

Meeting the Innovation Imperative

Let's assume you don't have as big an investment budget as CRUK or as attractive a brand as Oxfam, or as loyal a supporter base as the RNLI. How do you grow your fundraising income? What can your competitive advantage be?

The answer, for an increasing number of charities in the UK and worldwide, is *innovation*. The conclusion is the same in the commercial world where Philip Kotler, marketing guru, says innovation is actually the “*only* sustainable competitive advantage.”

So while almost everyone, from commercial and non-commercial sectors, agrees that innovation is *important* only a small number of charities, in my experience, are really *embracing* innovation.

If you're looking for anecdotal evidence of this reluctance to tackle innovation explore this year's programme for the IoF convention, or the sister AFP conference in San Diego. The schedules read more like history conventions – sessions on things that used to work, delivered by many of the same faces, to an audience keen on tried-and-tested answers. Or visit the 'innovation' section of the IoF site – it has a total of 14 ideas on it after 3 years.

Our work at the Management Centre over the last 3 years has concentrated on helping charities to become more *systematically* innovative. That work suggests that the two key challenges for charities becoming more innovative is that few have a systematic process to drive and a number have chosen inappropriate models integrate it.

There are some noble exceptions to this – and noteworthy in the UK are the NSPCC and internationally UNICEF and Greenpeace (further detail below). In each case these organisations are not just working on innovation as an approach but putting it at the very centre of their strategy.

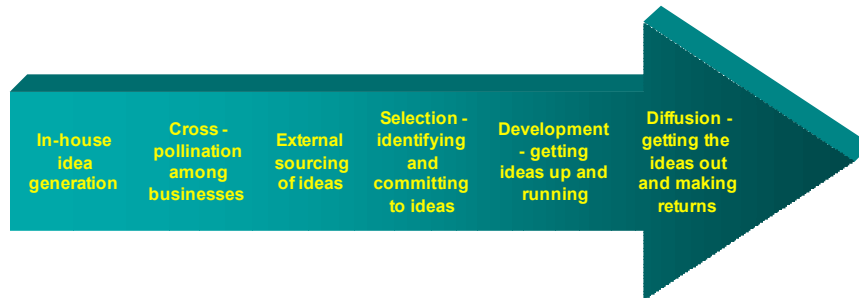
Making innovation ‘systematic’

Charities aren’t like ‘mad’ inventors working away in a garage over years to produce one brilliant idea in the midst of lots of crazy ones – thinking like this is like ‘fundraising flubber.’ For a charity – as with commercial businesses – innovation needs to become a systematic process of generating new ideas, assessing them and taking them to market – ‘monetising’ them in the jargon.

At **=mc** we’ve been working with a number of UK and international charities helping them identify their strengths and weaknesses in aspects of this innovation process.

To do this we’ve introduced a model, based on some original Harvard research, which argues that innovation is a value adding-process chain. This chain has six stages to ensure you move methodically from simply *creativity* – coming up with ideas – to genuine *innovation* – implementing the ideas and raising money from them. Each stage is important and involves some key skills and competencies.

Innovation Value Chain



At each stage you as an organisation can be strong or weak. The table below asks questions to help you to assess yourself. Look further down and you can compare yourself to best practice.

Stage	challenges
<i>One: Idea generation</i>	Do you come up with enough ideas? You need lots to develop creative momentum. If not you'll always be running to catch up.
<i>Two: Cross pollination</i>	Are ideas exchanged between branches or departments or HQ and regions? If not you'll be missing out on innovation opportunities.
<i>Three: External sourcing</i>	Do you <i>consistently</i> scan the environment – commercial and non-commercial – for new fundraising approaches and ideas you can adapt? Do you have access to good advisors/consultants?
<i>Four: Identifying ideas</i>	Do you have a rigorous process for identifying high

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	potential/high payoff ideas? Otherwise you may be <i>developing</i> ideas but not <i>exploiting</i> them.
Five: Developing ideas	How are ideas assessed and progressed? What metrics do you use to establish what has real fundraising potential and what isn't going to make it?
Six: Diffusion and returns	How effectively and quickly are ideas rolled out to donors? What expectations of financial return do you have? And over what period?

Below is the average score across for a basket of 10 UK charities when they were surveyed internally in terms of how they were doing against the six phases. It's important to emphasise this is a self assessment.

	In house generation	Cross-pollination	External sourcing	Selection	Development	Diffusion
Average UK Charity Score	57%	49%	57%	49%	41%	29%
Meaning	Low scores indicate that you may be an <i>idea-poor organisation</i>		Low scores indicate that you may be a <i>conversion-poor organisation</i>		Low scores indicate that you may be a <i>diffusion-poor organisation</i>	

These results suggest that UK fundraising charities:

- Are weak overall – note that *no* charity scored above 60% in *any* area. This is a depressing result compared to our basket of commercial

- Are reasonably good at coming up with ideas and external sourcing – especially from agencies and outsiders – there are potential ideas within organisations or close by
- Are desperately poor at monetising their ideas (29%!), getting them to market and securing the return. This is the point of fundraising!

Organisational Structures

One other part is concerned with developing organisational structures to help charities embed fundraising innovation. Put simply this means deciding if you try and make everyone innovative, or if you appoint a special team to do it, or if you make a virtue of always being the ‘second mover – adopting other people’s ideas just as they take off.

From our research we’ve created a framework with eight main approaches as used by a number of charities to embed innovation in their culture. These structures are designed to provide a practical means to deliver on any level of commitment to organisations. No one approach is ideal for any organisation. And the ‘right’ one may vary based on your existing organisational culture and scale and urgency of need.

Interestingly an organisation may go through a series of these as it develops.

The table below also outlines who’s using these approaches and their characteristics.

Structure	Example of charity using this approach	Approach characteristics
<i>Pirates</i>	Greenpeace 1	<i>Create a small team who work away from the HQ to develop high risk/high potential projects. The team act like Pirates – taking ideas from anywhere</i>

		without having to report back to HQ. They 'return' when they've come up with 'loot' – an idea that might work.
Skunk works	Amnesty International	<i>Organise limited time for cross-functional project teams to generate ideas and work them through. Bring in outsiders to stimulate thinking. So Amnesty's new strategic plan is being developed over three weekends by a group of 50% insiders and 50% outsiders.</i>
Revolutionaries	Christian Aid/NSPCC	<i>Train small group in innovation techniques. They return to normal role empowered to 'sow' innovation. In the NSPCC's case a team of 50 Innovation Champions have been created and trained in innovation techniques to encourage other to have great ideas.</i>
Prodigies	UNICEF UK	<i>Encourage ideas from everywhere through prizes/awards. One person signs off the ideas. This approach involves reducing bureaucracy and the dreaded 'ideas committee' (which is an oxymoron!). So one person assesses the ideas and there are various levels of prizes and awards to stimulate participation.</i>
Dragons' Den	UNICEF International	<i>Formal system to select ideas. Assessed by a group who have an innovation budget. The Dragon's Den involves staff bringing ideas into the fierce heat of critical thinking. Once there the Dragons' job is to weed out ideas that won't make it.</i>
DNA	Broadway/Macmillan	<i>Make innovation a core leadership competence.</i>

	Cancer Support	<i>Train everyone to be an innovator.</i> This approach argues that all staff should be innovative. So you need to make it part of everyday work and performance. This needs training and support. Also staff are performance-appraised on their innovation as well as their delivery against existing work.
Open Source	Greenpeace 2	<i>Pose open problems and ask users, donors, supporters and customers to solve them.</i> The newest of the approaches. Involves asking users and others to come up with ideas. Used by Proctor and Gamble to develop new projects and successfully adapted by Greenpeace to ask supporters how to raise funds.
Functionalize	Cancer Research UK	<i>Create a role of someone whose job is to come up with innovative ideas.</i> Sometimes you need to create a team of people whose sole focus is on generating ideas and then selling them to another part of the organisation to deliver. More like a conventional R and D operation – at CRUK the team have to generate ideas that will generate more than \$10M a year.

Just do it... or die

Innovation matters. Not just for new ideas in fundraising- but to persuade existing supporters, staff and even board members that you're committed to really stepping up to the mark. And it also matters if you are to attract good *new* people- staff and donors- to your cause.

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It's now not an added extra- it's a survival strategy. As Bill Gates said, echoing Kotler, in his book *Business @ the speed of thought* "In three years every product we make will be obsolete. The only question is whether we'll make them obsolete or if someone else will." That's a commitment to innovation!

Case Study: Innovation at NSPCC

In 2007 NSPCC finally succeeded in its extraordinary *Full Stop* campaign. But did they actually come up with any brilliant new ideas in doing it? "A few," says Director of Fundraising Giles Pegram. But actually he maintains "the chief quality that contributed to our success was *resilience*- the ability to learn from mistakes." He's happy to recount that they made at least 10 major mistakes during the campaign- ranging from choosing the wrong structure to wrongly predicting the number of £1M+ gifts. But because of NSPCC's *resilience* they were able to succeed.

NSPCC are not content to rest on their laurels. Tim Hunter, Deputy Director of Fundraising is clear "NSPCC sees itself as innovative- but that means we have to constantly reinvent our cause and our work." So even before *Full Stop* finished NSPCC began a systematic process of reinventing itself- by restructuring and developing a fundraising strategy.

To support this process they set up an innovation support function headed by Lucy Gower. She's has been hard at work for a year embedding innovation practice by:

- selecting a team of over 50 Innovation Champions from across the Society
- developing an online creativity and innovation toolbox to help them
- establishing a small grant starter awards scheme to encourage them

She recently held a conference for these Champions- with top level NSPCC support, stand up comics, and commercial case studies to inspire.

Case Study: Innovation at UNICEF

Paula Birnbaum- Gillet is leading UNICEF's international approach to innovation from Geneva. She began her programme with a survey across country-based national committees using the value chain model above. She discovered the key challenges for UNICEF were in stages two and five. "We had lots of ideas," says Paula "but we needed to become better and faster at sharing them across our complex multi-national organisation."

Based on this analysis they:

- took away a mixed group of international fundraisers, policy experts and campaigners to an arts centre in Geneva for an intensive cross-fertilization workshop
- heard input on society trends from sociologists including a jaw-dropping insight into how Pringles develops new snacks by studying consumer behaviour.
- developed a set of key trends UNICEF must respond to and built up a series of fundraising ideas based around these trends
- had each idea was evaluated and video-ed in a Dragon's Den type event judged by =mc staff, a commercial marketer and a artist

Recognising the importance of speed and sharing to overcome some of the concerns identified by the value chain analysis they then created a wiki of the entire event, including videos of the dragon's den presentations. Within 24 hours this was accessible to UNICEF staff so sharing the results.

Need more help?

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