

The background of the entire page is a photograph of a cave interior. The walls are made of reddish-brown rock with various textures and shadows. A single, bright beam of light shines down from the top center, creating a circular pool of light on the sandy floor. The overall atmosphere is mysterious and focused.

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Antenna for Social Innovation The Quest for Precision

**The search for a common framework
and recent examples of successful
social innovations**

Heloise Buckland · David Murillo

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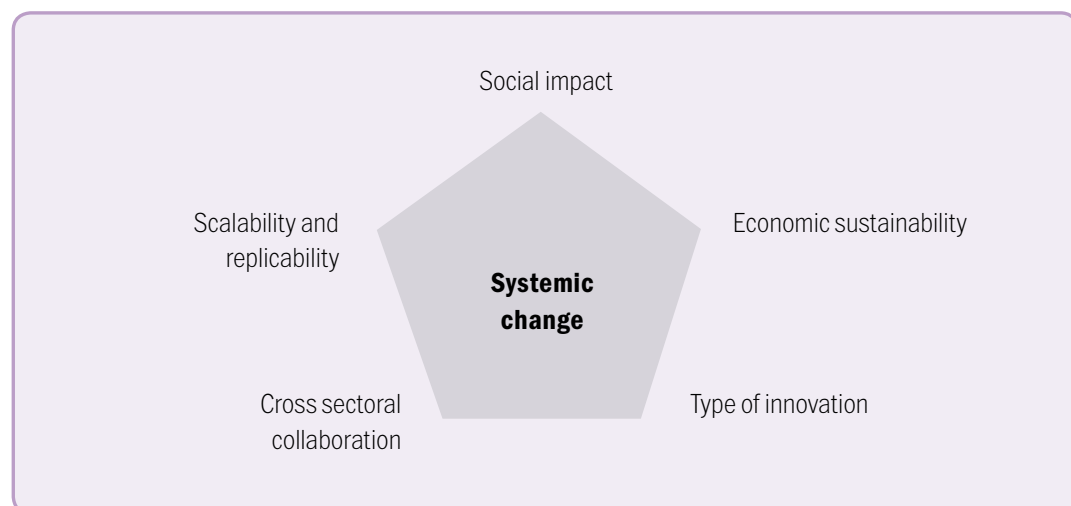
Introduction

'We are concerned first that the concept (social innovation) has been stretched in so many directions that it is at breaking point,' (Grimm et al., 2013).

We agree with Grimm that the concept of social innovation is a victim of its own success. It is increasingly being used, appropriated, and diffused by a wide range of public and private organisations keen to highlight the social and innovative component of what they do or what they wish to do. Can we blame them? Certainly not, but we must acknowledge that the recent proliferation of initiatives and organisations with the label *social innovation* has generated some confusion that we, from academia, should try to address and, hopefully, help to clarify.

We will focus in the present edition of our Antenna on refining our framework around the understanding of what social innovation is and the rising debates that accompany it. We will do so by focussing on the main subtopics that have recently occupied the minds of scholars and practitioners alike when trying to encapsulate and further define the different variables that are used to make sense of social innovation.

Figure 1. 5 Variables of social innovation (Buckland & Murillo, 2013)



Some of the related topics have already been under discussion for a while. Measuring social innovation continues to be a challenge for most organisations dealing with social innovation; and the lack of consensus on the metrics to be used has left room, paradoxically, for a different type of consensus regarding its relevance. We can only agree with Shaw when he states: *'while frequently discussed in policy and academic forums, detailed empirical studies of social innovation and particularly its impact are rare,'* (Shaw, 2013). Shaw also refers to the intricacies of the measurability of social innovation:

'The collection of official statistics outlining the size, scale and impact of social enterprise and social innovation is in its infancy. Presently, defining and measuring social enterprise is problematic, compounded by ambiguities regarding both the legal structure of social enterprises and the hidden activities of large numbers of locally embedded, micro-sized social ventures. Combined, this makes accurate recording of the scale and impact of social enterprise challenging,' (Shaw, 2013).

Building on the work of, among others, Nicholls and Murdock (2012), we strongly believe that there is a need for greater reflexivity and critical consideration of socially entrepreneurial practices that evaluate the *impact* and *effectiveness* of social enterprise and social innovation in developing solutions relevant to the multifaceted nature of social problems.

This edition of the Antenna begins with a literature review of the most recent academic debates that have taken place around the five variables that, from our perspective (see Figure 1), encapsulate the different attempts to more precisely define social innovation. The aim of this section is to provide a quick snapshot of the various discussions around these key dimensions of social innovation, although each of these discussions deserves separate attention. For those keen to explore these aspects further, a good way to pursue this goal is by making use of the references provided, where we refer to a brief set of articles and academic papers that will serve for a deeper analysis into the twists and turns of social innovation research.

Following this initial academic review, we present a unique example of social innovation in case study format, this time a complex and problematic example from the perspective of social innovation. The case study focuses on an entire community, the small town of Alston (Cumbria in England), and we attempt to understand what has made this small and relatively isolated town of 2,000 inhabitants become a remarkable case of social innovation and social entrepreneurship. Within the case we highlight some subcases, mostly community initiatives that have taken place in Alston, which are presented as close-up instances of what can be achieved in an environment of blossoming social entrepreneurship. It is worth mentioning that the study of the town of Alston has given rise to some topics that were neglected in our past attempts to build a comprehensive model for social innovation. For example the need to pay attention to the various forms of social capital for fostering social innovation. We are confident that the prompt rediscovery of the tricky concept of social capital and its multiple forms could prove a relevant contribution for any new agenda of research in social innovation.

The third section brings about the traditional remit of our Antenna: capturing the intellectual and theoretical debates around the concept and gathering a selection of the latest examples of social innovation from around the world. With the valuable assistance of Ship2B,¹ an incubator and accelerator for social innovation, we have made a selection of

¹ <http://www.ship2b.org/>

ten high impact initiatives that help us visualise how the different variables can be used to define what social innovation is and how it can be applied to real life examples. Some of these initiatives are well known, such as Coursera, others are still relatively unknown by the general public. A detailed account on the methodology of this selection is provided at the beginning of Section Three and this account sheds some light on the potentialities and constraints of such selections.

Finally, we provide some reflections based on the results of this Antenna to help provide food for thought for academics and practitioners willing to pursue further research in this field. More than the conclusions of the present report, this section should be read as a summary of the takeaways and findings of the previous pages.

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Parameters for Social Innovation

Social impact

This section highlights some key concepts that underpin social impact measurement according to the major social innovation hubs and leading academic centres studying this rapidly changing phenomenon.

There are many different approaches to measuring social impact ranging from an entirely qualitative approach focusing on intangibles to quantitative approaches using financial metrics. Here we consider social capital, the framework of the economy for the common good, shared value, and social return on investment. We complete the chapter with a checklist of five key points to consider when measuring social impact.

Moving on from the useful spectrum of blended accounting taken from quantitative positivist accounting methods, such as financial accounts, to qualitative interpretive accounting, such as trustee reports (Nicholls, 2009) and the blended value map (Emerson, 2003), a more recent classification for measuring the social impact of non-profit organisations has been developed that highlights the advantages and disadvantages of various approaches. These approaches are described in Table 1.

Table 1. Measuring the social impact of non-profits: four approaches

Approach	Description	Advantages	Disadvantages
<i>Financial: operational efficiency</i>	Primarily includes efficiency measures based on financial information.	Simple to calculate, information is accessible.	One dimensional evaluation and difficult to compare across sectors.
<i>Financial: social impact approach</i>	Financial quantification of social impact (e.g. SROI).	Attempt to quantify social value.	Subjective analysis based on financial assessment of social value.
<i>Qualitative impact approach to measurement</i>	Integrates 'soft' organisational measures and does not attribute financial value to social impact.	Flexible and enables integration of intangibles and other soft measures.	Models need to be very complex to assess overall value, and no quantification of social impact is made.
<i>Combination approaches to measurement</i>	Use both quantitative and qualitative measurements, financial and non-financial data (e.g. common good matrix).	Balances financial outcomes and mission-based objectives and includes multiple stakeholders.	Few models exist.

Source: adapted from Polonsky and Grau (2011)

This categorisation provides a useful overview of the different approaches to measuring social impact; however, an exploration of the individual building blocks for each category can usefully deepen our understanding of the issues. We begin with the most intangible concepts, such as social capital, and progress to the more quantitative tools such as SROI.

Economy for the common good

A recent concept to consider when measuring social impact is that coined by Austrian activist Christian Felber in 2010, the *Economy for the Common Good* (ECG) which advocates an economic system that places humans and all living entities at the centre of economic activity. The concept is fast gaining support, with over 1,400 companies signed up to the ECG network and 60% of these companies reporting with the 'Common Good Balance Sheet' (a scorecard that measures companies on their preservation of five fundamental values in dealings with stakeholders: human dignity; cooperation and solidarity; ecological sustainability; social justice and democratic co-determination; and transparency). While some of the companies using the system, such as Vaude and the Munich based Sparda-Bank, are large enterprises, most signees have less than 50 employees.² As shown in the table below, a score is given for each stakeholder according to the five values in the audit system. The balance sheet is currently in its fourth version and uses both a positive and negative scoring system – with the options of using the scorecard as an internal self-evaluation tool, for peer evaluation, or for eventual external audit.

A key difference between the *common good balance sheet* and other better established sustainability reporting mechanisms, such as the Global Reporting Initiative, is that the parameters used are based around five fundamental values: human dignity; cooperation and solidarity (counted as one); ecological sustainability; social justice; and democratic co-determination and transparency. The common good balance sheet is a scorecard that measures companies according to their preservation of these different values; for example, companies receive more points when employees are satisfied with their jobs, or when top managers do not receive exorbitantly more than the lowest paid worker. Every contribution the company makes towards the common good that extends beyond legal obligations is evaluated positively using a point system. Exemplary companies receive a maximum of 1000 points, conventional companies would be given somewhere between 0 and 100 points. The most advanced companies to date have received between 600 and 700 points. Companies initially develop an internal balance sheet to identify their strengths and weaknesses, subsequently, they can have a peer evaluation, and ultimately, an external audit.³

² Article published in the Guardian, 6 January 2014: 'Can we create an economy for the common good?'

³ For full information about the Common Good Matrix see: <http://common-good-economy.org/>

Table 2. Common Good Matrix 4.1

Value	Human dignity	Cooperation & solidarity	Ecological sustainability	Social justice	Democratic co-determination & transparency
Stakeholder					
Suppliers	Ethical supply management 90				
Investors	Ethical financial management 30				
Employees	Workplace quality	Fair distribution of labour	Promote eco-friendly behaviour	Fair income distribution	Corporate democracy & transparency
	90	50	30	60	90
Customers Products Services Partners	Ethical consumer relations	Cooperation with businesses in same field	Ecological design of products/services	Socially oriented design of products/services	Raising social and ecological standards
	50	70	90	30	30
Social Environment	Value & social impact of products/services	Contribution to local community	Reduction of environmental impact	Investing profits for common good	Social transparency & co-determination
	90	40	70	60	30
Negative criteria	Violation of ILO -200 Products detrimental to human rights -200 Outsourcing to companies which violate human dignity -150	Hostile takeover -200 Blocking patents -100 Dumping prices -200	Massive environmental pollution -200 Gross violation of standards -200 Planned obsolescence -100	Unequal pay between genders -200 Job cuts despite profits -150 Subsidiaries in tax havens -200 Equity yield rate greater than 10% -200	Non-disclosure of subsidiaries Prohibition of a works council (labour union) -150

Source: adapted from *Economy for the Common Good*

Shared value

Shared value is a concept widely adopted by the corporate sector (particularly for basing pyramid initiatives) and was first described by Porter and Kramer to define the link

between competitive advantage and corporate social responsibility (Porter and Kramer, 2006). Kramer more recently clarifies the difference between these two concepts: ‘CSR is about responsibility, whereas CSV is about creating value.’⁴ In 2012 Porter and Kramer set up the Shared Value Initiative as a global learning hub for businesses, social entrepreneurs, and academics to promote the adoption and implementation of shared value strategies across sectors. The concept is gaining momentum both in the corporate and non-profit sector with organisations such as Nestlé and the Rockefeller Foundation at the forefront and substantial activity in the pharmaceutical and extractive industries. Although shared value measurement is still in its infancy, various tools and methodologies are beginning to emerge. Three levels of creating shared value have been defined: ‘reconceiving products and markets, redefining productivity in the value chain, and enabling cluster development,’ (Porter and Kramer, 2011)(1) and a simple four-step process to measure shared value initiatives has been developed (see Table 3).

This methodology has been taken up by several businesses within the Shared Value Initiative. Coca-Cola’s Coletivo initiative in Brazil boosts the employability of low income youth and improves the company’s retail distribution and brand power. Indicators used include: the number of young adults placed in jobs following the programme (30% of the 50,000 trainees who started work with Coca-Cola or retail partners, as well as 10% who have started their own business); improvement in self-esteem of participants; increased sales; and greater brand awareness. Following the success of the initiative it is being replicated to 150 low-income communities across Brazil.

Table 3. Shared value measurement

Steps to Shared Value Measurement	Details
Step 1: Identify the social issues to target	Prioritise specific social issues that represent opportunities to increase revenue or reduce costs. Systematic screening of unmet social needs and analysis of how they overlap with business.
Step 2: Make the business case	Identify the targets and specify the activities and costs involved for each shared value opportunity, modelling the potential business and social results relative to the costs (i.e., value creation potential).
Step 3: Track progress	Track inputs and business activities, outputs, and financial performance (revenues and costs) relative to projections.
Step 4: Measure results and use insights to unlock new value	Validate the anticipated link between social and business results and determine whether the outlay of corporate resources produced a good joint return.

Source: adapted from Porter and Kramer (2011)

4 Creating Shared Value Blog: <http://www.fsg.org/KnowledgeExchange/Blogs/CreatingSharedValue.aspx/>

In a study of 30 businesses that have succeeded in the combined goals ‘to meet society’s needs and build a profitable enterprise,’ Pfitzer and others have identified five mutually reinforcing elements for companies to generate shared value: embedding a social purpose which may mean emphasising a firm’s core social mission; defining the need (by conducting extensive research on the problem being addressed); measuring shared value to establish the monitoring of business and social goals; creating the optimal innovation structure which depends on a clear understanding of the problem and solution provided; and finally, co-creating with external stakeholders (Pfitzer et al, 2013). Shared value measurement marks a key point in the evolution of social impact measurement and differs from sustainability reporting and strict compliance reporting as shown in the table below:

Table 4. Evolution of Social Impact Measurement Approaches

Focus	What to measure?	Why measure?	For whom?
Shared value	Joint business & social value creation	Grow the total shared value created	Management. Targeted external stakeholders
Sustainability	Social, environmental, financial & ethical implications of operations (e.g. GRI report and CSR report)	Minimise negative externalities and augment positive impacts. Maintain license to operate	Management. External stakeholders
Impact assessment	Long-term social and economic development impacts of operations (e.g. social impact assessment)	Track impact progress. Maintain license to operate	External stakeholders
Reputation	How societal impacts contribute to company reputation	Manage reputation	Management
Compliance	Compliance with laws, voluntary policies, codes, and standards	Ensure adoption and compliance. Secure license to operate	Management. External stakeholders

Source: adapted from Porter and Kramer (2011)

There are a number of critics of the Porter and Kramer Shared Value concept who state that it is an unrealistic, albeit seductive promise that suffers from ‘serious shortcomings; namely: it is unoriginal; it ignores the tensions inherent in responsible business activity; it is naïve about business compliance; and it is based on a shallow conception of the corporation’s role in society,’ (Crane et al, 2014). Critics go on to claim that Shared Value cannot be an innovation in itself, as this would assume that business has traditionally never created any value for society, going against decades of research on the subject. While it

has gained considerable popularity among practitioners as an attempt to match social and economic goals, the authors conclude that ‘this task of understanding the firm as a multi-purpose venture is still ongoing,’ (Crane et al, 2014).

Social return on investment

Finally we consider *social return on investment* (SROI), a methodology which uses financial language to quantify social impact, which has also gained momentum in the last few years in various countries and sectors. This methodology uses elements of cost-benefit analysis as costs and benefits are quantified and compared to evaluate the impact of a given intervention in monetary units. The net present value of benefits is compared with the net present value of investment, generating a result of a ratio of monetised social value. For example, a ratio of 1:3 indicates that for every unit of investment three units of social value are generated.

‘Developed by the Roberts Enterprise Development Fund in the US (2000) and tested by the New Economics Foundation in the UK (2004), SROI is based upon the principles of accountancy and cost-benefit analysis that assign monetary values to social and environmental returns to demonstrate wider value creation,’ (Millar, 2013).

SROI has most widely been adopted in the UK and America but it is also used in other countries such as France and China and an international SROI network⁵ has been established with members worldwide. In a 2013 survey of 285 British social enterprises working in the areas of health, wellbeing, and social care, 30% used SROI and claimed that it had helped them secure funding (Millar, 2013). Other organisations used their own measuring systems (40%) and the remaining 30% were not yet measuring social impact. Motivations for overall measurement were both internal (improve working practices) and external (help attract funding). The study shows that while capturing performance is a priority for social enterprises, it remains a complex task that is open to a variety of interpretations.

Although the health sector within the UK, with an already well-established culture of impact measurement has been an active test bed for SROI, the use of financial proxies to measure intangible social outcomes (such as wellbeing and self-esteem) has provided some practical and implementation challenges. Aside from a lack of data to facilitate the measuring process, putting monetary value to soft subjective issues is difficult to compare across organisations, requires considerable time to implement, and funders may not always find that social values put in monetary terms is compelling way of telling the story (Millar, 2013).

‘Whilst this technique is presented as a crucial development in capturing third sector outcomes, there is limited empirical evidence on its use by social enterprises. Furthermore, the

⁵ www.thesroinetwork.org

relatively scarce literature that does exist suggests a number of practical and implementation issues with its use, (Darby and Jenkins, 2006; Peattie and Morley, 2008),’ (Millar 2013).

Reflection on monitoring social impact

The social impact measurement sector continues to evolve with the evolution of new tools such as the Common Good Matrix and SROI alongside the more organic and home grown approaches which continue to be the commonly used. The UK Social Enterprise Survey in 2009 found a limited uptake of impact measurement tools with only 65% of health and social care oriented organisations measuring impact, and SROI being used by only 1% of those organisations, (Millar, 2013). The 2013 UK Social Enterprise Survey shows a slight increase in social impact measurement with 68% of all social enterprises claiming to measure their impact and this rises to 74% for start-up social enterprises.

As a final reflection the use of different measurement tools for a given social innovation is contextually bound and directed by the motivation for measurement and the intended target of the results. For example, SROI is a preferred tool for the social enterprise health sector in Britain and the Shared Value Matrix is preferred by large corporations developing new business models at the base of the pyramid. At this stage, and in the foreseeable future, as social innovation continues to broaden its scope, there is unlikely to be a one size fits all social impact measurement approach for the sector. However, based on our analysis to date, a few considerations should be borne in mind regardless of size or sector (as described in Table 5).

Table 5. Considerations for monitoring social impact

Tips	Observations
Size matters	Clear indicators on size of the venture, number of beneficiaries, and markets where social innovation is operational provide the simplest way of measuring. <i>Are the numbers clearly communicated?</i>
Stakeholder salient	The type of approach needs to be relevant and tailored to different stakeholders, whether funders, beneficiaries, partners or internal organisations. <i>Are there different channels for different stakeholders?</i>
Intangibles cannot always be monetised	It is difficult to value soft values such as wellbeing, self-esteem, and social capital using financial terms, and this approach may not always be compelling for funders. <i>How are intangibles measured?</i>
Co-create metrics	Selection of key performance indicators with key stakeholders can be more effective than using a standardised methodology. <i>Who is involved in measuring progress?</i>
Values count	Increasingly social impact is measured according to its contribution to universally accepted or organisation specific values. <i>Are values considered when measuring impact?</i>

Economic sustainability

Achieving the balance between a sustainable financial model and the generation of social impact is a challenge for many social innovations. In the previous edition of the Antenna for Social Innovation we explored financial support mechanisms (from the grant, public, and household economies) to help an initiative get off the ground, as well as a series of business models adopted by non-profit social enterprises. We considered Emerson’s concept of Blended Value and also looked at the how the level of engagement and involvement from investors varies according to the venture’s level of charitable or commercial activity.

Over the last two years the areas of social innovation finance where we have seen most change are in the impact investment sector, microfinance, crowd funding, and the recent evolution of social impact bonds. In this section, we explore these key concepts and the latest associated theories.

Impact investment

‘Impact investments are investments made into companies, organisations, and funds with the intention to generate a measurable, beneficial social and environmental impact alongside a financial return,’ Global Impact Investing Network.⁶

The impact investment market has seen unprecedented growth over the last five years both in emerging and developed markets, and provides a range of financial returns from below market to above market rates. Impact investment differs from two other fast evolving financial mechanisms (crowd funding and micro-credit schemes) largely due to the size of investments. Impact investment is growing fastest in Canada, Britain, and the US where investors are increasingly showing a preference for companies that make a positive social impact (Grant, 2013). Impact investments are usually a minimum of \$1,000 and tend towards equity rather than debt, and these investments are made by diversified financial institutions, pension funds, high-net-worth individuals, fund managers, as well as foundations.

The debate about how to measure the impact of leading social impact investments continues to evolve, and recent research suggests that the existing Impact Reporting and Investment Standards (IRIS) do not provide sufficient information to investors about the real difference their investment has made against what the situation would have been without the initiative. Some suggest a Global Positioning System could be set up to help give an accurate, real time picture of impact in different countries, (McCreless, 2014).

⁶ www.thegiin.org

However, IRIS has gained traction despite criticism in recent years and is now being used by hundreds of enterprises to report their impact to investors, from core metrics on product impact and financial performance to more elaborate performance indicators on specifics in different sectors. Authors are now hoping for network effects from IRIS based aggregate market intelligence. *'Indirect effects of the reporting are already evident in the form of initiatives and networks that utilise IRIS, like the Global Impact Investing Reporting Standards (GIIRS), the online performance management system Pulse, and the impact investing angel network Toniic, which (...) is building an industry ecosystem,'* (Bouri, 2011).

Unlike the traditional investment industry's ecosystem of accepted standards, professionals, academics, and an established database of financial performance, the impact investment ecosystem is still in its infancy and which standards will emerge and establish themselves in the next few decades is still uncertain (Bouri, 2011).

Earlier mainstream finance research on the question of whether socially responsible investment is expected to lead to better social outcomes than mainstream investment, concluded that *'given the well documented imperfections in equity markets'* it is reasonable to claim that SRI *'makes a difference to society,'* (Pietra, 2003).

Jed Emerson, a leading author and renowned expert in the field of impact investment who coined the term 'blended value' in 2003 describes impact investment as *'the practice of structuring all of your capital to realise the full potential value you can create on social, environmental, and economic levels.'*⁷ He states that today's challenge for the sector is no longer which type of investment is most appropriate on a philanthropic or more commercial scale, nor how much involvement an investor will have with the initiative, but rather how to match the right social enterprise to the right investor. He states there is a need for a more efficient market place to enable this matching to take place more quickly.

Micro finance

Microfinance, understood as the sector of micro-credit or micro-lending is one of the most well established financial sectors supporting social enterprise and although traditionally operational in emerging markets it has recently been extended to industrialised economies. When the microfinance revolution appeared in the 1980s it was demonstrated that *'microfinance could provide large-scale outreach profitably'* and later in the 1990s *'microfinance began to develop as an industry'* (Robinson, 2001) with over 4,000 registered microfinance enterprises in 2010 serving over 700 million clients (who are poorer than clients served by commercial banks).⁸ Today the industry's objec-

⁷ Interview with Jed Emerson, 12 August 2012, www.mosaic.com

⁸ Ron Cordes, *Making an Impact*, article published in High Net Worth, September 2010

tive is to play a far more significant role in reducing poverty worldwide and new hybrid models are starting to emerge.

There is a wealth of literature on the social impact of microfinance activity in African countries and India with considerable evidence of its role in creating businesses and generating employment. However there is some controversy around whether high interest rates (the global average interest rate is 37%),⁹ and over-indebtedness is actually creating a debt trap for many borrowers¹⁰ and there is increasing debate about factors affecting repayment rates (Zahir, 2013). At the same time, there are studies on the role of microfinance in industrialised nations – and in the US and Canada it has been said to help individuals out of welfare. Recent research in Sweden has examined the effectiveness of micro-lending in helping ex-convicts, drug addicts, and long-term unemployed women escape poverty (Barinaga, 2013).

Another recent development in the sector is the creation of online platforms connecting lenders to micro-entrepreneurs, such as Kiva, MYC4 and Zidisha, the latter being the first platform in 2009 to link lenders to entrepreneurs across borders without local intermediaries. This new hybrid sector of microfinance and crowdfunding is creating an active new playing field for social innovation finance.

Crowdfunding

'What's happening now is a new frontier where technological change is merging with armchair economics. Add money to the social media mix, and things get really exciting – and terrifying. Welcome to the world of crowdfunding, it's a populist form of fundraising that's expected to generate \$5bn this year,' Amy Cosper, Editor in Chief of Entrepreneur Magazine.

Crowdfunding is a means of raising financial capital for non-profit, political, philanthropic, and commercial or start-up enterprises from many individual contributions using an online platform. Crowdfunding has emerged from the more general concept of crowdsourcing where individuals reach a goal by leveraging the contributions of many individuals. Early examples include the British band Marrillion raising \$60,000 in 1997 to finance a US tour, a campaign that was conceived and managed by fans. The band has since used the method to successfully fund the creation and marketing of recent albums (Collins, 2002).

Donation-based and reward-based campaigns are the most traditional types – but more recently credit-based and equity-based crowdfunding has appeared on this fast changing scene with firms such as Seedrs, Crowdcube, and Bank to the Future in Brit-

⁹ Neil McFarquhar Banks making big profits from tiny loans, Article published in New York Times, April 2010

¹⁰ Milford Bateman, The illusion of poverty reduction, article published in Red Pepper magazine, September 2010

ain. There are currently 450 crowdfunding platforms that act as intermediaries between entrepreneurs or businesses seeking capital and investors, donors, or lenders. These platforms, such as Indiegogo or Kickstarter, are replacing the more traditional venture capitalists and investment managers who previously liaised between investor and entrepreneur.

Financial regulation is struggling to keep pace in this sector, particularly in the field of crowd equity and crowd lending. In most countries an initiative needs to be registered with the financial authorities to legally offer equity and national authorities are starting to respond to this need. At the beginning of 2014, the UK Financial Conduct Authority (FCA) produced a policy statement regarding crowdfunding¹¹ and in 2013 Italy was the first European country to pass legislation regarding crowdfunding with a national registry of crowdfunding operators. However, in the US there is concern that there will be a disconnect between the promise of crowdfunding and the system the Securities and Exchange Commission will use to regulate the sector.¹²

Although crowdfunding offers an agile financial ecosystem to entrepreneurs and innovators and the opportunities it represents for social innovation are unprecedented, there remain a number of risks and barriers regarding intellectual property (crowdfunding platforms cannot guarantee protection), reputation, and donor exhaustion if campaigns are not correctly managed.¹³

Social impact bonds

Another recent financial phenomenon is the Social Impact Bond (SIB) – a new form of collaboration between government, philanthropy, and the investment community which draws on private investment capital to fund social initiatives. This innovation was pioneered by Social Finance UK in 2010 and enables government to shift programme risk to private investors who finance the service delivery upfront, with ultimate payment to investors from government based on the achievement of previously agreed outcomes. It has been most widely applied in the social services prevention sector.

A recent McKinsey report on SIBs estimated that the US government spends \$6-7bn per year on remedial services for the homeless, \$70bn annually on prisoner recidivism,¹⁴ which illustrates a clear business case for more effective prevention programmes. SIBs appeal to impact investors with an interest in financial and social returns, funders who increasingly demand evidence-based practice in social service, and governments who are interested in performance based contracting (Ragin, 2013).

¹¹ www.fca.org.uk

¹² Deboarah Jacobs, *The Trouble With Crowdfunding* published at www.forbes.com 17 March 2013.

¹³ *Crowdfunding in a Canadian Context*. published at www.cmf-fmc.ca 7 February 2013.

¹⁴ McKinsey & Company (2012), *From Potential to Action: Bringing Social Impact Bonds to the US*.

'The concept is gaining momentum across the nation (US) and around the globe as innovators seek ways to fund preventative programmes addressing complex social problems. When government, investor, and provider expectations are aligned, SIBs have the potential to bring significant new capital and efficiencies to social service delivery,' (Ragin, 2013).

SIB intermediaries are now appearing as new players to coordinate service delivery, manage performance, and provide reporting to investors. The Local Initiatives Support Corporation in the US, which creates pathways to invest in affordable housing for low-income groups is an example of such an intermediary. At this stage, the SIB market is being led by 'impact-first' investors willing to accept below-market returns and has not yet seen a wide take up by private investors; however, there is a recognised potential for scale once issues such as transactional costs, performance measurement, and institutional design further develop (Millar, 2003). Inspired by the model of SIBs, development impact bonds have been developed in parallel and use a similar mechanism in emerging markets.

Reflection on monitoring economic sustainability

As the sector begins to mature and the myriad of financial mechanisms on offer for different stages of an enterprise grows, an interesting area for future research is the long-term sustainability of social innovation. Most of the research to date has focused on the SRI sector, which is showing that while both negative and positive performance is associated with social investment practices, it has been concluded that *'corporate social responsibility is a free good, and social investors could achieve competitive returns with the use of modern portfolio construction techniques,'* (Pietra, 2003). However, more recent studies are showing comparable performances between social indices and mainstream markets. A study of the FTSE Social Select Index between 2004 and 2010 showed a 2.03% return compared to 1.99% for the US FTSE 500 over the same period. Similar studies are showing outperformance by SRI funds, and this is leading to a divergence between investors interested in social value and alpha-seeking social investors (Lloyd, Dibartolomeo, 2011). To date there is little research on the financial sustainability of social innovation in the long-term outside the SRI sector.

Some aspects for future consideration will be the spread of microfinance into industrialised economies and the factors influencing payback rates and indebtedness; the future of crowdfunding (particularly equity crowdfunding) and how this will be affected by new legislation; and finally, whether social impact bonds will eventually attract more mainstream investors to engage in outcome oriented social innovation.

Table 6. Considerations on monitoring economic sustainability for social innovation

Tips	Observations
One size does not fit all	Impact investment standard (IRIS) is a useful tool but social impact and financial performance metrics are not standardised across the board. <i>Which is the most appropriate approach for the initiative?</i>
Brokering social innovators with investors needed	The market place for matching investors with social innovators and entrepreneurs is inefficient and more intermediaries are needed. <i>Are mechanisms in place to link innovators to investors?</i>
Microfinance goes global	USA, Canada, Britain, and Nordic countries are experimenting with microfinance models developed in India and Africa. <i>Will microfinance be successful at improving wellbeing in industrialised economies?</i>
Crowdfunding continues to grow	Crowdfunding sector expected to reach \$5bn in 2014 with the crowd moving much faster than governments and regulation. <i>Are crowdfunding or equity crowdfunding models adopted?</i>
New public-private relationships	Social impact bonds and development impact bonds help governments manage financial risk and investors achieve outcome oriented results. <i>Are different sectors involved in financing the initiative?</i>

Type of innovation

In the previous edition of the Antenna for Social Innovation we outlined a map of the different types of innovation operating within the social innovation arena: including the remit (from product to process); the degree of creative destruction (from incremental to radical); the focus (from entrepreneurship to intra-preneurship); and whether or not the innovation was open or closed. We also considered the concept of architectural innovation (as opposed to modular innovation) blended with radical innovation – the impact of which can be very considerable on any given knowledge base.

While these classifications of innovation remain valid, we now observe a number of new trends in the social innovation field. These include the shift from product to service, the tendency away from intellectual property to open innovation that is prevalent in a range of sectors from finance to product design, the concept of the ‘circular economy’ as a systemic innovation, and finally the evolution from standalone innovation to collaborative innovation within the emerging collaborative economy. In this section we explore the latest research on these trends.

Product to service

‘The provision of services has become an increasingly important component of the economy of industrialised countries and a revenue stream for many traditional product companies. This is especially true for companies that offer information technology (IT) products,’ (Shu et al, 2013).

The shift from product to service is particularly relevant for social innovations with environmental objectives, as dematerialisation provides opportunities for meeting needs with fewer resources. This phenomenon is prevalent in the IT sector and also widespread across various manufacturing sectors where companies are *‘turning to services as a new way of creating and capturing value,’* (Visnjic et al, 2013). The shift by Interface from selling carpets to providing a lease-based, floor covering service is a well-known example. As resource efficiency demands increase, many researchers, institutes, and governments have paid attention to the evolution of product-service systems over the last decade. This process is now described as ‘servitisation’ and increasing attention is being paid to life cycle management and other resource-use methodologies in innovation and design.

‘Organisations have been approaching servitisation in an unstructured fashion. This is partially because there is insufficient understanding of the different types of product-service offerings,’ (Gaiardelli et al, 2013).

While the jury is still out on the different pathways towards servitisation one sector that has seen undeniable growth is carsharing. Today most major car manufacturers offer a carsharing service in the context of declining new car sales (including BMW, Toyota, and Ford). Independent car share initiatives are also on the rise across the world with successful growth in India (Zoom is India’s first new carshare start-up), Korea (the SoCar carsharing platform), and Brazil (Zazcar is the first Latin American car sharing company). There are also many more established ventures in the US and Europe with VoitureLib, a French carsharing service that recently secured €2m funding to scale operations,¹⁵ and San Francisco’s City Carshare also seeing continued growth.

‘...on Earth Day alone, 68,000 fewer miles will be driven on Bay Area roads due to City Car Share’s transit-oriented carshare service. The organization reported that, in 2012, a total of 25 million fewer miles were driven overall due to City CarShare,’ City Carshare Annual Report 2013.

While carsharing and other product-service sectors are witnessing unprecedented growth, research on the shift to service-oriented solutions indicates that many new product-service providers struggle to deliver effectively. The challenges identified are twofold: the level of ‘service adoption’ related to the proportion of customers who will shift to the service; and the ‘service coverage’ related to the range of elements or the comprehensiveness of the service provided (Visnjic et al, 2013).

¹⁵ www.collaborative consumption.com accessed on 12 March 2014

Circular economy

Another key area of innovation that builds on the concept of servitisation is that of the ‘circular economy’ which is gaining considerable support in Britain, the US, and other countries. This concept has its origins in the earlier idea of industrial ecology whereby different industries within a defined area develop a closed network of resources, where the waste stream of one enterprise becomes the raw material of another. The first well-known example of this is the Danish industrial park in the city of Kalundborg – where several companies from the pharmaceuticals, energy, and manufacturing sectors buy and sell different waste products to generate a more efficient overall system and save environmental and financial costs. In this case, residual products that are traded include steam, dust, gases, heat, and slurry.¹⁶

The Ellen MacArthur Foundation in the UK has been advocating the concept of the circular economy since 2010 when it was founded with the support of Renault, Unilever, Cisco, Philips and Kingfisher.¹⁷ In simple terms, a circular economy differs from a ‘take, make, waste’ linear based economy because both ecological and technical nutrients are recycled. The ‘Circular Economy 100’ set up by the foundation is a platform bringing together leading companies, emerging innovators, and regions to accelerate the transition to a circular economy with members ranging from multinational businesses to innovative start-ups (such as Ecovative which produces natural insulation and packaging products from mushrooms that grow on agricultural waste).¹⁸

The foundation has commissioned a series of macro-economic studies to better understand the economic rationale for the transition to a circular economy. The three reports produced to date by McKinsey and Company have analysed the potential benefits in net material cost savings across the EU through product development, remanufacturing, and refurbishment (Vol. 1), savings in the fast moving consumer goods sector (Vol. 2), and scenarios that scale the circular economy through globalised supply chains (Vol. 3), (Ellen MacArthur Foundation, 2014).

‘... over US\$1 trillion a year could be generated by 2025 for the global economy and 100,000 new jobs created for the next five years if companies focused on encouraging the build-up of circular supply chains to increase the rate of recycling, reuse and remanufacture,’ (Ellen MacArthur Foundation, 2014).

The circular economy concept is gaining political and commercial support across the world and provides a fertile landscape for social innovation as disruptive innovation meets environmental and social goals.

Open innovation

The uptake of the open innovation paradigm continues to grow with organisations from many sectors across the world using external ideas to advance their business. A recent survey of

¹⁶ www.symbiosis.dk/en

¹⁷ www.elenmacarthurfoundation.org

¹⁸ www.ecovatedesign.com

open innovation practice carried out with 125 large firms in Europe and the United States with annual sales in excess of \$250 million demonstrated *‘that open innovation is not a passing fad’* with 78% of those surveyed practicing open innovation (none abandoning the practice) and 82% practicing open innovation more intensively than three years ago, (Chesbrough, 2014). The authors go on to describe the knowledge flow implied in open innovation – inbound and outbound. Moreover, with boundaries between companies and society now more blurred there are fewer barriers to these knowledge flows. The same study showed that customer co-creation, informal networking, and university grants were the leading inbound practices and joint ventures, selling market-ready products, and standardisation were the leading outbound practices.

Chesbrough and Brunswicker’s study is the first attempt at a quantitative analysis of the uptake of open innovation across industry since Chesbrough’s first publication on open innovation in 2003. Their data reveals that overall uptake has accelerated in the last few years; it has been taken on by both high tech and low tech companies and management support for the process is increasing. Inbound open innovation appears to be more widely practiced than outbound with customer co-creation and start-ups as two of the most popular methods. Customers, suppliers, and consumers are considered the most relevant stakeholders for open innovation with competitors and communities a lower priority. The single most significant barrier to the practice was identified as organisational change.

Collaborative economy

At the same time as we see an acceleration of open innovation practices in the design and production processes of large companies we are also witnessing a paradigm shift in the way consumers and communities consume products and services. The new arena where we see a shift from hyper consumption to collaborative consumption has been described as the collaborative economy, the sharing economy, or the peer economy; and it is associated with concepts such as crowdsourcing, maker movement, and co-creation. Many of these ideas differ in their approach although they share the same fundamentals. Rachel Botsman, advocate and expert on the collaborative economy provides a useful map of the different concepts as illustrated in Table 6.

Botsman highlights a series of underlying principles of the collaborative economy; firstly, the redistribution of power, shifting from large centralised institutions to individuals and communities. This redistribution of power implies a shift from the passive consumer of the 20th century industrialised economy to a more active producer, collaborator, or co-maker. Secondly, new technology opens access to underutilised resources described as *‘idle capacity, the untapped social, environmental or economic value of underutilised assets,’* through exchange models based on efficiency and trust. She describes the four key drivers of the emerging collaborative economy as: technological innovation; economic realities; values shift; and environmental pressure. She says these drivers are instigating a paradigm shift *‘in the way we live, work, play, travel, create, learn, bank and consume,’* (Botsman, 2014).

The concepts of the collaborative economy are becoming widely recognised, especially in the US. SunRun, a solar leasing company recently undertook a study which showed that ‘52% of Americans have rented, borrowed, or leased the kinds of items that people usually own in the past two years. At the same time, 83% said they would share these items if they “could do so easily.”¹⁹

Table 7. Collaborative economy concepts

Concept	Definition	Key types	Examples
Collaborative economy	An economy built on distributed networks of connected individuals and communities versus centralised institutions, transforming how we can produce, consume, finance, and learn.	<i>Production:</i> design, production, and distribution of goods through collaborative network <i>Consumption:</i> maximum utilisation of assets through efficient models of redistribution and shared access <i>Finance:</i> person to person banking and crowd driven investment models that decentralise finance <i>Education:</i> open education and person to person learning models that democratise education	<i>Airbnb:</i> match people with space with others seeking somewhere to stay <i>Quirky:</i> online inventors platform where best voted invention is funded <i>Zopa:</i> peer to peer lending platform connecting individual lenders to borrowers <i>Coursera:</i> open education platform
Collaborative consumption	An economic model based on sharing, swapping, trading, or renting products and services, enabling access over ownership. It is reinventing not just what we consume but how we consume. Transactions can be B2B, peer to peer, or B2C.	<i>Redistribution markets:</i> unwanted or underused goods redistributed <i>Collaborative lifestyles:</i> Non-product assets such as space, skills, and money are exchanged and traded in new ways <i>Product-service systems:</i> Pay to access a service rather than needing to own it	<i>ThredUp:</i> buys & sells used clothes with 40% of resale value back to buyer <i>TaskRabbit:</i> ‘ebay for errands’ <i>BMW DriveNow:</i> carsharing service.
Sharing economy	An economic model based on sharing underutilised assets from spaces to skills to stuff for monetary or non-monetary benefits.	<i>Peer to peer:</i> this is the more common type of sharing economy <i>Business to consumer:</i> increasingly opportunities being developed for this type of exchange	<i>Lyft</i> ‘on-demand’ ridesharing platform that matches drivers who can earn extra money by giving lifts. <i>Couchsurfing:</i> platform connects individuals
Peer economy	Person to person market places that facilitate the sharing and direct trade of services based on trust.		<i>Kitchensurfing,</i> a platform to find local chefs to cook in your home. <i>GetAround,</i> car sharing and renting. <i>Etsy,</i> to buy and sell vintage goods

Source: Adapted from Botsman, 2014.

¹⁹ www.fastcompany.com accessed on 12 March 2014

Reflection on monitoring innovation

The different aspects of innovation practice and how they evolve are useful signposts to observe the development of the social innovation arena. The shift from product to service provides considerable opportunities for social innovations with an environmental remit, as does the circular economy paradigm. There is also an enormous growth of social innovation across all dimensions of the collaborative economy with new initiatives surging both as start-ups, multi-stakeholder initiatives, and new products and services from existing businesses. While there is clearly a link between these dynamic fields of innovation there is still limited evidence-based research on which type of innovation is most suited to social innovation.

Table 8. Considerations on monitoring the innovation in social innovation

Tips	Observations
Product-service provides opportunities	Servitisation offers opportunity for environmentally oriented social innovations and is occurring in a range of sectors from manufacturing to IT. <i>Are there opportunities for servitisation in the initiative?</i>
Rethink resource flows with circular economy	The circular economy is a field of systemic innovation with different enterprises re-thinking their resource flows within their operating ecosystems. <i>Can the initiative benefit from other waste streams?</i>
Inbound open innovation is most common	Companies increasingly use inbound knowledge transfer channels to engage customers, suppliers, and consumers in their design processes. <i>Are stakeholders involved in the design of the social innovation?</i>
Collaborative economy is fertile ground for disruptive innovation	Redistribution markets, collaborative lifestyles, and product-service systems offer diverse business models for social innovation including B2B, peer to peer, and B2C. <i>Does the innovation fit into the collaborative economy?</i>

Cross sector collaboration

In previous editions of the Antenna for Social Innovation we have observed that social innovation occurs at key interfaces between different sectors and that boundaries between sectors are increasingly blurred. We continue to observe a high degree of hybridisation in the social innovation field. This occurs on two levels. Firstly, as new organisational models evolve where NGOs begin to look more like businesses and commercial enterprises turn towards social objectives; and secondly, within the social innovation ecosystem as a whole, as different sectors adopt new ways of interacting. In this section we explore the latest developments on hy-

brid organisations and the new concept of collaborative disruption – and take a closer look at the relationships between government and civil society and collaborative social innovation.

Hybrid organisations

One example of the shift away from old organisational stereotypes of poorly managed charities and ruthless profit making businesses is the penetration of private sector practices in the social enterprise sector. Regardless of the different legal form they may take, non-profit organisations, charities, community interest companies, social cooperatives and other social enterprise structures are adopting performance measurement processes more common to the private sector. Polonsky and Brau have noted that this increased emphasis on performance measurement is driven by a number of factors: firstly, an increased restriction on funds which means organisations must clearly communicate an effective delivery of their mission; and secondly, social enterprises need to deal with branding issues and market orientation due to increased competition. Finally, smarter measurement processes are used to address the concern from funders that too much money is spent on non-mission related costs (Polonsky, 2011). At the same time, within the business sector the integration of social impact metrics and strategies to achieve the shared value mentioned earlier are signs that companies are adopting more socially oriented business models.

In this context of shifting priorities for different types of organisations, legal structures for social enterprises continue to evolve. For example, many social innovations continue to grapple with the challenge of apparently conflicting interests, such as accepting donations but also raising private equity and securing loans. For example, the *company limited by guarantee* model in Britain is a business-oriented structure with non-profit status. The drawback however is that it cannot distribute equity. In the US, the B corporation, benefit corporation, and L3C are models that enable organisations with a social purpose to avoid having the generation of profit for shareholders as a legal requirement (as with normal businesses). However, these structures do not achieve tax-exempt status and are therefore unattractive for charitable donations.

One solution to address these shortfalls has been the popular hybrid organisational model of having dual legal structures; a non-profit foundation to receive donations and a private business to distribute equity. In this case, two legal entities operate under a single governance model and brand.

However, in the US a new generation of hybrid social enterprise has emerged: *‘Social entrepreneurs are now creating complex hybrid structures from the start, ones that use contracts to intimately tie together the non-profit and for-profit organisations. I call these new entities contract hybrids, to distinguish them from the hybrids of the past,’* (Bromberger, 2011).

This new contract hybrid format uses a series of agreements to combine one or more independent businesses and non-profit businesses into a single flexible structure that

enables them to conduct a range of activities. While the entities are distinct for legal purposes when properly structured they can behave like a single entity, often under a parent-subsidiary relationship. For example, a non-profit foundation can own a business or set up a ‘one-off’ arrangement to achieve a particular project or activity. There are a number of different options available for these arrangements and the contracts that bind these contract hybrid organisations together can include *‘contracts for goods or services, financing agreements, shared service agreements, intellectual property licenses, fiscal sponsorships, participation agreements, nondisclosure agreements, grant agreements, and leases,’* (Bromberger, 2011).

Collaborative disruption

‘Changing the world is a complicated business. You need a powerful mission that will inspire and motivate people; you need a problem that needs solving and an effective way to solve it,’ (Zimmer, 2013).

Non-profit social enterprises are turning traditional models of socially driven organisations on their head, where mission comes first and funding comes second. There is a new wave of organisations that are putting their financial objectives up front and making them an integral part of the core mission, working with private businesses and non-traditional partners to deliver their mission. This model is particularly popular for bottom of the pyramid initiatives. This new relationship between NGOs and business has been described as collaborative disruption and examples include Living Goods,²⁰ which employs rural Ugandans to sell health products at a fraction of market costs. Local agents buy the products cheaply at a profit after joining the programme with a no-cost loan to buy a uniform, thermometer, etc. Here the business model has been conceived first to ensure profit generation (for local Ugandans) with the provision of affordable medicine as a secondary goal.

Similarly, First Book²¹ is in the business for ending child poverty – and by supplying communities with books and aggregating the purchasing power of 50,000 local schools it has generated considerable market force. First Book delivers children’s books to children in Africa and began with \$500,000 as an investment proposal to US-based publishers to secure children’s books with Hispanic or black characters. As the response was so positive, First Book raised the initial investment in the publishing house to \$1million and thus actively invested in the needs and preferences of consumers and built the market needed before delivering on the mission.

Zimmer recommends that organisations with an interest in collaborative disruption should re-train their executives as entrepreneurs and that entrepreneurs should invest

²⁰ www.livinggoods.com

²¹ www.firstbook.com

in market analysis to understand how fulfilling a social need can create a market opportunity (Zimmer, 2013).

A concept related to collaborative disruption is that of stakeholder social capital. With cross sector collaboration becoming increasingly common across social innovation sectors, the value of the relationships that are bridged across sectors is an increasingly valuable asset. It has been described as *'the goodwill that arises from the pattern of social relationships between the firm and its stakeholders realized through members meta purpose and shared trust,'* (Garriga, 2011). Garriga includes the explicit consideration of values in the stakeholder social capital concept and describes the phenomenon as having four dimensions: relational; cognitive; structural; and evaluative. Social capital has been previously defined as having just three dimensions: relational; cognitive; structural. Garriga goes on to describe two benefits of stakeholder social capital: the intrinsic benefit as a *'solidarity weaver'* and *'instrumental benefits as facilitator of intellectual capital and means to manage collective action'*.

Governments and civil society

'Trends in public management draw attention to the decline and fragmentation of established bureaucracies in the face of an increasingly complex and plural system involving the public, private, and third sector (e.g. Osborne, 2006),' (Millar, 2013).

An interesting development in the debate regarding cross sector collaboration for achieving shared social goals is that of *open government partnerships* (OGPs), a partnership model between government and civil society at international and national levels to promote open government. A recent survey of eight countries where OGPs operate shows that these frameworks can be useful for effective civil society-government collaborations. Mexico and the US have multi-sector partnerships working at national and sector levels driving forward action plans. However, in other regions, such as Europe and Africa (and particularly in countries where civil society-government relationships have been conflictive), progress is less advanced. A major challenge for these types of partnerships is engaging people who live outside urban areas, speak local dialects, and have little access to the internet (Krafchik, 2013).

Another concept which is gaining traction in the field of cross sector collaboration is that of collective intelligence, largely brought about through a globally connected citizenship. Thomas Malone founder of the MIT Centre for Collective Intelligence describes this concept as follows: *'As all the people and computers on our planet get more and more closely connected, it's becoming increasingly useful to think of all the people and computers on the planet as a kind of global brain.'*²² How governments and civil society engage in this arena and harness the opportunities the internet provides for open government, active citizenship, and transparency will be an interesting area to observe in the future.

²² <http://edge.org/> Accessed on 12 March 2014.

Collaborative social innovation

Collaborative social innovation has been described as *'initiatives that involve businesses, governments, non-profits and change makers coming together to co-create innovative and sustainable solutions around a shared purpose.'*²³ According to the MSL Group, a multi-national communications agency, three trends have been attributed to the increase in collaborative social innovation. In the first instance, actors from government, business, and non-profits realise the value of multi-stakeholder solutions that create shared value. Secondly, large foundations who give social innovation prizes, such as the Young Foundation or the XPrize Foundation, are learning how to reach new groups of innovators through the internet. Thirdly, networks such as TED, Ashoka, StartingBloc are connecting young change makers and making their work highly visible on a global level. As a result, a series of collaborative social innovation platforms are emerging as shown below.

Table 9. Collaborative social innovation platforms

Platform	Sectors involved	Activity
OpenIDEO created by IDEO design consultancy (US)	Business led with consumers, government, civil society	Design platform for social innovation challenges
Challenge Post (US)	Government led with civil society & business	Open government challenges for federal, state, and local agencies
Ashoka Changemakers	Non-profit led with civil society and business engaged	Platform to support training and networking of key individual social entrepreneurs
Open Ministry (Finland)	Business, government, civil society	A legislation crowdsourcing platform that enables Finnish citizens to propose new laws to parliament.
SparkCentral (UK)	Government led with participation across sectors	Aims to 'build partnerships across the public, private and voluntary sectors to deliver more for less.'

Source: adapted from MSL Group

Reflection on monitoring cross sector collaboration

Hybrid organisations continue to evolve and adapt to new demands and financial realities for social innovation with non-profits disrupting business models and working with the private sector on new terms. Social innovation continues to be most fertile at the boundaries

²³ www.msllgroup.com Critical Conversations Blog accessed on 12 March 2014

between different sectors and we are seeing a number of different types of collaboration evolve in these collaborative spaces, including initiatives promoting open government that involve NGOs, businesses, and collaborative social innovation platforms fostering cross sector relationships. Kranier and Kramer's conditions for successful collaboration (referred to in our earlier edition) still appear valid regardless of the type of engagement across sectors (the conditions are: having a common agenda; shared measurement; mutually reinforcing activities; continuous communication; and backbone support).

Table 10. Considerations on measuring cross sector collaboration

Tips	Observations
Contract hybrid organisations offer new legal solution	Binding contracts between a set of different legal structures (including for profit and non-profit) with a single governance structure is a useful framework for social enterprise. <i>Does the chosen legal set up meet all of the initiative's needs?</i>
Open government processes - making space for synergies	New species of social innovation where financial objectives are placed first to ensure successful achievement of the social mission - this approach is emerging particularly at the bottom of the pyramid. <i>Does the enterprise put its financial sustainability first to achieve its social objectives?</i>
Collaborative social innovation platforms	Established bureaucracies are declining while new public, private, civil society partnerships are emerging to deal with common social problems. <i>Is the relationship across sectors formalised as a partnership?</i>
Collaborative social innovation platforms	There is a growing sector of multi-stakeholder platforms brokering relationships and sharing information across the social innovation ecosystem. <i>Has the innovation been recognised by such a platform?</i>

Scalability and replicability

The real excitement around social innovation is when we think about its capacity to scale or be replicated in different cultural and economic contexts. In our previous edition we considered several organisational models for scaling innovations (such as collaborations, spin-offs, mergers, and franchises). We also looked at some of the factors affecting the speed of uptake for a given initiative, such as the degree of control over growth. We concluded that not all social innovations follow the same path, but that they change and adapt as they grow, with some experiencing controlled growth and others spreading more organically. Here we consider three key factors influencing an initiatives' capacity to scale up: social capital; system transformation; and the ability to generate critical mass and trust.

Social capital

The value and increase in productivity generated through cooperation between individuals and groups was described as social capital as early as the late nineteenth century in Dewey's publication 'The School and Society'. Later Lord Putnam made the connection between the decline in democracy and political involvement in the United States and the decline in social capital - which he describes as 'civic engagement' and 'the collective value of all "social networks" and the inclinations that arise from these networks to do things for each other,' (Putnam, 2000). The relevance of social capital for social innovation is evident, given that most social innovation operates within a rich ecosystem of multi-stakeholder relationships. In this light a positive correlation has been found between social networks, social trust and institutional trust, and individual wellbeing - such as life satisfaction, health, and happiness (Portela, Neira et al., 2013). Furthermore, social capital has been discussed as a foundational component of entrepreneurship (Gedajlovic et al, 2013) and likewise one of the key elements to be considered when analysing social innovation.

'We anticipate that understanding how best to encourage, support and sustain social enterprise and social innovation will benefit from investigations that make use of stakeholder (Matlay and Fayolle, 2010), relational (Hjorth, 2010) and network perspectives (Jack, 2010), which draw attention to the effects of embeddedness, social capital, legitimacy and bricolage to leverage the resources needed for socially enterprising behaviours,' (Shaw and Bruin, 2013).

Research shows that in addition to measuring the size of a venture, the scale of its impact, and the markets in which a social venture operates, it is useful to consider the social network activity, the relationships between peers (bonding social capital), and across sectors (bridging social capital) - as well as the institutional and individual trust spheres in which the venture may generate. In other words, measuring social innovation without considering the ecosystem of stakeholders in which it operates will fall short of understanding the whole picture and its potential social impact.

System transformation

Marketing and diffusion theories can be useful for understanding successful strategies for scaling, as successful scaling will ultimately rely on a balance between demand and supply. As Mulgan et al. (2007) explain, social innovation is closely tied to the concept of social markets. 'Successful social innovations are achieved through the interplay of "effective demand" (the "pull" factor) and "effective supply" (the "push" factor).' However, the market model has its limitations given the complexity of relationships between those who may demand the innovation and those who are willing (and able) to pay for it. At the same time, social entrepreneurs 'are constantly darting between the two realms' of social impact and profit (Koteles et al., 2014) which makes it even harder to rely solely on market strategies such as the diffusion theory to design strategies for scaling up. Finally, social inno-

vations aim to change the very system that created the problems they address, therefore requiring institutional and systemic transformation.

'Social innovation is a complex process of introducing new products, processes or programmes that profoundly change the basic routines, resource and authority flows, or beliefs of the social system in which the innovation occurs. Such successful social innovations have durability and broad impact,' (Westley, 2011).

Westley is particularly interested in 'intractable social problems' such as poverty, homelessness, and mental illness where the social sector currently struggles with solutions that address the symptoms rather than the underlying causes. He calls for a model of system transformation as *'both disruptive and catalytic'* (as described by Christensen) to achieve long lasting change. To achieve this system transformation, considerable stakeholder social capital is required with the capacity to operate across multiple sectors and reach different types of organisations, at local, regional, national, and global levels.

Critical mass

Another condition for the successful scaling up of social innovation is observed in the realm of the collaborative economy – where we are seeing a rapid uptake in a series of system changing initiatives from peer to peer to collaborative lifestyle and redistribution markets as mentioned earlier. The literature on the collaborative economy points to two key factors determining the success of a given collaborative consumption model, the ability to build critical mass (usually with the aid of communication technologies) and trust. Rogers defines critical mass as *'the point where enough individuals in a system have adopted an innovation so that the innovation's further rate of adoption becomes self-sustaining,'* (Rogers, 2003).

Clear communication is one of the factors that has been described as significant to achieve critical mass in the collaborative economy: *'The messages should include a relief from the duties which come along with ownership of things, such as the need for space, expenses for purchase, repair and maintenance,'* (Weingartner, 2013). Catchy marketing slogans such as *'It's like owning a car without all the sucky parts'* (Zipcar) illustrate this idea. Weingartner suggests that it is more relevant to achieve wide uptake of collaborative consumption by communicating the benefits of ease of use and social interaction, rather than any positive ecological impact – and in this light Botsman suggests *'the message that "everyone else is doing it" works better than trying to appeal to social responsibility,'* (Botsman and Rogers, 2011). An active presence in social media, word of mouth, and an engaged community are also considered important to achieve critical mass.

The role of public policy as an enabler to provide a favourable environment for a massive uptake of a new idea has also been recognised: *'Heinrichs and Grunenberg (2012) state that public policy should identify opportunities to enable an environment which is favourable towards sharing infrastructure, assets and cross-sector collaboration,'* (Weingartner, 2013).

Another approach to achieving critical mass is the focus on existing on and offline communities. Just as Facebook began with an existing offline campus network, Cookening tapped into existing online food communities and food bloggers, and a tool sharing platform, OpenShed, connected to users through one of Australia's largest property development companies. *'The reason for this approach is that existing communities already include closer relationships between individuals which raises the level of influence in a group, and thus has a higher pull-effect on peers,'* (Weingartner, 2013).

Finally, the concept of trust has been described as a key factor in enabling a given innovation to scale up its activity and be replicated. Rinne (2013) describes trust as *'social glue that enables collaborative consumption marketplaces (...) to function.'* Trust is a key element of social capital, and where this exists both on a peer to peer level (bonding), as well as on an institutional level (bridging), there may be a more solid base for an initiative to scale its activity and be replicated in different contexts. In the case of the collaborative economy, interpersonal trust is built through open ID systems, whereby users can see with whom they are sharing, exchanging, or lending and can also see other user's reviews of these individuals. In the case of institutional trust, open source systems where users can interact with the organisation are also hugely successful in scaling activity. Take Wikipedia as an example. While there is considerable research on the role of trust in the collaborative economy, as described by Weingartner in his thesis on collaborative consumption's contribution to sustainable development, this role has not yet been so thoroughly explored in the field of social innovation.

Reflection on monitoring scalability

Table 11. Considerations on monitoring scalability

Tips	Observations
Social capital – a critical ingredient	Social innovation requires a rich ecosystem of multi-stakeholder relationships to scale its activity. <i>Does the initiative allow for bonding social capital (between peers) and bridging social capital (between different types of organisations)?</i>
System transformation	For long lasting impact a social innovation needs to change the system, not the symptoms. <i>Is the initiative a game changer?</i>
Critical mass	Clear communication, active presence in social media, and an engaged community help achieve critical mass. <i>Does the initiative broadcast a simple message and use social media to reach the crowd?</i>
Trust is key	Peer to peer trust and institutional trust are important for an online initiative to reach critical mass. <i>Does the initiative encourage interaction with (and amongst) its users?</i>

2

Case Study

- Alston Moor

Introduction

'With one social enterprise per 56 households, we believe Alston Moor is the country's social enterprise capital,'
(Cumbria Social Enterprise Partnership, 2012).

Overview	Community led social enterprises sustain economy of remote rural town
Location	Eden District, Cumbria, NW England
Population	2,100
Social impact	Basic community services provided, 50 jobs created, 150 volunteers occupied
Economic sustainability	Combined annual turnover of approximately £1.5m
Replicability & scalability	A set of unique characteristics that could be challenging to replicate
Cross sector collaboration	Multiple interactions between community members, social enterprises, public sector, and international organisations
Innovation	The high density and range of social enterprises creating local resilience

Alston Moor is a parish made up of Alston town and two neighbouring villages of Garrigill and Nenthead with a combined population of 2,100 (or 1,070 households). It is located around the market town of Alston and situated at 330m above sea level, making it England's highest market town. The nearest fully serviced town, Penrith, is 32 kilometres away. The community is relatively isolated with limited public transport and is sometimes cut off for weeks during the winter months. Alston Moor's small population and remoteness, as well as a reduction in public spending in recent years, have resulted in many services being withdrawn and businesses struggling to survive. In response to these conditions a series of social enterprises including cooperatives, charities, and voluntary organisations have been set up in Alston Moor to sustain the local economy and provide the community with services that would otherwise be unavailable. It is believed that the area now hosts more social enterprises per household than any other British town.

A context of rural deprivation

Cumbria is the second largest county in England with a population density well below the national average and Eden District hosts the highest proportion of residents living in rural areas (71%). Rural areas across England have been hard hit in recent years by public spend-

ing cuts, and in some cases, remote areas have been left without basic public services. For example, 36% of households in Cumbria without access to a car are in rural areas, and these households face the double disadvantage of being remote from services and unable to access them by private vehicle. The geographical barriers and lack of public transport in Cumbria add to this problem of rural deprivation as shown in the table below with Eden District described as the most deprived district in mainland England, (ACT 2010).

Indicator of rural deprivation	Cumbria	National Average
% of all income deprived people living in rural areas	40%	9%
% receiving unemployment benefits living in rural areas	38%	11%

Source: ACT (2010)

History of Alston Moor

'Alston Moor has a strong identity, deriving both from its mining and farming background, as well as its relative isolation,' (Cumbria County Council 2012).

Alston Moor's tradition of mining dates back to Roman times. The Roman fort 'Epiacum' at Whitley Castle was sited to control and protect the nearby open-cast lead and silver mines and in the 13th century the area was known as the silver mines of Carlisle. In the 18th century the Quakers' London Lead Company built the foundations of Alston Moor's current community, including a school, library, surgeon's house, and market hall. The company invested in much of the original infrastructure of Alston Moor and also built the neighbouring village of Nenthead, the first purpose built industrial village in England, with housing and a wide range of welfare facilities including Britain's first free-lending library (Go Lakes 2013).

By the mid-19th century the population of Alston Moor reached over 5,000 and it became known as the world's leading lead mining region, as well as a productive sheep farming area.

'The harsh conditions and difficult access engendered a strong community spirit, underpinned by non-conformist beliefs. John Wesley preached at Alston's market cross in 1748 and 1770 and there are numerous Methodist, Quaker and Congregational chapels dotted all over Alston Moor. The difficulties of access created close-knit, self-sufficient communities bonded by the common interests of mining, farming and religion,' (Go Lakes 2013).

Competition from international markets and the falling price of lead eventually led to the mines closing in the 1950s. This industrial exodus continued in the 1980s with the closing of a foundry which employed 200 people. During the 1960s and 1970s Alston Moor began to attract a new kind of resident, individuals and families from non-conformist groups searching for alternative communities and a peaceful rural environment.

'Why do people stay? I think people like the place, it's a little bit alternative, it attracted different types of people, in the 60s and 70s we had a lot of visitors from the hippy culture. Ted (founder of the local candle factory) is a classic example of someone who did the hippy trail and stayed. Meryl possibly came in that era too, there is definitely a hippy and alternative strand to Alston,' (Chris Johnson, Alston Moor Parish Clerk).

Alston Moor is situated within the North Pennine's Area of Outstanding Natural Beauty at the source of the South Tyne River, and today a significant proportion of the region's economic activity is based around tourism and agriculture. The Pennine Way, the Coast to Coast cycle route, and various other routes cross Alston Moor – making it a stopping point for visitors from outside the region and local tourists.

A social enterprise town

'The former mining hub, famous as a stop-off for cyclists on their tour of the Pennines, is being heralded as a trailblazer for a new era of social innovation in Britain,' (Independent on Sunday 2013).

In 1983 the first social enterprise, the South Tynedale Railway, a heritage railway and England's highest narrow gauge railway was established in Alston Moor. Today there are a total of 19 active social enterprises that deliver a wide range of services to the community – from broadband to a bakery, a gym, a village minibus, a wholefood store, and community snowplough. Social enterprises are defined by Social Enterprise UK as businesses with a social mission and in Alston Moor the social enterprise sector provides around 50 jobs and an annual combined turnover of around £1 million (Cumbria Social Enterprise Partnership 2012).

For most of these services, the size and remoteness of the town make the business case very marginal: *'but it has a trump card: its community,'* (Independent on Sunday 2013).

'Over the years, many key services have been cut and because of its small population and isolation, and businesses struggle to survive. These issues have in effect become the community's driving force ... it has stimulated a strong sense of self-help and entrepreneurship, resulting in a hotbed of social enterprises and community owned businesses,' (Cumbria Social Enterprise Partnership 2012).

In 2012 Alston Moor won the UK's first Social Enterprise Town of the Year Award in recognition of the significant contribution of social enterprises in providing local services. Since winning the award the town has received considerable attention in the press and has gained a reputation as a hub for community enterprise.

Alston Moor was featured on the BBC One Show where it was described as *'a place that really pulls together'* and has hosted visits by other communities and groups from across Britain and abroad, including a group of social entrepreneurs visiting from China as part of a British Council delegation.

Social Enterprise Town Award

The Social Enterprise Town Award is organised by Social Enterprise UK (SEUK) and aims to celebrate the work and achievements of the people and organisations involved in the social enterprise sector. SEUK is a membership organisation that has been working for the last ten years towards a vision of a world 'where social enterprise is the usual way of doing business'. SEUK runs campaigns, network, and lobbying activities for members and researches the British social enterprise movement. According to the organisation, Britain now has more than 70,000 social enterprises contributing more than £24 billion annually to the economy. As a follow on from the Social Enterprise Town Award in 2012 Alston Moor was given the official status of being named Britain's first Social Enterprise Town.

www.socialenterpriseuk.org.uk

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Social enterprise around Alston Moor

This section gives an overview of social enterprise activity around Alston Moor, firstly presenting a sample of 10 of the 20 current active social enterprises followed by a closer look at three outstanding examples of social innovation in the area. The South Tynedale Railway Society is a registered charity that attracts 25,000 visitors to the area every year; Cybermoor is the first community cooperative to set up and manage a community broadband service; and finally, two cooperatives, the local bakery and a re-established village shop and post office, were both set up by and for the local community.

Table 12. Social enterprise around Alston Moor

Enterprise name	Activity	Legal structure(s)	Employees/volunteers	Outstanding feature	Website
South Tynedale Railway	Tourist heritage railway	Registered charity and company limited by guarantee	70 volunteers, 2 seasonal staff	Attracts 25,000 visitors per year.	www.south-tynedale-railway.org.uk
Cybermoor	Broadband & internet services	Two cooperatives & one company limited by guarantee	7 volunteer directors, staff contract services	UK's first community owned broadband cooperative	www.cybermoor.org
Moody Bakers	Bakery	Worker's cooperative	2 directors and four working members		www.themoody-baker.co.uk

Enterprise name	Activity	Legal structure(s)	Employees/volunteers	Outstanding feature	Website
Alston Wholefoods Shop	Whole foods retail	Worker's cooperative	7 working members	One of the first cooperatives to be established on Alston Moor. Exceptional diversity and quality of produce for such a small population	www.alstonwholefoods.com
The HUB Museum	Heritage and transport museum	Registered Charity	Run entirely by volunteers	All material loaned or donated by local community, entirely run by volunteers	www.alston-hub.org.uk
Nenthead Community Shop	Village shop and post office	Community owned cooperative	Voluntary board & 6 part-time staff	Raised £10,000 through community shares to set up shop	www.communityshops.coop/nenthead-community-shop-ltd
Alston Moor Fitness Club	Community gym	Non for profit company limited by guarantee	Voluntary board of directors & 3 part-time staff	Locally trained staff run their own training programme for new members	www.cybermoor.org
Nenthead Snow Plough	Community snow plough	Community interest company	5 volunteer directors & 1 driver	Agricultural machinery converted to a snowplough, and service contracted to local authority	www.nenthead-snowplough.com
Alston Moor Community Transport	Community minibus	Registered charity	Operated entirely by volunteers	Community minibus run by volunteers and available for groups on demand	www.cybermoor.org
Alston Moor Partnership	Umbrella group for community development	Non-profit company limited by guarantee	19 volunteers, 2 part-time staff	Two paid staff members to promote local community activity and sustainability	www.alstonmoorpartnership.co.uk

South Tynedale Railway

A renovated steam railway run by volunteers, offering rides through the Tynedale valley.

Sector	Tourism
Founded	1973
Organisation	UK registered charity and company limited by guarantee
Human Resources	300 society members, 30 volunteers, 2 seasonal staff
Social impact	25,000 visitors per year, 30 retired active volunteers
	www.strps.org.uk

South Tynedale Railway is Alston Moor's major tourist attraction, attracting 25,000 visitors a year, mostly families with children and the active elderly. Visitors enjoy a traditional railway experience from the restored station along a three mile journey in traditional steam and diesel train carriages through South Tynedale and passing the Roman fort of Whitley Castle. *'It is our aim to recapture something of the unique atmosphere of the narrow gauge steam railway by operating trains, staffed by volunteers, through the dramatic southern section of South Tynedale.'* (South Tynedale Railway 2013).

The railway owns three miles of running track restored to national rail network standards, a station with shop, café, waiting room and toilets, and a traditional manually operated signal box. Three large hangers are used for storage and maintenance, as well as engineering stock including diesel and electric locomotives, wagons, and other vehicles (trolley and crane). The railway service is run entirely by volunteers with two paid seasonal staff who run the shop and café.

How it came about?

1852	Line opened from Lamley Colliery to Alston to transport goods & minerals
1953	Alston station handles up to 15,000 tonnes of freight per year
1958	Railway begins to decline with last colliery closing down
1965	Freight services stop completely
1973	British Railways announced closure of service on the Alston branch. The South Tynedale Railway Preservation Society was founded to preserve the standard gauge but this failed.
1976	The Alston branch closed with all rails lifted by 1977 and the Society was reorganised to build a narrow gauge railway on the derelict track bed.
1980	Work on the narrow gauge started, the Society leased the land for the track from Cumbria County Council and £60,000 was raised to restore the railway.
1983	The first section of railway opened from Alston to Gilderdale Halt, with 5,000 visitors during the first year
2012	Extension of the track built to Lintley.

'The railway came about because the railway into Alston was closed. At the time, there were a lot of railway enthusiasts who came from all over. That has been useful for the town.' (Chris Johnson, Alston Moor Parish Clerk).

A financially sustainable operation

Since opening in 1983 South Tynedale Railway has operated entirely on the income generated by fares. This includes running the railway, maintaining the buildings and equipment, and two paid staff. The infrastructure was built using re-cycled equipment and local materials: including narrow gauge track recovered from a disused local mine; three engines rebuilt from old RAF wagons; a coach bought from Sierra Leone; and four coaches bought by the Welshpool and Llanfair railway. The track was laid and the engines were rebuilt by volunteers. In addition, overheads are kept to a minimum with the track beds leased at £10 per year. As a charity no business rates are payable. Any major infrastructure improvements along the track require additional investment and grant applications are made occasionally. In 2007 funding was secured to upgrade the South Tyne Trail (a nearby route for walkers) and there is a current application with the Heritage Lottery for solar panels to replace diesel with electric engines.

The society has just received a grant of £4.25million from the Heritage Lottery Fund to extend track to Slaggyford, collect rain-water for locomotive boilers, provide solar electricity, rebuild a steam locomotive to burn processed wood pellets, obtain two rebuilt battery electric locomotives, plus other improvements. The aim is to make the railway more environmentally friendly and sustainable.

Operated by volunteers

A unique feature of the railway is that it is entirely run by volunteers unlike other preservation railways, which usually have a company running the railway.

The society is a registered charity that operates the railway and the non-profit company limited by guarantee leases the track bed. Volunteers operate the trains, maintain the track, signalling, telephone system, locomotives and rolling stock with working parties organised to undertake special projects such as extending the line, repairing buildings, or restoring locomotives. The 30 volunteers, largely retired, work on the railway from two days per week to two days per month.

The railway has been built and is operated to the national standards of network rail, including insurance policies, an internal training programme, and rulebook approved by HM rail inspector. The training scheme is now entirely self-sustaining, set up by volunteers with engineering or railway experience, whose skills have been passed on to other volunteers. Examinations are taken at each stage of training once trainees have been recommended by at least three people.

'The training scheme is now a self-sustaining programme. I learnt all about engines from observing the chief engineer rebuilding one of the diesel engines, I was then the person to train others to drive the engine, then I became the examiner of the drivers,' explained Tom Bell, longest standing South Tynedale Railway volunteer and trustee.

Training scheme

Level	Title	Skills	Average training period
1	Railwayman 1	Basic safety on the railway	1 day
2	Railwayman 2	Introduction to how a railway works	7 days
3	Guard	Act as guard on platform	7 days
4	Signalman	Operate signal box	14 days
5	Diesel Driver	Drive train with diesel engine	40 days (once a week for 10 months)
6	Steam Driver	Drive train with steam engine	2 to 3 years of regular training

Social impact through tourism

The greatest social impact of the railway is the considerable number of tourists it attracts every year, a major contribution to the local pubs, shops, and other tourist attractions, such as the next-door HUB Museum. A secondary social impact is the contribution to the lives of the retired volunteers, providing them with an active pastime. *'People in Alston understand we are an important part of the economy of the town, we have very little vandalism. In this respect, the most important thing the town can do is look after the railway,'* (Tom Bell, volunteer). Innovation on the railway continues with ambitions to extend the line to Slaggyford, restore another old steam locomotive, create a new carriage for people with limited mobility, refurbish the catering services, and create an environmental education centre at the station.

Cybermoor

A social enterprise providing internet and e-health services to isolated rural communities.

Sector	Broadband and internet services
Founded	2001
Organisation	Two cooperatives and two companies limited by guarantee
Human Resources	8 volunteer directors and all staff subcontracted
Social impact	Providing internet services to isolated rural communities

www.cybermoor.org.uk , www.cybermoornetworks.org.uk , www.alstonhealthcare.co.uk

Cybermoor was set up to provide information and communication services to the community of Alston Moor, create local employment, as well as generate and retain local revenue. It now has an additional mission of supporting other communities in meeting their requirements for communication services, (Cybermoor 2012). The company currently provides internet services to 330 households and businesses on Alston Moor, and delivers bespoke wireless broadband solutions and technical support to other communities unable to access this service through the phone line. The Cybermoor group also delivers other IT services, tele-health solutions, and other support for social enterprises. In 2010 Cybermoor was awarded the prize for Best Access Innovation from the Internet Service Providers Association and in November 2011 for Innovative Finance in the Next Gen Challenge. Cybermoor Limited was set up in 2001 as a cooperative and has since developed into a group comprising the following four legal entities, each with its own board of directors.

Name	Founded	Legal format	Revenue	Services
Cybermoor Limited	2001	Cooperative	Subscription fees from members	Broadband services to Alston Moor residents & businesses
Cybermoor Services Limited	2002	Company limited by guarantee	Membership fees and consultancy income	Broadband services to residents & businesses outside Alston Moor, consultancy and support for communities

Name	Founded	Legal format	Revenue	Services
Cybermoor Networks Limited	2011	Cooperative	Sale of infrastructure & network service	Manages and owns Alston Moor and digital infrastructure for other sites
Cybermoor (Merse) Limited	2012	Company limited by guarantee registered in Scotland	Subscription fees & sale of infrastructure & network service	Manages and owns Whitsome digital infrastructure and provides broadband services

How it came about?

Cybermoor was the Britain's first community cooperative to set up and deliver broadband services for a rural community at a time when no commercial operator would do so. The initiative began in 2001, led by Daniel Heery, who secured a grant for 670 of the 1,000 Alston Moor households to receive a PC and one year free internet trial. To manage this grant and the subsequent internet services to be provided to the community, Daniel set up the cooperative Cybermoor.

In 2002 following the successful introduction to the internet, the Cybermoor cooperative went on to install broadband with support from the government as one of seven rural communities supported by the initiative entitled 'Wired up Communities'. At the time, British Telecom (BT) was unwilling to provide a broadband service to Alston Moor so Cybermoor went out to tender and selected a company in North Wales to provide this service. Cybermoor later took over managing the service itself. Cybermoor later resisted offers from BT who became interested in being a strategic partner to manage the community website and provide the internet connection. Rather than being held at the mercy of the private sector to install an internet service this 'do-it-yourself' attitude helped put Alston Moor on the social enterprise map.

Cybermoor has since developed into four separate legal structures to deliver a range of community broadband services and its mission has remained substantially unchanged since the outset: *'To deliver a high-quality broadband service to Alston Moor and to assist its members to use this technology to enhance their own lives and that of the community,'* (Cybermoor 2013).

The continued success of Cybermoor with a current share of almost 30% of the Alston Moor market has been accredited to the local personalised technical support for internet services as well as its competitive prices, unmetered systems, and no need for a landline. *'The largest barrier to switching to a community system is the perceived level of support, however when we have a problem we have a greater imperative to fix it, a lot more pressure to get things fixed, as we are based locally, the community knows us,'* states Daniel Heery.

Innovative community finance

'Cybermoor was Daniels' inspiration, he's good at identifying where to go for funding,' (Chris Johnson, Alston Moor Parish Clerk). The second major development in Alston Moor's internet history was the upgrade to Next Generation Access (NGA) using fibre optic cables – giving the community access to the latest and fastest internet technology. In 2012 Cybermoor established a new enterprise to run a community shares scheme to raise the capital necessary for upgrading to NGA. Again this was the first community share scheme for NGA services in Britain. A total of £100,000 was sought, with £30,000 raised in the first round. The initial share offer aimed to connect 300 users to the fibre optic network (including the upgrade of existing broadband users, new users, and a switch from other providers). With each user paying an average of £25 per month and tax benefits offered to investors, the share offer set out to provide an attractive financial investment over 30 years – as well as a social return. Shares were valued at £1 each, with a minimum investment of £1,500, maximum of £20,000, and potential recuperation of funds after 36 months. The scheme maintained a one member one vote policy regardless of share size. *'It's like a punk rock way of raising finance, possible to do without involving lots of lawyers and accountants,'* (Daniel Heery, Cybermoor Director). Cybermoor organised local contractors in the community to dig the trenches and lay the cables to install the fibre optic broadband system.

A diversified business model

In addition to the community broadband services and in response to the need for better rural health services, Cybermoor is now in its fourth year of a telehealth initiative working with the community to provide better local healthcare. With 70% of the people reporting a long-term illness in Eden District living in rural areas (ACT 2010), telehealth has been recognised as a priority for widening access to healthcare for rural communities using internet technology. In partnership with Cumbria County Council and the NHS Trust, Cybermoor has installed video links from Alston hospital to connect patients with doctors at Penrith hospital and is currently also piloting telehealth services in homes. Additional telehealth developments are being researched with Newcastle University.

Social impact through broadband

'It's fair to say Cybermoor has helped raise the profile and the impact of activity at Alston Moor, it has also been the catalyst for social enterprise. As well as the broad band project, there is also the Cybermoor website (an online directory of social enterprises, as well as voluntary and community organisations), and these services have really bound everything together,' (Rob Randell, Cumbria Social Enterprise Partnership). Getting Alston Moor online had an immediate social impact; it not only enhanced internet literacy for the local community, *'it also boosted house prices by 25%, according to local estate agents who tracked the difference at the time,'* (Daniel Heery, Cybermoor). The result was to make Alston Moor a more attractive place to live and work. Other metrics that Cybermoor uses to measure its social impact include the 100 residents who are regularly helped to resolve ICT problems that would not be resolved by a regular internet service provider, the eight patients who currently use the video link at Alston hospital, the 364 residents connected to the internet at an affordable price, and the 28,000 visitors to the website every year.

'Cybermoor's link to the local community is its greatest asset. It acts as a central organisational body to assemble groups of people to test out the latest products and services, saving time and money,' (Cybermoor 2012). Daniel Heery explains that over the years Cybermoor has sustained a process of ongoing innovation to maintain the social capital generated in Alston Moor and – in reference to Lord Putnam's analogy – 'keeping the bath water warm.' Innovations have included the creation of a community website, the shift to NGA, a community finance model, diversifying into telehealth, and other services.

Replicating the model

Cybermoor has been approached by three other communities to support community broadband schemes and is currently replicating the model in the community of Whitsome in Scotland. *'In 2011, local residents decided that enough was enough and took on the task of improving their service despite the apparent lack of interest by their telephone service providers,'* (Berwickshire News 2012). This project then went out to tender and a consortium led by Cybermoor was chosen to deliver the service.

Cybermoor is providing assistance with grant applications, developing a network plan, procuring equipment and installation services, assisting the group with marketing to local users, and supporting local training. A separate social enterprise has been set up, 'Cybermoor Merse' which includes Whitsome based directors.

Experience at Alston Moor has shown that local involvement is key to the success of the organisation and that a team of motivated people is required to set up the system and encourage local people to sign up. *'People will typically say 90% of the community want better broadband, and think if we build the solution ourselves we'll get 90% of the people signing up, but the reality is if people are already with another service provider they will not necessarily switch,'* (Daniel Heery, Cybermoor).

According to the local press, *Whitsome has managed to overcome this challenge; 'Whitsome hits the broadband fast lane at last, proving that where there's a will there's a way – do it yourself'* (Berwickshire News). The project has been successful in securing European funding which covered the installation costs, so businesses and residents signing up have no installation fee to pay, plus they will enjoy a free three-month trial period before monthly payments (from £15 to £40 depending on the level of service) begin.

Cooperatives around Alston Moor

Three cooperative businesses; a bakery, a wholefoods shop, and a community shop.

Sector	Retail
Founded	1998 (Alston Wholefoods), 2002 (Moody), 2007 (Nenthead Comm. Shop)
Legal structure	Two worker cooperatives and community owned cooperative
Staff/employees	Volunteer directors and working members

The cooperative model is widespread across Britain and since 2008 the cooperative sector has grown steadily, with a growth of 4% between 2011 and 2012 and over 6,200 cooperatives established with a total turnover of £36bn (Coop UK, 2013). In the challenging context of keeping a business going in Alston Moor, the cooperative has proven to be a popular and resilient model. Alston has more cooperatives per person than any other British town – and includes: Alston Wholefoods Shop (a worker's cooperative) which provides a diverse range of organic and local produce that is unprecedented for a town the size of Alston; a bakery; as well as arts and crafts cooperatives. The Nenthead community shop also adopted the cooperative model. *'Maybe some of these things are not so easy to do by yourself. Cooperatives make it easier to help spread the load,'* (Chris Johnson, Alston Moor Parish Clerk). Two of the better known local cooperatives are described in more detail below.

The Moody Baker

The Moody Baker was set up by local resident Meryl Baker, who arrived at Alston Moor in the 1970s with the aim of establishing a needed service for the community as well as generating local employment. The cooperative is based in the centre of Alston and run by three directors. It has an average of four paid staff members working at any one period, with both directors and staff taking an active role in decision-making. *'It's a bit like having a boss with four or five brains, as we all have an equal say. When times are hard we throttle back on our wages, but only the directors, the workers are always be paid in the usual manner,'* (Meryl Baker Moody Baker).

How it began

Meryl was 55 when she set up the cooperative and has come out of retirement twice to keep the store open: *'I do this because I love doing it – not for the money,'* she says, before admitting that she often works 10-hour days. *'It's important to be a part of Alston; being part of the community is like a service.'* She often employs local young people, and shifts can be passed from sibling to sibling. Tim Angier, 16, and part-time worker at Moody explained: *'It's a really good atmosphere. Your decision is counted, and if you've got an idea, they take it into account,'* (Independent on Sunday 2013).

The Moody Baker was set up with initial support from a small government grant. However, it has since maintained financial independence by relying on the support of the local community and the working members (who often need to sustain several jobs).

Nenthead Community Shop

In the early mining period Nenthead hosted a number of shops and services. However, most closed during the industrial decline and by 2006 the last remaining shop had closed following the retirement of its owners – making the nearest shop a 10-mile journey with limited public transport. A group of six residents initiated a campaign to re-establish a community shop in 2007, and after various consultation processes with the local community and a community finance scheme, a new shop was opened later that year. Today it opens every day and provides basic provisions and post office services. It is run by a voluntary management committee and six part-time staff.

How it is financed?

The initial funding to set up the shop was raised through a community finance scheme, where local residents were invited to purchase shares at a cost of £10 each – raising £9,000 from over 100 members. The success of this initial scheme, the cooperative structure and business plan in place established sufficient confidence and commitment within the community to seek other funding opportunities, including a number of loans, and the following mechanisms were put in place to generate the remaining capital needed to set up the shop:

- A 7-year mortgage through Cooperative and Community Finance
- £40,000 from the Plunkett Foundation Village CORE programme consisting of a £20,000 grant and £20,000 loan
- £20,000 grant from CRISP, an initiative set up by Cumbria County Council
- £10,000 grant from a regional fund managed by the Plunkett Foundation

As a result of the shop's successful re-establishment the community has gone on to take over other local services; the public toilets and playground are now managed by local volunteers, funding has been secured to renovate the local chapel, and a plan to offer youth hostel facilities is also in place.

'It is a kind of attitude, some individuals wear more than one social enterprise hat, at some point they got to a stage where they had capacity in the community, they had set up social enterprises that were successful so when challenges appeared it became almost their standard response. However, the model doesn't always work,' (Rob Randell, Cumbria Social Enterprise Partnership).

While many social enterprises have been set up in Alston Moor and continue to provide local employment, the model has not always been successful. For example the Nenthead Mines Heritage Trust was set up as a registered charity and has not managed to survive.

'The main reason there is so much social enterprise here, is that there aren't many jobs, and most of them are hand to mouth. It's out of necessity people are willing to take on lower wages, not altruism,' (Alix Martin, Alston Moor Business Association).

A key factor for maintaining employment opportunities in Alston Moor has been the constant investment in social capital, nurtured by several umbrella groups such as the Alston Moor Business Association which was set up in the 1980s by two local businesses concerned at the decline of commercial activity in the centre of Alston. The association brings together local businesses to face shared challenges collectively, for example participating in a local branding effort for the region as a tourist attraction. The business association continues to operate today,

Rural services

Alston Moor's reputation as a social enterprise town has largely been gained through the innovative provision of a wide variety of community services that are unavailable in many rural areas with similar characteristics. Research was carried out in 2007 to assess the impact of the social enterprise sector within Alston Moor (Business with Altitude Alston Moor Social Enterprise Survey) and some of the key findings are as follows; 100% of people thought social enterprises provided services that would otherwise not be accessible by local people; 90%+ of people believed it has increased spending and income in the local economy. Nearly 60% of people thought it challenged conventional service delivery.

Community activity has ensured the continuation of a series of pre-existing basic services. These include the Cottage Hospital, which has been under threat of closure at various times but has remained open (helped by local pressure and campaigning), the volunteer fire service, ambulance service, and the re-established Nenthead Community Shop & Post Office.

In addition to the more basic services, Alston Moor's social enterprise activity also provides the community with some exceptional services, such as the Wholefoods shop with a selection of products more typical of a much larger town, the community gymnasium which is open daily at an affordable price, the active local film club, and the community mini-bus that enables groups to take trips to local towns on demand. Perhaps the most

The secrets of Alston Moor's success**Social impact – investing in social capital**

The social impact of Alston Moor's social enterprise activity can be categorised into three main aspects: the generation of local employment; the provision of rural services that would have otherwise been inaccessible to the community; and the creation of social capital and local resilience.

Employment

Alston Moor has 160 registered businesses with Bonds Precision Casting being the largest employer and providing around 70 jobs (Cybermoor 2013), as well as a considerable number of self-employed individuals with many people having more than one occupation. *'In economic terms of 'added value' to the whole community, the businesses (referring to social enterprises) employ predominantly local labour, who in turn spend a significant proportion of their income locally,'* (Cybermoor 2013). Following the success of early social enterprises such as the Railway, Cybermoor, and Alston Wholefoods Shop many other similar initiatives have been set up to respond to local needs and generate jobs.

'More than 50 jobs are supported by the sector; hundreds of volunteers are involved, and a £1.5m turnover is generated each year. People from as far as China have visited the parish to attend what have been dubbed "social enterprise safaris" ' (Independent on Sunday 2013).

Alston Moor is relatively well off in terms of employment in comparison with the rest of Eden District. However, wages remain low with many people holding various part-time jobs. Chris Johnson notes that *'pretty much everybody has two or three jobs,'* she herself works as parish secretary and at Ted's candle factory.

innovative of services provided locally is that of the community snow-plough, which was set up by a local entrepreneur with adapted agricultural machinery. The community hosts a tight network of multi-tasking individuals who keep basic services running. *'Sometimes it's just key people and finding gaps in the market, social enterprises are about business, dealing with problems and lack of facilities.'* (Chris Johnson, Alston Moor Parish Clerk).

Social capital

'All the organisations (referring to Alston Moor social enterprises) trade, but the rule is that they must benefit the community and funnel their profits back into it,' (Independent on Sunday 2013). A key way the social enterprises reinvest in the community is the generation of social capital, the relationships and networks that provide a support system for community members.

The Alston Moor community has a history of looking after itself in times of hardship. After the decline of the mining industry those that decided to stay in the community had to fend for themselves, and over the years a number of structures were created that nurture the social capital, or in other words, the glue that binds the community together. The Alston Moor Partnership and Cybermoor are two organisations that have provided space (both physically and virtually) for the community to interact and address common challenges. This has resulted in community funding applications, voluntary initiatives, and collective marketing efforts.

'Probably out of necessity the community has helped itself, for the last 30 years there have been developments going on in Alston Moor. As with many Cumbrian mining communities, the industry created an unusually large population, and once the industries left there was a spirit of "how do we keep things going, how do we maintain these services?"'(Rob Randell, Cumbria Social Enterprise Partnership.)

Alston Moor Business Association

The Alston Moor Business Association was set up by two concerned businesses in the 1980s when shops in Alston started to close and local employment opportunities were threatened. The association remains active today. *'There used to be two shoe shops, ironmongers, two bakers. When the foundry went the shops started going and everyone thought it would fall apart,'* (Alix Martin). The aim of the association is to provide support for local businesses through networking events, a local directory and website, seasonal campaigns and small infrastructure improvements to maintain the vitality and attractiveness of the town centre. Whilst social enterprises are creating new jobs, survival for local business is still very marginal, for example only four of the original pubs remain open today in Alston.

Over the decades Alston Moor has adapted to changing circumstances. Setting up a Railway Preservation Society in the same year that the line closure was announced, digging trenches to install community broadband, and crowd-financing local community shops are some of the examples already mentioned. *'There is an entrepreneurial spirit in the*

North Pennines, we are the most remote of the settlements, which is probably why there is so much self-help culture,' (Sonia Kempsey, Alston Moor Partnership). There is an overwhelming 'can do' philosophy within the community, which does not rely on external help. *'We realised BT was never going to give us fibre-optic broadband and we were sick of false promises, so we took control ourselves. There's no point moaning. We've just got to get it done,'* according to Cybermoor.

'It's not because both central and local government was pulling out or reducing funding. The social enterprise developments pre-date that, it's about the resilience of the community, when the cuts did come it lessened the impact of that because community was already providing its own services,' (Rob Randell, Cumbria Social Enterprise Partnership).

What sustains this resilience as described by Alix Martin, founder of the Alston Moor Business Association, is the close-knit community, *'Why do I stay here, because I love it, there is a great sense of community.'* On the other hand Daniel Heery refers to Lord Putnam's analogy of social capital being like warm bath water, which cannot be taken for granted and constantly needs replenishing to keep warm. In this sense the various community-led organisations are constantly inventing new initiatives to sustain this sense of community, such as the recent 'Big Ideas' initiative by the Alston Moor Partnership to involve local residents in community improvements.

Economic sustainability – community spirit pays a dividend

'The business case for these services is marginal in one of the remotest parts of England – but these social enterprises have built strong community links to remain viable,' (Daniel Heery, Cybermoor).

In one of England's most deprived regions, with its additional geographical challenges the community of Alston Moor have used a number of different strategies to ensure the financial viability of its social enterprises. Most of the community led initiatives have been supported by grants, at least in their initial phase, some have operated under a model of community service delivery, securing local contracts from public authorities for delivering local services and others have adopted a cooperative model or community finance schemes.

Public grants and key individuals

All of the social enterprises mentioned in this case study have received some financial support through different grant schemes, ranging from local government grants to support the development of the community plan to European funding for many of the Cybermoor led internet initiatives over the years. Given the challenge of securing start-up capital for new enterprises, in most cases grants have been used to get the initiatives going. This was the case for the Moody Baker, Cybermoor, the Wholefoods Shop, the Community Gym, Nenthead Community Shop and the Railway. However all of these initiatives now rely on a steady source of income from their trading activities, only returning

to grants for exceptional circumstances or new projects (such as the renovation of a new part of railway track or development of new tele-health scheme).

'There are not many models of social enterprise being developed without seed funding, they need support to enable them to develop, this support can come from both the public and private sector,' (Paul Dodson, Cumbria County Council).

The role of the individual entrepreneur who is able to identify and secure funding opportunities is also important: 'Sometimes it's just key people and finding gaps in the market, social enterprises are about business, dealing with problems and lack of facilities. Cybermoor was Daniels' inspiration, he's good at identifying where to go for funding, he wrote down a funding bid and got funding for computers for every household in Alston Moor. They have managed to keep it going since, and at the time it was quite exciting,' (Chris Johnson, Alston Moor Parish Clerk).

However, there is a general awareness in the community of the danger of an over reliance on government subsidies. One example where an initial grant was not sufficient to sustain an initiative was the Nenthead Mines Heritage Trust, a charity which was set up to develop a large visitor centre around the old lead mines. The project received an initial grant but was unable to attract sufficient visitors to sustain its activity and has since closed down. *'That's the danger of relying on grants, for some of the less business like enterprises they dry up eventually,'* (Chris Johnson, Alston Moor Parish Clerk).

Community led service delivery

A key model for generating local employment and financial sustainability is for local groups and individuals to deliver local services that are currently provided through the public sector, but often under threat from public cuts. The successful case of the community-led snow plough service has inspired the community to investigate a series of other services that are currently being subcontracted to companies or individuals outside Alston by local authorities, but could be supplied locally. While local groups will not have the efficiency of scale of the more established outside contractors, they do have the advantage of not having to pay transport costs to get to the area and this may enable them to offer a competitive price. In addition the benefit of generating local employment is a politically attractive factor for local government to consider when selecting the service.

According to the Alston Moor Community Plan the services that could be delivered locally include: building maintenance; street cleaning; road winter maintenance; drain and ditch cleaning; grass cutting; hedge and tree cutting; refuse collection; footpath maintenance; care in the home; and child care services. In addition to providing these types of services, the plan also explores income generating projects such as wood fuel or renewable energy generation. To help support community led service delivery, Cumbria County Council, together with other public and voluntary organisations, has put in place mechanisms for communities to deliver public services through the Cumbria Third Sector Bidding Consortia (enabling community and voluntary organisations to jointly tender for public contracts).

Cooperative model

The cooperative model has enabled many local businesses to survive in times of economic difficulty as is the case of The Moody Baker which has been trading since 2002. Cybermoor, Nenthead Community Shop, and the Wholefoods Shop have also survived under the cooperative model. Like many of the cooperatives in the parish they are supported by a small group of directors (who may or may not take home wages) and working members who play an active role in the decisions about how the business is run. Roe Baker, a new worker at The Moody Baker explains that the team may at times work long hours for the minimum wage and accept the need to work extra hours voluntarily as required. Roe comments that workers are on the whole happy to be part of an enterprise that provides a quality service to the community, as well as being an organisation where both workers and directors have a say. Cooperatives are a good example of enterprises that operate through a combination of initial start-up grants and local resilience (whereby members prioritise the survival of the business even if this means occasionally taking a lower wage). Some members of the community claim the cooperatives were set up for ethical reasons: *'Meryl Baker was a super cook, but she wanted to run The Moody Baker as a cooperative, due to her principles,'* (Chris Johnson, Alston Moor Parish Clerk). Pip Morland, a Moody Baker director and worker, is more pragmatic; *'It's the only way to run a business here - you've just got to keep going,'* (Independent on Sunday 2013).

Community shares

Community shares are a mechanism used to raise capital from the local community for organisations with a social objective, as well as offering the potential to make a modest financial return for investors. This model of community finance has been used in Britain since Victorian times and has become increasingly popular over the last decade. Over the last ten years the model has been used throughout Britain to finance a range of activities including shops, pubs, renewable energy schemes, community buildings, local food schemes, and other community led initiatives. The Community Shares Unit is a specialised public support service that is backed by the Department for Communities and Local Government. The unit gave Cybermoor support in developing its share offer as one of the first pilot schemes.

Cybermoor's share offer for Next Generation Access Internet raised £30,000 in the first round (and a second share offer of £75,000 is planned) and the Nenthead Community Shop campaign (which raised £9,000 from over 100 members) are the two emblematic examples of how community share schemes have raised the investment for projects with a community purpose. In the case of Cybermoor, as well as a social return the offer provides a modest financial return.

'Organisations can raise finance relatively quickly and in many cases returns for investors are better than those offered by bank savings accounts. Investors also recognise the social benefits of investing, like the table and chairs in the Nenthead shop for elderly residents to sit down and have a catch up over a cup of tea,' (Daniel Heery, Cybermoor).

As the community shares agenda continues to develop across Britain a series of organisations offering resources and advice are emerging that include the Cooperative Enterprise Hub and the Enterprise Investment Scheme – both of which gave Cybermoor support in developing their offer.

Cross sector collaboration – weaving community fabric

The rise of social entrepreneurship in Alston Moor is not restricted to a single sector, and while it has always relied heavily on the direct involvement of committed individuals in the community, a new relationship with the public sector has also been instrumental. Also influential has been the role of multi-sector partnerships that help build social capital and community led initiatives such as the community plan.

New relationships with the public sector

Alston Moor's social enterprise sector deals most directly with the local Eden District Council and larger Cumbria County Council, both organisations offer a source of revenue for community enterprise by offering start-up grants and contracting local services. From the local authority perspective their role is to nurture and support the community by discovering innovative ways of channelling public funds into sustainable community enterprise. Public funding is much more likely if there is local community support. *'You can make money available but the project has to come from the community. The community needs to demonstrate that they can make the enterprise sustainable as well,'* (Paul Dodson, Cumbria County Council). This was the case for the Nenthead Community Shop, which was supported by a mix of funding from the European Union, Cumbria County Council, and the community shares scheme. *'The role of Cumbria County Council is a facilitative role in securing funds, enabling it draw down external funding and to help new social enterprises,'* (Paul Dodson, Cumbria County Council).

Alston Moor has received capacity building from the public sector through different mechanisms: a grant was awarded and technical support provided to develop a local community plan and a third sector bidding consortium has been established enabling community groups to apply for public service tenders. Rob Randell, of the Cumbria Social Enterprise Partnership, insists that local capacity building is an essential pre-cursor for developing community resilience.

In the case of Alston Moor, local resilience was already in place with the contagious can-do attitude described by many community members: *'we're on the end of the line for most public services. You can't rely on the government to provide basic care for people, it's just a large extended family,'* explains Tony Pennell, local entrepreneur and instigator of the community snowplough.

Alston Moor Partnership

The Alston Moor Partnership was set up in 2002 with EU funding to support existing community ventures and social enterprises. The partnership is run by 19 volunteers, with

a core group of six whose dedication varies from one to 30 hours per week and two part-time posts funded by Eden District Council. The overall aim of the partnership is to support a vibrant town centre and sustainable community, viable for local businesses and meeting local people's needs. The partnership hosts a community meeting space and information point in the town centre and employs two part-time staff.

The *community plan* has been the partnership's key instrument for engaging the local community with an initial version developed in 2002 through a community survey, internet analysis, employment statistics, and various participatory activities – including taking photos of what residents most and least liked in the parish and the establishment of three working groups (environment, economy and community). The plan also includes specific objectives on aspects of economy, health, education, young people, affordable housing, communication, environment, farming, transport, fuel, and the elderly.

The community plan was revised in 2012 and the following year a series of Big Ideas meetings was held to source fresh ideas for community regeneration and identify potential new social enterprises: *'probably there will be one or two ideas that turn into the next social enterprise. They're not static; they come and go'* (Chris Johnson, Alston Moor Parish Clerk).

Alongside the community plan the partnership has also produced a marketing strategy for Alston Moor to attract more visitors to the area. A series of leaflets for walkers has been developed, web presence improved, and existing marketing efforts from individual enterprises are being coordinated. Linked to the marketing strategy are efforts to improve public realm areas and restore the traditional features of the town, including the cobbled market place. Grant applications for townscape heritage are being managed by the Alston Moor Partnership to help achieve this goal and create a more attractive and vibrant town centre.

Innovation type – grass roots community innovation

Alston Moor's social innovation can be described as incremental, building on a tradition of self-employment from the mining communities and ethical policies from the early Quaker community-oriented business. The first formalised social enterprise was established in 1983 (the railway), the first cooperative business in 1998 (Alston Wholefoods), and by 2013 a total of 19 social enterprises were up and running. The innovation can also be described as open as the models used have been copied, replicated, and transformed within the community – to the point where social enterprise has been described as 'the standard response' for community needs at Alston Moor.

The most innovative aspect of Alston Moor's social enterprise activity is not any single organisation, although some are the first of their kind, but rather the conglomeration of social enterprise activity and the social capital this generates. Within this context two aspects stand out, the challenge to conventional modes of service delivery and new models of community finance.

A social enterprise culture

Alston Moor is a classic example of the whole being greater than the sum of its parts. Whilst cooperative businesses, community post offices, pubs, and heritage railways exist across Britain there are few towns, which host such a variety and density of social enterprise. *'Community shops exist elsewhere, heritage railways also exist elsewhere, but ours is the only one operating on volunteers, Cybermoor is not unique, nor is Nenthead Mines, nor Carigill's pub days in the village hall, but what is special to Alston is that we are a resilient community. It's hard to make a lot of money, to run a shop is not very viable but somehow we manage it here,'* (Chris Johnson, Alston Moor Parish Clerk).

The social enterprise model is now so embedded in the local culture that it has become almost a standard response to get things going. An example is the old derelict mill near the town centre, which would not be viable to restore on a pure cost-benefit approach: *'there is a danger of conservation deficit, where you put more money in than what you might take from developing it,'* (Sonia Kempsey, Alston Moor Partnership). Sonia goes on to suggest that if it were set up as a social enterprise, and a community use could be found for the site, then it could receive outside help and eventually become a self-sustaining initiative.

New models of service delivery

The community snowplough is one of the most innovative examples of delivering a public service in Alston Moor. The community identified an opportunity when the public contract for snow clearing was being renewed. Instead of accepting a low quality service from a contractor from outside Alston Moor (given the reductions in public spending), a local entrepreneur put forward a local solution, adapting local agricultural machinery and offering a quality service at a competitive price. Likewise Cybermoor's tele-health scheme to connect patients to doctors via video link is another innovative way of delivering a public service where a local social enterprise takes a pro-active stance to offer a new and better type of public service to fill a local need. *'So as the council cuts services, there are opportunities for us to take more control of our services. It doesn't make sense for people to come from afar to deliver these services, when there are people here who could do this work,'* (Sonia Kempsey, Alston Moor Partnership). The snow plough scheme is exploring the possibility of offering grass cutting services in a similar way. This innovative way of thinking appears to be typical of the community, *'that kind of mentality seems to be indigenous to Alston Moor,'* (Rob Randell, Cumbria Social Enterprise Partnership).

Knock on effects of community finance

Alston Moor was one of the first towns in the UK to develop a community cooperative to establish rural broadband and later to use a community shares model to finance faster access. The success of the Nenthead Shop, financed in a similar way, goes beyond simply keeping the village shop open. The scheme had a knock-on effect in the village, generating trust and confidence in the community to run the public toilets and apply for

funds to restore the Methodist Chapel. Similarly in Garrigil, the other satellite village of Alston Moor, they were able to secure funds for installing bunk house accommodation within the village hall to improve tourist facilities for cyclists who pass through the village along the coast to coast cycle path.

'The model is infectious; when you have gained confidence on one project you are ready for something more ambitious,' (Daniel Heery, Cybermoor).

Tailoring funding opportunities to local needs

Alston Moor has also relied on a group of entrepreneurial individuals to adapt grant opportunities to the needs of the community – as was the case of Daniel Heery through Cybermoor and local planner and entrepreneur Sonia Kempsey (who has led Alston Moor's application for the Heritage Lottery Fund). This latter application is for a Townscape Heritage Initiative, which will provide funds for property owners to restore their buildings, improve public areas such as the cobbled market square, as well as develop a restoration plan to attract more tourism and encourage people to use local shops. *'The thrust of this fund is to reverse the accelerated closure of shops. We're in a difficult situation with a small population and one of the lowest household incomes in Cumbria (bottom 20%). This means there are not many people and they don't have much money,'* (Sonia Kempsey, Alston Moor Partnership). A similar initiative is the Vernacular Architecture Revival project, which has received support from the European Leonardo funding to create a directory of local skills and materials and send people to different European countries to learn particular artisan crafts such as stone roofing in Bavaria, turf roofing in Cyprus, and clay building in Germany. There is a well-developed culture of working with stone in Alston Moor, with a second stone festival to celebrate skills in stone masonry being organised for 2014.

Scalability and replicability – trailblazing social enterprise

'Alston Moor could be the trailblazer for a new era of social innovation in Britain – getting the public sector to work more closely with social enterprises, charities and co-operatives to create jobs, keep money in communities and tackle inequality,' said Gareth Thomas, Labour spokesperson on civil society affairs, during Alston Moor's celebration event to mark being named Britain's 1st Social Enterprise Town in June 2013.

The political ideal is that Alston Moor's success as a social enterprise town could be replicated in other parts of the country. However, the reality is that this has not happened, despite the considerable media attention the community received following the award in 2012. The conditions that set Alston Moor apart are its remoteness, fuelling a spirit of necessity to maintain local services and generate local employment, the progressive immigration of non-conformist creative individuals in the 1970s, the entrepreneurial spirit and 'can-do' attitude, and the strong social capital that brings the community together to face common challenges.

Remoteness driving a 'can do' attitude

A number of the Alston Moor residents make reference to its geographical isolation as key to the all-pervasive 'can-do' attitude and sense of necessity to get services up and running no matter what. *'It's the geography, it forces us in on ourselves,'* comments Alix Martin from the Alston Moor Business Association and likewise Chris Johnson from the Parish Council states that *'this town is so isolated, and we know if we don't do it, no one else will, (...) but it doesn't come from a sense of neglect; it's always been within the people. If we want something, we get up and do it.'* Sue Gilbertson, a local resident involved with several social enterprises within the community claims that *'there's such a self-help mentality here that we joke there's something in the soil. This could have been the place that people forgot, but the community wants it to be as vibrant as possible,'* (Independent on Sunday 2013). Finally in Alix Martin's words, *'it's about necessity, it's not about idealism.'* As well as being situated 32 kilometres away from the nearest fully serviced town, it is a community with clearly defined boundaries set within a protected landscape (Area of Outstanding Natural Beauty) which means neither has it been absorbed by neighbouring towns, nor has it been extended with new housing developments as is very common in other parts of England with less strict planning legislation. *'You can do a pilot study because it's distinctive and stands alone, other towns in England merge into each other,'* (Chris Johnson, Alston Moor Parish Clerk).

'We're just ordinary people like any other community, I think you'll find these all across the country, social enterprises have concentrated here because of lack of other opportunities, or quirks as there happened to be a mine or railway,' (Chris Johnson, Alston Moor Parish Clerk).

Non-conformist, creative immigrants

Another reflection from many of the local residents when asked about the secrets to the success of Alston Moor is the influx of well educated, creative individuals to the area as part of the hippy movement in the 60s and 70s. Many of the existing entrepreneurs came to Alston Moor at this time, such as Ted Thompson who set up Moorlands Dipped Candles. His company has been running for over 30 years, employs two part-time staff, and sells across Britain and abroad. Ted also organises local music festivals and plays an active role in the community by writing a monthly newsletter to his customers with creative accounts of life on Alston Moor. Alix Martin, who set up the Business Association and Meryl Baker, founder of the Moody Baker, are other entrepreneurs who moved to Alston in the 70s and are also active community players. *'The people who have lived here a long time are very resourceful, and people who have moved here have partly moved here as it's such an interesting community and you do have to be self-sufficient in many ways,'* (Sonia Kempsey, Alston Moor Partnership).

While some of the ingredients are similar to other towns where social enterprise has flourished across Britain, such as in Scotland and parts of Cornwall which also received an influx of creative individuals in the 1960s and 1970s, other towns have not developed in

the same way as Alston Moor. *'Dumfries and Galway in Scotland also came out of the hippy movement. (...) but it's not as remote, there are lots of different clumps of social enterprises and hippies but it was more difficult to get involved as they were already established. Here you're automatically part of this by default for living here,'* (Alix Martin, Alston Moor Business Association).

Endemic entrepreneurial spirit

Alston Moor has a long history of self-employment as many of the miners worked as individual contractors to the mining companies. *'It's always been that way, there's just enough of us wanting to do this. The miners were self-employed very often, so maybe there is a history of that, also the incomers were not the regular run of the mill,'* (Chris Johnson, Alston Moor Parish Clerk). The regular profile of the Alston Moor entrepreneur is a tough, self-reliant individual creating their own opportunity in a set of harsh geographical and climatic conditions. As well as the social entrepreneurs already mentioned in this case study, Alston Moor is also home to more conventional entrepreneurs such as the founder of Total Post, one of the largest employers in the area, who has created a successful international business that has adapted its business model over the years to changing needs in the market, ranging from postal services to toner recycling and most recently X-ray refitting services.

'There are other towns that have a similar situation, reliance on heavy industry and mining, but they haven't developed the way Alston had, I think it's due to that entrepreneurial spirit,' (Rob Randell, Cumbria Social Enterprise Partnership).

Social capital

'Social enterprise activity in Alston Moor does not exist and thrive because of any formal strategy or organisation, but does so because of its community, both individually and collectively. People involved in the sector are happy to share their knowledge and provide support to others when needed,' (Application for SEUK's Social Enterprise Town Award, 2012).

Finally, the social capital described as community spirit or 'social glue' generated by the multiple types of connections across and between different community groups and individuals can be described as another key factor influencing Alston Moor's social enterprise activity. The community is small and compact enough for people to know each other easily and efforts have been made over the years to maintain the vitality of the town centre. Driven by economic necessity many people have several part-time jobs which also helps to generate a strong network of relationships that sustain the community.

Lord Putnam describes two types of social capital, bonding social capital (the relationships with our peers) and bridging social capital (relationships with people of different social, cultural or economic backgrounds). Alston Moor appears to foster both types of relationship, as a diverse community made up of the traditional farming community, the

creative non-conformist sector from the 1970s, and more recently, the neo-rural entrepreneurs such as Daniel Heery, founder of Cybermoor.

As a final reflection, Alston Moor's social enterprise status has a series of influencing factors, its remoteness, the can-do attitude, the creative influx of the 1970s, the entrepreneurial spirit, and its strong social capital. However, this does not mean that towns with similar conditions will necessarily bring about a similar social outcome. The cases of other English towns such as Blackpool, Grimsby, and Walsall also share some of these characteristics and although they have some social enterprise activity they cannot be compared with Alston Moor.

'There's been a recognition, you can help to create the circumstances and the right ingredients but you can't make it happen. You can take some lessons, but you can't necessarily go and replicate those circumstances that led to the social enterprises,' (Paul Dodson, Cumbria County Council).

An additional challenge to replicating social enterprise activity is the emotional attachment that the entrepreneurs may have with the projects, which is difficult to translate to different locations; *'it is harder to manage replicability in social enterprise because people have an emotional attachment, giving people the freedom to use their own initiative,'* (Daniel Heery, Cybermoor).

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Ten high impact social innovations

In this section we highlight ten examples of social innovation. Firstly, we describe the methodology used to select these initiatives and then provide an overview of each, briefly describing their activity and area of influence. We also offer a brief analysis using the five social innovation variables.

Our selection methodology has four phases as shown in the diagram below:

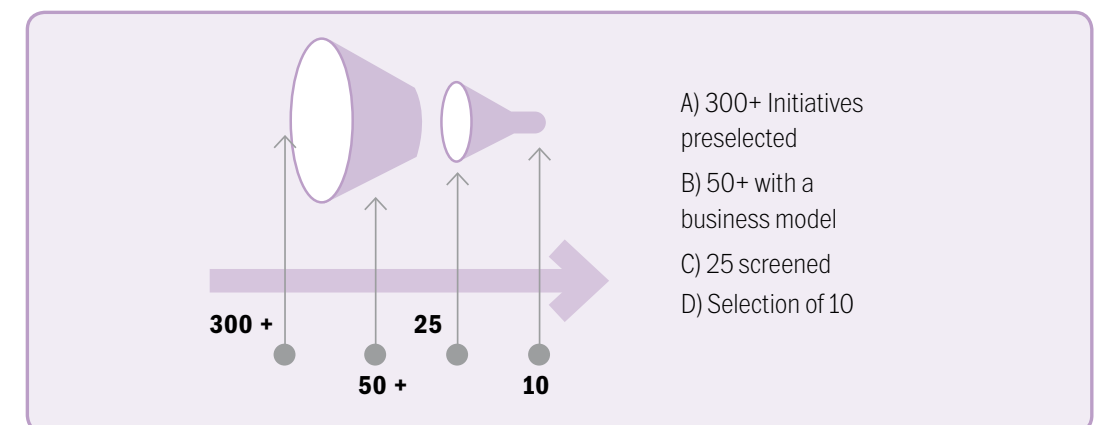
Stage 1. We selected 332 initiatives from three different sources: social innovation antenna around the world, including foundations, business schools and universities, social impact funds and others;²⁴ social innovation related events and congresses; and other sources of information such as press, social media, and professional networks.

Stage 2. We selected those initiatives that, based on desk research analysis, demonstrated having a business model based on basic financial references (organisation, vision, and market strategy) and showed some degree of innovation compared to other initiatives. This gave us a second selection of 50 initiatives.

Stage 3. We incorporated four quantitative indicators to our analysis (that we explain subsequently) based on organisational type, social recognition, scope, and social media. This gave us a third selection of 25 initiatives.

Stage 4. We interviewed representatives of these 25 selected initiatives using the five variables of social innovation as parameters for our analysis. Based on the information provided we made a final selection of ten innovative examples of social innovation, which are presented here.

Figure 1. Methodology of case study selection process



²⁴ See Annex 1 for full list of social innovation antennas used for this selection.

Before we present the ten selected examples of social innovation we describe the indicators used to bridge our pre-selection from Stages 3 to 4:

Type of organisation. This indicator may take three different values; for profit (the enterprise generates revenues selling products and/or services); non-profit (the enterprise or organisation makes no profit from the sale of its products or services and is financed only through public and private donations); and hybrid (the economic sustainability of the initiative is based on a combination of the two previous models. The selection was based on the sub-group of initiatives led by for-profit and hybrid organisations.

Social recognition. Media coverage and recognition through awards shows that the initiative is generating an impact as its mission is recognised as valid. To measure the level of recognition we have used two variables. The first indicates the number of mentions made of the social enterprise in social media, and the second records the number of awards from various organisations.

Scope. We used three different indicators to assess the degree of success of the initiative. Firstly, we took into account of the number of countries where the initiative is implemented. Secondly, we took into account if the social enterprise can rely on support organisations that make it easier to reach a larger number of users. Finally, we considered whether the enterprise has social impact indicators accessible to the general public. We therefore start by assuming that companies with greater social impact are those that tend to measure and publish their impact.

Social media. We considered the reach of the social enterprises in the social networks in order to establish their ability to spread an initiative and generate supporters. This also indicates the ability of a social enterprise to produce content relevant for its internet fans. This variable is linked with the number of prizes received and the media impact generated. The indicators used to measure the degree of impact in the social media were: numbers of Twitter followers; number of Facebook fans; and the PageRank.²⁵

The following pages outline a summary of the final selection of ten examples of successful social innovation.

²⁵ PageRank is an algorithm used by Google to assign a number between 0 and 10 for indexed web pages. This value indicates the 'weight' of the web compared to other indexed webs.

Better World Books

Overview	
Description	Better World Books is a global bookstore that harnesses the power of capitalism to bring literacy and opportunity to people around the world. It uses the power of business to change the world. It collects and sells books online to donate books and fund literacy initiatives worldwide. With more than eight million new and used titles in stock, it is a self-sustaining, triple-bottom-line company that creates social, economic, and environmental value for all its stakeholders. It is not a traditional company with an add-on 'cause' component. Social and environmental responsibility is at the core of its business.
Founded	2002 in US
Legal format	Private company
Zone of influence	US, Canada, France, Germany, Brazil, and United Kingdom
Num. employee/volunteers	400 (2013)
Prizes and awards	Named one of the twenty companies ranked 'Best for the World' by the B Corp Annual Report by B Lab - 2012
	Ranked one of the six 'Rockstars of the New Economy' by B Lab - 2012
	Inc. 500/5000 Fastest Growing Company - ranked 1,701 - 2011
	Justmeans Social Innovation Award Citizen's Choice and Best Social Investment Strategy - 2011
	Chosen as one of Business Insider's Digital 100: The World's Most Valuable Startups - ranked 96 - 2010
	Awarded 2010 Waste Wise Gold Award in Climate Change from the Environmental Protection Agency
	Good Business 30 Places We Want to Work - ranked 11th - 2010
	Named one of Georgia Trend Magazine's 2010 Fast 40 Companies
	Named a Top eTailer by Internet Retailer - 2010
	Awarded the 2009 WasteWise Gold Award for Paper Reduction from the Environmental Protection Agency
	Recognised as one of Top 25 Responsibility Pioneers (in the United States) by Time Magazine - 2009
	Voted Most Promising Social Entrepreneur of the Year by Business Week - 2009
	National Coalition for Literacy - 2008 National Coalition for Literacy Leadership Award
	Winner of 2008 Fast Company/Monitor Group Social Capitalist Award
Social media	Facebook: 108,223 Twitter: 19,714 Press: 248 mentions

Social innovation variables	
1. Social impact	<p>Better World Books is not just doing business as usual, doing good is written into its business model. Here are a few of the ways it makes a social impact:</p> <ul style="list-style-type: none"> • Literacy programmes • Raised over \$16 million for literacy including • Over \$8 million for over 80 literacy and education non-profits • Over \$8 million for libraries nationwide • Contributed more than \$3.3 million to college service clubs who run book drives • Directly sent more than 10 million books to Books for Africa, the National Center for Families Learning, Feed the Children, and hundreds of other charities • Landfill reduction • Re-used or recycled over 165 million pounds of books - (120 million books) • Reclaimed more than 900,000 pounds of metal shelving from libraries across the United States • 41,000 tons of carbon offsets in shipping
2. Financial sustainability	<p>\$65 million of revenues per year selling books. It has been economically sustainable for the last 3 years. 5-7% of the revenues are used in worldwide literacy programmes</p>
3. Cross sector collaboration	<p>Better World Books collaborates with universities and non-profits to acquire books at discount/low prices in order to further cooperate with other NGOs whose mission matches that of its own organisation. The following organisations and/or initiatives are instances of cross sector collaboration</p> <ul style="list-style-type: none"> • Books for Africa • Feed the Children • National Center for Families Learning • Room to Read • World Fund • Libraries in countries where they are present • A network of over 2,300 college campuses and over 3,000 libraries
4. Innovation type	<ul style="list-style-type: none"> • Selling used books via internet in order to avoid them ending up in landfill. • Individuals and bookshops that get provide the books, receive a percentage of the sale. • Opportunity to ship the books using a carbon balanced scheme • Funding of worldwide literacy programmes
5. Scalability and replicability	<ul style="list-style-type: none"> • Planning to increase the number of partnership relationships in France and United Kingdom, as well as entering the Spanish market. • Replication seems possible based on two key variables: minimum launch phase capital, establishing a good partnership with bookshops
Web	<p>www.betterworldbooks.com</p>

CFW Shops

Overview	
Description	<p>CFW Shops is a network of micro pharmacies and clinics whose mission is to provide affordable access to essential medicines and healthcare to marginalised populations in the developing world by empowering people to manage their own pharmacies. The CFW model incorporates all the key elements of successful franchising: uniform systems and training; careful selection of locations; and most importantly, strict controls on quality backed by regular inspections. CFW uses the combined buying power of the full network to obtain quality medicines at the lowest possible cost.</p>
Founded	<p>1997 in US</p>
Legal format	<p>Non-profit organisation</p>
Zone of influence	<p>Kenya and Rwanda</p>
Num. employee/volunteers	<p>Directly 2 people in management and 66 franchises globally</p>
Prizes and awards	<p>Emmy-award winning 25-minute PBS segment detailing the CFW network in Kenya</p>
Social media	<p>Facebook: 111, Twitter: 96, Press: 7 mentions</p>
Social innovation variables	
1. Social impact	<p>Franchisees operate small drug shops or clinics strategically located to improve access to essential drugs. HealthStore clinics and shops enable trained health workers to operate their own businesses treating the diseases that cause 70-90% of illness and death in their communities while following HealthStore drug handling and distribution regulations calculated to ensure good practice.</p> <ul style="list-style-type: none"> • 66 franchises in 2013 • Since 1997 has served over 3 million people in Kenya • 509.229 patients served by outlets in Kenya in 2013 • 219.938 patient treatments by illness in Kenya in 2013
2. Financial sustainability	<ul style="list-style-type: none"> • Hybrid sustainability model - Organic generation: start-up fee + royalties paid by those who sign up as members of the franchise system - Donors: salaries of nurses, clinical equipment, and subsidies
3. Cross sector collaboration	<p>It needs to build a wide public and private organisational network in order to obtain recommendations, advice when they entering new communities or region, deals, information on new drugs and treatments, help finding an appropriate local manager, financial resources, and so on. Some of these organisations are:</p> <ul style="list-style-type: none"> • Rwandan Ministry of Health • Acumen Fund • USAID • UNICEF • Rockefeller Foundation • International Finance Corporation • Mulago Foundation • Procter & Gamble • ExxonMobil Foundation

4. Innovation type	Implementing the model of micro-franchising into healthcare so that lower-middle class women and children can access standardised, nearby, affordable health assistance, as well as obtain medicines. CFWShops is a pioneering application of the same franchise model that has proved successful when applied in dozens of industries throughout the world.
5. Scalability and replicability	Scalability: CFWShops is expanding its business geographically and in the number of activities: it is trying to find a way to tackle the misuse of drugs. Replicability: as the model is based on franchises, it is replicated when a franchise is opened.
Web	www.cfwshops.org

Coursera

Overview	
Description	Coursera is an education platform that partners with top universities and organisations worldwide to offer free courses online for anyone to take. It was founded by computer science professors from Stanford University. Creating a future where everyone has access to a world-class education that has so far been available to a select few, offering massive open online university courses, or MOOCs in fields such as humanities, medicine, biology, social sciences, mathematics, business, and computer science.
Founded	2012 in US
Legal format	Private company
Zone of influence	Worldwide
Num. employee/volunteers	75 employees in 2013
Prizes and awards	Best New Start-up of 2012' 6th annual Crunchies Awards
Social media	Facebook: 452,294, Twitter: 152,000, 1480 mentions in Google News
Social innovation variables	
1. Social impact	The platform offers courses to people who cannot enrol in a full time degree course, as well as offering people both in developing and developed countries the chance to follow university level studies for free.
2. Financial sustainability	Business model based on: <ul style="list-style-type: none"> - payments for certifications that assure somebody has accomplished the course requirements. - introducing students to potential employers - commercial sponsorship Coursera is still fighting its way towards financial sustainability having raised 63 million USD up to mid-2013 in investment.

3. Cross sector collaboration	Create partnership relationships with universities around the world such as Princeton, Duke, Emory, University of California, etc.
4. Innovation type	Enable universal access to top level university courses for people with no or few resources. Coursera give the opportunity to take free online classes from more than 80 top universities and organisations such as Princeton University, Columbia University, Stanford University, and so on
5. Scalability and replicability	It is an online educational platform accessible from every corner of the world with internet access. Scalability comes from an increase in the number of partnerships to offer more courses, which will attract more people, and more signature tracks (payments for the certifications of fulfilled courses).
Web	www.coursera.org

Embrace

Overview	
Description	Embrace has a hybrid organisational structure to effectively advance its objectives: rapidly scale the global distribution of life-saving infant warmers, develop new low-cost healthcare technologies for the world's poor, and provide health education to accompany healthcare technologies. The for-profit division 'Embrace innovation' is a healthcare technology social enterprise that it is responsible for the manufacturing, distribution, and sale of products. This organisation also conducts research and development to create new low-cost maternal and child health innovations for emerging markets. The non-profit division, 'Embrace' advances maternal and child health by delivering innovative solutions to the world's most vulnerable populations.
Founded	January 2013 in India
Legal format	Hybrid organisation with a for-profit division (limited company) and a non-profit division.
Zone of influence	India
Num. employee/volunteers	18
Prizes and awards	<ul style="list-style-type: none"> • The Economist Innovation Awards 2013 • 'Best Practice' Rosette by Virtual Platform 2013 • Tech Award 2012 • Appearances in The New York Time, The Wall Street Journal, CNN, CNBC, Forbes Impact 30
Social media	Facebook: 53,664 Twitter: 10,843 Press: 37 mentions

Social innovation variables	
1. Social impact	One out of every three babies born in India has low birth-weight, with a high likelihood of being hypothermic. Hypothermia is a major cause of death and illness. Embrace has developed its line of infant warming solutions for those hospitals which cannot afford normal incubators, offering an alternative low cost health technology which can be easily moved and used.
2. Financial sustainability	The for-profit division business model based on selling the portable incubator in emerging markets, targeting hospitals that do not have access to an incubator machine, but still have some financial capacity.
3. Cross sector collaboration	Through its non-profit division (Embrace) it builds networks with community-based organisations and ONGs in order to efficiently distribute its products. It also collaborates with financial organisations to obtain philanthropic capital.
4. Innovation type	Use of low cost health technologies to address the problem of access to health services in emerging markets where there is no possibility of buying regular health devices.
5. Scalability and Replicability	Replication of the company could be made by exporting the product with a partner to other countries, or replicating its approach to innovation by creating other low cost health devices. Scalability is an ongoing process as the incubator can be offered to more hospitals in need of this product.
Web	www.embraceinnovations.com http://embraceglobal.org

Fairphone

Overview	
Description	Fairphone is a social enterprise that aims to open the supply chain, understand how products are made, and create a better connection between people and the things they own. It wants consumers to gain more awareness about the social and environmental impacts of the electronics they purchase. The company decided to focus on phones because it is a ubiquitous product that nearly everyone owns or uses. Fairphone has developed a smartphone that is designed and produced with minimal harm to people and planet, making the story behind the production of electronics more transparent, and thus raising the bar for the industry and giving consumers a choice for fairer electronics.
Founded	January 2013 in Amsterdam
Legal format	Private limited liability company

Zone of influence	Worldwide. Fairphone is sold via the internet
Num. employee/volunteers	23
Prizes and awards	1. Fountanel Public Award 2013 2. ASN Wereldprijs award in 'fair trade' category - 2012 3. 'Best Practice' rosette by Virtual Platform 2013
Social media	Facebook: 53,664 Twitter: 10,040 Press: 37 mentions
Social innovation variables	
1. Social impact	Fair trade and culture-changing product ready for use. It incorporates conflict free minerals, as well as increasing the salaries of miners, which increases their buying capacity and lets women run business to sell products to other miners. The initiative also fosters an understanding of what is inside products, which can lead customers to understand the cost of fair products.
2. Financial sustainability	Business model is based on pre-selling cell phones so phones are made once they are bought online.
3. Cross sector collaboration	To improve transparency and industry standards it collaborates with a wide number of organisations. For example, it joined initiatives in the Democratic Republic of Congo (DRC) that guarantee that minerals used do not fund illegal armed forces. Some of these initiatives are: <ul style="list-style-type: none"> • Solutions for Hope • Conflict-Free Tin Initiative • Action Aid • Fair Trade-Max Havelaar • Friends of the Earth
4. Innovation type	Introduction of the concept of fairness and transparency to electronics, as well as using the pre-order commercial strategy as a way not to depend on venture capitalists that need a return on capital.
5. Scalability and Replicability	Replication of the company would empower its work as it would clearly show that the smartphone industry can be made fair. Scalability is an ongoing process as after selling 25,000 phones in 2013, it is currently planning to sell 32,991 more on a pre-order basis.
Web	www.fairphone.com

soleRebels

Overview	
Concept	<p><i>soleRebels</i> is a revolutionary footwear company where the creation of shoes has become the platform for inspiration and hope.</p> <p>The company is committed to creating world class footwear and apparel, and producing these products in an economically depressed neighbourhood of Addis Ababa. It is a community based organisation that generates local jobs and sustained prosperity by utilising the immense, diverse, and sustainable array of materials and artisan skills of Ethiopia.</p>
Founded	2004 in Ethiopia
Legal format	Private company
Zone of influence	Ethiopia, Japan, Singapore, Austria (Vienna), Spain (Barcelona)
Num. employee/volunteers	75 full-time employees, 120 part-time employees
Prizes and awards	<ol style="list-style-type: none"> 1. Bethlehem Alemu Young Global Leader (2011) at the World Economic Forum (WEF) 2. Outstanding African Business Woman (2011) award by the African Business Awards 3. 2011 Founding Curator for the WEF's 'Global Shaper' community 4. Social Entrepreneur of the Year at the WEF (2012) 5. Member of 'The World's Most Powerful Women to Watch', a platform she shared with only 12 other women – Forbes magazine. 6. 2011 Legatum African Awards for Entrepreneurship.
Social media	Facebook: 25,697 Twitter: 2,601 Press: 96
Social innovation variables	
1. Social impact	<ul style="list-style-type: none"> • A sustainable business that generates employment in a poor neighbourhood of Addis Ababa where there is craft talent • Increasing the income of raw material suppliers who keep their traditional ways of working • Ensuring cultural crafting tradition can be translated into a global scalable footwear business • Raising the awareness in rich countries of eco-friendly, fair clothing products
2. Financial sustainability	<i>soleRebels</i> is made sustainable by selling trendy, eco-friendly, fair footwear
3. Cross sector collaboration	<p>The model maximises local development by creating a wide local supply chain, then it sells products in its own stores or using its wide network of online and offline stores. Including:</p> <ul style="list-style-type: none"> • Spartoo.com (online shore store) • World Fair Trade Organization • Rakuten (online store)

4. Innovation type	<p>Combining trend, organic raw materials, and traditional crafting culture as a way to foster employment in a poor neighbourhood of an African capital. 'Poor' people can also create products that can compete with world leading brands.</p> <p><i>soleRebels</i> is living proof that creating innovative world class products and trading them with the world is the best road to greater shared prosperity for developing nations like Ethiopia.</p>
5. Scalability and Replicability	<ul style="list-style-type: none"> • Replication needs to combine local talent and raw materials, with local production traditions to create a trendy marketable brand that can compete with internationally known brands. • Planning to open 50-60 retail stores in the following three years in US, Canada, Germany, France, Switzerland, China, Hong Kong, Korea, India, Sweden, Norway, Italy, Britain, France, Indonesia, Malaysia, Philippines, Australia, Kenya, Uganda, and Nigeria. By 2020 it aims to have 150-175 stores and generate over \$250 million in revenue.
Web	www.solerebels.com

TerraCycle

Overview	
Concept	<p>TerraCycle is one of the fastest-growing green companies in the world. More than just a recycling company, TerraCycle strives to be a driving force behind increasing environmental awareness and action. Its goal is to be a trusted resource for families, schools, communities, and even corporations to find tips, stats, facts, tactics, and news to help live a greener, cleaner lifestyle. TerraCycle is a highly-awarded, international upcycling and recycling company that collects difficult-to-recycle packaging and products and 'repurposes' the material into affordable and innovative products.</p> <p>It tries to eliminate the idea of waste by creating national collection and repurposing systems for all hard to recycle waste. The collected waste is then either up cycled into new products or recycled in to new materials from which innovative products are made.</p>
Founded	2001 in US
Legal format	Private company
Zone of influence	Canada, USA, Mexico, Argentina, United Kingdom, Ireland, Spain, France, Belgium, Nederland, Germany, Sweden, Israel, and Turkey.
Num. employee/volunteers	120
Prizes and awards	<ol style="list-style-type: none"> 1. Tom Szaky awarded as one of the 'Impact 30' entrepreneurs that fight against global problems by Forbes Magazine in 2011 2. Green Innovator Award 2013 3. #1 company in the environmental category – Entrepreneur's Magazine 2010

Social media	Facebook: 51,606 Twitter: 26,819 Press: 101 mentions
Social innovation variables	
1. Social impact (data as of April 2013)	<ul style="list-style-type: none"> • People collecting trash: 40,220,171 • Waste units collected: 257,890,419,967,335,288 • Money for charity: \$6.423.196 • Schools use the participation in the TerraCycle programme to introduce environmental education • TerraCycle promotes discussion in companies about how to make packages more sustainable
2. Financial sustainability	<p>Financial sustainability by means of:</p> <ol style="list-style-type: none"> 1. Establishing partnerships with companies that generate revenues for TerraCycle as it recycles materials that could not be recycled previously. 2. Selling the raw materials that have been generated through the recycling process 3. Producing new products with the recycled raw materials in order to sell them. Sales in 2010 were \$13.5 million.
3. Cross sector collaboration	<p>TerraCycle works with more than 100 major brands in the U.S. and 22 countries overseas to collect used packaging and products that would otherwise be destined for landfills.</p> <p>Private companies such as: Mars, British American Tobacco, Santa Fe Natural Tobacco, Old Navy, Walmart Target, Office Depot, Kraft Foods</p> <ul style="list-style-type: none"> • Schools • NGOs
4. Innovation type	<p>Triple bottom line</p> <ol style="list-style-type: none"> 1. Collect waste that was not previously recycled from individuals, companies and schools 2. Recycle the waste 3. Communication of activities to increase number of partnerships <p>The money generated by individual recycling is given to charity organisations</p>
5. Scalability and Replicability	<ul style="list-style-type: none"> • Scalability <ul style="list-style-type: none"> - It has just opened in Japan and Australia - 25% revenue increase in 2013 - Growth in different ways: joint ventures, following customers into other countries, creation of partnerships • Replicability <ul style="list-style-type: none"> - Presence in 23 countries - Model adapted to each country - Building of good relationships with NGOs and companies
Web	www.terracycle.com

Uncharted Play

Overview	
Concept	The focus of Uncharted Play is on clean, reliable energy access for all. It addresses the problem of energy provision using funny, innovative technologies that provide clean and renewable energy. Uncharted Play's products generate electricity that enable powering small appliances, as well as spreading awareness about global issues such as climate change and clean energy access.
Founded	2011 in US
Legal format	Private company
Zone of influence	USA, Mexico, Brazil, Nigeria, South Africa, Jordan, Honduras, Haiti, Costa Rica, Benin and El Salvador
Num. employee/volunteers	14
Prizes and awards	<ol style="list-style-type: none"> 1. Named one of the 25 Most Audacious Companies 2013 by Inc. Magazine 2. Shine On Award for Innovation 3. Best of What's New 2011 by Popular Science 4. Next Generation Award by Popular Mechanics 5. Toyota Mother of Invention Grant by Woman in the World Foundation
Social media	Facebook: 7,008 Twitter: 3,229 Press: 7 mentions
Social innovation variables	
1. Social impact	<ul style="list-style-type: none"> • Provision of cheerful renewable sources of power for resource-poor communities • Offer of tangible fun tools for global STEM education • Platform to motivate organic physical activity
2. Financial sustainability	Financial sustainability is achieved by selling products at the retailing point, as well as by funds supplied by investors and funding from private foundations.
3. Cross sector collaboration	To improve impact, it distributes products through schools and community education centres around the world with the help of established NGOs on the ground. It also has some corporate partners that sponsor branded products as part of a larger marketing campaign. These corporations include: Fundación Televisa, Shell, Western Union, State Farm
4. Innovation type	Combination of playing with innovative technologies that enable generating clean, renewable energy when playing
5. Scalability and replicability	<ul style="list-style-type: none"> • Scalability <ul style="list-style-type: none"> - SOCKETS are scheduled for distribution to Benin, Costa Rica, El Salvador, Haiti, Honduras and Nicaragua. - Planning to scale by retailing and generating more partnerships. • Replicability <ul style="list-style-type: none"> - Assumes that replications consists in creating partnerships
Web	www.unchartedplay.com

VALID Nutrition

Overview	
Concept	<p>The traditional response to preventing malnutrition has failed. Over one third of all children in developing countries suffer from chronic malnutrition that impedes their physical and mental development. VALID Nutrition is the first enterprise in the world that develops and manufactures a range of ready-to-use therapeutic foods in Africa. The company is run as a fully-fledged competitive food business along strict commercial principles and with appropriate corporate governance controls. The company sources ingredients for its products from indigenous small-holder farmers and local suppliers. This brings major advantages in terms of food security for farmers and, critically, a developmental multiplier effect for local economies – a sustainable approach in the broadest sense.</p> <p>Pioneering sustainable change in the way malnutrition is addressed globally:</p> <ul style="list-style-type: none"> • Empowering malnourished people and treating them as customers, not victims or mere beneficiaries. • Making nutritious food accessible and affordable to consumers, using a commercially sustainable enterprise led approach involving both public & private sector organisations. • Functioning as a viable business that aligns revenue generation with social impact and so leads the way for others.
Founded	2005 in Ireland
Legal format	Ireland (not-for-profit limited company) England and Wales (limited company) US (not-for-profit limited company)
Zone of influence	Sub-Saharan Africa and India
Num. employee/volunteers	35
Prizes and awards	<ol style="list-style-type: none"> 1. 2008 Global Alliance for Improved Nutrition (GAIN) award for innovation in nutrition. 2. 2010 Steve Collins (founder and CEO) awarded an Ashoka Senior Fellowship 3. Irish Times Innovation Award 2010 in association with InterTrade Ireland 4. 2009 annual medal for outstanding achievement in management by the Institute of Management Consultants and Advisers (IMCA)
Social media	Facebook: 856 Twitter: 216 Press: 45 mentions
Social innovation variables	
1. Social impact	<ul style="list-style-type: none"> • 200,000 children treated with 'Ready to use therapeutic food' (RUTF) food that does not need to be cooked, that is highly nutritive, and can be stored for 12 months • 20 million sachets produced and sold
2. Financial sustainability	Sustainability by selling to the BOP segment the RUTF.

3. Cross sector collaboration	<p>To work more effectively on reducing malnutrition and bringing about long-term food security, the enterprise has built a wide network of partners. VALID Nutrition is actively working with businesses, communities, think-tanks, international institutions, farmers, NGOs, governments and key decision makers such as:</p> <ul style="list-style-type: none"> • UNICEF • USAID • Government of Malawi • The World Bank • Government of India • Pepsico • World Health Organisation • UKAID • Irish Aid • Gain • ETH • Exagris Africa
4. Innovation type	Addressing bottom of the pyramid segments with innovative, low cost, easily usable, and durable nutritive solutions. It regards malnourished people as legitimate customers and not as passive victims or mere beneficiaries, and its local production approach is fundamental.
5. Scalability and replicability	<ul style="list-style-type: none"> • Scalability through increase of production generates more capacity in Malawi (investment) and generates joint venture relationships with local manufactures in countries such as Nigeria and Ethiopia, as well as developing more innovative products. • Replication would imply mirroring RUTF products with alternatives that would cover the same, or other nutritional imbalances in different territories and scenarios.
Web	www.validnutrition.org

Zamzee

Overview	
Concept	<p>Sedentary behaviour and obesity are major problems of national importance. There are approximately 20 million tweens and young teens in the U.S. and research shows that sedentary behaviour is putting these young people at risk for serious – and seriously expensive – long-term health problems: including obesity, diabetes, heart disease and cancer. Zamzee was established by HopeLab, a non-profit research organisation that uses the power and appeal of technology to improve child health. Its mission is to make it easier for teens and families to be more physically active. It sells a device that records a child's physical activities. Thus, children can see in a computer program how much sport they have done (statistics), take challenges, meet other people, challenge these people, and receive rewards. It also offers training in health, body building, nutrition, and provides guidelines for managing physical activity groups.</p>

Founded	2010 in US
Legal format	Private company
Zone of influence	US
Num. employee/volunteers	13
Prizes and awards	<p>Best Use of Gamification in Health and Wellness' award at the third annual Gamification Summit 2012</p> <p>2. Named a Health Innovator by LAUNCH, a global initiative founded by NASA, USAID, U.S. Department of State, and Nike to identify and support innovative work poised to contribute to a sustainable future and accelerate solutions to meet urgent challenges facing our society;</p> <p>3. Recognised by San Mateo County Economic Development Association with the Aspiring Innovator Award;</p> <p>4. Recognised by President Obama as a model social enterprise at the launch of the White House Office of Social Innovation and Civic Participation.</p>
Social media	<p>Facebook: 1055</p> <p>Twitter: 1035</p> <p>Press: 3 mentions</p>
Social innovation variables	
1. Social impact	<ul style="list-style-type: none"> • Children that use Zamzee do 60% more sport than children that do not use it (45 more minutes a week). • According to customers Zamzee makes sport activities easier to do and they become more active
2. Financial sustainability	Device sell for \$29.95
3. Cross sector collaboration	<p>It collaborates with schools, hospitals, or community groups to extend the use of the device, also with doctors who evaluate the evolution of kids. The company has a full-service programme for groups, including some schools that enables research-proven technology to increase the physical activity of kids and families. It also looks for financial support for those communities that cannot pay for the device. Principal partners are:</p> <p>Cigna, HopeLab, Johnson & Johnson, Kaiser Permanente, Thrive, Mayo Clinic, Robert Wood Johnson Foundation, Motorola Mobility Foundation, Union Bank Foundation</p>
4. Innovation type	<ul style="list-style-type: none"> • Introducing technology as a way to foster physical activities, and make it easier for children to be active in order to tackle infant obesity • Use of the concept of reinforcement to make it easier to do sport
5. Replicability & scalability	<ul style="list-style-type: none"> • Working with partners such as doctors and schools makes it easier to scale and launch new versions of the product • Replication would imply using technology as a way to reinforce children that do sport and physical activities
Web	www.zamzee.com

4

Final reflections

Where is the literature on social innovation headed? Based on our pentagon of the parameters of social innovation, this edition of Antenna has focused on the current debates that revolve around the variables associated with the broader concept of social innovation. What are the implications and ramifications for each of these variables? Where does social innovation end or start? How can we gain precision in our understanding of social innovation?

For our first variable, **social impact**, we presented three attempts to reorient the economy along the lines of social sustainability: i) the common good initiative; ii) the shared value model; and iii) the social return on investment tools. These three approaches provide specific metrics to assess the social impact of an organisation, initiative, or product – from the most value oriented to the most financial approach. These approaches offer some clear takeaways and have followers and detractors – and are not exempt from controversy. No approach towards measuring social impact can satisfy all investors and stakeholders alike; the metrics chosen must be aligned with the prevalent values of our target audience (such as investors, clients, and employees); and we must be bold enough to allocate tangible values to the intangible components of the ‘social’ aspects of a given innovation. Whether you are a believer or not in the managerial axiom (‘what cannot be measured cannot be managed’) act as if you are a believer.

On the second variable, **economic sustainability**, this Antenna has approached recent developments in: i) impact investment (a tool for the alignment of social value with financial value); ii) the longstanding and maturing world of microfinance (with the well-researched micro-credit mechanisms for the base of the pyramid); iii) the growing crowdfunding sector (that is replacing traditional venture capitalists with an agile and mostly deregulated environment); and iv) social impact bonds (private investment capital mechanisms to fund socially oriented public initiatives, ranging from performance-based contracting to innovative ways of funding social services). The takeaways acknowledge recent controversy regarding some of these mechanisms (the case of micro-credit as a debt-trap is paramount), the oft-repeated no-one-size-fits-all argument that focuses on the many new mechanisms that connect social innovators with potential investors – and the potential for crowdfunding and social impact bonds to foster public-private structures for the common good.

On **type of innovation** we are witnessing: i) a move from product to service, also known as servitisation with the paramount example of car makers and car sharing; ii) the rise

of the circular economy, a concept based on industrial ecology (where what was once classified as ‘waste’ is now a valued resource and monetized in a closed ‘loop’ system); iii) new initiatives that invest in open innovation in both high and low tech industries; and iv) a turn towards the collaborative economy where multiple business models emerge around sharing, lending, and bartering in an environment of co-creation that captures a value shift in mature economies. The highlighted takeaways throw light on these forms of social innovation in the post-crisis Western world and view manufacturers as potential service providers; pay attention to efficient resource flows in closed systems; involve stakeholders in the generation of new ideas and solutions; and monitor the potential of disruptive innovation through collaboration.

The fourth variable, **cross sector collaboration**, enables us to track recent developments in: i) new forms of hybrid organisations that blend the best of two worlds (for-profit and non-profit models) in new organisational structures that adopt performance-based measurement mechanisms; ii) the recent theoretical contributions that target new types of partnerships formed by governments and civil societies whose aim is to build a more agile and leaner public administration; and iii) the new collaborative social innovation platforms that try to engage the public in addressing specific social problems. Our takeaways highlight the new legal solutions and/or forms of collaboration created to meet social ends; the alignment of these new leaner forms of organisation with financial sustainability; and the development of alternative multi-stakeholder platforms that broker relationships across sectors.

The last variable, **scalability and replicability**, explores: i) the rediscovery of social capital as a means to measure social network activity and as a way to capture the intensity of relations between peers and how this enables social innovation to emerge; ii) those ambitious game changers that attempt to change the basic processes and resource flows of social systems so that social innovation can thrive; iii) critical mass, understood as the ability to create a critical number of people and/or networks capable of developing new pools of trust and, at the same time, redefining public policy as an enabler for new pro-innovation environments. As a conclusion, recent developments on this front highlight the importance of a social innovation ecosystem and the development of the right conditions for new forms of social innovation to scale and be replicated. Engaging the community, while enabling communication and trust, seems to be part of the recipe for success.

The case study for this year’s Antenna tries to encompass the multiple discussions presented above. We have approached the award-winning town of Alston (Cumbria in England), a small town of barely 2,000 inhabitants that in the last decade has produced a plethora of social enterprises and community-led services. Why in Alston and not in any other town? In summary, because the following elements have converged: a) most services and initiatives have been based on basic and well reported social needs; b) initiatives have come to light in an isolated and remote region with a lack of services and jobs; c) a

strong community feeling that has bolstered the creation of social capital and trust generation; d) a community feeling that paves the way for the rise of new forms of collaboration with the authorities (from co-financing to public grants); e) a tradition of citizens serving citizens; f) development of a cooperative grass-roots base where the emphasis is on providing services rather than making profits; g) where community innovation is achieved through putting together time, ideas, and skills to better serve the town, and even raising capital through community shares. Finally, h) a local social enterprise culture that has developed new models of service delivery based on specific population traits and where the locals have traditionally merged with non-conformist immigrants who are ready to volunteer – as well as a ‘can-do’ attitude that helps generate a new entrepreneurial spirit.

The Antenna concludes with a list of ten high impact social innovations (namely, Better World Books; CFW Shops; Coursera; Embrace Innovations; Fairphone; soleRebels; TerraCycle; Uncharted Play; VALID Nutrition; and Zamzee. A brief description of the methodology and key descriptive variables is provided for each.

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Annex 1: List of Social Innovation Antenna

Antena	Web
Acumen Fund	http://acumen.org/
Ashoka	https://www.ashoka.org/
Best for the world	http://bestfortheworld.bcorporation.net/index.html
Bill & Melinda Gates Foundation	http://www.gatesfoundation.org/
CASE (Duke University)	http://www.caseatduke.org/
CleanMed, Creating Healing Environments	http://www.cleanmed.org/2013/default.php
Dell Social Innovation Challenge	http://www.dellchallenge.org/
Echoing Green	http://www.echoinggreen.org//
Endeavor	http://www.endeavor.org/
France Active	http://www.franceactive.org/
Hub Ventures	http://hub-ventures.com/
Imagine k-12	http://www.imaginek12.com/index.html
Nesta	http://www.nesta.org.uk/
NESST	http://www.nesst.org/mission/
Nutrients for All	http://nutrientsforall.org/
Opportunity Green	http://www.opportunitygreen.com/
Root Cause	http://rootcause.org/
Santa Clara University Center for Science, Technology and Society	http://cms.scu.edu/socialbenefit/entrepreneurship/gsbi/alumni/Copy-of-sector.cfm
Schwab Foundation for Social Entrepreneurship	http://www.schwabfound.org/
Social Innovation Europe	https://webgate.ec.europa.eu/socialinnovationeurope/
Social Venture Network	http://svn.org/
Skoll Foundation	http://www.skollfoundation.org/
The g Project	http://www.thisisyourplanet.com/
The Tech Awards	http://thetechawards.thetech.org/
The Impact Hub	http://www.the-hub.net/
TRASI (Tools and Resources for Assessing Social Impact)	http://trasi.foundationcenter.org/

Institute for Social Innovation

The Institute for Social Innovation's mission is to develop the skills of individuals and organisations in the business and non-profit sectors to strengthen, through their activities, their contribution to a more just and sustainable world. To this end, the Institute generates and disseminates knowledge and provides training in the areas of corporate social responsibility and the relationship with stakeholders, NGO leadership and management, and social entrepreneurship.

Authors

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