



New
Philanthropy
Capital

Innovation in small charities

A New Philanthropy Capital issue paper

Are small grass-roots organisations good sources of innovation? What is their track record in getting successful innovations into the mainstream and how can this be improved?

The issue

If we are to tackle social problems successfully, we need to create effective innovations. Innovations can come from many places—but one hypothesis is that small, grass-roots groups which are close to the problem are fertile sources of innovation. Small groups often have better links to people experiencing problems than large organisations. And large organisations often have a bureaucracy that hinders innovation. Large organisations can be wedded to projects that have existing funding and may not prioritise untested work with no funding stream. Many of the new developments within the charitable sector have been cultivated by small organisations. For instance, in the domestic violence field, the biggest innovation of the past 15 years, advocacy, was produced not by the large organisations but by a small charity. This innovation met the needs of beneficiaries that large organisations did not recognise or prioritise, and enabled services to reflect what service users wanted in their own lives.

But often small groups do not have the expertise, capacity or access to decision-makers within government or funders which are needed to roll out new innovations quickly. They may struggle to prove the success of their work, or find it difficult to persuade decision-makers about the worth of their new approach. Small charities may even be stifled by larger charities because of competition for funding and power. The example given above, using advocates for victims of domestic violence, was fiercely resisted by some of the bigger players in the field. This resistance hinders the ability of small groups to break through the established ways of working.

New Philanthropy Capital (NPC) would like to research the question of innovation within small charities, to establish whether small charities really are more likely to come up with new successful approaches to tackling social problems. The research would then look at the track-record of small organisations in rolling out these new approaches into the mainstream and ask how this can be improved.

This research would examine whether there are barriers that are stopping small organisations from providing solutions and ideas to help overcome social disadvantages. It aims to provide guidance that will help people and communities take control over their own lives, and persuade the mainstream of the value of their ideas.

Current research

There is a range of literature about innovation which this research would build on. NPC's research will tackle the subject of innovation as a means of empowerment: how small organisations can develop new approaches that allow them to change practices so that services reflect what service users want. NESTA's research into innovation within the private and third sectors highlights the different ways in which innovations can be rolled out: they can be spread in an uncontrolled way by many different practitioners; they can have more directed diffusion by a parent organisation; the idea or organisation can be taken over by another organisation; or the organisation itself can grow. NPC's research would build on this by looking at which is the best method for small organisations to develop their approaches. NPC would consult with organisations that have previously researched the field of innovation such as NESTA, ESRC and the Young Foundation.

Approach

The research would be split into two parts.

- 1) Are small grass-roots organisations good sources of innovation?

- 2) What is their track record in getting successful innovations into the mainstream and how can this be improved?

The research would involve:

- A literature review of the current evidence on innovation within charities.
- Choosing charities to look at as examples of both good sources of innovations and those who have struggled to get innovations adopted.
- A semi-structured interview of charities, both large and small, to assess their record in innovation. This part of the project would involve looking at evaluations of innovations to see their effectiveness.
- A semi-structured interview of decision-makers within government, grant-making trusts and charities to examine how they take up new ideas that have come from other sources.

The research would then be written up into a report detailing the findings with case studies of different approaches to mainstreaming innovations. The aim of this research is to help many different organisations interested in innovation within the charitable sector.

Impact

Charities, funders and government are all interested in developing new approaches to social problems. Therefore, NPC believes that this research will have wide significance and has the potential to influence policy and practice. NPC hopes that charities, funders and government will all gain from this research.

Small **charities** will learn from other charities that have been successful in mainstreaming ideas. They will also learn how decision makers are persuaded of the worth of new ideas. Large charities will learn where innovation comes from in the charitable sector, and therefore where they should be looking to develop cutting edge practice.

Funders will learn what kind of charities are most likely to innovate. NPC knows from its work on grant-making that many funders are interested in funding pilot projects. Currently there are many pilots which never get taken up—understanding why would help funders rectify this. This work will help funders decide which sort of organisations are most likely to develop an innovation and how likely they are to cultivate that innovation.

Government will learn what sort of organisation is most likely to generate effective innovations, and therefore where it should be looking for new ideas. It will learn the obstacles that exist for small organisations which want to develop a new idea, which in turn may lead to some of these barriers being demolished.

NPC's unique place within the charitable sector—publishing research and providing consultancy for charities, funders and government—means that it is in a good position to influence all these stakeholders. For instance, NPC's recent work on monitoring and reporting of grants has been used by the National Audit Office to publish guidance on monitoring and reporting. NPC has an established communications team with the skills to publicise its work. Additionally, NPC's consultancy team works closely with funders and charities and therefore would use this guidance on an individual basis.

NPC believes that now is a good time to develop this work. It is likely that there will be a cut in public spending over the next few years, and historically statutory funding of charities has suffered during these times. It is probable that there will be less money to fund new ideas within social policy. It therefore becomes imperative to understand how small charities can better persuade others of the worth of their ideas.