If there is one thing about which public and corporate leaders around the world today can agree, it is the ever-growing importance of innovation. The search for innovative solutions to the world’s myriad local, national and global challenges has become a clarion call rallying people across multiple borders defined by nation, industry, and academic discipline. Yet policy making reflects deep ambivalence about innovation. The cheerleading over innovation exists in contrast to the myriad institutional, legal, regulatory, and educational impediments to the work of innovators.

While not innovation experts, we have been privileged to interact over a span of decades with some of the world’s most recognized innovators—from those working at the grassroots to those at the helm of new industries. This has provided us with some perspective on the nature of innovation and the hurdles innovators face daily as they search for ways to disseminate their approaches and products.

Education is a good place to start. A society’s capability to innovate arguably begins, or possibly ends, in school. For the vast majority of primary schools, among the qualities of a “star” pupil are tidiness, adherence to rules and directions, and good behavior. In the later grades, outstanding achievement is measured in grades, standardized test scores and sometimes, the number of extracurricular activities undertaken. These constitute the ticket to acceptance to top schools producing the world’s elite. But it is not clear that this is how to develop the talents of tomorrow’s innovators.

The educational system is reinforced by employment policies in most government institutions and corporations. When reviewing candidates, recruiters invariably look for evidence of academic achievement and a steadiness that produces good exam pass rates and grades rather than for experiences that might suggest a candidate is innovative and inspired, perhaps even rebellious. This is because most organizations have a low tolerance for mistakes. Risk-averse societies and organi-

**Social Innovators with a Business Case**

**Facing 21st Century Challenges**

**One Market at a Time**

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organizations keep people from failing. They also keep them from trying. And the key to successful innovation is initial failure and persistence.  

It is hardly surprising, then, that among the commonly shared experiences of successful innovators is the recollection of having been described at some point as crazy, not just by acquaintances, but by family, friends and close colleagues. Almost by definition, innovators are mavericks. Most organizational structures and their corresponding managers and civil servants deal with what is. Innovators do exactly the opposite. They focus on creating things the world has never seen. They systematically disregard boundaries—whether of nation, academic discipline, or social status—to the predictable annoyance of those who consider it their responsibility to keep boundaries in place. An irony results: While the world clamors for innovation, it tends to deprive innovators of the resources and recognition that would maximize their potential to transform societies for the better. The challenge of innovation in the 21st century is therefore also about reshaping societies to be not only tolerant, but actually welcoming, of innovators. 

In the case of the innovators using technology on which this journal focuses, past innovation heroes had their impact on business. From the individual brilliance of Thomas Edison came the global powerhouse that is GE; from the unique inspiration of Kiichiro Toyoda came the car company of today that continues to be a global standard setter. In the coming century, however, the greatest opportunities for innovation exist in domains of public service heretofore left to governments. Social innovators who have taken a business perspective today are pioneering new approaches and helping to map out future markets where most would only see looming problems and risk. In doing so, they are the harbingers of the biggest market opportunities of the century. And history suggests that they have at least as much chance of shaping the twenty-first century as many of today’s great incumbent businesses. On current trends 75% of 2001’s Standard & Poor’s 500 will have disappeared from the S&P index by 2020. In their stead, companies unheard of today, using new business models, will be delivering products and services to new and existing markets, dislodging incumbents who have not been able to innovate fast enough to keep up with 21st century needs. 

Already today, there are hundreds of such innovators who are reaching new markets, serving unmet needs, and creating new supply chains. This journal recently profiled KickStart and its founders, Martin Fisher and Nick Moon.
Kickstart designs, produces and sells appropriate technologies to rural entrepreneurs in some of the world’s poorest markets, allowing them to start small-scale businesses. In 2005, KickStart sold over 8,400 pieces of equipment that helped start 5,964 businesses generating an additional $5.3MM in annual profits and wages for new businesses. Martin and Nick have ventured into territory no mainstream company would dream of entering—and in doing so, they have paved the way for a new group of producers and consumers to emerge.

Dr. Devi Prasad Shetty is meeting unmet needs of a different sort through an innovative business model in health. An Indian cardiologist, Shetty’s organization, Narayana Hrudayalaya, strives to make sophisticated healthcare available to all in India. His network of hospitals is able to provide 60% of treatments below cost or for free, thanks to drastically reduced costs resulting from high volumes, innovative cost saving methods and donations. A network of 39 telemedicine centers reaches out to patients in remote rural areas. Two health insurance programs provide coverage for 2 million farmers at Rs 120 per year (USD 3). Again, innovators lead the way in coming up with business models to provide quality health care for the poorest who cannot afford it—while sustaining and growing the enterprise.

In Nigeria, Isaac Durojaiye has both created a new product and tapped into a new source of labor. His company, Dignified Mobile Toilets (DMT) is the first manufacturer of mobile toilets in West Africa. DMT makes, installs and maintains thousands of public toilets in Nigeria through a franchise system providing job opportunities to members of youth gangs that oversee the daily maintenance of the facilities and keep 60% of the profits. The toilets are placed in high traffic areas, such as bus stations and markets, where there is a high demand for sanitation facilities. Thus, DMT offers an alternative to current widespread and unhygienic practice of using the street as a toilet. It also aims to attack the unemployment situation, particularly among youth. More than half of the population of Nigeria is under 35 years of age, and many are unskilled. While Nigerian employment statistics are under debate, it is believed to be in the range of 17%, with an even higher rate among urban youth. Up to 55% of the unemployed are secondary school graduates, underlining the fact that education and skills do not guarantee employment.

Sub-Saharan Africa is not the only region where new solutions are needed to address emerging models of participation in the workforce. Sara Horowitz is spearheading a form of portable unionism to promote the interests of the growing number of independent workers in the United States. Unlike traditional trade unions which are limited by law to employees of workplace-based organizations, Working Today, founded by Horowitz, provides flexible and portable benefits applicable to an increasingly mobile and decentralized workforce adjusting to the changing contours of the U.S. and global economy. It has built a membership of 16,000, including 10,000 independent workers who receive health insurance. Its model could be expanded to address the needs of the more than 30 million independent workers across the U.S.—and beyond.
The more acute the societal challenge, the greater need for an innovation-driven societal transformation. Global climate change is number one on the list in terms of the magnitude of the challenge and in terms of the scope of the required response. The climate challenge in this century will not be solved by changing power plants, designing new automobiles, or reformulating gasoline. It will be solved, and must be solved in this generation, by people changing their behaviors and their institutions. National policies, corporate programs, venture financing and consumer behavior will all contribute. But if they are counted upon to be the drivers of change, that change simply will not occur. To catalyze the shift, the general population must be spurred to action, in turn pressuring governments.

One such catalyst is Yann Arthus-Bertrand, a photographer who has demonstrated through creativity and perseverance that there is no real North-South divide when it comes to environmental threats. Bertrand produced a series of extraordinary books, exhibitions and films introducing us to our planet from the air. Like most innovators, he is unrelenting. He has taken over 100,000 images just to put together “Earth from the Air.” As one of his colleagues put it, “With him, I learned that nothing is impossible. People will tell him ‘No’, and he hears ‘Maybe’. And herein lies the strength of such innovators—and their common bond. The word “no” doesn’t exist for them. As Barry Coleman, co-founder of Riders for Health, has quipped, “There is nothing as motivating as when someone tells us ‘It can’t be done’. It is our call to action.”

What set of incentives will lead to the deep diffusion across society of the capability to innovate and the inclination to respect and value innovators? The first place to start is to step beyond paying lip service to the importance of innovation in the public interest. Acknowledging the role innovation must play in addressing the challenges of inequity is a prerequisite. But to date, and except in a small number of wealthy countries, such as the U.S., U.K., and the Scandinavian countries, governments have played a modest role in financially supporting innovation, particularly when directed towards social transformation.

The vacuum has been only very partially filled by venture capitalists, private investment, and philanthropy—individual and corporate. Thus, among the examples of social innovators highlighted previously, not one of them secured national public sector support—other than international aid—when launching their initiatives. While one might argue it is better not to be financially supported by a government in the early phases of the venture in particular—because it can compromise the ability to be truly innovative—the existing financing vacuum evident as these social ventures scale up cannot be filled by wealthy individuals or enlightened
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business alone. Increasing recognition of the importance of social innovation and the concomitant growth of “philanthropreneurs” may spur more funding flows to support early stage innovative hybrids focusing on social transformation.

Many, if not most, of today’s social innovators defy traditional legal pigeonholing as “not-for-profit” or “for-profit” organizations. Rather, they “intersect” across both—they are social innovators with a business case, so to speak, hybrids that straddle between a charity and a profit maximizing company. Consequently, many find themselves maneuvering through a tangled web of legal regulations to identify what benefits and obligations exist in relation to their enterprise. The fact is that to date, no country has developed a specific legal model recognizing the hybrid nature of such organizations and the social and economic functions they serve.

Our fascination with these pragmatic visionaries and their organizations lies much less in the goods and services they provide than in the catalytic role they play in triggering innovations in the social sector. Like the business innovators who come up with major innovations for the marketplace, social innovators are the mad scientists as it were—working away in their organizations that act like social innovation laboratories. They test and perfect different approaches, and when they come up with the most effective and efficient ones with the greatest impact, it should be government and the corporate sectors’ respective roles to celebrate the innovation, take it up, learn from it, and help scale it so that all can benefit. Ultimately, the innovation lies in the models devised for service and product delivery all along the supply chain—not in the provision of the good itself. It is those models that others need to take up and replicate.

Innovators in the public interest are the flame that ignites the fire of social transformation. That flame must be fanned and nurtured by governments, publicly traded and private companies, academia, media and individuals working together to achieve its promised impact.

We invite reader comments. Email <editors@innovationsjournal.net>.

1. We recognize that a vast number of children in poor communities must abandon their formal education after the primary school years. Yet patterns of learning are developed at the primary level.
2. Thomas Edison is oft-quoted as saying. “I have not failed. I have found 10,000 ways it won’t work.”
4. Working with Ministries of Health and NGOs in African countries, Riders for Health builds local capacity to maintain and manage motorcycles and other vehicles, enabling health care workers to reliably service remote areas. As a result, RH is able to operate fleets of vehicles in the harshest conditions with a zero breakdown rate for five years or longer. RH has demonstrated that a properly managed vehicle under its system will save more than 50% of costs over a six-year period, compared to an unmanaged vehicle. RH has been able to lower infant and maternal mortality in targeted communities. With each motorcycle it runs, 20,000 receive primary health care every year.