisational continuum and indicates the main characteristics of each option. The chief consideration for innovators is to consider how much you *can* control (which depends on

issues like access to capital, IP, organisational capacity, control over key relationships) and how much you *want* to control (recognising that looser models of diffusion may achieve more social impact).

Table 1: Characteristics of various models of diffusion and growth

	Uncontrolled diffusion	Directed diffusion:				Absorption/ Take-over	Organisational growth
		Promotion	Licensing	Federations	Franchising		
Control of decision making	None	Low/Med	Med	High	High	Low	High
Control of direction	None	Low/Med	Med	High	High	Low	High
Standardisation of content	Low	Low/Med	Med	High	High	Unknown	High
Importance of IP	Low	Med	High	Med	High	Unknown	High
Defined financial relationships	Low	Low	High	Med	High	High	High
Resources/capital required	Low	Low	Low/Med	Med	Med/High	Med	High
Degree of local ownership	High	High	Med	High	Low	Low	Low
Crossing national boundaries	Feasible	Feasible	Easy	Hard	Hard	Feasible	Hard

Step 4: How to learn, adapt and ensure maximum social impact

Having implemented the strategy and organisational form most appropriate to expanding the innovation, innovators need to think ahead about how best to achieve social impact. These questions often get missed as pressures to grow the organisation take precedence over focus on effectiveness or impact. Issues to consider include:

- What systems of measurement are in place to record and assess success?
- How is the public or social benefit being defined?
- What feedback is received from those using the innovation – are there systems in place to acknowledge and respond to this?
- How will changes in the original need be monitored?
- How will account be taken of new and competing innovations which are superior?
- How will unexpected results be documented and used or responded to?

These questions are inherently harder to answer during the early stages of an innovation's life: but they are particularly important for funders or governance bodies to consider.

Annex 2: Case Studies

Case Study 1: Hearing Aids

Name	MHAS – Modernisation of Hearing Aids Services.
Date founded	Initial research in 1999. Programme launched 2000.
Location	UK.
Purpose	Modernisation of audiology services in the UK and provision of digital hearing aids.
Means of scaling up	Lobbying to create a receptive climate and unique partnership with the Department of Health to modernise NHS hearing aid services across the UK.

Need

The RNID (Royal National Institute for Deaf People) was keen to address the fact that new technology was not reaching up to 2 million NHS hearing aids users. People who wanted digital hearing aids (Digital Signal Processing or DSP) were paying as much as £2,500 to purchase them privately.³⁸ RNID identified the potential of the NHS to use its bulk purchasing power to drive down the cost of digital hearing aids and supply them to NHS patients. Prior to modernisation, people in need of hearing aids were fitted with analogue models that had developed little since the 1970s. In addition, lack of technical expertise and patchy follow-up support meant that at least one third of patients fitted with old analogue hearing aids did not use them because they offered little benefit.³⁹ The RNID argued that there was no existing opportunity in the NHS to change so many lives so radically at such a low per capita cost (£75⁴⁰; less than a day in hospital or a week in care).⁴¹

Idea

Research conducted by the RNID in 1999 and work done around the same time in the professional community suggested that a wholesale change in the provision of hearing aids was required both in terms of the technology that was available and the way in which it was delivered.

The RNID proceeded to launch a large-scale lobbying campaign to encourage the Government to provide more funding for audiology services, and particularly for the development and provision of advanced digital hearing aids. They used national and local press and direct mail appeals to 300,000 supporters. 50,000 postcards and letters were sent to Ministers and MPs, and efforts generated major media coverage on the long waiting lists for poor hearing aids, provoking questions about the issue during two Parliamentary debates.⁴² Through negotiations with the Department of Health (DoH), RNID succeeded in securing £125 million to ensure large scale

38. Lamb, B. 'Public Sector Reform – Audiology Services.' Director of Communications, RNID presentation. 2005.
39. RNID (2005) 'Sustaining your Modernised Audiology Service.' London: RNID. [online] Available from: http://www.rnid.org.uk/VirtualContent/85414/MHAS_PPP_HD_Leaflet_PDF_final_version_May_2005.pdf
40. It should be noted that the cost per digital hearing aid varied on a downward scale over the lifetime of the scheme.
41. Lamb, B. 'Public Sector Reform – Audiology Services.' Director of Communications, RNID presentation. 2005.
42. Ibid.

modernisation of services over a five-year period.

The next step in this initiative was very unusual; RNID was asked by the Government to manage the process of modernisation, alongside the DoH.⁴³ This was the first time a voluntary organisation had been asked to co-manage such a large-scale project with a Government department. The Modernising NHS Hearing Aid Services (MHAS) programme was launched by the DoH in the Spring of 2000.

The cost of digital hearing aids at the time was £2,500 per unit – a prohibitive cost for most patients that prevented widespread public provision. More efficient procurement methods implemented by the RNID resulted in a substantial cost reduction to as little as £55, which meant that digital hearing aids could be provided free of charge through the NHS.⁴⁴ This was a major achievement but it became apparent that wider changes were needed to maximise social impact. Providing the hearing aids required significant staff training in fitting and supplying, and investment in technology to support the aids. This, in turn, exacerbated the need for greater capacity to meet increased demand for the new hearing aids in a timely manner, and waiting lists grew significantly.⁴⁵

Similar audiology modernisation has taken place in Wales and Northern Ireland and the process in Scotland will be complete by the end of 2007.

Implementation

A sum of £11 million was dedicated to 20 pilot areas offering services for both adults and children. The pilot areas were set up to test whether it was possible for the NHS to provide digital hearing aids combined with more up-to-date rehabilitation and fitting services. Given the previous lack of investment in audiology services, these pilots were also intended to give the DoH an understanding of how much these additional and necessary services were likely to cost if rolled out on a large scale.⁴⁶

The pilots were found to provide significant benefits to both adults and children. There was long-standing evidence suggesting that taking time to fit and support users led to significantly improved experiences, and one of the successes of the new programme was that time was set aside to do this.⁴⁷ This MHAS pilot was monitored through rigorous data

collection and was independently evaluated by the University of Manchester and the Medical Research Council's Institute of Hearing Research in Nottingham. Evidence gathering was an important part of the process of scaling up, because without adequate evidence the Government would not have been prepared to invest in the next stage of the programme.

The wider political context and timing for the programme's introduction was important to its success. The initiative came at a time when the Government was keen to test the concepts of third sector involvement in the provision of public services and of private-public partnership. The hearing aids initiative also fitted into a wider ethos at the time of not just addressing a specific health problem (hearing loss), but also enabling those previously disadvantaged by disability to lead more independent lives.⁴⁸

Diffusion/scaling up

In 2002-03, the DoH made a further £20 million available to continue the original pilot sites and to modernise a Second Wave of 45 additional sites.⁴⁹ In February 2003, an additional £94 million was provided to complete the programme in England by the end of March 2005. By the end of October 2003, just over 100,000 people had digital hearing aids fitted under the MHAS programme.⁵⁰ At the end of the modernisation process in April 2005, when RNID management of the programme ceased and funding had been incorporated into general NHS allocation, 165 Trusts had been modernised including over 350 audiology clinics and £520,000 worth of digital aids had been fitted for over 400,000 people. Today, more than one million people have been fitted with digital aids.⁵¹ In June 2004 the RNID won the Best Charity Award for the modernisation of hearing aids services.⁵²

Challenges

The most important challenge faced in the programme's expansion was a direct result of its success. Because of the publicity surrounding it, there was a hugely increased demand for the new hearing aids, and MHAS struggled to maintain the capacity to deliver them. In fact, some audiology departments complained of patients demanding DSP aids when they were not medically appropriate. Further complaints were made about patients'

43. Beckman, A. (2004) Modernising NHS Hearing Aid Services in England. 'ENT News.' 12 (6), [online] Available from: <http://www.pinpointmedical.com/uploads/pdfs/350A.pdf>
44. RNID (2005) 'Sustaining your Modernised Audiology Service.' London: RNID. [online] Available from: http://www.rnid.org.uk/VirtualContent/85414/MHAS_PPP_HD_leaflet_PDF_final_version_May_2005.pdf
45. Ibid.
46. Beckman, A. (2004) Modernising NHS Hearing Aid Services in England. 'ENT News.' 12 (6), [online] Available from: <http://www.pinpointmedical.com/uploads/pdfs/350A.pdf>
47. RNID (2005) 'Sustaining your Modernised Audiology Service.' London: RNID. [online] Available from: http://www.rnid.org.uk/VirtualContent/85414/MHAS_PPP_HD_leaflet_PDF_final_version_May_2005.pdf
48. Lamb, B. 'Public Sector Reform – Audiology Services.' Director of Communications, RNID presentation. 2005.
49. Beckman, A. (2004) Modernising NHS Hearing Aid Services in England. 'ENT News.' 12 (6), [online] Available from: <http://www.pinpointmedical.com/uploads/pdfs/350A.pdf>
50. Ibid.
51. Lamb, B. 'Public Sector Reform – Audiology Services.' Director of Communications, RNID presentation. 2005.
52. RNID (2004) 'RNID wins most innovative charity award.' London: RNID. [online] Available from: http://www.rnid.org.uk/mediacentre/press/2004/rnid_wins_most_innovative_charity_award.html

raised expectations, through word of mouth, of the aids' effectiveness.⁵³

A further challenge for the programme was the increased amount of time patients spent in the clinic ensuring that their new hearing aids were fitted correctly. Unfortunately, there was at the time an inadequate number of trained audiologists available to provide this service, and given the huge growth in demand for the aids, an increase in waiting times was inevitable. Professor Adrian Davis, who was involved from the start in evaluating the programme, highlights the lack of graduates employed at that time in the audiology service and the difficulties this presented in the training process. One method of addressing this was to increase the role of audiology assistants, who took over some of the more routine tasks normally undertaken by audiologists.⁵⁴

Two innovative solutions were found to address the lack of capacity, the first via a Public Private Partnership (PPP). Capacity in the private sector was used to meet some of the demand created by the programme's success. This was piloted in Shropshire and Leeds under a scheme involving four hundred patients.⁵⁵ The guidelines that had been developed under the MHAS programme were used to train existing private hearing aid dispensers. NHS patients on the waiting lists were offered the opportunity to see a private dispenser at no cost. These pilots were evaluated and found to be successful, and paved the way for a National Framework Agreement between the NHS Purchasing and Supply Agency and two private hearing aid dispensing companies. As a result, negotiations were not necessary at the local level every time an NHS patient needed to access private hearing aid services.⁵⁶

The second solution to capacity challenges involved NHS Direct. Telephone support was provided to patients by specially trained advisors through a new service called Hearing Direct.⁵⁷ Patients could call in and ask questions about hearing services locally and receive after-care support 8-12 weeks after initially being fitted with their aid. The telephone advisors could assess whether or not patients needed to return to a clinic, thus reducing pressure on audiology departments and shortening waiting times.⁵⁸

Finally, completing the modernisation process threw up other important dilemmas. One of the fundamental questions, given funding limitations, was who should be eligible for the

services. A decision was made that those who had been fitted with a new hearing aid within the last three years would not be eligible and those who already had the old style hearing aids would also not be eligible (unless they were reassessed and found to have an urgent need for a new hearing aid). According to Professor Adrian Davis, this was a difficult but necessary decision given the funding context in which the MHAS was operating.⁵⁹

Training audiology staff in the correct protocols for fitting the hearing aids was a very important element of the programme's success. Many staff had had very limited training in the past due to the same lack of investment in the service that had resulted in the problem that they were trying to overcome. Training programmes were standardised to ensure that staff were able to provide the same level of care to all patients.⁶⁰ Notably, adhering to the protocols of the programme also contributed to lengthening the waiting lists that were preventing it from delivering hearing aids to more patients.

53. Whiteside, C. (2001) 'RNID Digital Hearing Aid Campaign – another perspective.' Letter to Robert Key MP. [online] Available from: <http://www.robertkey.com/soap/con-0013.htm>
54. Interview with Professor Davis, 5 April 2007.
55. Beckman, A. (2004) Modernising NHS Hearing Aid Services in England. 'ENT News.' 12 (6), [online] Available from: <http://www.pinpointmedical.com/uploads/pdfs/350A.pdf>
56. RNID (2005) 'Sustaining your Modernised Audiology Service.' London: RNID. [online] Available from: http://www.rnid.org.uk/VirtualContent/85414/MHAS_PPP_HD_leaflet_PDF_final_version_May_2005.pdf
57. Ibid.
58. Ibid.
59. Interview with Professor Davis, 5th April 2007.
60. Beckman, A. (2004) Modernising NHS Hearing Aid Services in England. 'ENT News.' 12 (6), [online] Available from: <http://www.pinpointmedical.com/uploads/pdfs/350A.pdf>

Case Study 2: Extended Schools

Name	Education Extra developed into The Extended Schools Support Service (TESSS).
Date founded	Education Extra was formed in 1992. In 2003, it joined with the Community Education Development Centre (CEDC) to form ContinYou; it oversees The Extended Schools Support Service.
Location	UK.
Purpose	Education Extra campaigned for, and promoted, the importance of extended schooling in the UK (a range of services and activities beyond the school day to help meet the needs of children and young people, their families and the wider community) with the intention of securing government funding and making it a country-wide education policy.
Means of scaling up	After initial evidence gathering and pilot schemes, Education Extra secured the backing of Government to take the initiative country-wide.

61. Wilkin, A., White, R. and Kinder, K. (2003) 'Towards Extended Schools: A Literature Review.' London: National Foundation for Educational Research, RR432. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR432.pdf>
62. Ibid.
63. DCSF (2007) 'Extended Schools: Building on Experience.' London: DCSF. [online] Available from: http://www.continyou.org.uk/article_print.php?ArticleID=930

Need

In the UK, there was a growing recognition that schools could not solve the problems associated with social exclusion and multiple disadvantage on their own. Rather, there was a need for the 'availability and accessibility' of specialist advice in addition to school staff to promote and support out-of-school-hours learning and activity opportunities. Strong school-family-community links were emphasised as was parental involvement in children's learning in literacy and numeracy. The primary beneficiaries of extended schooling were both school children and also the wider community, as the local population can take advantage of services provided by extended schools, such as computer training and adult learning.⁶¹

Prior to its UK roll-out, the main sources of research on extended schools existed in the US, where extended or full-service schools developed over the last 20 years. Literature from the US highlighted that existing schools and education systems were failing in their contemporary contexts, as they could no longer meet the complex needs of their students. The move to full service schooling was therefore part of a more holistic approach to providing support for the educational, social, emotional and physical needs of students. A key theme is that needs should not be met in isolation, or by particular institutions acting alone.⁶²

Idea

The initiative for schools to provide a range of services and activities, beyond the school day to help meet the needs of children and young people, their families and the wider community, was conceived as a means to tackle social exclusion and multiple disadvantage. Schools were encouraged to work in partnership with other organisations across the private, voluntary and community sectors to offer childcare and to provide other activities and support for children and parents to help them achieve their full potential. This included providing access for children and parents to specialist services on school sites.⁶³

The inspiration for Extended Schools came from organisations like Education Extra, which was founded in 1992 and joined forces with the Community Education Development Centre (CEDC) to form ContinYou in 2003. Extended Schools offers support to schools and Local Authorities in providing extended school services through The Extended Schools Support Service (TESSS). Extended Schools has now become a part of Government policy and by 2010 all schools will be required to provide access to extended services. Half of all primary schools and a third of all secondary schools are expected to provide access to extended services by 2008.

Implementation

Education Extra was founded as a charity in 1992 by Michael Young, who appointed

Kay Andrews, a former policy advisor to Neil Kinnock, to head and develop the initiative. Little was known or understood about what was happening in after-school activities in England at the time. One of the first tasks was, therefore, to find out what activities children were involved in after school and why teachers were providing those particular activities. It quickly became apparent that there was a huge opportunity for children and schools to use school space and time more effectively.⁶⁴

Before Education Extra was established, there had been a range of initiatives in the UK, including local programmes such as the village-college approach of the 1920s, which were seen as forerunners to more strategic interventions in extended school services like Community Schools.⁶⁵ In Scotland during the late 1990s, the idea of New Community Schools was in the early stages of conception, founded on the notion that a range of services is necessary to help children overcome barriers to learning. The New Community Schools initiative also advocated the need for “a clear policy focus on linking education, health and social services and a significant and innovative attempt to use a community based approach to modernise schools, raise attainment, improve health and promote social inclusion.”⁶⁶

Through local and regional partnerships, Education Extra initially raised money to fund project work in Bristol and East Leeds to build understanding around the situation at a local level and to demonstrate and learn what could be achieved through extended schooling. Education Extra stressed the need to gather a strong evidence-base to support the claims that extended schools were having positive effects. Evidence of effectiveness helped garner support and backing to take the initiative forward.⁶⁷

Through this process, Education Extra started to map what schools were doing at a local level, and began to establish close contacts with the schools, helping to develop a professional base and network for learning and sharing ideas. The introduction of a national award scheme early in the initiative, was the first attempt at recognising the good work that schools and teachers were already doing in this area. Twenty awards were given in the first year out of some 300 applications.

The award scheme played a crucial role in giving praise and positive reinforcement for existing school programmes, helping to boost morale, increase motivation, and raise

the profile of after-school activities. It also further helped to establish and build up the network of supporters and schools involved in the initiative.⁶⁸ It was around this time – the mid 1990s – that the then Conservative Government started putting more money into after-school childcare.

For Kay Andrews what was crucial to the establishment of Education Extra was securing a funding base from a variety of sources, creating a synergy around the evidence-base, and building a culture of ‘doing’ and ‘learning’. By the time core funding was secured later on from the DfES, Education Extra already knew what activities different partners and organisations would fund. This saved time and enabled them to focus on developing and expanding learning outcomes of after-school activities through local co-operation with other bodies and organisations local to schools.⁶⁹

Diffusion/scaling up

For Andrews, the scaling up began in earnest in 1995 after she challenged the then Secretary of State for Education, Gillian Shepherd, to consider how after-school care could be turned into after-school learning. DfES subsequently provided funding, and partnerships were set up between twelve schools and Local Authorities and the Government, to further develop after-school learning. These twelve schools essentially became the first pilot schools, establishing a partnership between Government and Education Extra. With state backing and additional funding from the Paul Hamlyn Foundation, Baring Foundation and others, Education Extra was expanded, building relationships with additional schools, local partners and Local Authorities.

Even with preliminary government backing, timing was still important in getting projects off the ground. As Andrews acknowledges: “The point about dealing with the voluntary sector is that if you have a good idea it’s absolutely useless unless it’s the right time for the idea. Ten years ago I wanted to start cooking classes and clubs. It hasn’t just happened randomly; all the arguments were the same as ten years ago but no one was listening and it wasn’t a priority You can’t really allow for that when you are planning.”⁷⁰

The significant breakthrough came when New Labour entered Government in 1997. Money from the New Opportunities Fund was secured to help fund the Extended School scheme. In

64. Interview with Baroness Kay Andrews, 13th April 2007.

65. Wilkin, A., White, R. and Kinder, K. (2003) ‘Towards Extended Schools: A Literature Review.’ London: National Foundation for Educational Research. RR432. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR432.pdf>

66. Ibid.

67. Interview with Baroness Kay Andrews, 13th April 2007.

68. Ibid.

69. Ibid.

70. Ibid.

1998, with encouragement and funding from DfES, Education Extra quickly set up a 50-school pilot study support scheme. It was only a three-week scheme based around summer literacy projects. However, these pilots inspired more ideas for 'excellence' schemes, to be run during the summer in schools. The schemes would be learning-based and more importantly, fun for the pupils and teachers involved.⁷¹ Rewards were built into the schemes for the children who participated and attendance rates were very high.

Early on, it was recognised that giving schools control and ownership was vital to the successful spread of the Extended Schools idea. As Andrews states: "the trick in those early schemes was ... [that] the schools had total autonomy over the design of the scheme and we encouraged them to do their own evaluation. If we had tried to design a single system that they all could use, it wouldn't have worked ... We were never going to tell people what to do. We were going to find out what worked best and then spread it."⁷²

The evaluation of the 50-school pilot scheme⁷³ led to the following recommendations:

- Schools or Local Education Authorities (LEAs) should conduct an audit of current provisions and a needs analysis before any provision is set up; and
- Schools or LEAs should appoint managers of schemes and projects who have the authority and capacity at the strategic level to progress the provision.

The evaluation added impetus to spreading the idea of Extended Schools and by 2001 the Government White Paper, *Schools: Achieving Success*,⁷⁴ followed by the 2002 Education Act, gave governing bodies the power to extend the range of services that schools could provide. Capitalising on the political climate, in 2002 the DfES funded the pilot 'Extended School Demonstration' projects in Brighton and Hove, Cambridgeshire and Durham. Subsequently, the DfES stated that it would promote Extended Schools but not fund the activities themselves. Rather, it would establish infrastructure to support the development of initiatives.⁷⁵ This was followed in 2003 by the launch of the Full Service Extended Schools (FSES) initiative, with the aim that all schools should offer a core set of extended activities by 2010. Although there were significant variations between schools, the 'core' elements of an extended school were

fairly static and revolved around providing the following:⁷⁶

- High quality childcare provided on the school site or through other local providers;
- A varied menu of study support, such as homework clubs, catch-up provision, gifted and talented provision, sport, music tuition, dance and drama, arts and crafts, visits to museums and galleries, foreign language classes, volunteering and enterprise activities, special interests clubs;
- Swift and easy referral to specialist support services such as speech therapy, child and adolescent mental health services, family support services, sexual health services; and
- Wider community access to ICT, sports and arts facilities, and adult learning.

Andrews says that it was always the intention of Education Extra to get the Government involved and by 2000 the organisation had achieved its original intentions to 'awaken ideas and potential', and to energise and empower schools and the individuals within them to create new capacity and better use of existing resources for extended learning and activities.⁷⁷ In 2003 Education Extra merged with the Community Education Development Centre, forming ContinYou, to support schools in developing extended learning opportunities for a wide range of people in local communities.

Having offered the initial set of core services, many schools started to diversify and as they acquired more projects and core funding, breakfast clubs, book clubs and other after-hours activities were established. This diversity in activity and multi-agency work was something acknowledged as largely beneficial in early evaluations of FSES.⁷⁸ After-school activities were becoming almost universal, mainly because schools were so receptive to the ideas and the supporting DfES infrastructure. This enabled the initiative to spread quickly and easily. Diffusion of the initiative was also aided by the level of trust that Education Extra had placed in schools as central actors since the beginning, as well as the fact that the programme had always ensured that schools received recognition for their achievements.⁷⁹

LEAs were quick to see the Extended Schools initiative as an opportunity to rethink the role of schools in relation to pupils, families and communities. The majority of LEA officers

71. Ibid.

72. Ibid.

73. Mason et al. (1999) 'Out of school hours learning activities: an evaluation of 50 pilot study support schemes.' London: National Foundation for Educational Research. RR178. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u012766/index.shtml>

74. Available from: <http://www.dfes.gov.uk/achievementsuccess>

75. Dyson, A., Millward, A. and Todd, L. (2002) 'A study of 'extended' schools demonstration projects.' London: DfES. RR381. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u013725/index.shtml>

76. The Standards Site is available from: <http://www.standards.dfes.gov.uk/studysupport/impact/extendedschools/>

77. Interview with Baroness Kay Andrews, 13th April 2007.

78. Cummings et al. (2005) 'Evaluation of the Full Service Extended Schools Project: End of First Year Report.' London: DfES. RR680. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u014137/index.shtml>

79. Interview with Baroness Kay Andrews, 13th April 2007.

reported a positive impact from Extended Schools due to: improved service management and co-ordination; improved standards in school; extension of existing services and provision of new services; increased access to services and more effective service delivery; increased school autonomy; and improved meeting of children's needs. Extended Schools supported specific interventions for young 'at risk' groups within schools and the community, and this sometimes also helped to change attitudes among parents, making them more likely to access facilities available at school sites. The integration of multiple community services around an extended school could also lead to more efficient delivery.⁸⁰

The Ofsted report, *Extended services in schools and children's centres*,⁸¹ added further weight to the success of Extended Schools and found that the major benefits for children, young people and adults attending extended services are enhanced self-confidence, improved relationships, raised aspirations and better attitudes to learning.

Challenges

There were a number of challenges around the spread and take up of the Extended Schools initiative. Education Extra faced internal challenges as it became quickly clear that the initiative needed to be realistic about its own capacity to expand, particularly in terms of strategic planning and staff skill sets. As Andrews said: "You could not keep on taking people on rather randomly because you like the look of them and you like their spirit. You need to look at their skill sets."⁸² However, the majority of the problems were not 'organisational', as the Extended Schools Scheme did not involve the introduction, implementation or growth of a new organisation. Rather, the scheme was about the spread of an idea and generating a receptive 'educational' environment, which brings with it its own set of challenges around persuasion and weight of evidence to prove effectiveness.

Securing core funding from government brought its own problems, as schools became wary of government interference in their activities. This was echoed by the LEAs', community groups' and local partners' fear that the initiative was losing independence as it was being scaled up. Education Extra made a conscious decision to devolve many activities to the local level in order to maintain distance between the government and schools.⁸³

However, this choice precluded the possibility and scope to create a nationwide umbrella organisation to 'enable' and support schools. Although devolving activities and responsibility preserved the autonomy and ownership that schools wanted, it was at the expense of a nationwide support network. Andrews argues that this was a mistake, because national networking systems need to be in place to make the spreading and sharing of best practice easier, albeit driven from the bottom up. No such systems now exist.⁸⁴

Further problems arose as the initiative came to be seen as too successful, which often put it at a disadvantage when applying for alternative funding to other partnership organisations. Perhaps most problematic was the loss of control over what had originally been Education Extra's greatest strength: close working relationships with schools, local organisations and individuals on the ground to help them to set up and develop extended services.⁸⁵

For Andrews, there is an important lesson to be learnt: "Scaling up usually involves Government money and working with complex partners that have different kinds of objectives. It's extremely important to be clear about your objectives in relation to theirs and what it is that you would like to get out of it and why, how to maintain your relationship with people who ultimately will deliver it all for you, in our case, schools. The schools have to go on trusting you irrespective of the fact that you are now a more senior and distant partner because you are working with Government more. It's got to be very clear in everything you do that your values are still the same."⁸⁶

Working with Government to scale up an idea can also mean that the types of evidence, evaluation and expected outcomes may begin to differ from those of the original organisation. This was demonstrated in the case of Education Extra before they merged with CEDC in 2003. Andrews was very aware that after-school learning could help to improve examination results, but from Education Extra perspective, there was little point in trying to establish causal relationships between after-school activities and exam results. The DfES was very keen on trying to link improved exam results to the initiative, but Education Extra felt it was more important to acknowledge that it was the 'soft' indicators that counted.⁸⁷

Another initial challenge that Education Extra faced was the lack of similar initiatives, either

80. Cummings et al. (2005) 'Evaluation of the Full Service Extended Schools Project: End of First Year Report.' London: DfES. RR680. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u014137/index.shtml>; Wilkin, A., Kinder, K., White, R., Atkinson, M. and Doherty, P. (2003) 'Towards the development of extended schools.' London: National Foundation for Educational Research. RR 408. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR408.pdf>
81. Ofsted (2006) 'Extended services in schools and children's centres.' London: Ofsted. HMI 2609. [online] Available from: http://www.ofsted.gov.uk/assets/Internet_Content/Publications_Team/File_attachments/extended2609.pdf
82. Interview with Baroness Kay Andrews, 13th April 2007.
83. Ibid.
84. Ibid.
85. Interview with Baroness Kay Andrews, 13th April 2007.
86. Ibid.
87. Ibid.

nationally or internationally that it could draw on for inspiration. Often moving the initiative forward was a case of 'learning by doing' and using school staff as creatively as possible, drawing on the activities that schools were already undertaking.

were often influential in the success of a school's activities. LEAs also recognised the need for effective management, as well as the crucial leadership role of the head teacher. This recognition was important when trying to co-locate, integrate and work with partner organisations, such as those in health and social services, to expand extended services. Co-operation and partnerships required careful negotiation and management if a more effective and efficient model of extended services was to be implemented.⁹³

Education Extra also faced difficulties in promoting the idea among schools that had no tradition of after-school activities, and where levels of community interest and involvement were very low. These schools needed more support as compared with those that had a strong tradition of organising extra-curricular activities. The latter became flagship schools for Education Extra and acted as beacons for others.⁸⁸ Where properly managed, extended activities are compatible with a school maintaining high standards in its core business of raising student attainments. Small-scale and school-focused extended activities can be managed by schools without any significant restructuring. However, where schools already face significant challenges, involvement in extended activities can impose an additional burden on school heads and other teachers, diverting their energy from core responsibilities.⁸⁹

There still exist concerns at the school level about the extent to which schools can and should be fully extended.⁹⁰ School staff drew attention to the risks of being overworked, and indicated that they had not received any specific training relevant to the extended services approach; they also felt that training should be available. Some schools faced more obvious physical challenges, including the lack of children's facilities within catchment areas and lack of transport. These issues could be exacerbated by a lack of space and conflict over the ownership of existing infrastructure and sites, alongside insufficient resources in terms of school governance and finance.⁹¹ More extensive and ambitious activities generally require a dedicated management structure, though the cost of this can be offset if the manager also has the task of finding additional funding. The larger the scope of extended activities, the more important it is for the school to be involved with supportive networks of other schools, community agencies and organisations. LEAs have proven to be critical in facilitating these networks.⁹²

The implications for the management and running of schools that took up the initiative included expanded roles and increased responsibilities for school governors. Governors with good community connections and support

88. Ibid.

89. Dyson, A., Millward, A. and Todd, L. (2002) 'A study of 'extended' schools demonstration projects.' London: DfES. RR381. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u013725/index.shtml>

90. Cummings et al. (2005) 'Evaluation of the Full Service Extended Schools Project: End of First Year Report.' London: DfES. RR680. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u014137/index.shtml>; Wilkin, A., White, R. and Kinder, K. (2003) 'Towards Extended Schools: A Literature Review.' London: National Foundation for Educational Research. RR432. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR432.pdf>

91. Wilkin, A., White, R. and Kinder, K. (2003) 'Towards Extended Schools: A Literature Review.' London: National Foundation for Educational Research. RR432. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR432.pdf>

92. Dyson, A., Millward, A. and Todd, L. (2002) 'A study of 'extended' schools demonstration projects.' London: DfES. RR381. [online] Available from: <http://www.dfes.gov.uk/rsgateway/DB/RRP/u013725/index.shtml>

93. Wilkin, A., Kinder, K., White, R., Atkinson, M. and Doherty, P. (2003) 'Towards the development of extended schools.' London: National Foundation for Educational Research. RR 408. [online] Available from: <http://www.dfes.gov.uk/research/data/uploadfiles/RR408.pdf>

Case Study 3: The Big Issue

Name	The Big Issue.
Date founded	1991.
Location	London (originally). Now operates across the UK and internationally.
Purpose	To provide homeless people with a means to generate income. <i>The Big Issue</i> is a street newspaper that homeless people purchase at 40-50 per cent of the cover price and then sell at profit to the public.
Means of scaling up	License franchises and establish internationally networked federations.

Need

The Big Issue was founded to address the rising problem of visible street homelessness at a time of economic recession. St. Mungo's homeless charity estimated that on a typical night, 1,275 people were sleeping rough in England.⁹⁴ Seeking to avoid a paternalistic top-down approach, they created a means of empowering the homeless through financial inclusion and self help.

Idea

The Big Issue was established by John Bird and supported by Gordon Roddick of The Body Shop. The concept was simple – a street newspaper, compiled by professionals and then sold to homeless people to sell on the street at a profit, providing legitimate income for some of society's most vulnerable people. The idea for the business came from *Street News*, a newspaper sold by homeless people in New York, which Roddick saw when he was visiting the US. With the help of The Body Shop International, Roddick and Bird launched *The Big Issue* in London in September 1991, initially as a monthly publication.⁹⁵

The Big Issue works by 'badging up' vendors, who have to complete a training period and sign a vendor code of conduct in order to receive an official badge which they must display at all times when selling the paper. They are provided with an initial allocation of papers on credit (in London they are given ten papers, but this varies across the country). When they have sold these, they are able to buy copies of the magazine upfront at a cost of 40-50 per cent of the cover price, and keep their sales profits. The current price of *The Big Issue* is £1.40 on which the vendor earns 80p.⁹⁶

Implementation

The connection with The Body Shop International was crucial from the start. *The Big Issue* was set up as a business response to a social crisis, not as a charity, and it never had statutory funding. The only start-up funding it received was from The Body Shop Foundation, and this imbued it with a culture of profitability. It is now financed through sales and advertising revenues, with surplus revenues going to The Big Issue Foundation. Nigel Kershaw, Chief Executive of BIGInvest and The Big Issue Foundation and Chair of *The Big Issue*, stresses the advantage of not having set up the organisation as a charity, as it meant there was no board of trustees to consult before taking decisions, allowing boardroom decision-making to be unusually quick and effective.⁹⁷

Initially, *The Big Issue* was produced monthly, but due to increasing demand from customers, it began to be produced on a fortnightly basis. However, it lost money as a fortnightly publication and in June 1993, the paper was launched as a weekly. Nigel Kershaw attributes success during the pilot stages of the magazine to the rapid way in which the business adapted its model at the onset.⁹⁸

Much of the magazine's initial success can be attributed to founder John Bird. His entrepreneurial spirit, character and flair, combined with the business acumen and financial backing of Gordon Roddick, made for a powerful team and was crucial for getting the business off the ground. However, Bird's idiosyncratic style has also been blamed for difficulties in the day-to-day running of the business. As Roddick says of Bird: "He refuses to accept the norms or rules of conventional behaviour ... a complete nightmare to deal with but entertaining, and things happen".⁹⁹ Bird admits to being "an entrepreneur, an ideas

94. Start Ups (2007) 'Success stories: The Big Issue.' [online] Available from: http://www.startups.co.uk/The_Big_Issue.YQyuu8g.html
95. Ibid.
96. The Big Issue (2007) 'About Us.' [online] Available from: <http://www.bigissue.com/bigissue.html>
97. Interview with Nigel Kershaw, 12th April 2007.
98. Ibid.
99. Real Business Online (2007) 'What on earth are John Bird & Gordon Roddick up to now?' [online]. Available from: <http://www.realbusiness.co.uk/ARTICLE/FEATURE-What-on-earth-are-John-Bird-and-Gordon-Roddick-up-to-now/786.aspx>

man¹⁰⁰ and someone who likes risk: “You’ve got to be somebody who takes risks – with your money and other people’s – but you can’t get frightened. I don’t lose any sleep over the risks I take. In fact I wouldn’t describe myself as a risk-taker – I’m reckless.”¹⁰¹ His tendency to start new initiatives and then move too soon onto other projects contributed to financial difficulties, while his combative and ad hoc management style often alienated staff.

The decision in 2002 to have the magazine produced by a team straddling the London and Manchester Big Issues (previously two separate companies) in an attempt to revive the magazine in a ‘changing commercial marketplace’, brought widespread criticism. It also meant a cut back in staff and budgets.¹⁰²

Diffusion/scaling up

There was great demand for *The Big Issue* when it launched and this, according to Kershaw, was the main driver to scaling up the business. Its success attracted others who wanted to establish their own versions of the magazine in their own areas. In 1993 the management team were approached by Mel Young and Tricia Hughes who wanted to set up *The Big Issue* Scotland. John Bird was supportive in principle, but did not have the capacity at that moment to undertake expansion himself. He therefore encouraged Young and Hughes to establish *The Big Issue* Scotland, which they did in June of that year as an independent fortnightly magazine. *The Big Issue* Scotland cost 50p with 20p of the cover price going to the vendor.¹⁰³

Due to the speed with which the business took off and its lack of capacity to expand when approached by those who wanted to take the model forward, a franchise licence model evolved, to pave the way for domestic expansion. As Kershaw says: “People owning the mission and licensing it out actually led to the growth of the business.”¹⁰⁴ Although a licence or franchise agreement was planned, it never materialised, and when new start-ups took on the mission and values of *The Big Issue*, they did so without formal agreements or payment of a licence fee to the parent company. Each region established its own separate company, which proved to be a very effective way of rolling out the model and growing the business swiftly without funding from a central point. However, this mode of expansion also had drawbacks, as it was difficult for the parent company to regain control of publication due to the absence of

formal agreements about the exact nature of relationships with regional start-ups.¹⁰⁵

The domestic expansion continued, to include *The Big Issue* South West, founded in Bristol in November 1993, *The Big Issue* Cymru (Wales) in Cardiff in May 1994, and Newcastle and the North East in September 1995.¹⁰⁶ Editorial content was provided from London, but, increasingly, the other titles found ways to adapt the magazine to their local market (*The Big Issue* Cymru, for example, published its content in Welsh). The regional coverage of *The Big Issue* meant that the companies could respond to local needs, adapting the basic principles to provide the best opportunities for local people facing homelessness.¹⁰⁷

The Big Issue has always reinvested the money it makes above its turnover back into the welfare of the vendors (usually around 14 per cent). There came a point when others wanted to contribute funds to *The Big Issue*’s work, but as a company limited by share ownership, the organisation was not able to accept donations. Therefore, in 1995 *The Big Issue* established a foundation as a separate organisation with its own governance structure, to which donations could be made. In 2005, organisational changes were made to ensure that *The Big Issue* and The Big Issue Foundation shared common personnel and worked closely towards the same aims. Nigel Kershaw became Chief Executive of the Foundation as well as Chair of the company.¹⁰⁸

The final arm of *The Big Issue* is BIGInvest (of which Nigel Kershaw is also Chief Executive), which is a body that awards grant funding to other social enterprises. It is owned by the Big Issue Company and comprises a team of financiers from a range of sectors including private equity, the World Bank and social banks. It is a specialist company for social enterprise and differs from a social bank due to what Kershaw describes as its ability to be much more creative in the ways it lends money.¹⁰⁹

International Expansion

After the initial success of the magazine, John Bird soon had further ambitions for it. He did not think it should merely be a domestic enterprise, but an international one. In July 1994, The International Network of Street Papers (INSP) was launched in London and later joined the international department of *The Big Issue* in Scotland. The INSP Foundation

100. MacQueen, A. (2001) Has The Big Issue’s founder become its biggest problem? ‘The Guardian’ 1st July 2001 [online] Available from: <http://society.guardian.co.uk/homelessness/story/0,,747207,00.html>

101. Start Ups (2007) ‘Success stories: The Big Issue.’ [online] Available from: http://www.startups.co.uk/The_Big_Issue.YQuy8g.html

102. Rowan, D. (2002) The Big Issue Struggles to Survive. ‘The Times’ 17th May 2002. [online] Available from: <http://www.davidrowan.com/2002/05/times-big-issues-struggle-to-survive.html>

103. Interview with Nigel Kershaw, 12th April 2007.

104. Ibid.

105. Ibid.

106. The Big Issue (2007) ‘About Us.’ [online] Available from: <http://www.bigissue.com/bigissue.html>

107. Interview with Nigel Kershaw, 12th April 2007.

108. Ibid.

109. Ibid.

soon became a registered UK charity that advises international members on how to set up their own street newspapers or improve operation of existing ones. It also works to raise the profile of the street paper movement more broadly. Until February 1997, the network was financed by the European Commission.¹¹⁰ The INSP Foundation has hosted a number of international conferences where members have been able to share experiences and expertise, and has proven crucial to supporting the diffusion of ideas for street newspapers around the world.

This approach to international expansion (establishing advisory networks) enabled *The Big Issue* to encourage and foster other street newspapers without having to retain central control or financial liability. *The Big Issue* did itself attempt some expansion into international markets, but with mixed success,¹¹¹ and its attempt to move into the US was perhaps the most controversial. According to some critics, when the magazine first attempted to establish itself in New York, it was perceived as competing directly with the existing street paper, *Street News*, which ironically was the original inspiration for *The Big Issue* in the UK.¹¹²

There was also a move to set up in San Francisco, which again was unsuccessful, partly due to strong competition from *The San Francisco Street Sheet* edited by Paul Boden, and *Street Spirit* edited by Terry Messman. A final attempt to establish *The Big Issue* in Los Angeles also failed. Some critics have argued that these efforts went against the mission of the International Network of Street Papers, which states that no paper should set itself against another member in direct competition.¹¹³

The Big Issue finally achieved success in Australia, where *The Big Issue Australia* was set up in 1996 and has been operating ever since.¹¹⁴ This success mainly lies in the start-up funding and help from The Body Shop's franchise (and Gordon Roddick's involvement) in Australia and the *Australia Post*. There are also successful versions of *The Big Issue* in South Africa, Namibia and Japan. Nigel Kershaw attributes these successes to the fact that, aside from *The Big Issue* name, London does not control or finance international versions of the magazine (although the strength of the name and brand, and the ability to withdraw it from partners, does provide the London head office with a reasonably strong mechanism of censure). In retrospect, Kershaw

sees the lack of central control as the main driver of their success internationally, but also as an obstacle to regain control after power had been transferred.¹¹⁵

Challenges

John Bird, although providing the original drive behind *The Big Issue*, was also seen as the magazine's biggest liability. Financial woes and consequent restructuring of the organisation have been blamed on his reckless approach and his tendency to spend substantial resources on schemes for which he rapidly loses enthusiasm.¹¹⁶

His combative management style often alienated staff. As a former staff journalist stated: "John could be a complete nightmare – he would walk in ten minutes before press time and demand that the cover be changed. He can also be a bit of a bully, though he is immensely charismatic. He preferred us to be in a state of crisis, as he thought we'd be more cutting edge."¹¹⁷ The decision in 2002 to have the magazine produced by a team straddling the London and Manchester publications brought widespread criticism. A former *The Big Issue* senior journalist offered a different interpretation of Bird's strategy to revive the magazine: "This is his programme, a chance to clear out everyone that he's wanted to lose for a while. It will be a backbreaking blow for it as a quality magazine."¹¹⁸

This blow to quality refers to the way in which *The Big Issue* was regionally produced. As Andrew Jaspan, former managing director of the magazine, said at the time: "The strength of *The Big Issue* is that it isn't a uniform, single issue publication, but is based round regional editions, with each speaking to its area. I'd be concerned if these reports are true: it would be a risky approach and I don't know how it would impact on sales. By getting rid of the editor and keeping just a couple of journalists here [in London], he's neutered it."¹¹⁹ Former staff lay the blame firmly with Bird's own role in *The Big Issue*: "It's founder's syndrome. He set it up and couldn't let go, and really resented not being a good enough editor to run the magazine. As a result, he made his editors' lives absolute hell."¹²⁰

110. INSP (2007) 'What is the INSP?' [online] Available from: <http://www.streetpapers.org/11.htm>
111. Messman, T. (1998) 'The Big Issue means big business as usual. 'Street Spirit.' Reproduced on the Homeless People's Network. [online] Available from: <http://aspin.asu.edu/hpn/archives/Feb98/0112.html>
112. Ewald, S. The Big Issue: Helping The Homeless Or Poverty Profiteers? 'Change Links, Media Wars?' [online] Available from: <http://www.change-links.org/TheBigIssue.html>
113. Ramesh, R. (1998) 'The Big Issue? Empowerment. 'The Independent.' 20th April 1998 [online] Available from: http://findarticles.com/p/articles/mi_qn4158/is_19980420/ai_n14158883
114. The Big Issue (2007) 'About Us.' [online] Available from: <http://www.bigissue.com/bigissue.html>
115. Interview with Nigel Kershaw, 12th April 2007.
116. MacQueen, A. (2001) 'Has the Big Issue's founder become its biggest problem?' 'The Guardian' 1st July 2001 [online] Available from: <http://society.guardian.co.uk/homelessness/story/0,,747207,00.html>
117. Rowan, D. (2002) 'The Big Issue Struggles to Survive. 'The Times' 17th May 2002. [online] Available from: <http://www.davidrowan.com/2002/05/times-big-issues-struggle-to-survive.html>
118. Ibid.
119. Ibid.
120. Ibid.

Case Study 4: Reach Out!

Name	Reach Out! (an initiative of the Inspire Foundation).
Date founded	1996 (official launch 1998).
Location	Australia (now expanded to the US).
Purpose	To tackle young people's depression with a peer-to-peer approach.
Means of scaling up	Organic growth and international expansion.

121. Cantor C.H., Neulinger K. and De Leo D. (1999) Australian suicide trends 1964-1997: youth and beyond? *Medical Journal Australia*. 171, pp. 137-141.
122. Harrison, J., Moller, J. and Bordeaux, S. 'Youth Suicide and Self-Injury Australia.' Supplement to Issue 15. [online] Available from: <http://www.nisu.flinders.edu.au/pubs/bulletin15/bulletin15sup.html>
123. Mission Australia (2001) 'Scope the Facts: Youth Suicide.' [online] Available at http://www.missionaustralia.com.au/cm/Resources/documents/SPR16_Youth%20Suicide%20Resource.pdf
124. Sawyer et al. (2002) 'Mental Health of Young People in Australia.' Canberra: Commonwealth Department of Health and Aged Care.
125. Reach Out! (2006) 'Log on if life could be better: An innovative approach to addressing the unmet mental health needs of young people.' [online] Available from: <http://www.reachout.com.au/home.asp>
126. Inspire Foundation 'Our story: It all began...' [online] Available from: http://www.inspire.org.au/index.php?option=com_content&task=view&id=199&Itemid=870
127. Ibid.
128. Inspire Foundation '10 years of Inspire: Our story so far.' [online] Available from: http://www.inspire.org.au/index.php?option=com_content&task=view&id=281&Itemid=946
129. Interview with Jonathan Nicholas, 15th March 2007.
130. Australian Government. The Department of Communications, Information Technology and the Arts [online] Available from: <http://www.dcita.gov.au/>
131. Inspire Foundation '10 years of Inspire: Our story so far.' [online] Available from: http://www.inspire.org.au/index.php?option=com_content&task=view&id=281&Itemid=946
132. See <http://www.inspire.org.au/index.php>

Need

In recent decades in Australia, as overall suicide rates were falling, suicide among men aged 15-24 years has more than doubled. There was no change in suicide rates for women in the same age group.¹²¹ In 1995, there were 434 suicide deaths among young people aged 15-24 years, accounting for 25 per cent of all male deaths and 17 per cent of all female deaths in that age group. Australia was among the highest third of countries for which suicide data are published.¹²² Further, it is estimated that for each suicide of a young male, there are 15 or more attempts, while for every female suicide, there are more than 100 attempts.¹²³

Contemporary research also reveals that in an average Year-12 classroom of 30 pupils, seven will have experienced a recognised mental disorder. Of those seven, just two will have sought professional help and at least one will have attempted suicide.¹²⁴ Youth suicide rates have declined by 46 per cent since Reach Out!'s launch.¹²⁵

Idea

Jack Heath was instrumental in formulating the idea behind Reach Out!. In 1992 Heath's young cousin took his own life on a farm in North Eastern Australia, an event which had a big impact on him and his family. At the time Heath was working as a Senior Adviser to Prime Minister Keating. As part of his work, he was involved in the development of Multimedia Initiatives, which was part of the arts and communication policy statement 'Creative Nation'. Daniel Petre, Michael Rennie and David Harrington were also heavily involved in the creation of these initiatives. Petre was then head of Microsoft Australia, and Rennie and Harrington were working for management consultants McKinsey and Company.¹²⁶

Heath took time off from his work in 1995 to consider his desire to address the increasing problem of youth suicide in Australia. Inspired by the immediacy and power of an online demonstration of Microsoft's new online developments, and through ongoing discussions with Daniel Petre, he decided to use the Internet to address the need he had identified.¹²⁷

Through discussions with Petre, Heath identified the unique potential of the Internet in addressing the issues related to youth depression. Young people could log on to the Internet anonymously, post comments and stories and through doing so they could relieve stress and unburden themselves in a safe way.¹²⁸ By using the Internet, Reach Out! was breaking new ground. It is only recently that research is beginning to emerge that supports Heath's initial belief that Reach Out! would be more effective and lower cost than other initiatives aimed at young people with mental health difficulties.¹²⁹ This potential was also bolstered by the growing importance of the Internet as a resource for young people to turn to for access to information and support. Eighty-five per cent of young people are connected to it¹³⁰ and it has now become the most preferred source of information and support after friends and family.

Implementation

In 1996, and with the help of Daniel Petre, \$10,000 of seed funding was provided by Microsoft, to fund a prototype of the Reach Out! service. At this point research also showed that 15,000 young people were using the Internet.¹³¹ In late 1996, Paul Guilding, until recently the Head of Greenpeace International, joined Heath, Michael Rennie and Alexandra Yuille in formally establishing what is now the Inspire Foundation.¹³² It was also in 1996 that

Corrs Chambers Westgarth joined as a pro bono legal partner.

The Inspire Foundation was established as a national non-profit organisation with charitable status. It targets young people aged 16-25, aiming to provide opportunities for them to 'change their worlds' through three distinct programmes: Reach Out! which "offers information and support for young people to get through tough times"; ActNow which "provides resources and skills to help young people take action on the social issues that affect them and their community"; and Bean Bag a programme that "partners with youth centres around Australia to build social connectedness among disadvantaged young people through technology".¹³³ A key part of Inspire's mission is the involvement of young people themselves in the design and running of the programmes. This case study focuses on Reach Out!.

In 1997, the proposal for Reach Out! was accepted by the Federal Government of Australia. The Australian Government at that time had made the issue of youth suicide a top priority. While there was a huge amount of community concern about the issue, there was also little evidence about practices that worked to address it. The Government, quite unusually, funded a number of initiatives including Reach Out!, to tackle youth suicide on the understanding that they would be thoroughly evaluated and help create an evidence-base for future initiatives to address youth suicide in Australia.¹³⁴ This was an adventurous move by Government and Reach Out! credits the Government for contributing to the success of its pilot, which was in many ways significantly ahead of its time in its use of technology to address a social issue. In a different context, Reach Out!'s technology-based intervention might not have received support from Government, as it was an untested and somewhat risky venture.¹³⁵

Reach Out! did not rely purely on Government funding. It also secured seed funding from Microsoft. And in 1997, 7,000 young Australians donated to the radio station Triple J's 'Real Appeal', an on-air fundraising appeal. 'Real Appeal', an ad hoc partnership, provided a much needed \$180,000 of funding and helped raise the profile of Reach Out! among young people early on.¹³⁶

Diffusion/scaling up

Reach Out! was officially launched in 1998 by the Hon Warwick Smith, the Australian Minister for Health and Family Services. During the next few years Jonathan Nicholas, Inspire's Director of Programmes, explains that the business plan went through a number of different iterations.¹³⁷

In the early days of Reach Out! until around 2001, the initiative's focus was on entrepreneurial ideas that would keep the momentum of the business going. The team was constantly seeking new, creative and innovative ideas, but acknowledged that at the start the organisation lacked a strategic plan.

From 2001 onwards, there was a conscious decision to slow down and take stock of where the organisation was placed and its future direction. The change of pace was partly prompted by a need expressed by funders to understand what the organisation stood for, and by the desire among staff to move away from a focus on launching ideas to a focus on building and nurturing their growth. In 2002, the board decided to re-launch Reach Out!. It rejuvenated the website by updating much of the content, and developed a marketing campaign that employed a 'youth brand' to target young people directly rather than via their parents or the community.¹³⁸

There are a number of factors that Reach Out! claims were important to its successful growth. While State and Federal Governments have provided some ongoing support, Reach Out! has drawn strong financial backing from individual donors, trusts and corporate partners, such as Coca-Cola and Macquarie Bank. Reach Out! was helped in this regard by being established at a time when community business partnerships were quite normal and diversified funding was strongly encouraged by Government.¹³⁹ They were further helped by strong marketing as a 'cool' youth brand and attracted considerable corporate funding because partners understood the benefits of technology in connecting with young people.

At a time where evidence of effectiveness was still being developed, non-Government supporters often focussed their decision-making around the quality of the team and the idea rather than a long history of service delivery.

Early on, the decision was taken to avoid a model that required significant staff costs. As Jonathan Nicholas says: "The number of

133. Inspire Foundation 'What we do' [online] Available from: http://www.inspire.org.au/index.php?option=com_content&task=view&id=216&Itemid=887

134. Inspire Foundation '10 years of Inspire: Our story so far.' [online] Available from: http://www.inspire.org.au/index.php?option=com_content&task=view&id=281&Itemid=946

135. Interview with Jonathan Nicholas, 15th March 2007.

136. Ibid.

137. Ibid.

138. Ibid.

139. Ibid.

young people we can reach has never directly related to how many staff we employ. That was a very conscious decision and was to do with not going down a direct service delivery model".¹⁴⁰ Initial research uncovered the high costs of offering web-based counselling, and so Reach Out! chose a model of building its infrastructure around promoting the website as the source of a self-help community rather than offering counselling over the web. This meant that when funding fluctuated as it inevitably did, Reach Out! was far less likely to over-extend itself, but could easily take simple measures such as cutting the next advertising spend.¹⁴¹

A major early challenge revolved around how to create awareness of the service. This was originally accomplished through Rural and Regional Tours, during which individuals travelled round the country promoting the service to communities in person. This approach was chosen for several reasons. First, it was a more effective way of engaging donors who were better able to understand the need for money to fund a publicity tour, rather than to fund the building of a website. Second, at that time, many parents were weary of the Internet and did not see it as a particularly reassuring context for the service to be working within. The Rural and Regional Tours were somewhat effective in reassuring and educating communities about the Internet and the service.¹⁴²

Reach Out! is a good example of an innovation that had to change people's attitudes in order to encourage the growth of the service. Now that the Internet is more widely available (with a penetration rate over 80 per cent in Australia) the service has moved from something novel and anonymous to becoming an obvious resource for young people.¹⁴³

International Expansion

Since its inception, the board aimed to take Reach Out! to other countries. In 2003/04 they began searching for other organisations in the US that were taking a similar approach to youth depression. However, they were unsuccessful in finding them, reinforcing their belief that they had been ahead of their time in approaching the issue as they had. Reach Out! was keen to scope the market before committing to it, and therefore sought and gained funding from within the US for a feasibility study with a non-profit management strategy organisation called The Bridgespan Group.¹⁴⁴ US funding

was obtained in order to minimise the risk to the Australian operation.¹⁴⁵

Reach Out! used Bridgespan for the study partly because of its expertise in non-profit organisations, but also because it had a good reputation with US donors. The study was partly an attempt to encourage and convince large foundations in the US to back the venture, as well as to show them that nothing like Reach Out! presently existed in the country, a claim Reach Out! felt would evoke scepticism among foundations without independent verification.¹⁴⁶

Reach Out! chose to create a mutually reinforcing network through international expansion, rather than an 'export model' transferred in its entirety to another market. As Jonathan Nicholas, Director of Programmes for Inspire, says: "Each local project will have a localised front end that will be customised to the local conditions so it's not a franchise model, but there is an element to which we share common infrastructure".¹⁴⁷ Intellectual Property for example, is freely shared between the network. However, Reach Out! is aware that this only works when each of the members feel they are getting more out of what they are doing than they are putting in. This is a dynamic that will need to be managed carefully. Reach Out! intends to make continued use of the expertise at Bridgespan, in particular its experience in Intellectual Property sharing.¹⁴⁸

Challenges

Reach Out! has identified cultural differences between the US and Australia as one of its key challenges to diffusion. For example, inter-personal violence is not a major issue in Australia, whereas Reach Out!'s research suggests that it is in the US.¹⁴⁹ Issues related to ethnic diversity also vary significantly between the US and Australia.

However, Reach Out! believes that the basic processes need to be the same, for example potentially using some elements of the same website, while ensuring that the website content is culturally relevant. To describe the relationship between the two organisations, they use the analogy of two recognisably similar houses that share the same foundations and dimensions, but can have different numbers of rooms and furniture within them.¹⁵⁰

Reach Out! found that one of the more challenging aspects in scaling up through

140. Ibid.

141. Ibid.

142. Ibid.

143. Reach Out! (2006) 'Log on if life could be better: An innovative approach to addressing the unmet mental health needs of young people.' [online] Available from: <http://www.reachout.com.au/home.asp>

144. See <http://www.bridgespangroup.org/>

145. Interview with Jonathan Nicholas, 15th March 2007.

146. Ibid.

147. Ibid.

148. Ibid.

149. Reach Out! (2006) 'Log on if life could be better: An innovative approach to addressing the unmet mental health needs of young people.' [online] Available from: <http://www.reachout.com.au/home.asp>

150. Interview with Jonathan Nicholas, 15th March 2007.

partnership building was ensuring that its original core values were maintained by the partner organisations. Reach Out! placed specific emphasis on the need for new partners to have a youth involvement model. Reach Out! claims it will not employ anyone that does not share these values and has placed great importance on ensuring that members of the Australian, US and Bridgespan teams meet each other and spend time being assimilated into the know-how and processes of the original organisation.¹⁵¹

Because of Reach Out!'s emphasis on a core ethic of youth involvement, much of the institutional knowledge is held 'within the heads' of the people who have been through the process of expanding and growing the organisation, and this can easily be lost without face-to-face interaction. Reach Out! therefore emphasises the importance of its US partners spending time in Australia to escape the dynamic of the founding organisation visiting and imposing its will over the new one.¹⁵² This same dynamic means that the loss of a few key staff could significantly affect the future development of the organisation.

151. Ibid.

152. Ibid.

Case Study 5: OhmyNews

Name	OhmyNews.
Date founded	2000.
Location	South Korea.
Purpose	To give voice to citizen journalists through a media-based social innovation that uses web technology.
Means of scaling up	Organisational growth and expansion into Japan. OhmyNews also established an International English language on-line newspaper written by contributors from all over the globe.

153. Quoted in Min, J. K. (2005) Journalism as a Conversation. 'Harvard Nieman Report.' 59(4).
154. Chang Woo-Young (2005) Online civic participation, and political empowerment: online media and public opinion formation in South Korea. 'Media, Culture and Society.' 27(6), pp. 925-935.
155. Eun-Gyoo Kim and Hamilton J. W. (2005) Capitulation to capital? OhmyNews as alternative media. 'Media, Culture and Society.' 28(4), pp. 541-560.
156. Chang Woo-Young (2005) Online civic participation, and political empowerment: online media and public opinion formation in South Korea. 'Media, Culture and Society.' 27(6), pp. 925-935.
157. Q&A with the Centre for Citizen Media, Harvard University, compiled by Min, J. K. [online] Available from: <http://www.kcnn.org/principles/ohmynews>
158. Min, J. K. (2005) Journalism as a Conversation. 'Harvard Nieman Report.' 59(4).
159. Q&A with the Centre for Citizen Media, Harvard University, compiled by Min, J. K. [online] Available from: <http://www.kcnn.org/principles/ohmynews>

Need

In an interview in the *New York Times* in early 2003, Oh Yeon-ho, the founder and CEO of OhmyNews says his motivation in launching the website was to address the skewed Korean news market, where the media constantly manipulated the national agenda in politics, economics and society. Oh says that he: "wanted to start a tradition free of newspaper company elitism where news were evaluated was based on quality, regardless of whether it came from a major newspaper, a local reporter, an educational journalist, or a neighbourhood housewife... So I decided to make the plunge into the sea of the Internet."¹⁵³

The Korean mass media was criticised for politicisation and commercialisation of the news which many argued was harmful for democracy. The inability of the established mass media to foster public discussions or publish divergent social opinions may have stemmed somewhat from its technological limits.¹⁵⁴ Established media in Korea were said to report commercially interesting issues, then abandon those issues when the interest of their audience waned. In contrast, Oh's concept of 'every citizen is a reporter', and OhmyNews' aim to create an information database on political and social issues that pursued the evolution of a topic from its emergence and development to disappearance, were seen as a means to counter this.¹⁵⁵ But prior to the advent of the Internet, Oh thought that taking this idea to print would have been too expensive.¹⁵⁶

Idea

Before establishing OhmyNews, Oh had worked at a liberal Korean monthly magazine called *Mahl* from 1988, and it was during this time

that he faced numerous rejections when trying to access major news sources. In many cases, Oh's questions were not answered and access was denied. Oh felt this was not acceptable as he believed that all taxpayers should have access to public information held by government agencies.¹⁵⁷

In Oh's opinion, the Web 1.0 era could be defined as a time when the Internet primarily functioned as a source of information. Now, in the era of Web 2.0, Internet users can produce and exchange information so that the Internet functions as social infrastructure.¹⁵⁸ His idea was to combine the potential of the Web 2.0 era for user-generated content and the desire of citizens to have open access to information and news ('every citizen is a reporter').

Implementation

Oh developed the concept when he went to study at Regent University in the US. At Regent, Oh worked on a project for which he was asked to draft a plan of an imaginary new media start-up, and created an embryonic plan for a citizen-produced online news medium. When he returned to Korea in 1997, it was this same plan that Oh persuaded investors to back. Oh left his job at *Mahl* and with a combination of start-up funding from investors and some personal funds, he launched OhmyNews in February 2000.¹⁵⁹

OhmyNews citizen reporters are paid a nominal amount for their contributions and are supplemented by 35 staff reporters who cover issues that require more in-depth analysis and investigation. However, the bulk of the content comprises articles written by citizen reporters and contributions can reach 150-200 articles a day. Citizen reporters must be

formally identified through a Government authentication process before they can write for the service.¹⁶⁰

Stories are edited through a two-tiered system whereby staff editors are responsible for checking and selecting stories from citizen reporters to be published online. If a story is accepted, the writer can track how many readers access the story online and also get feedback. If articles are rejected, the reasons are made public in order to ensure that no political or financial external pressure is influencing the selection. This process is regulated informally through the citizen journalism network. There is also an ombudsman committee, composed of citizen reporters and others, that monitors the OhmyNews main page on a daily basis and submits monthly reports.¹⁶¹

To ensure high quality information and participation, ten conditions for the quality of user-generated content were developed under four focal points: credibility, responsibility, influence and sustainability. The content has to be factually accurate, avoid plagiarism, be responsible in responding to the needs of readers as well as writers, and aim to improve the overall quality of the media. Content should have an influence online but also, crucially, in building public opinion offline. Interestingly, from the start, Oh's aim for sustainability encompassed the desire to "become marketable and to contribute to establishing good and sound business models for the media".¹⁶² The development of OhmyNews always looked beyond Korea and was intended to become an international model.

Diffusion/scaling up

The success of OhmyNews and its growth cannot be properly understood without recognising the specific socio-political conditions that existed in South Korea at the time it emerged.

Between 1961 and 1988 Korea was ruled by military regimes. Under these authoritarian regimes, the Korean press had accepted its role as a voluntary servant to government interests. Although censorship was abolished in 1987 and newspapers were no longer required to be licensed by government, conservative dominance remained with three papers accounting for 75 per cent of newspaper circulation. These newspapers had accumulated

capital under the military government before 1987, and had developed since then as quasi-political entities with distinct agendas. A 2004 survey found that 32.2 per cent of 1,200 Korean respondents did not trust the mainstream media, while only 19.5 per cent said they did.¹⁶³

In the early 1990s, new activities for generating public opinion developed, capitalising on new means of personal communication that emerged with the Internet. These included for example, bulletin boards and discussion groups where early 'rebellious communities' began to form. Building on this, prototypes for alternative forms of media were created online. *Ddanji Ilbo* developed as an Internet newspaper that parodied conservative newspapers. Also, *Urimodu* was founded to catalyse a movement to close down the conservative media, *Chosum Ilbo*. In these ways, 'netizens' began to create their own online media as an alternative media movement. These websites succeeded in voicing criticism, however they failed to emerge as a substantive alternative media. OhmyNews was uniquely successful because it capitalised on citizen participation and interactive communications to forcefully challenge existing media.¹⁶⁴

The emergence of alternative online news resources was also facilitated by Korea's extensive digital telecommunications infrastructure, which was a result of Government-led policies. During the economic crisis of the 1990s, the Government had turned towards dotcom businesses as a solution. As a result, by 1997 Korea had established a broadband infrastructure linking 80 major cities. In addition, high housing and population densities made the cost of expanding infrastructure relatively low, and by 2000 the broadband network had expanded to 144 cities nationwide. According to an International Telecommunication Union report released in 2003, one-fifth of Koreans subscribed to broadband Internet services, the highest service penetration in the world.¹⁶⁵

The broader socio-cultural conditions that anticipated the successful rise of OhmyNews were reinforced by two specific events in 2002: the deaths of two Korean schoolgirls crushed by a US army vehicle; and the Korean presidential elections. The incident of the schoolgirls, which saw both soldiers acquitted of all charges, was downplayed in the mainstream media. However, citizen journalists participated in an online campaign that evolved offline into protest demonstrations, drawing

160. Eun-Gyoo Kim and Hamilton J. W. (2005) Capitulation to capital? OhmyNews as alternative media. 'Media, Culture and Society.' 28(4), pp. 541-560.

161. Chang Woo-Young (2005) Online civic participation, and political empowerment: online media and public opinion formation in South Korea. 'Media, Culture and Society.' 27(6), pp. 925-935.

162. Oh Yeon-ho (2007) '10 Preconditions for the Value of User-generated Content.' OhmyNews CEO address on the 7th anniversary of the company. [online] Available from: http://english.ohmynews.com/articleview/article_view.asp?article_class=8&no=347268&rel_no=1

163. Sutton, S. (2006) 'The My in OhmyNews: A uses and gratifications investigation into the motivations of citizen journalists in South Korea.' [online] Leeds: Institute of Communication Studies, University of Leeds. Available from: http://ics.leeds.ac.uk/pg-study/mashow/files/shaun_sutton.pdf

164. Ibid.

165. Eun-Gyoo Kim and Hamilton J. W. (2005) Capitulation to capital? OhmyNews as alternative media. 'Media, Culture and Society.' 28(4), pp. 541-560.

166. Sutton, S. (2006) 'The My in OhmyNews: A uses and gratifications investigation into the motivations of citizen journalists in South Korea.' [online] Leeds: Institute of Communication Studies, University of Leeds. Available from: http://ics.leeds.ac.uk/pg-study/mashow/files/shaun_sutton.pdf
167. Ibid.
168. Fifield, A. (2004) Korea's citizen reporters take on traditional media. 'Financial Times.' 6th November 2004.
169. Interview with Jean K. Min, 20th March 2007.
170. Min, J. K. (2005) Journalism as a Conversation. 'Harvard Nieman Report.' 59(4).
171. Q&A with the Centre for Citizen Media, Harvard University, compiled by Min, J. K. [online] Available from: <http://www.kcnn.org/principles/ohmynews>
172. Politics Online News, Tools and Strategies. 'Net and Politics 2004 Top 10.' [online] Available from: http://www.politicsonline.com/globalcontent/specialreports/2004/top10_2004/
173. Kambayashi, T. (2006) OhmyNews to Put Down Roots in Japan. 'Japan Media Review.' [online] Available from: <http://www.japanmediareview.com/japan/stories/060329kambayashi/index.cfm>
174. Ihlwan, M. (2006) 'OhmyNews: Oh My Biz Problem.' BusinessWeek.com. [online] Available from: http://www.businessweek.com/globalbiz/content/nov2006/gb20061101_539412.htm
175. Ibid.
176. Interview with Jean K. Min, 20th March 2007.
177. Zuckerman, E. (2006) 'Japan versus South Korea: Can you export OhmyNews?' [online]. Center for Citizen Media. Available from: <http://citmedia.org/blog/2006/07/13/japan-versus-south-korea-can-you-export-ohmynews>; Kambayashi, T. (2006) OhmyNews to Put Down Roots in Japan. 'Japan Media Review.' [online]. Available from: <http://www.japanmediareview.com/japan/stories/060329kambayashi/index.cfm>; Hau, V. (2007) Reinventing new Korean 'citizen journalism' site faces challenges. 'San Francisco Chronicle.' 28th March 2007. Available from: <http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/03/28/BUGOMOSR8P1.DTL&hw=ohmynews&sn=001&sc=1000>

hundreds of thousands of people to central Seoul. Widespread anger was directed at the US, and the profound enthusiasm of Koreans in their 20s to 40s, and their support for reformist policies, culminated in a close presidential campaign between conservative candidate Lee Hoi Change, and reformist candidate Roh Moo Hyun.¹⁶⁶

Voting was scheduled to start on 19 December, but on the eve of the 18th, Roh's campaign partner withdrew his support. OhmyNews citizens responded throughout the night, with the website being the epicentre of action for reform-minded citizens: 6.23 million visitors and 19.1 million page views occurred on this day alone. The OhmyNews front page was filled with reports and action plans from citizen journalists, urging readers to vote.¹⁶⁷ Roh won the election by a narrow margin and immediately acknowledged the contribution of OhmyNews, granting the organisation an exclusive first interview as President. Yoon Young-Chul, professor of media studies at Yonsei University, argues that OhmyNews exerted "a formidable influence" on South Korean journalism and played a "significant role in mobilising the anti-establishment public opinion which certainly helped Roh win the last presidential election."¹⁶⁸

OhmyNews' coverage on these political incidents greatly raised its profile and was very important to its growth. According to Jean K. Min, responsible for international business relations and corporate communications at OhmyNews, this was not an accident. With only 20 to 30 reporters at the time, OhmyNews was not a big company and they simply did not have enough reporters to cover all the major events of the day.¹⁶⁹ Given the strong political connotation of their brand and the fact that they were mainly attracting a young, highly politicised Korean audience, Oh decided to optimise their resource management and concentrate on the story he felt sure they would be most interested in.¹⁷⁰ A combination of strategic thinking and limited resources transformed a growing media resource into an influential, internationally known website.

Given OhmyNews' meteoric rise, other leading Korean newspapers have followed its example of reader participation. *Chosun Ilbo*, one of the leading conservative dailies, allows its readers to leave comments at the bottom of every article. *Daum*, is encouraging its blogger reporters to submit their news to its new site, Media Daum.¹⁷¹

Over the last seven years, OhmyNews has now grown to be the world's most successful and developed online citizen journalism website and one of Korea's most influential news websites. In the fifth World Forum on E-democracy hosted by PoliticsOnline, OhmyNews was recognised as one of the key global players in changing the world of the Internet and politics.¹⁷² By August 2007, the number of citizen reporters had grown to around 60,000, including around 3,000 overseas who report in English for the international page of OhmyNews.¹⁷³

International Expansion

An English news division was launched in February 2004 and has had some success. It is produced by nearly 1,500 citizen reporters from more than 100 countries and five professional editors based in the US and Korea. The OhmyNews English language edition is targeted at a global audience, however it is particularly strong in developing countries where the mainstream media is not felt to reflect popular views.¹⁷⁴

In February 2006 OhmyNews secured \$10-\$11 million investment from Softbank Corp., a group which holds a controlling stake in Yahoo! Japan. In addition to the benefit provided by the finance, this investment paved the way for international expansion to Japan as well as the development of an OhmyNews international English Language edition.¹⁷⁵ Jean K. Min suggests that Softbank's involvement was not motivated purely for financial gain. He stresses that OhmyNews was singled out by Softbank because of shared values and Softbank's belief that Japan's media needed something similar to OhmyNews.¹⁷⁶ In August 2006, the service launched in Japan, led by CEO Oh Yeon-ho, amidst much doubt about its ability to establish itself outside of Korea given the unique set of circumstances in which it grew.¹⁷⁷

Challenges

Financially, OhmyNews has had difficulty developing a sustainable business model. Currently, 70 per cent of its income comes from advertising, including the traditionally conservative family-run conglomerates such as Samsung and LG. Another 20 per cent is generated through selling content to the likes of Naver and Yahoo! Korea. Donations make up the remaining 10 per cent of its funding. An article in *Business Week* in November 2006

suggested that the company has only made very modest profits over the last few years and was forecast to lose money in 2006, with predicted revenues of \$6 million.¹⁷⁸

Ideally, according to Jean K. Min, OhmyNews would like to have a business model that does not require advertising funding, but this is unlikely in the short term. OhmyNews planned to unveil a new business plan in late May 2007, which may include other ways of funding the organisation. Jean K. Min talks of various potential funding models including a cyber marketplace, where the strong community element of OhmyNews would be used to generate money, and a new way of organising the site which could involve giving readers some editorial rights enhancing user-ownership.¹⁷⁹ While commentators have criticised its lack of financial viability, Oh does not see this as the organisation's primary aim. He claims: "I want OhmyNews to be sustainable, but my ambition is to spread citizen journalism around the world, not to make money."¹⁸⁰

Addressing the challenges of moving into the Japanese market, Shuntaro Torigoe, the chief editor of OhmyNews Japan, cited three crucial challenges that OhmyNews faced in transferring its news model:

- **A different attitude towards politics.** In Korea, many citizens are very involved in politics, often voicing their opinions and protests. In Japan however, politics is often seen as a horse race, and many people at the time were content with the then Prime Minister Koizumi. Those who were not were not vocal;
- **Differing perceptions of mainstream media.** Many Koreans mistrust the mainstream media, whereas in Japan the media was held in reasonably high regard; and
- **Cultural differences.** Japanese citizens were said to be more reluctant to express their views or engage in heated confrontational discussions.¹⁸¹

So far the service has been slow to take off and Jean K. Min puts this down to the need to understand the audience and its motivations better in the new market before launching an

initiative involving user-generated content.¹⁸² As Min says: "The audience is the content and they will decide what they enjoy reading."¹⁸³ The only way to encourage the growth of citizen reporting is to build from the bottom up. However, Min also notes that it took two years before OhmyNews took off in Korea.

178. Ihlwan, M. (2006) 'OhmyNews: Oh My Biz Problem.' BusinessWeek.com. [online] Available from: http://www.businessweek.com/globalbiz/content/nov2006/gb20061101_539412.htm
179. Interview with Jean K. Min, 20th March 2007.
180. Ihlwan, M. (2006) 'OhmyNews: Oh My Biz Problem.' BusinessWeek.com. [online] Available from: http://www.businessweek.com/globalbiz/content/nov2006/gb20061101_539412.htm
181. Weber, D. M. (2006) 'OhmyNews Japan Ready to Launch.' OhmyNews. [online] Available from: http://english.OhmyNews.com/articleview/article_view.asp?article_class=11&no=305292&rel_no=1
182. Interview with Jean K. Min, 20th March 2007.
183. Min, J. K. (2005) Journalism as a Conversation. 'Harvard Nieman Report.' 59(4).

Annex 3: Mini Case Studies

Case Study 6: Tower Hamlets Summer University

Name	Tower Hamlets Summer University (THSU).
Date founded	1996.
Location	London.
Purpose	To provide a diverse range of educational activities for young people during the summer months.
Means of scaling up	Through strong support from Government and foundations, THSU has secured a contract to roll out summer universities in all 33 London Boroughs.

Need

In 1993 Michael Young noticed that when schools broke up for the summer, youth crime would begin to increase after a brief week of normality.

Idea

To give young people access to a range of free and accessible local activities that they would want to take part in – thus breaking the cycle of boredom and providing the opportunity to engage in constructive activities over the summer holidays.

Implementation

Initial research uncovered that young people were no longer interested in youth clubs or ‘top-down’ organised events. Instead, they wanted activities with clear learning outcomes and no barriers to attendance such as festivals

and activities like film-making, football and maths.

A successful pilot programme for young people aged 14 to 21 years was carried out in 1995 with the support of the local Education Business Partnership and the London Borough of Tower Hamlets. The pilot was extensively evaluated by Dr Tony Flower and other members of Michael Young’s team. In 1996, Young, together with Rex Hall, persuaded the Borough to second two staff members from its youth service to help to establish the project as a charity, which became Tower Hamlets Summer Education Ltd, commonly known as THSU.

Since then the programme has expanded and improved, inspiring other London Boroughs and areas of Britain to emulate its model and utilise the empty buildings and infrastructure of schools, colleges and universities which remain largely redundant during the summer period. Today, a major programme of activities is in place for young people aged 11-25, in diverse

subjects ranging from Careers in the Maritime Industry and Stocks and Shares Trading, to International Cookery and Wheelchair Basketball. Other popular subject areas include music, performing and visual arts, new media, business and industry, sports and healthy lifestyle, IT and fashion.

The charity is currently developing a year-round programme, Summer Uni Plus, and has an award-winning quarterly magazine, Nang!, edited and produced entirely by young people. In addition, it has a highly successful peer volunteer programme and young ambassadors 'advisory' group.

In 2003 the Metropolitan Police provided crime figures showing that since THSU was established in 1995, rates of juvenile nuisance had fallen by 17 per cent, drug offences by 25 per cent and there had been an overall reduction in youth crime in the Borough by 8 per cent over the summer holiday period. These improvements occurred despite the fact that Tower Hamlets has the fastest growing teenage population in Britain.¹⁸⁴

Scaling Up

From the outset, the programme generated a lot of interest from other London Boroughs. In its first year it won a Commission for Racial Equality Award for "excellence and innovation in promoting racial equality" and for its "delivery of services to culturally diverse communities". It was the first award of this type won by any Tower Hamlets organisation.

Building on this momentum, in 1998 THSU decided to establish the consultancy Summer Education UK (SEUK), to support other areas of the country looking to replicate the idea. However, SEUK failed after it split from THSU in 2002. According to Sarah Davies, Director of THSU, the failure of SEUK was primarily because it never ran projects itself, and SEUK finally ceased operations in 2005.

In 1999 THSU/SEUK was awarded National Lottery money to help the London Boroughs of Brent, Hackney and Westminster establish Summer Universities. The charity was already running a large Millennium Award programme,¹⁸⁵ which ran for seven years and by 2002 had worked with young people from at least nine London Boroughs, Slough, Epping Forest, Somerset, and Blackburn with Darwen.

In 2005, THSU was identified by Lord Adonis, then constitution policy advisor in the No. 10 Policy Unit, and by London Challenge¹⁸⁶ as a model of excellence in summer learning. Some months later, THSU was commissioned to roll out the model over two to three years across all 33 London Boroughs, as well as to continue support to all existing Summer Universities. This new project was called Summer Uni London (SUL).

Having learnt from the mistakes of SEUK, the charity ensured that SUL would be well integrated within THSU. Davies describes the approach of SUL: "We run all these projects in Tower Hamlets, we deliver, we've got all the knowledge and the information to say 'this works: this doesn't'. We try lots of different approaches: youth magazines; advisory groups; peer motivators. We practise what we preach. At first the SUL team planned to separate in a fairly short time frame, however they now accept the projects complement each other completely and without THSU, SUL would not be a success."¹⁸⁷

Ten summer universities ran during the summer of 2006, and SUL received an additional 24 expressions of interest for starting a Summer University in summer 2007. Thirty-two of the 33 Boroughs have joined the Summer Uni network.

THSU secured £1 million from the Jack Petchey Foundation, with a further £1 million coming from London Challenge, to distribute 'tranches' of £66,000 to Boroughs that submitted successful applications for a Summer Uni grant. The Boroughs have to match 50 per cent of the grant from their own funds. The 'push' provided by the promise of Government funding, has ensured continued interest in the concept of Summer Universities.

Challenges

THSU's aim of opening Summer Universities to all young people regardless of where they live can conflict with the priorities of the Local Authorities, whose primary aim is to accommodate local residents. The SUL grant provides a strong incentive for Summer Universities to allow young people from outside their own Boroughs to attend its programmes.

If any Boroughs fail to take up the opportunity to apply for an SUL grant by September 2007, THSU will actively seek other partners, for example in the voluntary sector, to establish a

184. See http://www.summeruni.org/pages/about_us/

185. See <http://www.millennium.gov.uk/>

186. See <http://www.dfes.gov.uk/londonchallenge/>

187. See Interview with Sarah Davies, Director of Tower Hamlets Summer University, March 2007.

Summer Uni in their area. It is also important that pressure from London Challenge for all London Boroughs to quickly establish a Summer Uni does not compromise THSU's ethos or the quality of provision.

THSU must also overcome obstacles posed by the schools themselves, which can sometimes be difficult to work with and can make for arduous and unsuccessful partnerships. Schools may feel that THSU is inconvenient, as they often need to carry out maintenance on buildings and most of their staff are on holiday during the summer months. Some schools have also been slow to accept evidence of the benefits to young people who participate in a Summer University. Other challenges have included a lack of resources for publicity or to raise the profile of the programme, and reluctance on the part of funders to meet the administrative costs of running a Summer University.

Case Study 7: Teach First

Name	Teach First.
Date founded	2002.
Location	London (subsequently expanded to Manchester, Birmingham and Nottingham with plans for Liverpool, Leeds and Sheffield in 2008).
Purpose	To place top university graduates in poor performing schools in order to help meet the shortage of high quality teaching while providing graduates with a variety of new skills.
Means of scaling up	Organisational growth.

Need

There was a clear need for quality teaching staff in London's most challenging schools. Bret Wigdortz, Teach First's founder, carried out research into the relationship between a school's level of deprivation and the quality of its performance. He found that the number of excellent teachers in a school was one of the strongest predictors of improved pupil performance, especially in schools with a poor record. Wigdortz concluded that the best way to change this was through higher quality teaching and leadership in schools.

Idea

In August 2001, while working on a pro bono study for London First and Business in the Community on how businesses could improve secondary education in London, Wigdortz (then a McKinsey consultant) came up with the idea of taking a US-based programme called Teach for America and adapting it to the UK environment. The London scheme would have a stronger focus on leadership and closer links with business.

The idea was to get top graduates, mainly recruited from the Russell Group of universities, to commit to teaching for two years, gaining transferable skills for whatever field they chose to join afterwards. Teach First aims to address educational disadvantage by transforming graduates into effective, inspirational teachers and leaders in all fields. They prepare graduates for the classroom with high-quality certified teacher training and leadership education.

Implementation

Initial research demonstrated that the Teach for America model would not work in the UK unless it was adapted to the country's specific context. Wigdortz wrote a business plan and took a six-month leave of absence from McKinsey to establish and launch Teach First as a charity.

Wigdortz secured the initial support of Rona Kiley at London First, and financial backing from George Iacobescu, Chief Executive at Canary Wharf (who invested £25,000), and from February 2002, Wigdortz worked closely with Kiley and John May, former Director of Education at Business in the Community, to make the recommendation a reality.

It was a challenge to raise the required funds in the early days. Teach First had to raise a total of £1 million, including £500,000 from the Government and £50,000 each from ten other sponsors. The Government was reluctant to support Teach First until the organisation had business backing, while business was unwilling to endorse the project without Government support.

Political timing was also important for Teach First. London Challenge had just been established and Andrew Adonis, then at 10 Downing Street, helped the initiative secure Government funding of £500,000, prompting other sponsors to come on board.

Teach First was officially launched on 15 July 2002 by Stephen Twigg, former Minister for London Schools, with Wigdortz as CEO. Its goal in the first year was to recruit 200 top graduates, so as to create the feeling of a "real cohort, a real prestige graduate scheme". Wigdortz described how Teach First made a deliberate effort to improve graduates'

perceptions of teaching in poor schools: “we didn’t want it to be just a marginal change, but a radical change, so top Oxbridge graduates would go from thinking [it’s] the worst thing they could possibly do, to one of the best things they could possibly do. So it wasn’t just a little change, but a 180 degree change in people’s perceptions.” Teach First attracted 1,300 applications for those initial 200 places.¹⁸⁸

The role of funding companies was also crucial. These companies not only provided money, but also helped to lure top graduates with the prospect of future employment and the opportunity to network with executives from some of the world’s most prestigious companies and organisations.

Scaling up

Raising funds in years two and three proved difficult and Teach First narrowly avoided closure by bringing on new sponsors including Gatsby, NESTA and HSBC Educational Trust, alongside ongoing funding from Esmee Fairburn and Garfield Weston. After this period they were able to demonstrate success and underwent an independent evaluation, which made attracting future funding much easier. For the first three years, graduate teacher recruitment remained at 200, but subsequently grew to 260 and 310 in years four and five respectively.¹⁸⁹

Growth focused attention on funding and also compelled Teach First to closely re-examine their approach in order to prepare for expansion to other cities where there was significant graduate interest. In 2005, Teach First received a significant PR and financial boost when the then Chancellor Gordon Brown announced in his Budget speech that Teach First was to receive some of the first two to three years’ start-up funding required to establish itself in each new city.

Teach First has now expanded to Manchester, Birmingham and Nottingham with plans for Liverpool in 2008 and Leeds and Sheffield in 2009. Wigdortz explains that Teach First will retain a national model and programme while smaller regions will benefit from different support mechanisms: “We recruit nationally, and we want Teach First to be like Deloitte, Accenture... Where people feel like they’re part of one organisation, there’s a big core in the organisation, they’re going to get great leadership development, and that there are

national standards, we bring people together to make them feel part of a national cohort.”¹⁹⁰

There are also sound financial reasons for schools to participate in Teach First. Schools pay Teach First a small deposit plus an affordable amount per term for each graduate teacher, which covers recruitment, training and support to participants. Teach First is highly competitive with alternative recruitment methods such as the use of agency staff. The scheme has therefore provided an effective, though possibly short-term, solution to the shortage of teachers.

In 2007, a number of countries including Israel and Estonia have expressed an interest in the programme. With McKinsey’s help, Teach First and Teach for America are investigating how the two organisations should respond. Wigdortz sees any future project taking the form of an international secretariat, rather than Teach First expanding and being run from London. This is primarily because he feels the model should be adapted to a country’s unique education, socio-economic and political context.

Over 800 graduates have now been placed in London secondary schools. The first cohort graduated in Summer 2005 and have embarked on the next stage of the Teach First journey as ambassadors of the programme.

Challenges

In 2005, having achieved considerable recognition from Government and obtained some of the funding necessary to expand into new cities, Teach First faced its biggest challenge yet. As Wigdortz describes it: “One issue has been what our relationship with Government should be. How should we work with Government while keeping our independence and allowing us to make the important policy decisions for the charity.”¹⁹¹

188. See http://www.teachfirst.org.uk/what_is_teachfirst/more

189. Ibid.

190. Interview with Bret Wigdortz, Founder of Teach First, March 2007.

191. Ibid.

Case Study 8: Aspire

Name	Aspire Group Ltd.
Date founded	1999 (closed in 2004).
Location	Bristol (with franchises in other cities until Aspire folded in 2004).
Purpose	To give homeless people full-time employment and a source of income through a door-to-door catalogue franchise.
Means of scaling up	Franchising.

Need

Mark Richardson and Paul Harrod, both recent Oxford University graduates, felt that many homelessness projects failed because they focused on the symptoms, rather than on the root causes of homelessness. A focus on providing full-time employment for homeless people to help them move away from benefit dependency was absolutely central to effectively addressing homelessness.

Idea

Richardson and Harrod set up Aspire to produce a not-for-profit fair trade catalogue. Homeless people would leave the catalogue at homes to which they could later return to collect orders. The homeless person was able to work outdoors with little or no supervision, and customers felt they were helping the homeless in a compassionate and constructive manner. Homeless people were guaranteed a wage which was not based on sales but on the hours they worked.

Implementation

Based on research into public attitudes towards the homeless, and insights from Harrod's own experience as a door-to-door catalogue salesman, Richardson and Harrod secured a £5,000 grant from The Prince's Trust, as well as donations from local businesses and residents to start Aspire.

Helped by local media interest, initial sales were reasonably strong, and even though it was not profitable, Aspire managed to be self-sustaining. Thirteen months after it was launched, Aspire had attracted 4,000 regular customers, had a turnover of about £150,000, and employed 15 staff. The business began

to attract considerable interest from all quarters.¹⁹²

Scaling up

Towards the end of 1999, Terrance Roslyn Smith, who had previous social enterprise experience behind him, joined the management team of Aspire. Like the founders, he believed that Aspire had to grow if it was to achieve necessary economies of scale. It was agreed that franchising was the quickest and most cost-effective way to do so.

In July 2000, an ambitious franchise strategy was drawn up to create 30 outlets by the end of 2003. Harrod's charismatic personality made it relatively easy to secure the £400,000 needed to fund the expansion. Aspire Group was established in late 2000 to lead the franchise operation.¹⁹³

Harrod said they wanted a 'decentralised structure', to enable each social entrepreneur who took on a franchise to take Aspire's core idea and 'run with it'. The advantage of this strategy was that the business could be expanded quickly, but significant challenges arose because headquarters had no control when franchisees experienced problems. By September 2001, even though the original business had yet to make a profit or undergo a proper evaluation, nine franchises were opened, most of which were embedded within existing charitable organisations. Moreover, although all franchisees had some experience of working with the homeless, only four of the nine had business or social enterprise experience.¹⁹⁴

Optimism remained high and during Harrod's time as CEO, Aspire established 12 franchises, taking 300 homeless people off the streets as sales reached £1.3 million. The press was

192. Tracey, P. and Jarvis, O. (2006) *An Enterprising Failure: Why a promising social franchise collapsed*. 'Stanford Social Innovation Review.' Spring. pp. 66-70.

193. Ibid.

194. Ibid.

overflowing with praise, and the then Prime Minister Tony Blair called Aspire's employees an 'inspiration'. The government started to look at Aspire as a potential model to combat social exclusion and HRH Prince Charles told its founders: "Your track record to date is most impressive". As one franchisee said: "As we set off, it seemed we were sailing into fair weather. Risk analysis didn't feature very strongly in our discussions or planning. We were told the business model worked, Government and funders wanted us to roll out, and sooner or later the economies of scale would make the figures stack up."

Challenges

It soon became clear that the narrow range of products in the catalogue attracted a narrow range of customers. The business was also highly seasonal, with the vast majority of sales taking place in the run-up to Christmas. All franchises started to lose money and many began to ask questions of the Aspire Group, even suggesting that they had been misled into thinking that the catalogue was a stand-alone, profit-making business. Harrod now acknowledges that whilst recruiting franchisees, Aspire often overplayed the feasibility of the business, thus creating a culture of distrust between franchisees and headquarters.

Another major problem was that the model lacked clear boundaries. For example, when the original model proved unprofitable, franchisees branched out into secondary businesses, such as bicycle repairs, window cleaning and furniture manufacturing. Aspire Group set up a direct-mail business operating independently of the franchises with an even stronger focus on supporting fair-trade producers. As a result of this trend, the ties between franchisor and franchisees became increasingly weaker.

Yet another challenge for franchises was the lack of basic skills among homeless and ex-homeless employees. In addition, many employees also struggled with addiction and mental health problems. Franchises were reluctant to lay off staff because of the obvious repercussions for an already vulnerable group of people. Yet, many franchises were forced to do so, significantly lowering morale.

In 2002, a further investment of £250,000 came from a group of individual investors, banks, and social venture capitalists with the condition that the year-round catalogue

business be reduced to two four-month seasons surrounding Easter and Christmas. This change forced franchisees to give up one of their primary goals, which was to employ homeless people full-time and year-round. Relationships between Aspire Group and the franchisees became increasingly tense as Aspire Group's priorities shifted to financial survival, while the franchisees remained committed to their social objectives.¹⁹⁵

Every franchisee, including the original Aspire Bristol, was losing money, and by 2002 franchises in Brighton and Birmingham were closed. Harrod deeply regrets the closure of Aspire Brighton, and admits that he would have replaced the manager had the option existed. However, the lack of centralised control that resulted from Aspire's franchising approach meant this was not a possibility. In July 2003, Aspire Group faced a cash flow crisis and put payments to creditors on hold. Harrod decided to step down as CEO five months later, and the catalogue business folded in June 2004.

In hindsight, Paul Harrod suggests it would have been better to keep the legal, financial and governance structure centralised; Aspire should have operated with a local advisory group with limited authority. He thinks the lack of control when issues arose in local groups caused problems that affected the entire organisation. In addition, he says it was a mistake to take on short-term loan finance from groups such as the London Rebuilding Society, as more 'patient capital' would have been more appropriate.

Harrod also wishes he had stepped aside earlier and brought in a more experienced CEO. But he acknowledges that handing over control of your business to other people is: "easier said than done... when you believe passionately in the cause and working 16-hour days, the fear that another person would not have a similar commitment, or that the project would fail without you, is ever present. Nor would it be likely that the business would have found someone prepared to work for low wages". Harrod himself did not earn a regular salary for over two and half years.

195. Ibid.

Case Study 9: Language Line

Name	Language Line.
Date founded	1990.
Location	London.
Purpose	To provide quality telephone interpreting services to organisations dealing with vulnerable members of society.
Means of scaling up	Organisational growth and eventual merger.

Need

The idea for Language Line occurred to Michael Young during a visit to his local hospital in East London. He noticed that a large number of patients of South Asian origin had difficulty communicating with medical staff because they spoke very little English. Ad hoc interpreters, such as other patients or cleaners, could sometimes be found, but otherwise patients were asked to return on a day when a professional interpreter could be present. None of these arrangements was entirely satisfactory, leading Young to think of alternative solutions of providing an efficient means of communication between patients and staff.

Idea

Young's idea was to provide free quality telephone interpreting to organisations dealing with non English-speaking clients from vulnerable groups. Language Line pioneered telephone interpreting in the UK in 1990, and its services have since developed around the ethos: 'To improve the quality of life for all non-English speakers in the UK by removing all language and communication barriers for every interaction with business and public services.'

Implementation

Young secured a small amount of government grant funding to test the concept, and Language Line was established as a charity initially offering services in four languages. The interpreters, who were home workers and often from the same communities as the non-English speakers, were paid to ensure their availability. In its earliest form, the service was very basic – the telephone handset was simply passed between doctor and patient and the interpreter translated what was said. There were very few

similar initiatives in existence at the time, and because no special equipment was required, the initial service could be established very quickly.

The service was an instant success, and was soon in use across the NHS, as well as other public sector organisations including local authority housing departments, the Department for Work and Pensions (DWP), the Police, and the Ambulance Service. By the early 1990s, Language Line was fully operational with eight members of staff and 50 part-time interpreters, and was providing interpretation services for around 15 foreign languages.

Scaling Up

It wasn't long before the initial grant expired, and in order to ensure that the service remained sustainable, Language Line had to stop operating as a charity and establish itself on a proper commercial footing. Young asked Andrew Karney, an experienced business consultant, to become chairman of the company with the mandate to grow the service as rapidly as possible and to ensure that it would not require further grant aid. Karney recruited an experienced CEO and expanded Language Line to cover more languages and offer its services to other Government agencies and commercial users throughout the country.¹⁹⁶ Charges were increased substantially, a professional management team was put in place, and automation was introduced. All of these measures proved cost-effective and improved the quality of the service.

In the mid 1990s, Language Line moved out of its original premises in Bethnal Green and took on a fresh identity. The company expanded the number of languages on offer to more than 100 (even though 80 per cent of the call

196. Karney, A. 'Language Line – A Case Study.' Paper presented at the Social Innovation Conference, Chongqing, October 2006.

volumes utilised 20 per cent of the languages). This was a necessary shift as the language mix was constantly changing. Languages like Bengali, Punjabi and Urdu gradually declined as a percentage of the whole, while the changing geopolitical scene created the need for interpretation services in Kurdish, Albanian, Arabic, Farsi and Polish.¹⁹⁷

The growth placed strain on the recruitment of telephone interpreters and in response, Language Line set up a training programme in conjunction with London-based universities. It also entered into agreements with US and Australian interpreting services to swap traffic and manage increased demand and usage more effectively. This economy of scale also enabled the company to gradually reduce tariffs, particularly for those clients least able to afford the service.

Language Line made further investment in the telephony systems, accounting and billing to efficiently handle the 1.5 million minutes of interpretation it was getting every year. By 1998 the company was still largely owned by the Institute of Community Studies and the Mutual Aid Centre (organisations that preceded the Young Foundation), and to raise funds for other projects it looked to sell part or all of Language Line.

In 1999 Language Line was sold to a management buyout backed by venture capitalists for £4 million.¹⁹⁸ Demand for the service increased due to the rise in asylum seekers arriving in the UK escaping the Balkan crisis. The new backers could provide funds to meet the changing demand, and a decision was also made to open a subsidiary of the company in Germany. The company split its brand into Language Line for public sector divisions and Comunicado for the commercial sector.

The move to Germany was not successful and the operation was eventually shut down in 2001. This failure can partly be explained by Language Line's assumption that the initiative would work in Germany based simply on the strong ethnic minority presence there. Unfortunately, research into the German marketplace was inadequate. Moreover, the market never developed because many client organisations took the view that asylum seekers should learn German before requesting assistance from the public sector.

The start-up costs of the operation in Germany and its subsequent failure instigated a re-examination of aspects of Language Line's business. At this point it was felt that people with stronger business experience were required to replace some of the staff that had performed well within a small enterprise, but were less suited to take the company forward. Venture capital backing required growth and expansion and this added impetus to the restructuring process and reworking of the old value system.

With a new management structure in place and by concentrating on the core product of telephone interpreting, while also moving into new areas of translation and face-to-face interpreting, Language Line was able to stabilise the business and clear its debts.

By 2003 the original venture capitalists had overseen a growth of 250 per cent, with profits trebling, and successfully sold Language Line in a venture capitalist-backed management buyout for £15 million.¹⁹⁹ 2006 saw a second buyout from ARBY Partners, a major American company. This move brought the organisation significant advantages in the UK including access to better technology, the opportunity to make use of the parent company's marketing department and resources, and the ability to present itself as a global company with interests in Canada and Australia.

Challenges

With rapid growth and diversification, the ability to recruit, retain and develop the right staff became a major challenge for the company.²⁰⁰ Language Line now has a healthy training budget in place, but in the past suffered a high attrition rate in senior management throughout the company's constant re-evaluation and growth. The failure in Germany and the mixed success of sales to the commercial sector highlighted the need for management re-structuring, a new business ethos and proper market research.

197. Ibid.

198. Ibid.

199. Ibid.

200. Interview with Atul Ambhethiwala, Language Line, March 2007.

Case Study 10: Sure Start

Name	Sure Start.
Date founded	1998.
Location	UK-wide.
Purpose	To tackle child poverty and improve life chances in deprived parts of the UK through a cross-departmental Government policy initiative.
Means of scaling up	Government-backed expansion across the country.

Need

New Labour sought to tackle social exclusion and child poverty in the most deprived areas of the country. Specifically, they sought to increase speech and language development in children at two years and to ensure that pre-school children were adequately prepared for school in order to increase future life chances. There was evidence to suggest that service provision was failing those children most in need. The emergence of a growing body of international work and knowledge – including the Head Start and the Early Head Start programmes, the Abecedarian project, the David Olds Home Visiting programme and the Perry Pre-School programmes in the US – showed that children benefited from pre-school provision and outreach healthcare and parenting programmes.²⁰¹

Idea

Sure Start was a New Labour Government initiative launched in 1998 that aimed to address the long-neglected policy area of children's early years. As a social innovation that used evidence-based policy and open, consultative Government,²⁰² Sure Start brought together a wide range of stakeholders including professional, voluntary and private providers of social services, education, health services and those running child centres. It aimed to 'join-up' core services with outreach and home visiting, placing an emphasis on those who were hard to reach; providing support for families; providing good quality play, learning and childcare, primary and community health care; and supporting children and families with specialised needs. At the centre of these was the idea of community control.

The overall goal was to form effective partnerships between Local Authorities, primary care trusts, voluntary and private

sectors, parents and other members of the local community, who would work towards the goals of tackling social exclusion and child poverty.²⁰³ A series of seminars was held, bringing together speakers and practitioners from child development, social work, health and demography, together with local politicians. A review of research evidence was commissioned which demonstrated the potential for the scheme to achieve successful outcomes.²⁰⁴

Implementation

In 1998 the then Chancellor Gordon Brown announced that 200 Sure Start Local Programmes (SSLPs) would be created in deprived areas across England, with £200 million a year coming from the DfES, which had been 'ring-fenced' for ten years.

The SSLPs provided services tailored to the specific needs of the local community, bringing together core programmes for health, education and play, and family support for children under four. Emphasis was placed on outreach as a means to access difficult-to-reach families and local projects had the autonomy to provide extra services of their choice, for example debt counselling and benefits advice. An informal support network called 'Friends of Sure Start' was established, comprising those outside of Government who were involved with the creation of the policy and who would be consulted in implementation and further developments.

Sure Start's model, while clear about the desired outcomes of the programmes, was relatively non-prescriptive about the means by which the outcomes were to be achieved in a particular locality. This is something local partners both appreciated and found frustrating. Shirley Mucklow, involved in a local programme in Bellingham, South

201. Melhuish, E. C. (2004) 'A Literature Review of the Impact of Early Years Provision on Young Children with emphasis given to children from disadvantaged backgrounds.' London: Institute for the Study of Children, Families and Social Issues. [online] Available from: http://www.nao.org.uk/publications/nao_reports/03-04/268_literaturereview.pdf
202. Glass, N. (1999) Sure Start: the development of an early intervention programme for young children in the United Kingdom. 'Children & Society.' 13(4), pp. 257–264. [online] Available from: http://www.nao.org.uk/publications/nao_reports/03-04/268_literaturereview.pdf
203. National Audit Office (2006) 'Sure Start Children's Centres: Report by the Comptroller and Auditor General.' London: National Audit Office. HC 104 Session 2006-07. [online] Available from: http://www.nao.org.uk/publications/nao_reports/06-07/0607104.pdf
204. H. M. Treasury (1998) '1998 Comprehensive Spending Review: Cross Departmental Review of Provision for Young Children.' London: H.M. Treasury. [online] Available from: <http://www.archive.official-documents.co.uk/document/cm40/4011/401122.htm>

London, claims that the ability to choose the ways in which the programmes operated was particularly empowering for the members of the local community, as they had the freedom to make changes and try out new approaches. However, more stringent statutory targets were later introduced.²⁰⁵

Scaling up

By October 1999 it was reported by Norman Glass, the Treasury official with responsibility for Sure Start alongside the DfES, that only two local programmes were up and running. He argued in favour of a cautious approach suggesting waiting for evidence from the small number of programmes already in place before moving to establish a 'second wave' of programmes.²⁰⁶ However, this caution did not deter the scheme's expansion, and July 2000 saw the announcement that a further 300 to 350 Sure Start programmes were to be established.

Scaling up Sure Start was in part a response to the fact that not all disadvantaged children live in deprived areas. Difficulties arose because Sure Start programmes could only cater for a small number of children within a particular catchment area, while health agencies and Local Authorities were finding great diversity in the resources available within a given area. Within some programme catchments, one part of the locality might already have relatively well-funded and well-organised early years' provision, alongside another part of the locality with little or poorer-quality provision.

The *Every Child Matters* Green Paper of 2003 proposed further integration of services and the Government announced plans to create Sure Start Children's Centres in the top 20 per cent of most deprived wards in England.²⁰⁷ This shift effectively re-branded Sure Start Local Programmes into Children Centres – a controversial adaptation of the original idea. By December 2004, there was a move by the Government to make Local Authorities responsible for planning, establishing and funding these Children's Centres, rather than continue with partnership arrangements where one partner took the lead without formal legalisation.

Since April 2006, the DfES has paid a grant to Local Authorities to fund all Children's Centres, including all former Sure Start Local Programmes. Local Authorities are now accountable for delivering Children's Centres,

and provide a range of services that go beyond the original remit of SSLPs. The scheme has continued to expand and a target was set for a Children's Centre to be created in every community (a total of 3,500 centres) by 2010. By March 2006, 800 Children's Centres in England were providing services to around 650,000 children. The current target is to establish 2,500 centres by March 2008. Since 1999, the Government has invested £1.8 billion in Sure Start programmes.²⁰⁸

Challenges

The National Evaluation of Sure Start (NESS) assesses the effectiveness of all Sure Start programmes in England. The impact of intervention programmes such as Sure Start is difficult to assess in the short term,²⁰⁹ but key findings so far include:

- Joined-up working between traditionally separate services is challenging, although progress is being made;
- There is considerable variation in the funding of programmes, with some spending up to six times more per child than the lowest spending programmes;
- It is difficult and time consuming to ensure families know about and access Sure Start programmes. Evidence suggests that those most in need are less likely to access services;²¹⁰
- It is taking longer than expected to implement Sure Start programmes and to deliver a full range of services; and
- This partly is a result of Sure Start's complexity evidenced by the fact that on average at least ten other Government initiatives operate in Sure Start areas and interact with Sure Start programmes.

The enhanced role of Local Authorities and the speed with which Sure Start has been expanded have also affected some key principles of the programme. In particular, the focus on child development as opposed to providing childcare places (to support parental employment), and the notion of community control, have been compromised. Changes to the original conception of the programme have been characterised by:

- A gradual shift from a focus on child development towards parental employability;

205. Glass, N. (1999) Sure Start: the development of an early intervention programme for young children in the United Kingdom. 'Children & Society', 13(4), pp. 257-264. [online] Available from: http://www.nao.org.uk/publications/nao_reports/03-04/268_literaturereview.pdf
206. Ibid.
207. H.M. Treasury (2003) 'Every Child Matters Green Paper'. London: H.M. Treasury. [online] Available from: http://www.everychildmatters.gov.uk/_files/EBE7EEAC90382663EAC.pdf
208. National Audit Office (2006) 'Sure Start Children's Centres: Report by the Comptroller and Auditor General.' London: National Audit Office. HC 104 Session 2006-07. [online] Available from: http://www.nao.org.uk/publications/nao_reports/06-07/0607104.pdf
209. See, for example, the results of the Hi Scope/Perry Pre-School Programme. [online] Available from: <http://www.literacytrust.org.uk/socialinclusion/earlyyears/highscoperesearch.html>
210. Love, J., Kisker, E. E., Ross, C. M., Schochet, P. Z., Brooks-Gunn, J., Paulsell, D., Boller, K., Constantine, J., Vogel, C., Fuligni, A. S. and Brady-Smith, C. (2002). 'Making a difference in the lives of infants and toddlers and their families: The impacts of Early Head Start. Volume 1: Final Technical Report.' Princeton, NJ: Mathematica Policy Research Inc. [online] Available from: <http://www.mathematica-mpr.com/PDFs/ehsfinalvol1.pdf>

- Children's Centres developing or strengthening links with Job Centre/Job Centre Plus offices; and
- Children's Centres increasingly becoming a one-stop shop for a range of services that go well beyond the original remit of Sure Start Local Programmes.

Local Authority control also raised concerns about a move away from community control and parental involvement. This shift was seen by some commentators and local groups as removing power from the organisations involved, and in some cases disengaging those it was supposed to empower. This was amplified by the fact that Local Authorities are responsible for funding Children's Centres and that priorities are based on Public Service Agreements, rather than the priorities identified by parents, carers and other community service users. By handing over responsibility to the Local Authorities, the ring-fenced 10-year funding plan came to an end. The Childcare Act of 2006 formalised Local Authorities' responsibilities while changing funding arrangements.

This has led to controversy over whether Sure Start has been recaptured by the public sector and moved away from its roots in the voluntary and community sectors. The process has also led to questions about how the funding for 524 local Sure Start programmes is to be spread over 2,500 (eventually 3,500) Children's Centres in the coming years.

As Sure Start was rolled out nationally, with allowances made for the different needs of local communities, variations in implementation and service quality started to arise. Early evidence suggests that families and children with less social capital, such as teen parents, lone parents, and workless households, were less able to take advantage of the services of Sure Start Local Programmes than their better off counterparts. A recent national independent evaluation of Sure Start has criticised the local programme scheme for failing to develop a sustained and strategic approach to working with ethnic minorities at a time of increased local tension between different ethnic groups. Good practice existed in some projects but it tended to be isolated, and experiences were not widely shared throughout the programme.²¹¹

With respect to evaluation, those chosen to assess the programme have been criticised for being more concerned with targets than

the real objectives of Sure Start. The targets set – for children's speech, language, social and emotional development and reducing the number of children in workless households – have also been attacked as only partial measurements of programme success. It has been argued that academic performance, health and lifetime earnings should also be assessed, although those indicators will require a longer period of time before they can be measured.

211. Craig et al. (2007) 'National Evaluation – Sure Start and Black and Minority Ethnic Populations.' London: DfES Publications. [online] Available from: http://www.surestart.gov.uk/_doc/P0002437.pdf

Case Study 11: Alcoholics Anonymous

Name	Alcoholics Anonymous (AA).
Date founded	1935.
Location	Originated in Akron, Ohio, US, now operates in 180 countries around the world.
Purpose	To help people with an alcohol addiction give up drinking through the support of an informal society.
Means of scaling up	Diffusion of a basic idea and organisational principles.

Need

After smoking, alcoholism kills more people in the UK than any other drug. According to Government statistics, one in thirteen adults is dependent on alcohol. 33,000 people die each year due to alcohol-related incidents or associated health problems. Alcohol is involved in 15 per cent of road accidents, 26 per cent of drownings, and 36 per cent of death in fires. A quarter of accidents at work are also drink-related.²¹² In 2004/05, there were around 35,600 admissions to the NHS with a primary diagnosis of mental and behavioural disorders due to alcohol.²¹³

Idea

AA revolves around regular weekly meetings of men and women who come together to share their experiences of alcoholism and offer support and hope for others as they try and recover from alcoholism. There is an open membership policy and the only requirement is the desire to stop drinking. The attributes that normally distinguish people from each other are ignored while the one thing which members share (alcoholism) is emphasised.²¹⁴

AA was one of the first organisations to provide common sustained treatment for the recovery of alcoholics regardless of financial status, combining religious, psychological and medical support and insights. AA works on the basis of a very simple concept: recovering addicts provide support for other alcoholics to work through a prescribed twelve-step programme to recovery.

Implementation

AA was born in the summer of 1935 after a chance meeting in Akron, Ohio between Robert

Holbrook Smith, a local doctor ('Doctor Bob'), and William Wilson, a New York stockbroker. Wilson told Doctor Bob in very persuasive terms that alcoholism was a malady of the mind and body. He also told him how he managed to remain sober by attending the meetings organised by the Oxford Group Movement (a mostly non-alcoholic fellowship that emphasised universal spiritual values in daily living), taking part in their small discussion groups and following their precepts: confession, honesty, talking out of emotional problems, unselfishness, making reparations and praying to God as personally conceived.

Doctor Bob was greatly moved by listening to the experience of a fellow sufferer, and was persuaded to stop drinking. Both men set out to work with alcoholics in Akron City Hospital, gathering them together to share experiences and their common struggle against alcoholism. By the end of 1935, a second group started to take shape in New York, and a third opened in Cleveland in 1939. In the same year the foundational book *Alcoholics Anonymous* was published, which explained AA's philosophy and methods, including the famous Twelve Steps of Recovery. The Twelve Steps had been developed by trial and error over the preceding four years and contained some case studies of early members.²¹⁵

Scaling up

The organisation received initial support and funding from John Rockefeller, resulting in a series of sympathetic newspaper articles which gave AA a heightened profile and subsequent rise in membership. Membership jumped to 6,000 by 1941 and by 1950 had risen to 100,000.

212. See <http://www.alcoholics-anonymous.org.uk/prof/counsellors.shtml>

213. See http://www.ic.nhs.uk/webfiles/publications/alcoholeng2006StatisticsOnAlcohol300606_PDF.pdf

214. Robinson, D. (1983) *The Growth of Alcoholics Anonymous*. 'Institute for Health Studies.' 18(2) pp. 167-72.

215. *Ibid.*

In 1950, AA held its first national conference in Cleveland, where its founding fathers stressed the importance of keeping the organisation as simple as possible. It was also here that the AA's Twelve Steps to guide the alcoholic's recovery and the twelve principles to guide the alcoholic's relationships within the organisation and the outside world were consolidated.

In autumn of 1948, the first group was formed in London, others quickly following in Scotland and Wales. By 1959, the General Service Office in London was able to put out a list of over 100 AA groups. Twenty years later there were over a thousand groups operating in the UK.²¹⁶

AA is successful because it spread not its organisation, but its basic idea. It operates with little formal structure and under conditions of anonymity. As an organisation it has two operating bodies:

1. AA World Service is based in New York and takes care of administrative tasks with a core staff of 79 who maintain links with local groups and prepare and distribute literature.
2. AA Grapevine Inc. publishes and distributes the AA magazine, the *Grapevine*.²¹⁷

These two bodies are answerable to a General Service Body which is comprised of trustees who act to safeguard AA's traditions.

A general service conference is held annually involving delegates from AA local groups and the General Service Body, thus maintaining links between the centre and the periphery. Local groups are autonomous and self-funding with the hiring of halls and sundries financed through 'passing around the hat'.

AA manages to avoid many problems commonly affecting other organisations as they grow: lack of shared purpose between core and periphery, dilution of the original idea, lack of capacity to deliver – through its stripped down, basic organisational structure and emphasis on a core, straightforward, unalterable tradition, which is enshrined in *The Big Book*.²¹⁸ Simplicity combined with the altruistic nature of the treatment, which uses participants as ambassadors and mentors, helps spread the work of AA and increases membership.

AA now has two million members with over 60,000 groups in Canada and the US. Groups operate in 180 countries around the world. AA also receives institutional support within the prison services of many countries and

attendance of AA meetings often accompanies sentencing. Moreover, in societies where traditional support structures (church, family, neighbourhood) are in decline, AA and other mutual aid groups represent an important component of primary healthcare and provide an invaluable support structure for those in need.

Challenges

The early success of AA in North America was due in part to its strong resonance with the cultural ideas emerging at the time around the need to be self-reliant, individually driven to overcome hardship, and to take personal responsibility for success.

AA operates in diverse religious settings, developed and developing countries, nations with private medical care and state health-care. However, development has been uneven. Outside of South Africa and Zimbabwe, there are few groups in the rest of Africa. Eastern Europe has also been slow on the uptake, while members in India and the Middle East tend to be employees of foreign firms.²¹⁹ This can partly be explained by the tradition at AA meetings of members sharing their own life histories with others, regardless of class, gender, race, religion, or social status. Thus, cultures which put a high premium on privacy in emotional or social terms, or where people are 'fixed' within highly differentiated roles and relationships, have found it difficult to accommodate the core principles of mutual aid groups like AA.

AA's early success lay in part upon its insistence that individuals, and groups of individuals collected in cohesive groups, should focus their ethical work on changing themselves and supporting others. In addition, AA did not engage in the public politics of alcohol consumption that was growing rapidly in 1940s and 1950s America. The 'alcohol problem' was viewed as the problem of the alcoholic, not the alcohol industry or wider culture. AA has never set itself against the alcohol industry, nor undertaken any lobbying or advocacy work to try and temper the rise of the drinking culture in modern societies.²²⁰

There are also questions over the effectiveness of AA. In reality, AA's success rate is difficult to establish when compared to other treatments for alcohol abuse, (though it is usually argued to fare no better or worse).²²¹ Assessment is made harder by the fact that it keeps no membership and is a loose affiliation.

216. Ibid.

217. See <http://www.aagrapevine.org/>

218. Alcoholics Anonymous 'The Big Book' [online] Available from: <http://www.aa.org/bigbookonline/>

219. Robinson, D. (1983) The Growth of Alcoholics Anonymous. 'Institute for Health Studies.' 18(2), pp. 167-72.

220. Valverde, M. and White-Mair, K. (1999) 'One day at a time' and other slogans for everyday life: the ethical practices of alcoholics anonymous. 'Sociology.' 33(2), pp. 393-410.

221. See http://www.alcoholconcern.org.uk/files/20030910_144143_0outcomes%20of%20alcohol%20treatment%20final.pdf

Randomised controlled trial research would also struggle to identify AA as a unique cause for success against alcoholism, because many people attending AA are also engaged with other therapeutic practice.

Annex 4: Literature Review

There is a vast literature on social innovation and a fairly extensive literature on the diffusion of innovations. There is, however, a much more limited literature on the scaling-up and replication of social innovations.

Most of the existing literature analyses different approaches to growth along the continuum from undirected diffusion to organisational growth. For example, **Peter Uvin et al.**²²² have identified typical ways in which NGOs can widen their social impact by increasing their size, taking on new activities, directly and indirectly influencing the behaviour of other organisations and assuring their own organisational sustainability. They suggest that decentralisation is more effective than organisational expansion for widening social impact. For these authors, decentralisation is about: “multiplication and mainstreaming through spinning off organisations, letting go of innovations, creating alternative knowledge, [and] influencing other social actors”. Uvin et al. maintain that, whilst trying to maximise and spread their impact, NGOs face strategic choices between three basic models:

- **Expansion:** becoming a larger organisation. For example, increasing the size of existing activities with more money, employees, and beneficiaries. Success is defined in terms of the ability to become a major player in the sector.
- **Multiplication:** organisations can spin off independent institutions. This often entails decreasing in size and focusing on development through multiplication. Success here is defined by the diversity and plurality of spin off organisations – the “civil society-like multitude of initiatives and

organisational forms each with its own goals, structures, roles and capabilities”.

- **Mainstreaming:** setting up mechanisms of indirect action such as advocacy, lobbying, training, research, integration and joint ventures to influence the functioning of government or business. Success is achieved if the organisation influences the behaviour of actors throughout society.

The choice of model is driven by elements such as the ideology and personality of the top leadership; the socio-economic and political environment within which the organisation operates; windows of opportunity; the type of activity; and the members of the public.²²³

This approach is consistent with **Greg Dees’** work, which distinguishes between ‘scaling up’ and ‘scaling deep’.²²⁴ ‘Scaling up’ involves organisational growth in new contexts and regions, while ‘scaling deep’ means focusing resources on achieving greater impact in the ‘home’ community. ‘Scaling deep’ follows the logic of ‘small is beautiful’ – achieved through improving the quality of existing services, greater penetration of a target population, developing new ways of tackling problems, extending services to new groups, and developing innovative financial and management approaches.

Dees also emphasises the value of scaling social impact, as opposed to organisational growth. The ideal is to maximise *social impact* in relation to the resources consumed or invested. This requires engaging with the ‘ecosystem’ in which the social innovation ‘lives’. The ecosystem, for him, consists of ‘players and roles’ (e.g. resource providers, competitors, allies, beneficiaries, customers and relevant

222. Uvin, P., Jain, P. S. and Brown, D. (2000) Think Large and Act Small: Towards a New Paradigm for NGO Scaling Up. ‘World Development.’ 28(8), pp. 1409-1419.

223. Ibid.

224. See for example Taylor, M. A., Dees, G. J. and Emerson, J. (2002) The Question of Scale: Finding an Appropriate Strategy for Building on Your Success. ‘Strategic Tools for Social Entrepreneurs: Enhancing the Performance of Your Nonprofit.’ Eds. Dees, G. J., Emerson, J. and Economy, P. New York: Wiley Press.

bystanders), and 'environmental conditions' (such as politics and government, economics and markets, culture and social trends, geography, and infrastructure).

According to Dees, the greatest impact is likely to result from changes in the ecosystem – and for this to happen the lasting alteration of player behaviour must be achieved. This can be done through the widespread diffusion of an innovation or by changing one or more of the environmental conditions. Ways of changing the ecosystem include coalition-building between players, effective communication, creating viable alternatives to existing practice, and contingency planning. If social innovators engage in such activities, they are likely to create a very positive impact.²²⁵

Everett Rogers, who has also written extensively on the issue, defines the diffusion of innovations as: "the process by which innovation is communicated through certain channels over time among the members of a social system".²²⁶ Successful diffusion occurs in three distinct stages: an early period when it spreads very slowly; a second stage when replications take off (with a large portion of total replications over a short period of time); and a final stage when the number of replications drops dramatically and remains stagnant until the replication ends.²²⁷ A number of factors may affect the rate of adoption of any given social innovation: relative advantage, compatibility, testability, visibility, time, communicability and the capacity of staff to act as change agents in altering behaviour. Rogers identifies, in addition, five stages affecting diffusion at an individual level: knowledge, persuasion, decision, implementation and confirmation.

Christine Greenhalgh et al.²²⁸ advocate a more nuanced interpretation of the diffusion and adoption of innovations, maintaining that we should regard it not as an event but as a process. For them a 'concerns based adoption model' is a better explanation of how innovations occur and are diffused. This model has three components: first, concerns at a pre-adoption stage related to users' awareness of an innovation and whether they have sufficient information to understand how the innovation will affect them personally; second, concerns during early use noting that successful adoption is more likely if users have continued access to information, training and support; and third, concerns among established users over whether they have the opportunity, autonomy and support to refine the innovation.

Greenhalgh et al. also put forward a number of factors which account for differing rates of adoption. These include how easily the knowledge required to use the innovation can be codified and transferred to other users, whether the innovation improves the user's task performance, whether it is supported with training, customisation or a help desk, and whether the innovation poses a risk to existing practices within the organisation. They also stress the importance of the so-called 'fuzzy boundaries' between the 'hard core' of an innovation, which cannot be adapted, and the 'soft periphery' which can. The adaptability of the soft periphery is a key attribute in determining adoption rates.

In addition, Greenhalgh et al. argue that individuals are not mere passive recipients of innovations – instead, they experiment, evaluate, challenge and reinvent them. To call adopters 'lazy' or 'laggard' is, at best, simplistic. There are a number of psychological antecedents to adoption. For example, where an innovation meets a personal need, users have heightened motivation for use. It is also relevant whether the meaning attached to the innovation by the user is matched by that of senior management, other service users and stakeholders.

A4.1 Social dissemination models – some shortcomings

Amy Gerstein²²⁹ points out a number of common pitfalls or 'instructive mistakes' with social dissemination models. To begin with, most studies try to duplicate a programme's technical element without considering the tacit or informal knowledge embedded in people and organisations – and which is key to success. Another common problem is what she calls 'transplant' dementia – a programme model designed at one particular location cannot simply be transplanted elsewhere. In addition, most efforts fail to meet the challenge of supporting all those involved with the implementation of a specific programme or to see it through in all its complexity. It is important to acknowledge that there is not a magic bullet to success. Yet another challenge is the fact that potential recipients often fail to understand how the innovation could be made to work for them, which in turn limits the adoption of the innovation in new places. Finally, if a programme is to take root, institutional resources need to be invested.

225. Dees, G. (2007) 'Scaling Impact with Ecosystem Thinking.' Presented at Stanford GSB. 9th April 2007.

226. Rogers, E. M. (2003) 'Diffusions of Innovations.' New York: Free Press. p. 5.

227. Graphically this is the 'S' curve.

228. Greenhalgh, C., Robert, G., MacFarlane, F., Bate, P. and Kyriakidou, O. (2004) Diffusion of Innovations in Service Organisations: Systematic Review and Recommendations. 'The Millbank Quarterly,' 82(4) [online] Available from: <http://www.millbank.org/quarterly/8204feat.html>

229. Gerstein, A. (2002) 'Framing a conversation about taking social innovations to scale: considerations for reformers and funders.' Palo Alto, CA: Noyce Foundation.

David Strang and Sarah Soule see diffusion as an: “opportunity to observe the cultural construction of meaning, learn how practices are locally and globally interpreted, and ask why some practices flow while others languish”.²³⁰ Their analysis focuses on recent developments of ‘macro’ diffusion analysis in social movements and organisations, i.e. they study behavioural strategies and structures rather than technical innovations. Strang and Soule identify two structural mechanisms that affect diffusion: first, diffusion *into* a population through external source or broadcast models; and second, diffusion *within* a population by internal or contagion models. The two mechanisms may operate in tandem: for example, when people heard the news of JFK’s assassination on the radio and then ran into the streets to spread the word. But internal and external sources often play different roles in diffusion. External sources bring ideas *into* a population through mediums like the mass media and the state. Internal influences *within* a population, on the other hand, are affected by the spatial homogeneity and cultural cohesion of the population and the innovation’s cultural status and prestige. Moreover, organisations will often scan horizons to assess competitors and, where necessary, will innovate (or adopt innovations) to retain competitive advantage.²³¹

A4.2 Interpretation and diffusion

An interpretative process underlies most adoption processes. **Erving Goffman’s** theoretical interpretative ‘frame’ is useful as: “an interpretative schema that simplifies and condenses the ‘world out there’ by punctuating and encoding objects, situations, events, experiences, and sequences of action”.²³² The interpretative process involves the translation of concrete practices into abstractions for export – and then unpacking the abstraction into a concrete practice. The diffusion of the practices happens as they are rendered salient, familiar, and compelling – thus, it is not the innovation itself which is diffused, but the individuals’ and organisations’ understanding and perception of the innovation.

Not surprisingly, practices which reflect mainstream cultural understanding of appropriate or effective action tend to diffuse faster than those which do not. Centrally placed actors tend to be early adopters of culturally ‘legitimate’ innovations, whereas ‘illegitimate’ innovations are adopted by those

on the margins. Fringe players challenge and repeatedly transform institutional structures.

A4.3 Organisational growth

Jane Wei-Skellern and Beth Anderson²³³ have analysed the geographical expansion of non-profit organisations through branches or affiliates. The drive to achieve social impact often translates into pressure for organisational growth, but other motivations for expansion include the desire to tap new funding sources, build the organisation’s brand, and improve efficiency. For them, one of the most important questions facing leaders of this type of organisation when they try to expand is to decide what kind of organisational structure to adopt. Wei-Skellern and Anderson argue that the looser the relationship between the original organisations and branches/affiliates, the faster the growth.²³⁴

Some of the key challenges in expansion include building organisational capacity and systems regardless of growth structure, cultivating the right culture, and developing strong leadership when expanding through branches. Branches created and controlled by a central office lack the autonomy of affiliates, and find it challenging to maintain a close-knit culture and appoint appropriate people to lead. With affiliates, the problem is how to define governance responsibilities rather than reproduction of original culture.

Wei-Skellern and Anderson conclude that there is no single optimum organisational structure for expansion – specific challenges vary according to the route chosen. Different approaches will be more or less appropriate depending upon context, resources, strategy and organisational capacity.

They also found that non-profit leaders favoured branch expansion, but the models and organisations were generally smaller than the original institution. Amongst the largest non-profit organisations, affiliates dominate. Indeed, the looser the expansion method, the greater the growth. Accessing economies of scale appeared to be a leading motivation behind expansion, but for many organisations, these benefits did not materialise to the degree expected. Wei-Skellern and Anderson’s research, therefore, highlights the challenge that non-governmental organisations face as they expand and the importance of organisational structures in building capacity

- 230. Strang, D. and Soule, S. (1998) Diffusion in organisations and social movements: from hybrid corn to poison pills. ‘Annual Review of Sociology.’ 24, pp. 265-290.
- 231. This is demonstrated by the phenomenon of reverse engineering.
- 232. Goffman, E. (1974) ‘Frame analysis: An essay on the organisation of experience.’ London: Harper and Row.
- 233. Wei-Skellern, J. and Anderson, B. B. (2003) ‘Non-profit Geographic Expansion: Branches, Affiliates, or Both?’ CASE, working paper series no. 4.
- 234. Branches have the advantage of role models and laboratories for testing new ideas, while affiliates can be an important source of innovation.

and systems to support new locations. Such problems may partly explain why the benefits from economies of scale tend to be lower than the organisations expect.

Literature in this field is developing rapidly among foundations as well as other supporters of innovation such as universities. However, it still lacks much in the way of quantification and data and, at present, there is relatively little analysis of the impact of different market structures on innovation.

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