

# Stanford SOCIAL INNOVATION REVIEW

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*10<sup>th</sup> Anniversary Essays*  
**Design-Led Innovation in Government**  
By Christian Bason

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Group, explored novel market-based methods like “impact investing,” employed the tools of information and cellular technologies, and soon coalesced around standards for evaluating impact.

Their question was not whether, but how.

It was a moment of invention. And *SSIR* emerged quickly as both a player in and documenter of “new philanthropy’s” evolution.

Ten years later, “new philanthropists” are no longer an isolated few. And although philanthropy and civil society have long held a special place in American society, they are also forces for good within societies throughout the Global South.

Take Africa, where—through a combination of good fortune

In the decade ahead we may find that *SSIR*’s authors hail as often from Manila, Guangzhou, Lagos, Johannesburg, or São Paulo as they do now from Palo Alto, Cambridge, London, Seattle, and Durham.

—JANE WALES, Global Philanthropy Forum



and smart economic policies—27 out of 30 of its largest economies have experienced great growth, raising the collective GDP by 4.9 percent per year between 2000 and 2008 and enabling a new generation of successful African business leaders to emerge.

Global demand for commodities is one source of Africa’s growth. But according to the McKinsey Global Institute, the majority of the gain is attributable to choices made: the ending of civil conflicts, the opening of economies to trade and investment, the privatization of state-owned enterprises, the strengthening of regulatory and legal systems, and the provision of critical physical and social infrastructure.

Although growth is robust, however, it is not yet broad-based. And although development is rapid, it is far from inclusive. So newly affluent beneficiaries of this new economic order—like their Silicon Valley counterparts—are using their capacity for giving, investing, and influencing as a tool to reward good governance, to stimulate economic activity at the bottom of the pyramid, and to import or invent novel solutions to the persistent problems of poverty, disease, and discrimination.

In their search for lasting solutions, they are strengthening the capacity, transparency, and accountability of the governments they partner with. They are building the resilience of the nonprofit organizations and small enterprises they support. Moreover, these highly connected, tech-savvy leaders are strengthening philanthropy itself, by building an African Philanthropy Forum and embedding it in the GPF’s larger global network, where they are likely to teach, to partner, and to persevere.

Their bold goal: an Africa able to meet its own development needs.

A similar dynamic is visible in fast-growing economies in Asia and Latin America, where creators of new wealth are seeking to reduce disparities, right injustices, remove indignities, and grow the middle class. They too are employing all the tools of strategic

philanthropy, including “shared value” corporate strategies, often putting their companies to the service of social goals by sourcing locally, labeling transparently, and changing operations in ways that reduce their carbon footprint.

Like their Silicon Valley counterparts, they are investing in the capacity of the social sector, importing some models and creating others. China’s Foundation Center replicates the products and services of its namesake and mentor in New York City. Guidestar India has emerged as an important part of the landscape. Some of Asia’s social entrepreneurs join the Aspen Network of Development Entrepreneurs or are seen at SOCAP’s annual meetings. And philanthropists from

throughout the region joined in the Philanthropy in Asia Summit, convened by the National Volunteer and Philanthropy Centre, the Resource Alliance, and GPF. Brazil’s philanthropic leaders have done the same, hosting I Fórum Brasileiro De Filantropos & Investidores Sociais.

Through such learning communities, philanthropists connect not only with their American and European counterparts, but—importantly—with strategic philanthropists from throughout the Global South. The south-to-south transfer of knowledge that results is likely to be the source of the world’s next wave of philanthropic innovation and impact.

*SSIR* will be at the heart of this knowledge transfer. In the decade ahead, we may find that its authors will hail as often from Manila, Guangzhou, Lagos, Johannesburg, or São Paulo as they do now from Palo Alto, Cambridge, London, Seattle, and Durham. And the names Lien, Chen, Elumelu, Masiyiwa, Dangote, Civitas, Mwangi, and Ibrahim will be just as familiar to its readers as Gates, Carnegie, Rockefeller, MacArthur, Hewlett, Packard, Omidyar, Ford, and Skoll.

And that—as Bill Clinton might say—is a very big deal.

JANE WALES is founder and CEO of the Global Philanthropy Forum, president of the World Affairs Council, and vice president of Philanthropy and Society at the Aspen Institute.

## DESIGN-LED INNOVATION IN GOVERNMENT

BY CHRISTIAN BASON

What does it feel like to start a new business and encounter government red tape and bureaucracy? What will it take to design a digital platform to help the unemployed rapidly find a voluntary mentor to coach them in finding a job? How can education reform be made tangible enough to spur real change in schools across an

entire nation? And, not least, how do you systematically prototype, test, and scale up public sector policy and service responses to such challenges? These are some of the questions that the Danish government's innovation unit, MindLab, has taken on during the last decade. Based in Copenhagen and part of the ministries of Business and Growth, Employment, and Children and Education, MindLab was established in 2002. A small team of ethnographers, designers, and public policy specialists accepted the mission of involving citizens and business in co-designing new public solutions.

In Denmark, design has already been applied in a wide range of public sector settings, from rethinking waste management in Copenhagen, to reducing tensions between inmates and guards in Danish prisons, to transforming services for mentally disabled adults in the city of Odense. The design methods used are typically ethnographic-inspired user research, creative ideation processes, and visualization and modeling of service prototypes.

Denmark is in the forefront of design-led innovation in the public sector, but this approach is increasingly being adopted around the world. In the United Kingdom, for example, service design has grown rapidly over the last decade, driven by consultancies such as LiveWork, Engine, Participle, and Think Public, and by the establishment of public or semi-public bodies such as NESTA's Public

Services Lab, the National Health Service's Institute for Innovation and Improvement, and the UK Design Council's Public Services by Design program. Even in 10 Downing Street, the Behavioural Insights Team ("nudge unit") is looking to design for a more experimental approach to understanding user needs and prototype



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—CHRISTIAN BASON, MindLab

interventions (such as rewriting tax forms).

In the United States a broader design agenda for local and federal governments is emerging. What began as a focus on using technology to increase transparency (so-called Open Government) has shifted to focus on citizen participation, participatory democracy, service delivery, leadership practices, and organizational change. Central actors include for-profit companies such as IDEO and Local Projects, nonprofits such as Bloomberg Philanthropies and

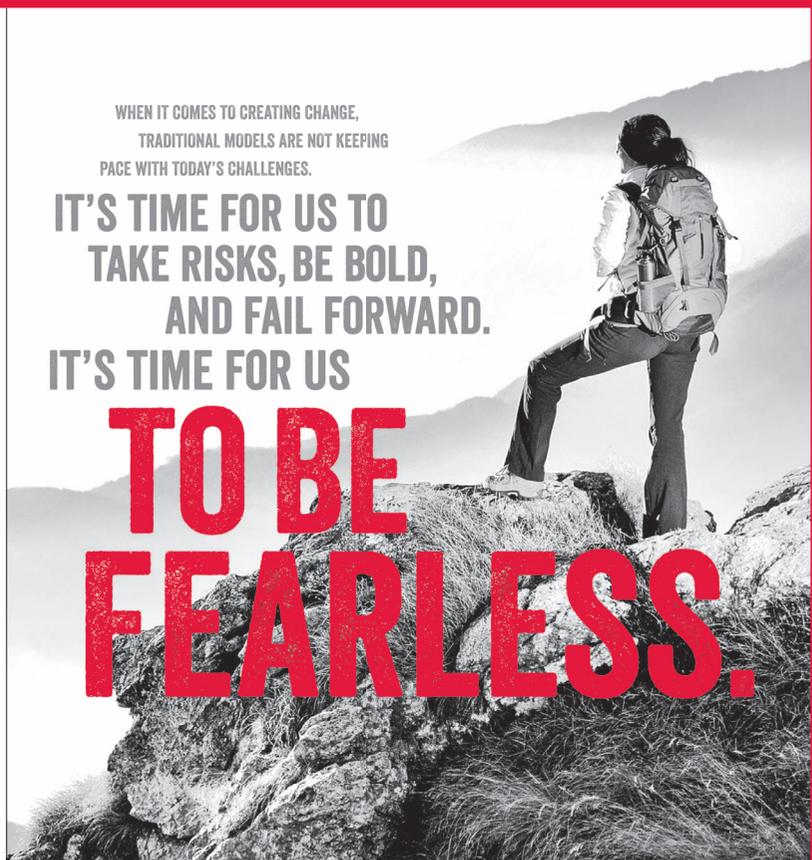
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# Congratulations SSIR on 10 Fearless Years!

The Case Foundation commends the *Stanford Social Innovation Review* on 10 fearless years of informing and inspiring leaders of social change! Thanks for always encouraging our sector to take risks, be bold, and make failure matter as we seek transformative solutions.



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Code for America, and government initiatives such as Boston's New Urban Mechanics and the US Office of Personnel Management's new Innovation Lab.

The Asia-Pacific region is playing catch-up, fast. In Singapore, the Prime Minister's Public Service Division established the Design Thinking Unit, with the mission to involve users in redesigning policies and services. And Singapore's Ministry of Manpower is working with IDEO and the UK government's nudge unit to redesign the work permit experience for expats.

It might sound as if design-led innovation is sweeping into governments around the world, at least in the Western cultural sphere. But at least three major challenges stand out.

**Creating authorizing environments** | Although new entities ("labs," "centers," and "spaces") are created to help design take root, there is still a formidable challenge in embedding this approach within government. Ensuring funding, anchoring change in the organization, getting management buy-in, and actually executing the new ideas and solutions are all difficult. Many of the initiatives are still struggling to find their place as a legitimate part of the policy-making infrastructure.

**Building and accessing capacity** | Public sector organizations cannot rely solely on internal expertise for design-led innovation; they simply do not possess enough people (if any) with those skills. The market for consultancy services for public sector design, however, is still immature, and in some countries even declining (the UK is a case in point). In Denmark—a country with a proud architecture and design heritage—there is a growing service design industry, but no design consultancy has yet singled out the public sector as its main client; most are small and still working mainly for corporate clients, and many are still focusing on product design. Meanwhile, design education has yet to catch up with the growing need for service and systems design, and designers need to learn how to interact more effectively with government.

**Opening up bureaucracy to co-production** | When public sector organizations start taking a more user- or citizen-centric approach to innovation, they invariably discover that many other organizations play critical roles in people's lives. Human-centered design forces organizations to take a much broader, collaborative, and inclusive view of who needs to be part of the process of co-creating initiatives that will actually work in the real world. But social and public innovation that takes a citizen-centered and value-oriented approach is ultimately disruptive to the existing public governance paradigm. It is severely challenging to the command-and-control logic of hierarchical organizations and to the linear (if unrealistic) logic of the policy-making process.

Where does this leave us? In spite of the very tangible challenges, I believe the glass is more than half full. It is still early days, but public sector design is on the rise.

CHRISTIAN BASON is director of MindLab, an innovation lab in Copenhagen that serves three Danish ministries, and author of *Leading Public Sector Innovation: Co-creating for a Better Society*.



# OUT OF LONDON AND NEW YORK

BY MANJU MARY GEORGE

**T**he first round of impact investments has created more awareness of and confidence in the idea of investing for blended financial and social returns. But for impact investing to truly deliver on its promise, it needs to be more deeply rooted in the regions of the world that need it the most—those that abound in social problems and hence in opportunities to create positive social impact.

In October 2012, DFID and GIZ (the UK and German government's international development organizations, respectively), together with Intellectap, hosted a gathering of some 200 entrepreneurs, impact investors, and other stakeholders in Patna, the capital city of Bihar, one of eight Indian states with the greatest concentrations of low-income people. The gathering marked the first awards ceremony of the Sankalp Forum-Samridhi Social Enterprise Recognition, an initiative designed to identify and showcase social entrepreneurs from these eight states and to make visible the need and potential for impact investments in these parts of the country.



We must redefine what we mean by "skilled managerial talent." Today the definition of "talent" is often biased toward English-speaking people found in urban centers.

—MANJU MARY GEORGE, Intellectap

Although the overall number of Indians living in poverty is falling, 65 percent of them are concentrated in 8 of India's 28 states. In Bihar, more than 80 percent of children under 5 years of age still suffer from malnutrition. Many households lack access to health care, water, energy, and sanitation. Despite this level of poverty, the rate of social entrepreneurship and impact investments in the region is lower than in more prosperous regions of India.

Gatherings such as the one in Patna, however, are few and far between. Today, most impact investors gather in cities like San Francisco, London, and New York, comfortable enclaves that are far from the remote areas where impact investing is most needed. And the conversations among impact investors are all too often about the lack of "ready-to-invest" enterprises, rather than about how to seek out and nurture potential social entrepreneurs in remote regions.

Creating lasting social impact in regions like Bihar will require impact investors to shift their attention from a narrow focus on