Driving continuous improvement

Insights from funding social tech

A research and consultation project led by Shift, working with Nominet Trust, Big Lottery Fund, Comic Relief, Esmée Fairbairn Foundation, Guy's and St Thomas' Charity, Paul Hamlyn Foundation, and the Centre for Acceleration of Social Technology.

Contents

Executive summary

“As good as we think many of our services are, almost all of them are in the same shape they were in when we first set them up decades years ago. Actually, that sounds awful. Don’t write that down.”
Social organisation

After over 100 conversations with charities, social enterprises, accelerators, incubators, Trusts, Foundations and impact investors, this is the quote that best sums up what we have learnt.

The process of moving things forward - learning and improving social programmes, optimising and deepening the impact of services, pushing products through multiple cycles of design and development - is currently much more difficult than it should be. The culture and capacity of the social sector, and the priorities of most of the capital that sustains it, is almost entirely focused on short-term targets. The idea that the products, services and programmes used for this delivery are all on a longer-term journey towards deeper impact and greater sustainability, is mostly lost beneath the demands of existing and delivering.

Shift is a social design organisation that has built its entire culture and capacity around forward movement of the products we work on. Yet, we also find this incredibly challenging - we fight hard to move things forward and regularly fail. One of our products, for example, is slightly further back in terms of development than it was a year ago, so overwhelmed has it been by the demands of delivery. So, it’s with a great deal of empathy and modesty that we surface this picture of a sector whose products, services and programmes are, on the whole, forced to stand still and deliver.

It’s a little odd, of course, that the first quote from a project that has social tech as its focus, is from an organisation that doesn’t have a single social tech product or service.

The initial question that this consortium of partners came together around was: *How can we create the best possible grant funding landscape for successful social tech development?*

We believe that the answer to this lies not in creating a separate landscape for socal tech projects, but in adapting the landscape for pretty much everything.

Social tech products and services (more definitions later) sit at one end of a large spectrum of products, services and programmes which all have significant design and development needs. Just as tech products and services reach their potential by working through many cycles of designing, testing and learning, as do most others. Just as social tech teams require design expertise, rather than just delivery resource, so do most other teams. Just as the progress of social tech is stunted by existing within a landscape that struggles to support development towards long-term goals, so does the progress of much else.

Social tech has proved an ideal lens for understanding this landscape and there is no doubt that it is *particularly* affected by its limitations for, at least, three key reasons:

1. The skills and expertise required to support high quality design and development within social technology projects are more challenging for social organisations, not just because of their cost and scarcity, but also because the experience needed to identify and manage this resource is currently limited.

2. The period that technology products and services spend in what are perceived by funders as high risk, low value stages of development is longer and more expensive than low or no tech solutions. While they offer the potential of greater value for money when delivering impact at scale, this is often only unlocked through significant and sustained investment in design and development.

3. It is normally harder to hide the flaws and fudge the roll-out of technology-based solutions. The social sector is littered with well-established but hugely under-designed and under-developed programmes, which have been expanded and sustained by simply adding more resource. Plenty of poor tech has also been rolled out widely, but because social tech products, services and programmes tend to scale based on the quality of their core technology, this is rarer. While this is, in many ways, a positive characteristic of social tech, it creates an impression of less progress and less impact.

This piece of work, therefore, attempts to strike a balance between insights that look at the wider landscape and those that examine the specific implications for and needs of social tech within this landscape. We don't always get this balance right, but I think we've ended up in the right place: a set of practical recommendations and a model that will help social organisations and grant funders build more partnerships around the value and needs of progress and improvement.

Summary of insights

1. The middle stage of development, from partly proven to established solutions, is underfunded
2. There is not enough collaboration between funders to support ongoing cycles of design through many stages
3. Most organisations do not feel that they have the right skills and experience for high quality design and development
4. The process of securing grants is currently very inefficient for those seeking funding for design and development phases
5. The traditional structure and nature of funding partnerships is often ill-suited to design and development

Summary of recommendations

For funders

1. Treat social tech differently (when it should be)
2. Don't treat social tech differently (when it shouldn't be)
3. Support different types of innovation
4. Look for opportunities to assess projects based on their own proposition materials
5. Move towards an ecosystem of funding and investment

For social organisations

6. Be open about where you are and what you need with funders
7. Go back to funders with learning and proposed changes

For funders and social organisations

8. Plan, support and measure progress and improvement more explicitly

Introduction to Progressively

The report concludes with the introduction of a new model, Progressively, which aims to make a practical contribution to the diagnosis, planning and measurement of progress towards long-term development goals for impact-focused products, services and programmes. The model reflects our own experience and what we have learnt through this project to offer up a series of standard stages, areas and markers of progress. We have made an early beta of this model available at progressively.org.uk and look forward to working with social organisations and funders to make it more useful.

Aims, focus and definitions

By 2012, one of Shift's social tech ventures, Historypin, which aims to build local social capital through collaborative storytelling, established a pretty good beta product through partnerships with Google, the Nominet Trust and Heritage Lottery Fund. The app quickly had 500,000 downloads, the online community was building and evaluation of its impact in local areas was positive.

However, at that point, Historypin was still a long distance from being a great product.

What it needed was the resources to focus on continuous improvement, to work through multiple cycles of design over several years to deepen impact, respond to user needs, develop sustainable revenue streams and to build a team capable of delivering at scale. What it managed to accumulate, however, was 60 different deliverables from 40 partnerships over three years, 90% of which were focused on short-term outcomes. As a product, Historypin spun its wheels. About 10% of resources were going into improvement and 90% into managing and delivering partnerships that did not share (in anything but spirit) those improvement goals.

Since 2016, we have been able to unlock Historypin from this cycle and, through some invaluable strategic grant funding from the Big Lottery Fund, the team have used all of that experience to design a significantly improved product. However, for Historypin and for all of our other teams, the challenge of finding the right resources and partnerships to move forward towards long-term development objectives remains paramount and permanent.

It has become clear, as an active member of a wide network of social organisations, that the wilderness period of this social tech product, between a partly-proven prototype and an established product, is very common across the sector. More widely, there is increasingly widely-shared frustration that only a very small number of social tech products, services and programmes are reaching their full potential.

Digital technology plays a powerful role in the response to social problems. Its doesn't provide the answers to everything and, by itself, it provides the answer to very little. But, when it works, it can equip social solutions with deeper reach and broader scale, with stickiness and sustainability, with the means of both standardising and personalising interventions, with a more accurate and detailed view of use and impact – and many other unique advantages. There seems, however, to be a trickle rather than a flow of high quality social tech projects delivering impact at scale.

As we highlight in this work several times, good data does not exist on success and failure of technology projects in the social sector. The equivalent to the annual Standish Chaos Report, which analyses 50,000 private sector tech projects worldwide every year, doesn't yet exist. The conclusions from this report in 2016, which estimated that only 9% of private sector tech projects are regarded as successful, make for a useful benchmark but now would be the time for similarly thorough analysis of social tech - not least because it would push work on definitions for social tech forward.

What this piece of work brings together, is the shared doubts of a consortium of 8 organisations working in social tech that this strand of development and delivery is working anywhere near as well as it could. It then adds to this, through research and consultation, the experiences of over 100 other charities, social enterprises, accelerators, Trusts, Foundations and impact investors to create a more nuanced, but nevertheless still anecdotal, picture.

This consortium, consisting of Nominet Trust, Big Lottery Fund, Comic Relief, Esmée Fairbairn Foundation, Guy's and St Thomas' Charity, Paul Hamlyn Foundation, Centre for Acceleration of Social Technology and the authors of this report, Shift, seek to make a contribution to the debate and practice relating to social tech in the UK, through insights, recommendations and a practical model that would be relevant for two audiences in particular:

1. Trusts and Foundations that are funding the design, development and delivery of products, services and programmes with significant technology components or which are exploring this area of funding

2. Social organisations that are designing, developing and delivering social technology products and services or which are exploring this area of work

The focus at the outset of the project was the relationship between grant funding and social technology, based on the question:

How can we create the best possible grant funding landscape for successful social tech development?

Grant Funding

This was a priority because, if there is a problem in getting impact focused products, services and programmes through to delivery of sustainable impact at their intended scale, it clearly has a crucial role to play. Grant funding cares deeply and exclusively about impact; it supports every stage of the journey from a new concept to an established solution; it can embrace higher risks than other capital; and it is mostly managed by institutions that have been and will be around for a long-time.

This source of capital sits alongside two others that require, at least, positioning alongside grant funding in the landscape - impact investment and commissioning.

Impact investment

Of all of the available capital for the development and delivery of impact focused products, services and programmes, impact investment is clearly the most well aligned with the kind of long-term development objectives that products, such as Historypin, need to prioritise after its initial launch. Equity and debt is, by its nature, future focused. It looks for opportunities to significantly increase the potential of products and services to deliver greater social and financial value. So why not focus on this?

Firstly, the existence of fairly large pools of impact investment in the UK, the process of securing it and its effect as it is deployed all combine to encourage, demand and support improvement. So, in some ways, we don't need to ask questions of impact investment when it comes to driving improvement.

Secondly, while impact investment plays this role where it invests, it is only active a) after products and services have been proven in their potential to have impact and generate impact (mainly) and b) within certain areas of the sector, for certain types of solution and business model.

As pioneers such as ClearlySo, MustardSeed and Zinc introduce capital further upstream and attempt to prove the viability of this type of investment, impact investment may eventually play a significant role, but, even then, it will only be relevant to certain types of product (i.e. those with sufficient commercial potential) and certain types of entity (i.e. those in which equity investments can be made).

We went into this work with the assumption that, as the majority of impact investment waits patiently for proven revenue generation potential and impact of social tech products, grant funding can play a bigger role in preparing and pushing relevant products, services and programmes through to that milestone. As Big Society Capital continues its progress in adding financial and non-financial investment readiness support by looking back from that milestone, this work hopes to contribute with a perspective from earlier upstream.

Commissioning

Commissioning by local and national government *appears* to represent significantly less potential. It is, by its nature, very focused on short-term delivery and immediate impact (or, in the case of mechanisms like impact bonds, short-term delivery and longer-term impact). Therefore, its ability to invest in and value the increase in potential is limited. After a decade of cuts, concepts such as payment-by-results and single year cashable savings, seem far more dominant than anything resembling continuous improvement of services.

However, this superficial view does an injustice to commissioners, who clearly support improvement in several ways, including:

- Supporting innovation: Either on their own or in partnership with grant funders, local and national commissioning bodies invest regularly and effectively in new approaches
- Embracing service design: As the growing portfolio of clients at organisations like FutureGov and the Behavioural Insight Team demonstrates, there is an appetite within government services for improvement beyond just financial efficiencies
- Long-term partnerships: Commissioners have, in many ways, the most to gain from investing in the improvement of services alongside their delivery, as their partners become better and better value and many commissioners build long-term relationships with this agenda

Again, commissioners, like impact investors, have a crucial role to play, directly in the way they commission and indirectly in how they collaborate with grant funders and impact investors. We felt that, where there is overlap between commissioning and this work, it is in the relationship with grant funding. This remains the focus of the project.

Social technology

Social technology was a focus for the reasons described above and the apparent discrepancy between potential and actual impact and we went into this project with two assumptions about why this was the case:

- Technology products, services and programmes tend to spend longer in no/low impact development phases before, potentially, growing to deliver more cost effective impact at scale. This requires the kind of funding and support that values improvement and progress towards long-term objectives, which is traditionally challenging for Trusts and Foundations to support with significant investment.
- There is an obvious and essential role for iterative, test-and-learn design cycles within technology development. Culturally and in practice, these methods represent a challenge for social organisations and funders. For example, they require considerable flexibility and significant investment in specialist and often new skills and experience.

Definitions

We went into the project with the following definition for social technology:

The social bit

Products, services and programmes where the primary motivations are impact-focused and have some form of mission-lock, either in the status of the organisation (e.g. charity, CIC) or within the governance and ownership structure. There are, of course, many organisations with purely commercial motivations and no mission-lock that have significant social impact, but this work reflects a consensus that public and charitable support should be justified by some combination of the above characteristics. There is an ongoing debate about whether this definition should be widened and outcomes should be the sole consideration, but that isn't part of this project.

The technology bit

This is inevitably more fuzzy-edged, but we went into this work with a focus on proposals with a significant component of technology-based design, development and delivery. This definition embraces projects that adapt or leverage existing technology or develop their own, across both software and hardware. Furthermore, this project is focused on specific tech products and services rather than a) internal IT projects and b) wider efforts to leverage digital tools across an organisation. There is, of course, considerable overlap between these, particularly in terms of the skills and experience required for social organisations to succeed in all of these areas. Our starting point, however, is the challenges social tech products face in making their way through to delivering impact at scale and we refer to wider digital capacity within this context.

There are a small number of other terms and phrases that we use regularly in this report that we should clarify:

Products, services or programmes

Our apologies in advance, as this phrase is used a lot! It is an imperfect and wordy way of pointing to the standardised things that social organisations use to deliver impact. We're trying, in particular, to point to the products, services and programmes with long-term development goals, such as sustainability, scale or replication. When we refer specifically to social tech, we tend to just talk about "products and services" because the concept of a standardised social tech programme isn't really recognised or relevant.

Projects
We aim to use this consistently (feel free to point out if we have not...) to refer to time specific work and often refer to it in the context of funding and grant proposals. For the purposes of this work, we are most interested in projects that are based on standardised products, services and programmes and, therefore, can contain a combination of delivery objectives and development objectives.

Methodology

We designed the research to consist of the following three stages:

Kick-off partner interviews

The project began with interviews with each of the seven partners, who represent some of the largest charitable funders in the UK. Interviews were semi-structured and explored the partners' views on the current funding landscape, the challenges they experienced as funders, of both tech and non tech products, services and programmes, bright spots within the sector and barriers and facilitators to adopting a more development focused approach to funding.

Reviewing existing codified models

In parallel to partner interviews, we conducted a review of existing design or investment models to inform the development of a codified outline of the development journey and to understand the current frameworks available for funders and social organisations to work within when funding and developing products, services and programmes. The review included models for commercial and social investment (e.g. traditional investment stages), models that map out the design processes (e.g. the double diamond) and any development models/stages related to venture building (e.g. Unltd's model) and any related to service delivery (e.g. Nesta's 7 stages of innovation)

These models were mapped onto each other to look for commonalities and patterns in the processes used, and the findings fed into a draft model that was drawn up to test within subsequent interviews.

Interviews

Over a six month period we interviewed 71 people from 52 organisations. We spoke to the following organisations:

- 7 Charitable Trusts and Foundations, in addition to further interviews with partners: These included both large funders and smaller family trusts. They also included those who are relatively experienced in social tech funding and those to whom it is very new, if not untried.
- 20 Social organisations: These organisations were selected to capture a breadth of experiences and included newly formed and well established teams, teams at different stages of product development, those within larger organisations and working independently, those with a range of legal structures e.g. CIC, charity, CLS. They also included those developing social tech and also those with non-tech products or services to understand the similarities and differences in funding experience and development processes
- 3 Accelerators and incubators: covering those that specialised in supporting social tech and those that were more general.

- 3 Social investors: These were included as they form a key part of the funding landscape for later stage ventures.
- 6 Design bodies: These included commercial designers, design schools and teams dedicated to supporting design and development within social tech.
- 7 others: These included campaigning bodies, funding networks, and local councils.

A full list of organisations interviewed can be found in the **Thanks** section.

There were two main aims of the interviews. The first was to explore views and experiences of the current funding landscape from multiple perspectives asking about:

- Perceived challenges in giving and acquiring funding and why these might arise
- Barriers and facilitators to funding or working through a robust development process
- Particular challenges related to the funding and development of social technology
- Bright spots and good practice in the sector.

The second aim of the interviews was to test both the value and design of a codified model of the development journey. Within the interviews we presented a basic outline of a development journey drawn up from discussions with partners and the review of current models in the sector. We then explored if and how such a model would be useful in theory, linking back to the challenges that were perceived to exist in the sector. We also gathered feedback on the draft model we presented, including content, level of detail, design and format.

Alongside the interviews we also collected less standardised feedback through running Round Tables with funders and partners, presenting the model at workshops and social tech events, as well as receiving feedback to questions on the funding and development landscape via email. The data from these were also integrated into the main analysis and contribute to the findings in this report. Through these further consultations we gathered the views of another 30 individuals and organisations.

Insights

As we described in the introduction, we're attempting to strike a balance between insights that look at the wider landscape and those that examine and respond to the needs of social tech products, services and programmes within this landscape. The structure of these insights reflect that, starting with a wider point that we believe affects almost all products, services and programmes and then a summary of how that affects social tech specifically.

1. The middle stage of development, from partly proven to established solutions, is underfunded

Amongst both social organisations and funders, there was agreement that while there are a number of opportunities to access early stage social innovation funding - to come up with an initial idea and develop and test it - it is far more challenging to access the level and type of funding needed to move through the middle stages of development.

For social organisations, the following issues and perceptions were described:

- Once projects can no longer be considered "new", but are still not sufficiently proven to start delivering significant impact, there does not seem to be anywhere to take them for funding.

"We can't keep on pretending that our product is new... It's getting ridiculous."
Social organisation

"It is really a broken system that you can't get funding at the prototyping and development stage. If the idea and the person are credible then it all points to the fact it will go in a good direction, but funders want you to go away and do everything first and then ask for funding."
Social organisation

- Funders often seem to share longer-term development goals in theory, but the process of applying for and agreeing funding tends to reduce emphasis on those goals, whilst increasing short-term delivery.

"We had a great initial conversation about how we could work together to take our prototype service and make it good enough to be rolled out nationally. But, in the end, we just got pushed to add more and more deliverables and targets so that the Trustees would feel it was better value for money. The project was okay, but didn't help us move the service forward at all really."
Social organisation

- When funding is available for this middle stage, it tends to only move products, services and programmes a small way forward, which means that by the end of one cycle of design teams are already looking for the next grant.

Meanwhile, the workarounds described by social organisations are mostly limited, flawed or counter-productive:

- **Personal subsidies -** some products, services and programmes have made their way through these stages by the team members covering many of the costs personally. Personal subsidies are clearly only relevant for those with the means or circumstances, which is known to restrict access to entrepreneurialism more widely.

"I think if you are an early stage social enterprise that wants to put social impact at its heart and you're not personally wealthy then I don't think you'll be able to grow a business. The infrastructure isn't there. It's a lie to say it is."
Social organisation

- **An emphasis on commercial value -** there are several examples that, upon entering these phases of development, have effectively transitioned to a much more commercially attractive business model and, therefore, have been able to attract standard commercial investment. While making the commercial potential primary and attracting finance-value-focused investors may be right for some, it often dilutes and sometimes drowns the potential for profound impact.

- **Over-claiming -** many products, services and programmes - if not most - have had to claim that they are further developed than they really are in order to secure funding and commissions for delivery. This accumulation of deliverables is a major distraction from what should be a near exclusive focus on development.

Implications for social tech

The transition from an early social tech prototype to a fully optimised product often requires greater investment over a longer period of time. Not all technology products, services and programmes look like this, but the nature of software and hardware development tends to be more gradual, as products slowly acquire more stability, intricacy and scalability and use more specialist resource to do so. Similarly, the immediate social impact of these phases also tends to be lower, as these design and testing cycles normally only require modest numbers of test users.

This represents an understandable challenge for grant funders, who are essentially being asked for large amounts of money over a long period of time, with very few measurable outcomes and fairly high levels of risk.

When you add into this the relative immaturity of the social tech sector and the difficulties that social organisations face with tech skills and experience, we really shouldn't be surprised that this sustained periods of high risk, low impact design and development funding isn't forthcoming.

"We want to invest more in tech, but you have to understand that, from this side of the fence, things look pretty bleak. When we're being asked to put £200,000 into "build an app" projects from teams with no experience or track record, we can't take them to our Trustees... they would think we've gone mad. "
Grant funder

2. There is not enough collaboration between funders to support ongoing cycles of design through many stages

It is clear from discussions with both funders and social organisations that funding is mostly offered and accessed independently, based on separate relationships and application processes. While collaboration does take place regularly through, for example, informal networks and strategic funding partnerships the landscape feels, to those navigating it, like a series of distinct organisations acting on their own.

While Trusts and Foundations recognise this and many are actively exploring more opportunities for collaboration, they report significant barriers to change:

- There is a concern about any strategy or partnerships that might suggest a commitment to future funding or create dependencies.
- The value for money of grants is measured primarily by the measurable impact achieved during the funding period itself, so supporting an increase in the potential for greater impact,

which may then be realised through other funding, is harder to justify. This contrasts to commercial equity investment, where further investment is often the critical milestone for earlier investors in order to unlock returns and value.

- Trust and Foundation grants teams are - or feel - under-resourced already and partnerships and consortia are often perceived as adding to workload.

For social organisations this lack of collaboration has a number of practical and strategic implications. For example, social organisations report their difficulties in navigating a route through the landscape on their own, attempting to match their stage of development and outcomes with the independently stated requirements of different funders. This represents a significant waste of time for all social organisations and a particular barrier for those new to the sector.

"You don't know where to start looking for funds- you start on Google and asking friends, you find yourself on a directory and two weeks later you're half way down the directory doing silly things like emailing small charities asking for £500."
Social Organisation

"I have a Google spreadsheet with 150 institutions, but it's not at all clear who to contact when."
Social Organisation

Beyond the individual experiences of social organisations, this issue also increases the risks of significant funding gaps, including problems like the "missing middle" of funding described in Insight 1.

The hugely important work of 360 Giving is helping to address this by encouraging and facilitating open and standardised grant data. This increasingly detailed, accurate and transparent picture of grant giving will help the sector identify gaps. Currently, this is particularly relevant to gaps related to certain issues and geographic areas, but it provides the potential for the collection and analysis of data concerning investment at different stages of development.

Implications for social tech

Social tech products and services tend to work through a series of design sprints, consisting of a burst of development, followed by testing and then refinement based on what has been learnt. For all social tech teams, the ability to string these sprints together over a sustained period of time is reported as the most important factor for success.

Gaps in between funding are, therefore, particularly damaging, as they not only undermine the consistency and momentum required to make progress, but also make it harder to maintain tech teams that have often been difficult and expensive to recruit.

"We got £15,000 from one funder, which basically funded one and half design sprints, and then we all had to do other work for another month before we could do more work on the product. In the meantime we had lost one of our developers, who we know is going to be very difficult to replace."
Social organisation

The kind of eco-system of investment that exists, for example, in Silicon Valley for commercial technology ventures, where different sources of capital exist at different stages of development, based on common indicators of progress, would be hugely valuable for the whole social sector and particularly important for social tech products and services. The strategic alignment of funding that would support the deliberate "picking up and dropping off" by funders[1], was regarded as potentially very valuable.

" If we're at one stage of development it'd be hugely useful to know where we'll be in a year, which funders we should be talking to and what our relationship with the funders should look like at that stage. It would be game changing for charities."
Social organisation

3. Most organisations do not feel that they have the right skills and experience for high quality design and development

Design and development represents a set of special skills and both social organisations and funders reported concerns about their current capacity as well as their ability to identify, recruit and manage this resource.

This is an area where the differences between the resources required to design and develop social tech projects and those required for no or low tech projects are more pronounced. While skills such as user research and service design play an important role in developing and improving all projects, expertise in more tech-specific areas such as user experience (UX) design and engineering are, arguably, even more specialist, in demand and expensive and require more experienced management resource to identify and manage.

"We found someone who was supposed to do the UX, but I didn't know what I was doing because I'd never developed an app before. I found someone who said he did UX who said he could make me a pixel perfect wireframe which I could then take to a developer. He turned up to one meeting and then completely didn't deliver."
Social Organisation

This skills gap is partly a reflection of the issues related to the funding landscape raised in Insight 1 & 2. Specialist design and development resources, within and outside of social tech, represent high additional costs for activities whose primary value is not the delivery of immediate impact.

However, perhaps the cultural issues are more important here. When speaking to social organisations, it was clear that outside of social tech, specialist design and development skills were often not regarded as important. Most social organisations had never used specialist design and development resources, within their team or through external partnerships, to create new products, services or programmes or improve existing ones. It was assumed that team members with experience in strategy, fundraising or delivery could come up with good ideas, develop value propositions, test or

[1] See Stanhope, N. (2015) The Question That Tech-for-Good Funding Should Care Most About

pilot prototypes and roll them out. However, none of the organisations that we met had or would embark on a social tech project without specialist internal or external resource.

Within funders, this same issue is clear. While very few Trusts and Foundations reported a gap in the experience required to assess and support design and development objectives in low or no tech proposals, many were not confident that they had the expertise to assess and support these kinds of activities within social technology proposals.

This points to a wider issue that underpins much of this report - the degree to which design and development skills and expertise are valued within the sector. This sounds like the kind of thing that a social design organisation would say! But, this is an area that Shift also struggles to get right - we can rarely afford or find all of the design and development resources that our teams need. So it is with considerable empathy that we make this point.

It is also important to note that, as part of our discussions, we consistently identified unfulfilled ambitions for improvement and innovation of products, services and programmes, which had been drowned out by the immediate needs of survival and delivery. With more space, time and resources to consider how products, services and programmes could be improved, it seems likely that organisations would put more value in design and development skills and expertise across everything they do.

Implications for social tech

The implications for social tech products and services of a gap in technology-based skills and experience within both social organisations and funders are significant.

Social organisations of all sizes, from large charities looking to better leverage technology to small social tech startups, reported tech capacity as a major problem. The Charity Digital Skills Report does a much more thorough job of investigating and illustrating this issue and reveals, for example, that 57% of charity CEO's cite a lack of skills as the biggest barrier to getting more from digital.

It was also disappointing to hear so many stories of failed technology partnerships from social organisations.

"We didn't have the technical knowledge or experience to select the right partner and we were pretty much duped. We're now in a situation where we have to either continue to receive a terrible service, pay out a massive fee to extricate ourselves or go to court."
Social organisation

"We worked with a good digital agency to spec and build a prototype, but after we ran out of funding we couldn't work with them anymore and we didn't have the skills internally to maintain it while we waited to try and get more support. The whole thing ran out of steam, unfortunately. I think we should really have focused on building up in-house resource from the start."
Social organisation

These issues of capacity and confidence clearly affect not just the ability of social organisations to design and develop successful social tech products and services, but also their ability to plan, propose and secure the required investment for such projects.

Trusts and Foundations reflected this concern about the quality of social tech proposals and also reported feeling ill-equipped to assess the validity of social tech proposals both at application stage (does the world need this? is it feasible?) and once the grant was given (is this good progress? are these usual setbacks?). Funders were also concerned that their lack of knowledge meant they could offer less support to teams working on technology projects. This lower confidence reduces the appetite of funders to invest in social tech projects.

Given what we know about the often higher risk profile of tech design and development (more expensive resource, longer periods of low / no impact etc), this all combines to make accessing the required support extremely challenging.

4. The process of securing grants is currently very inefficient for those seeking funding for design and development phases

One of Shift's original motivations for this project was our own experience of starting to generate equity investment for our startup ventures, alongside continued efforts to secure grant funding into the Shift Foundation. For us, this has been a transformative experience for the whole organisation, increasing the rigour and discipline with which we approach pretty much everything.

Let's briefly compare the process of securing capital through grant funding and from commercial or impact investors:

Grant funding

- You identify a series of funders that may support the development of your product, service or programme and find, for example, 20 potential funders.
- You research the criteria and process for each individually and narrow your focus (e.g. 10).
- For each funder, you often work through 3 stages of an application: a stage 1 eligibility. proposal, a stage 2 proposal and a series of questions and clarifications
- At each stage and for each funder you articulate your value proposition in a different way, responding to a) the different questions and format of these processes and b) the different criteria and priorities of these funders; regularly, funders will ask for you to share core documents, such as a business plan, to your application.
- After each submission, you wait one to six months for a response.
- After each submission, you mostly receive a straight yes or no. Occasionally, you'll receive generic feedback and, very occasionally, receive feedback that helps you learn and improve your proposition.

Commercial or impact investment

- You build a list of potential investors, through networking and pitching events, investor networks, brokering organisations etc.
- You develop a strong set of core proposition documents, such as:
    - A brief proposition summary (e.g. 2 sides, 5 slides)
    - A business plan presentation (e.g. for 30 min discussion)
    - A business plan
    - An investment proposition
- When exploring opportunities, you share your brief proposition summary very widely - in person, by email, through contacts etc.
- Uninterested investors may just give an immediate no or, they will provide specific feedback on a component of the proposition that put them off. Crucially, this feedback will be used not just to improve the proposition materials, but the proposition itself, meaning that, in many cases, these interactions add to your ability to secure further investment and develop a great product or service.
- Interested investors will, normally, request more of your existing proposition materials stage by stage and only ask for information that needs to be newly generated if they are serious about potential investment.

It is not a surprise that, for teams looking for capital that is focused on design, development and progress towards long-term goals, one process is considerably more efficient than the other. The commercial investment process has been built around these development and growth needs, which both team and investor share. The grant funding process has not, leaving teams to respond to the immediate criteria and priorities of a particular fund, whilst also attempting to meet a variety of development needs, with these two requirements sometimes not aligning.

There are several apparent consequences from this approach for all social organisations and types of product, service and programme:

- **It wastes a lot of time -** not just because every grant proposal represents a new piece of work, but also because very little, if anything, is learnt from each process, so the same mistakes are repeated each time
- **It restricts collaboration between funders, impact investors and commissioners -** who could more easily be invited to input into assessment, give and receive recommendations and, crucially, act as an eco-system of capital
- **It discourages business planning -** the number of social organisations which don't have any sort of business plan or roadmap for their core products, services and programmes was very worrying. One reason, surely, is that they're never asked for them by funders, who instead encourage form filling.

Implications for social tech

Any product, service or programme that seeks funding to make progress along a roadmap, rather than for pure delivery, is disadvantaged by this process. As they seek to bring partners together around a vision and a business plan, they are pulled in different directions by the process and the promises they must make to get some of the resources they need.

So, in most ways, social tech products and services sit alongside many others with longer-term objectives. However, for all of the reasons described above, they tend to be even more vulnerable to the delays and distractions of this process.

5. The traditional structure and nature of funding partnerships is often ill-suited to design and development

Throughout the discussions we repeatedly heard from social organisations that there is a tension between the dominant structure for providing grant funding and the kind of design and development process that they would like to work through. Specifically, one issue was consistently raised and discussed:

- The vast majority of grant funding emphasises delivery (i.e. immediate, measurable impact), rather than development (i.e. learning and improvement that increases the quality and potential of the product, service or programme).

And one further issue was common in our conversations:

- After outputs, outcomes and plans have been laid out in proposals and agreed, they are regarded as set in stone and can't be updated based on learning.

These issues are complex and multifaceted and, within this work, we do not claim to have understood or reflected all of them, but here are what we see as the seven most compelling drivers of this tension between delivery and development:

1. Most Trusts and Foundations assess whether a grant represents good value for money based on the immediate and measurable impact proposed or achieved.

2. Investing in an increase in the potential for future impact is regarded as both harder to measure, less tangible and harder to justify to funding committees and Trustees.

3. The sector does not have common metrics or shared methods for tracking progress and impact outside of direct reporting during funding relationships, which means that funders find it difficult to track or report on the ongoing impact of previously funded activities.

4. Learning and evaluation have traditionally been regarded as end-of-programme activities by both funders and social organisations, rather than ongoing, integrated activities that support continuous improvements.

5. The internal structures within Trusts and Foundations can often restrict the potential of grantees to learn and adapt during the funding period, as grant teams can only agree modest changes without going back to funding committees or trustee meetings.

6. Many Trusts and Foundations regard support for design and development as a different form of support from delivery funding, and so should be provided separately through forms such as:
    - Non-financial, *funding-plus* support
    - Innovation funding programmes or competitions
    - Organisational capacity and development investment

7. Some funders and social organisations report low levels of trust within their relationships. For example, some funders struggle to trust social organisations to use money for the proposed purpose unless specific outcomes, outputs and plans are agreed and stuck to (mainly based on a lack empathy for the challenges they face). Meanwhile, some social organisations don't have any confidence that funders will respond positively to proposed changes during the funding period and sometimes "go through the motions" of reporting against initial plans (when, in fact, funders report being very open to changes).

"If you set the outputs upfront and the team finds that they need to do something different, like make a change based on what the users want, then they risks losing the money, so you're incentivised to lie."
Design organisation/Accelerator

Implications for social tech

There are a wide range of issues here, but they converge on this relationships between delivery and development, between short-term outcomes and longer-term objectives. Social tech products and services need to spend more time than most others focusing on long-term objectives, during which time they are able to deliver fewer short-term outcomes than most others. This puts them at a particular disadvantage.

Recommendations

We have aimed to make these recommendations as specific, concise and practical as possible. Most are based on existing best practice and we provide examples where we can. This is so that, as far as possible, they can be picked up and applied by social organisations and funders that feel they are relevant.

Inevitably, they make assumptions about what organisations are already doing, what resource is available and the ways in which they may need to be adapted or rethought to be put into practice. So, to follow our own recommendations, we want to learn from how they might be used, or are already being used, and we want to reflect these in regular updates. If you find yourself shouting "we already do this" or "that's impossible" or, hopefully, jotting down ideas for tomorrow's team meeting, we would love to hear about it, via comments on this document, or via an email to naomi.stoll@shiftdesign.org.uk.

Finally, this section concludes with the introduction of a model that we have developed, called Progressively, in response to what we have heard and in order to help translate some of these recommendations into practice. Where it's relevant in this report we make explicit reference to Progressively.

Recommendations for funders

1. Treat social tech differently (when it should be)

For proposals that contain significant investment in the development or adaption of software (like a game, an app or an internet browser) or hardware (such as a tablet or earphones), this means that the organisation intends to build or adapt something complex, that will take more specialist skills, more time and more investment than projects that do not intend to build something complex.

As part of understanding the application, building a relationship with the team, refining the proposal and planning and delivering the product or service, we recommend the following:

Support assessments of existing technology
With an extraordinary range of existing tools, services and modules available, teams should be able to make a strong case for why significant new development is required. Ideally, this will be covered in proposals in a way that a non-tech savvy grants officer can understand. But to do that well takes time and resource. So, if the team meet other requirements, but have not convinced you that it won't duplicate or miss opportunities to leverage existing tech, consider providing a small grant (e.g. £2,000) and, if necessary, some expert support to undertake a rapid evaluation of existing technologies. This should be structured to encourage (but not contrive) the identification of relevant existing technology, which could be leveraged within early testing or later distribution.

Be obsessive about skills and experience
If social organisations report tech capacity as their biggest hurdle to planning, designing and developing social tech, then this is obviously something that funders need to be very aware of as a risk. Best practice would suggest that there are two main approaches to this:

1. **Design and development capacity within the team:** This reduces risks but also raises the bar by requiring that there is an identifiable product team that has the right type and level of tech skills and experience for design and delivery.

Case study

NOMINET TRUST

When assessing proposals, Nominet Trust have specific criteria around the team's digital and development capacity. They only fund teams with in-house tech skills, feeling that external agencies can slow down and dilute the "build, test, learn" cycle, and they want to see evidence of a team's ability to work "on the ground" with users as part of this testing process. Nominet

Trust also ask to see how social, user and financial value will be generated within the grant period.

2. **A well-structured agency partnership**: We heard a lot of worrying stories, but these partnerships can work as long as either a) there is sufficient skill and experience within the permanent team to identify and manage resource and facilitate a smooth transition to internal or further external development b) there is shared responsibility and ownership of the product, which increases the chances of sustainability.

Case study

CAST

Integrating the best digital/design approaches within established charities is hard as the practices, cultures and decision making processes can be very different. CAST works to fuse a design approach with the traditional working practices of the charity they are working with by acting as an 'innovation intermediary' - providing a trusted 'insurance' to charities and funders, whilst providing the space for digital teams to follow best-practice in digital development. Critically, this integration focuses on building charities' confidence and skills in working with digital partners, and developing their capacity to continue to work using user-led, test-driven approaches.

Get confident enough to be trusting and flexible
Confidence and trust can't come for free, which is why the above areas are important, but when they are in place, trust and flexibility are critical to successful design and development phases. Try and agree a combination of a) outcomes b) process and c) milestones, rather than outputs and specifications. Expect and encourage changes. Build in, as far as possible, points at which the team is invited to share learning, progress and updated plans.

Build in low levels of short-term impact
During the early and middle phases of design and delivery, which may go on for a significant period of time, the level of impact and number of beneficiaries should be informed by what is best for pushing the product forward. How many users are needed for prototype testing? How many participants are required in an early impact trial? Don't encourage inflation of numbers.

Ensure that the end of funding milestone is populated
We know that gaps between design and development cycles are very damaging for social tech products and services - they lose momentum, resource and, sometimes, simply fold. As long as sufficient progress is being made, funders should be as active as they can be in helping to populate the next cycle of design. At its best, this brings potential funders, investors, commissioners or customers around the table to feedback and line up opportunities. At least, it's about asking the question of teams and making sure that their answer gets more and more robust and detailed.

2. Don't treat social tech differently (when it shouldn't be)

Solutions are rarely either totally tech-based or totally non-tech, most sit somewhere in the middle. There are clearly barriers to using tech - access requires more than an accessible website and inclusion requires more than free apps - but there is an argument that more social solutions should have some form of tech in them. Work from organisations like Good Things Foundation demonstrate how to get less traditional tech-users online with their combination of software and community support. In amongst the experiences and activities of participants, staff, volunteers, delivery partners, evaluators and others, technology could very likely play a positive role to increase engagement and access, reduce costs and inefficiencies or improve measurement.

So, we recommend that the following approaches, which *could* be applied exclusively to projects defined by their use of technology, *should* be applied to pretty much every project:

Invite all applicants to explore the role of technology
Regard technology as a likely component of every proposed project and invite organisations to specifically identify where they will explore and leverage its role. A conclusion that it has no role wouldn't be a negative reflection on the team, of course, and its consideration will have likely helped in other ways. Work with other funders and organisations such as CAST and NCVO to build up examples of the role of technology across different areas of projects, within different types of organisations.

Take every opportunity to build up technology skills and confidence
Support the development of the culture and capacity that allows the questions of technology use to be asked easily and eagerly. Build on the progress programmes such as CAST's Fuse and Digital Fellowship. Consider providing more support for the application of technology through grant-plus activities.

Help organisations apply best practice from social tech design in every project
Value and invest in the skills, process and environment that support successful innovation and improvement in every project, not just those with the development of complex technology. Invite and encourage organisations to identify how they can improve and what they need to do so and how they can work through cycles of design, testing and learning. (And take a look at more specific recommendations below).

Avoid encouraging organisations to write tech into the solution before they understand the problem
We met too many organisations through this project that probably shouldn't have taken a tech-first approach, but had done so because tech innovation funds had encouraged them to do just that. These kinds of funds can be designed very well, but they risk inviting organisations to use what may be a narrow understanding of the role of technology (e.g. mobile apps and websites) as a starting point for designing new projects.

3. Support different forms of innovation

Coming up with new ideas for new projects is valuable and exciting, but we sense from this project that there is an over-emphasis on this form of innovation. A common response to an innovation fund, for example, is for an organisation to come together (often with 3 days to go until the funding deadline) and think about ideas for new projects in a particular area, which they may or may not really work in (social tech, young people, open data etc).

As well as this *blank sheet* innovation, there are three other forms of innovation taking place within the sector that we feel are at least as valuable and, if encouraged, could support more effective innovation within social tech and beyond:

Encourage innovation within an established product, service or programme
There are no end of products, services and programmes within the social sector which are operating sustainably at significant scale but which would benefit significantly from innovation: a fundamental rethink; the redesign of certain components; innovation in certain key areas, such as business models or evaluation; or the development of new features and associated services. Consider developing partnerships specifically with this aim in mind.

Case study

Parkinson's and me

Parkinson's UK provide information and support to those suffering from the disease. They felt, however, that they could provide a better service to those newly diagnosed and joined the Fuse programme by CAST to develop a solution. The result was a digital signposting tool, now called Parkinson's and Me that connects newly diagnosed people to the charity's existing information and support services

Case study

Alexandra Rose Charities

The charity Alexander Rose provides 250 low income families with fruit and vegetable vouchers for local food markets. The Tech for Good fund by Comic Relief and the Paul Hamlyn Foundation supported a process of design and improvement, making these vouchers digital, and solving the pain point of lengthy administration and payment to the food market vendors.

Support the transfer of existing solutions to new contexts
This is an approach much appreciated and encouraged by Geoff Mulgan at Nesta. It can become more common by supporting pre-concept investigation and exploration, which builds an understanding of existing provision and experiences, and witnesses or tests existing solutions.

Encourage plans that seek to leverage what has been found to work, through partnerships, transfer of models or just plain copying (legally and fairly, of course!)

Case study

Since the 1940s, every pregnant woman in Finland has received a baby box from the government containing baby products including clothes, nappies and bedding. The box can then be used as a crib. This idea has caught on internationally, with boxes being given out by health providers in the UK, Canada and India, and public health startups adopting the idea e.g. Barakat Bundle in South Asia and Action Hero Ventures who deliver the Thala Baba Box in South Africa.

Case study

FixMyStreet

Fixmystreet is a map-based website and app built by the social enterprise mySociety that lets a citizen report local issues (potholes, broken streetlamps) directly to the relevant council. The site matches the user's postcode and category of the problem to send it to the correct local authority and department. The site inspired other international examples such as in Canada, Korea and Holland.

Invest in an innovation process within an organisation rather than an innovative idea
As well as improving the quality of new concepts and reducing the risk of duplication, when these processes are structured and delivered well, they also tend to generate insights, data and opportunities that are more widely valuable and useful.

Case study

Innovate UK Design Council

The Design Council in partnership with Innovate UK ran the Independence Matters Challenge, asking teams of designers, industry partners, service providers and third-sector organisations to propose how they would tackle problems associated with independence in people aged over 65. Those who got through the first round of applications were given £5000 for further research into the area and refinement of their concepts. The seven final projects developed their services to proof of concept or early stages of operation by the end of the six-month programme.

4. Look for opportunities to assess projects based on their own proposition materials

This represents one of those oft-discussed, rarely practiced approaches that one funder described as the "holy grail that we have never cracked." It has never been cracked - and probably never will be for many types of funded activity - because of the vast range of projects brought to funders. We attempt to take on at least some of that complexity within these recommendations.

Identify funding programmes where you want to support longer-term development objectives
Big Lottery Fund and Nesta's Accelerating Ideas programme, Nominet Trust's Digital Reach programme and Google.org's Global Impact Challenges are all examples of explicit efforts to identify and support products, services and programmes. Where these kinds of funds exist, they represent an opportunity to explore the role of core proposition documents as part of the application process - value propositions, business plans, roadmaps etc.

Identify what represents generic information and what is grant specific
From our experience, there are three types of information requested by or relevant to funding proposals:

a) **Organisational -** including legal status, governance, accounts, organisation structure, organisation strategy etc.
b) **Product, service or programme related -** including value proposition, business plan, roadmap, team etc.
c) **Project -** the specific activities, deliverables and outcomes proposed and the resources, budget and schedule planned to support them

Organisational and product, service or programme related material is generic and should (or could, if encouraged and incentivised) be contained in concise, high quality and regularly updated core documents.

Consider making an initial assessment of projects via generic materials
We realise that this is not straightforward and there are caveats galore here. But, for relevant types of funding, such as the programmes described above, funders could invite the submission of a basic value proposition or business plan summary to consider relevance and potential.

Support the development of core proposition materials
One of the obvious challenges for this approach is that many organisations, even when they have clearly identifiable products, services and programmes with long-term development objectives, don't have the materials to match. Support for development of these materials, via dedicated business

planning funding and expertise, would equip organisations with valuable assets and the skills and experience to update them.

Case study

GUY'S & ST THOMAS' CHARITY

Guy's and St Thomas' Charity is currently designing a new flexible funding model. The approach includes being responsive to social organisations' needs at each stage of their development, making full use of the continuum from grants to investment, and drawing on user-centred design principles to improve the funder dynamic. As part of this model, they are moving to a 'no application form' funding process where organisations will submit their own business plan and proposition materials rather than having to complete set application questions. This new approach is in development and launches in 2018.

5. Move towards an ecosystem of funding and investment

In conversations about this potential recommendation, we had a couple of "oh, good luck with that" responses but also an awful lot of cries of "if only". To keep things rooted in what is achievable, we try to draw on existing examples of best practice for each of these.

Identify what stage of development you fund at
Using the three stages of development laid out in our Progressively model or something similar, have an internal discussion about how your current funds align (or don't). We undertook this exercise with the consortium of partners on this project and the results were very interesting (*Appendix 1: Who's funding at each stage? An indicative map*). Some funders, such as Paul Hamlyn Foundation, specifically organise some funds via developmental stage, while others could make rough estimates of alignment.

The most interesting question that this surfaced, with these partners and several others, was whether funding with a strong focus on delivery was designed to fund products, services and programmes that are proven and consistent (e.g. stage 3 in the Progressively model), but, was actually mainly funding things that were less established and stable.

Consider stage or milestone specific funding rather than issue specific funding
There are a lot of clear advantages when funders focus on specific social issues or specific audiences. They can develop expertise on need, existing provision, routes to market, for example, and can generate more knowledge sharing amongst funded organisations. However, if issue-specific funding is continuously prioritised over development-stage funding it will compound the challenges faced by products, services and programmes with long-term objectives.

Funders could consider, instead, developing expertise and experience funding at different stages of development. The benefits would be no less significant and, by doing it openly and collaboratively, it would encourage the emergence of an ecosystem of funding and investment that was navigable by those with long-term objectives.

Case study

The Paul Hamlyn Foundation have three types of grant for three distinct phases of development. The Ideas and Pioneers Fund is for early stage ideas, helping a team move from concept to set up. Explore and Test Grants are designed to support organisations within certain issue areas to test, pilot and evaluate new approaches or if the project is slightly more developed, to gather evidence about its potential for making a difference. Finally, More and Better Grants are for solutions that have good initial evidence of their positive impact, with the grant supporting the team to increase impact and contribute to the wider evidence-base of the sector.

Work in partnership to fund adjacent stages of development

These kinds of partnerships make social organisations with long-term ambitions for their products, services and programmes giddy with excitement (really). Funders, impact investors and commissioners working together to identify and support great solutions through to profound impact at scale happens occasionally and really should happen much more.

Case study

The Joseph Rowntree Foundation and Big Society Capital took a sector-wide approach to tackling the issue of the poverty premium. They have created a social investment fund Fair by design and populated each stage of the development journey with grant funders and investors, helping those ventures working to eliminate the poverty premium easily progress to further funding, and giving them the greatest chance of reaching full scale and impact.

Case study

Transform Ageing is a programme that brings together older people, social entrepreneurs and commissioners of health and care services to develop solutions that better support people in later life. By including commissioners in the design process, the entrepreneurs can ensure they are meeting the commissioners needs and increase the chance of commissions. Transform Ageing is Funded by Big Lottery and run by Unltd in partnership with the Design Council, the South West Academic Health Science Network and the Centre for Ageing Better.

Case study

In East London, the Borough of Hackney, Hackney CCG and The City of London Corporation and have merged their budgets and operations to form an Integrated Commissioning Programme. As well as allowing them to tackle cross-cutting social issues more effectively, it allows them to pool innovation funding and support innovation of ventures that are then in a good position to be commissioned by the CCG and council.

Fund towards recognised milestones
This often overlaps with the above form of partnership funding, but deserves to be highlighted separately. It is, of course, a limited approach until more of an ecosystem develops, based on more widely recognised phases and milestones of development. However, where these already exist, such as investment-readiness or working towards certain standards of evidence.

Case study

The Reach Fund from Access – The Foundation for Social Investment is given to charities or social enterprises that need some support before a Social Investor would be willing to provide a loan. The application process for the Reach Fund asks social organisations to produce an investment readiness plan, and if successful they are funded to carry out the plan. They are then in a far stronger position to revisit the social investor to discuss borrowing options.

Case study

The Education Endowment Foundation (EEF) and the Royal Society of Arts (RSA) created the Learning about Culture programme that provided grants to five organisations to deliver cultural learning projects within 40 - 50 schools each, with the fund also commissioning independent evaluators to carry out Randomised Control Trials of each project to assess their impact.

Applicants for the project had to demonstrate that they had capacity to deliver at the required scale, evidence for why they felt the intervention would have impact and be willing to be independently evaluated.

Recommendations for social organisations

6. Be open about where you are and what you need with funders

We've been struck throughout this project by the gap between social organisation's perceptions of how funders think and operate by social organisations and how they actually do. We absolutely can't speak for Trusts and Foundations - not even for those in this consortium - but the impression we get is that most funders want the unfiltered version of your product, service or programme. They want to know your core value proposition, where you feel you are in terms of development, what your capacity for impact is and where you want to go next. They want to know about challenges and failures, they are interested in what you've learnt and where you've improved.

Create high quality, honest value proposition and business plan materials
Start, if you haven't already, building up a set of core materials for your product, service or programme, such as:

- A brief value proposition summary (e.g. 2 sides, 5 slides)
- A business plan presentation (e.g. for 30 min discussion)
- A business plan

The internal value of this process is enormous: it demands clarity and focus; it begets collaboration, with your team, board, partners and key stakeholders; it acts as a repository for learning about your potential value.

The more that social organisations create, update and value these kinds of materials, the more that funders will ask for them and use them to assess potential.

7. Go back to funders with learning and proposed changes

Some funders create an open, flexible and ongoing channel of communication, while others try to restrict interactions to formal reporting - sometimes only at the end of a funding period. But we believe that social organisations should push funders in this area where possible, particularly on projects that involve significant design and development, such as social tech projects. Maybe you will be ignored or even rebuffed by funders when you share what has been learnt and how you would like to adapt your plans, but from what we've heard, we feel that this will be rare.

Recommendation for funders and social organisations

8. Plan, support and measure progress and improvement more explicitly

If we want to give projects with long-term development goals - and particularly those whose potential impact takes longer to unlock, such as social tech products and services - the best chance of reaching their potential, we have to be able to make improvement as tangible and measurable an outcome as short-term impact on beneficiaries. We have to be able to diagnose current levels of development, plan progress, track improvement while it is happening and track the impact of improvement after it has happened. We have to be able to move improvement from a fuzzy, background concept to a concrete priority.

Diagnose current stage of development
Funders can invite a diagnosis of the current stage of development or social organisations can offer it within their proposals, and they could use existing frameworks like Nesta's Standards of Evidence or our new Progressively model or their own spectrums of progress. Regardless, we believe that an honest opening diagnosis of products, services and programmes will unlock a different kind of conversation and partnership, which values and invests more in design and development.

Discuss and agree measurable development objectives
Based on this diagnosis, social organisations can work independently or with funders to plot a series of milestones of development. There are many way of structuring and framing these milestones. At Shift, for example, every product going through the early or middle stages of development - or continuing to take investment in the latter stages - is planning for at least three forthcoming milestones at any one time:

1. **An end of runway milestone -** the point at which current funding or investment runs out
2. **A funding/investment push milestone -** the point sufficiently before this when a compelling proposition and a network of potential funders and investors needs to be in place
3. **A horizon milestone -** the point beyond the end of runway milestone that represents significant progress or a major transition, which is used to bring potential funders or investors together around a specific ambition

Align delivery objectives with these development objectives
It is common for development objectives, even if they are shared in principle, to be drowned out by delivery objectives. To enable a realistic balance to be found between development and delivery objectives there should be open conversations about a) the capacity and evidence in place to inform delivery targets and b) the current stage of development and long-term development objectives.

Explore ways of tracking progress beyond specific funding partnerships
Cleverer and more experienced people than us have been thinking about this for some time and there is no easy solution. But the ambition is clear and shared by many: to track the progress of products, services and programmes and, more widely, of organisations, via common metrics, both through and beyond funding partnerships. The challenge is, of course, none of the prerequisites currently exist: common measures of progress (i.e. equivalent to investment and revenue for

commercial companies); methods of capturing relevant data outside of formal reporting within funding partnerships (i.e. that aren't too expensive and clunky). However, here are three potential ways in:

- **Invest in tracking specific cohorts of grantees beyond funding -** generate some data, learn a lot, iterate a more efficient method and try again; if several funders did this, we would make progress pretty quickly
- **Explore an alumni model -** by collecting as much information as possible about their alumni, universities are able to complement short-term value measures (i.e. degree results) with an assumed contribution to longer-term success
- **Find proxies for progress -** Paul Hamlyn Foundation report that over a quarter of the visual artists receiving the Paul Hamlyn *Awards for Artists* between 2001 and now have gone on to be nominated for the Turner Prize.. Although you can't prove one led to the other this data still acts as a really useful proxy for long-term development.

Introducing Progressively

The Progressively model aims to help products, services and programmes make their way towards deep and lasting impact, both within and beyond social technology.

It has been developed as a response to the insights and recommendations in this report and it is made up of:

- 3 standard stages of development for impact focused products, services and programmes:
    - Developing a valid concept
    - Establishing a proven solution
    - Delivering and deepening impact
- 5 common areas of progress through these 3 stages:
    - Solution - the product, service or programme
    - Social value - the capacity to deliver impact
    - User value - the capacity to meet the needs of target users
    - Financial value - the capacity to generate sustainable revenue
    - Team - the people behind the solution
- Indicative descriptions of ways to make progress and end-of-stage milestones, for each stage and across each area of progress

And it has been developed based on the following use cases:

Funders could use the model to...

- Inform funding strategy - prompting discussions about the challenges, opportunities, risks of funding at each stage

- Track and evidence progress - in all five areas of development

- Inform what type of support is offered to grantees at what time - Identifying which stage of development a solution is at helps funders provide stage- appropriate support.

- Encourage sector-wide collaboration - by identifying who funds at which stage(s). This helps identify other funders who could continue funding grantees, and highlights funding gaps.

- Help streamline application processes - the model provides a common framework around which funders could align application criteria.

Social organisations could use the model to...

- Identify next steps - with teams using the model as a diagnostic to assess strengths, weaknesses and where they need to focus next.

- Find appropriate funding - If funding was categorised by development stages it would make it easier for social organisations to identify which they would be eligible for.

- Suggest grant goals - Social organisations and funders could use the model to set stage-appropriate development goals that are in line with the goals of social organisation.

- Facilitate conversations with funders about project changes and failures - by acknowledging change as a key part of the development process

To use our own model to assess the stage of development of the model (!), Progressively is just at the end of Stage one. Its an early beta site, which has emerged from the needs of ourselves and others, drawn on existing best practice in the social and commercial sectors and has been through multiple rapid design cycles, involving loads of co-design activities and basic testing.

We're very keen to hear what you think about the model and how it can be used, improved and adapted to add value to the work of both social organisations and funders.

progressively.org.uk

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Design Council
Dot Everyone
Easy Peasy
Esmee Fairbairn
Funding Network
Give Vision
Good Things Foundation
Growing Support
Guys and St Thomas' Charity
Hackney Council
Heritage Lottery Fund
Hire Hand
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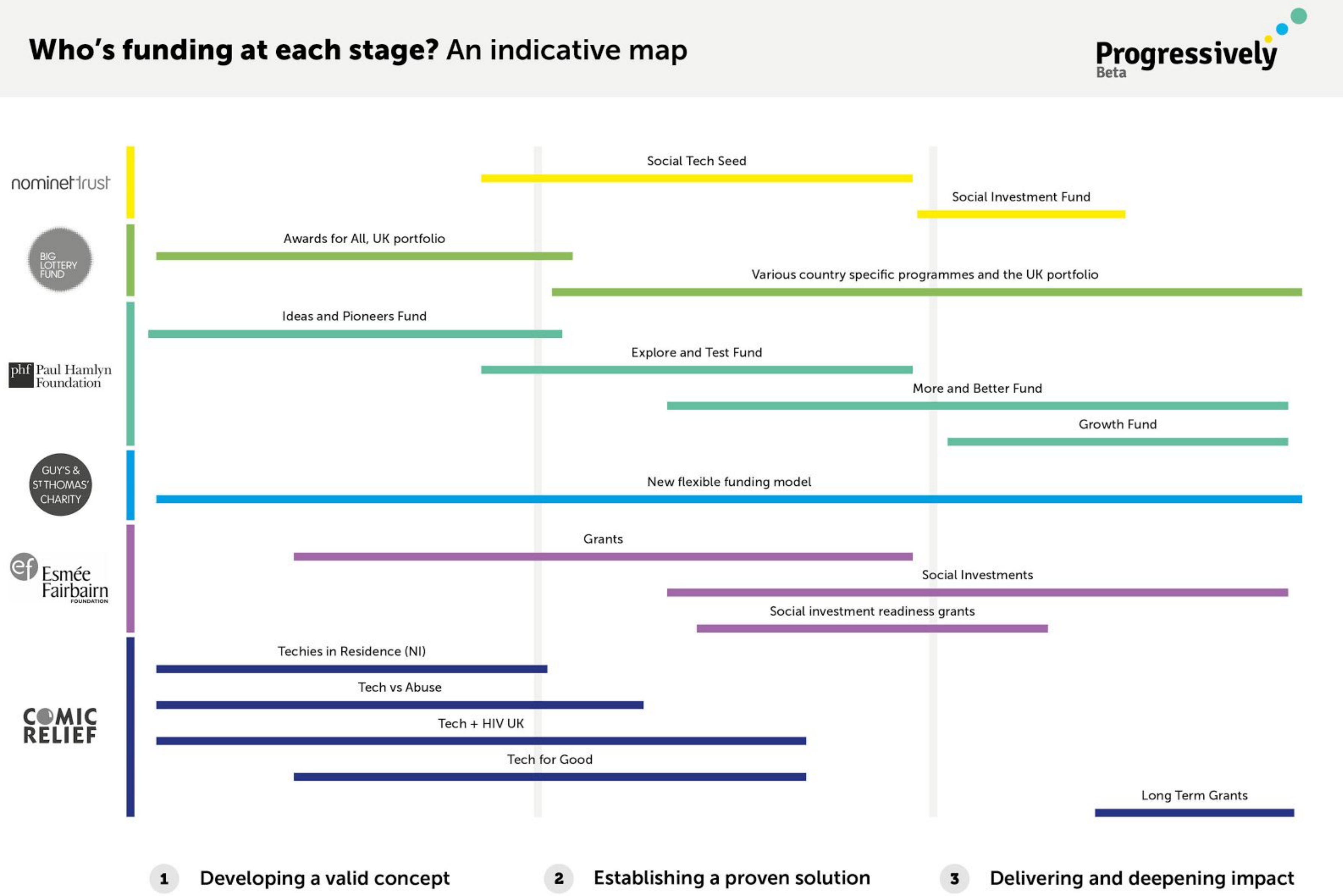
Year Here

And thanks to the numerous other organisations consulted more informally through conversations, workshops and events.

Appendices

Appendix 1:

Who's funding at each stage? An indicative map



Appendix 2: Development in specific sectors

To illustrate the different challenges faced by different sectors, and where the recommendations could be useful in these contexts, we interviewed individuals and social organisations innovating two different sectors: health tech and co-created community projects. Below we present a summary of the specific challenges these sectors face and highlight how the most relevant recommendations from this report could be used to address them.

Example 1: Development of health tech

The cost of providing health care is rapidly increasing due to population growth, an increase in the range and costs of treatment options and also the ageing population. There are huge opportunities for tech innovation to play a role in reducing these spiraling costs and helping meet the health needs of the population through for example:

- Monitoring - e.g tracking symptoms
- Delivery of behavioural therapies e.g. Online CBT,
- Provision of high quality health information to patients e.g websites and personalised apps
- Hardware developments e.g. surgical implements

In spite of the opportunities in health tech, new concepts often struggle with funding or successful development. Some of the unique challenges to the sector are outlined below.

Challenges to developing Health Tech

1. Generating appropriate levels of evidence
Within the UK the NHS is a major purchaser of health care products and requires high standards of evidence, such as clinical trials which are time consuming, expensive and often complicated by strict data sharing policies around health data. Testing in this context often also relies on time-pressed health clinicians feeding back data.

Although debate has begun around the appropriateness of such high standards of evidence for tech, and health tech-specific standards of evidence have been developed (see NHS App Library, and NICE's Health App Briefings) there is still generally low confidence in evidence provided for some health tech products/ services. This lack of confidence makes it difficult for funders and commissioners to assess if a venture is worth purchasing/ investing in, and less investment results in less innovation within the sector.

2. Access to good user testing opportunities
To design a successful product there needs to be a clear understanding of who the customers are, and who the users are. In the NHS customers are often not the end users. For example, a CCG may purchase a product, doctors then have access to it and can prescribe it to a patient to use. In this scenario the customer and users all have different needs making it more difficult for a product to meet all of them.

Accessing users across the chain to understand their needs can be difficult. CCGs and doctors are notoriously busy, whilst there is also a challenge of accessing people from vulnerable populations and those in ill-health to speak to them about their needs.

3. Concerns around scaling up for delivery
The scale of the NHS and the number of "users" within the organisation is vast, making delivery of a service across the board a challenging task. This scale means that SMEs are rarely trusted to provide services due to worries about their capacity to deliver.

In some cases, for example when SMEs are developing specific types of healthtech such as software programmes, the scaling of the product may not be a challenge in itself. There are often, however, still doubts or worries in the sector about the support that an SME can provide along with the solution e.g. trouble-shooting support, and if it is sufficient to support a product or service working at scale within the NHS.

4. The resource-intensive commissioning process
The NHS dominates healthcare commissioning in the UK and finding an entry point into the system is difficult for many organisations. Even if there is interest in the product, the procurement process is complex, lengthy and resource intensive. The length of this process, coupled with high levels of evidence required (discussed above), leaves social organisations (both tech and non-tech) at risk of running out of funding.

The resource involved in commissioning and the current emphasis on cost-cutting in the NHS is also reducing openness to funding small scale innovation. Commissioners are able to procure a package of products from one (large) provider e.g. a suite of digital mental health services, for the same effort and time as commissioning a single new product to tackle a specific issue.

5. Exploring non-commissioned financial models that work with disadvantaged and vulnerable audiences
There has a been an explosion in the number of health tech products and services that are marketed to consumer directly however these tend to be geared towards those who can afford to buy them, an audience colloquially known as the *worried well*. Prices of these products usually mean disadvantaged members of the population can't afford them e.g. the *fitbit,* an activity tracker sold direct to consumers retails between £25 and £250.

It is more difficult to find sustainable business model for selling directly to more disadvantaged audiences who are often experiencing issues most acutely.

How the recommendations apply

Realistic and honest planning by the social organisation, supported by the funder (Recommendation 6), is key to approaching many of these challenges. This allows early identification and mitigation of potential issues, as well as helping the funder see when, where and what type of support could be of most use. For example, the challenge around generating appropriate evidence could be discussed at the start of the project, and expectations set accordingly. The challenges could also be managed through an early analysis of the evidence requirements, resulting in teams choosing outcomes metrics seen as valid by the NHS, or support being given by the funder e.g. a connection with an expert on evidence within healthcare. Open discussion and planning is also key to navigating user testing challenges, identifying in the early stages who the users are and how the relate to each other, and to helping build the team in a way that can meet delivery requirements if and when commissioned.

A move towards an ecosystem of funding and investment (Recommendation 5) would also help reduce some of these challenges. For example, having commissioners involved in the development process from early on through e.g. collaborative innovation funding means they can both shape the product and also plan for and support the potential procurement. Similarly, an ecosystem of funding and investment also makes it easier for social organisations to access different funding types at different points in their development e.g. a bridging loan may be needed when the product is developed and going through the lengthy commissioning process. Finally, within an ecosystem approach it could be easier for funders to identify and collaborate on those areas that are acknowledged as difficult to develop, in this case financial sustainability for products targeted at disadvantaged and vulnerable audiences. Particular funds could be created to tackle these issues, with funders both sharing the risk of failure and the learning.

Example 2: Co-produced community projects

There are clear advantages of developing products and services developed within the community in which they will be used including a grounding in the needs of the target users for the product/ service and established communication channels for the product/ service which both can be used to optimise the use and impact of the product or service. This approach, however, comes with its own development challenges, which are outlined below along with suggestions of where certain recommendations may be helpful to reduce some of these barriers.

Challenges to developing co-produced community projects

1. The breadth of the the first stage of development
Within co-produced community projects, engagement with the community is essential as the community holds both the potential delivery team and potential users. Building high levels of engagement is a time and resource intensive process involving trust-building between the initial team and community and identifying key "community navigators" that can mobilise people and create interest in the project. There isn't a "standard" approach to engaging communities, with approaches needing to vary from community to community, and even between time periods, making it difficult to budget for this stage of the project or put it into project plan.

2. Diverse team skills
To ensure sustainability of a co-produced community project, the capacity and skills of the team needs to be at a level that they can participate in running the project and eventually have the skills to run it independently. Within co-produced community projects, however, the team is partly or totally composed of members of the target community and consequently have very diverse skill base and may lack skills related to product/ service development and design. This results in substantial resource needing to be dedicated to upskilling the team. Within the community context there is also a practical

question of when the upskilling takes place, with many projects being run on a volunteer basis meaning there aren't "office hours" to run training, nor an office to run it in.

3. Funding is often topic specific whilst a co-production approach is often more holistic
Community projects don't fit tidily into traditional grant structures. Currently tenders tend to be put out to tackle specific problems e.g. for projects tackling obesity, or smoking, or gambling behaviour. The broad underlying factors contributing to all of these may be the same/ similar. Often these individual grants don't have have sufficient funding for deep engagement with the community or underlying issues they are experiencing.

4. Demonstrating the impact of preventative work
Co-produced projects with the community often create solutions that are preventative rather than dealing with acute issues. e.g. encouraging better health in the community rather than developing specialist surgeries. Outcomes for preventative work are harder to capture, requiring long-term and extensive measurement and resource to do this. With preventative work it is also harder to capture unintended consequences, which again requires resource.

How the recommendations apply

Collaboration between funders (Recommendation 5) is particularly appropriate for community co-produced projects with their lengthy but rich first stage that can be used as a starting point for tackling a range of different issues. For example, funders could pool budgets, giving projects more resource to complete the first phase and providing all funders with findings to use as a foundation for tackling different but related issues e.g. obesity, exercise and smoking.

The sector taking a more development-focused view of projects' progress (Recommendation 8) would also help, with funders recognising and being able to track both the short term impacts of the project e.g. the skills a person learns as part of the project, but also the foundations the project is building for future larger impact at a community level e.g. providing skills for a workforce that will run a social enterprise that can reach a population. This recognition and tracking of future impact may make it easier for funders to justify spending what can often feel like a large amounts of money, with limited immediate impact on the specific problem being tackled.

Finally, co-produced community projects often start by identifying the problem and co-creating a solution rather than starting with an idea which can then be developed. A change in the scope of innovation funding (Recommendation 3), particularly the funding of the innovation process rather than specific ideas, would provide more community projects to gain this funding, and also provide funding to build the communities skills in the design and development process, that can be applied to any project they do develop.