INNOVATION AND IDEA GENERATION

Learning Objectives

- Explore what propels innovation and the different types of thinking that support it.

- Describe the different factors that support creative thinking.

- Identify where entrepreneurial ideas that can create social impact come from.

- Differentiate between micro- and macro-level factors that affect innovation.

- Compare different strategies for unlocking creativity through ideation processes.

Innovation is at the heart of social entrepreneurship. And innovation begins with ideas—ideally lots of them. But where do ideas come from? As discussed later in this chapter, ideas might come from thinking deeply about a problem. This is particularly true for social entrepreneurs who are obsessed with a particular problem in society. Or ideas may come from seeing an opportunity that is created by a gap in the marketplace, observing that customers or recipients are poorly served by existing offerings. Ideas can also come from changes in context—for example, technology or information flow that enable new solutions to address old problems.

What do we mean by social innovation? *Stanford Social Innovation Review* authors define it as:

> *A novel solution to a social problem that is more effective, efficient, sustainable, or just than existing solutions and for which the value created accrues primarily to society as a whole rather than private individuals.*[1]

How should nascent social entrepreneurs position themselves to generate valuable innovations? First and most important is to be ready to recognize and then act on ideas that have value, and discard those that do not. Proximity—being close to the problems that need to be solved—is usually the best way for a prospective entrepreneur to be well poised to generate actionable insight.

THE ROLE OF ENTREPRENEURIAL INSIGHTS

Chance Favors the Prepared Mind

Consider Louis Pasteur, the nineteenth-century chemist that first proposed germ theory—the theory that germs caused disease. This theory became critical to advances in medicine and in particular, the development of vaccines. As Pasteur famously said, "Chance favors the prepared mind." What Pasteur meant by this is that chance discoveries—often found through experimentation—are critical to innovation, but it is critical that the inventor be well prepared to understand what the observations mean and how to use them to create value.

Pasteur is best known for inventing pasteurization, a process of heating liquids to destroy pathogens in milk and other beverages. Prior to pasteurization, consuming milk (and other beverages) was risky because of the presence of bacteria. Most people think that Pasteur was solely responsible for creating a new process aimed at solving this problem. History, however, is a little more complicated. Pasteur, a prolific scientist, invented his life-saving pasteurization technology when trying to develop a method for extending the shelf life of beer, and it was German Chemist Franz Soxhelt who suggested the process be applied to raw milk.

Credit aside, their readiness to embrace and disseminate a new technology has saved millions of lives. Chance (the application of germ theory and invention of a heating method) favored the prepared minds of Pasteur and Soxhelt. But the story is incomplete without mentioning the contribution of New York philanthropist Nathan Straus, who had dedicated himself to distributing food and coal to New York's tenement dwellers during the 1892–1893 depression. Seeing an opportunity, he funded and operated milk stations that helped to popularize the life-saving benefits of pasteurized milk. Through public health regulation, pasteurized milk eventually became the standard.

Innovation and Social Ventures

Put simply, an entrepreneurial insight is a flash of understanding that sparks the development of a new venture. It can come from a unique understanding of a problem or connecting patterns, trends, or ideas in a unique way.

The example of pasteurization demonstrates how entrepreneurial ideas are developed. Often it is a new way of looking at a problem (in Pasteur's case, the insight that germs cause disease and can be foodborne) or the invention of a new technology that presents an opportunity. The migration of an idea from one context (beer) to another (milk) creates value. The development of new technologies (liquid heating machinery) can propel a social benefit from idea to adoption. And, as we will discuss in Chapter 4, the dissemination of new entrepreneurial ideas is usually a team process in

which other players (in this case, Strauss creating a distribution system and others creating new laws on food quality) enable an innovation to realize its full potential.

Neal Bermas, who founded STREETS International and who is profiled later in this chapter, built STREETS on the insight that street children in Vietnam had limited employment opportunities but could easily be trained to access well-paying opportunities in the hospitality sector. Brenna Schneider, whose organization 99Degrees Custom is described in Chapter 8, had the insight that garment production was being "reshored" in the United States due to demand for customization, and that this trend could be leveraged to create jobs and career paths. Doug Rausch, former president of grocery chain Trader Joe's, had the insight that food was routinely wasted in the United States while families went hungry and that wholesome food near its expiration date could be resold at low prices. This led to the creation of Daily Table, a nonprofit grocery retailer.

Innovation for social ventures tackles critical societal problems by mobilizing and transforming existing resources and human capital to create new business models. These solutions create benefits for society as they address seemingly intractable issues. Some of these solutions are small or local, while others are global.

Examples of areas ripe for social innovation are vast. Take, for example, renewable energy solutions that mitigate climate change or innovations that reduce poverty, hunger, and homelessness. Innovation can also address challenges such as improving social justice for marginalized communities, reducing inequality and oppression, or finding solutions to major diseases and epidemics and improving access to medicine and quality health care.
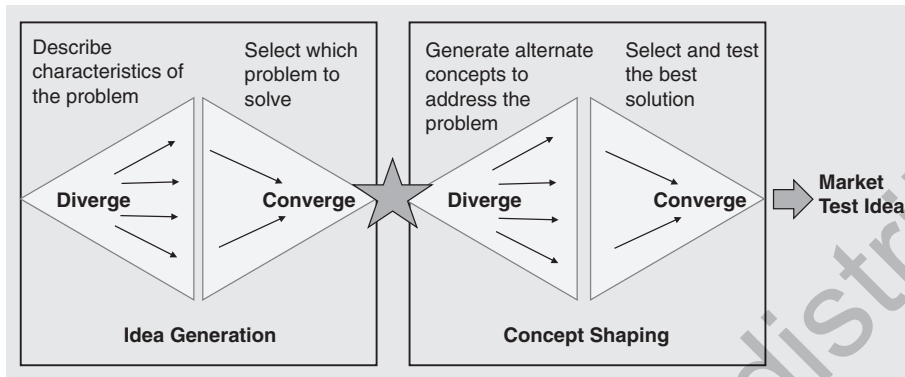
Divergent and Convergent Thinking

Entrepreneurs rely on two types of thinking to develop initial ideas and then evolve them to business concepts: divergent and convergent thinking.

- *Divergent thinking* involves generating creative new ideas. If addressing a problem, it means developing multiple possible solutions. When we talk about brainstorming, we are using divergent thinking. Divergent thinking is important for entrepreneurs because it enables them to use their creative skills to generate multiple options.

- *Convergent thinking* is the process of narrowing ideas. It is an essential skill for determining concrete solutions to problems, and involves weighing the benefits of potential options, determining feasibility, and making decisions about which options to move forward with.

As illustrated in Figure 2.1, a combination of divergent and convergent thinking skills can be applied sequentially to the problem arenas (where an entrepreneur defines

Figure 2.1 Divergent and Convergent Thinking

Describe characteristics of the problem — Diverge — Select which problem to solve — Converge — **Idea Generation**

Generate alternate concepts to address the problem — Diverge — Select and test the best solution — Converge — **Concept Shaping**

Market Test Idea

Source: Adapted from British Design Council. (2021). *The double diamond: A universally accepted depiction of the design process.* https://www.designcouncil.org.uk/news-opinion/.

the nature of the problem they plan to address) and the solutions arena (where an entrepreneur brainstorms multiple solutions and determines which ones to pursue.) This model is an adaptation of the Double Diamond Model popularized by the British Design Council and developed based on 1996 work by Hungarian American linguist and UC Berkeley Professor Bela Benathy.

During the idea generation phase, brainstorming enables the entrepreneur to fully understand the problem and typically follows a divergent process, starting with a problem symptom and then expanding as innovators describe different dimensions of the problem. For example, an entrepreneur might start with an observation about, for example, the prevalence of child malnutrition in a given location and then expand to consider problem elements that might be contributing to it such as poverty, limited access to fresh foods, children's eating habits, and other factors. Once the dimensions of the problem are well understood, the entrepreneur can then use convergent thinking to identify the specific part of the problem they intend to address.

During the concept shaping phase, an entrepreneurial concept is developed and refined. For example, the entrepreneur might have settled on limited access to fresh food as the addressable problem and can then employ divergent thinking to brainstorm potential solutions. In our nutrition example, they might consider opening grocery stores in areas that lack access to food retailers, providing food delivery services, initiating programs to improve affordability of fresh foods, improving transportation access, or investing in in-school meal programs. After brainstorming potential solutions, they can apply convergent thinking, narrowing choices by considering likely market acceptance and financial and technical feasibility.

While people can participate in both divergent and convergent thinking, they usually have a preference. Aspiring social entrepreneurs should try to recognize their tendency and compensate. Those who are skilled at brainstorming (divergent thinking) should also discipline themselves to apply convergent thinking when selecting between and refining concepts. Convergent-dominant thinkers should open themselves to considering possibilities broadly, for example, by using the discovery skills discussed below. Entrepreneurial teams with a balance of divergent and convergent thinkers have a powerful advantage (but often more challenging team dynamics).

Consider for a moment whether you tend to be a divergent or convergent thinker. If you have completed your Myers–Briggs Type Indicator, a clue might be whether you are a J (Judger) or P (Perceiver). Judgers prefer structure and tend to push toward solutions, while perceivers are more flexible and adaptable and prefer to generate multiple alternatives.

WHERE IDEAS COME FROM

Individuals generate ideas in different ways. In 2014, *Inc.* magazine surveyed the CEOs of its *Inc.* 500 list of the fastest-growing private companies in the United States. The results were surprising. When asked where they got their best ideas for new products and services, the largest proportion (28%) mentioned their customers. Over 26% said "myself," followed by 16% via employees, another 16% from dedicated teams, and 7% from business partners.[2] Clearly, leaders of fast-growth companies use multiple methods for idea generation.
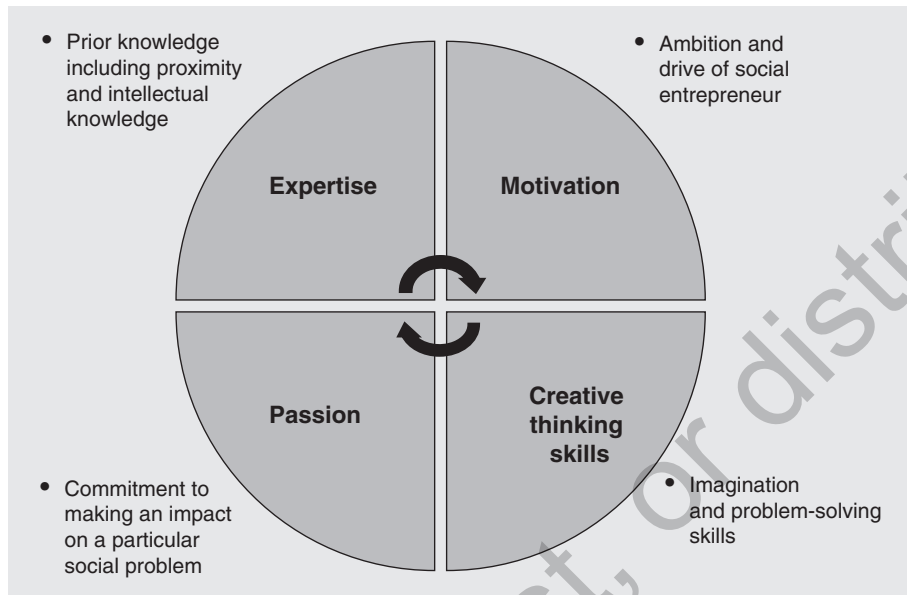
An earlier survey of 100 founders of Inc. fast-growing companies also yielded interesting results. Over two-thirds reported that they replicated or modified an idea that they had encountered through previous employment and applied the thinking to a new opportunity. One-fifth "discovered" ideas serendipitously and only 4% discovered it through systematic research.[3]

Elements of Creativity

Harvard Business School Professor Teresa Amabile's research on creativity provides a useful structure for thinking about creativity and entrepreneurial discovery. She identifies three basic components of creativity: creative thinking skills, expertise, and motivation, and suggests that all are important levers for ensuring new venture success.[4] We've added a fourth dimension—passion—to expand our thinking about creativity among social entrepreneurs (see Figure 2.2).

- *Creative thinking skills* are skills related to imaginative problem-solving—ways of thinking differently that enable entrepreneurs to develop unique solutions.

Figure 2.2 Four Components of Creativity for Social Entrepreneurs

- Prior knowledge including proximity and intellectual knowledge

- Ambition and drive of social entrepreneur

Expertise

Motivation

Passion

Creative thinking skills

- Commitment to making an impact on a particular social problem

- Imagination and problem-solving skills

Source: Adapted from Amabile, T. M. (1998). How to kill creativity. *Harvard Business Review* 76, no. 5.

An important part of creative thinking is skills pattern recognition—the ability to observe an idea in one context and imagine its potential in another. Consider the example of One Acre Fund, a nonprofit provider of agricultural services that we profile in Chapter 5. The inputs that support higher levels of farm production—high quality seeds, fertilizer, water, and crop rotation. But the ability to provide these as low-cost bundled services to smallholder farmers in sub-Saharan Africa enabled the founders to create an impactful new organization and rapidly expand it.

- *Expertise* involves understanding the context well (often through proximity) or having specific technical, procedural, or intellectual knowledge.[5] It is no surprise that most successful entrepreneurial ventures replicated or modified an idea encountered through previous employment.[6] For example, Ted Barber and Amber Chad, the social entrepreneurs behind Prosperity Candle, a venture that help refugees and women in conflict regions export and sell handcrafted candles, relied on their collective expertise importing crafts and selling through catalogues to test the viability of their products and then launch their new venture.

- *Motivation* describes the force that enables entrepreneurs to persistently pursue ideas. Amabile also distinguishes between extrinsic motivation (which is often financial) and intrinsic motivation which is an inherent interest in certain activities or challenges.[7]

- *Passion* is a personal motivation founded in a set of beliefs that drives an individual's commitment to solving a problem in an area of social need. This strong interest in solving a singular problem has been the motivating force for most successful social entrepreneurs, whether Muhammad Yunus (founder of Grameen Bank) seeking to mitigate poverty among women in rural Bangladesh or Wendy Kopp (cofounder of Teach For America) seeking to transform American public education.

Enhancing Creativity

Social entrepreneurs who want to stay creative often find that exposing themselves to new cultures via travel or work in different countries helps keep their discovery skills active. Vanessa Kirsch, founder of New Profit, a US-based venture philanthropy organization (which is featured in a short case in Chapter 9), had founded two successful nonprofit organizations—Public Allies and the Women's Information Network—when she took a year off to travel the world and interview individuals and social entrepreneurs in 22 countries. Her insights about the need for growth capital was the impetus for founding New Profit. Travel helps entrepreneurs be more open-minded, culturally adaptive, and attuned to what consumers and stakeholders in other places consider important. This benefit has also been observed in the private sector where researchers have found that the more countries a person has lived in, the more likely they are to leverage their experience to innovate.[8]

Another approach to generating ideas is to keep an idea diary, where an individual can record ideas, observations, intriguing technology, and other things. This book of "inspiration" enables aspiring entrepreneurs to revisit ideas from time to time to create new ideas or identify connections between observations.

Teamwork is another powerful way to generate ideas. Teams can be critical for bringing together the perspectives and insights needed to create breakthrough ideas. Consider the cofounders of Sanergy—a Nairobi-based company that operates a network of over 2,000 franchised pay toilets and uses the products generated to create fertilizer, energy, and animal feed. The team met in a course at the Massachusetts Institute of Technology called the Poverty Action Lab and over the course of a semester generated a creative and sustainable approach to improving sanitation in urban slums. Team discussions or problem-solving can spur creative thinking. Some examples of team approaches to unlock creativity are suggested in the exercises later in this chapter.

Honing Discovery Skills

Discovery skills are the skills entrepreneurs draw upon to find and explore new ideas.

In their article "The Innovators DNA," Innovation experts Jeffrey Dyer, Hall Gregersen, and Clayton Christensen identify five key discovery skills that enable prospective entrepreneurs and innovators to cultivate idea generation capability: *associating, questioning, observing, experimenting, and networking.*[9]

Associating: Associating is the ability to connect seemingly unrelated questions, ideas, or problems, often drawing on insights from different fields or disciplines. As Dyer and his colleagues note, "Association is like a muscle that can grow stronger by using the other discovery skills. As innovators engage in those behaviors, they build their ability to generate ideas that can be recombined in new ways."[10]

Questioning: Questioning is a particularly important skill for social entrepreneurs. It involves continuously challenging the status quo, asking "why?" or "why not?" or "how might we?" Asking questions and considering alternatives can help the entrepreneur develop novel solutions to seemingly intractable social problems. Consider Fazle Hasan Abed, founder of BRAC, who questioned how to support people living below the poverty line. Or Yasmeen Abu Fraiha, who founded Genesis, a provider of premarital genetic tests, after she wondered why Bedouin teenagers entering arranged marriages were not able to screen partners for shared genetic defects.

Observing: Observing customer behavior or other common phenomena can produce important insights. These insights can reveal important opportunities to create new products or services or modify existing ones to create or increase social benefits. Forward-thinking social ventures have also used this principle to harness the ability of shared insights. Patients Like Me was an information sharing platform created to help patients suffering from muscle wasting Amyotrophic Lateral Sclerosis (ALS), also known as Lou Gehrig's disease, to share strategies for improving their quality of life. Patients Like Me quickly expanded to include dozens, then hundreds, of diseases and enabled patients to engage with each other.

Experimenting: Experimenting involves tinkering with ideas, and sometimes pilot testing them to learn more about their impact and how they can be refined. For example, the founders of Owlet, producers of a wireless baby monitor, started in 2013 by creating a sock-like device designed to monitor infant heart rate and oxygen levels while sleeping, reducing parent anxiety and the potential for Sudden Infant Death Syndrome (SIDS). Their unconventional approach to experimentation involved observing customers in baby stores to see how they purchased baby monitors.

Networking: Networking is the final discovery skill. The most productive social entrepreneurs are voracious networkers. They are always on the move, sharing ideas and building relationships. They recognize that networking with a diverse group of other individuals enables them to develop perspective, access resources, and form important partnerships. We will discuss ways to network and build teams and ecosystems in more detail in Chapter 4.

PROFILE: NEAL BERMAS AND STREETS INTERNATIONAL

Neal Bermas' experience as a high impact social entrepreneur demonstrates several important lessons: First, it is never too early or too late to become a social entrepreneur. Second, social entrepreneurs bring diverse experience, but by applying their expertise, passion, and motivation to creatively identifying opportunities, they can have an astonishing impact on the lives of others.

Bermas was born in the 1950s in New York City. After earning a PhD in social policy and management at Brandeis' Heller School, he had a fulfilling career in management consulting primarily in the hospitality sector, working with such clients as the Walt Disney Company, Le Meridien, and Sheraton. He also taught hospitality and management courses at NYU and New York Institute of Culinary Education. His dual passion for hospitality and education provided the inspiration for STREETS International, an entrepreneurial social enterprise that provides culinary and hospitality training for street kids, orphans, and other disadvantaged youth across Southeast Asia. Indeed, his experience is a perfect demonstration of Pasteur's observation: "Chance favors the prepared mind," as his professional experience and education orientation enabled him to spot an opportunity for social impact and then create an organization to act on it.

During a visit to Vietnam in 1999, Bermas was deeply affected by seeing children begging for basic foods rather than money. To him, this was a poverty beyond what we see regularly in the United States. His entrepreneurial insight was that in developing economies, one of the first industries that takes hold and grows is hospitality. The hospitality industry also offers well-paying careers that can be filled by motivated but less educated workers. He saw this combination of factors as an ideal opportunity to create economic opportunities for impoverished youth.

In 2007, Bermas founded STREETS International, a US-based nonprofit that provided education and apprenticing opportunities for disadvantaged youth in Vietnam. STREETS International focused on disadvantaged, orphaned, out-of-school, trafficked, and other impoverished youth between the ages of 17 and 22 years old. Program participants came from all over the country and STREETS provided a no-cost 18-month residential program teaching hospitality and culinary skills. The program training included supervised housing, medical care, clothing, transportation, English language education, and life-skills training. The objective was for all graduates to start their careers at international hotels and resorts in Vietnam, and 100% of STREETS International trainees had been hired by target employers within 30 days of program completion. The impact also extended to participant's families. "Many of the youth in our program did not finish high school because their families lacked resources. We routinely see that their younger brothers and sisters can stay in school because their older siblings can help pay for their school meals, books and uniforms" (N. Bermas, personal interview, February 19, 2020). The program had a commitment to gender equity in enrollment and program training, and prioritized students from ethnic minorities who are at a higher risk of being trafficked.

To found STREETS, Bermas analyzed country economic and tourism trends with in-country tourism professionals and collaborated with recognized hospitality academics, chefs, and experts from his own network to design the

curriculum and program structure. STREETS International Café was the initial economic engine that drove the enterprise while it provided the apprentice site for trainees to practice and develop their skills. Oodles of Noodles was created as a second revenue-generating enterprise, providing an additional apprentice site for culinary trainees to hone their English-speaking skills and confidence. At Oodles, tourists are taught to make local rice noodles, while trainees practice their English and their culinary skills. Together, these two enterprises allow STREETS to be largely financially self-supporting.

In describing his motivation, Bermas says, "As a New Yorker I am tenacious. I have always had a lot of energy and am passionate about what I do" (N. Bermas, personal interview, February 19, 2020). He also credits his upbringing, during which he learned important early lessons centered about "always caring about those that have less" (N. Bermas, personal interview, February 19, 2020). He acknowledged that he needed to learn some new skills to launch the venture. "I had never run a school

before. But I drew on my experience as a part time academic to figure it out" (N. Bermas, personal interview, February 19, 2020). As we discuss in this chapter, Bermas combined the four elements of creativity—expertise, passion, motivation, and creative thinking skills—to develop the STREETS concept and then used experimentation to grow the venture.

Bermas advises aspiring social entrepreneurs: "Don't wait until you have it all figured out. If you have a good idea and vision, go for it" (N. Bermas, personal interview, February 19, 2020). He also believes that "a social enterprise is best built by someone with a business background. Someone with this knowledge can integrate financial strategies and operations in a way that benefits a community while making profits" (N. Bermas, personal interview, February 19, 2020). And for those who, like him, have extensive professional experience, he adds "Give up your money-making career for at least a few years and devote yourself to something important…it's not so difficult at a certain point to walk away."

INNOVATING FOR SOCIAL IMPACT

Building on our discussion of *divergent and convergent thinking* earlier in this chapter, there are two ways to view how solutions emerge from social venture ideations. There are two sources of solutions: those that arise from problems and those that respond to opportunities.

Problem-Focused Solutions

Problem-focused solutions are generated by social entrepreneurs who want to make a difference in a specific area. This may evolve from a personal connection with a country, community, or context. Problems can also often arise from global social challenges or local challenges. Examples of *global* challenges include the following:

- *Climate Change:* identifying renewable energy and solutions to mitigate climate change

- *Human Rights:* ensuring equal rights for all people

- *Poverty:* reducing inequality, the wealth disparity, homelessness, and hunger

- *Social Justice:* addressing institutional oppression, such as racism and sexism

- *Health Care:* improving maternal and infant healthcare, solving major epidemics and preventing or mitigating diseases

- *Education Access:* enabling access to quality education to all children, regardless of social economic backgrounds

- *Environment:* protecting the natural environment and biodiversity.

Local challenges are those that affect a specific geographic community, or a population subgroup, for example, rural children or subsistence farmers. Examples of local challenges addressed by social entrepreneurs include the high prevalence of genetic disease among Bedouin families in Israel, or the lack of employment opportunities for women in Haiti.

An example of a successful organization created to address a problem-focused solution is Equal Exchange, a pioneer in fair trade certified worker-owned cooperatives, who sought to improve the livelihoods of farmers by introducing fair trade coffee products to the United States. Equal Exchange founders Rink Dickinson, Jonathan Rosenthal, and Michael Rozyne observed the plight of low-income coffee farmers (an estimated 80% of whom live below the poverty line) and wanted to directly influence the supply chain so that each step was more sustainable and equitable to all of their stakeholders including their farmers and consumers. Equal Exchange is now one of the largest worker-owned coffee operations in the United States.

Opportunity-Focused Solutions

Social entrepreneurs who create opportunity-focused solutions see an opportunity to start a venture that is created by a change. This might be an increase in consumer demand, shifting demographics, a legal or policy change, or a technology advancement that makes it possible to create additional value for consumer or offer current solutions in a more efficient way.

Consider the case of WorkAround. Founder Wafaa Arbash believed that advancements in technology would enable her to create an online platform that could link companies with remote workers to perform microtasks. As "gig economy" companies such as Uber, Airbnb, and TaskRabbit were becoming more common, WorkAround learned from them and founded a company that creates value for corporate clients while addressing the global refugee crisis by providing skilled and educated workers with employment opportunities and an ability to establish a work

history with a US company. Initial customers included America's Test Kitchen (which hired WorkAround to identify pirated content) and Zoominfo (which needed human judgment about the relationships between companies appearing in online postings.)

The "opportunity" behind opportunity-focused solutions can come from multiple shifts:

- *Technology:* new ways of performing work or making connections. WorkAround is a good example of this.

- *Demographic shifts:* changes that alter the demand for a social venture's initiatives. For example, an aging population can drive demand for services for older individuals

- *Economic changes:* changes in the feasibility of offering certain solutions. For example, the cost of a key resource might drop, making a previously infeasible solution practical. On the negative side, a financial crisis could increase the need for a social good.

- *New operating approaches:* more efficient ways of operating can displace existing providers

- *Financial changes*: changes in the availability of financial resources (for example, via microloans or crowdsourcing)

- *Political and policy changes:* changes in government funding or shifts removing or creating regulatory barriers

In his book *The Little Black Book of Innovation*, leading innovation thinker and author Scott Anthony suggested three questions that can help aspiring entrepreneurs identify early signals that the context is changing (and creating opportunities):

1. What do underlying trends suggest about potential future states?

2. Where do small but growing trends tell us?

3. What do analogies and metaphors reveal?[11]

Sometimes new ventures have both a problem and opportunity focus. For example, Patrick Lawler founded Youth Villages in Memphis, Tennessee, in 1980 when he was asked, as a 24-year-old youth counsellor, to take over a small, operationally challenged residential treatment center for disadvantaged youth. His passion was to help emotionally and behaviorally challenged children reintegrate into society. His *problem-focused solution* was to develop a service that met the needs of participants. However, early in his leadership he discovered an evidence-based model that used

intensive around-the-clock services for youth and their families that enabled children to stay in their homes while overcoming their challenges. This approach had significantly better results at a much lower cost. The *opportunity* was using a novel approach that displaced higher-cost residential treatment options while improving outcomes. Today, Youth Villages serves 30,000 youth in 21 states and has 3,000 employees.

FACTORS SUPPORTING AND CONSTRAINING INNOVATION

Macro-Level Factors

The 2015 development of the UN Sustainable Development Goals created a "universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone everywhere"[12] and the significant traction we have seen toward meeting them has demonstrated the power of innovation (including through entrepreneurship) to make progress addressing society's most intractable problems.

On a macro level, innovation is cultivated when entrepreneurial activity is encouraged, motivating entrepreneurs as they begin to develop their businesses. The economy and government play a role. For example, countries such as Ecuador and Peru have recognized the importance of innovation and created governmental incentives such as tax exemptions to support social entrepreneurs.[13] Similarly, the "Chilean government provides equity-free investments to select startups that meet rigorous requirements for scalability and social impact," which has helped set Chile apart as a city for entrepreneurs with innovative ideas.[14]

There are also macro-level factors that challenge innovation. Societal expectations can impede innovation for social ventures. The social problems that entrepreneurs tackle are often major challenges that have no clear solution, and which may appear to be "too big to solve." Another challenge that impacts social innovation is the expectation that collaboration among a complex web of stakeholders will be too difficult. Solutions related to heavily regulated industries like health care present particular challenges. For example, consider the complexity encountered by One World Health, the first nonprofit pharmaceutical company in pursuing the mission of providing drugs in developing countries. The initiative required continuous conversations with governments, private companies, donors, health-care professionals, scientists, and countless others in its initial stages and throughout its implementation and evolution.[15]

Micro-Level Factors

On a micro level, factors that support innovation include an expansion of the number of nonprofit or for-profit organizations that support entrepreneurs by

providing financial and development resources, as well as the existence of a robust infrastructure. Supporting organizations include incubators, accelerator organizations, as well as other types of pitch and funding competitions that support entrepreneurs by connecting them to investors or providing them with mentoring, training, and resources. Such resources may include helping entrepreneurs scale up their social enterprise. We will discuss these supports more in our Chapter 4 discussion of ecosystems.

There are also micro factors that directly impact founders including the inherent financial risk involved with innovation. Social entrepreneurs may have limited access to financial resources to start or expand their businesses and find that traditional sources of social capital, such as foundations, are reluctant to take risks on early-stage ventures. While social innovators may have creative solutions with viable business models, they are often not able to access investors who can help them get their business off the ground. An exacerbating factor is the gap between the potential for earnings and wealth creation of for-profit counterparts and what nonprofit entrepreneurs typically earn. Since financial gain is not a motivation it is unsurprising that only the most passionate and tenacious individuals become nonprofit social entrepreneurs.

USING IDEATION TO UNLOCK CREATIVITY

Where do creative ideas for innovations come from? Sometimes, ideas come naturally from entrepreneurs seeing a problem or opportunity but take hold because of collaboration with a group or team. To help generate ideas, there are a number of tried-and-true ideation techniques—all which can be a part of a fun ideation session. Ideas can emerge from a single person (for example, Wendy Kopp's concept for Teach for America) or from a group (for example, the team collaboration that led to the formation of Sanergy).

Creativity often doesn't happen naturally. Individuals are usually most effective thinking creatively in teams since multiple perspectives lead to new insights. American educational theorist David Kolb developed two theories about learning styles that help explain why team-based creative processes are so powerful and why bringing together individuals with different styles can solve problems more easily by leveraging different approaches. Kolb observed that individuals have very different learning styles.

- *Diverging styles*—are able to look at things from different perspectives

- *Assimilating styles*—use a logical, thinking approach

- *Converging styles*—are oriented towards practical problem-solving solutions

- *Accommodating styles*—rely on intuition and leveraging information provided by others.

It is easy to see why a combination of these styles can be used to generate and then sort through ideas.

Kolb also described an experiential learning cycle that enables individuals to process information and reach conclusions. The cycle starts with concrete experience (reinforcing the importance of experience and proximity discussed earlier in this chapter), followed by reflective observation, followed by abstract conceptualization (learning from the experience), and leading to active experimentation (planning and trying out what you have learned).[16] This perfectly encompasses what entrepreneurs try to achieve when they generate, cull, and experiment with ideas.

Experts in creativity and design thinking have leveraged this cycle to create a group of processes that help to unleash innovative thinking and idea generation collectively called "ideation." Three common types of ideation activities include brainstorming, braindumping, and brainwriting (or a variant called brainwalking.)

Brainstorming

To brainstorm, teams typically start with a group of challenges, goals, or "how might we" statements and address one problem at a time. This can be done through conversation, drawing, acting, or writing out ideas, with the goal of blending together ideas to create stronger ones. A useful technique, borrowed from improvisational comedy, is to use "yes, and" statements to encourage participants to build on each other's ideas.

> Brainstorm example: A team member facilitates a conversation around climate change. She challenges her teammates to all think about ways communities can reduce using plastics. Each team member considers how they would achieve this goal then shares ideas in a group discussion. While one participant thinks that that plastic bottles should be redesigned, another focuses on changing people's habits by creating an app. The team then lists and weighs the solutions.

Braindumping

This approach uses a challenge, goal, or "how might we" statements, but focuses on writing ideas on sticky notes individually before working in a team environment to move forward with chosen ideas.

> Braindump example: A team member knows that certain people on her team have great ideas but are sometimes too nervous to speak in large crowds. She asks all of her teammates to write ideas for expanding their business into

international markets on sticky notes and places them on a board. She has another team member come up and sort the sticky notes for duplicates before opening the floor to review the options. Then the group votes on which ones seem viable.

Brainwriting or Brainwalking

This approach uses a "round robin" style writing process to write the challenge, goal, or "how might we" statements and to expand on team member's ideas each round, with an optional aspect of physically moving around.

Example: The facilitator is planning a session for after lunch and wants to encourage participants to move around the room. She starts by having all of her teammates write ideas for ways to improve a process on sticky notes and places them on a board. Everyone is given sticky notes to expand on each other's ideas.

Other Ideation Approaches

During any ideation process, participants should be sure to remain open-minded to all ideas (and capture all of them), including ideas that may seem infeasible or even crazy. Favoring quantity over quality helps create many ideas, and this helps ensure that a few feasible ideas emerge from the ideation.

Other approaches to ideating are described below in Table 2.1. We encourage aspiring entrepreneurs to experiment with several of these.

Table 2.1 Seven Other Ways to Ideate	
Ideation Approach	**Process**
Storyboarding	Develop visuals to help creativity laying out pictures and information on a large surface to help participants see end-to-end connections and stimulate thought. This is particularly helpful for visual learnings
Mission Impossible	Participants generate ideas using challenging questions. For example, "How could we reduce poverty in New York City by 10% in 18 months?"

(Continued)

Table 2.1 Seven Other Ways to Ideate *(Continued)*	
Ideation Approach	**Process**
Reverse or Opposite Thinking	Instead of discussing how to solve a problem, participants discuss how it might not work. (This builds on a normal tendency to be more comprehensive finding problems than solutions.) Then, participants discuss how to solve the problems
Role plays	Participants adopt a character and develop ideas from the character's point of view. This is a good way to break common thinking patterns
Dot Voting	After participants have generated ideas, they use small colored dots to vote to determine the most effective ideas
Mindmapping	Participants map thoughts from a key phrase, focusing on word connections as the map expands
Mashups	Create a list of existing technologies and innovations and then merge them to create innovative combinations

CHAPTER SUMMARY

In this chapter, we've covered fundamental ideas about how social entrepreneurs generate ideas. These ideas form the basis for both entrepreneurial insights—the deep understanding of how a social problem might be solved with an entrepreneurial solution—and other ideas that help to make a concept practical.

Both divergent thinking (generating new ideas) and convergent thinking (the process of narrowing options) are important to social entrepreneurs. Failure can also be critical to learning and entrepreneurs who rapidly learn from failure are typically the most successful.

For aspiring social entrepreneurs, the combination of four elements—*creative thinking skills*, *expertise*, *motivation*, *and passion*—works together to fuel creativity. To maximize creativity, entrepreneurs can work to hone their discovery skills to cultivate their ability to generate ideas.

Steve Jobs, Founder of Apple, famously observed that "creativity is just connecting things. When you ask creative people how they did something, they feel a little guilty because they didn't really do it. They just saw something. It seemed obvious to them after a while; that's because they were able to connect experiences they've had and synthesize new things."[17] One way to connect and synthesize is to use ideation, a process that provides different approaches to using ideation to generate creative ideas.

KEY TERMS

Associating: the ability to connect seemingly unrelated questions, ideas, or problems, often drawing on insights from different fields or disciplines.

Braindump: this approach uses a challenge, goal, or "how might we" statements, with a focus on writing ideas on sticky notes individually before working in a team environment to move forward with chosen ideas.

Brainstorm: starting with challenge, goal, or "how might we" statements. Teams move towards addressing one problem at a time with the goal of blending together ideas to create stronger ones.

Convergent thinking: a process of narrowing ideas. It is an essential skill for determining concrete solutions to problems and weighing the benefits of potential options, determining feasibility, and making decisions.

Creative thinking skills: skills related to imaginative problem-solving—ways of thinking differently that enable entrepreneurs to develop unique solutions.

Divergent thinking: generation of creative new ideas and developing multiple possible solutions.

Experimenting: tinkering with ideas and sometimes pilot testing them to learn more about their impact and how they can be refined.

Expertise: understanding the context well or having specific technical, procedural, and intellectual knowledge.

Motivation: impetus that enables entrepreneurs to persistently pursue ideas.

Networking: process of interacting with others to exchange information and develop professional or social contacts.

Observing: process of observing customer behavior or other common phenomena to produce important insights.

Opportunity-focused solution: opportunity to start a venture that arises from a gap, likely through the inefficiency of current players.

Passion: personal motivation founded in a set of beliefs that drives an individual's commitment to solving a problem in an area of social need.

Problem-driven solution: solution generated by social entrepreneurs who want to make a difference in a specific area.

Questioning: a particularly important skill for social entrepreneurs that involves continuously challenging the status quo, asking "why?" or "why not?"

IN-CLASS EXERCISES

Exercise 2.1: Using the Double Diamond Model

(Estimated time: 45–60 minutes)

Purpose

Practice idea generation and concept shaping, and practice divergent and convergent thinking skills in teams.

Preparation

Break into teams of 4–6 students. Assemble in a space (ideally breakout rooms but could be classroom corners). Whiteboards or flip charts and markers can be used to improve the conversation.

Process

1. Each team selects a major problem "arena"—a large-scale social issue that requires attention. A good place to start is with the Sustainable Development Goals (discussed in Chapter 10 and copied below) or teams may choose their own.

2. Each team takes 10 minutes to brainstorm the characteristics of the problem arena, and write them down. (Participants will naturally want to move towards problem selection and solutions—we advise holding back.)

3. Each team takes 5 minutes deciding which of the problems they have generated they would like to solve. Teams identify their logic for selecting the specific problem (for example, importance to society.)

4. Each team takes 10 minutes to generate as many potential solutions to the problem they have identified as possible.

5. Each team takes 10 minutes to evaluate their potential solutions (criteria might include level of impact and feasibility) and identify their three most highly ranked solutions.

6. Each team identifies a spokesperson to debrief the process by presenting their team's work. Each spokesperson starts by listing their team's three top solutions, and then works backwards to describe how the team culled from a larger number or solutions, how they generated solutions, how they decided to focus on a specific problem, and the initial problem ideas they identified. It is often easiest to illustrate this on a blackboard, whiteboard, or posted paper.

7. The class provides feedback on the team's process and whether the solutions provided meaningfully address the original problem.

List of UN Sustainable Development Goals[18]:

- No Poverty
- Zero Hunger
- Good Health and Well-being
- Quality Education
- Gender Equality
- Clean Water and Sanitation
- Affordable and Clean Energy

- Decent Work and Economic Growth

- Industry, Innovation and Infrastructure

- Reduced Inequality

- Sustainable Cities and Communities

- Responsible Consumption and Production

- Climate Action

- Life Below Water

- Life on Land

- Peace and Justice Strong Institutions

- Partnerships to achieve the Goal

Exercise 2.2: Innovating Solutions

(Estimated time: 45–60 minutes)

Purpose

To gain exposure to and practice with ideation methods.

Preparation

Break into teams of 4–6 students. Each team assembles in a space (ideally breakout rooms but could be classroom corners). Whiteboards or flip charts and markers can be used to improve the conversation.

Process

1. Half the teams select a problem from the list of problem-focused solutions in Table 2.2; the other half selects sources of opportunity from the list of opportunity-focused solutions.

2. Teams spend 15 minutes exploring solutions using each of the techniques (brainstorm, braindump, brainwrite) described in this chapter to generate ideas. If teams have cycled through their problem quickly, they can select another problem to address or to move from problems to opportunities (or opportunities to problems) and repeat the process.

3. Return to class to debrief the process. Discuss what was hard and easy about the process

Table 2.2 Problem- and Opportunity-Focused Solutions

Problem-focused solutions: Social entrepreneurs want to make a difference in a specific area. This may evolve from a personal connection with a country, community, or context.	*Opportunity-focused solutions:* Social entrepreneurs ideating through an opportunity-focused solution see an opportunity to start a business that arises from a gap, likely through the inefficiency of current players.
Sources of problems:	Sources of opportunities:
• Climate Change • Human Rights • Poverty • Social Justice • Health Care • Education Access • Environment	• Technology changes • Demographic shifts • Economic changes • New operating approaches • Financial changes • Political and policy changes

SHORT CASE: RAKIB AVI AND INNOVATION AT BRAC

Rakib Avi entered the BRAC Headquarters building in Bangladesh and took the elevator to the Social Innovation Lab (SIL) on the 20th floor. Because of his dual role as a program coordinator in the SIL and strategist in the Executive Director's Office, he was in a unique position to understand the role of innovation at BRAC. In his 7 years of working at BRAC, he had seen and promoted many innovations, and was anxious to ensure that BRAC's expertise innovating in service of meeting the needs of the poor continued and accelerated.

BRAC (the Bangladesh Rural Advancement Committee) has grown tremendously since its inception in 1972. Avi was confident that innovation was critically important to BRAC's ability to both continue to grow and serve its many stakeholders, including funders/partners, staff, and program participants. Preparing to present a list of suggestions for the BRAC senior leadership to consider in the next 5-year strategy plan, he gathered his innovation team of 12 people in the conference room, looked at the motto to "Generate ideas, design prototypes, and test our solutions" and started to create some solutions.

The Origin of BRAC

Founded in 1972 by former Shell Oil executive Sir Fazle Hasan Abed in Bangladesh, BRAC is now the world's largest nonprofit organization. BRAC employs over 100,000 people, mostly women, in 11 countries in Africa and Asia. Their work had reached

more than 110 million of the poorest people around the world. BRAC's 2018 annual operating budget was over $US1.2 billion.

BRAC's mission is to "empower people and communities in situations of poverty, illiteracy, disease, and social injustice,"[19] which they seek to accomplish by scaling antipoverty innovations to help millions of people. BRAC's emphasis on innovation, integrity, inclusiveness, and effectiveness was evident across their multifaceted program portfolio that was geared to address social challenges, including eliminating poverty, increasing access to health care, enabling food security, and women's empowerment and economic empowerment through social enterprises and microfinance. Their impact had been tremendous: Since 1972, BRAC has supported 2 million women and their families—8 million people in total—break free from extreme poverty. BRAC has made $4 billion in microloans to over 7 million borrowers in 2018. BRAC's schools have reached over 12 million students from primary and preprimary schools in Asia and sub-Saharan Africa, with nearly 3.17 million students and members currently enrolled in its 36,000 schools and centers across Bangladesh.[20]

In 2017, responding to the Rohingya refugee crisis, BRAC transformed from an international development organization into a humanitarian aid organization to serve refugee settlements in Bangladesh. BRAC provided over 1 million services to Rohingya refugees, focusing on health, nutrition, and treating communicable diseases. As the refugee settlement became more permanent, BRAC continued to create a holistic community for the refugees through their work by making the area safer for children to learn and creating gardens to enable healthy eating habits.

Social Enterprises for Sustainability

From the beginning, founder Sir Fazle wanted BRAC to be financially self-supporting and not rely exclusively on charitable donations to operate. Instead, BRAC uses surplus from its microfinance operations and social enterprises to fund close to 80% of its expenses. BRAC's operation included 13 different social enterprises such as Aarong, BRAC Dairy, BRAC Seed and Agro, BRAC Nursery, and BRAC Fisheries which had earnings that supported BRAC initiatives, while also providing direct benefits such as providing small farmers and producers with markets for their products and an ability to earn a sustainable income.

According to Abed, "Often people are very skeptical of nonprofits running social enterprises, and with good reason: It requires two vastly different cultures to coexist side by side. Our social enterprises are successful because we run them like businesses while at the same time staying focused on our nonprofit mission." Abed's vision for BRAC to be both an NGO and a social enterprise has fueled its growth and increased its impact across rural areas of Bangladesh.

Rakib Avi Background

Avi started his career at BRAC in 2012 after completing a BA in Business Administration at University of Dhaka. His first role was as a member of its communication department where he managed large-scale communications project related to public health, women's empowerment, youth, and technology. He was part of the team that developed BRAC's first global communications strategy. Avi championed key initiatives at BRAC including the first hackathon organized by a development organization in Bangladesh and an initiative to recognize grassroots-level innovators.

After working closely with the SIL since 2012 and assuming a leadership role in 2017, he supporter the Lab's contribution as the knowledge and experimentation hub at BRAC. His portfolio of projects included mobile financial services for women, digital tools for development, youth development, incubating social enterprises, and institutionalizing human-centered design principles. He also focused on scaling successful social innovation and identifying high growth potential opportunities for BRAC's emerging social enterprises.

BRAC's Social Innovation Lab

Since 2011, BRAC's SIL had operated as a knowledge and experimentation hub, creating a cross-disciplinary platform to generate and share scalable innovative ideas for BRAC. The goal had been to test new ideas, design prototypes, and learn and share what works and what does not in solving the most complex social problems. The lab has seeded innovation through three channels:

Lab generated ideas: SIL scanned the innovation space and identified innovative ideas in the private, public, and nonprofit sectors to determine partnership and best practices in these spaces.

BRAC generated ideas: With its global mandate of empowering all employees at BRAC, SIL has to promote innovation in staff at all of its countries and affiliates. This occurred through hosting internal forums to capture and share ideas, via learning events such as the Frugal Innovation Forum, and funding *intrapreneurs* and their ideas.

Externally generated ideas: SIL also engages external partners, helping them to use BRAC's footprint to test and experiment with innovative ideas. By working with the SIL, entrepreneurs have scaled their product or service, often pitching to BRAC Investments for support. Some entrepreneurs have also participated in a SIL-sponsored 6-month incubator program that helped them access resources to create new social impact ventures.

SIL's Problem-Solving Approach

BRAC's SIL used an approach called human-centered design to solve problems and develop innovations. In BRAC's view innovation was not just about products. It also involved creating new approaches to systems, experience, and services. BRAC's process was divided into three steps: simplify, innovate, learn. "Simplify" descried the process of seeking to understand the problem from the user perspective. "Innovate" meant making sense of what was learned and identify opportunities for prototyping and testing. "Learn" involved prototyping and piloting to evaluate ideas and pivoting to refine them based on test feedback. BRAC's innovation manual described the human-centered design process in detail, starting with ground rules of respect (putting the users first), responsible processes, and open-mindedness. BRAC's innovation process required solution designers to deeply engage with those they intended to help, using patient listening and in-depth inquiry to develop insights on the nature of the issues they faced. A central tenet was using prototyping to test, refine, and iterate potential solutions. Finally, the SIL encouraged pilot projects to test the long-term impact of each solution prior to scaling.[21] SIL shared this approach in the field and provided training to help human-centered design become an organization-wide capability.

Example: Mobile Money as a Way Out of Poverty

An example of innovation in action at BRAC is their work in mobile money. Starting in 2013, BRAC articulated the benefits of mobile money seeing a strong opportunity to help the ultra-poor, who lack critical access to financial services. The idea, according to Avi, was to determine how that mobile money could help give the unbanked access to essential financial services. According to the World Economic Forum, "an overwhelming body of evidence shows that providing people with the ability to save and borrow efficiently and securely improves well-being and encourages enterprise, ultimately reducing global poverty and increasing economic growth."[22]

In early 2014, the SIL launched its first challenge to generate ideas about how access to mobile money could help its clients. They received over 100 ideas within a month and selected seven to pilot. (The next year, there were 400 ideas out of which seven additional pilots were selected.) After experimentation, three concepts were selected for scaling: establishing a monthly savings program as an added offering to micro-finance clients, creating "digital wallets" for schoolteachers, and introducing a suite of mobile finance services in remote wetland regions of rural Bangladesh.

Unsurprisingly, BRAC encountered multiple design and implementation challenges including the need to orient and train users, break cultural taboos, and overcome distrust. As they continue with implementation (and experimentation), BRAC expects

the momentum will continue, enabling its clients to use mobile money as a powerful tool to help them escape poverty.

Innovation Challenges

Avi was faced with a dilemma: He wondered how BRAC should continue to build on their impressive legacy of innovation given their scale. He knew that in the past when BRAC was smaller, the organization had more appetite for testing and piloting individual pilot ideas, sometimes working with over 20 ideas at the same time but that as BRAC had grown, this had become more and more challenging.

While he was proud of the SIL's reputation as the "custodian of innovation," Avi feared that if SIL was not more fully integrated into BRAC, it would miss opportunities. As he joined his team on the 20th floor, he wondered: with the diversity of BRAC programs in multiple countries, how should the SIL focus continue to innovate? How should he integrate its work into BRAC's on-the-groundwork? And how should he best manage and motivate his team to create, collect, and respond to opportunities that would optimize BRAC's impact going forward?

Discussion Questions

1. Why is innovation important to BRAC's work?

2. What has BRAC done successfully so far to foster innovation?

3. Can an organization as large as BRAC really be innovative?

4. Where do you see the most promise for generating ideas—within the SIL, within BRAC as a whole, or externally?

5. What should Avi do to maintain an innovation culture going forward?

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