



# Innovation Matters

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Innovation matters. Not just to help you deal with a bad economy, but to help you thrive as you come up with new ideas in fundraising, to persuade existing supporters, staff and even board members that you're committed to really stepping up to the mark. In this article Bernard and Paula explain the tools and processes you can use to harness innovation throughout your organisation.

## Innovation Matters

Innovation matters. Not just to help you deal with a bad economy, but to help you thrive as you come up with new ideas in fundraising, to persuade existing supporters, staff and even board members that you're committed to really stepping up to the mark.

You've almost certainly had the meeting. You know, the one about how to survive the crunch, the crisis, the catastrophe – or whatever you want to call it. The meeting where you probably were uncertain about what to do and even about what the impact might be on your organisation. Maybe the only thing everyone agreed on was that it's a difficult situation in fundraising at the moment with few clear answers on how to survive.

But there are some things you do know: you don't have as big an investment budget as CRUK, or as attractive a brand as the Red Cross, or as loyal a supporter base as the American Cancer Society. You also know that "business as usual" won't help you survive and thrive in a radically changed financial and social environment. And you probably see and hear evidence all around that beneficiary needs are actually growing.

So the real question can't be simply about how to survive the crisis. The questions have to be how to grow your fundraising income. What can your competitive advantage be if it's not the same as some of the big brands above? How do you address increased and changing beneficiary needs?

The answer, for an increasing number of charities in the U.S. and worldwide, is innovation. The conclusion is the same in the commercial world, where marketing guru Philip Kotler calls innovation "the only sustainable competitive advantage".

Yet, while almost everyone – in both the commercial and charitable worlds – agrees that innovation is important, only a small number of charities really are embracing it in a systematic way. This article explores how some leading-edge charities are tackling it and what you can learn from them. It focuses on how to create a systematic approach to fundraising innovation as a value chain.

## Getting over Innova-phobia

If you're looking for anecdotal evidence of this reluctance by fundraisers to tackle innovation, read through the programmes for recent fundraising conferences both in the U.K. and abroad. Many of them read more like the schedule for a history-of-fundraising convention – full of sessions on ideas that used to work, delivered by many of the same faces, to an audience keen on tried-and-tested answers. Where are the innovation tracks?

Luckily, there are some notable exceptions to this "inno-phobia." Internationally, UNICEF and Greenpeace, once seen as sleeping fundraising giants, now are reinventing themselves through innovation programs. (See our Case Studies below.)

In the U.K., the NSPCC, under the visionary leadership of Director of Fundraising, Giles Pegram, is an innovation exemplar with a 10-year record of sustained new thinking.

But it's not just big charities. If you're looking for North American inspiration, try the tiny Lake Simcoe Conservation Foundation in Canada – one of the fastest-growing and most successful nonprofits around. Its innovative executive director, Kimberley MacKenzie, recently won an award from the Association of Fundraising Professionals Canada for some of her programs. To find out about the cool stuff she's doing in a three-person shop, try her blog at <http://kimberleymackenzie.blogspot.com>.

In each case, these organisations are not just working on innovation as an approach or added extra, but putting it at the very centre of their strategies. They want to be innovative 24/7 rather than simply chase one good, new idea for a quick fix.

## A Systematic Process

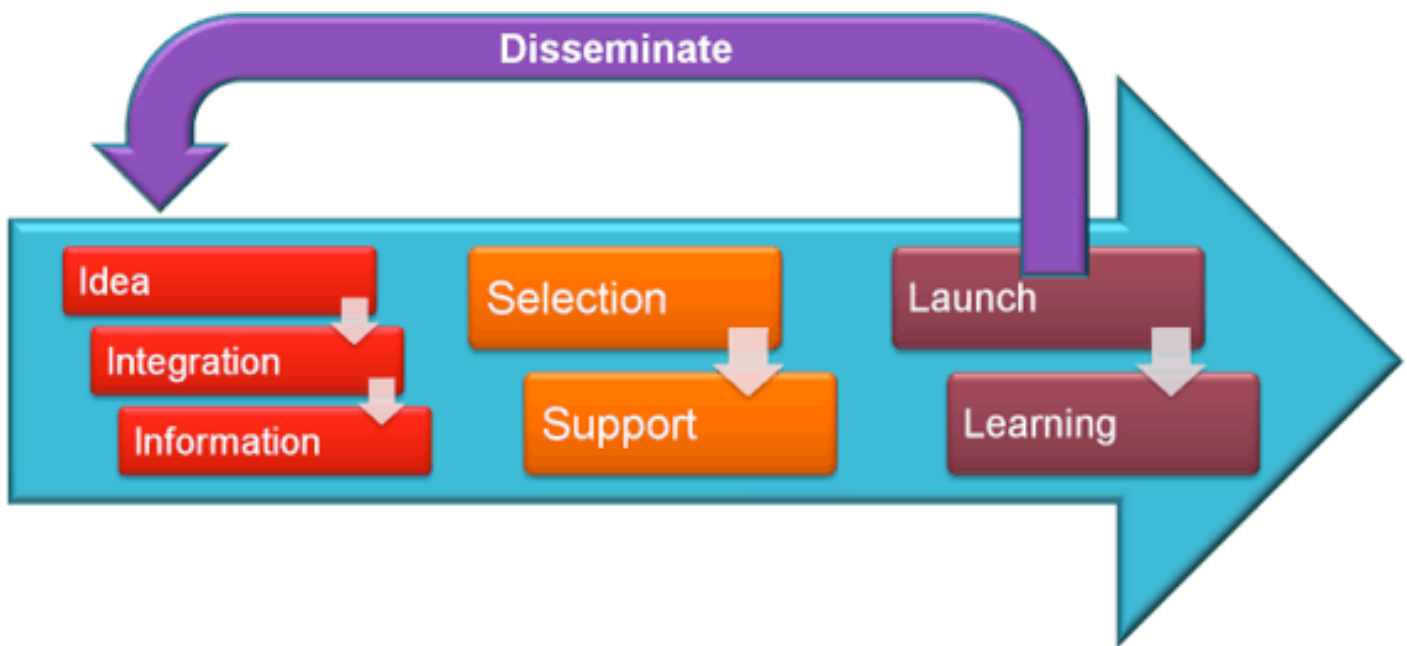
The key challenge to innovative fundraising is that few charities have a systematic process to create, integrate and exploit innovation. Those that do, like the examples above, seem to view the crunch, or crisis, or catastrophe, as a fabulous opportunity.

There are three overarching processes involved: devising ideas, developing them and then delivering the result – usually an increase in income.



The Management Centre has worked on these three processes and developed a model, based on some original Harvard University research, that argues that innovation is a value-adding process with seven distinct stages. Monitoring your progress at each stage ensures you move from simple creativity (coming up with lots of ideas) to identifying potential (spotting and supporting ideas that may have benefits) to enjoying genuine payoffs (implementing the ideas and then applying the learning).

The arrow diagram below illustrates this process as a clearly flowing series across the six operational and one review stage.



At each stage in the process, an organisation can be strong or weak. The list below asks questions to help you assess yourself in terms of the challenges you face and the consequences – or symptoms – if you are less than effective in this.

Stage	Challenges and consequences
One: Ideation: idea generation	Do you come up with enough new fundraising ideas internally? Does your organisational culture support this approach? You need lots of ideas to develop real creative momentum. If not you'll always be running to catch up with other fundraisers.
Two: Integration: cross pollination	Are ideas exchanged between branches or departments or HQ and regions? Do you have systematic processes to ensure this happens? If not you'll be missing out on chances to work in a joined-up way.
Three: Information: external sourcing	Do you consistently scan the environment – commercial and non-commercial – for new fundraising approaches and ideas you can adapt? Is there a “not-invented here” syndrome? Are you allowing others to gain first mover advantage?
Four: Selection: Identifying ideas	Do you have a systematic process for identifying high potential/high payoff ideas? Is this process rigorous but open? Otherwise you may be developing ideas but not choosing the high pay-offs or only choosing ones that fit with current thinking
Five: Support: developing ideas	How are ideas assessed and progressed? What metrics do you use to

	establish what has real fundraising potential and what isn't going to make it? If you don't have a rigorous development process you may waste time and energy on low pay-offs.
Six: Launch: diffusion and returns	How well are ideas rolled out to donors? What expectations of financial return do you have? And over what period? If you have too short-term an approach ideas will never succeed. If you wait too long for results the opportunity window may have closed.
Seven: Learning: establishing what can be improved	How well are successes and failures recognised? How is learning captured and shared across the organisation? If you don't evaluate and review you may be doomed to make the same mistakes again...

## =mc's Innovation Value Chain Tool

=mc has developed an online tool that allows staff members to complete a confidential questionnaire to assess themselves against each stage in this process.

In the case of UNICEF, staff members quickly identified that they were being held back by two big challenges. UNICEF was very good at coming up with ideas and scored high on stages one and two of the value chain. (Interestingly, research suggests that most charities are actually quite creative.) So what were the problems?

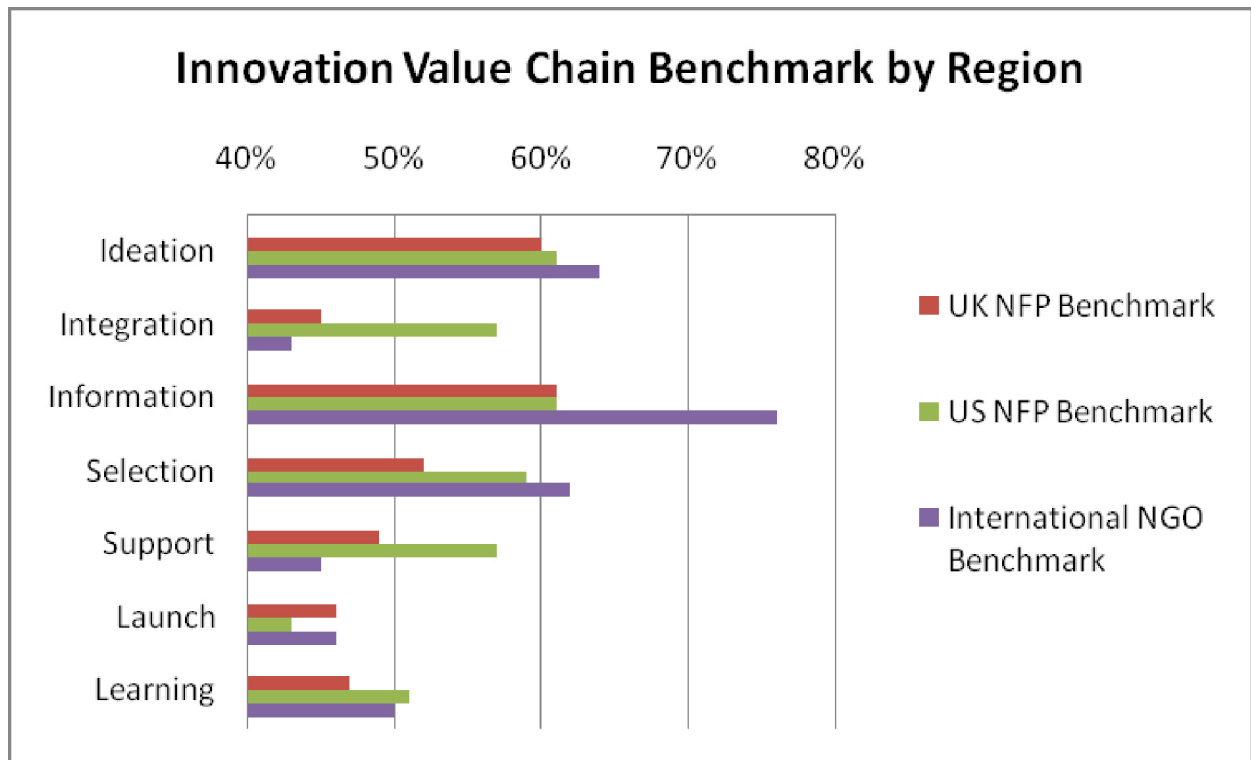
Challenge one was, in fact, that there were so many ideas that they got clogged in the system. A good idea could take a long time to get support, losing momentum and sometimes even a time-specific window. Successful local ideas would not be systematically picked up, adapted and spread. The solution here was to offer fast and flexible support for ideas that were at a country level and run a small innovation hothouse at the organisation's Geneva headquarters under a newly formed development and innovation unit. This latter initiative would choose ideas with high international potential, and develop and nurture them to enable widespread implementation and maximum returns.

A second challenge was creating a widespread culture of fundraising innovation across the globe. The thinking here was to utilize the competitive advantage of more than 50 fundraising offices around the world that had daily contact with the donors and other market actors who trigger and guide ideas, rather than requiring that everything had to go through the headquarters in Geneva. To support this, UNICEF worked with =mc to create a sophisticated, online "innovation tool box" full of techniques to generate, identify and progress ideas at a national or local level. This included a series of workshops to create a worldwide team of innovation champions located in individual UNICEF countries, encouraging cross-fertilization, which ironically was a perceived weakness in this global and heterogeneous organisation. The result will be a web-lined "neural network" of fundraising innovators all collaborating to create a multinational culture of innovation.

## Benchmark Innovation Internationally

UNICEF's approach was informed initially by a global survey identifying how it was doing against each of the key value-chain stages. Below are the average scores for around 55 not-for-profit

organisations surveyed by =mc over the past two years in terms of how they were doing against the six stages. It's important to emphasize this is a self-assessment.



(=mc has a dataset of benchmarks national and international charities. To compare yourself in a dataset contact David Segal Knowledge Management Consultant at mailto: d.segal@managementcentre.co.uk.)

These results suggest that, in terms of fundraising innovation, all of our sample of NFPs:

- Scored highest in *Information* (external sourcing) - scanning the environment for new ideas and approaches that could be adapted to suit your organisation, with International NGOs scoring particularly high at 76%
- Scored high with a minimum of 60% in *Ideation* (idea generation)
- Identified *Learning* as a weak spot, scoring an overall average of just 49%

And there are some interesting comparisons:

- UK and International NFPs scored lowest in *Integration* (cross-pollination of ideas), scoring just 45% and 43% respectively, against a US benchmark of 57%
- US NFPs scored particularly low (43%) in *Launch* (diffusion and returns) - how ideas are brought to fruition and what are the expectations in terms of returns - although UK and International NGOs also scored only 46% in this area
- Most NFPs consider themselves to be doing reasonably well at *Selection* (identifying ideas to take forward), but UK NFPs scored lowest in this field at 52% compared to a high of 62% amongst International NGOs

How do you score on the seven stages? Where are you good, and where do you need to improve? If you want to download a questionnaire that benchmarks your organisation against other national and international fundraising charities, you can do so at <http://www.managementcentre.co.uk/iaudit>.

There also are simple, practical strategies to improve performance in each of these areas. Some of these include:

### **Stage One: Ideation: idea generation**

- Have weird "away" days. Show a movie like "Ocean's Eleven," and seek fundraising inspiration there
- Create a stimulating environment - play music or kids games before the staff meeting

### **Stage two: Integration: cross-pollination**

- The "away" days strategy also works here
- Organise workshops between different departments and teams

### **Stage three: Information: external sourcing**

- Visit commercial companies you admire, and learn from them
- Benchmark yourself against other charities
- Take =mc's innovation test

### **Stage four: Selection: identifying ideas**

- Organise an "American Idol"/"Dragons' Den" - type contest with external judges for the ideas. (Note: "Dragons' Den" is an internationally aired television program that consists of entrepreneurs pitching their ideas to get investment finances from business experts.)
- Develop a set of clear and specific metrics for success - and failure

### **Stage five: Support: developing ideas**

- Create a team that acts as gardeners (see the Organisational Structures for Innovation below) or developers who nurture ideas to launch
- Delegate responsibility for idea nurturing to all team leaders. Give them an idea target

### **Stage six: Launch: diffusion and returns**

- Create a separate internal "launch" team that acts as salespeople for ideas it didn't invent
- Be clear on what the return metrics are - invest fully but reasonably

## Stage seven: Learning: identify and integrate learning

- Have a wash-up event to identify what worked and didn't
- Review the return metrics- were those the right ones?

Given some thought, most organisations can easily come up with additional ideas that will be useful. But remember, the key is to focus where you need to improve – that's where the innovation-chain approach and benchmarking are useful.

Innovation matters. Not just to help you deal with the crunch/crisis/catastrophe. But to help you thrive as you come up with new ideas in fundraising, to persuade existing supporters, staff and even board members that you're committed to really stepping up to the mark. And it also matters if you are to attract good, new people – staff and donors – to your cause.

It's now not an added extra; it's a survival strategy. As Bill Gates said, echoing Kotler, in his book *Business @ the Speed of Thought*, "In three years, every product my company makes will be obsolete. The only question is whether we'll make them obsolete or if someone else will."

Now, THAT'S a commitment to innovation!

## Organisational Structures for Innovation

Below is a matrix, developed by =mc, with seven approaches used by a number of charities. You can probably identify how they might apply to you.

No one approach is ideal for any organisation. And an organisation might go through a series of these approaches as it develops.

Structure	Characteristics
<b>Pirates</b>	Create a small team that works away from the headquarters to develop high-risk/high-potential projects. The team acts like pirates, taking ideas from anywhere without having to report back to headquarters. It returns when it's come up with "loot" – any idea that might work.
<b>Skunk works</b>	Organise time-limited, cross-functional project teams to generate ideas in response to specific challenges, and work them through. As apart of this, it's common to bring in outsiders to stimulate thinking. So an organisation's new strategic plan is being developed, for example, over three weekends by a group of 50 percent insiders and 50 percent outsiders.
<b>Revolutionaries</b>	Train a small group in innovation techniques. Members return to their normal roles empowered to stimulate innovation among others. NSPCC chose a team of 50 creativity coaches who had been trained in creativity and innovation techniques to encourage others to have great ideas. They're not innovators themselves, but people who help others to be.
<b>Prodigies</b>	Encourage ideas from everywhere through prizes and awards that anyone can apply for. This approach involves reducing bureaucracy and the dreaded "ideas committee." (Doesn't that just seem like an oxymoron?) One person assesses the ideas, and there are various levels of prizes and awards to stimulate participation. Prizes involve time off to develop your idea.
<b>Dragon's den</b>	Create a formal "American Idol"- style system to select ideas. Innovations are assessed by a group that has an investment budget. The Dragons' Den involves staff bringing ideas into the fierce heat of critical thinking. The dragons' job is to weed out ideas that won't make it. You need a process to stimulate ideas to this stage. And make it clear it's tough!
<b>Open source</b>	Pose problems online, and ask users, donors, supporters and customers to solve them. This is the newest of the innovation approaches; it is used by Procter & Gamble to develop new projects and was adapted by Greenpeace to ask supporters how to raise funds.
<b>Functionalise</b>	Create a team whose job is to come up with innovative ideas. Sometimes you need to create a team of people whose sole focus is generating ideas and then

	selling them to another part of the organisation to deliver – more like a conventional research-and-development operation. At Cancer Research UK, the team focuses on high-value ideas that will create more than \$10 million a year.
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You might like to reflect on which of these approaches would fit most neatly in your organisational culture.

## Innovation Roles for Managers

Experience shows that even a systematic model isn't enough. There are a number of roles managers can play in stimulating fundraising innovation. What does your organisation need you to be?

**Mentor:** The mentor adopts individuals or even ideas, ensuring they achieve their full potential. He or she cuts through bureaucracy to ensure innovation wins through and is recognized at the top. Mentors can agree to specific support and organise connections with key decision makers. Does your organisation need you to be a mentor? Who or what should you mentor?

**Gardener:** The gardener ensures that the organisational culture (a garden) sustains experimental ideas (plants). The gardener can nurture ideas in their early stages, but there also comes a time when ideas have to grow by themselves. Is your organisation an "innovation garden"? What would you change to make it so?

**Talent scout:** The talent scout, like the mentor, focuses on individuals. But the key is seeking talent from outside - new employees, temps, interns, secondees or even consultants. Organisational energy is created through an influx of fresh blood. Does your organisation need talent? And if so, what kind?

**Catalyst:** In science, a catalyst produces radical change in a normally stable substance. In innovation, it's someone who brings together diverse elements - teams or individuals - to create a reaction. (Note that once you create the reaction, you can't control it.) Who could you bring together to create a dramatic reaction - donors and beneficiaries, perhaps? Who could work on a problem in a radical, new way?

**Mash-up artist:** In music, a mash-up artist mixes sounds to create something new. An innovation mash-up artist combines and controls in an organisational sense. He or she tears down silos, links unlikely ideas and brings in oddball outsiders to challenge current thinking. Unlike the catalyst, he or she directs the process. Are you a mash-up artist capable of choosing elements and combining them in unusual ways?

**Ethnographer:** An ethnographer studies human behavior across cultures and generations. In an innovation sense, he or she searches for needs not yet met or even fully expressed by the organisation's donors and tracks how donors use the Web site, then changes it to meet this need. Which donors might you study to gain some insights into how to change your work? What insights might that offer you?

**Venture intellectual capitalist:** This role is a budget-holder with a free rein and the ability to spot longshots. He or she sustains a portfolio with fast-return and high-ROI projects. It's important to allow the VIC to be judged across a whole portfolio over time rather than on a case-by-case basis. Could you get your hands on a budget? And if you could, what would you support with it?

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## About the Author

**Bernard Ross** is a Director of **=mc**. He has helped a number of national and international charities develop innovation programmes including UNICEF international, Greenpeace, RNIB. **=mc** also works with public bodies including the UK Government Cabinet Office.

**Paula Birnbaum-Guillet** is Head of Innovation at UNICEF international based in Geneva. She has been working alongside **=mc** over the last 18 months to create a systematic global process for fundraising innovation in UNICEF.

### Further help

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