



everyone's family

INNOVATION FOR INCLUSION

BREAKING THE MOULD TO BREAK THE CYCLE OF DISADVANTAGE

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I want you to **come back with me just over ten years**. It is 1998 and The Smith Family is spending the year preparing the organisation for a major and comprehensive transformation to better meet the challenges of the 21st century, conducting an extensive environmental scan to determine our future agenda. The TSF Board is concerned about what impact the organisation has had in terms of social inclusion. Notwithstanding that The Smith Family has a proud history, the increasing numbers of families seeking the help of TSF and similar organisations were recognised as not the intended metrics. We determined that we needed to focus for impact, avoid duplication, use our enterprising culture and ensure we could justify what we were doing in a new paradigm.

Among the key **societal changes** that influenced are subsequent thinking were:

- The increase in lone parents/blended families and a decline in the extended and later nuclear families
- Over 700,000 children living in jobless families including intergenerational joblessness
- A perceived loss of sense of “belonging” or “community

...to name but a few trends of concern. The degradation of the glue that binds us meant large numbers of our children were vulnerable and what of our future society? The refrain that “**the poor remain poor because they only know poor people**” gave us a clue to what we should do.

So in 1999, armed with the facts, The Smith Family set our **strategic directions** focused on unlocking educational opportunities for disadvantaged kids to participate more fully in society and **8 Guiding principles** provided our framework.

Those of particular relevance to this presentation are:

that as a national, independent social enterprise

- we should be about **societal change**;
- we should **work with and through others**;
- Move steadily along the change continuum to the **prevention and early intervention end**

A number of facts underpinned these Principles:

First, that **social inclusion is the necessary precursor to the societal change** we are seeking, and comes about through the cascade of our broader **Vision** of creating a more caring and cohesive Australian community and our more immediate **Mission** of unlocking opportunities through education.

Second, that **this not something that can be achieved by any one organisation or institution acting in isolation**. We knew that it would require us to focus on building change *outside* our organisation. Back in 1999, few within the sector shared or understood this perspective, but as an article in the 2007 Fall issue of the Stanford Social Innovation Review so clearly summed up, this approach is now viewed as an essential differentiating factor in creating the social impact we are all working towards:

“Becoming a high-impact nonprofit is not just about building a great organization and then expanding it to reach more people. Rather, high-impact nonprofits work with and through organizations and individuals *outside themselves* to create more impact than they ever could have achieved alone. They build social movements and fields; they transform business, government, other nonprofits, and individuals; and they change the world around them.”

Third, that we needed to **focus our limited resources on the early stages of the life course** as the most effective way to achieve these ambitious goals. Social inclusion, from The Smith Family’s perspective, is the closing of the gaps in participation and achievement that persist between disadvantaged families and those from wider society. Research has conclusively shown these gaps appear across multiple indicators from birth upwards, generally increasing in their breadth as children pass through key transitions into adulthood.

Early childhood interventions therefore offer the most effective opportunities to tackle the development of these gaps in a preventive manner, and to ensure that disadvantaged children are equipped with the skills and confidence to start and participate in school on a par with their more advantaged peers. In other words, we knew back then that **early childhood investment would be the foundation of our social inclusion agenda**.

To give practical expression to these Guiding Principles on the ground, we developed a model at The Smith Family based around **two interconnected elements or ‘DNA’ strands**...

...one focused on increasing the **participation** of disadvantaged children and their families through education and the other strand focused on strengthening the social capital and receptivity of the wider community through the **engagement** of caring Australians with the time, talent and dollars to give. Opportunities to connect the two strands have come through the development of a comprehensive suite of programs known as *Learning for Life*, through which we have been able to build a multi-layered network of supportive relationships.

For example at the basic level, it connects **students** with a ‘significant other’ in the form of a sponsor who can provide not only financial support for meet basic schooling costs but most importantly a source of motivation to help the student improve their world view; it connects **mentors with youth** looking to make the difficult transition from school to work/further studies; it connects **refugees with English language tutors** in their new communities to help them settle and belong etc.

This focus on enabling relationships at the core of our work reflects the fact that in today’s knowledge era, the wellbeing of individuals depends more than ever on how they connect and engage with those around them. For example, in the early years, attachment theory tells us the relationship between the **parent and baby** is critical; in the school years, it is the **teacher and student** or **peer to peer**, and so on. In fact, **relationships are the basis not only of effective education and learning, but are the tangible markers of social inclusion** – a goal that is notoriously difficult to measure.

Charles Leadbeater, one of the world’s leading authorities on innovation and creativity, eloquently brought these two elements together in his report ‘What Next? 21 Ideas for 21st Century Learning’, when he wrote:

“Children learn when they have the right relationships. Those relationships make them feel cared for; give them the recognition for who they are, where they have come from and what they have achieved; motivate them to learn; engage them to be participants in their own learning.”

You might therefore look upon our approach as social inclusion in action – **connecting different people, in different ways to overcome entrenched or emerging social issues.**

Most importantly, it is a framework that **connects the supply and demand sides of social inclusion**, by which I mean effectively building on the one hand the capacity of the excluded, and on the other the receptivity, or connectivity, of the included. Social inclusion does not mean working with the socially excluded in isolation, but through **interventions that require us all to change**. To put it another way, it is not just about ensuring our kids are ready for school, but that **our schools are ready for kids.**

To date, policy frameworks in Australia have tended to **focus only on one side of this coin** – groups that are disadvantaged at any one time – without creating the connections that are needed in the wider community to make their participation sustainable.

The key to creating these cross-sectoral connections and making them sustainable is **innovation.**

Let me explain what I mean. In progressing deeper into becoming a knowledge society reliant on our people for success, the nature of the Australian community, its expectations and capacities and the problems it is facing are continuing to evolve. In the words of **Albert Einstein, 'Today's significant problems cannot be solved by the same level of thinking we were at when we created them'**. This has placed clear demand on government, the business and community sectors to take the next step in developing innovative cross-sector collaborative solutions to intractable social problems that currently hinder many Australians from reaching their potential.

Put simply, embracing innovation as a way of working has never been more important, with new ideas that work to improve people's lives urgently needed if we are to **reduce the growing gap between the scale of the problems we face and the scale of the solutions on offer**. However, the field of social innovation is not well developed or even understood in Australia, and this continues to hinder the effective introduction of new solutions and methodologies into a sector that urgently needs them.

Innovation can be most simply understood in terms of 'new ideas that work'. This differentiates it from improvement or incremental change, and from creativity and invention, which are vital to innovation but miss out the hard work of implementation and diffusion that make promising ideas useful. Economists estimate that 50-80% of economic growth comes from innovation and new knowledge, and a vast amount of research has been conducted into innovation in the areas of business and science.

However, the field of **social innovation**, which we might define as "innovative activities and services that are motivated by the goal of meeting a social need", has struggled to attract comparable attention, despite the fact that examples of social innovation (such as the internet) are everywhere around us today. As Geoff Mulgan, Director of the Young Foundation in the UK observes:

"The competitive pressures that drive innovation in commercial markets are blunted or absent in the social field, and the absence of institutions and funds devoted to social innovation means that too often it is a matter of luck whether ideas come to fruition, or displace less effective alternatives. As a result, many social problems remain more acute than they need to be."

There are three important dimensions to social innovation which combine to solve pressing unmet needs within society:

- They are usually new combinations or hybrids of existing elements, rather than being wholly new in themselves;
- Putting them into practice involves cutting across organisational, sectoral or disciplinary boundaries;

- They leave behind compelling new social relationships between previously separate individuals and groups which matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and encourage further innovations.

It is important for non-profits to understand how these elements translate within their own organisations. From the perspective of The Smith Family, a social enterprise focusing on disadvantaged children and education, **the ‘new combinations’ refer primarily to people** – our children, families, and the wide variety of stakeholders with whom we work to support them. Research has shown that complex social issues require collaborative and multi-sectoral responses, which is why our social innovation works towards **overcoming the traditional ‘silo’ mentalities** that still hinder the effective collaboration of business, government, academia and the community sector.

To break down these barriers, The Smith Family works to devise new ways of **bringing these people together through the cascade of relationships** I referred to earlier, particularly leveraging the power of the communications technology that characterise our knowledge society so that those in rural, regional and remote Australia have the opportunity to more fully participate. By building these compelling new social relationships, we ensure that our social innovation is not isolating in its impact but **creates real value at scale, through models that others can learn from and adapt for communities elsewhere (the ‘diffusion’ and ‘embedding’ of the innovation across the nation).**

This has been recognised in the *Stanford Social Innovation Review* article as a distinctive practice of successful non-profits:

“High impact organizations help their peers succeed, building networks of nonprofit allies and devoting remarkable time and energy to advancing their fields. They freely share wealth, expertise, talent, and power with other nonprofits not because they are saints, but because it’s in their self-interest to do so.”

In 2002, The Smith Family was a founding member of **Social Ventures Australia**, connecting social entrepreneurs with venture capitalists to provide new sources of investment for social inclusion initiatives. In the same year we became early participants in the **Australian Alliance for Children and Youth (ARACY)**, connecting researchers, policy makers and practitioners to support the quicker and more efficient translation of research into socially inclusive practice.

However, perhaps the most tangible marker of collaborative social innovation for inclusion came in 2004 through the ‘whole of community’ model known as **Communities for Children**, part of the Australian Government’s ‘Stronger Families and Communities Strategy’. This place-based, preventive model has been a landmark in Australian social innovation for a number of reasons...

...not least of which was that it specifically sought to **create culture change in the non-profit sector** by connecting the strengths and capabilities of a variety of organisations, institutions and individuals. A key part of the model's success lies in bringing together large community organisations (who have expertise in 'back-room' capabilities such as research, policy design and facilitation) with grassroots service delivery agencies (who have the local knowledge and relationships to work with the community). The former act as **banker, broker and leverage agent** to ensure that the service delivery provided by the latter is well coordinated, resource-efficient (avoiding duplication of effort and funding so as to maximise impact), and is embedded in the community for sustainability.

As Facilitating Partner for seven *Communities for Children* sites around Australia, this initiative represented a powerful opportunity for The Smith Family be part of this culture change promoting collaborative implementation, and it is significant that this initiative has not only **survived a change of Federal Government but also been expanded to support more children aged 6-12.**

However, even this model represents just one part of the larger social movement required to create societal change – we also need greater sophistication from a research, policy and practice point of view, with governments, businesses, non-profits and academia joining their intelligence from the very beginning. In other words, **we need opportunities much earlier in the process that more effectively solicit our *collective intelligence* around planning and model development.**

The difficulty is that if we're going to get government, nonprofits, business and academia to work in partnership around a table, what would this look like? Who should do what? What model of governance would such a cross-sectoral approach require, and how would its effectiveness be measured?

To try to answer some of these questions, The Smith Family has been working closely with the Boston Consulting Group and the Strategic Foresight Program at Swinburne over the last few years to develop a '**Social Incubator**' model that has the potential to activate our collective intelligence in an innovative and effective manner.

A Social Incubator seeks to foster collaboration between individuals with different skill sets and backgrounds, from a range of sectors, to drive towards innovative solutions to existing problems. It works in two stages:

- (a) **the initial '*thought process*' phase** involves the collocation of selected team members within an intensive "hot house" environment where research combines with practice to create practical initiatives and solutions. This process leverages the individual skills and expertise of

government, business, community and academia through teams working together to create one or more innovative initiatives addressing a particular issue identified within the community.

- (b) **A second ‘skills transfer’ phase** in which members of the Incubator move into the field in order to transfer the necessary skills and knowledge to the community members/groups tasked with piloting the initiatives. In this way, the Incubator goes beyond the traditional ‘think tank’ research/advocacy model, and is premised upon strong community involvement in the entire process, from identification of the problem to be addressed to the development and implementation of a response.

The flexibility of the Incubator model allows it to **target a range of issues** affecting particular communities, in different ways and at different times. It may be the case that an ‘isolated’ Incubator is created around one particular issue in a community, and then dissolved following the implementation of successful initiatives; or the Incubator may be ‘ongoing’ in the sense of addressing a number of priority issues in the community one by one, changing the range of stakeholders involved as appropriate. Part of the value of the Incubator therefore lies in its broader potential to provide a **formative and systematic structure to community interventions** that have through circumstance to date been *ad hoc* and piecemeal in their success.

Of course, we have a long way to go to test out new models even before considering taking them to scale. But our environment is becoming more and more fertile for this kind of innovation, and we were delighted to see in the ***Blueprint for the Reform of Australian Government Administration*** released last month that The Smith Family’s social incubator model was highlighted as an ideal vehicle to enable more collaborative policy and service design between government and citizens.

This presentation has touched upon only a tiny part of the innovation The Smith Family is currently involved in developing and testing with different partners in different locations around Australia, and we make it a clear priority as an organisation to constantly scan the international horizon as well for best practice examples that could support social inclusion here.

Importantly, although the capacity to devote time and resources to innovation remains still very much of a luxury for most organisations in the non profit sector, particularly in the wake of the global financial crisis, we must be careful not to miss out on the opportunity to exploit the period of transition in which

Australia currently finds itself in. As Paul Light observed in the **Stanford Social Innovation Review**:

...there is good evidence that socially entrepreneurial opportunities arise during specific punctuations or focused periods in history. During these periods, the prevailing wisdom weakens, revealing the failure of the status quo to solve problems such as inequality. These punctuations in history fuel the hope for widespread change and the experimentation that drives it.

Today, the world appears to be experiencing a punctuation of opportunities.....”

Let's not waste them.

Thank you.