

Report to Social Enterprise Coalition. November 2010

Knowledge exchange among social entrepreneurs: a report by the Tomorrow Project.

1. In April 2010, the Tomorrow Project (TTP) agreed with the Social Enterprise Coalition (SEC) to undertake an exploratory study of the ways in which social entrepreneurs capture and make use of knowledge about good practice. This report sets out the background to the study, the main findings in relation to knowledge transfer, other issues that were raised during the course of the study and some suggestions as to how we could help the SEC to explore the latter.

Background to the study

2. The study was undertaken as part of a two-year programme of work on entrepreneurship by TTP in partnership with the Economic and Social Research Council (ESRC). The aim of the programme is to assist the transfer of social science research in this area by, in particular, creating opportunities for interaction between social science researches and practitioners.
3. This study was exploratory in nature. It was designed to examine some of the opportunities and barriers to the effective transfer of knowledge about good practice in social enterprise. The purpose was also to see whether there might be scope for further SEC/TTP joint work on the subject.
4. The study was undertaken mainly through interviews with people drawn from the following categories:
 - Knowledge management practitioners and consultants
 - Knowledge management academics
 - Business academics with expertise in social enterprise
 - Social entrepreneurs

Names were mostly suggested by SEC and 13 interviews were conducted between July and November.¹

Findings in relation to knowledge transfer

5. There can be little doubt about the importance of knowledge transfer among social entrepreneurs for the health and development of the sector. A useful way of understanding this importance is through complexity theory, which increasingly is

¹ Interviewees included David Brazier, Rob Donaldson, David Floyd, Lance Gardner, Rob Greenland, Dr Pamela Hartigan, Maria Irurita, Naomi Landeu, Prof. Fergus Lyon, Dr Alex Nicholls, Dave Snowden, Nick Temple, Alastair Wilson.

being found helpful as a means of making sense of an unpredictable and constantly changing world.

6. A helpful complexity model of social innovation in social enterprise describes four processes that overlap and are ongoing.²
- *Innovations* occur in response to the growing realisation that ‘business as usual’ will not resolve a pressing social problem or take advantage of new opportunities. These innovations typically involve the coming together of two or more people, who have a shared perspective (‘something must be done’) but bring different insights. Existing elements (eg. unemployed people, street sellers and a magazine) combine to create something new (the *Big Issue*).
 - *Positive feedback loops* amplify changes stimulated by the initial innovation. (The success of *Big Issue* in one city encourages it to be tried in another. Success there leads to a wider roll out. Social entrepreneurs then begin to ask whether the model could be applied to other contexts.) ‘Attractors’ – existing ways of doing things that attract people to the status quo – provide resistance to a new approach. But this resistance weakens as an innovation attracts growing support and becomes what is termed a ‘strange attractor’: it is strange because it is new, but it is also attracting support.
 - *Embedding* occurs as these strange attractors take root. They take root because at least to some extent they resonate with the existing culture (people read magazines and are used to buying newspapers on the street). They also take root because they are shown to work (homeless people benefit). As there is a shift toward the strange attractor, tension between old and new attractors may mount (conceivably, if the model spread, some existing magazines might feel threatened). In some situations, unless managed carefully, this tension can produce instability that, at the extreme, may feel as if the organisation or system is on the edge of chaos. An example would be the online sharing of music files and how this was perceived by established players in the music industry.
 - *Reconfiguration* results when there is a shift away from the old attractor(s) to the new on a sufficient scale for the system to take a new form. The music industry develops a new commercial model, based on selling music files online. This new ‘emergent’ form then begins to influence the older part of the industry. (Some new bands give away new releases and videos online in the hope of creating a following, who will generate revenue by attending live performances.)

² Jeffrey Goldstein, James K. Hazy & Joyce Silberstang, ‘A Complexity Science Model of Social Innovation in Social Enterprise’, *Journal of Social Entrepreneurship*, 1 (1), 2010, pp. 101-125.

7. Feedback is integral to this model of change, which can be applied to individual organisations or to larger social systems. A major component of feedback is the spread of good practice. This can be understood in the narrow sense of how specific tasks are undertaken (an employee attends a conference and feeds back that there is a better way of doing something) and in the broader sense of a new approach to tackling a problem (such as the *Big Issue*). So, whether it is the health of individual social enterprises or at the other extreme the sector's potential to help reframe capitalism, knowledge transfer is vital.
8. Knowledge transfer in the social enterprise sector occurs mainly in three ways:
 - Mentoring/coaching
 - Communities of practice
 - Informal arrangements

Mentoring/coaching

9. UnLtd, for example, provides mentoring as part of a package of financial and practical support given to social entrepreneurs in receipt of its Millennium Awards (paid for by a £100 million fund set up through a millennium lottery grant). A substantial research department gathers and systematises knowledge from social entrepreneurs and mentors, and encourages this knowledge to be shared. Another example, combining financial support and knowledge sharing, is the Prince's Trust's Enterprise Fellowship Programme.
10. Very different is the Micro Coaches programme, in which Micro Coach-trained business leaders and social entrepreneurs share their skills in one-off one-2-one three-hour sessions with those who want to learn. Individuals wanting to access a skill are matched online with those who have that skill to offer.
11. Mentoring/coaching allows knowledge to be transferred in a customised way at a time when the social entrepreneur needs it. Its bespoke nature is its great strength, but there are of course other forms of learning in which participants benefits by interacting in a group. The big disadvantage of mentoring/coaching is that it is relatively expensive, many social entrepreneurs cannot afford it (especially in the early stages) and the availability of UnLtd-type support is in fact limited.

Communities of practice

12. Much learning can occur through formal and relatively stable communities of practice, which are groups of people who share knowledge about a common work practice over a period of time. Interviewees reported at least three types of these within the sector:
 - *Action learning sets*. Some social entrepreneurs meet regularly with others to explore solutions to problems and decide on the action they wish to take. Each

person is given the floor in a process typically involving five stages: describing the problem as the individual sees it; receiving contributions from others in the form of questions; reflecting on the discussion and deciding what action to take; reporting back on what happened when the person took action; reflecting on the problem-solving process and how well it is working.

- *Peer consulting groups.* Without necessarily using the name, these typically involve senior people in the sector meeting together regularly with their peers. Individuals may share a problem, but unlike action learning sets, other members give active advice on possible solutions. Whereas questions and listening are at the heart of action learning sets, sharing knowledge and experience are more central to peer consulting groups.
- *Training courses.* A cohort of students forms effectively a community of practice as the students learn together. The School for Social Entrepreneurs for example, as well as using action learning sets, has regular witness sessions in which students can listen to and question social entrepreneurs, who share their experience. Learning is largely implicit through the telling of entrepreneurs' stories.

13. To be effective, communities of practice generally need:

- *A facilitator,* including a catalyst to bring the group together. The catalyst might be an organisation like the School of Social Entrepreneurs (which in some parts of the country hosts action learning sets, even for social entrepreneurs who have not been on its programmes) and Syndergos, whose Senior Fellows Programme of distinguished international civil society leaders includes peer consulting. Even action learning sets, which tend to be self-facilitated, need some initial facilitation – perhaps in the form of an induction session – as members learn the methodology.
- *A focus.* Members must be clear about the purpose of the meetings, such as helping each other to clarify their thinking, to share experience and knowledge or to learn from established practitioners.
- *An agreed format,* including methodology, frequency of meeting and rules governing confidentiality.
- *Fruitfulness* – in particular, a way of evaluating the group's effectiveness.

14. A big advantage of formal communities of practice is their stability. This aids the acquisition of soft skills, such as feelings of confidence and legitimacy, which cannot be 'learnt' in just one or two sessions. As members listen to each other over time, tacit as well as explicit knowledge is transferred. Certain behaviours, for instance, may be described or modelled by group members and their effectiveness (or otherwise) become apparent as the group continues to meet. A number of

interviewees stressed the importance of this tacit knowledge, especially for social entrepreneurs from poorer backgrounds where a sense of confidence and legitimacy may be lacking.

15. There seems little doubt from the accounts of those who have participated in communities of practice that many social entrepreneurs would gain from a similar experience if such communities were more available and their benefits more widely appreciated. Barriers to their spread include:
- *Funding.* Meeting the need for catalysts and facilitators costs money, and not all social entrepreneurs are in a position to meet the full costs at the time when this type of support would be most helpful.
 - *Culture.* This manner of learning feels culturally strange to some practitioners, particularly perhaps some of those from areas of social disadvantage. Bridging the cultural gap raises funding issues again.
 - *Awareness.* If social entrepreneurs are to put aside precious time for a community of practice, they have to be convinced of the benefits. For many practitioners, it seems, these benefits are not self-evident. Social entrepreneurs need to hear stories about the value to be gained. Once more, resource questions come to the fore.
16. In addition to its cost, this formal and quite structured approach to knowledge transfer has difficulty in transferring certain 'hard' skills, especially those that are sector-related. This arises from the challenge of bringing together social entrepreneurs who are operating in the same market and fear that sharing certain pieces of knowledge will weaken their competitive advantage. Greater understanding of the sector they are in is better obtained in other ways.

Informal arrangements

17. Reflecting the character of social entrepreneurs, more informal and fluid approaches to complement communities of practice are particularly significant. Many social entrepreneurs are individualists who dislike being organised and tied down. Being proactive and energetic, often they find for themselves effective, informal ways of learning. In addition to consulting books, magazines, internet sites etc, they search out individuals who can help, take advantage of chance encounters and plug into a variety of informal networks. They are 'post-institutional'. As one interviewee said, 'We need to recognise post-institutional learning within a post-institutional sector.'
18. Much of this learning is self-driven by practitioners. But to realise its potential, and like more formal modes of learning, it too needs support. Some social entrepreneurs may exhaust their networks or benefit from accessing a wider range of networks. Others may have limited networks, especially people from poorer backgrounds.

19. Some help to extend networks is available. For example, the East Midlands School for Social Entrepreneurs runs themed discussions, which it describes in this way:

‘Like a conference, you’ll be able to listen to the experiences of inspirational, knowledgeable social entrepreneurs; like a workshop you’ll be able to join in facilitated discussions focused on particular topics; like an event you’ll be able to network with social entrepreneurs from across the region and lastly, like a surgery you’ll be able to gain advice and information.’³

20. Bringing a substantial number of social entrepreneurs together and providing plenty of opportunity for them to meet, talk and make new contacts extends the opportunities for social entrepreneurs to acquire knowledge informally. There appears to be scope for encouraging more such gatherings, including ones that reach out to entrepreneurs who fit the ‘social entrepreneur’ definition but would not describe themselves in those terms. This would be best done at regional and sub-regional levels, though there may be a place for some national gatherings as well.

Main conclusions on knowledge sharing

21. Our main conclusions are:

- Knowledge exchange is critical for the development of the sector, as one would expect in a ‘knowledge economy’.
- Much formal and informal knowledge sharing already takes place.
- There is a need to extend formal approaches, such as mentoring and communities of practice; there are plenty of models for how to do this; the main constraint is lack of money.
- There is a need to support and encourage informal approaches, especially among social entrepreneurs from poorer sections of society, and this can best be done by expanding the opportunities for social entrepreneurs and others in the sector to meet one another.

22. Although we hope that this analysis and updating will be useful, we are not convinced that further SEC/TTP work on this topic would be especially fruitful. There is plenty of theory to underpin knowledge exchange, methodologies for sharing knowledge have been developed within the sector and are reasonably well understood, the main barriers appear to be resource related and a programme of SEC/TTP work on the issues involved would be unlikely to help significantly with the latter.

³ www.smartse.org.uk/themed-discussions/

Other issues raised during the study

23. During the course of the study a number of other issues were raised, all in one way or another connected with the future of the sector. These issues – many of which overlap – included (in no particular order):

- Implications of the squeeze on public spending
- Equipping the sector to take advantage of public services reform
- The Big Society
- Increasing investment in the sector
- The capacity of the sector to absorb substantial increases in investment
- Scaling up, including how to combine the benefits of small enterprises with the benefits of economies of scale
- What makes the sector unique and how to preserve its USP
- Cooperative and competitive relationships with the private sector
- The role of the charity sector in social enterprise