

Nesta...



INNOVATION TEAMS AND LABS

A Practice Guide



Acknowledgements

This guide was written by **Ruth Puttick** and produced by Nesta's Innovation Skills team.

The guide draws on Nesta's practical experience in creating teams to support innovation, our research on social innovation and labs, and our collaboration with many units, teams and labs around the world. It includes information from the i-teams report – produced in collaboration with Bloomberg Philanthropies, and written by **Ruth Puttick**, **Peter Baeck** and **Philip Colligan** – and *The Radical's Dilemma: an overview of the practice and prospects of social and public labs*, written by **Geoff Mulgan**.

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Nesta's Practice Guides

This guide is part of a series of Practice Guides developed by Nesta's Innovation Skills team. The guides have been designed to help you to learn about innovation methods and approaches and put them into practice in your work.

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Nesta...

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CONTENTS

INTRODUCTION	4
SECTION A: WHAT IS AN INNOVATION TEAM OR LAB?	6
SECTION B: WHY SET UP AN INNOVATION TEAM OR LAB?	10
SECTION C: CREATING AN INNOVATION TEAM OR LAB	12
1. Clarifying your aims and assessing capabilities	13
2. Designing your team model	17
3. Building your team	19
4. Implementing and delivering	21
5. Measuring impact	24
SECTION D: RUNNING AN INNOVATION TEAM OR LAB	25
Innovation team design worksheet	27
SECTION E: FURTHER READING AND RESOURCES	28
APPENDIX A: NESTA INNOVATION LAB CASE STUDY	30
ENDNOTES	33

INTRODUCTION

Government innovation is changing. We are witnessing a rapid growth of innovation teams, labs, units and funds all tackling challenges as diverse as reducing murder rates, increasing business growth, and reducing poverty. Yet how do they work, what do they do, and what are the crucial lessons for anyone wanting to set one up?

This practice guide outlines how an innovation team, lab, unit or fund can be created, and is based on Nesta's long experience – both practical and research-driven – around public and social innovation.

Through our research, we have studied innovation methods and labs across the world, and co-authored *The Open Book of Social Innovation*¹ along with The Young Foundation. Earlier this year, we worked with Bloomberg Philanthropies to create the i-teams report,² a study of innovation teams in national, regional and city government across the world.

The guide is primarily aimed at governments, but the methods, lessons and tips are also applicable to a wider audience of businesses, NGOs, and others interested in developing a structured, disciplined and impactful innovation capability. In this guide we outline the considerations and choices to be made, with a collation of resources to inspire, adopt, and adapt.

Definition of key terms

Innovation teams, labs, units and funds come in a variety of formats. Here we use innovation team and lab as shorthand to cover all of these different structures that use 'experimental methods to address social and public challenges'.³ Some people use the word lab to describe one-off events, or time-limited projects. Our interest here, in tune with the everyday use of the word 'lab', is in more permanent structures.

How to use this practice guide

There is no set formula for what an innovation team or lab looks like, works on or delivers. But there is enough experience to know which approaches are more likely to work, what the pitfalls are, and what mistakes are best avoided.

This guide is therefore not static or a blueprint. We hope instead that it will help readers to navigate the strategic questions that all innovation teams face – including what resources are needed, which methods are reliable, and the benefits of different approaches.

Our main goal is to help labs make themselves useful – to persuade leaders, stakeholders and the public that they play a vital role, and to answer the question: who would really care if we disappeared?

This guide is divided into five sections:

SECTION A: WHAT IS AN INNOVATION TEAM OR LAB?

This section gives a brief introduction to innovation teams and labs. It should help you to:

- Learn about the history and current landscape of innovation teams, funds, units and labs.
- Understand what they do and the impacts that they are having.

SECTION B: WHY SET UP AN INNOVATION TEAM OR LAB?

This section provides guidance on the benefits of innovation teams, and when they can be effective. It outlines:

- Why innovation matters.
- The benefits of developing an innovation team.
- The catalysts and prompts for why existing innovation teams were created.

SECTION C: CREATING AN INNOVATION TEAM OR LAB

This section offers an introduction on designing an innovation team, and offers practical tools and methods to support thinking and planning. It should help you to:

- Understand the main components that all innovation teams require.
- Reflect on the different options and choices to be made when establishing and running an innovation team.

SECTION D: RUNNING AN INNOVATION TEAM OR LAB

This section provides guidance on how to move beyond the design phase and to successfully run an innovation team or lab. It should help you to:

- Recognise and identify some of the common barriers and risks, and learn how to overcome or avoid these.
- Reflect on how to continually reinvent and refresh your strategy to stay relevant.

SECTION E: FURTHER READING AND RESOURCES

SECTION A: WHAT IS AN INNOVATION TEAM OR LAB?

This section gives a brief introduction to innovation teams and labs. It should help you to:

- Learn about the history and current landscape of innovation teams, labs, funds, and units in governments around the world.
- Understand what they do and the impacts that they are having.

What are innovation teams?

Innovation teams – often referred to as innovation labs, funds or units – come in a variety of sizes, use a range of techniques, are equipped with different resources, and try to tackle different issues and challenges. What unites innovation teams and labs – and differentiates them from other well run organisations or teams – is that they are all adopting experimental methods to tackle both social and public issues.

The basic operating system of any innovation team or lab usually includes:

- Scanning for and identifying key issues, priorities and tasks.
- Developing ideas that impact on these areas.
- Testing and prototyping solutions.
- Creating routes into larger scale impact or systems change.

Much of Nesta's research has focused on innovation teams, units, and labs funded by or set up by governments. But many of the lessons and recommendations will be relevant to a wider audience of companies, not-for-profits, and others seeking to improve their innovative capabilities.

Categorisation of innovation teams and labs

Innovation labs and teams can be distinguished on several main axes:

- By the **methods** they use, such as design, data, or behavioural economics.
- By the **field** in which they work, such as education or healthcare.
- By where they **focus their efforts**, from upstream to downstream, in the innovation process; from understanding issues, through to generating ideas to implementation and scale.
- By **how they work**, with some innovating in practice, such as by undertaking experiments or using open innovation methods, to others who primarily support and fund others.

- By the **extent** to which they are **directly involved with government**, from being based inside to operating at arm's-length, to others that are entirely separate.

Source: Mulgan, G. (2014) 'The Radical's Dilemma: an overview of the practice and prospects of social and public labs, version 1.' London: Nesta.

The history of innovation teams and labs

Public and social innovation has rapidly moved from margin to mainstream over the past decade.⁴ As part of this, governments have been institutionalising innovation for a number of years.

Examples include Minnesota in the US, which had an innovation unit for a number of years, to Amsterdam's various teams pioneering the use of digital technologies in cities, to New York's Center for Court Innovation. Although it did not badge itself as an innovation team at the time, the UK's Social Exclusion Unit in the late 1990s also functioned as a lab. It involved many outsiders, including the people living the problems of teenage pregnancy or neighbourhood decline; it used rapid prototyping; it had a strong emphasis on data and holistic solutions; and it achieved impressive results, such as dramatic declines in street homelessness.⁵

Current landscape of innovation teams and labs

Today there are many labs using different methods to try to solve social problems, both within and beyond government. Around 40 labs within governments have formed a loose network and meet occasionally (20 of these are described in the i-teams report). Others can be found in universities linking social action and research, and also in emerging social innovation parks such as the SIPark in Bilbao. Several hundred 'living labs' around the globe involve users in shaping technologies,⁶ such as the European Network of Living Labs (ENoLL), which focuses on co-creation and experimentation. Other labs have joined forces around a particular approach, for example the Design for Social Innovation and Sustainability (DESIS) network.

Nesta's experience of running labs

In the early 2000s, Nesta set up and later spun out Futurelab to develop innovative approaches to education. More recently we launched a partnership to spin out and support one of the UK government's most successful innovation labs, the Behavioural Insights Team.

Since 2009 Nesta's internal Innovation Lab has been supporting people to develop ideas that can solve big social challenges. The 70-strong team uses a range of approaches to achieve its mission, such as grant funding, challenge prizes and practical programmes combined with wider policy and systems change. Programme examples include the **Digital Makers Fund**, which backs ideas to get young people involved in digital activities like coding, and **People Powered Health**, which supported the design and delivery of innovative services for people living with long-term health conditions (see Appendix A for a full case study on the Nesta Innovation Lab).

In October 2014 Nesta launched the Innovation Growth Lab (IGL),⁷ a global collaboration set up to develop and test different approaches to support innovation, entrepreneurship and growth. The Lab's aim is to build an evidence base on the most effective approaches and learn what works by increasing the use of experiments – in particular randomised controlled trials (RCTs).

Through the Social Innovation Exchange (SIX)⁸ and other networks, we have also collaborated with other labs and innovation teams around the world to share learnings.

Common elements of innovation teams

Although innovation teams vary in size, funding, and scope, there are six key elements that are common across all teams. These are:

FIGURE 1



Source: Puttick, R., Baeck, P. and Colligan, P. (2014) 'i-teams: the teams and funds making innovation happen in governments around the world.' Nesta and Bloomberg Philanthropies.

Each team will prioritise different combinations of these elements to create results depending on their aims and objectives. We will return to how to configure these building blocks in Section C.

The impacts of innovation teams and labs

All innovation teams and labs are trying to create demonstrable change, but it is inherently difficult to show and verify the impact of a team's work. Transformative ideas can take many years to spread, however case studies can help show the success of new ideas and demonstrate a team's usefulness to those in power.

The i-teams report details the impact and effect of all 20 innovation teams. Here are a few examples of the impacts they have created for their host and partner governments.⁹

- The **Behavioural Insights Team** designs trials to test policy ideas, and achieved government savings of around 22 times the cost of the team in the first two years of operation.
- **MindLab** is a Danish unit using human-centred design as a way to identify problems and develop policy recommendations. One project, which helped businesses to find the right industry code for registrations, demonstrated a 21:1 return on investment in savings for government and businesses.
- The **New Orleans Innovation Delivery Team** is based in city hall and is tasked with solving mayoral challenges. Their public safety efforts led to a 20 per cent reduction in the number of murders in 2013 compared to the previous year.
- **PEMANDU** helps implement the Malaysian government's vision for better public services. One of PEMANDU's projects supported Malaysian law enforcement and reduced reported street crime by 35 per cent in one year.
- **iZone** is a dedicated office of innovation that supports over 300 schools in New York to accelerate the college and career readiness of students. iZone's iLearn programme is projected to save £6.6 million by 2015.

SECTION B: WHY SET UP AN INNOVATION TEAM OR LAB?

This section provides guidance on the benefits of innovation teams and labs, and when they can be effective. It outlines:

- Why innovation matters.
- The benefits of developing an innovation team or lab.
- The catalysts and prompts for why existing innovation teams were created.

Why innovation teams matter

The argument for innovation is largely won. Most would agree that faced with fiscal pressure, rising demands and complex problems, governments – and a range of other institutions – have no choice but to innovate. Yet too often innovation efforts are at best patchy, or at worst, non-existent.

The reasons for this are often quite understandable: staff are usually focused on day-to-day activities; there is limited time to be thinking about new approaches; mainstream budgets are more likely to sustain incumbent approaches rather than foster new ones; and the very nature of bureaucracy can reject and hinder experimentation and change.

The benefits of an innovation team

Governments, like businesses and other organisations, need dedicated structures, capabilities and space to allow innovation to happen. Innovation teams can be created for a number of reasons. None are mutually exclusive, but some commonly cited motives include:

- To tackle the dissatisfaction with current innovation capabilities in achieving improved outcomes and cost savings.
- To improve specific stages of the innovation process, such as idea generation testing or implementation and scale, by bolstering innovative capabilities.
- To tackle seemingly unsolvable and entrenched challenges, such as education or criminal justice.
- To provide a novel or unique method, such as design thinking or behavioural economics, to foster a structured approach to the innovation process.
- To listen to citizens and others outside of the organisation in ways that have traditionally been problematic.

For any innovation team or lab to be successful, it needs to begin with a clear mission and challenge. It will also require dedicated capacity, specific skills and methods, and consistent political support. These are points we return to in Section C.

Why existing innovation teams or labs have been created

Below are a few examples of why innovation teams around the world have been created.

- The **Mayor's Office of New Urban Mechanics** in Boston was created to help develop and solicit solutions for government challenges. A small team based within Boston's city hall, they act as the 'front door' for city innovators, engaging with civic entrepreneurs who may have a solution to a government challenge. Their Citizen Connect mobile app is used by residents to report problems such as graffiti, with around 300 cases across Boston reported each week. The app has been replicated by other cities across the US.
- The **Seoul Innovation Bureau** was created to engage citizens and non-profits in finding new ideas. The team draws on social media tools to rapidly increase citizen engagement and help identify solutions. One example is the development of 'baby on board' badges, designed for pregnant women travelling on public transport. These have since been adopted by other countries around the world.¹⁰
- **PS21**, an innovation team in Singapore, was set up by the head of the Singaporean Civil Service with the core aim of preparing Singaporean public services for the 21st century. To achieve this, PS21 was tasked specifically with engaging civil service staff. Their Post 'N' Poll app lets any of Singapore's 139,000 civil servants report an issue or to suggest an idea for service improvement. An evaluation of PS21 estimated that over one year it generated 520,000 suggestions from staff, of which approximately 60 per cent were implemented, leading to savings of around £55 million.

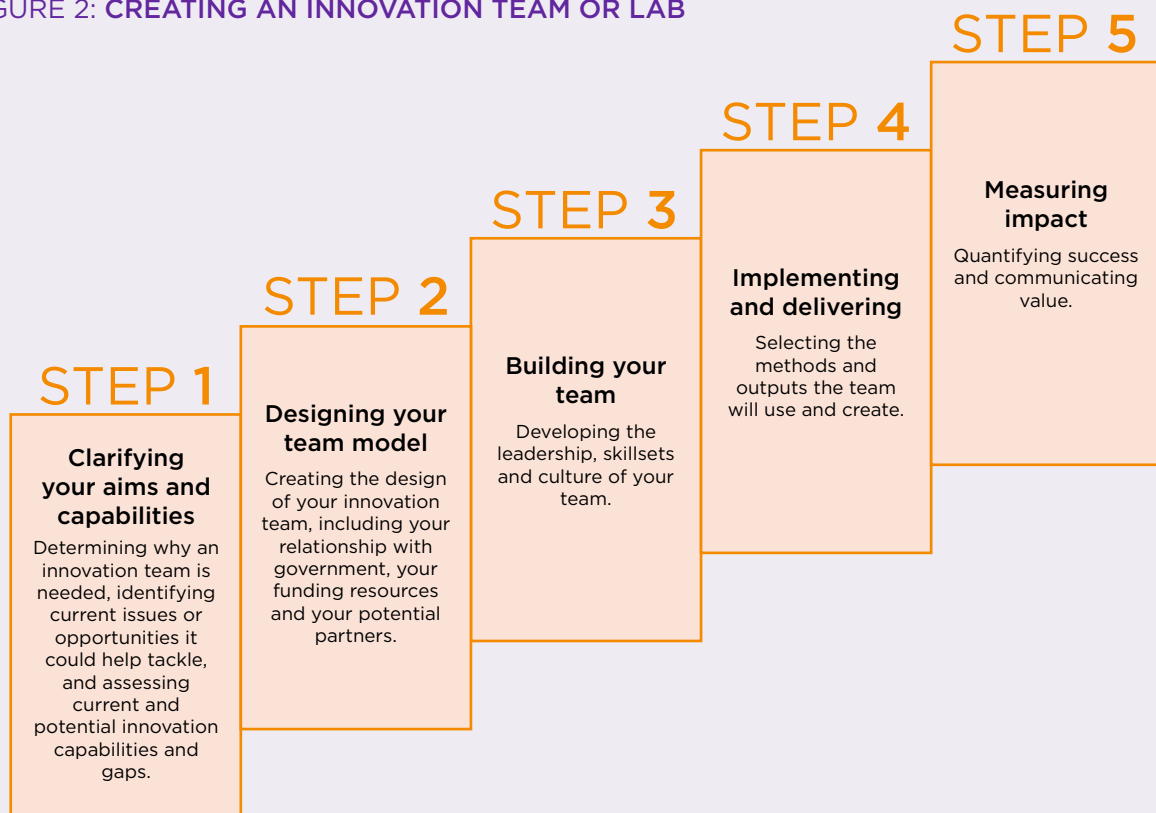
SECTION C: CREATING AN INNOVATION TEAM OR LAB

This section offers an introduction to designing and running an innovation team, and provides practical tools and methods to support thinking and planning. It should help you to:

- Understand the main components that all innovation teams require.
- Reflect on the different options and choices to be made when establishing and running an innovation team.

The diagram below shows the five steps involved in setting up an innovation team or lab.

FIGURE 2: CREATING AN INNOVATION TEAM OR LAB



1. Clarifying your aims and assessing capabilities

The first step in creating an innovation team is to determine why it is needed, and to identify the current issues or opportunities it could help tackle. It's also important to understand what your innovation capabilities and gaps are – both currently and going forwards – in terms of skills, resources, leadership, impact measurement, and methods.

Determining the objectives of your innovation team or lab

As covered in Section B, there is a variety of motivations for setting up an innovation team, but to be effective a team must be clear about its mission and objectives. To begin with, selecting an initial focus that matches a government's needs can be helpful. This might be:

- Creating solutions to solve specific challenges.
- Engaging citizens, non-profits and businesses to find new ideas.
- Transforming the processes, skills and culture of government.
- Achieving wider policy and systems change.

The key questions for anyone starting a lab should include:

- What counts as success, why and for whom?
- Will it aim to solve big or small social problems?
- Will it aim to showcase a different ethos of work, or perhaps to demonstrate that a city or nation is creative?
- What scale of resources are viable, both human and financial?
- How will ideas be mainstreamed or scaled?

Reviewing existing assets

To understand where your innovation team could create impact, you need to identify the current capabilities and gaps within your organisation's current structure. This might be around expert knowledge in specific policy domains, or in certain innovation methods. For instance, you should consider:

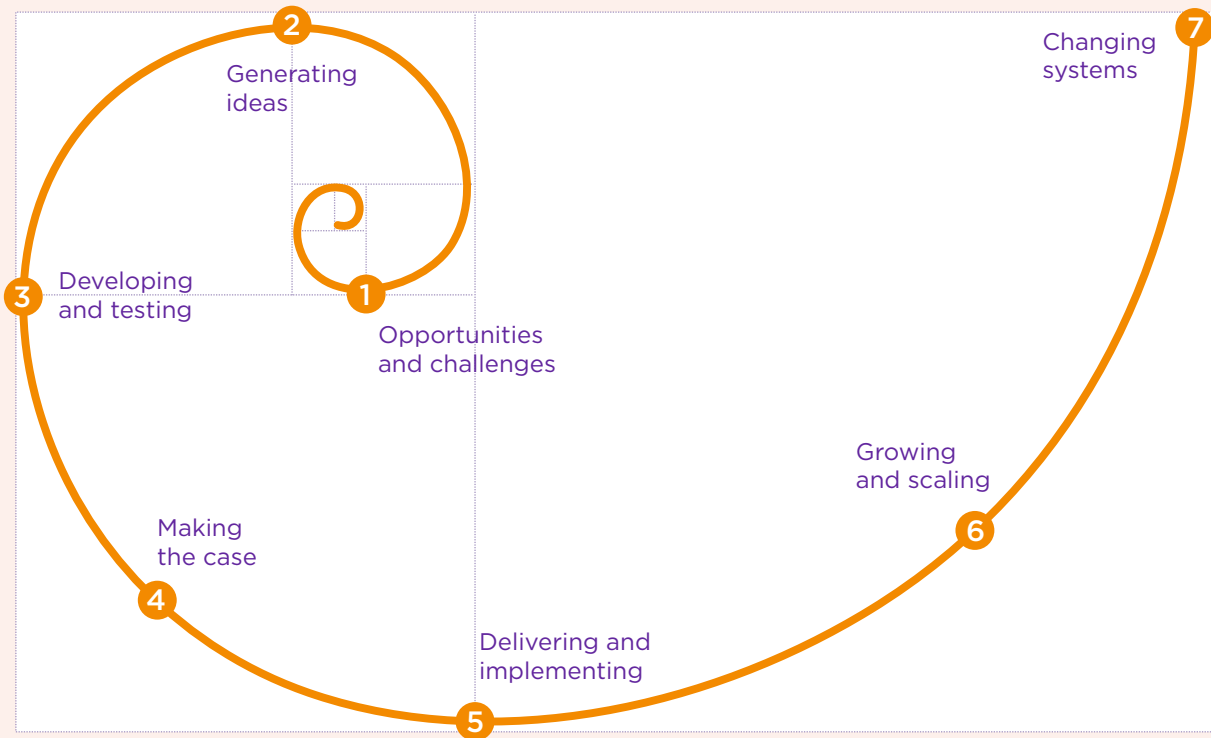
- What expertise does your organisation currently possess that could help you reach or determine your aims and objectives?
- And what are the gaps in your knowledge and capabilities?
- What expertise exists in your wider network? And how could you leverage this?
- What other resources could you draw on, such as citizen insights?

Evaluating the current innovation process

Looking at where the weaknesses are in the current system can help you to pinpoint where your innovation team might be most useful. For instance, is there a lack of good ideas, a dearth of robust evaluation, or are challenges encountered when trying to implement and deliver solutions?

The diagram below shows the stages of the innovation process.

FIGURE 3: STAGES OF INNOVATION



Source: Nesta

Exactly how many stages of the innovation process you can feasibly take on will depend on the resources available. Larger resourced organisations, such as Nesta or Sitra, might have the capabilities to try to undertake systems change, whereas smaller teams might be more effective focusing on earlier stages in the process. If the innovation team doesn't take responsibility for all stages, then it's important to think who else or how else these can be managed.

Studying other models

To help develop an innovation team that is right for you, you can learn from the models of other effective innovation teams around the world.

The structure of an innovation team will be bespoke to suit the context and to achieve its goals, but this doesn't mean innovation teams have to start their efforts from scratch. There is much to be learnt from studying established teams, emulating their successes, adopting and adapting their methods and tools, and avoiding their past mistakes.

Both *The Open Book of Social Innovation* and *i-teams* report provide detailed accounts of a range of these innovation teams, funds, units and labs. The *i-teams* website also hosts a living map to help highlight emerging teams working in your country or region.

The table below provides an overview of some of the innovation team models based on their objectives. Which teams will be most useful to learn from will again depend on your own aims and capabilities.

TABLE 1

Focus of innovation team	Why would you want this?	Who can you learn from?	Key features
Creating solutions to solve specific challenges	To solve high priority problems and to develop usable and scalable solutions.	<ul style="list-style-type: none"> • New Orleans Innovation Delivery Team • Center for Economic Opportunity • VINNOVA • Behavioural Insights Team 	<ul style="list-style-type: none"> • Rapid experimentation • Results expected in short-time scale • Strong focus on collaboration • Agile methods and skunk work approaches • Long-term delivery tasked early • Clearly defined outcomes for all projects
Engaging citizens, non-profits and businesses to find new ideas	To open up decision making to new voices and ideas from outside.	<ul style="list-style-type: none"> • Seoul Innovation Bureau • The Australian Centre for Social Innovation • Mayor's Office of New Urban Mechanics 	<ul style="list-style-type: none"> • Ideas and other resources solicited • Open innovation and challenge-led approaches used, such as challenge prizes and crowdsourcing • Strong communications and engagement strategies, drawing on social and online media • Other methods used including user-centred design • Progress tracked in terms of outputs and activities in early stages, with impacts measured once out of the ideas stage
Transforming the processes, skills and culture of government	To transform the way innovation is approached by developing the skills and mind-sets needed.	<ul style="list-style-type: none"> • MindLab • PS21 • PEMANDU 	<ul style="list-style-type: none"> • Strong facilitation and training experience • Secondments and placements used to facilitate transfer of skills • Prizes and awards to recognise and promote new ways of working • Impact measurement typically more qualitative and measured over a longer-time horizon
Achieving wider policy or systems change	To move beyond specific interventions and seek to change wider policy contexts and systems.	<ul style="list-style-type: none"> • Nesta Innovation Lab • Sitra 	<ul style="list-style-type: none"> • Large flexible resources • Ability to commit to the long term • Strong focus on network building, engaging with a range of organisations and individuals

HINTS AND TIPS

- Be clear on the mission and challenge.
- Select an initial focus and work on things that matter, developing projects which are tangible and salient.
- Explicitly state what is trying to be achieved, and where the innovation team's remit begins and ends.

2. Designing your team model

Once you are clear on the aims of your team and what capabilities you can draw on, you can start to think about the design of the team. There are several factors you need to consider, ranging from your relationship with government, to your funding and potential partners.

Proximity to government

How a team functions will in part be determined by its proximity to executive power. Innovation teams have different relationships with government, depending on the way they are set up, and the options include:

- Based in and having the agenda set by the president or mayor's office.
- Based within the government department or agency that manages the innovation team.
- Co-owned, with more than one department setting the agenda.
- An independent innovation team but agenda set by or wholly funded by government.
- An independent organisation with government funding, but autonomy to set own agenda.

Innovation teams are designed to create a safe space for government to do things differently, and their proximity to government can impact on their ability to do this:

Advantages of being close to government can include:

- Greater opportunity to stay abreast of political priorities.
- Greater influence over political priorities.
- Provision of legitimacy and authority to the innovation team's work to galvanise engagement across government.
- Protection to try new things and to take risks.

Disadvantages of being close to government can include:

- Constraints on radical experimentation, particularly if tied to a risk adverse government.
- Facing issues when there are shifts in political and executive power, such as a change in government or administration.

There is no optimal position. Instead you should strike a balance between being close enough to maintain access and influence, but whilst creating space and distance to navigate and overcome bureaucratic barriers.

Where you're based may change over time, and you may need to incubate the innovation team in an existing organisation to provide a back office function, rather than setting up from scratch.

Relationship with government

Very few innovation teams will be responsible for public service delivery; instead teams will work closely with agencies across government, and with external partners, to fund or support new solutions, with implementation tasked to the relevant government partner. Relationship management is a crucial skill – it's not enough for ideas to be good, they must have champions and support in order to achieve impact.

Relationships with government can change over time. To a certain extent all innovation teams will need to renew their mandate as political power shifts. For instance, the Nesta Innovation Lab was originally a government entity and is now an entirely independent charitable foundation. In contrast the Centre for Public Service Innovation was originally set up by government as a not-for-profit, and has since moved back to being an arm's length agency of the central South African Government.

Being transparent and making sure what you do is free and accessible will build trust and foster engagement. For example, publishing progress as online dashboards can help the public follow progress, and hold the innovation team to account.

Securing resources

Teams must determine how they will be financed, including how they might leverage funds from external sources. They also need to decide how resources are allocated and spent.

Funding from government can occur in various forms, including:

- Direct government funding: whereby the innovation team is funded like any other government or agency, with funding for staff covered by their host departments. In most instances, the team are employed directly as civil servants.
- Contract funding from government: this is usually for specific pieces of work as service or grant contracts.
- Endowment: some innovation teams, like Sitra and Nesta, have publicly-funded endowments to provide their primary funding. Endowed organisations use a proportion to fund their work each year.

Leveraging money

Teams will need their own budget, and should be leveraging additional money, such as from government, philanthropy, business and other sources. Leveraging external funds can help de-risk government's investment. Of the innovation teams studied by Nesta and Bloomberg Philanthropies, over half leveraged funding from external sources. This can be achieved through:

- Setting an explicit strategy for matching funds for all projects.
- Creating a dedicated funding vehicle: the Centro de Innovación Social in Colombia is part of the Pioneers for Social Innovation, a partnership of around 15 companies contributing to a dedicated innovation fund. The Colombian government and the Pioneers jointly select topics to work on, and this is used to co-fund delivery by the Centro de Innovación Social. As well as leveraging additional resource, it also helps side step complicated procurement procedures.

HINTS AND TIPS

- Forge strong links to executive power inside government, leveraging internal and external partnerships, resources and insights, to achieve goals.
- Develop a defined funding model for the team, attracting partners and supporters to leverage flexible funding.
- Be open on what success looks like as well as how you will manage failure.
- Make clear how resources will be spent, when results are expected, and where accountability lies.

3. Building your team

Although innovation teams will be built to suit the overarching mission or goal, there are a number of required assets and skills needed to create an effective team. It's important to think about both the leadership and the range of skills you will need for your team, as well as how you will recruit staff.

Developing leadership

How the team is led and managed, and what political sponsorship and buy-in you have, will impact on the team's effectiveness.

- Political sponsorship is a critical part of an innovation team. Close ties to authorising power – such as prime ministers, ministers and mayors – focuses attention on priority problem solving and provides the authority and credibility for the team to act and galvanise action across government. It can also shield the team to help them take risks, be creative and give them the legitimacy to stop or decommission ineffective services.
- The leader of the innovation team should have connections to these political sponsors and understand how government works, whilst also having access to new forms of knowledge and networks from outside government to bring in new perspectives and disrupt the status quo.

Selecting staff

In creating your team, you'll need to think about the size, skillset, dynamic and culture of the staff, as well as specific recruitment and staff development strategies.

- A team with **experience in both the private and public sector** is an important feature of innovation. Most, if not all, of the leaders of the teams in the i-teams report have experience in both government and other sectors.
- This **mix of insider-outsider** extends to the team itself, with staff actively recruited from private, not-for-profit, as well as government backgrounds.
- There are a number of **key skills** that innovation teams can rely on. Some of these are **unique to government** compared to the typical public sector skillsets, such as design, venture experience, anthropologists or technologists.
- All innovation teams **need traditional skills**, including strong project management, data analytics and communications, **to get the work done**.
- **Networks of associates** should be drawn on for particular projects, including specialists in particular fields like ethnography, data, social psychology or understanding citizen experience. This enables the team to have a smaller core team, and pivot between priority areas.
- There may not be the available talent locally, so you may need to **recruit internationally** to find people with the required skills. And **be prepared to train staff on the job** – there may not be a readily available supply of government innovation experts out there.
- **Establishing secondments for staff** in other areas of government will help engage them in your work, and they can take back innovation skills and methods when they return to their agency.

Location and institutional form might impact on recruitment. Being in government can sometimes limit hiring to just from the internal pool, rather than enabling recruitment from outside the public sector.

Think about how much freedom and flexibility you want to hire staff from outside government, if it is possible to build that into your innovation team, and what recruitment restrictions might be in place.

Creating a team culture

Developing a visibly different team culture that is open and entrepreneurial will also aid the team in its mission. There are a number of ways these approaches can be implemented, such as:

- Creating a governance structure that has representatives from inside and outside of government to foster buy-in, and to benefit from additional expertise and advice.
- For example, **La 27e Région** fosters ties with French regional government by structuring a board comprised of presidents and vice presidents from the regions.
- Being clear to officials how resources are spent and when results can be expected.
- For example, **MindLab** agrees its annual work programme with its governance board, comprised of the permanent secretaries from its 'parent' ministries and its partner municipality, Odense. To ensure the team focuses on its sponsors' priority areas, they allocate 80 per cent of the team's time to specific tasks, with the remaining 20 per cent kept free for ad hoc and flexible requests.
- Clearly setting out the innovation team's involvement with government.
- For example, the **South African Centre for Public Service Innovation** has published a *Pocket Guide to Innovation* to outline how it is stimulating innovation in government and its relationships with agencies and departments.

HINTS AND TIPS

- Ensure that you have a high level of political sponsorship so that your team can be effective.
- Build a team with a diverse mix of skills, and a combination of insiders and outsiders to government.
- Draw on subject knowledge from government, enabling generalists to be hired that can easily move between priority areas.
- Keep your governance structure and culture open, and continually demonstrate and communicate the team's unique value.

4. Implementing and delivering

Innovation teams will draw upon their capabilities to develop a programme of work that addresses their objectives, and enables the innovation team to achieve high impact delivery.

Employing explicit methods

Different tools, techniques and approaches will be needed to achieve different goals, but innovation teams will be seen as valuable if they hold unique expertise and knowledge that isn't available elsewhere in the system. This will also help to unlock money and mobilise political capital. Innovation teams need to communicate their value throughout, and this becomes particularly important when there is a change in leadership or administration.

There are plenty of methods to choose, such as design, data, funding, and open innovation, and the most effective method for your team will be influenced by your overarching mission.

Here are a few of the methods being used and developed by innovation teams around the world.

Action Research

Action research is a participatory approach to problem solving. The Boston-based **Mayor's Office of New Urban Mechanics** has combined Action Research with Design Research. This involves developing products and services focusing on the needs of users, as a means to ensuring governments develop useful and useable solutions. The Mayor's Office of New Urban Mechanics has developed a step-by-step guide to implementing civic technologies, *The Guidebook on Design Action Research with Government*.

Behavioural economics

The **Behavioural Insights Team** in the UK uses behavioural economics to understand and solve policy challenges. At the heart of their approach is the EAST framework, aiming to encourage behaviour by making it Easy, Attractive, Social and Timely (EAST).

Citizen engagement

Citizen engagement can be both a mission and method for stimulating innovation. For example, the **Seoul Innovation Bureau** uses social media and online platforms to solicit ideas from city residents. The **Colombia Centro de Innovación Social** uses **user-centred design**, **ethnographies**, and other tools to engage citizens in the design and delivery of new solutions.

Other innovation labs using citizen engagement include the Social Innovation Labs created by OASIS in India, BRAC's Social Innovation Lab in Bangladesh, MaRS Solution Lab in Toronto, and the Goodlab in Hong Kong, which has a strong focus on empowerment.¹¹

Co-production and Human-centred design (HCD)

These are both approaches to help link the perspective of the end user to government decision making. They can provide a clear structure for projects. HCD is at the heart of the work of **MindLab**, an innovation unit in Denmark. For further details see:

- MindLab's Method Cards
- MindLab's Guide on Co-production

Prototyping is a key aspect of HCD, and is a way of developing, testing and improving ideas at an early stage. See Nesta's *Prototyping Framework* for more information.

Challenge prizes, awards and open innovation

Many innovation teams are keen to solicit new ideas and solutions.

- **Challenge Prizes** are a key feature of the work of the **New York Innovation Zone (iZone)**, **Nesta Innovation Lab** and **TACSI**. Nesta has published a *Challenge Prize Practice Guide*¹² to show how challenge prizes work and to support getting your own prize idea off the ground.
- **Awards** are often used to reward and recognise new and better ideas and ways of working. The **Centre for Public Service Innovation** and **PS21 Office** use them to celebrate innovation efforts by civil servants, and to help share and spread ideas across government.

Data and digital technology

Some innovation labs and teams emphasise data, with many bought together in the Open Government Partnership, such as **Code for America**, the **Mayor's Office of New Urban Mechanics** in Boston, and the **ODI** in the UK.

Office space

Some innovation teams see their physical office space and wider facilities as a key part in enabling innovation to happen. For instance, **MindLab** and the **Centre for Public Service Innovation** both believe that natural space, which is literally and metaphorically away from the day-to-day of government, fosters engagement and promotes more creative ways of thinking.

Despite a growing interest in how workspace enhances performance, there is little empirical evidence. To fill this gap Nesta is conducting research to understand the effects of the physical environment on innovation and creativity, and the results are due in Spring 2015.¹³

Structured innovation process

Other teams have **developed their own innovation processes** to structure the different methods they use and to provide a coherent brand for their work. For example:

- The **Innovation Delivery Teams** being pioneered by Bloomberg Philanthropies use a structured four-step process to guide their work. These four steps, called the **Innovation Delivery Model**, are: investigating the problem; generating new ideas; preparing to deliver; and delivering and adapting. See the *Innovation Delivery Team Playbook* with further details on the method.¹⁴ This model has also been evaluated.¹⁵
- **La 27e Région** developed the '**Friendly Hacker**' method, a set of six principles to help challenge civil servants' existing understanding of public services. This involves being both inside and outside of government, being both neutral and activist, doing before thinking, engaging multiple stakeholders, using design thinking, and capturing learning.
- **PEMANDU** in the Malaysian Prime Minister's department uses the '**Big Fast Results**' methodology. This eight-step model was originally applied in the private sector and is now being used to solve government challenges. The Big Fast Results methodology involves setting the strategic direction, bringing civil servants together to develop solutions in 'labs', testing these ideas in open days, publishing publically available road maps to track progress, establishing KPI targets, implementing solutions, engaging international review panels, and publishing results annually.

Producing outputs

Innovation teams shouldn't just be creating reports and written lists of options. Instead they should generate practical and useable solutions. Outputs include:

- **Backing new ventures:** investing for a financial return by creating new enterprises.
- **Communicating and marketing:** systematising and spreading innovations by documenting the development of specific solutions and promoting these to a wide audience. This could involve publishing magazines and hosting events.
- **Designing prototypes:** creating and testing prototypes with the aim of evolving these models so they can be adopted by government.
- **Evaluating programmes:** analysing the impact of innovative programmes, and using this to identify which innovations should be scaled up.
- **Policy influence through research:** all innovation teams will be undertaking research, from workshops to understand consumer insights, to horizon scanning, through to the use of formal trials. This research informs the team's own work, and also produces broader recommendations and guidance for government to act upon.
- **Skills-building and changing government culture:** to help foster a culture of innovation in government, innovation teams can run workshops, conduct training, and engage civil servants in designing pilots.

Handing over and tasking delivery

As touched on earlier, very few innovation teams will be responsible for mainstream public service delivery. Instead, implementation will be tasked to the relevant government agencies. This means that being clear about who will take on the delivery and mainstreaming of solutions is extremely important. This can involve identifying relevant partners in agencies and departments early on to enable solutions to develop externally. It can be helpful to take this further and explicitly task delivery from the outset to named officials.

HINTS AND TIPS

- Adopt explicit methods that draw on cutting edge innovation skills and tools, alongside strong project management, to get work done.
- Select a core method; building the team around a specific method helps structure their work, and makes its brand and offer clear.
- Produce and fund tangible outputs, and continually refresh the work of the team.
- Have a bias towards action and aim for rapid experimentation, combining early wins with longer term impacts.
- Be clear on handovers early on, tasking implementation and delivery to government.

5. Measuring impact

Impact measurement is crucial, both in terms of demonstrating the value of individual projects, and in terms of the success of the innovation team overall.

In addition, there is a need to continue to connect with a global network of innovators to ensure the innovation team remains on track and impactful. This can involve further training and skills development, as well as benchmarking innovation efforts with peers around the world.

Quantifying success

Data should be used to inform strategic development, as well as evaluation frameworks to measure impact of both projects and the team overall. Robust results will be crucial in winning over sceptics, especially if savings can be quantified. This means that you should:

- Have a **clear action plan in place**, drawing on a **theory of change or logic model** to articulate what you want to achieve and to help structure data collection. Create these plans for **both individual projects and the team overall**.
- Be proportionate and take a flexible approach to impact measurement, drawing on a range of methods appropriate to the size, scale and innovation stage of different innovations.
- Standards of evidence can be useful in ensuring evaluation is appropriate to different stages of innovation; see the Nesta *Standards of Evidence*.
- Formal trials help test specific interventions. The Behavioural Insights Team has published guidance, including *Test, Learn Adapt: how to use RCTs in developing public policy*. The **Fonds d'Experimentation pour la Jeunesse** (Experimental Fund for Youth) have published lessons from experiments (in French).

Stop doing what doesn't work as much as growing what does

As well as helping ensure resources are directed to growing effective solutions, evaluation and impact measurement will also help you identify ineffective ideas.

Put in place procedures that enable ineffective or redundant services to be decommissioned. Admitting something isn't working is just as important as scaling projects that work. It will build credibility and focus scarce resources on what's effective.

HINTS AND TIPS

- Relentlessly measure impacts, and quantify successes whenever possible.
- Use a range of different measurement tools to fit different projects.
- Be data driven.
- Stop projects that don't work as much as growing those that do.
- Celebrate success and share credit across your networks.

SECTION D: RUNNING AN INNOVATION TEAM OR LAB

This section provides guidance on how to move beyond the design phase and to successfully run an innovation team or lab. It should help you to;

- Recognise and identify some of the common barriers and risks and learn how to overcome or avoid these.
- Reflect on how to continually reinvent and refresh your strategy to stay relevant.

You have developed your staff, methods and resources and your innovation team or lab is operational and working on practical projects. So what do you do now? There needs to be consideration of wider issues to ensure you navigate, avoid or overcome potential barriers and issues as they emerge.

Identifying key partners, collaborators and allies

Your innovation team or lab will be more likely to succeed if it has support from external parties. And this network will need to continually develop. This support could come from a wide range of sources, so consider what additional resources and insights you might be able to leverage. For instance, which corporates, NGOs, foundations, or other areas of government can you work with? You may want to consider:

- Who can you draw on to help champion the innovation team and make its case to others?
- What networks can you tap into externally?
- Who can assist if problems are encountered?
- Can you engage with the media?
- Who are, or could be, your harshest critics?

A crucial way of getting supporters on board will be to **share credit**, widely and freely. Help tie others in to the success and longevity of the lab or team.

Manage expectations and set realistic timescales

Achievable timescales need to be set in order to give the innovation team or lab time to reach its aims. Some 'quick wins' will help build momentum and confidence, so innovation projects will need to demonstrate progress in a matter of weeks or months. But the team should have longer, around two to three years, in order to demonstrate meaningful impact.

Some innovation teams may only be needed or funded for a finite amount of time. If this is the case, then a plan should be in place for how to best wrap up the team's work.

Managing failure

As with any innovation project, there is always a risk of failure. It's important to build in processes that will allow the innovation team to be open – internally to government and publically – when things don't go according to plan.

This means that innovation teams need to be able to stop – or decommission – services when they are not working, as much as focusing on growing those ideas that work.

Innovation teams and their network need to be frank about how much failure is acceptable. This could shape whether their innovation agenda is one of more incremental improvements to existing services, or radical overhaul. Neither is necessarily better than the other – both can lead to marked improvements in outcomes, but the choice will influence the methods, approaches, skills, and resources required.

Iterate and continually develop the team

Set aside time and resources to reflect on the model and methods being used, and refine and improve to ensure the team maintains effectiveness. Learn from what has worked and what hasn't; the oldest surviving innovation teams and labs have reinvented themselves a number of times to stay relevant during shifts in power, society or the economy.

Put in place solutions for long-term delivery

As touched on earlier, very few innovation teams will be responsible for long-term delivery and implementation. Make sure systems and processes are in place around who will take on and scale solutions.

Have an exit strategy

Some innovation teams have been around for decades, but history shows that most will have a limited lifespan, whether because their practices come to be adopted by the mainstream or through abolition when there is a change in favour or political leadership.

Having an **exit or reinvention strategy in place** for exiting areas when a challenge has been solved or addressed will help refresh and reorient the purpose of the team, or to wrap it up entirely.

HINTS AND TIPS

- Constantly iterate and refresh the team or lab model to stay relevant and effective.
- Identify your partners, allies and collaborators, whilst also engaging with your critics.
- Manage expectations: set realistic timescales.
- Communicate what is working and what isn't – be open about failure to bolster credibility.
- Celebrate success and share credit across your networks.

INNOVATION TEAM WORKSHEET

Capture your initial thoughts about creating an innovation team or lab. Discuss key design decisions and test out thinking with a wider group of stakeholders.

WHAT IS THE NAME OR WORKING TITLE OF YOUR INNOVATION TEAM?

STRATEGY

Identify needs

What are the unmet needs that your innovation team will fulfil? What are the challenges facing your organisation?

Evaluate current assets/processes

What are the current innovation capabilities of your organisation? Where are the weaknesses?

Define aims and objectives

What are your aims? E.g. targeting a specific innovation stage, or tackling a particular challenge? And what is the impact you intend to achieve?

Studying other innovation teams

What other innovation teams do you find inspiring? And what can you learn from them?

SETTING UP YOUR INNOVATION TEAM

Relationship with government

What proximity will the team have to government? And who will set the team's agenda? Where will you be based?

Resources

Where will your funding come from?

Recruiting staff

What skills will you need to build your team (e.g. private and public sector, innovation skills)? And where will you recruit your team from?

Leadership

What political sponsorship or buy-in can you get?

Partnerships

Who might be your partners, collaborators, allies?

Team culture

How are you going to create an open and entrepreneurial team culture?

IMPLEMENTATION AND DELIVERY

Methods

What tools, techniques and approaches might you use to achieve your objectives (e.g. human-centred design, challenge prizes)?

Outputs

What type of output will you create?

MEASURING AND MONITORING

Measuring impact

How will you measure and show impact? How will you manage failure?

REFLECTION

Assessment

How feasible is your innovation team? Why is this a strong model? And how do you communicate its value?

Challenges

What challenges do you foresee when putting this plan into practice and how might you overcome them?

SECTION E: FURTHER READING AND RESOURCES

Read...

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Watch...

"i-teams is a great resource for governments everywhere". Listen to what else Mayor Bloomberg has to say about i-teams, <http://vimeo.com/99717911>

Highlights from the i-teams launch, with discussion from the leaders of the Memphis Innovation Delivery Team, La 27e Région, MindLab and Nesta Innovation Lab, vimeo.com/100412415

Find out more about the i-teams

Behavioural Insights Team – Case study: applying behavioural insights to organ donation www.behaviouralinsights.co.uk/publications/applying-behavioural-insights-organ-donation

Centro de Innovación Social (Centre for Social Innovation) – Centre for Social Innovation's brochure www.cpsi.co.za/publications.php

Centre for Public Service Innovation – Annual report, 2012–13 [www.cpsi.co.za/publications/CPSI Annual Report 2012–2013.pdf](http://www.cpsi.co.za/publications/CPSI%20Annual%20Report%202012-2013.pdf)

Centre for Public Service Innovation – 'Ideas that Work' bulletin www.cpsi.co.za/publications.php

Fonds d'expérimentation pour la jeunesse (Experimental Fund for Youth) – Case studies on projects <http://www.experimentation.jeunes.gouv.fr/72-les-resultats-des-experimentations.htm>

Investing in Innovation (i3)

- Information on grantees www2.ed.gov/programs/innovation/resources.html
- Evaluating grantees ies.ed.gov/ncee/projects/evaluation/assistance_ita.asp
- Evaluation of i3 www.edweek.org/media/belwetherreport-37i3.pdf

La 27e Région– Project case studies blog.la27eregion.fr/-Cas-inspirants-

APPENDIX A: NESTA INNOVATION LAB CASE STUDY¹⁶

The Nesta Innovation Lab works with individuals and organisations to generate, develop and test radical new ideas to address social problems. Through developing and applying leading edge innovation practices and methods, it supports innovators in the public, private and social sectors, and links innovative projects to advocacy and policy change to transform whole systems.

Background

Nesta is the UK's innovation foundation with a mission to support innovation for the public good. Established in 1998 by central government, Nesta transitioned to an independent charity in 2012.¹⁷

Nesta is backed with an endowment originally provided from the UK National Lottery and works through a combination of research, investments, networks, grant funding and practical support to innovators. The Innovation Lab was launched in 2009. Originally called the Public Services Lab, it was rebranded in 2013. Over that time it has grown from six to 65 people and has developed a wide-ranging portfolio that brings together different disciplines to advance innovation in priority fields.

What it does

The main focus of the Innovation Lab's work is supporting the creation of new ideas and helping promising innovations to reach and benefit more people. They combine this with a focus on wider policy and systems change to enable more and better ideas to flourish.

The Innovation Lab supports innovators working in fields like health and ageing, opportunities for young people, public service reform and digital arts and media. They consciously work with organisations from different sectors, from front line public services and early-stage social entrepreneurs to government agencies, established non-profits and commercial businesses. This creates the risk of being spread too thin, but being able to straddle different sectors and disciplines is seen as essential to the Innovation Lab's model.

The interdisciplinary approach is reflected in the leadership and make-up of the team, with staff from central and local government, non-profits, consultancy, social enterprise and commercial backgrounds. The team is co-led by Philip Colligan, a former senior official with 12 years' experience in central and local government, and Helen Goulden, who has a background advising global businesses and government on digital innovations.

The Innovation Lab works through three main approaches:

1. **Grant funds** – supporting a portfolio of innovations that work towards a common goal.
2. **Challenge prizes** – applying open innovation to social problems.
3. **Practical programmes** – cohorts of organisations supported through a structured innovation process to develop and implement innovations that address a shared goal.

One example of a grant fund is the Digital Makers Fund which backs ideas that get young people involved in activities like coding.¹⁸

The fund is a partnership between Nesta, the Nominet Trust, Mozilla Foundation and Autodesk and invests in the growth of programmes like Code Club, a network of after school coding clubs for children aged nine to 11, run by volunteers. Over two years the Digital Makers Fund has awarded grants to 14 organisations totalling £520,000, to date enabling more than 30,000 young people to access opportunities to get practical experience of digital making. Alongside the Digital Makers Fund, the Nesta Innovation Lab launched the Make Things Do Stuff campaign that brings together organisations committed to getting more young people involved in digital making to engage with policymakers, teachers, parents and young people.

An example of a larger grant fund is the Centre for Social Action Innovation Fund, a £14 million fund to help grow the impact and reach of innovations that get citizens more involved in the delivery of public services.¹⁹

The fund, which is a partnership with the UK Government Cabinet Office, provides bigger awards to later-stage innovations that have the potential to reach many more people. In its first year, the Centre for Social Action Innovation Fund made 20 grants totalling over £5 million, helping projects spread to over 500 new locations reaching an additional 128,000 beneficiaries, engage more than 30,000 new volunteers and increase the evidence of their impact.

The Nesta Innovation Lab's second approach is challenge prizes. Nesta has a track record of applying open innovation to social problems, including through the Big Green Challenge, one of the world's first social challenge prizes that in 2010, awarded £1 million to community projects that reduced carbon emissions.²⁰

The Innovation Lab built on that experience to launch the Centre for Challenge Prizes²¹ which uses competitions to stimulate new solutions to social and environmental challenges. In partnership with the UK Government's Open Data Institute, the centre is running a series of prizes to find solutions that mobilise public data to address challenges in fields like crime and justice, education and energy. They bring together industry experts and data providers with startup and early-stage companies to create financially sustainable businesses with a social purpose.

The challenges start with an intensive research and engagement phase to ensure that they are well designed and respond to real public needs. Once the challenge opens, teams respond with their ideas and the most promising are selected to take part in a creation weekend where the best three ideas receive a £5,000 grant, plus incubation support and the chance to compete for a £40,000 prize.

The winner of the Crime and Justice challenge was Check that Bike, an open data service available on smart phones that enables cyclists to check whether a second-hand bike they want to buy is stolen.

The third approach is programmes which bring together cohorts of similar organisations, which are supported through a structured process to develop and implement innovations that address a shared goal.

These programmes emphasise the development of innovation skills and involve training public servants in methods that can be used at the different stages of innovation, like ethnography and rapid prototyping in the early stages and supporting them to develop business models and scaling strategies at the later stages.

People Powered Health was a programme focused on long-term health conditions. Over 18 months, the Innovation Lab worked with teams of doctors, hospitals, community organisations and patients in six locations to design and implement new approaches that actively engaged patients, communities and social networks in managing conditions like diabetes.

The teams were supported to co-create and prototype the solutions with patients, as well as develop robust business cases to win support for implementation. The findings demonstrated the potential for the interventions to deliver significantly better outcomes for patients and £4.4 billion in savings to the health system in England.²²

The programme ended in 2012 and the Innovation Lab has continued to work with policymakers, national health organisations and patient groups to take the ideas to national scale.

Impact

The Innovation Lab measures long-term impact across four dimensions:

- Creating new solutions that solve specific social challenges.
- Supporting innovations to reach and benefit more people.
- Effecting wider policy and systems change.
- Increasing capacities to innovate.

One persistent challenge is how to measure impact in the short term when backing early-stage and disruptive innovations that often take years to demonstrate results. To combat this, the Innovation Lab interventions have a theory of change that sets out the long-term goals and metrics alongside short-term indicators against which they can track progress.

The Innovation Lab also uses Nesta Standards of Evidence as a framework for understanding whether innovations are having the intended impact.²³ As Helen Goulden noted, *“It’s really important to have a nuanced approach to evidence, most innovations will take time to develop and expecting too much too soon kills innovation. But that can’t be an excuse for lazy thinking.”*²⁴

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