

Philadelphia Social Innovations Journal and the Philadelphia Social Innovations Lab: Taking Ideas from Inception to Impact

Don Liberati and Helene Furjan 24 October 2012

The way to get good ideas is to get lots of ideas and throw the bad ones away.

—Linus Pauling, Nobel Prize winner in Chemistry and Peace

Introduction

While the desire to create social change was once unique to the public sector, entrepreneurs of various backgrounds are now more focused on how their organizations and actions impact the world around them. The emerging social economy is marked by the central importance of innovation as a driver. Social innovators, change makers, and social entrepreneurs, social enterprises, and social ventures are all in the business of identifying, shaping, and harnessing opportunities for

social change, the “triple bottom line” strategy of a focus on social and environmental capital rather than a focus on financial gain. As “change agents,” social entrepreneurs are motivated by long-term social returns on investment (SROIs):

In its broadest definition, Social Investment is defined as the inputs necessary to fuel and power long term and sustaining social change. It can take the form of the financial investments necessary to fund testing and experimentation, the talent to provide the skills and expertise to execute the strategy, and the social networks to build coalitions to accomplish long lasting change (Nicholls 2008, 11).

Traditional nonprofits, outsmarted in many instances by the new class of social enterprises, are beginning to rethink their model: learning from social entrepreneurship, they now embrace project-driven goals over abstract missions, impact measuring to test and verify results, more dynamic organizations responsive to changing conditions, and more flexible business structures, including hybrids of non- and for-profit. Social innovation is now so central a concept that President Obama established the Office of Social Innovation and Civic Participation, with a \$124 million Social Innovation Fund, as one of his first acts in office. Indeed, the social economy is so dominant that companies are rushing to keep up: “[T]he openness for and proportion of changemakers in an organisation [sic] now defines

competitiveness.... Consequently, much like organisations [sic] need a business model to attract investors, they increasingly need a 'social model,' a reason why people should want to engage with them" (Oldenburg 2012).

New models for working across sector and organizational silos are needed to develop robust cooperation and collaboration, key not just to improving outcomes, but also to developing more transformative innovations. As this dynamic plays out, it will become increasingly important that charitable dollars are used in a way that produces real and tangible results, platforms for knowledge gathering and sharing are established, and models of "co-design" and "co-implementation" are formed (alliances, mergers, cooperatives, partnerships, exchanges, networks, affiliations, and so on). As the sector grows and consolidates, it needs service organizations, which, while already prolific, are as yet untested themselves, fragmented, and lacking clear protocols, methods, metrics, and case studies, just as the emerging social economy itself suffers. A window of opportunity exists to develop robust intermediaries dedicated to fostering and developing innovative ideas. The Philadelphia Social Innovations Lab has been created in conjunction with *Philadelphia Social Innovations Journal*, the Fels Institute of Government, Wharton Social Impact, and PennDesign to fill this void.

Current Conditions

Current Conditions

Founded upon social values and goals, and using deeply collaborative approaches to development, production, knowledge sharing and financing, the civic economy generates goods, services and common infrastructures in ways that neither the state nor the market economy alone have been able to accomplish (Compendium for the Civic Economy 2011, 9).

The landscape of the social sector has changed substantially over the past few years. Since 2008, the financial crisis has rocked the world economy and had many ripple effects on the lives of most people, increasing the growing concern that traditional economic development models are unable to solve shared economic, social, and environmental challenges. Unemployment and underemployment rates have been at their highest levels since the Great Depression. Governments are racking up historically high deficits and are actively trying to find opportunities to reduce spending. Foundations and donors hard hit by the downturn in the markets have less money to give. At the same time, there has been a rise in the number of people available to provide services, pushing the social economy to center stage.

During the period from 2007 to 2012, government, foundation, and corporate giving as well as investment income declined across the board. While individual giving

increased during this time period, it was not enough to make up the shortfall. The reduction in giving has occurred for a variety of reasons. Investment income dropped substantially with the markets, in much the same way that individuals' investment portfolios and 401(k)s dropped. Foundations rely on the interest income from their endowments, which also dropped as a result of the instability of the markets. As corporate profits retracted and share prices declined, foundations looked at a variety of methods to bridge the gap in their shortfalls. One area was corporate donations in the form of both direct gifts and sponsorships. In the face of growing deficits and budget shortfalls, the government has cut discretionary spending on social programs.

The number of nonprofits, particularly public charities, has continued to grow over the past 10 years. According to the National Center for Charitable Statistics, the number of public charities grew by 60 percent between 1999 and 2009, and by 22 percent between 2004 and 2009. In the Philadelphia area alone, there are more than 15,000 nonprofits. The result is a more competitive environment for limited financial resources. The sector is innovation-rich: a study by NESTA and The Young Foundation (Murray, Mulgan and Caulier-Grice unpublished paper, 1) found over 300 different methods and supporting conditions for dynamic social innovation. But, unlike the business sector, nonprofits lack accepted theories, tools, approaches, and organizations dedicated to taking ideas

from inception to impact.

It is becoming clear that while nonprofits are good at providing services, they have struggled with a way to report the quality of their results and impact.

Unfortunately, financial metrics often are used as a proxy to evaluate the quality of the organization. At times, a number as simple as the overhead rates as a percentage of the total budget can be used to judge how a nonprofit is performing. A second way nonprofits evaluate themselves is by reporting the number of people they serve. Both metrics can lack the complexity and depth necessary to give a sense of the real outcomes produced. If the mission is to solve the hunger problem, reporting on the number of people that you give food to may be a start, but it is surely not the entire answer.

Without dealing with the root cause of a social issue, the hope for real and long-lasting change seems further away than ever. Existing structures and policies have failed to work:

The classic tools of government policy on the one hand, and market solutions on the other, have proved grossly inadequate. The market, by itself, lacks the incentives and appropriate models to solve many of these issues. Where there are market failures (due to non-competitive markets, externalities or public goods), these tasks have fallen either to the state or civil society. However, current policies and structures of government have tended to

reinforce old rather than new models. The silos of government departments are poorly suited to tackling complex problems, which cut across sectors and nation states. Civil society lacks the capital, skills and resources to take promising ideas to scale (Murray, Caulier-Grice and Mulgan 2010, 3-4).

Given the large amount of money invested in preventing poverty, the recent news that poverty has hit its highest level in 30 years is very disconcerting (DeNavas-Walt 2012). This news can in part be attributed to the lack of change created by focusing on providing services, rather than attempting to change the inputs and outcomes. It is equally clear that the model of stark competition that rules the business economy, and that has led thinking in the nonprofit world, will not work in the long term:

Some of what is happening in the market entails the adoption of ideas from the social sector – collaboration, cooperation, trust-based networks, user involvement in service design, for example, are all familiar concepts in the social field and are now seen as on the cutting edge of business. Yet some of the new methods are as challenging to existing charities, nongovernmental organisations and cooperatives as they are to mainstream businesses and public agencies (Murray, Mulgan and Caulier-Grice unpublished paper).

As the leaders of each of these entities look out at the current climate, they are faced with two very different

issues. The best way to allocate and develop limited financial and human resources has been the subject of much debate. A new trend is impact investing. Based on the venture capital model, but rather focusing solely on a return on investment, impact investing looks for a triple bottom line – financial returns, social impact, and environmental impact. Impact investing introduces the idea of financial returns into the social space, brings a focus on evidence-based models, and has the potential to open up new streams of funding. Social investment bonds have been tested in England and are beginning to be used in the United States as a way to attract private investors to help fund positive social outcomes for a defined group of people. These are a win-win for the government, as the bonds have to pay a “dividend” only if they achieve an agreed-upon outcome.

The second issue facing social innovation asks how we know whether our dollars are having a positive impact and making meaningful change:

There is a remarkable dearth of serious analysis of how social innovation is done and how it can be supported, and in a survey of the field we have found little serious research, no widely shared concepts, thorough histories, comparative research or quantitative analysis. This neglect is mirrored by the lack of practical attention paid to social innovation (Mulgan et al. 2007, 7).

While there are tools and processes in place to evaluate

and assess investment opportunities in the private sector, the same cannot be said for the methods to evaluate programs that generate a social return on investment, as opposed to more strict and traditional financial return: "In the social field the very measures of success may be contested as well as the tools for achieving results" (Murray, Caulier-Grice and Mulgan 2010, 4-5). But without these metrics and assessments, it is impossible to sort new ideas and programs based on their potential impact.

Outside of normal evaluation systems, like the Better Business Bureau, several organizations have started evaluating nonprofit results. It is worth noting that generally these rating systems are focused heavily on the financial health of the organization and anecdotal evidence. As an example, Charity Navigator was founded to help investors give with confidence. They evaluate nonprofits based on two criteria: financial health, and accountability and transparency. Great Non-Profits uses a star system (5 stars being the best) to rate each nonprofit. Individuals can join the site and provide reviews on each organization based on their specific interactions. Guidestar used a mixture of both. They provide all of the financial reports for each nonprofit, and provide user reviews as well. But user reviews can have a tendency to be subjective and not very focused, and the financial health of the organization, while important, does not tell the full story of its impact.

Up until now, in other words, while nonprofits have worked

hard, they have largely measured their impact as a function of their efforts rather than focusing on the specific outcomes produced by that effort. Tom Tierney, CEO of Bridgespan, criticizes this approach: “we don’t value orgs based on inputs like that, we base them on their outputs. NPs, because their results are hard to measure — quite difficult and ambiguous — tend to be rated on their inputs.” (Tierney 2007) Assuming the cheaper the management team the better is wrong in terms of increasing impact, overlooks the elements that combine to build a strong organization, and “starves orgs of the capacity they need to deliver results.” Nonprofits need to shift priorities with boards and donors as well, building an A-quality team to provide an A-quality impact: invest in leadership building.

Impact measurement is a recent phenomenon and still lacks the fundamental mechanisms to test and vet projects and programs before they are executed in the marketplace. Measuring outcome is not always easy when considering the complex and entrenched issues that many social organizations are trying to overcome, and the intangibility of defining and measuring positive social change.

Social Venture Intermediaries

Social Venture Intermediaries

We argue that the lack of knowledge impedes the many

institutions interested in this field, including innovators themselves, philanthropists, foundations and governments, and means that far too many rely on anecdotes and hunches (Mulgan et al. 2007, 5).

Innovation can happen accidentally; it can also be taught, encouraged, and nurtured. Methods can be mapped, evaluated, and passed on. Thus, as innovation increasingly drives both business and the social sector, intermediaries have developed to foster and support impactful innovation, driving ideas to sustainable models: "Few new ideas are born fully formed: instead they often need incubation in a protected environment that provides support, advice and the freedom to evolve" (Mulgan et al. 2007, 38). Social Venture Intermediaries (SVIs) are developing to meet these needs in for-profit, nonprofit, consultancy, educational, and governmental forms. Foundations, journals, research centers, institutes, think tanks, incubation and accelerator programs, alliances, and networks have all sprung up to help define and build the structure and processes for social innovation and investment.

Five primary areas of SVI services exist: finance; people, networks, and expertise; marketing and distribution; innovation incubation; and monitoring. SVIs increasingly play a vital role in social venture formation, and we can expect the field to grow substantially in the long term. However, too many focus their attention on start-up acceleration. Accelerators can "provide development

funding for social entrepreneurs, groups of public sector workers, private companies and academics, as well as partnerships; rapidly test out new ideas in practice, with quick assessments; allow fast learning across a community of innovators; and establish clear pathways for scaling up the most promising models" (Mulgan et al. 2007, 38). But they often fail to provide support in the growth phase as ventures and programs scale up, and fail to sufficiently understand impact well enough to continue to mentor—or monitor—innovations through to maturity (Shanmugalingam, Graham, Tucker and Mulgan 2010).

Nevertheless, "every venture has to decide what organizational form to take, what kind of decision-making process to adopt and which kinds of information and financial management systems to put in place" (Murray, Caulier-Grice and Mulgan 2009, 49). Working out the best structures and systems can be time-consuming and expensive. Equally difficult can be access to relational capital: key knowledge and skills for applications and pitches, to experienced mentors, to possible investors and funders, and to decision-makers and implementers. For mid-level people with good ideas, especially in government and large nonprofits, access can be impossible. But middle management and "frontline staff" are often in a better position to see potential innovations than top leadership: "Most social change is neither purely top-down nor bottom-up. It involves alliances between the top and the bottom, or between what we call the

'bees' (the creative individuals with ideas and energy) and the 'trees' (the big institutions with the power and money to make things happen to scale)" (Murray, Caulier-Grice and Mulgan 2010, 7). Linear models of innovation ("trend-based innovation") are less impactful than non-linear, bottom-up models of innovation ("disruptive innovation"), but this complex model is harder to achieve and thus more in need of support and expertise (Jouen and Delors 2008, 13).

A further problem lies with vetting—sorting out good innovations from potential failures: "Market discipline does not automatically weed out inefficient or ineffective social ventures" (Dees 2001). The social economy thus urgently needs reliable mechanisms and intermediaries to help achieve this filtering process. Looking ahead in 2007, Geoff Mulgan and his colleagues in the United Kingdom noted three key elements that would significantly improve social innovation, including better metrics and R&D support. Number two on that list: "Public agencies, foundations and individual philanthropists providing core funding for intermediary bodies like innovation laboratories and accelerators, that can then provide a mix of development and financial support" (Mulgan et al. 2007, 37).

While a number of labs have sprung up across the world stage, there is not a common and clear definition for what role a social innovation plays in the process, and little formal analysis or informed critique of the range of

existing models. By creating a social innovations lab where new ideas can be tested and refined, models will be vetted prior to being funded, opening access to funding for great ideas, and improving the overall impact of philanthropy dollars. *Philadelphia Social Innovations Journal* and Fels Institute of Government Social Innovations Lab at the University of Pennsylvania provides just such a model.

Universities have had a role in promoting innovation for many decades: business schools at MIT, Stanford and Yale began to include social leadership within their scope in the 1970s. Since that time, the landscape has changed radically: numerous social enterprise, social innovation, and social entrepreneurship programs, incubators, and centers now exist in universities worldwide. Today, most social innovation centers, institutes, and labs are housed in or partnered with universities. In his essay, John Byrne notes that the MBA has become the new route to the social sector in higher education: "As greater numbers of young people dedicate themselves to social enterprise, more and more business schools are also getting into the act" (Byrne n.d.). Net Impact's 2011 Business as Unusual Guide to Graduate Programs lists over 100 business programs rated for their commitment to social and environmental impact (Net Impact 2011). Of these, all Net Impact "Chapters," 24 gained "gold" ratings, and 31 silver, most of which are in the United States. In addition, numerous foundations, platform-based networks and

"ecosystems," funds, exchanges, and even indexes now exist both in the United States and elsewhere. Ashoka, perhaps the most influential of the foundations, has established the Ashoka U Changemaker Campus, a partnership with a number of the U.S. university-based initiatives. But the primary focus in academia, if not more broadly, has been on social enterprise and entrepreneurship, leading social innovation through business.

Centers and labs that focus more directly on social innovation's links to public policy, government, and nonprofit leadership are fewer in number. Worth noting are Babson Social Innovation Lab (SIL), Boston College SIL at the Center for Social Innovation, Brown's Social Innovation Initiative at the Swearer Center for Public Service (which includes a boot camp), George Washington's Center for Civic Engagement and Public Service, which includes a social innovation concentration, John Hopkins' SIL, the New School's Social Innovation initiative, New York Stern's Berkeley Center SIL, Penn State's partnership with the New Leaf Initiative to create an immersive collective SI incubator (Co.Space), Stanford's Center for Social Innovation social and environmental changemakers incubator and its "design thinking" immersive lab for Social Entrepreneurship at the Institute of Design (d.school), USC's Annenberg Innovation Lab, and the Changemaker Hub at the University of San Diego. Notable International centers and

labs exist: the pioneering Skoll Foundation at Oxford, University of Leicester's WISE (Working in Social Enterprise), PULSE (Promoting University of Leicester's Student Enterprise) and EnterpriseInc (a student award), both in the United Kingdom, and ESADE's Institute for Social Innovation (IIS) at Ramon Llull University in Spain.

It is also crucial that the Fels School of Government is centrally involved in driving, and driving research into, social innovation at Penn. Both Drexel and Temple currently have innovation centers: Drexel's Baiada Institute for Entrepreneurship, and Temple's Innovation and Enterprise Institute and the cD+i (Center for Design and Innovation, essentially a lab with a strong civic innovation focus) at the Fox School of Business. But, with the exception of Drexel's Bayada Award and general commitments to community engagement and sustainable ethics, neither is focused on social innovation.

Significantly, Cornell (Center for Sustainable Global Enterprise, and the Business Simulation Lab, at the Johnston School of Business), Columbia (Social Enterprise Program), Yale (program on SE), MIT (Legatum Center for Development and Entrepreneurship, focused on global poverty), Duke (Center for the Advancement of Social Entrepreneurship [CASE] at the Fuqua School of Business, which received a gold rating from Net Impact), and Harvard (the iLab and Social Enterprise Program at the Harvard Business School) are equally focused on social enterprise and entrepreneurship, driving social

impact via the business world. A robust lab and eventual center at Penn focused on social innovation, and located in a stronger nexus of policy, politics, government, business, health, education, and design, would provide an edge in competition among Philadelphia universities and our peers.

Penn's School of Social Policy already offers a master's in Leadership for Social Change (part of its Non-Profit Leadership track); Wharton has initiated a Social Impact Program (WSPI), with an endowed curriculum development fund, that fosters initiatives throughout the school and is the cornerstone of Wharton's "three pillars," uniting innovation, global presence, and social impact as a commitment to business as a "force for social good." WSPI has already made contact with Co-Space and is in discussions about potential partnerships. Faculty in medicine, particularly the newly appointed "integrated Knowledge Professors," are driving innovation by working across health and policy, and partnering with business, planning, and design faculty. And Penn's Law School has just announced the Center for Technology, Innovation, and Competition, which, while less directed at social innovation, focuses on ways to promote innovation through public policy more generally, and on the cutting-edge of digital and social platforms (cloud computing, crowd-sourcing, and so on) that will be central to successful social innovations and ventures. But missing from this mix is the politics of policy, and the ways in

which government, whether local, state, or federal, plays a part in social impact — both positive and negative. A failure to prepare graduates to understand the political landscape that all social ventures — nonprofit, for-profit, or hybrids — will have to traverse will limit the ability of Penn as a whole to ensure success in its mission to create in students a force for social good.

The Social Innovations Lab

The Social Innovations Lab

In the creative process of a Lab, goals are understood as moving targets and are achieved through an evolving and self-correcting process. Questions allow participants to challenge old notions and frame and re-frame the problem. Measures of success are organically prescribed and iteration is key (Torjman 2012, 10).

The primary mission of a lab is to determine and share how new ideas are generated and tested out in practice, how they can establish themselves sustainably, how they extend and spread, and how they can confront, bypass, or transform the restrictive structures of the old order. Labs catalyze innovation through experimentation and testing, providing a unique context for development. The lab is a hinge in the system that cuts across “organizational, sectoral or disciplinary boundaries,” and acts as an arbiter of ideas and knowledge (Mulgan et al. 2007, 20). It acts as a collaborative and interdisciplinary space that develops

unique models of “co-design” (see Murray, Caulier-Grice and Mulgan 2010, 31).

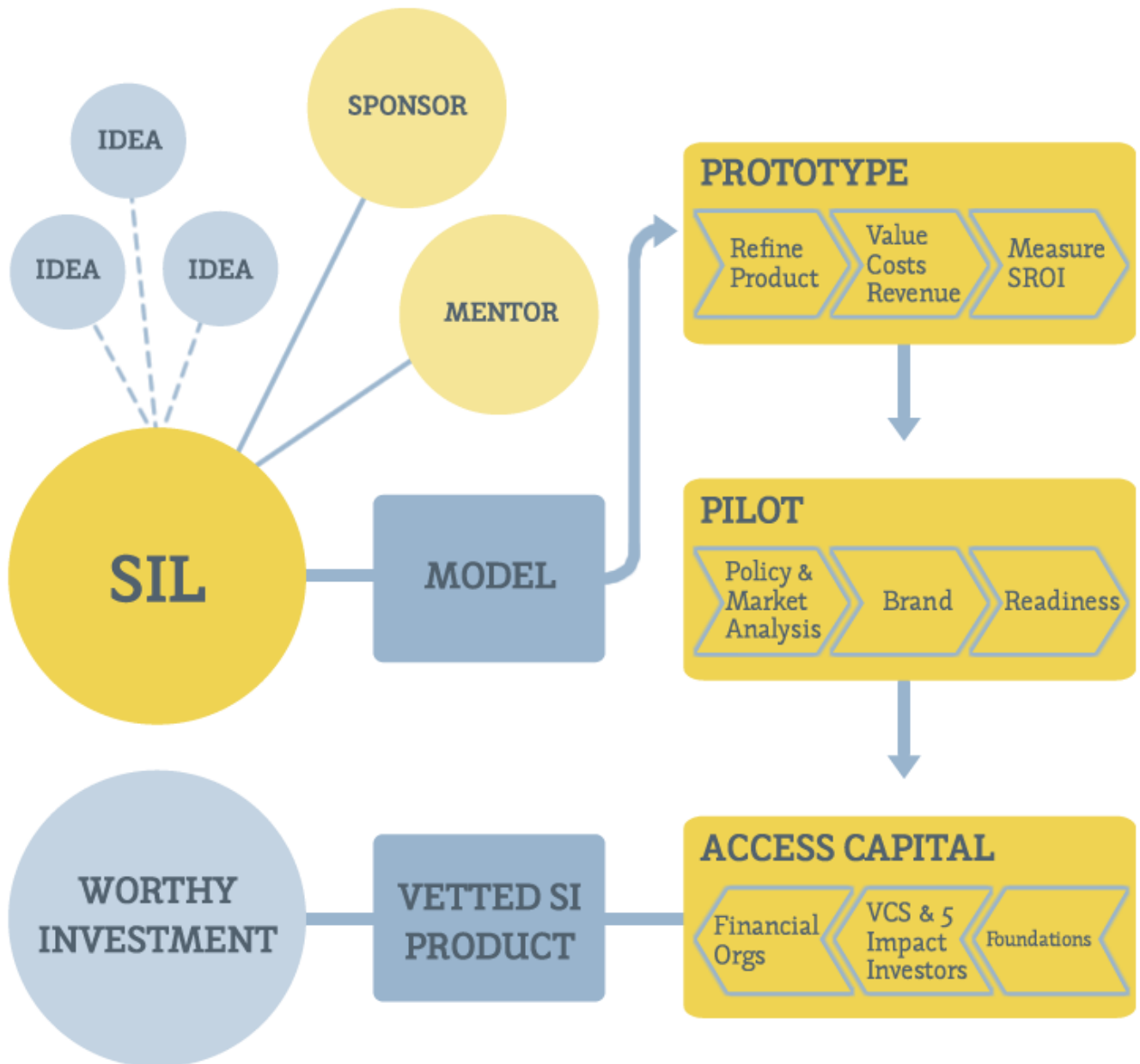
The Social Innovations Lab is an outgrowth of *Philadelphia Social Innovations Journal (PSIJ)*. For the past three years and through twelve online *Journal* editions (and hundreds of articles) and launch events featuring the innovators and their organizations, the *Journal* has brought together over 3,000 people in the region and beyond. Given its success, and to take the *Journal* to the next level, a Social Innovations Lab has been developed, housed in Philadelphia at one of the finest universities in the country, and open to participants from all over the world. The Social Innovations Lab is designed to provide an opportunity to test and refine models to separate out the great ideas from the good or marginal ones in a low-risk environment, and before substantive funding is deployed. It exists to match entrepreneurs with the models most likely to succeed and with funders who are looking to ensure that their dollars are leveraged to make the largest impact possible.

The Social Innovations Lab is an attractive option for both funders and social sector organizations. Rather than fully investing in great but untested social sector models, foundations, and investors, as well as nonprofits, government and private organizations can sponsor an individual or small teams to go through the Social Innovations Lab to refine and test its proposal prior to making a final decision on a large investment. The

objective of the lab will be to take great ideas and test them in a low-risk environment. The Social Innovations Lab will teach participants to think about innovation systemically, and help shape the right model and method for each idea.

At a rigorous ten-week boot camp, new ideas and models will be vetted to determine their financial stability, social impact, and ability to scale by a group of mentors, potential investors, and peers, greatly increasing the likelihood of success. It will pull from a diverse group of individuals who understand the value created by this offering – people in nonprofits, government, or for-profit organizations, with students and faculty from a wide range of schools and departments at Penn. Participants may be individuals with a brand-new idea, or existing organizations that want to test an idea before funding it. Regardless of their background, the lab is designed for individuals who bring a strong conception of how they want to change the world, with an initial model, business, and execution plans. The lab will focus on helping them to develop their product, test their concept, create a business plan, and articulate an execution and scaling strategy. By doing this, we will identify the ideas and leaders that are great: those that have the best chance of gaining traction, positively impacting the lives of the people they will serve, and have the potential to scale quickly. [Figure 1.]

Figure 1: Diagram of the Social Innovations Lab process



In order to participate in the lab, an individual will go through an application and interview process. Only those individuals with well-developed change models and financial business plans will be invited to participate in the lab. As a basic price of admission, candidates must be able to clearly articulate what impact they would like to have on the world, and how they plan to accomplish it. An oversight board will evaluate the group of applicants to determine which models are the best defined and have

the best chances at success. The oversight board will be made up a group of venture capitalists, impact investors, angel investors, proven social entrepreneurs, and foundation heads.

During the ten-week process, participants will go through a series of steps to test and refine their ideas. Each individual or group will work with the instructors to understand the theories behind making large-scale change and developing a successful business and execution model. While there will be interaction with outside mentors, the lab will rely heavily on the ability of participants to take what they have learned and quickly apply it to their models and business plans. The Social Innovations Lab will provide access to robust networks, linking ideas to funders and investors, partners, and facilitators. It will provide follow-through, developing a strategy to measure and track the SROI and the effectiveness of their programs.

Each stage of the process involves iterative feedbacks. First, clearly defining the impact and outcomes of the proposed ideas will derive from researching current data and trends in their field and developing a system to track and monitor results before, during, and after the implementation of their programs. Next follows a focus on product development: ideas will be tested in practice as models through pilots, prototypes, and trials, with results feeding back to refine the models again. Sustainable financial models will then be developed, determining the

value-added proposition and detailing cost structures and revenue streams. A range of strategies for growing and spreading the innovation (scaling) are next, involving metrics (SROI) to identify impact and systemic change, and processes for ongoing refinement and adaptation (“continuous improvement”). The final well-developed proposals will be circulated to the group of investors, who will then determine which they would like to invest in.

For the participants, there are several key benefits of attending the lab. The key to the success of any venture is how well executed the idea is. Many great ideas and models don’t achieve their full potential because of poor or flawed execution. One reason for this is inadequate planning and attention to details. The second is overreach, which occurs when the organization does not exert good self-control to stay focused, and loses sight of the key goals and actions necessary to achieve outcomes. Being specific about execution strategy, as well as developing contingency plans, will be critical to success during the initial implementation phase. This will also help organizations develop their hedgehog concept—helping them to identify what they can be best at, what they are passionate about, and what drives them. Being able to articulate what not to focus on can at times be as important as knowing your goals and priorities.

Impacting Impact

Impacting Impact

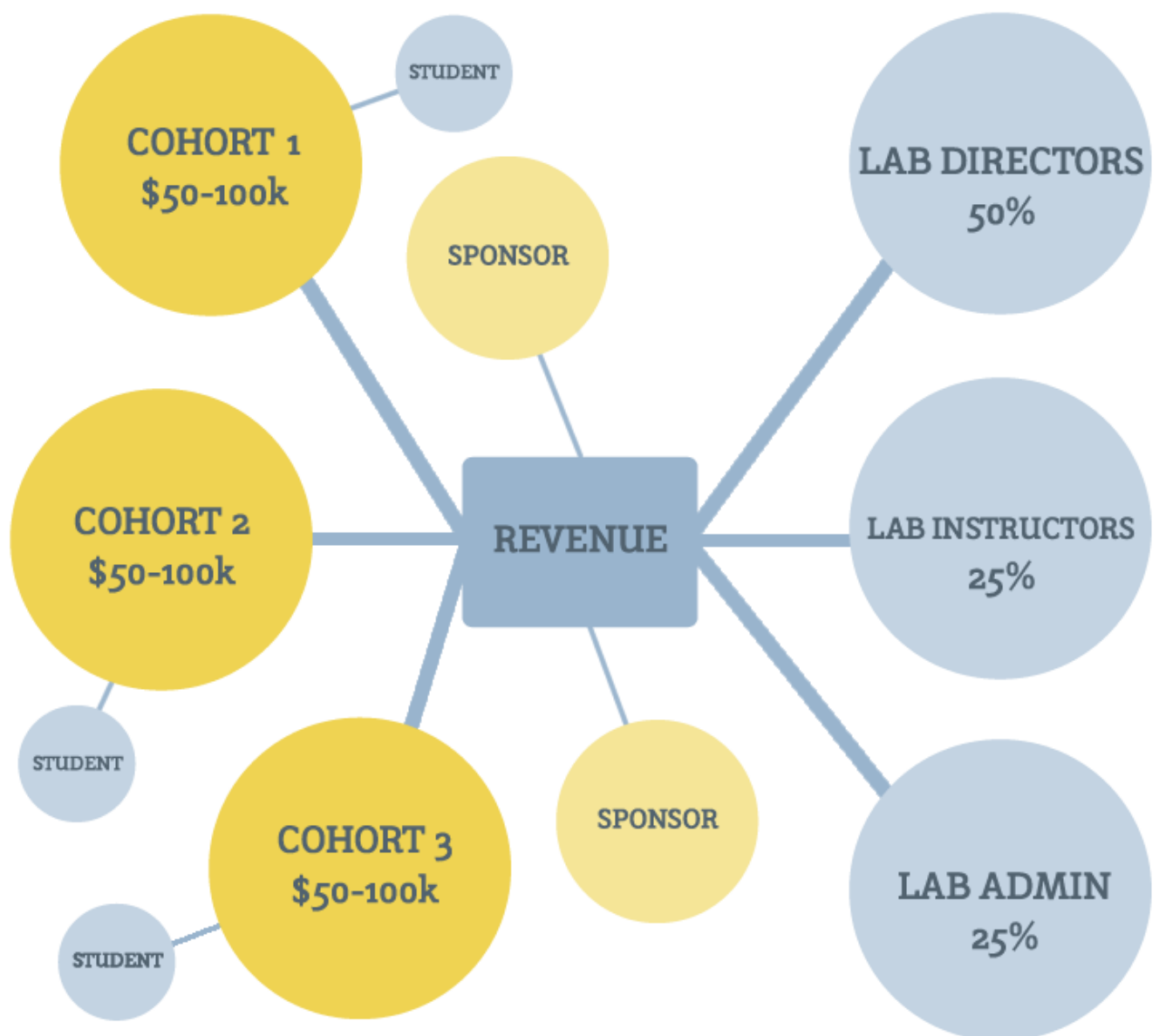
Social innovation doesn't have fixed boundaries: it happens in all sectors, public, non-profit and private. Indeed, much of the most creative action is happening at the boundaries between sectors (Murray, Caulier-Grice and Mulgan 2010, 3).

Leslie Crutchfield and Heather McLeod Grant's *Forces for Good* establishes six key practices of high-impact nonprofits: 1. Advocate and serve, 2. Make markets work, 3. Build communities, 4. Nurture networks and alliances, 5. Adapt, 6. Share leadership (Crutchfield and McLeod Grant 2012). The Social Innovations Lab will help challenge the participants to consider these as they develop their models. It will build networks and bridges between the private, public, and government sectors. It will create the necessary structure to share ideas, people, and resources. Most importantly, it will require individuals to think through the policy implications of their models. In the start-up phase, it may be easy to forget the importance of advocating on behalf of the cause. In the end, this could be the single most important factor in building long-term and sustaining change.

The Social Innovations Lab has traits that make it unique in today's marketplace. First, the use of the lab as a vehicle for funders to test ideas is unique. In many cases, ideas are fully funded without any proof of concept. A key selling point for the lab is that while it only requires foundations to change their behaviors slightly, it does not require them to perform additional work or increase

staffing levels. The lab creates a win-win situation where they focus their money on vetted and tested models without having to evaluate the models on their own: the lab significantly decreases the risk of making bad investments, and at only \$5,000 per sponsored participant, the cost is significantly less than the \$60,000 average grant made by the larger foundations. [Figure 2.]

Figure 2: Business model



Second is the creation of a diverse cohort, made up individuals from different sectors and backgrounds. Bringing together cross-functional groups is becoming

the norm in organizations today. Assembling diverse cohorts made up of individuals from the public, private, and government sectors will help refine the models and the leadership skills of the attendees. In many cases, the participants can learn as much from each other as they can from the coursework that is being delivered:

“Collaborating across disparate sectors and cultures, or networked collaboration, has increased our capacity to create new combinations. And it is often at the juncture of two or more ideas that innovation flourishes” (Torjman 2012, 6). This is the value of a dynamic, adaptive approach to the lab, working to create collaboration and cross-disciplinary interaction as much as driving ideas from inception to impact.

Third, there will be a focus on defining the SROI and success metrics. This is critical: “It is hard to see how many intermediaries can determine whether ventures have the capacity for creating social impact or not. This may mean that many intermediaries support ventures that are not better than existing provision, or able to make a significant impact” (Shanmugalingam, Graham, Tucker and Mulgan 2010, 26). From the start of their programs, there will be a focus on outcomes and results, as opposed to inputs and services. This will set up the organization to create long-term value. The existence of results will allow each individual and group to measure the effectiveness of their programs, course correct when necessary, and recognize and repeat successful processes and

behaviors.

Last, and perhaps most important, is the link between funders and entrepreneurs. The lab has the very real potential for uncovering ideas that may not have been found or have taken a longer time to identify. While the primary purpose of the lab may be for funders to sponsor individuals to participate, individuals can sponsor themselves to go through. This may help someone who is relatively unproven and untested gain the knowledge, insight, and visibility necessary to sell an idea to a wider audience.

Understanding the politics of policy is a unique advantage of the Philadelphia Social Innovations Lab: social innovation understood in socio-political terms “works towards systemic social change (changes in power, beliefs, etc.) and focuses on the ‘collective’ aspect of the process of innovation (which can never be reduced to the contribution of [a] single individual no matter how extraordinary or grand it may be)” (Bassi unpublished paper). Locating the Lab in a school of government directs more attention to the political dimension of social innovation:

Networks into government and policymaking institutions are critical for many social ventures where a market needs to be built or regulation loosened in order for the venture and its impact to grow. Where understanding and influencing changes to government policy is critical,

intermediaries have a pivotal role in brokering relationships with policymakers (Shanmugalingam, Graham, Tucker and Mulgan 2010, 43).

In addition, the Philadelphia Social Innovations Lab can help identify, strengthen, and codify methods and processes for successful social innovations. The lab should champion shared metrics (rigorous comparable impact monitoring): “the sector faces an urgent need for better, common metrics that are comparable across organizations. Without effective accountability and transparency, social ventures face hurdles to receiving funding, and to delivering impact” (Shanmugalingam, Graham, Tucker and Mulgan 2010, 46). The Philadelphia Social Innovations Lab has the opportunity to become a central voice in providing coherency, communicating the needs for these standards, helping to formalize best practice, and spreading acknowledgment of the need for SROI analysis. With an established readership, *Philadelphia Social Innovations Journal* should be leveraged to disseminate information, highlight successes, and force the conversation.

The lab should champion a shared social investment focus: “investment in very early-stage but potentially high-impact innovations to ensure a pipeline for later-stage investors, using stage-gate investment models” (Shanmugalingam, Graham, Tucker and Mulgan 2010, 8). And the lab should champion shared information and open-source resource archives: “Social ventures have an

interest in adopting open forms of intellectual property. They stand to benefit from a shared commons of knowledge, both in what they receive back from a reciprocal economy of information, and in extending the value and impact of the knowledge they contribute" (Shanmugalingam, Graham, Tucker and Mulgan 2010, 146). Critically, the industry as a whole is in urgent need of well-developed shared knowledge and resources. Along the lines of Philadelphia's pioneering EEB-Hub, funded by a \$125 million Department of Education grant, the Philadelphia Social Innovations Lab has the opportunity to develop a hub for information capture and knowledge harvests. With *Philadelphia Social Innovations Journal*, there is already a mechanism to communicate and discuss models that have achieved the expected results and are scalable, and the means to an archive of case studies, theories, and methods.

Equally important is relational capital: the value of the networks built within and through the Philadelphia Social Innovations Lab will be realized for years to come. These networks of funders, investors, Social Impact Bonds and impact investment firms, foundations, nonprofits, product development specialists, policy experts, and social innovation pioneers increases access and can in turn lead to the development of a robust sector-index of partnerships. The diverse cohort model provides its own relational capital. We believe that there should be time built into the class to get feedback from peers as well as

mentors and experts. This will not only help build relationships, but could potentially point out problems or opportunities that are not otherwise uncovered.

Conclusion

Conclusion

Bridgestone CEO Tom Tierney notes that very few intermediary organizations serve nonprofits:

What do I mean by that? Well, the executive search industry in America is enormous, some \$800B in annual revenue. And it is almost exclusively dedicated to for-profit companies.... There are very few large service organizations, almost none, that serve NP organizations. So NPs are at another disadvantage: they don't have institutions that are designed to help them grow, and help them attract and retain and develop leadership talent. (Tierney 2007)

Tierney argues that the scale of the problem and need is currently vastly greater than the existing number of SVIs. Equally, he notes that nonprofits are disadvantaged in building leadership and organizational strength. The predicted increase in nonprofits and social sector ventures is so great that a substantial leadership deficit is looming. Both factors provide a huge opportunity for universities.

Nick Petford, Vice Chancellor of Northampton University in the United Kingdom, takes the argument further, suggesting a disruptive innovation in higher education models: "At Northampton, we are asking what it would mean to reconstitute ourselves as a social enterprise, as a means of reconciling the opposing forces of the market with those traditional cultural values that have made higher education what it is today" (Petford 2011).

Universities can both provide skills and enthusiasm for social venturing, and, as research environments, develop knowledge banks and feed innovation while innovating themselves:

Universities, with a wealth of expertise in community-focused social care, policing, law, health, teaching and volunteering, are sitting on a potential gold mine of intellectual property capable of developing exactly the type of innovation-led products sought after by socially responsible investors.... Universities have the ability to play a crucial role in taking this agenda forward and it is in their best interests to do so. (Petford 2011)

More people are looking to create career paths in the public sector. Social consciousness has taken on a much higher priority, with a new generation focused on how to leverage technology and their resources to make a positive impact on the world around them. Universities have the opportunity to become much more involved in the communities they are sited in, becoming drivers of transformational and sustainable social impact. As

“knowledge cities” and “innovation engines,” they have the power to enable local, large-scale change, while producing the next generation of national leaders in the social economy and social sector. The Philadelphia Social Innovations Lab is a very good start.

Helene Furján is a professor in the Department of Architecture at PennDesign, University of Pennsylvania, and Faculty Director of the Social Innovations Lab. Helene is interested in fostering “sustainable communities,” environmental coupled with cultural, economic, creative, and social sustainability, as key elements of a functioning urbanism. She leads the PennDesign involvement in the collaboration with PSIJ, Penn’s Fels Institute of Government, and the Wharton School’s Social Impact initiative to create the Social Innovations Lab. Helene established the creative place-making nonprofit, UrbanSpaceLab in 2012, and is currently working to build a leadership team for The PRIZE, an innovative community development project. urbanism. The PRIZE is an evolving collaborative vision and creative public-private partnership of business, functioning as a “living laboratory” for collaborative development and demonstration of replicable models for revitalizing struggling inner-city communities. At PennDesign, she established the Conversations Series, and is Series Director and a founding editor of viaBooks, a scholarly cross-

disciplinary series of thematic edited volumes, co-published with MIT Press, and produced by students. Volume two in the series, Dirt, was released this year and her scholarly book, 'Glorious Visions': John Soane's Spectacular Theater, was released by Routledge in 2011. Furján holds a PhD from Princeton University, co-edited Crib Sheets with Sylvia Lavin in 2005, and has numerous published chapters, articles, and reviews

Don Liberati is Director of Finance and Operations for Innovative Schools, and managing Director of the Social innovations Lab. Don spent nearly 20 years in the private sector focusing on creating and executing strategic plans to operate and scale new initiatives and programs, and overseeing the day-to-day operations related to Finance, Human Resources, and Talent Management. Most recently, Don served as the Chief of Staff for AMC Theatres, developing infrastructure to operate new national-scale business lines. He led the efforts of cross-functional working teams to develop standard operating procedures related to service delivery, financial reporting & systems, marketing, human resources, administration, and information technology. Don's current interests lie in seeking opportunities to match his business skills with his deep passion for coaching, mentoring, and ensuring individuals have the necessary skills to be successful in their professional

lives. Don is part of the leadership team for The PRIZE, and volunteers regularly at various organizations and is a member of the ReStore Advisory Committee for Habitat for Humanity Philadelphia. Don received a B.S. in Organizational Dynamics from Immaculata University and is currently pursuing the Master of Public Administration at the Fels Institute of Government at the University of Pennsylvania.

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