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Features

When Innovation Goes Wrong

By Christian Seelos & Johanna Mair

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Efforts by social enterprises to develop novel interventions receive a great deal of attention. Yet these organizations often stumble when it comes to turning innovation into impact. As a result, they fail to achieve their full potential. Here's a guide to diagnosing and preventing several "pathologies" that underlie this failure.

When Innovation Goes WRONG

BY CHRISTIAN SEELOS & JOHANNA MAIR

Illustration by HARRY CAMPBELL

A pervasive myth holds that the impact generated by social enterprises is the result of innovation. Indeed, prevailing models of social innovation lead people to ask the wrong question about achieving impact in the social sector. They ask: What are the ingredients of successful innovation? They seek to discover "a magic innovation formula" or to define a set of "innovation success factors." We find it useful to turn this question inside out. Instead of focusing on how innovation succeeds, we look at the dynamics of failure within the innovation process. We ask, in particular: *What are the factors that undermine the impact potential of an innovation effort?*

For the past several years, we have been studying social enterprises in order to determine what enables them to achieve high levels of impact. Innovation, we have concluded, is just one part of a larger social impact creation process. Indeed, we have found that innovation plays a minor—yet very specific—role in allowing highly successful social enterprises to deliver solutions at an appropriate scale. In examining less successful organizations, meanwhile, we have found that what holds them back is not an inability to innovate but a failure to embed their innovation efforts within a robust process for translating those efforts into impact.

Throughout the social impact creation process, there are a number of ways that innovation can go wrong. We use the term "innovation pathologies" to describe these all-too-common missteps. Organizations that actively pursue innovation but fall short of achieving impact invariably suffer from one or more pathologies. These organizations typically have a flawed understanding of how innovation works. As a result, they develop habits and practices that render their innovation efforts unproductive.

Identifying these pathologies, we argue, will help social enterprises to generate more impact from their investments in innovation. In this article, we set forth a model for understanding the relationship between innovation and impact, and we provide a way to diagnose the pathologies that interfere with that relationship. We also offer insight into how organizations can counter these pathologies by developing innovation practices that optimize their effectiveness.

REMOVING UNCERTAINTY

In 2012, a reporter for *The Wall Street Journal* wrote an article that cast a critical eye on the obsession with innovation that has overtaken the business sector. Companies today, Leslie Kwoh observed, routinely attach the term "innovation" or "innovative" to just about any new product or service. "But that doesn't mean the companies are actually doing any innovating," Kwoh noted. "Instead they are using the word to convey monumental change when the progress they're describing is quite ordinary."[1] A similar dynamic operates in the social sector, where organizations often assume that they must generously sprinkle the term "innovation" throughout a proposal if they want to have any chance of receiving a grant. In both sectors, the result is the same: People call every new thing an "innovation," and the term loses all objective meaning.

Around the time when that article appeared, we wrote an article titled "Innovation Is Not the Holy Grail" for *Stanford Social Innovation Review.* The article explored the limits of "innovation" as people in the social sector had come to use that concept. But in the article we also tried to establish a rigorous framework for understanding innovation—what innovation is and is not, what it can and cannot do. Crucially, we differentiated between innovation as an *outcome* and innovation as a *process*. People who care about social change, we suggested, should stop associating innovation with new products or

services (that is, with outcomes). Instead, they should regard innovation as a process that has distinct characteristics and potentials.[2]

So what are those characteristics and potentials? What kind of process is innovation, exactly? Since the publication of our previous article on this topic, we have continued to investigate the nature and purpose of innovation in the social sector. And here is one critical finding from our research: Innovation processes involve efforts to address—and ultimately to remove—various forms of uncertainty. During most parts of an innovation process, it's not clear whether and when an innovation will succeed. Progress is nonlinear and does not follow carefully prepared plans, milestones, or budgets. Working through this process is like riding a roller coaster; it's full of ups and downs and sudden swerves in one direction or another. For organizations that are built to execute plans that follow established recipes, the challenge of navigating an innovation process can seem overwhelming. Only organizations that cultivate an ability to understand and eliminate uncertainties will survive the twists and turns of innovation. (See "The Innovation Process: Reckoning With Uncertainty" below.)

The core purpose of an innovation process is the conversion of uncertainty into knowledge. Or to put it another way: Innovation is essentially a matter of learning. In fact, one critical insight that we have drawn from our research is that effective organizations approach innovation not with an expectation of success but with an expectation of learning. Innovators who expect success from innovation efforts will inevitably encounter disappointment, and the experience of failure will generate a blame culture in their organization that dramatically lowers their chance of achieving positive impact. But a focus on learning creates a sense of progress rather than a sense of failure. The high-impact organizations that we have studied owe much of their success to their wealth of accumulated knowledge—knowledge that often has emerged from failed innovation efforts.

Innovation uncertainty has multiple dimensions, and organizations need to be vigilant about addressing uncertainty in all of its forms. (See "Types of Innovation Uncertainty" on page 29.) Let's take a close look at three aspects of the innovation process that often involve a considerable degree of uncertainty.

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This article draws on material in the authors' forthcoming book, *Innovation and Scaling for Impact: How Effective Social Enterprises Do It* (Stanford University Press, 2016).

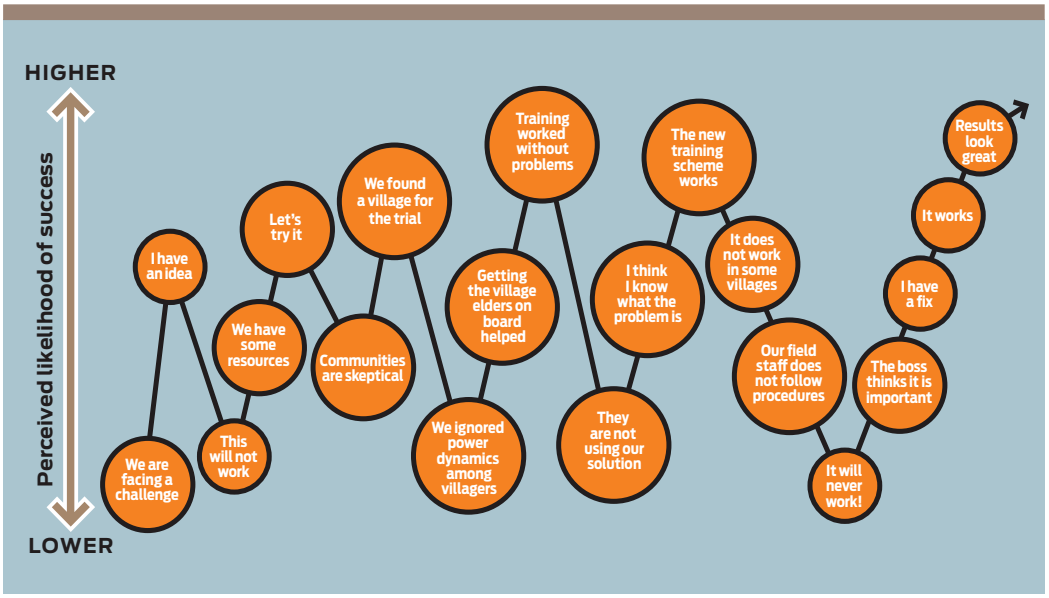
Problem formulation | Organizations may incorrectly frame the problem that they aim to solve, and identifying that problem accurately may require several iterations and learning cycles.

BRAC, founded in Bangladesh, is one of the largest social enterprises in the world. In the 1980s, it launched a search for ways to treat diarrhea, a leading cause of mortality among children in Bangladeshi communities. The organization settled on a simple, cheap, and effective treatment option that took the form of a sugar-and-salt formula. In the beginning, enthusiasm for this solution ran high. BRAC, having framed the problem as one that involved a lack of awareness and a lack of access, began raising awareness of the treatment and training people to deliver it. As it turned out, however, the organization had not fully considered the broad context in which the problem of childhood diarrhea occurs in many parts of Bangladesh. Before long, BRAC leaders realized that social norms and power relations are important factors that affect how people perceive this kind of problem—and how they view potential solutions to it. People who followed traditional religious norms, for example, cast suspicion on the treatment and prevented their communities from adopting it. Even members of BRAC's own field staff did not trust the treatment at first, and many local pharmacists and doctors also didn't trust it.

In struggling to understand the dynamics at work in local communities, BRAC had to deal with *problem frame uncertainty*. Figuring out how to collaborate with community members and staff members to deliver the sugar-and-salt formula involved a series of challenges that tested its resolve. Eventually, BRAC overcame this uncertainty and found ways to implement its solution, and the organization came away from this experience with valuable knowledge about working with various stakeholders.

Solution development | Even when an organization has an adequate understanding of a problem, it may not be able to access and deploy the resources needed to create an effective and robust solution.

The Innovation Process: Reckoning With Uncertainty



Aravind, a nonprofit organization based in India, operates a large and highly productive chain of eye hospitals. It focuses on performing cataract surgery, and it uses a cross-subsidy model to provide that service to poor people at little or no cost. In the late 1980s, Aravind ran into a bottleneck that limited its ability to scale up part of its operation. Donations of the artificial lenses used in the cataract procedure had declined, and the cost of purchasing lenses from manufacturers was prohibitively high. Aravind leaders understood the problem clearly, but the existing resources and competencies of the organization were not adequate to solving it. So they had to consider options that entailed a high degree of *solution uncertainty*. One idea was for the organization to begin manufacturing its own lenses. But the feasibility and the potential adverse consequences of enacting this idea raised serious questions. Did Aravind have the management capabilities to build and run a manufacturing facility? Could it handle the financial risk of investing in such a project? The founder of Aravind, Govindappa Venkataswamy, initially opposed the idea.

Ultimately, Aravind leaders decided to create a lens manufacturing company called Aurolab. They were able to create consensus around this move because it directly promoted Aravind's long-term scaling strategy. Even Venkataswamy eventually gave his full support to this solution. To launch Aurolab, the organization leveraged its reputation and drew on a global network of partners. The Aravind innovation team provided management capabilities, a lens manufacturing company provided technical knowledge, and a foundation provided fundraising assistance. Today, Aurolab makes a wide range of ophthalmic products and exports them to 130 countries worldwide.

Alignment with identity | Innovation may lead an organization in a direction that does not fit its culture or its sense of its purpose—its sense of "who we are."

For Aravind, the idea of manufacturing its own lenses involved *identity uncertainty* as well as solution uncertainty. After all, lens manufacturing is an endeavor that aligns more closely with a for-profit culture than with the nonprofit, care-oriented culture that characterizes Aravind. To overcome this uncertainty, Aravind set up Aurolab as a nonprofit charitable trust that is structurally and financially separate from the organization's hospital operations.

Another organization that encountered identity uncertainty is Gram Vikas, a social enterprise that brings water and sanitation solutions to rural Indian communities. Its core mission is to reduce levels of gender and caste inequality among populations that it targets. In its first decade of operation, Gram Vikas pursued several innovations that failed to create the kind of impact that it sought. One day, it discovered that cow dung from a failed dairy-farming project could produce biogas for use in electricity generation. Responding to an opportunity to create economic benefits for poor communities, Gram Vikas proceeded to become a major developer of biogas projects. This innovation was a success on its own terms, but it led the organization in a direction that did not align with its focus on confronting gender and caste issues. In fact, the biogas solution increased rather than reduced levels of inequality, because only farmers benefited from it and most community members were not farmers. So Gram Vikas spun off its biogas program and returned to pursuing innovating efforts that match its sense of purpose.

Types of Innovation Uncertainty

The process of creating social impact involves working to reduce or eliminate uncertainty. By replacing uncertainty with knowledge, organizations can create and refine solutions that will be truly effective. Innovators should focus their attention on six forms of uncertainty, in particular.

Problem frame uncertainty | Do you sufficiently understand the social or environmental problem that you aim to solve, along with the factors that cause that problem? Problem frame uncertainty lowers your chance of designing a solution that goes to the root of an issue.

Solution uncertainty | Are you able to access appropriate resources and to configure them in a way that yields a viable solution? Solution uncertainty lowers your chance of turning an idea into an effective innovation.

Adoption uncertainty | Will people in target communities accept and implement your solution? Adoption uncertainty lowers your chance that a solution—even one that ostensibly "works"—will take hold among its intended users.

Consequence uncertainty | Does your solution run the risk of producing negative side effects? Consequence uncertainty lowers the chance that your innovation will produce positive social impact. (It also may threaten the reputation of your organization.)

Identity uncertainty | Does your proposed solution align with your sense of purpose? Identity uncertainty lowers the chance that your commitment to an innovation will be strong enough to overcome setbacks and to persist through the scaling process.

Managerial uncertainty | Do you have an ability to oversee innovation processes in a productive manner? Managerial uncertainty lowers your chance of implementing and supporting a solution over a long timeframe.

PURSUING IMPACT

Viewing innovation as a process—and, in particular, as a process of addressing various kinds of uncertainty—has led us to a crucial insight: Innovation per se does not create impact. The work of converting uncertainty into knowledge requires a significant investment of time, effort, and other organizational resources. When that work is successful, it gives rise to new products, new services, and new interventions. But these outcomes merely have the *potential* to create positive social impact. If an organization cannot effectively deliver innovation outcomes to people who need them, then its investment in developing them will be for naught.

What enables an organization to create actual impact on the basis of potential impact? In a word: *scaling*. Focused and committed scaling—delivering effective products and services to more people and doing it more reliably, more efficiently, and with a steady improvement in quality—is what creates impact. An investment in scaling allows for the development of effective routines and capabilities, and it fosters a deep understanding of the problems that an organization aims to solve. Such an investment also strengthens an

organization's sense of purpose and prevents unproductive deviations from its mission.

In short, innovation *plus* scaling *equals* impact. Innovation is an investment of resources that creates a new potential; scaling creates impact by enacting that potential. Because innovation creates only the potential for impact, we advocate replacing the assumption that "innovation is good, and more is better" with a more critical view: Innovation, we argue, needs to prove itself on the basis of the impact that it actually creates. The goal is not innovation for its own sake but *productive* innovation.

Productive innovation depends on two factors: (1) an organization's capacity for efficiently replacing innovation uncertainty with knowledge, and (2) its ability to scale up innovation outcomes by enhancing its organizational effectiveness. Innovation and scaling thus work together to form an overall social impact creation process. Over time, an investment in innovation—in the work of overcoming uncertainty—yields positive social impact, and the value of such impact will eventually exceed the cost of that investment. But that will be the case only if an organization is able to master the scaling part of this process. (See "Creating Social Impact: Innovation Plus Scaling" below.)

To be sure, some organizations achieve real impact without scaling up their innovations. One promising model is Waste Concern, a social enterprise in Bangladesh that turns waste products into usable resources. The founders of Waste Concern excel at conducting innovation processes but have little interest in managing a large organization. So by design, their innovation work incorporates methods that make it feasible for other groups to adopt and scale up their outcomes. Waste Concern, for example, develops each innovation to the point where it can create a demonstration site that allows interested parties to observe and receive training on the innovation. The organization also places patents on its work to ensure that outside groups will go through the training process before they adopt an innovation. In that way, Waste Concern goes beyond simply "transferring" the knowledge gained from an innovation effort to an outside entity, and it maximizes the social impact of its investment in innovation. This approach frees up time for Waste Concern's founders to do what they do best: start new rounds of innovation work.

In most cases, though, transferring innovation-based knowledge to another organization is remarkably challenging. There are two main reasons why it's so difficult. First, this kind of knowledge is more contextually bound than people typically assume. Indeed, most organizations struggle when they try to replicate their own innovations in a different context. And second, such knowledge is deeply embedded in the structure and culture of an organization, and other organizations that have different characteristics are often unable to absorb that knowledge. In 2011, for example, Aravind launched an effort to transfer its knowledge about high-efficiency cataract surgery to other hospitals. The results of that project were disappointing, and Aravind abandoned the project a few years later. Its leaders realized that most partner hospitals could not productively use the knowledge that Aravind shared with them.

Most organizations that succeed in achieving substantial impact, therefore, do so by investing in scaling capability. Any organization that applies enough effort and invests enough resources will likely succeed in creating an innovative product or service. But scaling up the outcome of innovation presents a much bigger challenge.

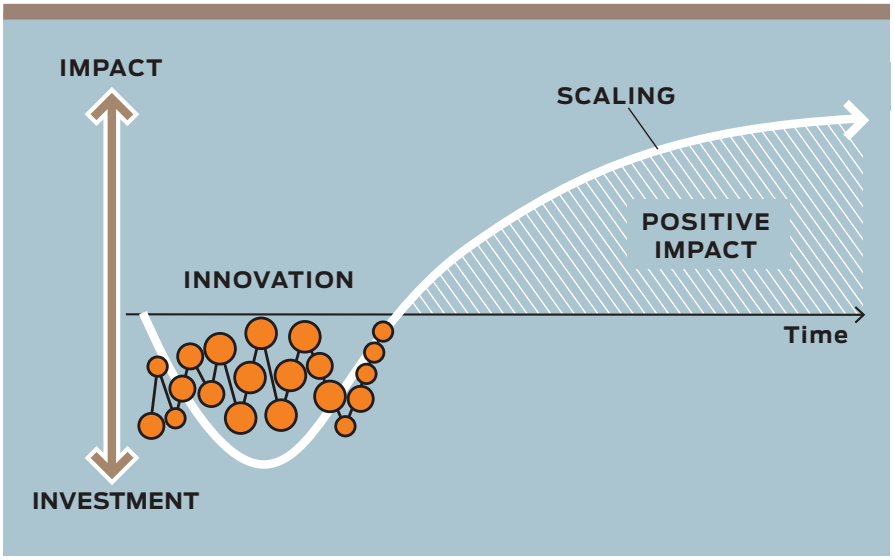
FOCUSING ON PATHOLOGIES

Through our study of social enterprises, we have devised a set of six pathologies—six ways that organizations limit their capacity for productive innovation. From the stage when people first develop (or fail to develop) the idea for an innovation to the stage when scaling efforts take off (or fail to take off), these pathologies adversely affect an organization's ability to make its way through the social impact creation process. (See "Creating Social Impact: Six Innovation Pathologies to Avoid" on page 31.) Organizations can greatly improve the impact of their innovation efforts by working to prevent or treat these pathologies.

Never getting started | In too many cases, organizations simply fail to invest seriously in the work of innovation. This pathology has many causes. People in organizations may have neither the time nor the incentive to develop or communicate new ideas. Or they may find that their ideas fall on deaf ears. Or they may have a tendency to discuss an idea endlessly—until the problem that gave rise to it has been replaced by another urgent problem or until an opportunity has vanished.

At some organizations, the costs of deciding not to pursue innovation may be hard to recognize. People in established enterprises rightly focus on scaling and improving their current products and services. By doing so, after all, they can use their resources to serve more people and to create more immediate impact. But they may miss special opportunities for innovation that closely fit both their organization's purpose and its unique resources and capabilities. Organizations that never exploit such opportunities risk losing relevance. As a

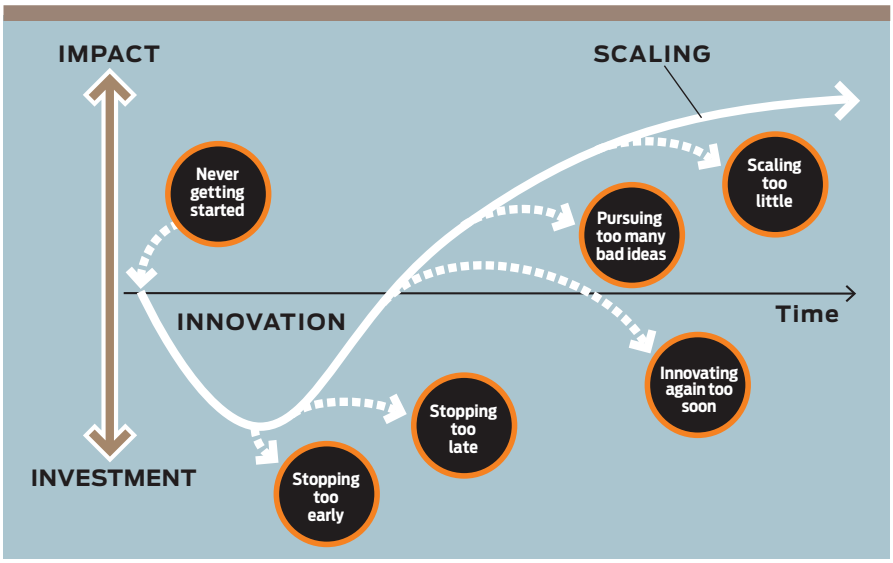
Creating Social Impact: Innovation Plus Scaling



result, talented people may start to leave the organization, and supporters may lose enthusiasm for the organization as well.

The pathology of "never getting started" has other costs, too. First, effective organizations use innovation processes to support talent development. Innovation work provides staff members with opportunities to be creative, to make decisions, and to see projects through to completion. Innovation also provides learning opportunities for leaders that day-to-day work rarely offers. And second, organizations that focus primarily on scaling efforts risk burning people out. A minimum amount of innovation may be an important instrument of organizational "hygiene." Innovation gives people a way to break out of their daily routine and to explore their own passions, and it can be a highly effective way to rejuvenate an organization.

Creating Social Impact: Six Innovation Pathologies to Avoid



How can organizations overcome this pathology? Aravind explicitly links its innovation work to emerging bottlenecks in its scaling efforts. When operational priorities drive innovation, new ideas readily gain support and legitimacy. And because Aravind has accumulated a wealth of knowledge and experience through its scaling efforts, linking innovation to those efforts enables the organization to create better ideas and to lower its level of innovation uncertainty. BRAC, meanwhile, is a large and very hierarchical organization that faces particular challenges when it comes to initiating innovation. To overcome bureaucratic tendencies that can stifle idea creation, BRAC has created a social innovation lab. A team of young, experienced people run the lab, and they actively scout ideas from all parts of the organization. In addition, BRAC has an extensive meeting culture that allows ideas to flow across the organization quickly and to gain the attention of senior decision makers.

Pursuing too many bad ideas | Organizations in the social sector frequently fall into the habit of embracing a wide variety of ideas for innovation without regard to whether those ideas are sound. The recent obsession with "scientific" evaluation tools such as randomized controlled trials, or RCTs, exemplifies this tendency to favor costly ideas that may or may not deliver real benefits. As with other pathologies, many factors potentially contribute to this one. Funders may push their favorite solutions regardless of how well they understand the problems that those solutions target or how well a solution fits a particular organization. Or an organization may fail to invest in learning about the context of a problem before adopting a solution. Wasting scarce resources on the pursuit of bad ideas creates frustration and cynicism within an organization. It also increases innovation uncertainty and the likelihood of failure.

The key to preventing this pathology lies with leaders. Many of the most effective organizations that we have studied share an important characteristic: Senior leaders spend a lot of time in the field, where they gain exposure to the reality of the problems that their organization seeks to address. These leaders also make an effort to keep managers on board as long as possible. That way, their organization is able to accumulate institutional knowledge that enables it to create better ideas and to avoid bad ideas. In addition, leaders at effective organizations often strive to limit their dependence on external funding sources that might pressure them to explore unsuitable ideas. (A manager at BRAC shared this proverb with us: "If you keep your hands in a friend's pocket, [then] if that person moves, you'll have to move.")

Stopping too early | In some instances, organizations are unable or unwilling to devote adequate resources to the development of worthy ideas. When resources are scarce and not formally dedicated to innovation processes, project managers will struggle to develop an idea and may have to abandon it prematurely. Too often, they end up taking the blame for failure, and others in their organization ignore the adverse circumstances that caused it. Decision makers then reallocate resources on an ad-hoc basis to other urgent problems or to projects that seem more important. As a result, even promising innovation efforts come to a grinding halt.

Another cause of this pathology is the use of project plans that set forth milestones in a linear fashion. As we have noted, innovation progress is not linear. When managers compare a set of project milestones with the actual progress of an innovation, they often perceive a huge gap and decide to stop the innovation prematurely. "Stopping too early" is costly not only because promising opportunities remain unexploited but also because it deprives organizations of important learning opportunities.

This pathology also occurs when groups accept the first solution that they identify or when organizations push to scale up innovations that are not yet mature. Under pressure to demonstrate impact, they rush to implement half-baked ideas. This form of "stopping too early" sharply reduces an organization's potential for impact. Effective organizations therefore maintain an innovation orientation even when they shift into a scaling mode. They never assume that an intervention is working perfectly, and they persist in their efforts to identify problems proactively. Both BRAC and Aravind, for example, have senior leaders who engage directly in innovation

work. Not only do they ensure proper resource provision and maintain high motivation, but they also keep asking the right questions about the status of an innovation project: Are we still learning something? Are there occasional promising signs of progress? Answering "No" to one of these questions signals that it might be time to stop.

Stopping too late | Even more costly than stopping too early is stopping too late. In this pathology, an organization continues an innovation project even after the innovation proves to be ineffective or unworkable. This problem occurs, for example, when an unsuccessful innovation happens to be the pet project of a senior leader who has limited experience. Leaders who have recently joined an organization and who are keen to leave their mark rather than continue what their predecessor has built are particularly likely to engage in this pathology. Another cause of "stopping too late" is the assumption that a project budget needs to be spent. The consequences of this pathology are clear: Organizations expend scarce resources with little hope for success and without gaining any useful knowledge.

This pathology also occurs when a project becomes "too big to fail." If an organization invests all of its innovation funding into a single large pilot, it becomes susceptible to the sunk-cost fallacy: That investment creates an emotional attachment that prevents leaders from abandoning the pilot even if it clearly has little potential. An organization can avoid this problem by running several small pilots that have different design parameters. This approach also facilitates low-cost learning and strategic flexibility.

BRAC, for its part, avoids the "stopping too late" pathology by investing both in a dedicated research and evaluation division and in an explicit monitoring function. This organizational infrastructure ensures that BRAC leaders make decisions about innovation efforts that are grounded in timely and objective data.

Scaling too little | To repeat an essential point that we made earlier: no scaling, no impact. This pathology—which involves a failure to move beyond the initial stages of developing, launching, and testing an intervention—is all too common in the social enterprise field. Thousands of inspired young people want to become social entrepreneurs. But few of them are willing or able to build an organization that can deliver solutions at scale. Too many organizations, therefore, remain small and lack the resources and capabilities required for translating innovation into impact.

Our research on social enterprises suggests a counterintuitive insight: *The best way to get good at innovation is to get good at scaling*. By building scaling capacity, an organization can advance productive innovation in several ways:

- Scaling accumulates knowledge about the context in which an organization operates—about the economic, cognitive, normative, and political factors that affect its target communities. This deep knowledge enables the organization not only to create better ideas but also to create fewer bad ideas.
- The experience of scaling up past innovations empowers an organization to say "No" to questionable ideas because it now feels less pressure to enact every idea that arises.
- Successful scaling builds trust between an organization and the people and communities that it serves. That trust in turn enables the organization to test ideas quickly by incorporating small pilots into its ongoing operations.
- Organizations that are good at scaling often develop surplus resources that they can use to limit the negative effect that an investment in innovation may have on overall performance.

Innovating again too soon | Too many organizations rush to launch new innovation projects instead of investing in efforts to scale interventions that they have already developed. The causes of this pathology are fairly well known: People often portray scaling as dull, routine work and innovation as its more attractive sibling. "Innovative" proposals thus attract funders more readily than proposals that focus on scaling. Reinforcing this bias is the preference among many funders for "lean projects" that reduce overhead costs to a minimum. These factors lead organizations to jump opportunistically from one innovation grant to another.

Most high-impact organizations counter this pathology by investing heavily in organizational infrastructure and in a capacity for systematic learning and training. Leaders at these organizations understand that nurturing management talent and building execution competence are crucial factors in transforming innovation into impact.

MAKING A DIAGNOSIS

Organizations that seek to establish the conditions for turning innovation into impact need to identify specific pathologies that hold them back, along with the factors that cause those pathologies. Our innovation pathologies framework creates an opportunity for constructive and strategic conversations about the social impact creation process.

We use the framework as a diagnostic tool in a workshop that we have offered to a number of organizations in both advisory and educational settings. In the workshop, we typically divide participants into three or four groups of 5 to 10 people. We try to keep the ratio of senior managers to other participants at 1-to-5. The presence of senior managers in this exercise sends an important signal that they are willing to listen to people at all levels of their organization. Attending these sessions also allows them to feel the "innovation pulse" of the organization and to learn about ways that they may be thwarting productive innovation.

In our research, we suggest that an innovation process unfolds in four phases: (1) internal idea creation, (2) interpreting and evaluating ideas, (3) experimenting and consensus building, and (4) formalization and routinization—a phase that corresponds to the scaling process.[3] When we conduct our workshop, we ask each group to focus on one of these phases. (In some cases, we invite one group to address the first two phases in tandem.) The task for each group is to identify and explore pathologies that affect their organization, particularly during the phase to which we have assigned them. The group that tackles the first phase, for instance, may talk about a failure to get started on an innovation process, or about a tendency to generate too many bad ideas. In another version of the workshop, we ask people in each group to consider the entire innovation process and to explore the full range of pathologies that occur in their organization.

Participants work individually for 15 minutes and then discuss their findings with others in their group for 60 minutes. During that time, participants are usually able to identify a large number of organizational barriers to productive innovation. At that point, each group presents its conclusions to the full workshop. Participants often say that they find the workshop liberating: It directs

attention away from individual responsibility for innovation failure and toward larger organizational dynamics.

For organizational leaders, the workshop has clear benefits. A careful and honest diagnosis of innovation pathologies enables an organization to base interventions on concrete realities instead of general recipes. Unproductive excuses ("We have the wrong staff," "Management keeps us too busy") give way to strategic considerations. And what had been a blame game ("We tried suggestion boxes, but no one offered any suggestions") evolves into a fruitful discussion of organizational design.

PRACTICING INNOVATION

Once an organization identifies the pathologies that create barriers to successful innovation, it can begin to design interventions in a way that will prevent those pathologies from taking hold. Toward that end—and in the spirit of treating innovation as a learning process—we recommend that leaders approach each innovation effort as if it were a research project. This approach, we have found, is the best way to ensure that social innovation will result in social impact. Here are some steps that you can take to improve the practice of innovation in your organization.

Define a clear objective | Start by asking, "Why are we pursuing this innovation?" Answers like "We received money to do it" or "Our funders expect us to be more innovative" do not make a good case for investing in innovation. Instead, your answer should explain how this innovation will advance your mission and inspire your teams. Otherwise, your organization will not have the stamina needed to ride the innovation roller coaster, or you run the risk of accepting solutions that are convenient but inadequate to the problem at hand. Recall two examples that we cited earlier: BRAC's work to develop and implement a treatment for diarrhea arose from an observation of high rates of child mortality—a problem that was central to the organization's mission. Aravind, similarly, began to manufacture artificial lenses because that was the most effective way to meet its commitment to delivering cataract surgeries to poor patients.

Ask meaningful questions | Recast your ideas as research questions about the problem that you intend to solve: "What prevents women in our region from participating in decision-making processes? Why do women remain excluded from economic opportunities?" Such questions provide a clear focus for your project and enable a productive search for knowledge. Too often, people start an innovation effort by positing solutions. Instead, they should undertake a deep investigation of a problem that they find meaningful. Gram Vikas, as we have seen, struggled early in its history to establish a clear focus for its work. Experts and powerful stakeholders lured the organization into adopting solutions that had negative consequences both for Gram Vikas and for the communities that it aimed to serve. ("The world is filled with experts [who are] trying to find a problem to attach their solution to," a senior manager at BRAC once said to us.)

Draw on relevant knowledge | Survey stakeholders who engage in some way with your problem of interest. Focus, in particular, on learning from the intended beneficiaries of your project. Then identify research that covers similar problems in other contexts, and look for data on solutions (including both solutions that failed and solutions that seem to have worked). Categorize and analyze the various dimensions of your problem—the economic, political, and cultural aspects that make up the overall "problem space" that you are striving to understand.

Formulate hypotheses | Use the knowledge that you have gained to formulate explicit hypotheses—assumptions about which actions would alter aspects of the problem that you have targeted. This practice helps you to learn in an intentional and systematic manner. Document your learning, update your assumptions, and reformulate your hypotheses as new information becomes available.

Test potential solutions | Explore your hypotheses in the real world. Develop small, low-cost pilots, and run multiple pilots at the same time. This approach will allow you to test your hypotheses more quickly. Pilots can generate useful information about the influence of various contextual factors, the strength of causal links between actions and desired outcomes, and the many ways that an intervention can go wrong.

Synthesize findings | Conduct innovation debriefings in order to solidify emerging knowledge and to spell out implications for future innovation efforts. Which pathologies occurred during your innovation process, and how can your organization avoid them in the future? Which assumptions turned out to be faulty enough to require a thorough redesign of your project? If an innovation succeeds, use similar methods to document your success, and identify lessons on how best to scale up your solutions. What are you learning about the resource requirements for successful scaling, the potential for replicating solutions in other contexts, and the challenges that arise from collaborating with implementation partners? Are there unresolved uncertainties that might affect further scaling efforts?

BUILDING COMPETENCE

A strategic approach to building a productive innovation capability is far more effective than an approach based on following a supposedly magic formula. If waving a wand worked, then every innovation effort would succeed. By considering the entire social impact creation process, organizations can realistically confront the need for both innovation and scaling. They can also begin to take seriously the various pathologies that cause that process to go wrong. By keeping a close eye on innovation uncertainties, moreover, organizations can shift their attention away from the naive pursuit of success and toward an investment in learning. In that way, even an innovation "failure" can generate important knowledge that informs the next round of innovation.

Focusing on pathologies builds innovation competence. It removes unrealistic expectations about the potential of innovation to create impact, and it enables better decision making. It establishes a shared understanding that innovation does not just happen. Indeed, organizations need to set up systems and practices that legitimize and enable productive forms of innovation. And senior managers need to recognize—and then correct for—the ways that they make innovation difficult for their staff. When they do so, they open up opportunities for creating real social impact. ■

NOTES

1 Leslie Kwoh, "You Call That Innovation?" *The Wall Street Journal*, May 23, 2012.

2 Christian Seelos and Johanna Mair, "Innovation Is Not the Holy Grail," *Stanford Social Innovation Review*, Fall 2012.

3 Christian Seelos and Johanna Mair, "Innovate and Scale: A Tough Balancing Act," *Stanford Social Innovation Review*, Summer 2013.