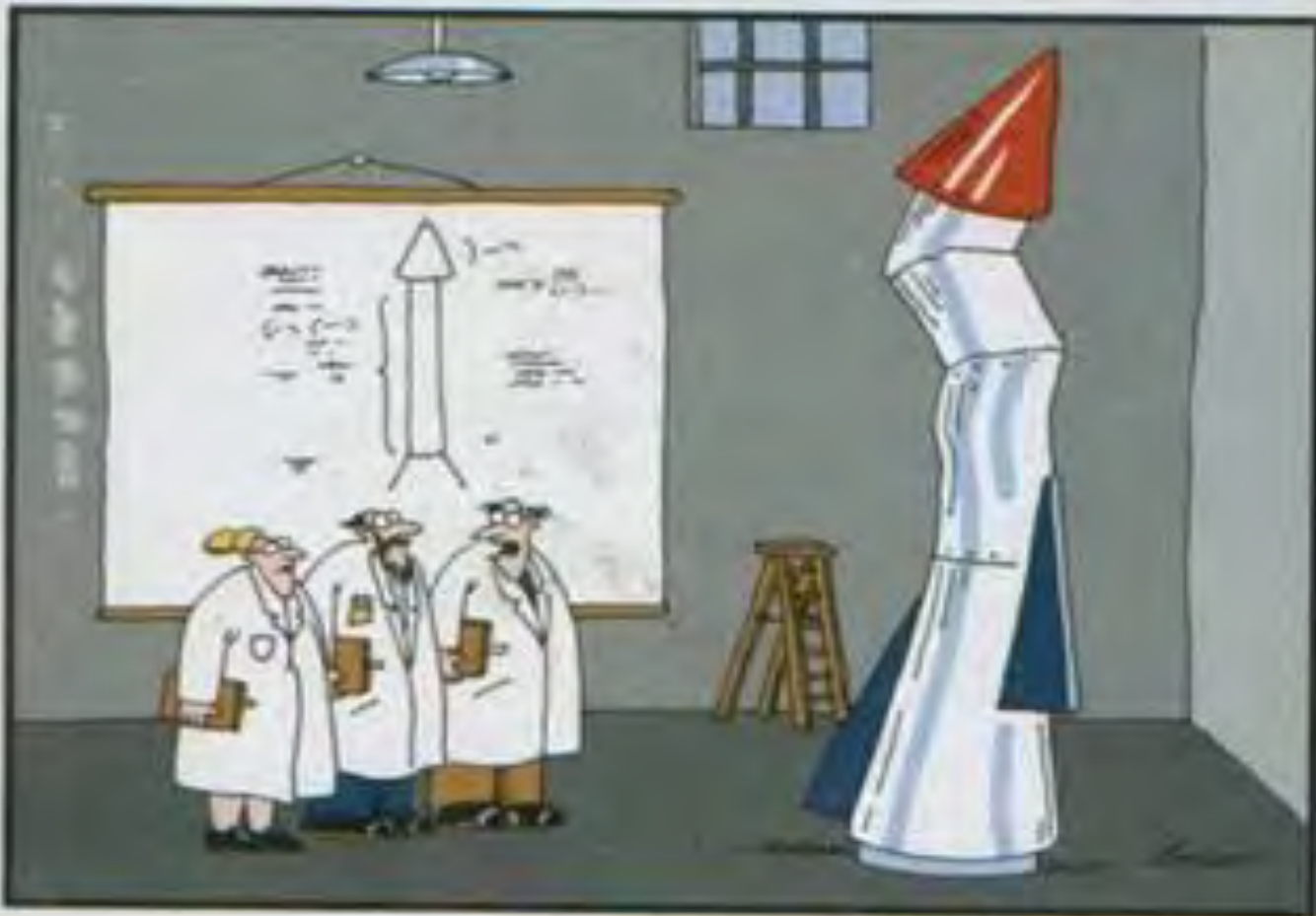




By: John MacLaughlin and Ron Samson



**“It’s time we face reality, my friends. ...
We’re not exactly rocket scientists.”**

Great, just what we need:
**More people talking about
social innovation**

Understanding the Problem Before Developing a Solution

First have we defined and understood LES problems correctly?

What is the goal of LES and who are we talking about?

Do LES problems extend beyond raising low LES levels and/or educational attainment rates?

What intractable problems are we trying to address?

What would the end result of effective LES intervention look like?

Moving Beyond the Status Quo:

Former Ontario Deputy Minister, Ben Levin, noted that there is a tendency to blame others for a situation of malaise and lack of effectiveness and to assume that someone else has to change before anything new can emerge.

(2004)

Social Innovation:

Requires the ability to **not concede** to the **status quo**.

Assumes the desire to do things **differently** to achieve better results.

Social Innovation in Canada:

Current understanding is filled with some good stories with limited results, and some good results with limited stories.

The people engaged in these efforts often do not see themselves as social innovators, but simply as people trying to achieve the best results for their clients and community.

The Best Definition so Far:

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

- Antandze, 2012

Five Drivers of Social Innovation:

- Pressing social demands and intractable problems
- Growing movement toward shared values in corporations
- Recognition of limitations in what the public and third sector can achieve on their own
- Budgetary constraints, rising costs and lack of resources for new programming
- An era of change

The Difference Between Innovation and *Social* Innovation:

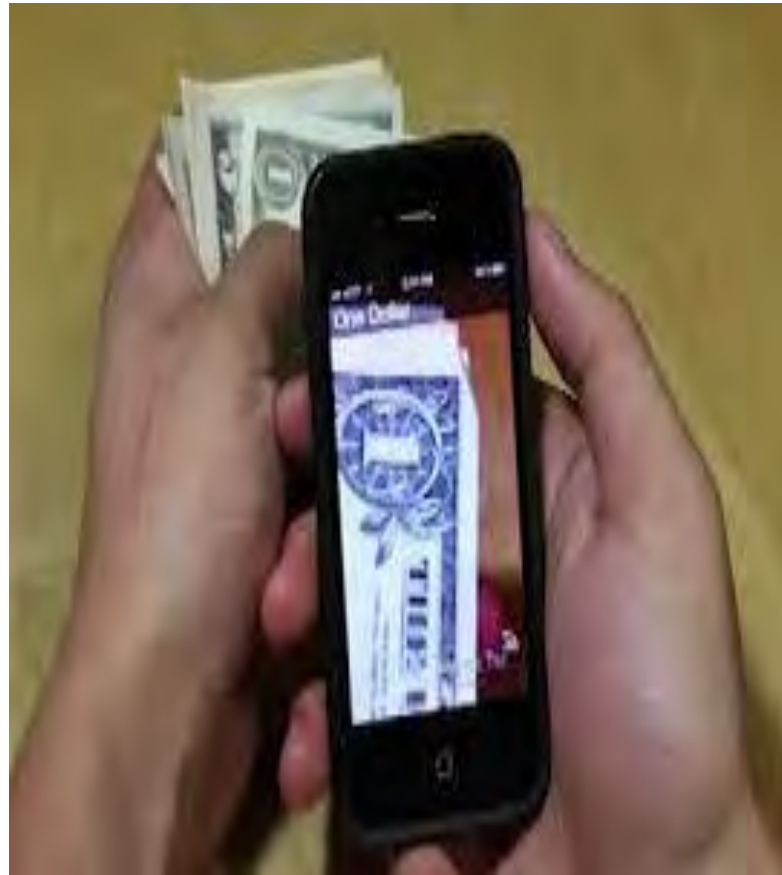
Innovation

Discipline of managing processes in innovation. It can be used to develop both product and organizational innovation.

Social Innovation

Strategies, concepts, ideas and organizations that meet social needs of all kinds.

Innovation with Unintended Social Benefits:



Where Does Social Innovation Happen:

Everywhere...

The third sector, the public sector, and the
private sector

...and when the three sectors work together for
collective impact.

Who Creates Social Innovation:

Social Innovators

Social Intrapreneurs

Social Entrepreneurs

New Models For a New World:

Social Enterprises

New Corporate Models

Social Finance

Social Entrepreneurship:

Any socially-driven organization (for-profit or non-for profit) that uses market-oriented approaches to improve human and environmental conditions.

Income generating activities are often tied directly into and work to address the social mission of the organization.

Stella's Circle and the Hungry Heart Café:



New Corporate Models:

Corporate Social Responsibility (CRS)

The way in which companies integrate social, environmental and economic concerns into their values and operations in a transparent and accountable manner.

B- Corporations

For-profit companies incorporated under specific laws that explicitly recognize the organizations' social purpose and benefit beyond the financial gain of its shareholders. As a B Corp, such organizations must publicly report on their social and environmental performances using established third-party standards

Social Finance – Investments Based on Outcomes:

Financial investments and models that deliver social and/or environmental benefits, and in most cases, an economic return.

Social Finance also includes funding mechanisms that are explicitly tied to performance-based measures or outcomes.

Social Finance Continued:

Most forms of social finance include some type of financial return on investment (ROI) in the traditional sense, outcome-based grant making and social impact bonds (SIBs) are different.

Outcome-based grants:

Is grant making driven by investors' efforts to increase accountability, achieve greater impact and produce greater social return on investments (SROI).

Social Impact Bonds (SIBs):

A contract with the public sector in which a commitment is made to pay for improved social outcomes that result in public sector savings.

The expected public sector savings are used as a basis for raising investment for prevention and early intervention services.

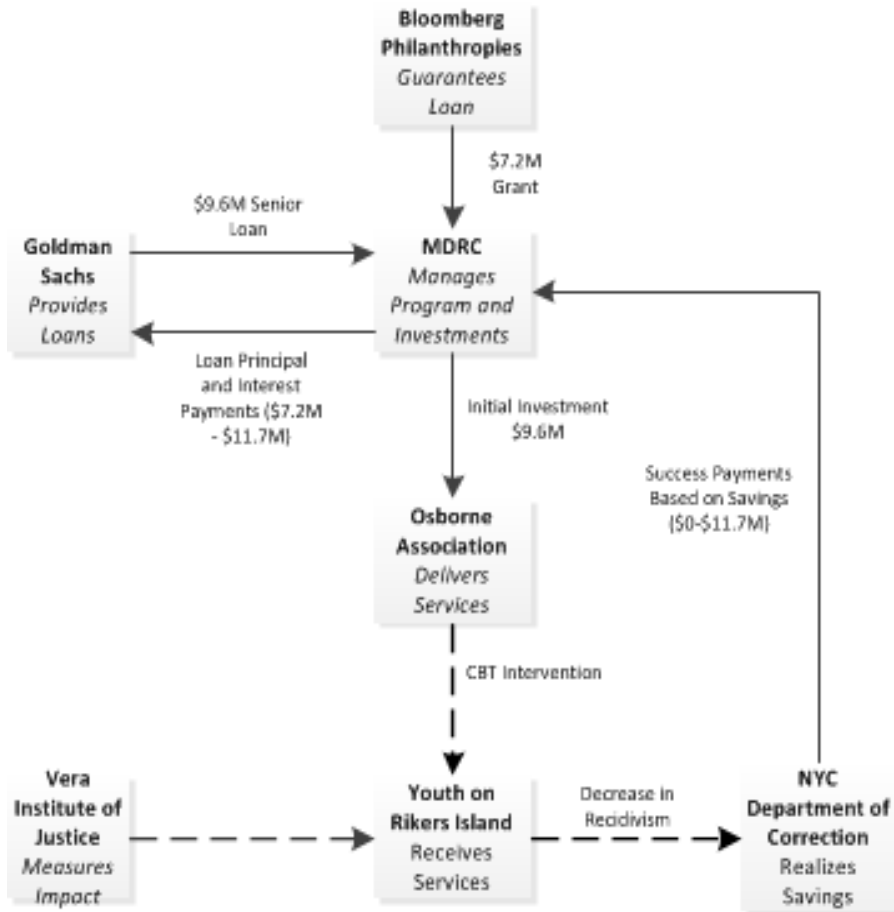
SIBs are not bonds in the conventional sense, as return on investments is contingent upon specified outcomes.

Elements of Social Impact Bonds:

- Start-up investments are made by commercial investors, foundations and trusts, and high-net-worth individuals in interventions that prevent future problems.
- Outcomes, rather than the means, are the focus of the investment. These outcomes are clearly defined in set of target.
- If the programs are successful, payments by the government cover the costs of the interventions and enable investors to make a return; if the desired outcomes are not achieved, investors are unrewarded.

New York City's SIB:

NYC Social Impact Bond Structure



Payment Terms for Final Evaluation
(4 Years of Investment)

Reduction in Reincarceration	City Payment to MDRC	Projected Loan-Term City Net Savings (\$)*
≥ 20.0%	\$ 11,712,000	\$ 20,500,000
≥ 16.0%	\$ 10,944,000	\$ 11,700,000
≥ 13.0%	\$ 10,368,000	\$ 7,200,000
≥ 12.5%	\$ 10,272,000	\$ 6,400,000
≥ 12.0%	\$ 10,176,000	\$ 5,600,000
≥ 11.0%	\$ 10,080,000	\$ 1,700,000
≥ 10.0% (breakeven)	\$ 9,600,000	\$ ≥ 1,000,000
≥ 8.5%	\$ 4,800,000	\$ ≥ 1,000,000

* Savings after repayment and continued funding for program delivery.

10 Important Lessons Related to Successful Social Innovation:

- Unwilling to Accept the Status Quo
- Clarity of Vision, and Purpose
- Commitment to Community Development
- Methodology of Action Research or TOC
- Long-Term Commitment
- Measurement of Outcomes and Accountability
- Taking Risk and Obtaining Capital to Innovate
- Build Private/Public Partnerships to Create a Network of Resources and Leveraging Support
- Systems Thinking
- Replicable and Scalable

How can we achieve systems that are of ‘**high empathy**’ and which still have a modicum of **efficiency**?

Is Social Innovation Applicable to Literacy and Essential Skills Programming:

What type(s) of social innovation might work to address LES problems?

What is the evidence of this problem?

What does this specific innovation seek to address that has not been addressed in some other way?

What is the evidence that suggests that a particular social innovation is the right or necessary approach?

How will we know if we have succeeded?

In order for **change** to occur, the LES field has to acknowledge the need to **take risks**.

Thank You:

Website: www.essentialskillsontario.ca

Phone: 416-963-5787

Email: john@essentialskillsontario.ca
ron@essentialskillsontario.ca

Facebook: <http://www.facebook.com/EssentialSkillsOntario>

Twitter: @ES_Ontario