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## Change Labs and Government in Canada

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Summary Report  
May 2013





The Public Policy Forum is an independent, not-for-profit organization dedicated to improving the quality of government in Canada through enhanced dialogue among the public, private and voluntary sectors. The Forum's members, drawn from business, federal, provincial and territorial governments, the voluntary sector and organized labour, share a belief that an efficient and effective public service is important in ensuring Canada's competitiveness abroad and quality of life at home.

Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.



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## **1. Introduction**

In early 2013, the Public Policy Forum (PPF) engaged a range of experts and senior change labs leaders from Canada and abroad (see appendix A). The consultations, which were supported by Human Resources and Skills Development Canada (HRSDC), focused on current practices and challenges for change labs, key elements of success, and roles for government.

Discussions explored a broad range of change lab structures – incorporating a variety of purpose driven entities designed to explore new solutions to enduring societal problems. Experts and leaders were consulted through a series of telephone interviews and virtual roundtables. In advance of their engagement they received a discussion guide, which included background information and a series of questions. These discussions were used to review and complement the information gained by the PPF through a literature review.

## **2. Background**

### ***Why are change labs being developed?***

In recent years, the need to address complex and systemic social problems has become increasingly important. Stakeholders, including governments, are recognizing that solving many of these problems requires new approaches. Change labs are a focused way to explore, develop and test new approaches to enduring problems. These labs are emerging for at least four inter-related reasons, which were identified and confirmed in consultations:

- i. Economic shifts and budget austerity require new approaches to address systemic societal challenges

Many societal challenges, such as outcomes for Aboriginal youth and multi-generational poverty, have not been solved by solutions developed through top-down siloed processes. Historically, governments have addressed many of these problems by increasing spending on programs that reduce the harm caused by these problems. As slower economic growth of recent years has led to fiscal restraint, it has become increasingly difficult to continue treating symptoms; we must solve problems. As one expert noted, governments and members of civil society are realizing that they must shift from 'delivering outputs that treat symptoms to generating solutions that solve problems.'

Change labs are a promising new way to develop the necessary solutions. Proponents believe that investing in these processes can lead to dramatically more effective responses to problems that will be more efficient and sustainable in the long run. While there are only a few lab that have demonstrated results to date, some projects (e.g. MindLab's business registration process) have yielded returns in excess of 20x the cost invested. The Australian Centre for Social Impact work on improved social and economic outcomes for homeless men (which was private-sector led) yielded a net savings of \$3,600 per year in health costs to government per participant. Experts expect that change labs have the potential to develop more breakthrough solutions that will save money in the future.

- ii. To develop better solutions, problems often need to be reframed and treated holistically (vs. symptomatically)

With available funds limited, governments and community partners need to re-examine the root causes of systemic social challenges, and to find creative, collaborative and efficient means of addressing them. Persistent issues such as recidivism, health and education outcomes for aboriginal youth, social and economic participation of people with disabilities, chronic homelessness, and outcomes for at-risk youth, touch on multiple points of government, civil society and family. Change labs can help government and their partners reframe problems to enable a more strategic starting point. They often holistically explore problems, and then specifically undertake a targeted re-consideration of the problem to explore deeper elements and root causes.

- iii. Addressing problems holistically requires more coordinated responses that engages all potential resources

Many of our most pressing challenges receive significant investment and attention, but it often comes from disconnected sources. Government work is often done in silos, and tends to focus on individual programs rather than can fail to connect to solving broader social problems. These efforts are often disconnected from and fail to leverage the efforts of civil society, including citizens, non-profits and business. Existing bureaucratic structures within government, and non-governmental organizations, hinder efforts to undertake new approaches focused on the true problems. These structures often hinder the ability of citizens, businesses, and others to contribute to addressing social ills. As public budgets decline, there is a shift from viewing all of society's challenges as 'government's problems'. Increasingly, all stakeholders are recognizing that government is often only one player in solving our biggest challenges. To create necessary change, experts believe that it is important to engage all relevant stakeholders, and coordinate efforts towards a common outcome based on genuine collaboration.

- iv. The need to iterate and use of evidence / feedback to improve new approaches

Chronic social issues are unlikely to have silver bullet solutions. It is unlikely that the first (or next) solution developed will be the ultimate solution to any major social problem. Change labs can support rapid iteration. By developing and testing potential solutions on a smaller scale and through simulations, change labs reduce the risk associated with trialing and implementing new approaches. This reduced risk is an element of the appeal of a change lab across the public, private and community sectors, and contributes to the mutual engagement of these stakeholders in the development of change lab processes.

### ***What is a change lab?***

For the purposes of this report, we have adopted a relatively wide descriptor of change labs. As outlined in recent research from the University of Waterloo Institute for Social Innovation and Resilience, labs have evolved from a broad range of disciplines including group dynamics, group psychology and complexity theory, coupled with the addition of design theory. Taken together, these represent the broader foundational elements of change lab philosophy.<sup>1</sup>

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<sup>1</sup> Change Lab/Design Lab for Social Innovation, Westley, Goebey, Robinson, Waterloo Institute for Social Innovation, 2012

The challenges that change labs seek to address are often multifaceted. Projects typically involve the full range of actors required to address a problem. Change labs are more goal-oriented than most shared space initiatives (e.g. Hubs), and undertake specific projects which are more holistic and more solution-oriented than most working groups. They involve a broader range of stakeholders than most incubators.

Labs are not isolated sources of policy. They are points of collaboration for stakeholders to collect information, and conduct analysis, and co-create solutions. Change labs are often situated in a unique physical space, and have flexible staff to undertake rapid work and experienced facilitation resources to engage stakeholders. A single organizational structure can support many individual labs (e.g. MindLab, Reos, Helsinki Design Lab have many stand alone 'lab' projects).

While change labs can have a range of different governance, leadership and staffing structures, end-user involvement, and funding models, they generally include the following core elements. As a function of their core objectives, those consulted agree that a change lab (project) will:

- Focus on solving a specific problem or set of root problems (holistically) as opposed to treating the symptoms of these problems (i.e. exploring root causes of systemic social issues, and developing specific lab approaches to deal with these problems).
- Engage the full range of public sector, private sector, and community-based partners required to fully understand and address the problem
- Retain independence by engaging a variety of voices, providing a natural 'space' for collaboration, and avoiding the presentation of institutional viewpoints
- Develop, prototype, test, and refine solutions and/or strategize how to borrow, import, adapt and apply existing solutions
- Use simulations and real time evidence to gauge if the proposed solution is working or not, why this is so, and how it can be improved
- Generally require a significant time investment on the part of all involved

### **3. The Change Lab Landscape**

Many change labs are well established throughout the world, employing a broad spectrum of operating arrangements and focus areas. These labs vary from small scale groups focussed on local issues, to global labs focussed on major changes. The distribution of labs sees concentrations of established labs in Europe and the United States, with notable examples in Australia. A listing of prominent international change labs, including their activities and impacts, is included as Appendix B to this report.<sup>2</sup>

Canada has several labs that are beginning to establish, but these organizations are not yet on the scale of international comparators. One recent Canadian example is the MaRS Solutions Lab, currently under development in Toronto. The MaRS Solutions Lab will work on multiple issues of social importance with a goal of action-oriented solutions, will be a neutral space for experimentation, and will employ a collaborative multi-stakeholder and end-user mindset in the development and testing of potential solutions. The MaRS Solutions Lab is funded through endowment from the Evans Family (of the late co-founder of MaRS). This lab will be a multi-stakeholder lab, not affiliated directly but working with the Government of Ontario on issues where government action plays a key role in potential solutions.

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<sup>2</sup>Sourced from report produced for Social Innovation Generation (SiG) by Meena Nallainathan: April 18, 2012.

Though the lab is still in development, it is currently planning to develop and design specific lab projects that will focus on specific cross cutting issues such as chronic disease prevention, housing and youth unemployment. Following an international search, the lab has hired a director with considerable change lab experience, who will be announced shortly.

Canadian experts consulted point to a number of existing social processes or initiatives in Canada that fulfill similar functions as change labs, but that may not call themselves labs (e.g. Evergreen's work on urban sustainability). Canadian labs of note include the dStudio at UBC Sauder School of Business, CityStudio, and the Vancouver Community Laboratory. These labs engage governments where possible, but have not been established long enough to generate substantial change at this time. Co-lab, currently under development in Vancouver, aims to support many of these community driven labs.

#### **4. Change Labs through a Government Lens**

The design of individual labs varies substantially in the number and nature of stakeholders involved, how they are staffed, led, and governed, their emphasis (e.g. design, testing), and funding model. The **scope and nature of the problem** being addressed through a particular lab project and who needs to be involved in solving it is the principal determinant of several key elements of labs, including:

- which particular stakeholders from across different sectors are involved
- how stakeholders are organized and how the lab is governed
- who is leading the lab process
- where it is housed (e.g. permanent vs. virtual space, inside or outside of government)
- source of funds for a lab
- level and balance of emphasis on initial design versus testing and refinement
- appropriate stakeholders and roles for testing/implementation.

Through a government lens, labs can look very different depending on their focus and the role that government is likely to play in generating and implementing solutions. There are at least three different ways that governments are relating to labs:

**Government centred labs.** These labs primarily focus on issues that can be addressed completely through changes to government policy/service delivery. These labs function to improve government policy making and service delivery, lowering the risks of innovative policy development through small scale prototyping, and focus on finding ways to improve the results of government operation. Unlike traditional consulting where advisors 'tell the decision makers' what to do, these labs provide the information and process to help senior decision makers figure out better ways to operate. Government centred labs are most effective when they are supported by organizations that work on at least 2-3 issues at one time to allow for process learning across issues. They can grow to become much larger. These labs exist close to government to help it make better decisions, and have a focus on outcomes requiring significant government action to succeed (e.g. MindLab, Participle). While they might start out by working on smaller more addressable issues, experts believe that repeated lab projects in a single structure can help build capabilities that can be expanded for use on bigger more complex issues that involve more stakeholders. Government is an active contributor to governing and funding these types of labs. Labs of this type do not exist in Canada.

**Civil society centred labs.** These labs often have limited government involvement. When they are involved, governments play a supportive or enabling role with the primary lab work undertaken by

NGOs, business and community partners. Government action is not necessarily a key part of these labs, though it could often be a helpful element. These labs tend to be led by non-government stakeholders, and thus the government will have little role in lab governance, though government grants may still be a potential source of funding that enables the work to happen. While these labs are relatively nimble, their ability to generate real change is limited in cases where government policy and program change is required. The Sustainable Food Lab in the United States demonstrates this type of lab, with substantial private and community sector commitment, but minimal government role or presence. The development of the lab was supported by REOS along with private sector funding. Most of the labs in Canada are also operating in this space, though experts agreed there is some aspiration for many of these labs to engage government as a partner in more fulsome collaboration (see collaboration type labs).

**Government and non-government collaboration labs.** In this model, government is an active partner in a lab, but not the lead partner. Government must work in a collaborative manner, alongside other partners and citizens. The government is one part of collective action, and substantial joint action by government(s) and other partners is required to achieve outcomes (e.g. Australia CSI). Given the need for collaborative action, government heavily involved in testing, refining and implementing solutions alongside other key stakeholders. Given these crucial roles, effective government engagement is critical in this type of lab. While this type of lab has the greatest potential for transformative impact, it is the most challenging model to execute successfully. The MaRS Solutions Lab is developing projects that will fill this space through collaboration with community and private partners, as well as the Government of Ontario.

	<b>Government Involvement and Leadership</b>	<b>Resources Needed from Government</b>	<b>Risk to Government</b>	<b>Scope of Impact</b>	<b>Example of Outcomes</b>
<b>Government Centred</b>	Government led development and operation	Funding, space, leadership, and implementation	Poor project selection Lack of implementation	Improved government policy and efficiency of service delivery	MindLab business registration processes (20:1 savings)
<b>Civil Society Centred</b>	Government does not engage in the operation of the lab	Minimal; support and guidance during start-up (information, connections)	Problem is not addressed in absence of government involvement	Impact in issue area outside of government involvement	Sustainable Food Lab sustainable sourcing of farmed food by multinational corporations
<b>Collaborative</b>	Government partners with other organizations, with equal standing in the lab	Funding and leadership-level input	Partnership risks (i.e. government does not command the ability to make decisions in the lab process)	Most likely to generate transformational change	Australia CSI lab on redesign of system of supports for homeless men

## **5. Challenges and Opportunities for Change Labs in Canada**

There are a range of challenges and opportunities in the Canadian landscape that affect the ability of each type of change lab to grow and develop in this country. One of the principal challenges is that these typologies are not broadly recognized. Very different lab applications are often being lumped together by key stakeholders and even combined with other forms of social innovation (e.g. social finance). A lack of clarity will likely lead to a misapplication of labs and/or a missed opportunity to benefit from them.

### **Opportunities**

#### *Responding to Austerity*

Reductions in government spending, particularly on social issues, represent an opportunity for change labs to demonstrate their potential value. Governments facing fiscal challenges recognize that they lack the ability to grow spending to treat the symptoms of social issues. Complex social challenges will persist as budgets are scaled back, and may even be exacerbated by reductions in some government services. The historic model that government is the sole or primary entity for solving problems is eroding. Partnerships are needed but they are very difficult to forge in current structures. Change labs are, according to experts, 'the best available way to figure out how to generate better multi-sectoral solutions.' They develop new, more efficient means of addressing these challenges through examination of root causes. Government centred labs can de-risk the implementation on any proposed new solutions through effective prototyping and iteration of potential solutions. Some have also demonstrated substantial impact, including return on investment exceeding 20:1 (e.g. MindLab projects, Participle projects). Experts believe that there is the potential to use lab methodology to develop many more low-cost/high-impact solutions. They point to several examples where understanding citizen behaviours has helped develop low cost ways to address problems, including increasing savings rates and post secondary financial assistance applications by low income individuals and reducing littering<sup>3</sup>.

#### *Reducing Risk in Innovation*

Labs have the ability to reduce risk in a variety of ways. First, they respond to the risk of inaction on major societal issues that are being treated in unsustainable ways. Second they reduce the risks of new approaches. They help decision makers involve key actors early. They help governments find new ways to co-produce outcomes. They enable actors to try new ideas in a way that minimizes risk, by building and testing prototypes before piloting initiatives. They enhance the possibility of getting to outcomes. The opportunity to reduce the risk of innovation, and to create greater impact through more efficient policy and service delivery, is contingent upon the appropriate levels of commitment to change labs, financially and through leadership support. In Canada and in other countries, many labs have had productive conversations to date, and demonstrate strong potential, but to date have limited impact due to sub-optimal support.

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<sup>3</sup> Several examples are outlined on pages 9-14 of *A Practitioners Guide to Nudging* by Ly et al. <http://www.rotman.utoronto.ca/-/media/Images/Programs-and-Areas/behavioural-economics/GuidetoNudging-Rotman-Mar2013.pdf>



## *Building a New Field*

In Canada, the change lab field is only beginning to develop. Canada needs to catch-up to other jurisdictions in this area, but experts believe there is great potential for Canada to become a global leader. This provides an opportunity to undertake a broader 'field-building' exercise in the country. Throughout Canada, there are existing community organizations or processes that have the potential to grow and mature into labs, if appropriate support and guidance is given (e.g. basic reference information resources about labs operating domestically and internationally, connection services to link stakeholders and experts, small-scale seed funding to support initial partnership development). While change labs will each develop in their own unique manner, it should not be assumed that they will simply sprout without any expert input or assistance. A broader slate of resources may assist in this development. This includes raising the general level of awareness about the need to do things differently when it comes to addressing social challenges, to develop a broader cognizance of the fact that issues exist which we are compelled to confront collectively. Many labs in Canada have little direct affiliation to government or avenues through which to engage government action in any potential solutions. As the field develops, there will be a need for further resources to build labs with the collaborative input and action from government.

## **Challenges**

### *Government Engagement*

Full engagement by senior government leadership is required for collaboration labs to be successful. This is particularly important in areas where there are complex issues in which the government is an inextricable stakeholder and where government action will play either a primary or collaborative role in creating outcomes (e.g. Aboriginal social issues, natural resource development). In these cases, it is essential for government to act as full partner to enable labs to develop and test creative and effective solutions. Senior leadership is typically required to take part in order to generate impact, and the ability of public service executives (e.g. deputy ministers) to invest this time is a challenge.

For labs with a peripheral role for government action, government should observe and seek to provide assistance (e.g. information, connections) where it can. This continued engagement could also present an avenue through which these labs can develop into labs which employ collaborative government action in the future.

### *Investment of Time*

A proper understanding of the investment of time required to effectively address a chronic social issues through a change lab is necessary. Labs should not be seen as immediate, or all encompassing-solutions. Substantial time and human resources must still be committed. In labs with a primary role for government action, the need for adequate time to develop and test solutions must be reinforced. It must also be recognized that it is not necessary for every lab to start from scratch on every issue. Many change labs exist throughout the world, and many creative solutions to key problems have been proposed elsewhere. In certain cases, change labs can be well-served to work with their stakeholders to investigate and adapt these ideas for use in their home environment, rather than beginning anew.

### *Independence*

The independence of a lab is important. Though effective engagement from government is often essential for the operation of a lab, particularly in collaborative action circumstances, this must not compromise independence. Experts consulted agreed that labs must often work with government, and in some cases, actually operate from within government, but must not be seen to serve as vehicles for a government agenda. Labs must serve as a neutral space for collaboration. It must be noted that this enhances the lab's effectiveness in a broader sense, but also its specific value to government. Through independent consideration, a change lab may develop means for the broader structure of programs to operate more effectively and efficiently. Independence of labs allows them to enable the system to discover better ideas about how to operate.

### *Implementation*

The implementation of proposed solutions is a critical challenge for change labs, particularly those situated close to government with a focus on government policy and service delivery. Labs that focus on these areas are dependent upon government implementing their potential solutions in order to see if they will actually be relevant and impactful. A similar need for government to follow-through on implementation exists in labs in which government is a key collaborator.

## **6. Potential Actions for Government**

Experts believe that Canada's federal government should:

### *i. Launch a pilot lab focused on government policies and services*

The Government of Canada should launch a two-year pilot lab. This pilot could serve one to three departments and should engage in two or three projects at a time – few enough to be manageable but numerous enough to ensure process learnings across projects. A government-led lab would provide departments a means to work with stakeholders and end users to understand challenges, and co-design and prototype solutions.

Selecting initial projects that have a high likelihood of success will be critical. Initial projects should focus on issue areas where the lab process can help governments better understand the citizen experience (e.g. youth unemployment, seniors financial literacy, outcomes for Aboriginal youth) and where departments have a willingness to fully engage in exploring and testing new solutions. These projects could focus on issues of interest to a single department or multiple departments.

A pilot lab should be staffed by a mix of public servants and non-public servants and could engage expert support (e.g. from MindLab, MaRS) on an as-needed basis. There may be the potential to secure resources (e.g. space, money) from private sector or philanthropic sources to support the pilot.

Government and all change lab partners should accept that not all projects undertaken through this lab will be successful. While failure can happen more quickly and at a smaller scale, it cannot be prevented. There should be a dual focus on both successful individual projects that generate better processes and outcomes and learning how to use lab capabilities better to tackle problems. Patience

is critical. A government lab should not be viewed as a source of instant solutions. It will take time to generate and implement effective new approaches. It is unlikely that the ‘first solution’ developed will be the ‘final solution’ to a problem. The ability to build ongoing improvement into the design process will be important.

*ii. Support the field of independent labs*

Government should support the development of the change lab field in Canada, including those labs which do not have a direct relationship with government. Government should partner with field builders (e.g. SiG, Co-lab) to support the provision of information, tools and other support to labs (e.g. connections, information resources on other operating labs and processes, seed funding), and should seek to remain an observer in their processes. This will allow for monitoring of change lab outcomes, as well as greater understanding of the change lab space.

At this point, Canadian change labs are only beginning to show some of the ways positive contributions can be made. It is important that senior public servants recognize that, while it will be valuable for the capabilities and benefits of change labs to be communicated to political leaders, political leadership should not seek to have government control these processes, or expect too much too soon.

*iii. Selectively engage in multi-sectoral collaborative labs*

At the right time, government should seek opportunities to selectively engage in collaborative processes. Where they choose to go this route, governments must remain engaged as an equal partner at the most senior levels, and demonstrate a willingness to come to the table not knowing what the answer may be, or how it will be co-created.

To be a part of these collaborations, government must be willing to accept that it alone will not be able to direct a lab of this type or its outcomes. If government seeks to engage, it should be in areas where the need for joint action is recognized and respected. Governments should not begin these ventures unless they can commit to these principles and can identify a strong partner with whom to work. In seeking to evaluate which change labs in which it could serve as a partner, government should examine the other stakeholders in the labs. It would be necessary for partners to reflect the intrinsic values of change labs – including a commitment to multi-stakeholder engagement and a focus on targeting discrete problems in order to address broader societal challenges. A demonstrated capacity to convene and organize the appropriate stakeholders (i.e. those with the knowledge of the issue and ability to affect change) over the duration of a project (i.e. mid to long-term) is necessary among the lab partners. Given government’s role as one partner in a multi-partner process, a demonstrated capacity within the other partners to fund their component of change lab processes is essential.

**Appendix A**  
***Experts Consulted***

Christian Bason  
Director of Innovation,  
MindLab

Tim Brodhead  
Senior Fellow (SiG National)  
Former President and CEO of The J.W. McConnell Family Foundation

Tim Draimin  
Executive Director  
Social Innovation Generation (SiG)

David Dunne  
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Allyson Hewitt  
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Sam Laban  
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Denise Withers  
Former Director, Sauder d.studio

## **Appendix B**

### **International Change Lab Examples**

*Sourced from report produced for Social Innovation Generation (SiG): April 2012.*

#### **MindLab**

- Copenhagen, Denmark
- Budget: 1 million Euros per year
- A cross-ministerial innovation unit which involves citizens and businesses in creating new solutions for society, working with civil servants in three parent ministries: the Ministry of Business and Growth, the Ministry of Taxation and the Ministry of Employment
- The three ministries cover broad policy areas that affect the daily lives of all Danes, including: entrepreneurship, climate change, digital self-service, citizen's rights, employment services and workplace safety

*What does it look like?*

- A seven-stage innovation process: creating an informed base of the problem; ethnographic research to better understand the problem; analysis; brainstorm ideas; test new concepts, create prototypes; solutions are presented based on the user's own voices; impact measurement undertaken
- Away with the Red Tape was a project undertaken by the Danish government to determine how to eliminate poor government service, such as outdated and unnecessary rules, complicated administrative procedures; MindLab interviewed taxpayers, victims of industrial injury, young business owners, relevant experts

*What does it cost?*

- Runs on one million Euros per year and completes 10-20 service improvement engagements that save money/improve services

*What impact does it generate?*

- Instrumental in helping key decision-makers view their efforts from the outside-in, from a citizen's perspective
- Develop new solutions to give individuals and businesses a better experience of public services
- Better use of public resources
- Sharing knowledge and experience to encourage innovation in both the public and private sectors.

#### **NESTA (National Endowment for Science, Technology and the Arts)**

- London, UK
- Invests in early-stage companies, informs policy, deliver practical programmes by working with innovators, policymakers, community organizations, educators and other investors
- "The vital 6 per cent" a report produced by NESTA, demonstrated that a small number of high growth companies contribute half of employment growth
- Works with entrepreneurs, businesses and financiers to identify new ways to get finance flowing to the best companies

*What does it look like?*

- Economic growth: Seedcamp is a Europe-wide initiative to support the next generation of technology entrepreneurs, providing seed funding plus access to the collective experience of mentors
- Public services lab: creating innovative services to support people with long-term health conditions; focused on co-production with health professionals, patients and the wider community working together: "It's a disruptive approach, in that it provides a challenge to how current professionally led health and social care systems are organized," says NESTA

- Creative economy: NESTA is working in partnership with Hyper Island to produce a digital media educational programme (interactive media, communications, advertising) for 18-25 year olds in the UK that produces industry-ready workers - with a pilot programme to develop practical advice about how to involve industry in educational design and delivery, in order to produce graduates with skills needed by industry, relevant across a number of sectors and educational contexts
- Investments: NESTA has co-invested with virtually every major UK-based Venture Fund; its investments in five funds give it an exceptional reach into sources of funding and the wider expertise of the Venture Capital community

*What does it cost?*

- NESTA's endowment status means it operates at no cost to the UK taxpayer
- *What impact does it generate?*
- Recognizes people as assets, builds on people's capabilities, breaks down barriers between professionals and users, facilitates rather than delivers

**Participle**

- London, UK
- Design and development of large-scale projects, creating "the next generation of public services"
- "There needs to be a new settlement between individuals, communities and government - new ways for people to get involved in determining their lives in a meaningful way, new approaches that mean some people do not get stuck at the bottom of the heap for generations"
- Link community-level ideas and creative activity with world-leading experts in any given field; drive forward thoughts and actions around developing a new social settlement which can deal with the big social issues of our time: chronic disease, long-term health conditions, social isolation, climate change

*What does it look like?*

- Designers, social anthropologists, researchers, policy analysts, economists, domain experts, business people, organizational change people, among others, problem-solve together
- "Observation of people and places, analyzing research carried out by others and ourselves, gathering new insights and developing ideas from those insights, building a business case (making sure our solutions are affordable, desirable and work in practice)" "A typical team on a health project, for example, would include residents of a particular community, doctors, nurses and a wide range of advisors from different walks of life, different locations, all with their sleeves rolled up working alongside each other."
- Life Programme: a Participle team lived alongside 12 troubled families, engaging with their lives and social workers, in order to reconfigure how families can engage with social workers and resources, giving vulnerable families the choice of who they want to work with

*What impact does it generate?*

- As a result of the Life Programme project, "as of January 2012, based on working with 78 family members - 10 children were not taken in to care, 13 children were moved off a child protection plan, there was a 33% reduction in children services involvement, 88% reduction in police involvement with the families, 67% reduction in housing services involvement, 86% of children with poor or no school attendance showed improved attendance and 69% of adult family members engaged in work programme, voluntary work or education/training. Overall accumulative saving for the families in the programme: £769,964, representing an average saving of £96,245 per family"

### Helsinki Design Lab

- Helsinki, Finland
- Helsinki Design Lab is an initiative by Sitra, The Finnish Innovation Fund, to advance strategic design as a way to re-examine, re-think, and re-design the systems we've inherited from the past"; to help government leaders see the "architecture of problems"
- "We assist decision-makers to view challenges from a big-picture perspective, and provide guidance toward more complete solutions that consider all aspects of a problem.... we call it *strategic design*"
- Strategic design is about applying some of the principles of traditional design to systemic challenges like health care, education and climate change!

#### *What does it look like?*

- HDL Studios: bring leading strategic designers together with content experts to develop applied solutions for real world problems currently faced by government
- For example: HDL Education studio looks closely at dropouts – is the system failing to support these individuals? "For all the effort and money spent on early intervention, special education, and counseling, not all students' learning needs are sufficiently met. Simply put, the main concern is to expand the learning environment to reach everyone, including those individuals who learn best in different ways, in different environments, and with different skills, interests or intelligences"
- HDL Sustainability Studio looks at a pathway to carbon neutrality
- HDL attempts to embed designers within organizations and governments to help "illuminate the complex web of relationships - between people, organizations, and things - to provide a holistic point of view"

#### *What impact does it generate?*

- In 2014 Sitra, in collaboration with partners VVO and SRV, will deliver a low carbon block of shops, homes and offices in central Helsinki.

### In With For

- Adelaide, Australia
- InWithFor puts design and policy to work on social problems – like educational disengagement, offending, unemployment, chronic disease and ageing
- "An approach that works *in, with, for* communities to work backwards from outcomes to co-designed solutions"
- "We partner with community leaders, practitioners, service managers and policymakers *to do* the work, and then draw on international thought leaders and change-makers *to challenge* the work. All along the way, we're engaging with people in their everyday contexts: the front room, the front desk, the back office, and the boardroom to co-design, test and improve solutions"

#### *What does it look like?*

- We blend policy thinking, design doing, social science and business
- We work backwards: building from problems to outcomes, outcomes to practice, and practice to policy
- We prototype new user experience, practice and policy all at once
- We create project teams with local people, practitioners and policymakers
- We measure social impact
- We work internationally
- We raise awareness for working backwards through speaking, writing and making films
- We build the capacity to work backwards through teaching and learning-by-doing
- We enable change through running, embedding and supporting new kinds of policy and practice, including new social enterprises.

- Currently, InWithFor is partnered with The Australian Centre for Social Innovation, working on enabling great living in late adulthood, improving outcomes for children starting school, enabling Australian families to thrive, not just survive

*What impact does it generate?*

- “A lot of existing measurement fails to pass the ‘so what’ test: so what if more people sign-up for a service, how good is the service? Instead, we use the ‘what’s different’ test: what has to change at a policy, service, community, family, and peer level in order for people to have the capacity to live different lives?”

### **IDEO.org**

- Boston, Chicago, London, Munich, New York, Palo Alto, San Francisco, Shanghai, Singapore, Mumbai, Seoul, Tokyo
- An award-winning design firm that brings together what is desirable from a human point of view with what is technologically feasible and economically viable to help organizations in the public and private sectors innovate and grow
- “We are a global design consultancy. We create impact by design”

*What does it look like?*

- “Acumen Fund and IDEO, with backing from the Bill & Melinda Gates Foundation, joined forces to tackle the issues of water transport and storage. The Ripple Effect project aims to improve access to safe drinking water for the world’s poorest and most under-served people; to stimulate innovation among local water providers; and to build the capacity for future development in the water sector”
- In any region, IDEO starts with field research to understand the needs and desires of stakeholders in the water journey, from customers to providers; it then gathers organizations to share insights and collaborate around solutions - products, services, and systems that improve water delivery and storage; followed by an eight-week funded pilot phase during which the awardees prototype new business ideas with help from the IDEO and Acumen Fund teams
- IDEO worked with Clark Realty Capital, a real estate firm which is partnered with the Department of Defense, to design ideal homes for soldiers injured in the field: “The IDEO design team took an in-depth look at accessibility issues, interviewing and observing 10 civilians and 20 injured soldiers with different needs, meeting with their loved ones, and getting feedback from nearly two dozen experts. The team asked questions that shed light on how active duty service members resume civilian life after debilitating injuries, what could make their experience more dignified and healthy, and what might reconnect them with family, close friends, and the world. Ultimately, IDEO and Clark went well beyond understanding soldiers’ physical limitations to consider their cognitive and emotional challenges and needs as well”

*What impact does it generate?*

- In its social innovation work, IDEO creates products and services and entire systems to support clients, it spends considerable time in the field, living and working with the people it is striving to assist, and routinely partners with local leaders to ensure that all concepts are practical, culturally appropriate, scalable and sustainable.



### The Centre for Social Impact

- Sydney, Australia
- CSI is a collaboration of four universities: University of New South Wales, University of Melbourne, Swinburne University of Technology and University of Western Australia:
- “They are assisted through CSI to deliver socially responsible management education, encouraging students to lift their gaze and widen their vision.”
- CSI “brings together the business, government, philanthropic and social (not-for-profit) sectors in a collaborative effort to build community capacity and facilitate social innovation.... We bring a sense of urgency to the task of building a civil society that is open, inclusive and sustainable”
- Offers a Graduate Certificate in Social Impact
- CSI aims to: “create beneficial social impact in Australia through teaching, research, measurement and the promotion of public debate”; and to influence public policy with its action-based research, build collaborations and partnerships, develop strong national and international affiliations.

#### *What does it look like?*

- CSI collaborated with Australian Scholarships Foundation and the Origin Foundation on a research project called Social Return from Education and Training, using “feedback from not-for-profit sector leaders that financial investment in education and training is lacking” - providing the empirical base to show the “long-term positive impact of training and education on individuals, their organizations and the not-for-profit sector as a whole”
- In another study, CSI worked with National Australia Bank to evaluate the inputs, outcomes and impact of a Microenterprise Loans program launched by NAB in 2007 “to address a market failure through the provision of unsecured business loans of between \$2,000 and \$20,000 to people who typically have no access to affordable business credit”
- Other research initiatives have examined social disadvantage and social/financial exclusion in local communities, social impact bonds, etc.
- Staff leadership (Peter Shergold) play key roles advising federal and state governments and chairing formal advisory multi-sector panels established by government.

#### *What does it cost?*

- CSI’s start-up triggered by a private philanthropic capital pledge, which leveraged government monies. In total, \$12.5m Commonwealth Government was received for the endowment, matched by a further \$12.5m of contributions from outside federal government.
- 2010 expenses totaled A\$4.4 million (of which \$1,069,000 was “in kind”). Salaries were \$1.98 m.
- Earned income: Executive Prog (\$83,000), Certificate (\$151,000), Research Revenue (\$66,000)

#### *What impact does it generate?*

- CSI undertook research that “revealed a three-year initiative funded by a private donor, provided homeless men in Sydney with housing, care and support services including: dental, mental health, literacy and numeracy, self-esteem and fitness services”
- “The research, some of the most detailed on homelessness conducted in Australia, found that a year after entering the service the men improved their health and wellbeing, social and economic participation, and housing - with about half in stable accommodation, and only 16 per cent in crisis accommodation as opposed to 97 per cent on entering the service. In 12 months, Governments would save around \$3600 in health and justice costs for each person who was helped – including accounting for the cost of delivering the program. The cost-benefit analysis for those men tracked over the year showed they were far less likely to access publicly-funded health and justice services, reducing costs to the community.”
- The results are published in *The Michael Project, 2007-2010: New perspectives and possibilities for homeless men*

## **Appendix C** **Key Sources**

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