

Social Enterprise and The With Economy

Notes for talk to World Social Enterprise Forum, September 3rd 2008

1. How does a society learning and innovation to meet new social challenges and create more effective solutions to existing challenges?

Social enterprise vital to a society's capacity for distributed learning and innovation to identify and then address social challenges.

Often by taking issues and solutions that start in the margins, that appear marginal, and making them mainstream.

2. Radical innovation rarely starts in the mainstream. Mainstream organisations both public and private have strong incentives not to innovate but to incrementally improve the return on their existing assets, strengthen existing relationships and products.

Our current ways of addressing emerging needs are deficient.

3. The market and corporations have ways to understand and identify emerging needs, even to create unmet needs and new ways. The apparatus of marketing and advertising does that. The process of R & D and innovation is organised around that. The venture capital industry funds start ups turning new ideas into products. We have a systematic capacity to create change through markets and corporations.

But this is mainly focussed on serving consumers who can pay. Large corporations do not like uncertainty. Radical innovation in emerging, untested markets, with consumers who poor, is often too risky, low margin and hard work for the private sector.

4. The other way we have to identify and address emerging needs is through politics, government and the state. Voters and politicians decide what needs should be address through public spending and taxation.

But this too has big limitations. The process tends to be very cumbersome and drawn out. It takes along time. Politics tends to reward middle ground issues, that affect the median voter. It often cannot address niche, marginal or emerging issues. Public services tend to be quite cumbersome, silo based, departmentalised, running large institutions with their own top down targets. As a result getting innovation into public systems is often hard.

5. Social enterprise matters – businesses with an explicit social mission which is their guiding purpose – because it is a vital part of addressing needs in new ways. Social enterprises do two vital things.

First they say to society – “this matters” – they identify issues that should be addressed. They drawn society's attention to issues that would otherwise be

marginal – the needs of the homeless, drug dependency, saving and borrowing for the poor and excluded.

Secondly, they say – “and something can be done about it” - - they create new solutions to these problems which gives people a sense that a solution is available. They are not powerless.

6. That distributed capacity to identify needs and create solutions is more important than ever for three main reasons.

First, we need new solutions to ingrained social problems – of inequality, education, community renewal, health – in the developed and developing world which have defied traditional, often top down approaches.

Second, there are a range of new challenges we face which need new solutions, from climate change, to aging, the social consequences of globalisation (immigration, fair trade, urbanisation) to chronic disease.

Third, the context in which we address these challenges is shifting in two important respects. One is the rise of a more democratic culture – the expectation of universal rights to recognition and fair treatment – even if formal political systems are not democratic. People increasingly expect to and through the web can have a say. The second is the increasing diversification of needs, from global challenges – climate change – to ultra local or highly specific ones. That diversity means that solutions need to be tailored to context. Nation state solutions are often ill suited to either.

7. This is all leading to the create of what I call the New Middle Ground, where old distinctions between left and right, enterprise and social mission start to fade away. Social enterprise is part of this new middle ground. What are the components of that New Middle Ground.

- The state cannot go it alone: it has to get into the bloodstream of society to really bring about change. Social enterprise helps to make this connection.
- Markets need a soul: all over the world people are searching for something more to their lives than work and consumption. Social enterprise speaks to this search for something more.
- Social enterprise is not just devising new products and services. It is helping to reinvent the social character of our societies. In the UK and certainly in its large cities many people feel the idea of “society” is to large, distant and abstract to make much sense. The old collectives of class and nation, unions and occupations, make less sense as a source of solidarity and belonging.

But at the same time people do not want to be lonely, isolated and atomised individuals. To live life as an isolated individual is for most people – other than those who are monks – a failure

What people crave – what makes the difference between a full life and an empty life for most people are relationships, with friends, family, neighbours, people who share common concerns, values and interests. Social enterprise is providing people with that sense of social connection, at a scale, around issues that count for them.

8. How does social enterprise help to populate this new middle ground?

Over the last ten years of extraordinary growth and spread of the idea of social entrepreneurship I think we've learn a few things about what makes it work.

- Social enterprise needs an animating purpose.
- That matters in part because all innovation and especially social innovation is a highly collaborative activity, combining different skills. An animating purpose is what draws people together.
- Social innovation is a highly iterative, interactive process of trial, error, learning and adjustment, with the people who social enterprise serves and tries to help.
- Social enterprise can come from many different routes: community based organisations; out of campaigns; start ups with a social mission; spin outs from the public sector; corporate efforts.
- What matters is whether an organisation has social impact, not that it has a particular form. Social enterprise is not just a way for charities or not for profits to earn a bit of extra income.
- Social enterprise can spread and grow in many ways, through organisational growth, diffusing principles and values, franchising, imitation, take over. What really matters is finding the right way to grow for the kind of innovation involved. Some will scale through products and technology, other through the diffusion of principles.
- What really matters in this is the interface between social enterprise and other sectors. We want social enterprise to grow as a sector. But even more important is that the principles of social enterprise – using business like, entrepreneurial approaches to create social value – are taken up in the private and the public sector. Changing other sectors is as important as growing the separate social enterprise sector.
- Finally, social enterprise is rarely just about delivering a new solution to people as consumers. It can be that. But most often is involves creating, developing capabilities with people, so they are better equipped to run their own lives.

9. All of this comes down to a simple design principle which seems to me to be at the heart of social enterprise – the with principle.

The world of to and for.

Traditional, corporate, top down, departmental solutions work for people but often seem to end up doing things to people. The bank call centre says its working for you but often it seems to be doing things to you. The social services department is designed to help people in need, but often the services feel like they are doing to you. Politicians say they are working for you but often they seem to be spinning messages at you. Companies say they work for consumers but treat them like targets to be aimed at. And of course often people feel the market – that great abstract force in people’s lives – is doing things to them, uprooting their job or industry or community rather than working for them. All too often services, experiences that start out by claiming there are working for you seem to end up doing to you.

The world of with.

Social enterprise is part of the emerging with economy: they identify problems with people and devise solutions with them, building capabilities that allow people to go on and sustain themselves. With can be a way of working: working with people. With can be an organisational form and ethos: partnership and networking. With is central to the process of innovation, driven by creative collaboration. With should be the guiding principle of politics in liberal communities – working with people to find a way forward.

With is at the heart of the great social enterprises – Grameen, Barefoot College, Wikipedia, Linux open source software.

What do social enterprises do? They identify problems, challenges, issues, opportunities with people affected. They develop capabilities, skills and capacities to respond with people, partners and other agencies. They devise solutions that work because they work with people.

It is not rocket science: just think with, not to and for.

And it might sound simple, trite even. But in a world where so much of our lives as votes, workers, consumers seems to be bound up in things being done for us and to us, the idea of with has transformative potential.