

A photograph of a person's arm and hand resting on a desk with a notebook and a cup of coffee. The person is wearing a dark blue shirt. The notebook is open and has some handwritten notes on it. The cup is white and sits on a matching saucer. The background is dark and out of focus.

# Enterprise and Collaborative Innovation Toolkit

Developing new ways of doing good business

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# STRONGER CHARITY



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## Good Enterprise - Overview

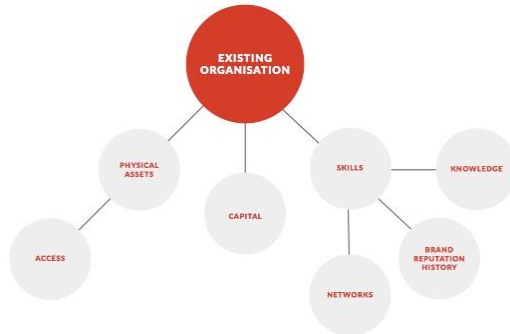
Good Innovation Lab Tools (GILT) was a research project conducted by Prime with De La Court. The starting point was the hypothesis presented by Good Innovation that bringing charities together could lead to innovation in fundraising. In turn the research led to the creation of new revenue models and collaborative approaches for Third Sector organisations. Prime with De La Court researched to uncover common design principles needed for innovation in revenue generation for the Third Sector. Through participatory design research they were able to develop a series of tools and processes that are the GILT.

The research was initially framed in relation to a three-year project initiated by Good Innovation in 2016. Good Innovation created GoodLab to bring together a collaboration of leading charities to design new ways for charities to fund their work and bring new sources of income in to the sector. The groundwork, delivery and outcomes of the project led to the creation of new ventures by charities and alternative ways of thinking about fundraising. Prime and De La Court developed the enquiry with a review of practices of financial modelling and governance in the Third Sector and prototyped new tools to support the thinking and activities needed to develop alternative revenues.

Built on a notion that it was possible to repurpose capitalist tools that had been developed to commercialise Intellectual Property and innovation more broadly. GILT reviewed ways to transition charities in to new revenue and business models without replicating social enterprises or corporate models. GILT built on design thinking and co-design practices of Good Innovation and GoodLab; Prime and De La Court's research synthesised practice and learning to find new insights that could be applied more broadly across the Third Sector and questioned existing notions of appropriate business models in the Third Sector.



ADRIAN MAP



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## Introduction

GILT explores the culture and operations of charities to develop new solutions that do not “drag and drop a hyper-extension of neoliberalism and capitalism” (Ford and Prime, 2019) on to charities.

It explored the processes and methods that Good Innovation through Good Lab employed to explore alternative revenue creation for charities. Through this investigation Prime and De La Court were able to design new tools to support charities to work together to develop new thinking on their business models.

The tools pose fundamental questions for readiness for this form of change. They also look at how to ensure a charity is ready for revenue innovation. The research showed that this was needed not just in its business model, but also in the cultural and structural adaptations that follow.

In identifying the challenges faced by the charity sector, GILT with Good Innovation developed processes that find ways of raising money through understanding capabilities, assets and partnerships through a new lens.

## Sustainability Canvas



### RECIPROCITY

- Solving needs together, new commercial collaborations

### RISK

Scope of risk, mitigation of risk through

- Prototyping
- Financial Modelling
- Human and Social Capital

### REWARD & RHYTHM

- Timescales
- Financial Rewards

### REASSURANCE

- Creating a strong value chain with commercialisation, internally and externally

Sustainability Canvas © Good Innovation 2019

## TOWARDS NEW REVENUE STREAMS



Good Lab has created a set of approaches that have already proven successful in supporting the exploration and use of these principles. In doing so we have identified the following skills or knowledge gaps that occur in the charity sector:

## Context

The research took place at a time when traditional ways of fundraising for charities was being challenged and individual giving, in particular was on the decline and there had been media criticism of some charities' fundraising techniques (Lake, 2019).

Reflecting on Fraser's concept of "progressive neoliberalism" (2018) GILT considered the potential that market-based structures of profit-oriented economy had for the Third Sector, and whether reappropriating them for charities could lead to new forms of stable revenue. GILT was a recontextualisation of Open Innovation (Chesbrough, 2006) and allowed the researchers to make new connections between capitalist business modelling and social innovation.

## THE SEVEN PRINCIPLES FOR TRANSFORMATION

There are seven principles for making sure your desire to change is converted into sustainable action:

1

### DEVELOP NEW PARTNERSHIPS

These new partnerships (and organisations) provide the specialisms and expertise you will need

2

### USE YOUR ASSETS

There are new perspectives to be found in the intangible and tangible assets that charities have

3

### ENABLE INNOVATION

Use legal structures to enable innovation not thwart it

4

### FIND THE GAP

Create new offers by utilising expert knowledge of needs, solutions and gaps in society

5

### USE CAPITALISM FOR GOOD

Repurpose the tools of capitalism for social good – to play our own games

6

### DON'T RUN TOWARDS THE EXIT

Removing a focus on exit gives you a freedom to develop new enterprises

7

### INVEST IN YOURSELVES

Charities can commercially invest in their own innovation

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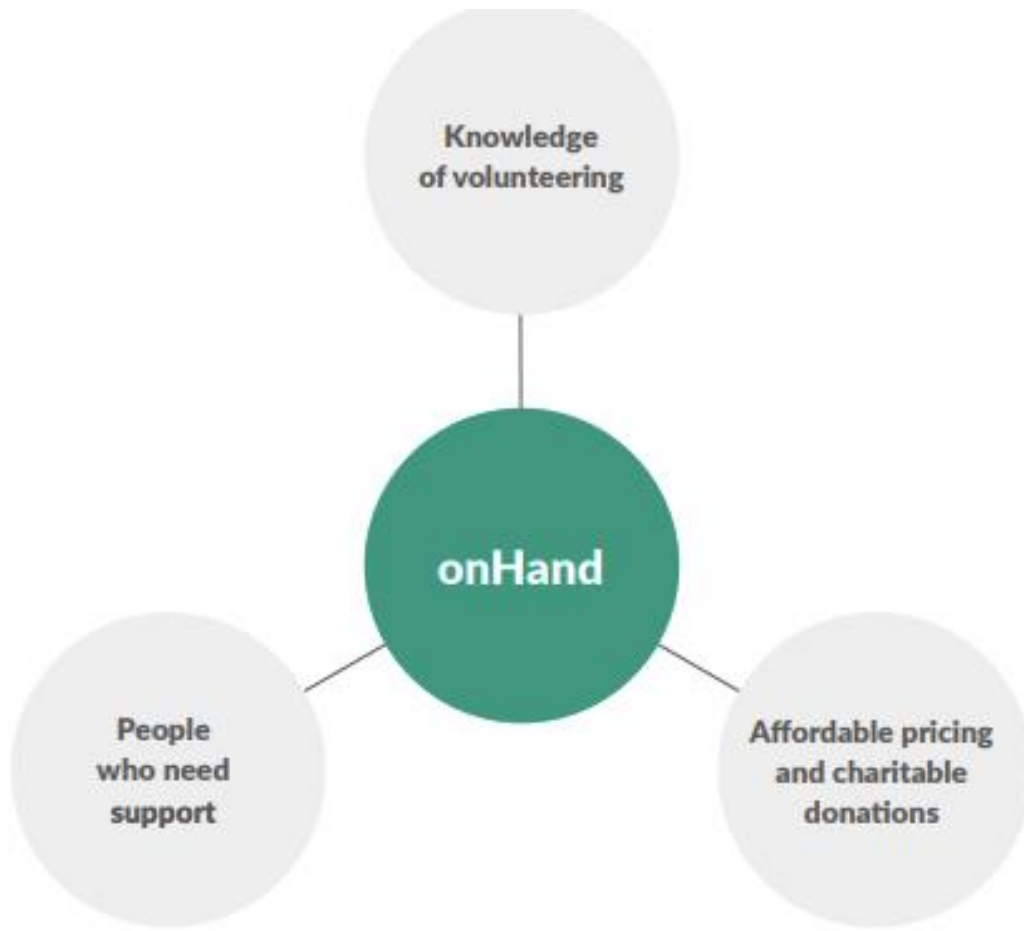
## Context

In 2016 Good Innovation responded to the fall in individual giving to charities, it created the Good Lab, a collaboration of 12 charities: Unicef, British Heart Foundation, British Red Cross, Guide Dogs, Macmillan Cancer Support, NSPCC, Oxfam, RNIB, RSPCA, WaterAid, Save The Children and the Royal British Legion. The Lab was in response to the growth of Social Enterprises that often deliver, and charge for services and products traditionally provided by charities and corporates without a social mission also bidding to deliver work that was the purview of charities. This shift together with a significant decrease in individual giving led to the exploration of how charities can be sustained and work differently.

The UK Government and Investors have been focused on the fourth industrial transformation and this has led to models of supporting enterprise – including social enterprise and those in the Third Sector are influenced by the digital sector, their start-up process and financial needs. Understanding charities ways of working and business models, and evolving them was key to their evolution.

Cooperation and new alliances were a key theme throughout the project, ensuring insights not only in to potential and actualised revenue streams, but also fresh perspectives and understanding of relevant legal structures and business models for charities and their assets.

It has been shown that it is complex to prioritise innovation in funding and business models in the Third Sector because of the pressure on resources and time and focus required to continue delivering crucial services. Charities are expert at solving problems, alleviating pressure and in running organisations with a clear mission and in a particular organisational framework. GILT has been able to bring fresh expertise and questions to the sector.



## Research Questions

1 Can the charity sector appropriate and make relevant approaches from corporate and tech growth support models?

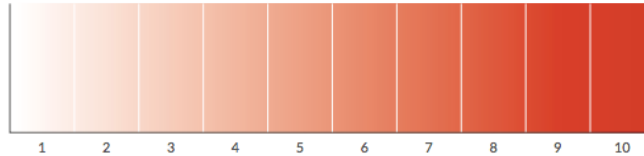
2 Can a set of co-designed experiments be distilled to develop approaches that are applicable and relevant to a range of charities.

3 Can we collaboratively uncover new and sustainable re-inventions of business models for the evolving Third Sector.

## RISK

Risk is an inevitable part of change. This includes the development of new products and services, as well as the creation of new enterprises.

Risk can only be evaluated with knowledge. Plot your understanding of your risk with questions such as the ones below. 1 is low risk, and 10 is high risk – be aware that high risk is not necessarily bad!



What do we **know** that other people are interested in?



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Developing the Research Good Innovation is a commercial company focused on supporting social innovation and Good Lab was a co-owned project. It was important that the tools that emerged were not only able to solve problems for charities in terms of their financial sustainability, but that they would reflect their creative process and ownership.

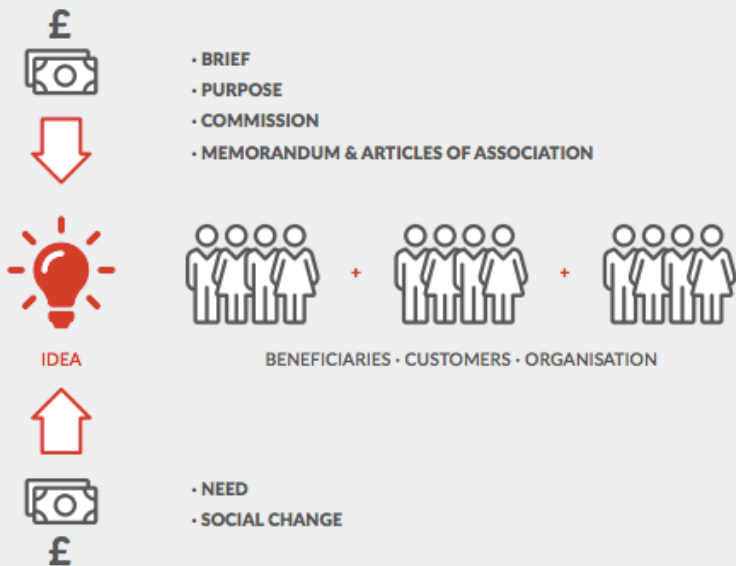
The initial research was design-led and collaborative. Existing tools were reviewed, and from this a more visually-led language was also developed.

The insights from this process were then adapted and developed by Prime and De La Court in to new approaches for the Third Sector in simple, visually led tools.



## VALUE CHAIN

Who do you need?



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## Methods

The final tools were informed by responses to a literature review, co-discovery workshops and asset mapping. Their starting point were sketches by De La Court in response to the insights and pressure points that the initial research that Prime uncovered.

Dialogic events were held to understand the insights and capabilities that had led to the new financial instruments, revenue streams and business models. From this tools were extracted, designed by Prime and De La Court and then tested with users.

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## REWARD & RHYTHM

Emotional Intelligence is key to the success of enterprises. Understanding others' motivations ensures risk is minimised. What do you know about the motivations for involvement of investors, and of other internal and external stakeholders?



## Research Insights

The project aimed to appropriate and make relevant corporate and tech growth support models that could be introduced into charities to develop new revenue creation. The process involved exploring new and sustainable re-inventions of existing business models and co-designing experiments applicable and relevant to a range of charities to ensure that charities are ready for revenue innovation.

The research led to 7 principles for transformation within charities:

- Develop New Partnerships – to provide new specialisms and expertise
- Use your assets – find new perspectives from the intangible assets
- Enable innovation – use legal structures to enable
- Find the gap – utilise lived experience and expert knowledge of needs and gaps in society
- Use capitalism for good – repurpose the tools of capitalism for social good – revisit business modelling tools and investment funds for social good.
- Don't run towards the exit – not having a focus on “exit strategies as a commercial company may, has the potential for slower but strong returns.
- Invest in your own spin outs and innovation – charities are able to financially invest as a commercial investor would, in their own products/services or new companies.

# Outcomes, dissemination and future developments

Good Lab launched four mission led impact ventures, offering new income streams forecasted to be worth £250m in 5 years. The tools developed are available to support other charities to consider how to use the unparalleled market access and insight that charities have to shore them up for the future and find ways to gain predictable income at times of peak uncertainty.

This project uncovered that some structures for charities can appear to be barriers to innovation and revenue generation, and sometimes seem intractable; eg governance, financial management and culture. The research proved that there are unique opportunities within charities, including innovative use of assets, deep mission integrity and user knowledge.

Moving forward with the project and future research will include: -

- Finding ways to continue to move the conversation forward – in further exploring the potential for collaborative approaches to business models, which will grow new revenue in the Third Sector
- Encouraging charities to continue to see the opportunities that emerge through play, and creative exploration and to experiment with the new tools to enhance financial stability and create new revenue streams.

GILT shows the potential for more research in to charity, business and financial models looking for ways to re-align cultures and incentives between commercial finance and charities.

The tools and reports have been published on Goldsmiths website as well as on the Good Innovation site. They were presented to the The Third Sector in a range of seminars and articles. The principles and tools have been adopted by several charities, including Guide Dogs For The Blind, Age UK and National Ugly Mugs, leading to new revenue streams and organisation types.



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