

EUROPEAN SOCIAL INNOVATION **SUMMER SCHOOL**

PRESENTATION BY
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JULY 13, 2012

EVOLUTION OF GRANTING

FOCUS	OUTCOME
GRANTS TO SOCIAL ENTREPRENEURS	PROJECTS
SUSTAINING SOCIAL INNOVATION	DEVELOPING A THEORY OF CHANGE
SOCIAL INNOVATION GENERATION PARTNERSHIP	SYSTEMIC CHANGE

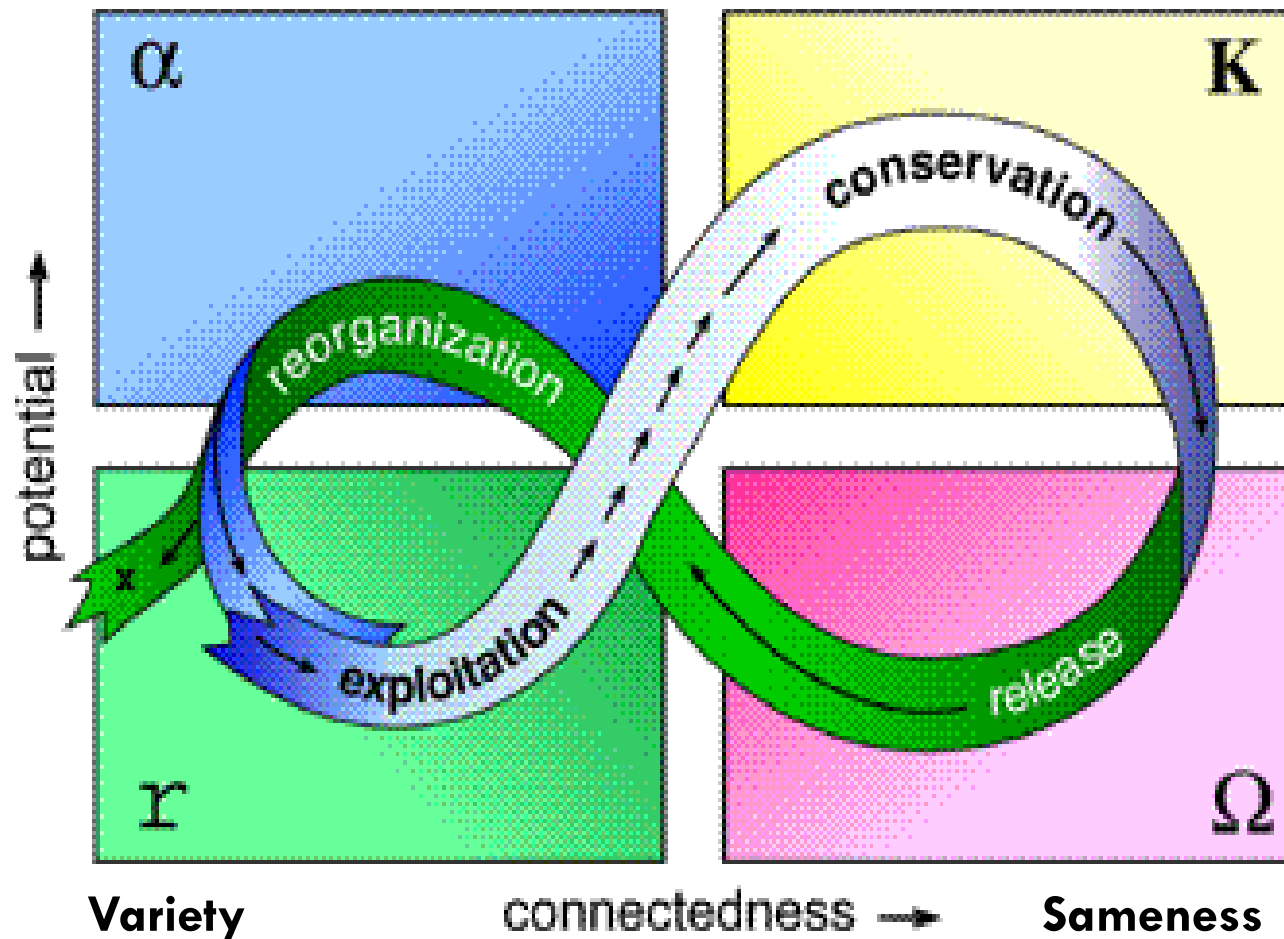
SOCIAL INNOVATION GENERATION



Stored

C
A
P
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T
A
L

Released



THE BIRTH, GROWTH, DESTRUCTION & RENEWAL OF THE FOREST

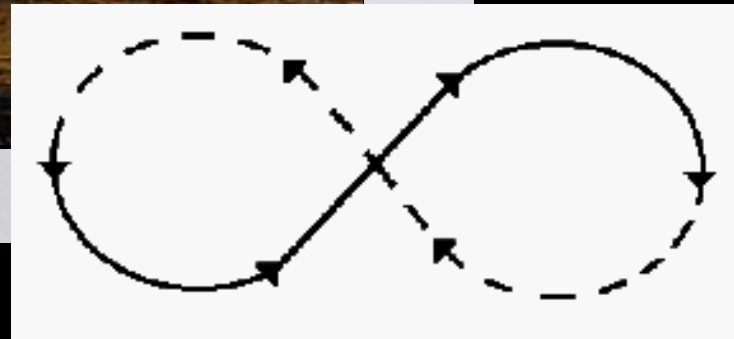
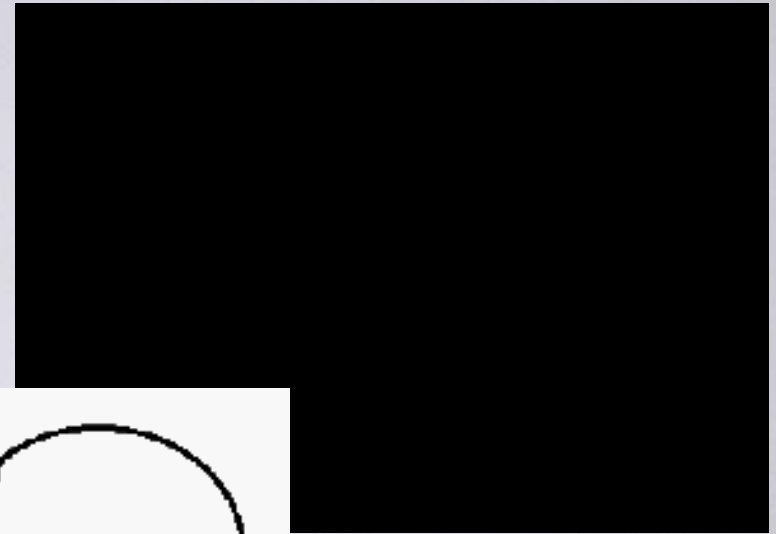
Little ← CAPITAL STORED → Much



**1. CREATIVE
DESTRUCTION**

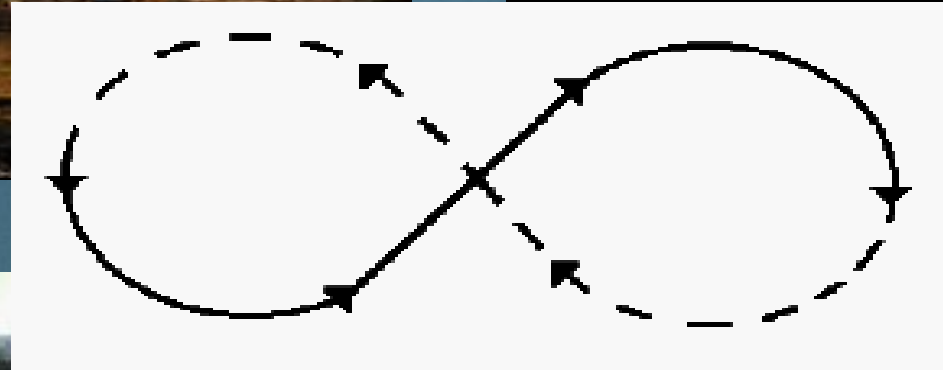
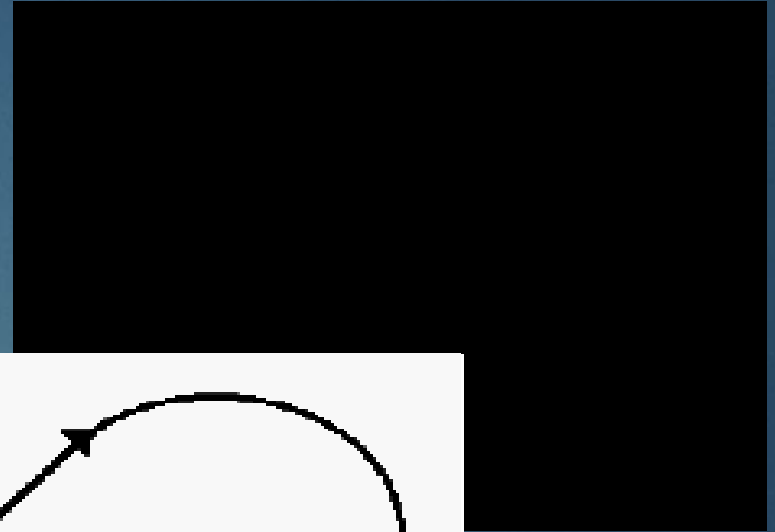
THE BIRTH, GROWTH, DESTRUCTION & RENEWAL OF THE FOREST

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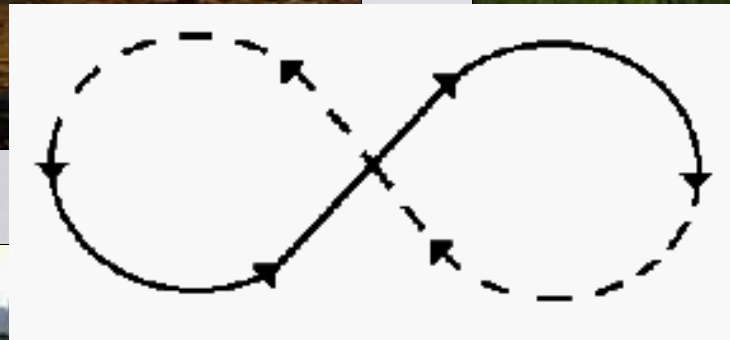
3. EXPLOITATION

THE BIRTH, GROWTH, DESTRUCTION & RENEWAL OF THE FOREST

Little ← CAPITAL STORED → Much



4. CONSERVATION



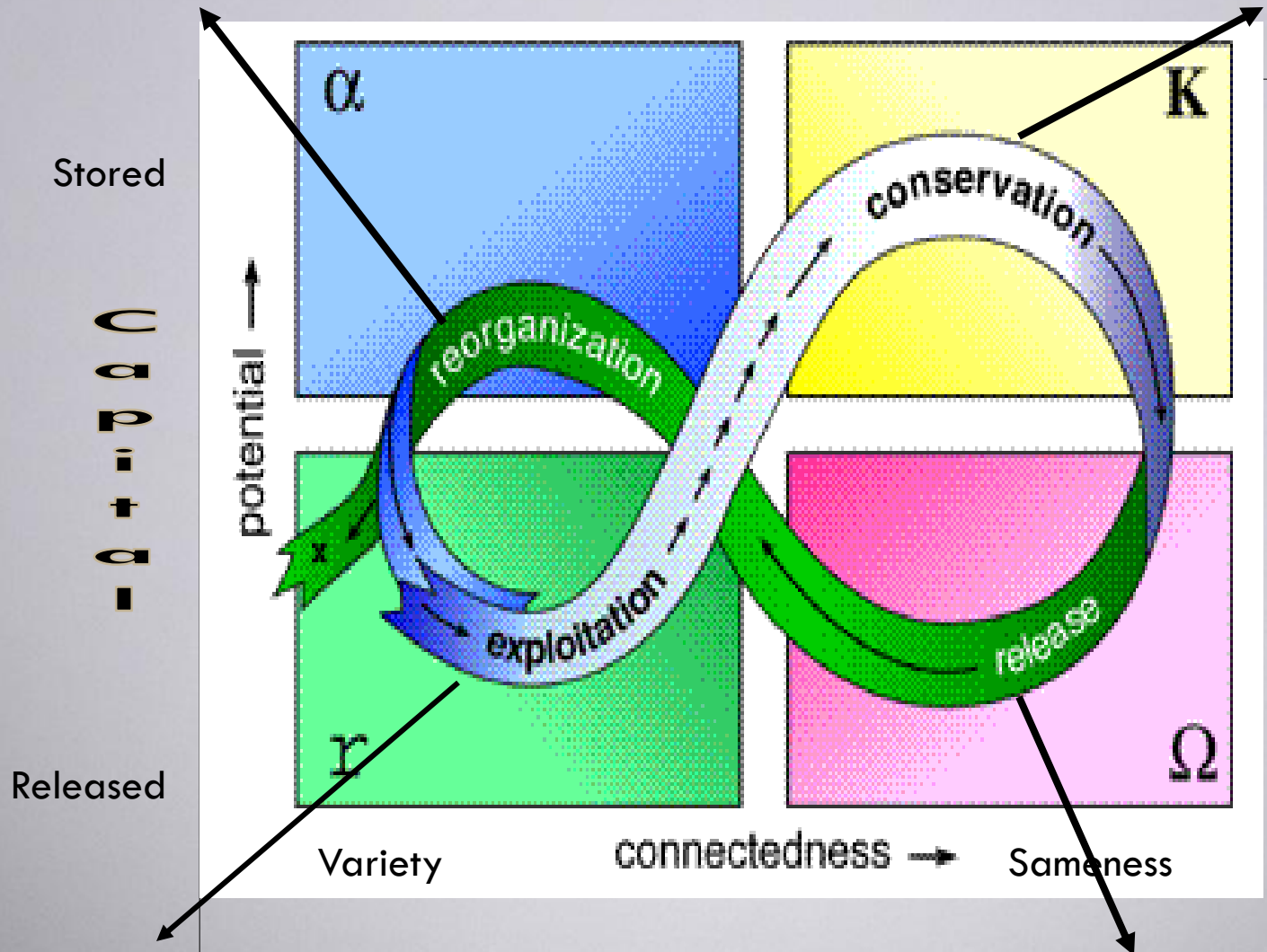
3. EXPLOITATION



APPLICATIONS TO SOCIAL INNOVATION

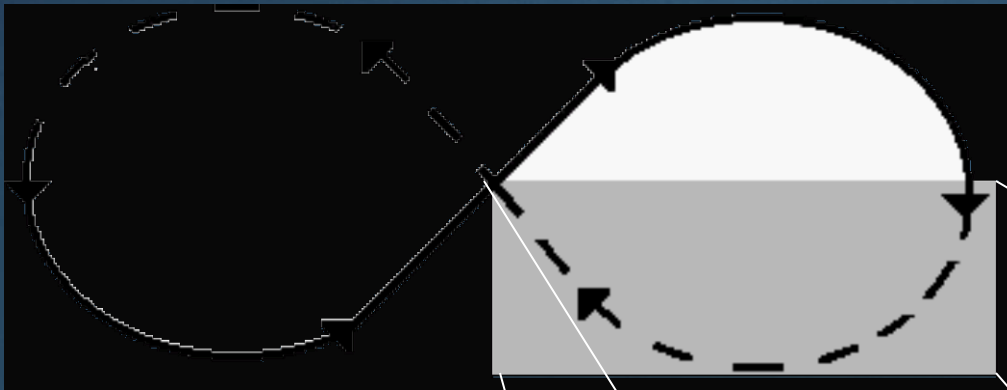
IDEA IS DEVELOPED

“ESTABLISHED” INNOVATION



IDEA LAUNCHED AS A PRODUCT,
PROCESS OR ORGANIZATION

IDEA IS BORN



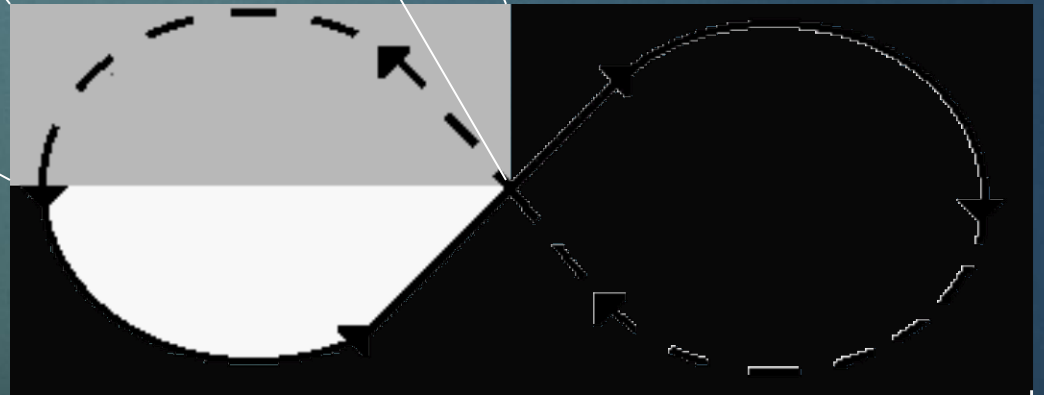
RELEASE OR “CREATIVE DESTRUCTION”



THE PSYCHOSOCIAL REGIME CALLED RELEASE OR “CREATIVE DESTRUCTION”

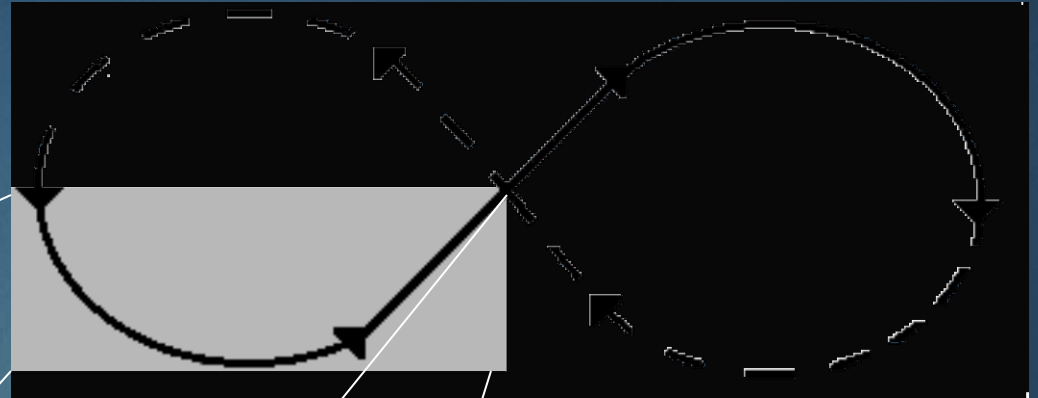
- Controlling variable - flight of resources
- Associated feedback changes –
 - Breakdown of trust, networks and meetings
 - Breakdown of meanings
 - Increasing isolation
 - Looting
 - People: those who thrive on crisis, on new beginnings are happy here – others may be depressed or in mourning
- Experience: high stress, confusion, identity crisis, depression

REORGANIZATION OR EXPLORATION



THE PSYCHOSOCIAL REGIME CALLED REORGANIZATION OR “EXPLORATION”

- Controlling variables: resource availability - low connectivity - time pressure
- Feedback process:
 - multiple “random walks”, experiments, initiatives which lead to little in the way of measurable outcomes
 - people who learn by doing are happy here, others may feel increasingly anxious about waste of time or directionless
 - reflection moving to experimentation, lots of false starts and sometimes frustration and mounting anxiety about inputs/output ratios

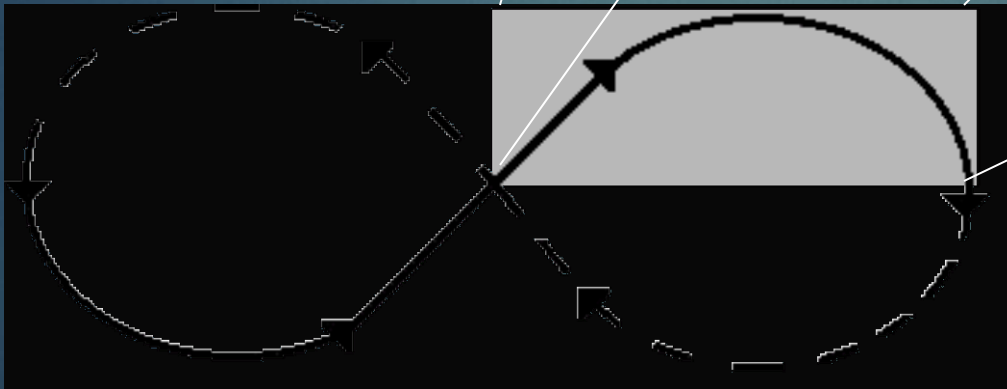


EXPLOITATION

THE PSYCHOSOCIAL REGIME CALLED “EXPLOITATION”

- Controlling variable - demand for efficiency and productivity
- Feedback processes -
 - The dynamic of start-up - high excitement as the initiative takes form. Communication is still highly personal, roles flexible, integration through mutual adjustment.
 - With success and time, there is increasing need for organizing *systems* (communication, control, accounting), job definition and regulation.
 - Team-builders and the engineers come into their own. Conceptualizers may feel a little uncomfortable.

CONSERVATION



THE PSYCHOSOCIAL REGIME CALLED “CONSERVATION”

- Controlling variables - bureaucratic rules- standardization
- Feedback processes
 - A time of profitability and performance
 - Increased demands for measurement and productivity
 - Increased reliance on systems for monitoring and rewarding efficiency
 - Domination of technocrats/bureaucrats- visionaries step aside or move on?

THE MOVEMENT FROM ONE PHASE TO THE NEXT IS KNOWN AS A “CRITICAL TRANSITION” & REPRESENTS A DIFFICULT PASSAGE WHEN MANY INNOVATIONS GET “TRAPPED”

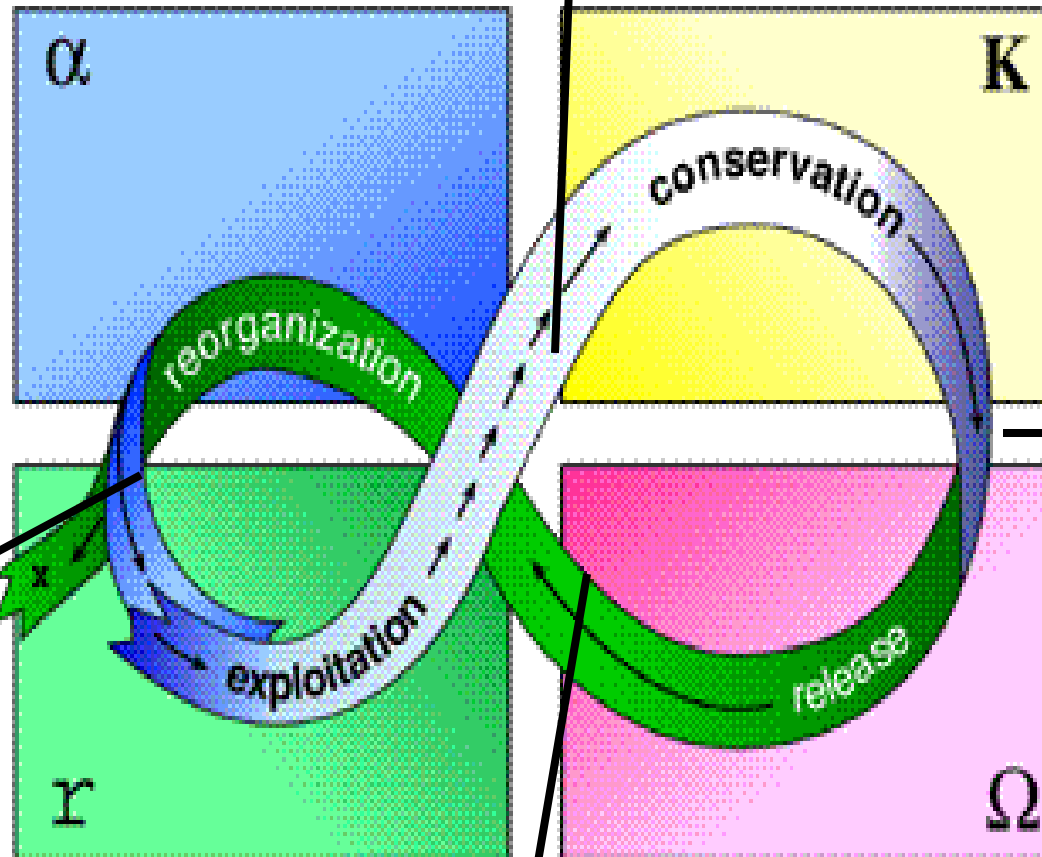
- *The moment of transition is unpredictable*
- *Successful transition demands a fundamental reconfiguration.*
- *If an organization gets trapped at a transition point and loses resilience, reparation is costly and difficult, hence the importance of anticipation and understanding*

PARASITIC TRAP

Stored



potential ↑



RIGIDITY TRAP

CHRONIC DISASTER TRAP

EACH CRITICAL TRANSITION

- Must overcome “lag” of phase coherence (identity) and stability (resistance to change).
- Demands new leadership capacities (situational leadership)
- Demands new and often different kinds of social connections or relationships (social capital investments).
- Requires external resource re-alignments and support
= a key role for funders

Avoiding the poverty trap

How to support social innovators in moving from exploration/reorganization to exploitation

- Mistrust clarity and support exploration at this early stage
- A transition better understood by venture capitalists - the spiral of investment and tolerance for risk.
- Learn what the dynamics of innovation look like and support developmental evaluation to create accounts.
- Invest strongly in good ideas and good people

Avoiding the parasitic trap

How to support social innovators in moving from exploitation to conservation

- Expect resistance to change either from the innovator or those in his/her organization
- Support capacity building, but look for articulation of the key dynamics/processes and why they work.
- Support formative evaluation and look for a pattern of ongoing adjustments

Avoiding the rigidity trap

Helping social innovators move from conservation to release (“creative destruction”)

- Encourage social innovators to be thinking of their next innovation at the moment of success
- Encourage successful social innovators to look at how to disseminate and support their innovation. Help them to do it.
- Expect burn out and fatigue

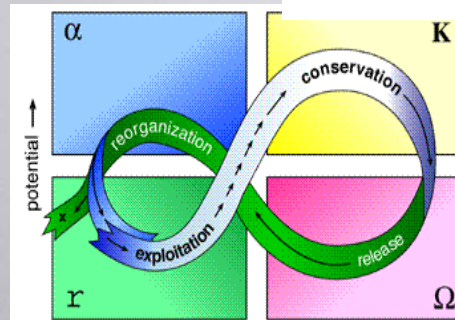
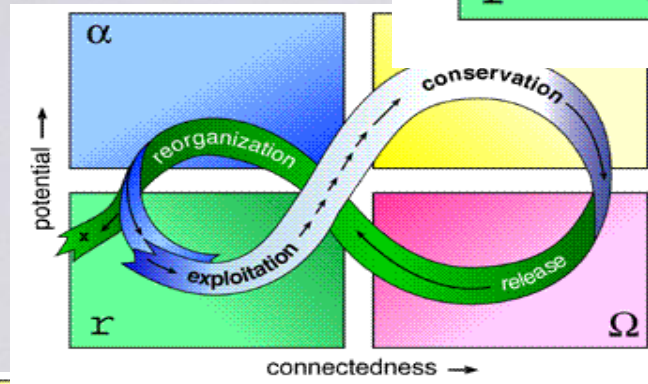
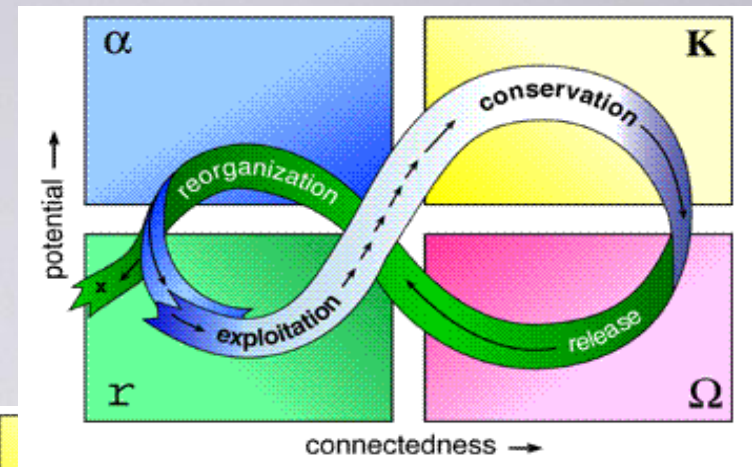
Avoiding the chronic disaster trap

How to support social innovators and their innovations in moving from creative destruction to new innovation/reorganization

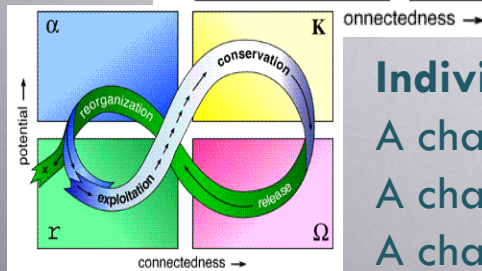
- This is often “cold heaven” - support social innovators psychologically and socially as well as financially
- Reflection is key - give “proven” innovators support in harvesting knowledge and in re-energizing.
- Patience, confidence and faith

Institutional level
 A change in culture
 A change in laws
 A change in resource
 distribution/availability

Organizational level
 A change in strategies
 A change in procedures
 A change in resource
 distribution/availability



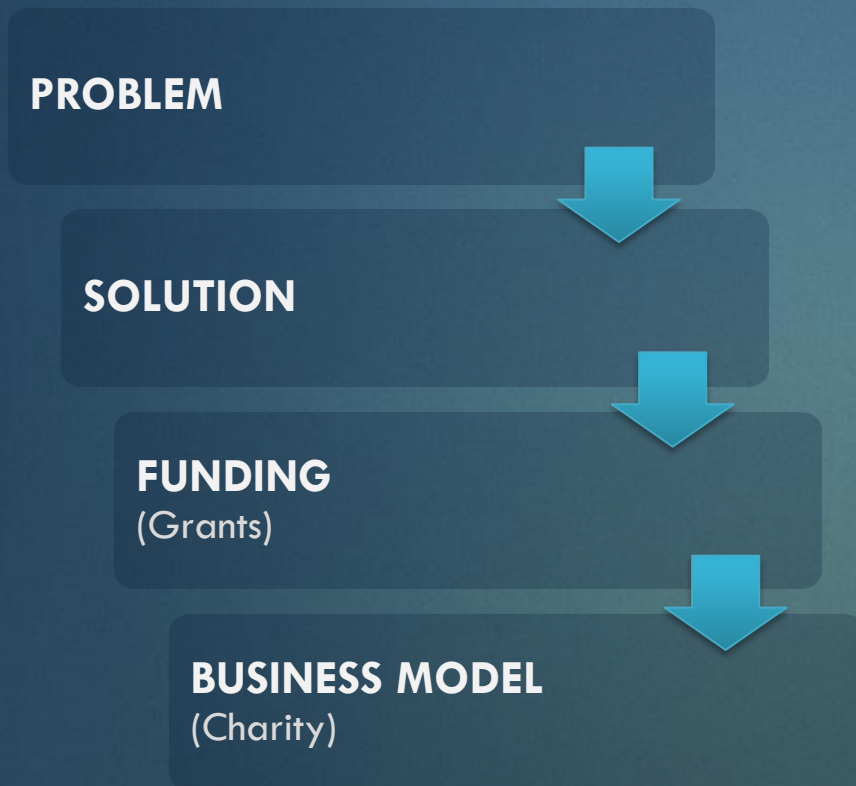
Network or group level
 A change in conversation
 A change in routine
 A change in resource
 commitment or influence



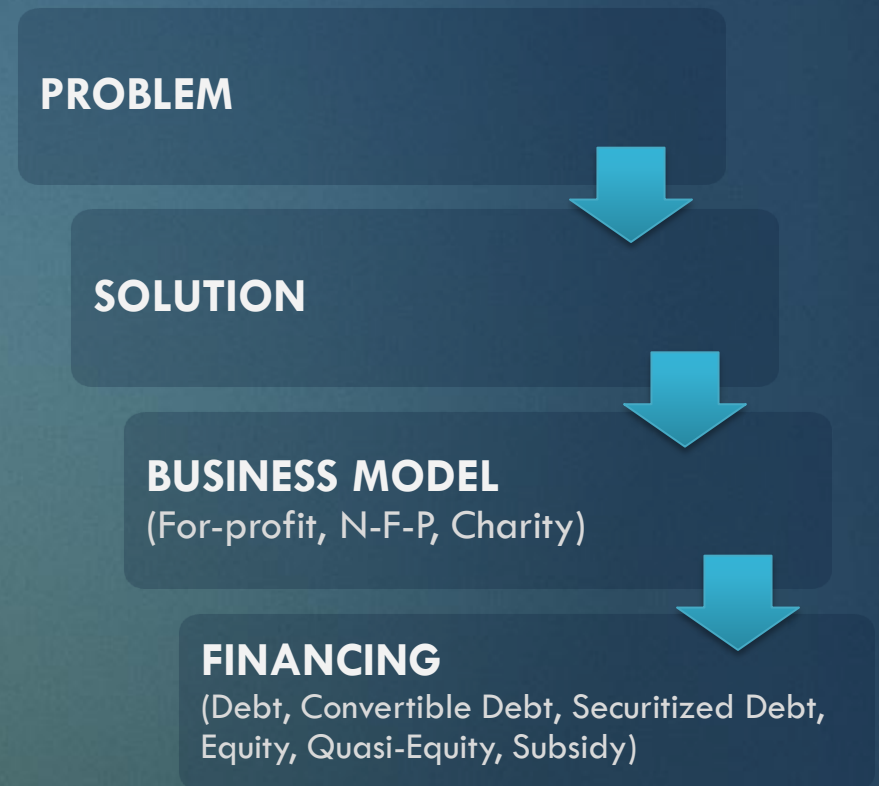
Individual level
 A change of heart
 A change of habits
 A change of ambition

NEW FINANCING MODELS

FUNDRAISING



FINANCING



SOCIAL & FINANCIAL RETURN CONTINUUM

SOCIAL FINANCE APPROACHES SUPPORT A SPECTRUM
OF ORGANIZATIONAL BUSINESS MODELS

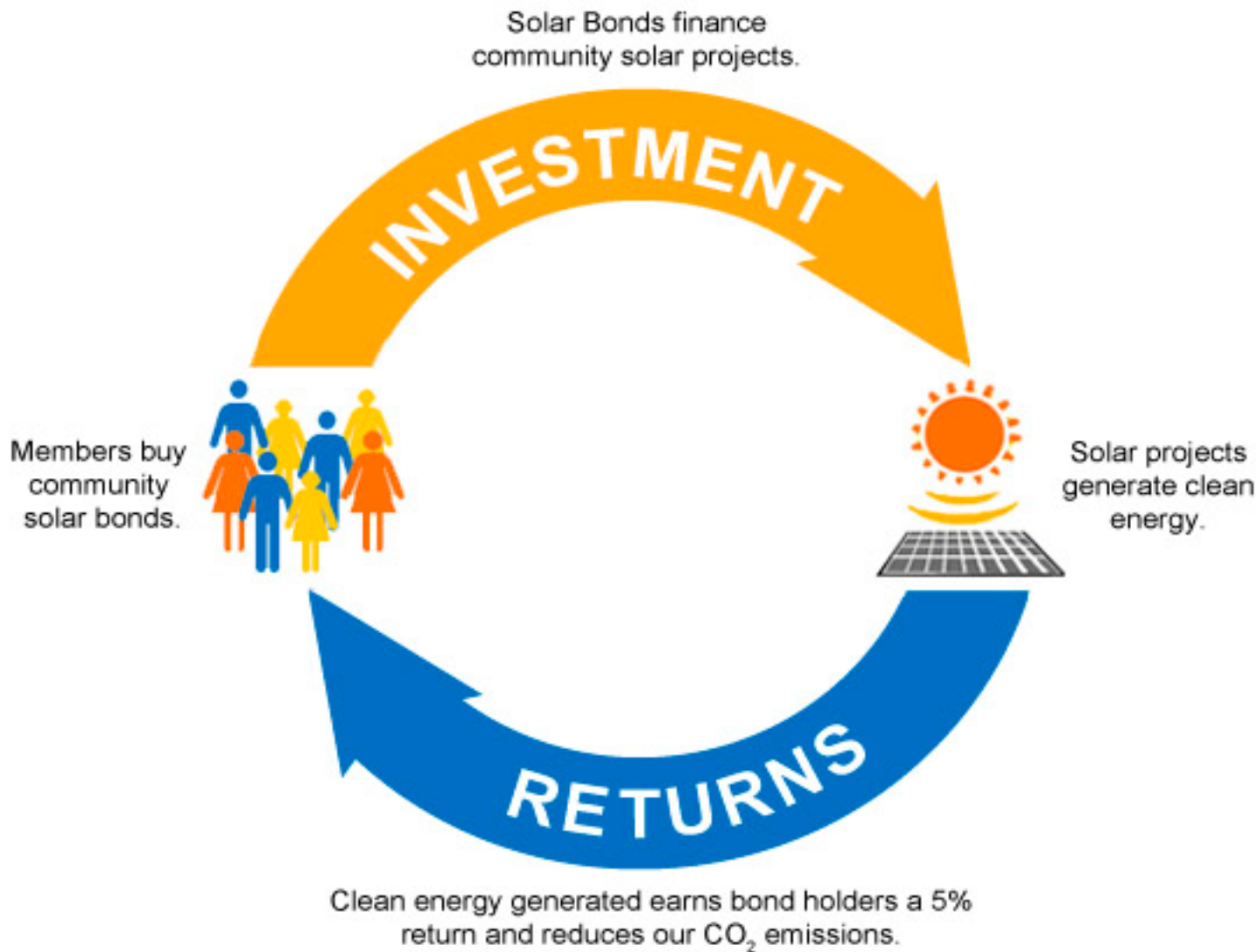
NON-PROFIT

FOR-PROFIT

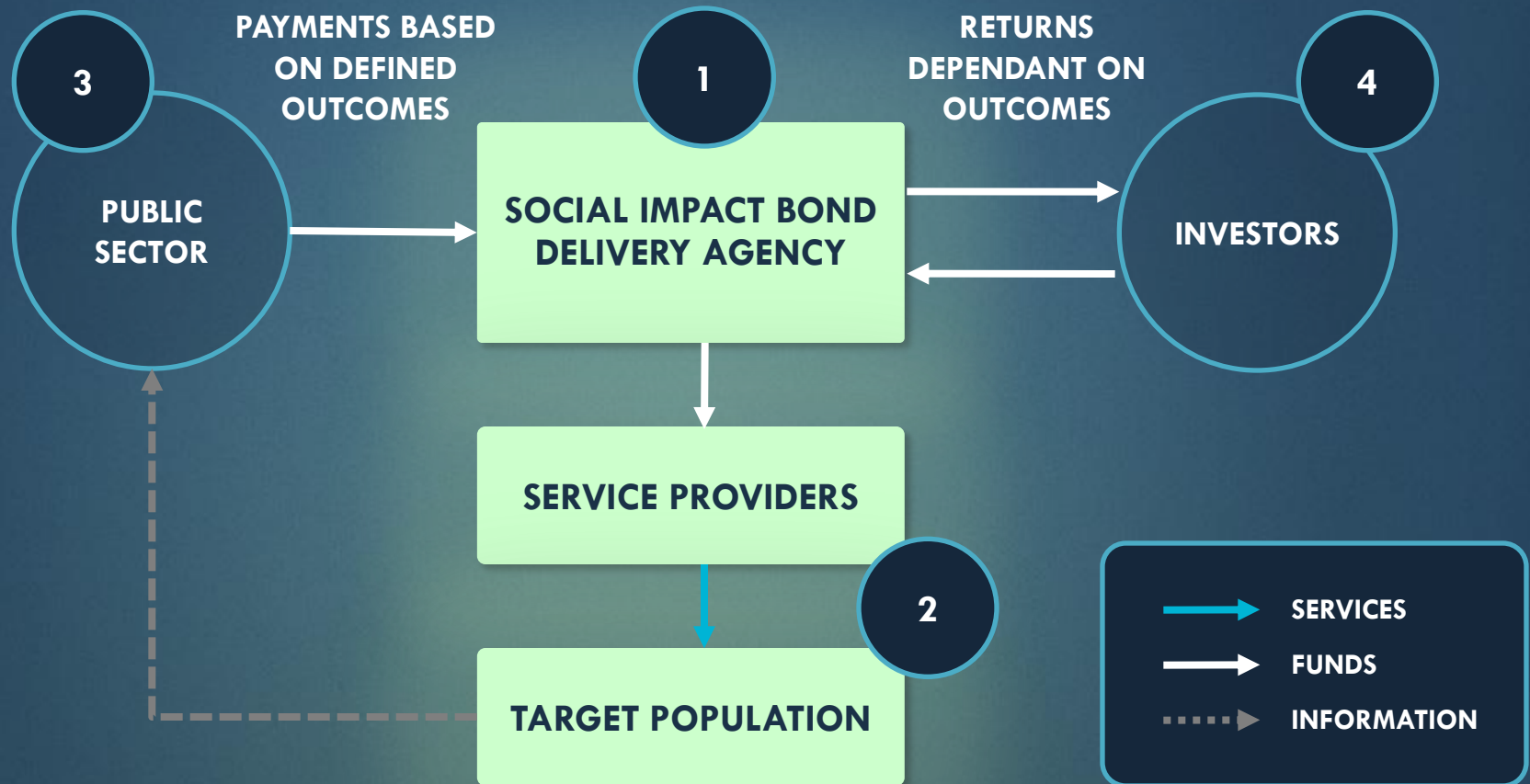




**Centre for Social Innovation
(CSI): \$1.8M bond issue for
the acquisition and
re-development of new
facility.**



NEW FINANCING **SOCIAL IMPACT BOND**



THE EARLY MODEL “**T**” OF SIBs

SOCIAL IMPACT BONDS: THE MISSING HUB IN THE WHEEL OF SYSTEMIC CHANGE

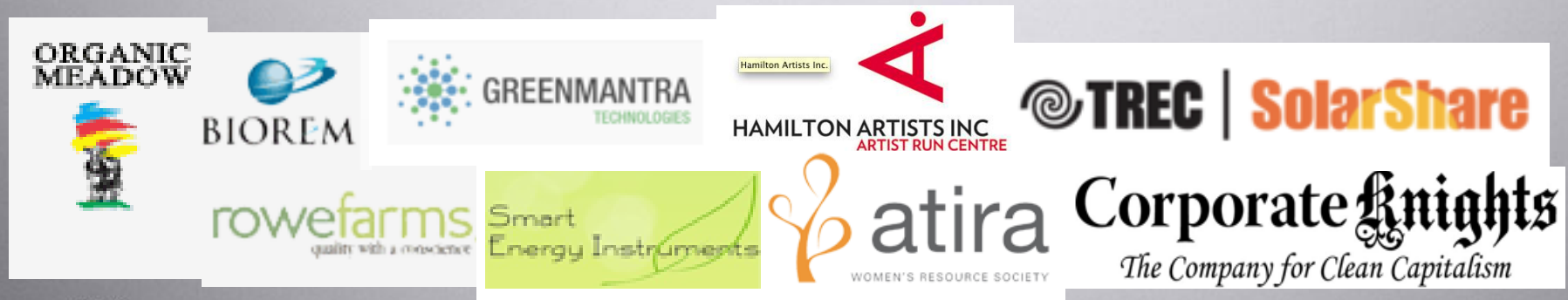


CANADA'S SOCIAL FINANCE MARKETPLACE

What is the marketplace for impact investing in Canada and around the world?

A robust deal flow for impact investing exists in Canada as demonstrated by the following:

- A BC-based blended value fund indicated that it reviews approximately 300 new opportunities per year
- An Ontario-based blended value fund indicated that it reviews 200 new BVEs per year and another 200-300 that it has seen before
- In Quebec, for example, there are 6,200 social economy enterprises that together employ 65,000 people and generate annual sales in excess of C\$4 billion according to HRSDC



SOCIAL VENTURE EXCHANGE SVX

An Ontario-focused, impact-first, private investment platform **connecting social ventures, impact funds, and impact investors to catalyze new investment capital** for improved social and environmental outcomes.

PARTNERS



THANK YOU

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WITH APPRECIATION TO **ALL SiG COLLEAGUES & NODES**