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European Regional Development Fund



SPARK Innovation Roadmap

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All social enterprises can benefit from understanding the role innovation plays in their organisations.



Welcome

This guide is designed to help social enterprises reap the rewards of innovation. Innovation is a powerful force, which can transform organisations through making new products and techniques possible, helping us reach people in new ways, or making us more efficient.

However, innovation can also be costly and distracting, and many struggle to know when and how innovation is worthwhile, or even possible. Even social enterprises, who are often innovative in finding economic solutions to social problems, can face difficulties adopting innovation in other areas.

In this guide, we have built on extensive research across Europe and involving more than 160 social enterprises, support agencies and their stakeholders. From this we have created a roadmap that helps social enterprises build innovation into the fabric of their organisations.

This roadmap will help you move from ad-hoc, unplanned innovation, to building a sustainable capability for innovation within your organisation. In essence, making innovation second nature.

Is this guide for you?

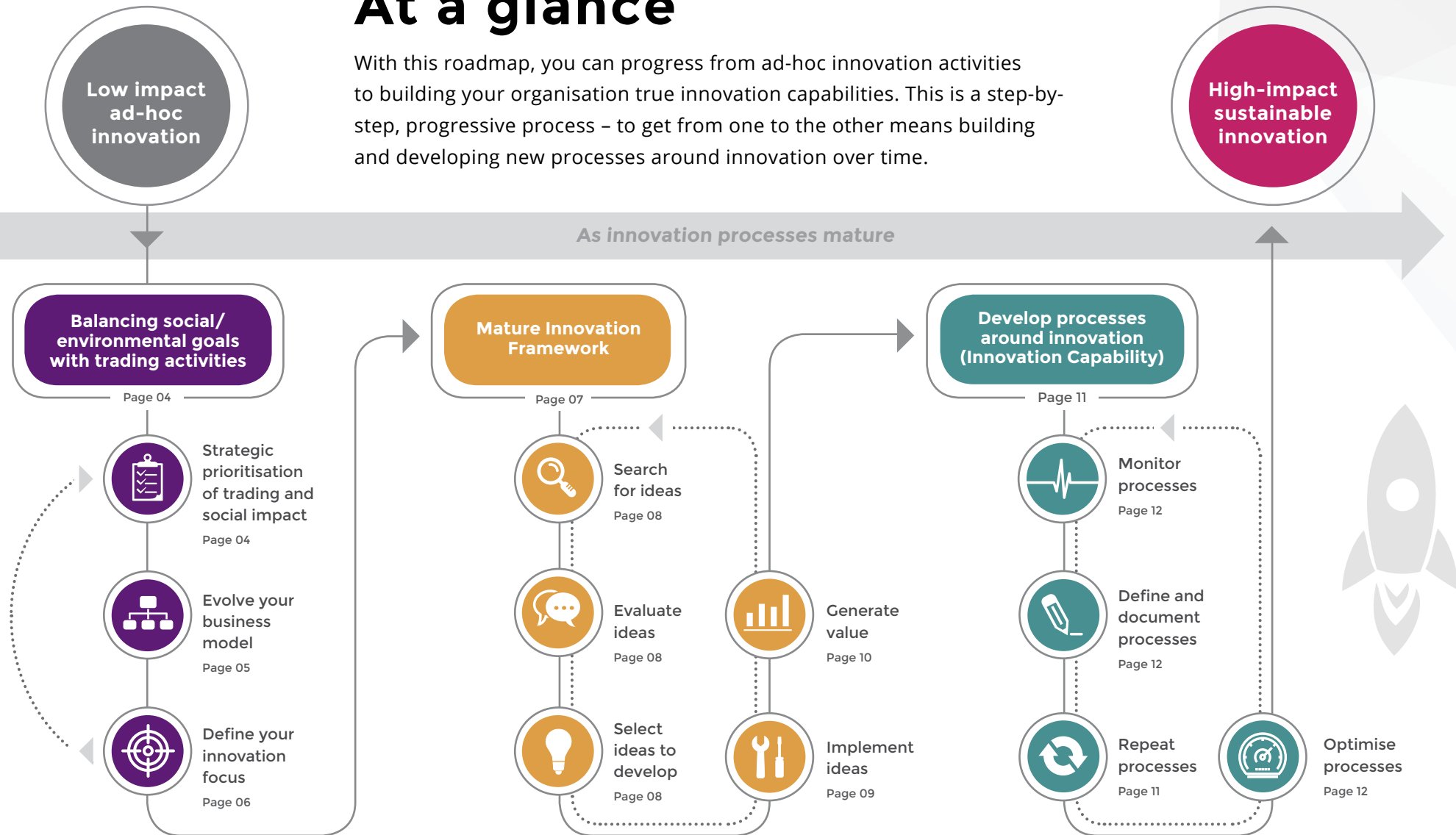
This guide is for you if you are a social enterprise. You could be just starting out, or be an established social enterprise. All organisations can benefit from understanding the role innovation plays for them.

What does this guide do?

This guide will help you understand how to make the most of innovation in your social enterprise. It explains **what** innovation can look like in social enterprises, and **why** you might want to innovate. But it won't tell you exactly **how** to innovate. Instead, it maps out a journey for your organisation to help it innovate more and make the most of these innovations.

At a glance

With this roadmap, you can progress from ad-hoc innovation activities to building your organisation true innovation capabilities. This is a step-by-step, progressive process – to get from one to the other means building and developing new processes around innovation over time.





Innovation priorities for your organisation

Social enterprises have to perform a delicate balancing act between two distinct strategic objectives: trading activities, that secure an income to keep the organisation going, and creating the social or environmental impact they were set up to achieve.



Steps in this section

- Understand where your priorities lie for innovation
- Evolving your business model to embrace innovation
- Defining your innovation focus

Setting your priorities

The first step in our innovation roadmap is therefore to set priorities for innovation in the organisation.

Specifically, to look at those two differing objectives of trading vs. impact, and work out whether you address them both at the same time, or whether one or the other is in need of more attention.

It might be that your social enterprise is already successfully generating a sufficient income, and you want to spend some time working out how you can innovate to create more of an impact. Or you might instead be interested in finding new and innovative ways to address new income streams.

Your priorities should refer to the medium to long term. Focus on what your social enterprise needs to do over the next two or three years, not just in the next few months.

It can help to ask two questions:

- 1 What are our current strengths in trading and social or environmental impact?
- 2 What are the risks of not developing one of these areas?

The Innovation Ecosystem

At every stage of this roadmap, we're keen to emphasise the importance of developing meaningful links with the local innovation ecosystem. This could mean other social enterprises, for-profit organisations and charities, government bodies, universities, research establishments or individual specialists.

As you map out your organisation's strategic priorities for innovation, your local innovation ecosystem can give much needed guidance and provide access to invaluable resources and ideas.

Evolving your business model

Once you have set your strategic priorities, it's time to assess your business model. Just as you considered the balance of trading activities and impact activities earlier, we encourage you to do the same in your business plan.

Some of the things you might want to consider including in your business plan under each of those headings are:

- **Proposition:** what is the main value that people enjoy as a result of your activities?
- **Segments:** who is served by your social enterprise?
- **Relationships:** who do you engage with as an organisation on a recurring basis, and how do you manage those relationships?

- **Channels:** how do you reach your customers, beneficiaries or partners?
- **Resources:** what do you need to do to achieve your goals in this area?
- **Key activities:** what are you doing that is a core part of your work in this area?
- **Key partners:** who could you not 'live without'?



Answering these questions, plus calculating the costs and revenue streams for your organisation, gives you a solid foundation to assess the strengths and weaknesses of your business model



The value chain

It can also be helpful to see your business activities through what we call a value chain. This means understanding where your organisation fits within the various relationships it has with other organisations.





Case Study

My Sisters' House CIC Arun & Chichester Women's Centre , UK

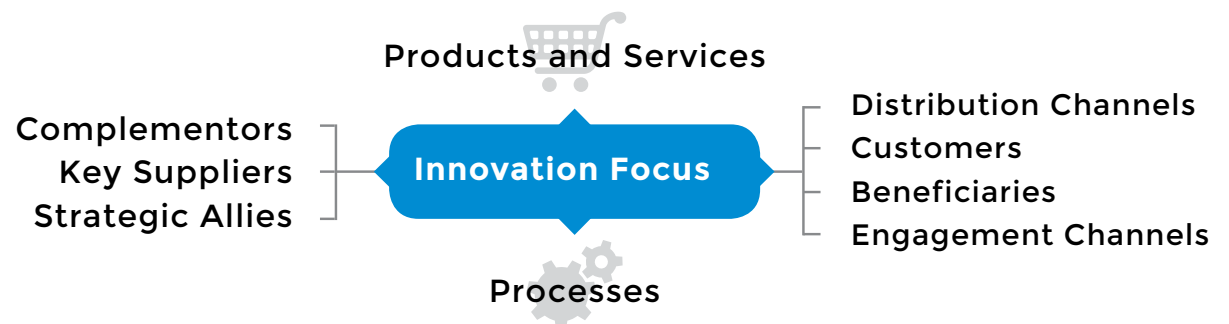
My Sisters' House is a women's centre in Bognor Regis that offers a wide range of tailor-made support and services to vulnerable women affected by issues such as abuse, addiction, mental health, relationship breakdown, and disability. Innovation plays a central role in the company's activities as it sets out to provide a unique service that sets it apart from other women's centres, devoting time and effort to make sure that it offers something new and interesting.

My Sister's House promotes an open culture of learning and improvement so that they can be open to the needs of the clientele and adapt their offering. From the outset, the development of their business model was open to a range of input from other parties – such as staff, volunteers, clients, funders, and stakeholders. As a reflection of this, their initial business plan was completely re-written in order to address operational realities, improve their value proposition, and increase their social impact.

Define your innovation focus

You now have a firm strategic direction for innovation, and the business plan to match it. The final step in aligning your organisation for successful innovation is to decide where to focus its innovation activities. By now you may have identified specific clear areas of innovation focus. If not, then the following list of areas for consideration may help:

- The **products and services** you provide to people
- The **processes** you use to make those products or services
- The **customers** you serve, both current and potential
- The **distribution channels** that help you reach those customers
- The **beneficiaries** - those who benefit from your activities
- The **engagement channels** you use to engage with those beneficiaries
- Your **key suppliers** – those who provide something you couldn't survive without
- **Complementors** – organisations who have a complementary offering to you (for example, if you sell software this could be a hardware company)
- **Strategic allies** – organisations that share the same cause as you, and can help (for example in shaping social attitudes)





Steps in this section

Searching for ideas

- Where do we find innovations?

Evaluating ideas

- What are the strengths and weaknesses of each idea?

Selecting ideas to develop further

- What are we going to do, and why?

Implementing ideas

- How are we going to make it happen?

Generating value

- What benefits do we gain from it? How can we capture them?



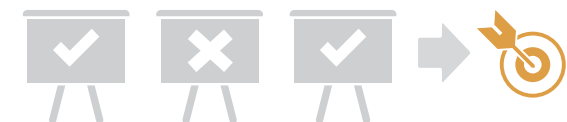
A process for innovation

Innovation is much more than just having a good idea. In fact, sometimes too many good ideas can stifle innovation. To truly innovate, and to benefit from that innovation, organisations need to complete the innovation journey or in other words they need to know how to search for great ideas, how to evaluate an idea, how to select ideas to take forward, and then be able to implement them in a way that generates value.

In the following pages we will look at building a process to make sure this happens in your organisation. This ability to develop good ideas into worthwhile innovations results in what we call a mature innovation framework. Once this is in place, you are more likely to see innovations through, and more importantly, more able to capture value out of innovation, avoiding issues and pitfalls.

If at first you don't succeed...

Building a mature innovation framework takes time, and rarely moves as seamlessly as it appears on our roadmap. If you hit obstacles that mean you have to take a step back – even go back to the drawing board – don't worry. Having to go through multiple iterations is an extremely common part of the process of innovation.





Search for ideas

All innovations start life as good ideas. But when an idea is first voiced, it might not be easy to tell whether it's a real innovation. That's why always being open to good ideas - even those that might seem crazy at first - is a crucial part of building an innovation framework.

These new ideas could come from your management team or staff.

They could come from people outside of the organisation, such as scientists and experts with a deep knowledge of the topic.

They could also come from people who operate in areas where defying or challenging social convention is prized, such as artists or activists. This is why many organisations hold collaborative events such as hackathons where

people compete to come up with technical innovations over the course of a weekend.

To avoid missing out, your organisation needs to make sure it is connected to these individuals and communities, or to open channels of communication if you are not.



Selecting ideas

Even if you have a hundred great ideas, it is important to only select the ones you have the resources to properly implement. Many organisations fail at this stage by failing to prioritise.

Evaluate ideas

Once you have a broad range of new ideas, it's time for someone with a cool mind and an eye for detail to evaluate them. How this can be done depends on your organisation, but some useful methods include:

- Small focus groups or surveys of your existing customers or beneficiaries

- Considering them from the point of view of the group with the most extreme needs or requirements within your audience; if it appeals to the most demanding, it should then appeal to the centre of the market

Your evaluation should address three questions:

- 1 How technically feasible is it?
- 2 Will people accept it?
- 3 How economically feasible is it?

Each idea needs a champion – someone who has actively identified with the idea and is influential enough to make sure it happens. That person should have looked in detail at market demand and the available resources within the organisation to make sure it is the right fit.

Implementing ideas

Taking a good idea from being an abstract concept to a concrete thing – a service, product, new process – requires people to make it happen.

Creating a team to put innovation into practice requires careful consideration of who is required. For example, you might need engineers to build something, lawyers to understand the legal framework, designers to ensure it is usable, and so on.

All of these skills require careful management and leadership. After all, innovation is a step into the unknown, and so someone needs to provide the vision that gives the team a clear direction.



Where do we start?

Many innovations start with the development of a prototype. This could be a mock-up of the product or service, it could be a first draft of a process, or it could be a working model.

Before you start on a prototype, however, it is important to be clear about what exactly it is achieving. The table below lays out two competing visions.

To choose between these approaches, it might be helpful to refer back to our previous checklists and evaluate its technical, social and economic feasibility.

	Full version	Minimal viable solution
What do you build?	A fully featured version of the product or service. This might not be the final product, but it will have all or most of the features, and be in a form which is easy for stakeholders to use.	Release early and often, creating iterative versions even though the first few may be lacking in functionality.
Why do this?	If you have a need to get a product in front of a complex audience, and you need them to buy into the solution at first sight.	Feedback can be incorporated in as you develop, typically improving the final product.
Why not?	If you hit problems during the process, you may find it is too late to make adjustments. The process may take longer overall.	Early versions may not impress stakeholders. If too much importance is given to feedback, the product may not ship as the team goes in circles chasing that feedback.



Most innovations will require some scale to achieve their goals, and this means spreading the word.

Capture the value of innovation

After all this time, it's finally time to reap the rewards of your innovation. To do this requires more than just placing it into the market; most innovations will require some scale to achieve their goals, and this means spreading the word.

Depending on your organisation, this might mean:

- Recruiting sales and marketing specialists to promote the innovation in target markets
- Calling on alliances with other organisations; particularly 'influential friends' who can prepare the ground or facilitate the adoption of your innovation, for example by influencing the regulations
- Working with your distribution channels to ensure your innovation is accepted

The more radical the innovation the more you should prepare yourself to launch it in waves – launching, for example, to early adopters first before targeting mainstream users, and perhaps with different messaging at different points.

The Innovation Ecosystem

Remember to use the full extent of your relationships with the wider innovation ecosystem – to spread the word but also to bring in any skills or resources available to deliver the innovation.

Case Study



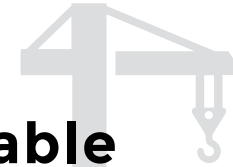
WakaWaka, Netherlands

WakaWaka have developed a solar powered flash light that will improve the living standards of people in developing countries. Their primary target group, however, are often not able to purchase the flash lights at full price, giving WakaWaka the need to explore alternative payment options.

To develop the payment plan, WakaWaka worked together with local authorities, businesses, and target groups in order to provide a solution that was both sustainable and appropriate for the local economic environment. The knowledge and expertise gained through the collaborations allowed WakaWaka to implement a payment plan that took into account local cash-flow patterns, therefore reducing the economic burden and allowing target groups to honour the payment plan.

WakaWaka have therefore been able to make good use of their innovation ecosystem by accessing local knowledge and expertise, leading them to meet their social goals while at the same time run a sustainable business.

3 Developing sustainable innovation capabilities



With a few innovations successfully underway, your organisation will have experienced first hand the value of innovation and be on your way to becoming regular innovators. You will have a mature framework in place for managing innovation, that recognises the importance of ideas, of selecting the right idea, and then developing it in a way that captures its value.



Steps in this section

Creating processes that can be repeated

Defining and documenting those processes

Monitoring and evaluating processes

Optimising processes

The next steps

Take what you have learned by delivering that framework and build true innovation capability into your organisation. This means establishing more permanent systems and processes for managing innovation, that can be put into place quickly, easily and regularly.

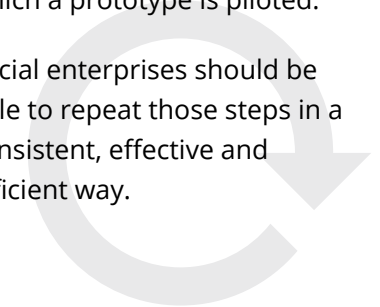
Repeatable processes

The first way we can do this is by taking an existing process and making it repeatable. That is, ensuring you can carry out that process over and over again each time an innovation process is required.

These processes might be a way to draw new ideas into the organisation (e.g. a hackathon or sharing session), a system for

evaluating the ideas (such as a weighted spreadsheet and marking system), or the mechanism by which a prototype is piloted.

Social enterprises should be able to repeat those steps in a consistent, effective and efficient way.





Defining

Part of making a process repeatable is defining what it is, giving it a clear name and purpose, and documenting it so that people who want to run it again can do so. The ultimate goal is to create a process that can be put into action even when the original team who established it are no longer there.

This definition and documentation might happen through formal record keeping, training sessions, or by embedding it within a wider process that is already happening (e.g. by having a brainstorming session as part of every annual away day).



Monitoring

Even when processes are in place, it is still important to be refining and improving them. To do so, innovation processes should be carefully monitored, every single time they are put into practice.

To do so, we typically use Key Performance Indicators (KPIs) – measurable, clear, distinct indicators that are designed carefully to match the real requirements of the solutions – providing value to customers or beneficiaries.



Optimising

Based on these KPIs, the processes should be continuously improved and updated, evolving as your organisation develops and changes to solve your strategic objectives. Ideally, a member of your senior team, or someone reporting directly to them, should have direct responsibility for this important role.

Case Study



Peerby, Belgium

Peerby run a successful platform where individuals can search for and borrow items from other users, therefore reducing waste and promoting collaborative consumption. Following their initial success, Peerby have embarked on a number of projects that help them further increase their social impact. It is through these projects that Peerby has been able to develop sustainable innovation capabilities.

Peerby are keen proponents of the lean start-up methodology, which they have embedded into their innovation practices. Using rapid prototyping, data analysis, and continuous feedback from their target group, Peerby are able to learn and improve on their existing services as well as explore new projects. Using this approach, together with a formalised weekly sprint review, Peerby have successfully developed the necessary capabilities for quickly assessing new ideas and determining their potential impact.

SPARK

SPARK is a research project with partners based in England, Belgium, Holland and France. It is supported by the European Union through the Interreg 2 Seas Programme. We created this model based on research into social enterprises across Europe. If you would like to know more about the project or get more detail then please do get in touch at:

info@sparksocialenterprise.eu

Summary

We hope you've found the SPARK roadmap helpful.

Our goal is to give social enterprises the structure they need to build capabilities for innovation within their organisations. The roadmap we have outlined in this document is, we believe, the best way to approach what is often a difficult ambition for social enterprises: consistent, effective innovation that addresses their social or business needs and produces real, clear value for the organisation.

We believe that the way to make use of our model is to embrace it at every stage, going through the step-by-step process of developing an innovation framework rather than trying to race straight to formalising your innovation capabilities.

Beyond this, we want to encourage all social enterprises to engage with their wider innovation ecosystem to facilitate the innovation process, and generate even greater success.

Next steps

Why not:

- **Map out and connect with your local social enterprise ecosystem**
- **Join our Spark Social Enterprise Innovation Accelerator Network group: www.linkedin.com/groups/13510543**
- **Visit our website for full case studies from social enterprises around Europe as well as the research data used to put together this roadmap**
- **Contact us to find out more about the research project**

SPARK project partners



University of Brighton



The SPARK innovation roadmap was developed from research undertaken by University of Brighton.

The SPARK team would like to thank all the social enterprises, stakeholders and support agencies that participated in the SPARK research and particularly to those who have given permission to use examples from the research within the real life case study examples included.

SPARK Social Enterprise funded by



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