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*SOCIAL INNOVATION: RECONFIGURING MARKETS, BLURRING SECTOR BOUNDARIES,  
AND CHALLENGING INSTITUTIONAL ARRANGEMENTS*

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From Emergent Idea to Social Enterprise:  
the Experience of The Hub as a Network for Social Innovation

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**Introduction**

The social economy has traditionally been associated with the nonprofit sector. However, we are now witnessing the rise of hybrid institutional models that combine profit-seeking with social or environmental goals. Institutional and informal changes in the sector have had an impact on inter-organizational relations, on the legal structures governing organizations, and on the economic sustainability of nonprofits. More and more organizations practice what can be called social entrepreneurship (Nichols, 2007), often driven by what Geoff Mulgan (2007) defines as *social innovation*<sup>1</sup>. The most innovative social entrepreneurs are opening up entirely new fields of economic activity – such as fair trade, information technology for social change, responsible tourism, sustainable design – alongside innovative organizational models (Mulgan, 2007).<sup>2</sup> These activities neither fit nicely

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<sup>1</sup> «Here we look at how innovations have progressed through a series of stages: from the generation of ideas prototyping and piloting, to scaling up and learning. We look at how in some sectors key stages are missing or inadequately supported. We look at the role of technology – and how inefficient existing systems are at reaping the full social potential of maturing technologies» (Mulgan, 2007).

<sup>2</sup> The author focused on three key dimensions of most important social innovations (Mulgan, 2007: 3):

into current institutional and legal frameworks, nor do they pertain solely to the nonprofit sector. This latter aspect represents the most critical breaking point with all the theories and legal acts trying to frame the social economy.

Social entrepreneurs are also changing how innovative and enterprising ideas are born and become a sustainable reality. So far, we have seen mainly two approaches. First, the public sector has created social enterprises in a top-down fashion, backed by significant funding streams, to revitalize economically marginalised regions or create welfare programs for disadvantaged groups (Messina, 2004). Second, the private sector has created business incubators, often in partnership with other institutions (e.g. universities, science parks, local public agencies), which some observers have described as complex, chameleonic and changing entities (Carrera, Messina, 2008; Boschetti, Grandi and Grimaldi, 2005; Eshun, 2004). Studies highlight the social aspects of entrepreneurship as central to the sustainable growth and success of an enterprise (Totterman and Sten, 2005). Yet, when it comes to social innovation processes, both approaches have not yet given satisfactory results.

There are many explanations why this is the case. This paper chooses to focus on the deep socio-economic transformations brought about by the rise of ‘the network society’, and later applied by emergence theorists to how networks influence processes of knowledge transformation. As Castells has pointed out, ‘the information technology revolution [has induced] a pattern of discontinuity in the material basis of the economy, society and culture’ (Castells 1996: 29). Sociologists and economists, borrowing theoretical frameworks from biology, have talked about the science of complexity when describing the logic underpinning the network society (Rheingold, 2002). Most networks display a “swarm” logic (Kelly, 1994) that harnesses collective intelligence around a set of pre-codified basic rules and self-regulating mechanisms. These emerge from the constant interaction of individuals and communities living side-by-side in densely-populated spaces, a pattern observed in the behavioural biology of ants and bees, as well as in the evolutionary development of urban conglomerates and other networked human systems. As networks grow and then transform into active, working communities of practice, emergence theory explains that they will suddenly and surprisingly allow a new system of knowledge to emerge at a greater level of scale (Wheatley & Frieze, 2006).

The application of these theories to innovation processes within the social economy has led some to observe the role of creators and supporters of functional social enterprise and innovation networks (Bøllingtoft & Ulhøi, 2003), which leverage social capital theory and network theory to enhance economies of scale. Others (Carrera, Meneguzzo, Messina, 2008; Vinokur and Connor, 1998) have focused on “social enterprise creation” initiatives and proposed the practice of social enterprise incubators or so-called “multi-tenant nonprofit centers”. In these centres, nonprofits “are located in proximity to one another with an expectation of some mutual cooperation, in order to embrace and implement strategies aimed at building a community of nonprofits” (Vinokur and Connor, 1998). The same authors find the benefits of multi-tenant nonprofit centres in the increased financial stability and effectiveness of tenant organizations, in a greater visibility and diversity of the sector and the work of organizations, and finally in the socio-economic development of communities of practice.

This study brings together these two strands of theoretical analysis and focuses on the case of The Hub, an international network of incubators for social innovation and social entrepreneurship. Looking at the role played by its internal hosts as knowledge-management facilitators and creators of communities of

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*«(i) they are usually new combinations or hybrids of existing elements, rather than being wholly new in themselves; (ii) putting them into practice involves cutting across organisational, sectoral or disciplinary boundaries; (iii) they leave behind compelling new social relationships between previously separate individuals and groups which matter greatly to the people involved, contribute to the diffusion and embedding of the innovation, and fuel a cumulative dynamic whereby each innovation opens up the possibility of further innovations».*

practice, the study will assess how The Hub is adopting a networked approach to social enterprise incubation and thus embodying critical success factors in its ability to trigger innovation processes.

## 1. Social economy and social innovation: the paths of sustainability

### *Stages of social innovation*

To be effective, social innovation needs - in its diverse stages - interactions between innovators and environment and some kinds of support such as: (i) commitment of other people, (ii) financial resources (of patrons or the state) and (iii) contracts or consumers.

All these elements should contaminate each other and the environment in which they operate. Mulgan (2006) names this process “The uneasy symbiosis of ‘bees’ and ‘trees’ ”.<sup>3</sup> The author proposes four different stages for social innovation:

1. Generating ideas by understanding needs and identifying potential solutions;
2. Developing, prototyping and piloting ideas;
3. Assessing then scaling up and diffusing the good ones;
4. Learning and evolving.

The first stage should be the awareness of a need and some idea to solve it. “Empathy is the starting point and ethnography is usually a more relevant formal tool than statistical analysis. [...] Personal motivations also play a critical role” and needs have to be tied to “new possibilities”.<sup>4</sup> These may consist in technological development and usability, others may tied to new organizational forms, (like the Community Interest Company in the UK few years ago or social co-operative in Italy in 1981), “or the special purpose vehicles increasingly used in global development”, finally “possibilities may derive from new knowledge”.<sup>5</sup>

Secondly, “social innovations are often implemented early”<sup>6</sup>. Moreover, nowadays we can have many and diverse methods and methodologies for developing, prototyping and piloting ideas “either in real environments or in protected conditions, halfway between the real world and the laboratory”.

Big and grant foundations and philanthropists are assuming a more and more promoting role. Public sector is going to adopt knowledge management in its initiatives for enterprise creation, social policies, spreading social innovation. “Incubators, which have long been widespread in business, have started to take off in the public sector and amongst NGOs, though practice and understanding remains very patchy”.<sup>7</sup>

The translation of social innovation idea in practice and its subsequent diffusion, usually follow a sort of “S curve with an early phase of slow growth amongst a small group of committed supporters, then a phase of rapid take-off, and then a slowing down as saturation and maturity are achieved”. This third step should present the growth of a “good idea”, its “replication, adaptation or franchising”.<sup>8</sup>

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<sup>3</sup> “Social change depends, in other words, on alliances between what could be called the ‘bees’ and the ‘trees’. The bees are the small organizations, individuals and groups who have the new ideas, and are mobile, quick and able to cross-pollinate. The trees are the big organizations – governments, companies or big NGO s – which are poor at creativity but generally good at implementation, and which have the resilience, roots and scale to make things happen. Both need each other, and most social change comes from alliances between the two, just as most change within organizations depends on alliances between leaders and groups well down the formal hierarchy” (Mulgan, 2006:20).

<sup>4</sup> Mulgan, 2006: 22

<sup>5</sup> Ibid.

<sup>6</sup> “Michael Young usually moved very quickly to set up an embryonic organisation rather than waiting for detailed business plans and analyses” (Mulgan, 2006:22).

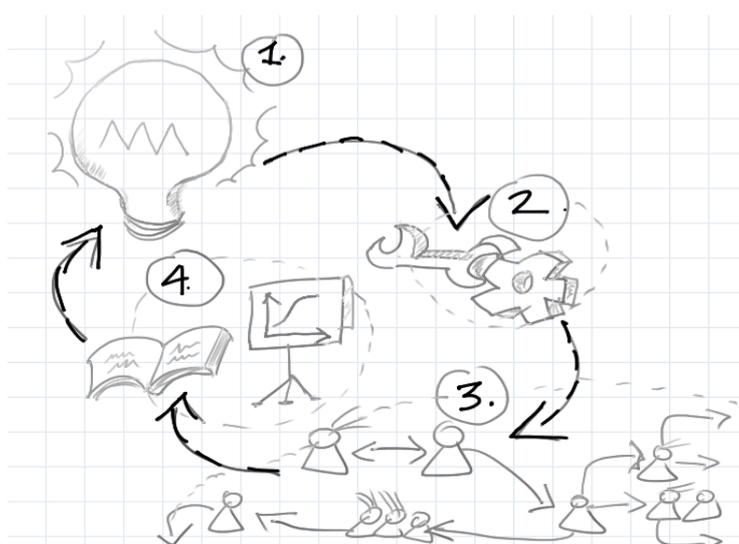
<sup>7</sup> (Mulgan, 2007:22); on this topic see also: Carrera and Messina (2008).

<sup>8</sup> “In business, the experience of companies such as Microsoft, Procter & Gamble and Amazon suggests that pioneers who create markets through radical innovation are almost never the companies that go on to scale up and dominate them. The skills and mindsets required for creating a radically new market not only differ from, but actively conflict with, those needed to grow

Finally, the fourth stage for social innovation: “learning and adaptation turns the ideas into forms that may be very different from the expectations of the pioneers” as in “The Heterogenesis of Ends” in “Giambattista Vico's Thought”<sup>9</sup>. Often the process from idea generating to its application – especially in small organizations - presents elements able to divert the solution for a specified need to another or more alternative solutions for other kinds of issues. On the other hand, “bigger organizations have more ‘absorptive capacity’ to learn and evolve – but small ones can gain some of this ability through the skills of their staff and through taking part in the right kind of networks”<sup>10</sup>.

The entire process is self-sustainable if the learning and adaptation stages foster new ideas alimenting new capacity builders and practitioners which influence a spreading of the social innovation and another “stage four” for re-starting the process as shown in the following figure.

**Fig. 1, Four stages of social innovation**



Source: D. Carrera, based on Mulgan (2006)

The diverse stages take non homogeneous speeds and effective impacts according the environment in which these take form.

The innovations’ success is not sure. “Most innovations in business and technology fail”.

Mulgan (2006) states “that many ideas are failing not because of inherent flaws but because of the lack of adequate mechanisms to promote them, adapt them and then scale them up”.

In for profit sector there is more pushes for “good innovations”. This is due of “the pull of competitive markets, but also because of public subsidy of technology, and private investment in incubators, venture capital and start-ups”<sup>11</sup>. On the other hand, social enterprise world and public sector suffer of other limits.

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and consolidate. Big companies are often better placed to take new ideas from niche markets to mass markets, and many have concluded that they should subcontract the creation of new and radical products to start-up firms. This allows them to concentrate their own efforts on consolidating markets, buying up companies or licenses that they see as promising” (Mulgan, 2006: 23, 25).

<sup>9</sup> See: [http://en.wikipedia.org/wiki/Giambattista\\_Vico](http://en.wikipedia.org/wiki/Giambattista_Vico)

<sup>10</sup> Mulgan, 2006: 25

<sup>11</sup> “The equivalent potential supports for social innovation – foundations, public agencies – are much weaker. Governments – which typically provide some 30- 40% of NGO finance in countries like the US, Germany, UK, France and Japan – are generally poor at recognising and replicating good innovations, particularly when these come from other sectors. It is notoriously difficult for government to close even failing programs and services, and there are few incentives for either politicians or officials to take up new ideas. Failure to adapt is rarely career threatening, and anyone who does promote innovations risks upsetting powerful vested interests” Mulgan (2006:34).

Public sector present a short period vision, and slow actions for “impatient entrepreneurs and activists”; social enterprises often reveal low skills in managing financial and human resources, few strategic and effective partnerships, scarce “appeal” towards financial institutions and investors.

In this part of the work we debate about social innovation and its development stages. In agreeing with Mulgan’s approach we identified the diverse organization lead promoting and managing the change. Among academia, public sector, nonprofit and for profit and social economy organizations, a key-role is taken by what Mulgan defines *the connectors*: “people and institutions which link together different people, ideas, money and power”.<sup>12</sup>

This statement stresses the relevance of the intermediary characters in the development process of social innovation; formal or informal people and organizations that spread connections and shared information in virtual and real arenas. The future (and the present) of social innovation seems to depend “on the density and quality of connections, and the calibre of the connectors”.

So, the person who invented the internet was not a single individual but a whole community of scientists, physicists and the brightest minds in the U.S. They were motivated not only to provide the military with a decentralised control system, but to create a communication network enabling people to collaborate and share information with others all over the world. This is a clear and evident process successfully driven by the “connectors”, by spreading and sharing information, know how, capabilities.

This is a crucial element that especially social entrepreneurs and policy makers have forgotten.

## 2. Why innovation in social enterprise

Today, innovation is surely a focal point in the debate about competition, and is often considered a key element for every successful company; too often, though, innovation is considered almost a synonym for “new technologies”. The equation “more research as more innovation” is dangerous and potentially misleading, especially when the financial resources are strongly limited. Moreover, a successful strategy to exploit new technologies is itself a powerful innovation. Indeed - with the tremendous growth of technological inventions (measured, but not only, with the growth of patent applications, almost doubled in ten years: from 922,208 filed in 1995, to 1,764,633 filed in 2006 – source: WIPO) - the true challenge is not to develop new ones, but to turn them into actual innovation, namely into products and services able to change – for the better – our lives; to improve the action of Public Authorities (more and more citizen-centred), and to make companies more competitive and truly harmonious with the environment in which they operate.

A more authentic, useful and “ecological” innovation is needed. The key actor in this scenario is the consumer, capable of (and maybe required to) playing three specific roles:

- to take part in design, refining and test processes in the development of new products and services;
- to understand and make sense of inventions to turn them into true innovations;
- to question his own needs, learning a more conscious and sustainable way to use the new technologies

Let's see in detail these roles.

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<sup>12</sup> “If we stand back and look at the whole system of innovation and change it’s clear that they often play more important roles than the individual entrepreneurs, thinkers, creators, designers, activists and community groups, even if they are often less visible. Indeed their absence often explains why so many social innovations are stillborn and why so many social entrepreneurs are frustrated.

*Economic development is usually characterized by growing numbers of intermediary occupations – advising, interpreting and brokering. The same may be true in the social field where progress seems to depend on the density and quality of connections, and the calibre of the connectors”* (Mulgan, 2006: 35).

The first one is the best known. The growing power of the consumer, freed from his conventional passivity to become the main actor in consumption processes, is by now widely recognized and accepted. Emerging concepts such as “prosumer” (portmanteau of the terms “producer” and “consumer”, coined by Toffler to state the fact that post-industrial consumers are no more “coach potatoes”, but actual «conscious users» - capable of becoming content producers and providers) highlight clearly this trend. In this context it's clear that creativity and invention are no more exclusive prerogatives of company labs, but traits emerging from the interaction with final user. The (still) growing success of the so-called Web 2.0 technologies refers precisely to the changing role of the consumer, and opens new and exciting participative scenarios.

The second role is becoming more and more important with the growing complexity of technology and techniques. First of all is useful to remember that, while invention is mainly a technical, performance-based, fact, innovation refers to cultural and economical circumstances, and is measured by its impact on markets – the way it provides diffuse solutions to specific problems – rather than technical novelty and amazement (the so-called “wow effect”). Moreover the widespreading of new products is more and more bound to consumers's ability to understand their value and behavior. Even the most revolutionary, disruptive, and promising product, can become the worst *flop*, when faced with real markets.

The true innovator is not the one who conceives ideas or possesses specific techniques; the true innovator understands markets, people and technologies to spread innovations and translate them in useful and tangible facts – therefore, in a sense, to communicate them.

Deeply understanding a specific technology, namely “making sense” of it, subduing it to widely used metaphors, hence, is a key aspect to ensure the creation of meaningful and authentic innovations.<sup>13</sup>

The focal point of the whole argument is that “true development is not made primarily by doing. Key for development is an intelligence able to conceive technique and to get the deeply humane sense of man's doing”. The third role appeared recently, sprout of the new ecological sensitivity that is spreading throughout the world. *Social innovation* (also known as “*grassroots innovation*”) actually refers to the change in the way people – and communities – acts to solve a problem or to seize new opportunities. Consider, for example, the widespread of renewable power sources and the theme of power saving, the new behavior and products to reduce waste production and ease recycle (e.g. *reusable packaging*), the new solutions for urban mobility (e.g. *car sharing* and *car pooling*).

These innovations require also a rethinking of user's role, an improvement in his awareness of the problem and of the contribution that each technology gives for its resolution – but also of the “side effects”. The historical cycle (born in the Renaissance and strengthened during the Enlightenment) in which the man was at the center of the earth and “the customer (was) The King” is now over. We are part of an environment we have to contribute to preserve: our wishes (and often whims) can no longer be law. *Social innovation*, therefore, is driven by behavioural changes (actually related to the so-called “Innovation of Use”) more than by technological development

Usually this kind of innovation spreads after periods of intensive production of new technologies.

To develop this new form of innovation there are – among others – three fundamental “ingredients”, that the experience known as *The Hub* is using and combining in a pragmatic and innovative way:

- network;
- places;
- (new) business models.

## *Networks*

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<sup>13</sup> Even the Church – usually not so friendly with technologies and their fathers – understood the relevance of this dimension: a large part of Pope Benedetto XVI's encyclical *Caritas in veritate* is dedicated to the theme. In particular the encyclical letter analyzes deeply the relationship between man and technologies, and the contribution of the latter to a development seen as essential for men's lives. The main theme, hence, is to “subdue” technology, namely to make it understandable and closer to its user; this can be achieved in a unique way: make technologies – and especially the digital ones – more user-friendly; «sense and aim of [new] media are to be researched in their anthropological foundations», as stated by the encyclical.

The importance of the size of the network is a well known fact, not worth spending too many words in this paper.

“Network of people” is a modern concept with ancient roots.

In his last book – *The Craftsman* – Richard Sennet (re-)proposes the craftsman as a new paradigm for contemporary work and observes, moreover, that the greek for craftsmen was *demiourgos*, meaning “those who produce work in a collective way”. Sennet's words recall directly the new production processes brought by *open source* movements and by *crowdsourcing* practices, enabled by new technologies

Networks gather around common interests, but are strengthened by digital platforms.

The term Wikinomics – a renowned neologism coined by Tapscott and Anthony in the homonymous book – refers to the creation of virtual communities gathered around a product, result of the collaboration between different people (consumers, workers, providers, entrepreneurs) in ways that enable stakeholder's contribution to design and marketing of the product itself. This “production network” is made possible by specific technologies (*wiki*, *social network*) able to gather a community of users and to structure their relationships, directing them to specific actions (e.g. the collective production of contents) thanks to specific features of the softwares made available to users.

### *Places*

First of all, true innovation needs nice, stimulating and functional places. The comprehension of creative processes and of the mechanics that transforms ideas in actual services and enterprises, gives many hints about the features of such places. The true challenge regards the *feasibility* and *sustainability* of ideas more than the *creation* of new ideas: these places have to ease the transition from business ideas to commercial products, and boost their go-to-market.

The places we refer to, have to contribute to the comprehension of markets and users as well, especially with regard to their real and diffuse needs (“The True Demand”). Understanding the demand, in fact, is not an easy task: designers need to recognize, analyze and make sense of it; it needs new weight and dignity, and efficient ways to be explained to future solution providers, otherwise engaged in the continuous generation of new and fake needs, in order to bring to markets newer and glittering technologies. Humbleness, therefore, have to be part of innovative processes: before being convinced to have an idea that will change the world, designers have to spend lots of time studying people's true needs. Finally, to be suitable for the occurrence of truly innovative processes, the places we are speaking of have to ease and improve the transfer of acquired knowledge. Such a transfer should not be considered as an “hydraulic system”, with an expert “pumping” pre-packaged information through “pipes” in an assertive and unidirectional fashion, and a passive recipient always ready to receive. The transfer of complex solutions, involving social and technical skills (as in the world of services), surely requires new technologies, but also a behavioural change and an ability to evaluate correctly both the new kinds of services offered and their economic value. The process, hence, is a mixture of traditional knowledge transfer, training, communication, and informal word of mouth.

### *(New) business models*

To adequately support this new kind of innovation, new business models are needed. Intangibles have to be assessed in a different way. The reductionist vision, that sees everything in terms of profit is no longer enough. The debate about new governance models - not only CSR oriented - and the need to appraise adequately the so-called *intangibles*, reaffirms this requirement.

The intangible dimension is therefore a primary competitive factor, whose comprehension and measuring is more and more important, especially when it needs to be protected, sold or given (at a fair price), or when an initiative based on intangibles needs financing.

There are two fields in which intangibles assessment is by now critical:

1. Territory: local institutions should be able to properly assess both the contribution of cultural assets to the overall value of the land they manage, and the variation of such value due to conservation and enhancement initiatives – needing to be financed or at least endorsed (especially

when they use forms of project financing requiring the sale to individuals of high value intangible assets - linked to the cultural and symbolic value of a historic building, the location where it is located, ...)

2. Enterprise: in the banking world the ability to properly assess intangibles assets in enterprises is by now a critical one. Particularly for new business, this knowledge is essential to get to a correct "bankability" of companies and their development projects. This knowledge (and thus the ability to read the intangible dimension of financial statements) is now quite inadequate and this can become - in the process of granting of credit - particularly problematic and risky, both for the novelty of the competitive environment companies are faced with (in which – by definition – the rules are less known and established), both for the “post-industrial” nature of their activities (strongly involving symbolic and intangible dimensions). The risk is that - in the current crisis scenarios - the credit crunch persists in those sectors with the greatest potential, where more should be invested.

These new dimensions of corporate value can not be assessed using traditional measurement systems. Proust said: "The real voyage of discovery consists not in seeking new landscapes but in having new eyes." Measures not only serve to establish the trend of a company or classify his performance, but also (and especially) to focus its scarce resources among alternative projects.

Therefore the possibility of establishing a fair price for an intangible benefit is deeply bound to these measures. Being able to acquire certain services (especially useful for start-ups) for a period or a limited space, being able to discriminate the sophistication of the service (such as the intensity or level of expertise), being able to introduce forms of "in kind" contributions (where the benefit is not paid in cash but with the commitment to turn to others for free – built on a reciprocity mechanism), are all examples of innovative business models that lower the economic threshold for access to new services.

### **3. The issues in early and start-up stage, weaknesses of social entrepreneurs. A Life cycle approach for social enterprises**

It is notoriously difficult to create and sustain any complex enterprise (Atkins and Wrage, 2006) as social enterprise requires. Even if mission and vision are successful, often bureaucracy system and procedures, no access way to “seed capital”, “soft” partnership, low skills and shared information, a real estate space are seen as the main obstacles. Social enterprise development is often broken by “viscous” factors that are external or endogenous to its environment. Here we try to synthesize five main elements:

- public dependency and isomorphism;
- low skills and entrepreneurial approach and vision;
- prevalence of social goals on financial sustainability;
- few strategic networks and effective lobbying activity;
- scarce appeal towards financial institutions and (social) venture capitalists.

The five “obstacles” are obviously not representative of the entire system of dangers and complications a social entrepreneur meets in his path, but they can well and clearly identify any issues characterising the growth or the decline of social enterprises’ initiatives. These “restraining” elements often limit the adoption of quality systems; on the other hand – especially due public contracts reducing – they can “shake” social entrepreneurs pushing them in seeking new market opportunities and diversifying their activities. We shortly describe these obstacles.

#### *Public dependency and isomorphism*

In analysing the emerging and growing relationships between nonprofits and government, some authors (Smith and Lipsky, 1998: 135-136) stressed out a process of “conformity” among nonprofits towards “governmental priorities”. The literature is quite wide on the theme, Meyer and Rowan (1992: 28) stated that “organizations are structured by phenomena in their environments and tend to become isomorphic

with them”. In nonprofit sector particularly, several researches notice “new institutionalism in organizational analysis” where the tendency of nonprofits to be homogeneous appear evident” (Riiskjaer and Nielsen 1987; Kanter and Summers 1987; Morrill and McKee 1993).

In a so defined dynamic, this means social entrepreneurs “speak” as politics and “act” as bureaucrats and – the worst – began thinking according short-period visions and in function of the politicians’ goals. The true risk should consist in having social enterprises as “appendixes” of public authorities.<sup>14</sup>

#### *Low skills and entrepreneurial approach*

Managerial tools and approaches in social economy organizations have assuming a more and more key role. Training, internal and external networking activities, sharing information reveal essential for any kind of nonprofit or social organization, mainly for social enterprises. Even a voluntary and spontaneous charity or a sports club has to meet social goals and financial sustainability, motivating human resources, good understanding in budgeting future activities to be effective and “survive”.

#### *Prevailing of social goals on financial sustainability*

This means that a financial sustainability is as well important as the reputation or the mission goals. Most of social enterprises have to compete in dynamic environment and at risk: the ensuring future activities for developing new visions, according a long period approach, should be one of the first steps for effective and successful acting. The understanding of monitoring and reporting tools, the creation of “cash cows” unit or spin-off (hence, “spin-in” too, giving value to the existent) activities, should allow a financial equilibrium and potential developing projects.

#### *Few strategic networks and effective lobbying activity*

Social entrepreneurs are not used to constitute strategic networks in terms of functional partnerships or lobbying activities. Often these consist in momentary “groups of interests”, “one day event” and campaigning, projects always financed by public sector (EU, local authorities), (often) ineffective ideological umbrella bodies. Moreover, good practices and models of social innovation are not shared or replicated.

On the contrary, any good practices reveal their effectiveness and originality: the consortium of social cooperatives “CGM” in Italy, the Mondragon network in Spain, ACEVO in England and Wales, Social Firms UK; but these appear too few experiences rather to the numerous but – for diverse reasons – “soft” initiatives around the world about “social enterprise communities” or “districts of social economy”. In this sense, a promising initiative seems to be the Social Silicon Valley in Spain.

#### *Scarce appeal towards financial institutions, (social) venture capitalists*

During their early stage, the business models of most social enterprises are not structured to retain cash, so when contracts – i.e. with local authority - provide insufficient upfront funding to cover full delivery costs, it automatically means social enterprises reveal not competitive. A strong theme emerges. Social enterprise initiatives ever present weakness in their projects proposals towards potential investors or financial institutions. Low return on investment rates and high level of risk determine uncertain answers such as “a good idea but not bankable” or “a good idea but this is not our job”. Value of social enterprise is often not understood by investors and potential contractors. Due this phenomenon the venture philanthropy spread all over the world; big foundations or private citizens whose capitals are used for achieving “impossible missions”. More recently the so called social venture capitalists are going to innovate this scenario. In England, for example, the “Social Stock Exchange” is going to set-up, in Italy since 2007 the first fund of social venture capital was created and managed by “Oltre Venture” foundation.

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<sup>14</sup> Neo-institutional approaches to the study of nongovernmental organizations (NGOs) suggest that as more NGOs cooperate with the state, they become isomorphic in their structures and processes. Such cooperation is expected to threaten inventiveness of the NGO sector, including its spontaneity, variety, and unpredictability; [...] pervasive isomorphism is constrained by path dependency and variability in resource environments.” Ramanath (2009)

All the elements presented, strongly depend to the level of development, size, entrepreneurial approach social enterprise is “living”. In management and organizational literature we can find many evidences about the so called life cycle of organizations, business history and event history analysis for enterprise world. The latter focus on the different stages of organizations’ life. Especially in nonprofit and social enterprise management studies, few authors interrogate and investigate the life cycle of social economy organizations. The most interesting publications focus on the entire nonprofit sector widely (Connors, 1998) and this work shortly give back any concepts about this research topic focused on social enterprises.

A lifecycle theory is based on organizational behaviour theories that look at both how organizations and individuals within them behave – and organizational development theories that address fundamental questions of transformation and change in organizations.

Organizational and development theories, both seek to control, predict and explain. These focus on diverse types of organizations – businesses/corporations, social networks, communities, and nonprofits -, but nonprofits seem quite new as research topic (in this sense, social enterprise continue to be seen and analyzed as a not for profit organization for definition).

The theory of nonprofit lifecycle could be defined as “a stage-based approach:

- born out of realization that a nonprofit’s ability to deliver its programs and services is only as good as its institutional health, competence and durability;
- rooted in developmental/organizational theory that takes a holistic view;
- diagnostic, not deterministic, tool;
- relates to strategic planning because it illustrates where alignment occurs and creates a framework for action”.<sup>15</sup>

This approach fosters a more understanding of the organization’s lifecycle stage, establishes a diagnostic starting point; formulates realistic expectations. It allows the knowledge of the “typical” characteristics and challenges of each stage allowing in recognizing where social enterprise is out of sync, depersonalizing “internal” weaknesses and supporting the role of stakeholders in their becoming more “effective advocates and ambassadors” (Bauer, 2007).

The last point seems to refer to any of the elements we stressed about the quality system management and its capacity in involving the several actors of social enterprise environment.

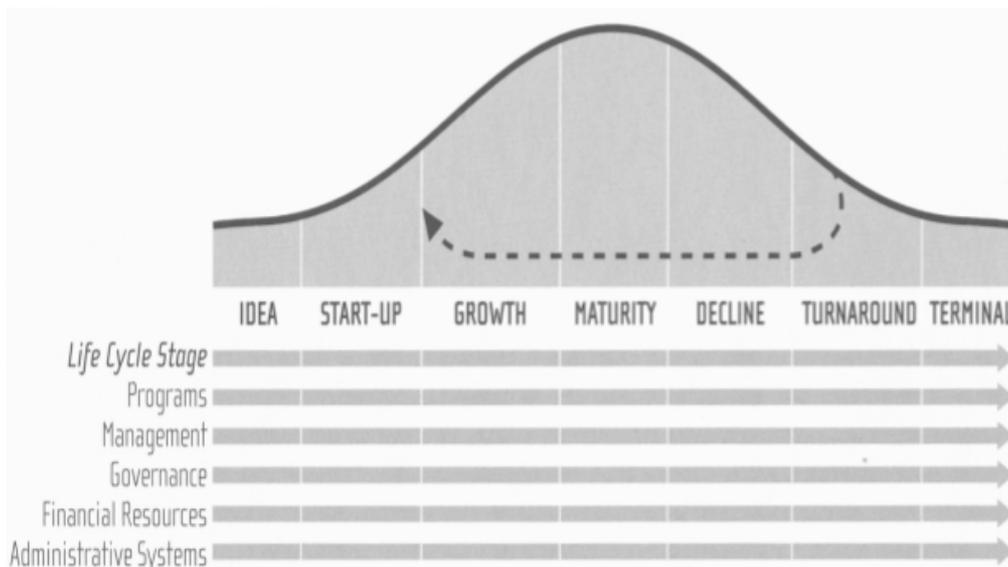
### *A Life cycle approach for social enterprises*

**Fig. 2, Enterprise organizational life cycle<sup>16</sup>**

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<sup>15</sup> See: Bauer (2007)

<sup>16</sup> Source: Bauer (2007)



The main developmental stages a social enterprise might “live” are:

*Idea.* The very first stage, in which social entrepreneur *develops mission and vision*, identifies unmet needs, mobilize the support of external (financial but especially human) resources, translate his idea into action

*Start-Up.* In this stage it is necessary sharing vision and organizational responsibility with staff, board, funders and constituents; approaching to financial tools; scouting potential investors.

*Growth.* Here a diversification of activities, revenues, a more complex cash flow management tend to formalize and define the organizational structure; this allows the achieving of strategic goals and a more openness to *creativity* in developing and identifying distinctive competences.

*Maturity.* Policy tends to focus on clients and to keep staff motivated around mission; social enterprise management should “maintain a program ‘edge’ of relevance and vibrancy” (Bauer, 2007).

*Decline.* When social enterprises lacks of innovation, skills or due other endogenous factors, the decline stage is near. In this case, it seems necessary a reconnection with own community and – in the meantime – keeping board and staff informed and engaged about the examination of budget.

*Turnaround.* This could be an “exit strategy”. The first step is to establish a turnaround culture while administrative staff is cutting expenditures to reflect realistic income and the board analyze reputation of their social enterprise (and staff) and its credibility for the new initiatives towards the “renaissance”.

*Terminal.* Accepting the defeat “in an honourable manner” (Bauer, 2007) in order to safeguard what of good social enterprise has produced and communicating the end of games and “dreams” to all stakeholders.

Finally, we propose an overview of the life cycle for a social enterprise, including the key questions a social entrepreneur should wonder in the diverse stages, timing, obstacles and opportunities she/he could meet during her/his entrepreneurial life.

**Tab 3.2 Lifecycle overview for social entrepreneurs**

Stage	Key Question	Duration	Obstacles	Opportunities
<b>Grass Roots - Invention</b>	Is the dream feasible?	0 – 5 years	<ul style="list-style-type: none"> <li>• Resistance to forming</li> <li>• Lack of funding/expertise</li> <li>• No outside support</li> </ul>	<ul style="list-style-type: none"> <li>• Creativity</li> <li>• Energy for the dream</li> <li>• Excitement to join</li> </ul>
<b>Start-Up - Incubation</b>	How do we get this started?	1 – 2 years	<ul style="list-style-type: none"> <li>• Fear of formalizing</li> <li>• Sustaining initial enthusiasm</li> <li>• Focusing the founder and energy</li> </ul>	<ul style="list-style-type: none"> <li>• Excitement of funders</li> <li>• Charismatic leader</li> <li>• People wanting to belong</li> </ul>
<b>Adolescent – Growing</b>	How can we build this to be viable?	2 – 5 years	<ul style="list-style-type: none"> <li>• Absence of systems &amp; accountability</li> <li>• Overwhelmed with change</li> <li>• Change may alienate funders, clients, staff and board</li> <li>• Danger of becoming isolated in the system</li> </ul>	<ul style="list-style-type: none"> <li>• Sense of accomplishment</li> <li>• New faces, 'arms and legs'</li> <li>• Diversification in all areas of the organization</li> <li>• Rejuvenation for the founders</li> </ul>
<b>Mature - Sustainability</b>	How can we ensure sustainability?	7 – 30 years	<ul style="list-style-type: none"> <li>• Lack of or too much control</li> <li>• Lack of risk taking</li> <li>• Board &amp; staff too operational</li> <li>• Unable to transition in to a governance board</li> <li>• Conflict between old and new</li> </ul>	<ul style="list-style-type: none"> <li>• Feeling secure</li> <li>• Adequate resources</li> <li>• New staff/board – fresh ideas</li> <li>• Ability to try something new</li> </ul>
<b>Stagnation &amp; Renewal</b>	How, if any, can we renew?	2 – 5 years	<ul style="list-style-type: none"> <li>• Resistance to change</li> <li>• Inability to address key challenges</li> <li>• Declining excitement</li> <li>• Isolation of the agency</li> </ul>	<ul style="list-style-type: none"> <li>• Wisdom from past</li> <li>• Strategic Partnership opportunities</li> <li>• Chance to take risks again and think 'out-of-the-box'</li> </ul>
<b>Decline And Shut-Down</b>	Should we close?	1 – 2 years	<ul style="list-style-type: none"> <li>• Financial crises</li> <li>• Inappropriate leadership</li> <li>• Loss of staff and volunteers</li> <li>• Lack of any passion</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to complete turnaround</li> <li>• Graceful 'sunset' or merger</li> </ul>

As it is evident, an approach life cycle based presents any caveats too. Bauer (2007) states in fact nonprofit lifecycle theory is neither sequential nor evolutionary and development is neither age-nor size-dependent. Moreover the path from start-up to maturity it's – most of time - long, and there are few, if any, shortcuts.

#### 4. Supporting social enterprise, creating social innovators: the role of social enterprise incubators and centres for social innovation

##### *Business incubators in a changing scenario*

Enterprise incubators to increase entrepreneurial success and individual opportunity; enterprise incubators as new business and jobs creators; enterprise incubators as policy tool; enterprise incubators to promote the social change.

Since the 1980s business incubator has been emerged and legitimated its role as an economic development tool to help “fledging” business grow and to accelerate the process of enterprise creation. Widespread interest in business incubators began in the late 1970s and early 1980s.<sup>17</sup>

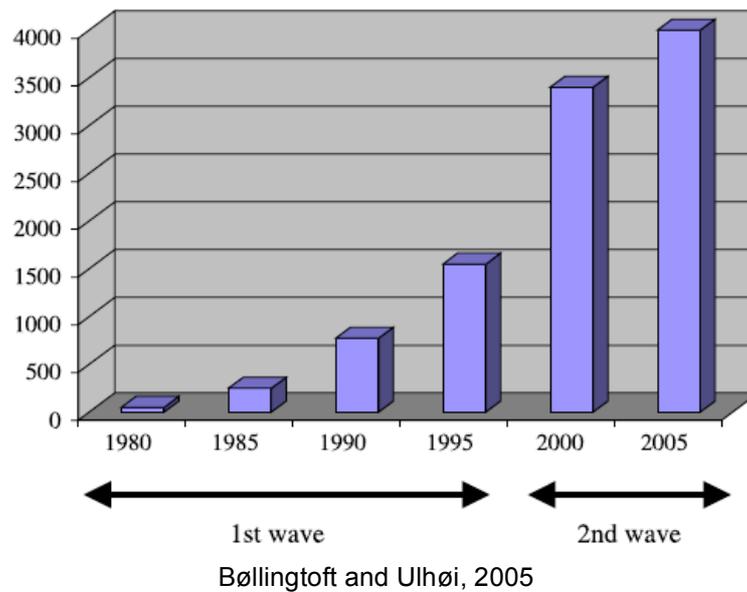
The first business incubator originated in Batavia, New York in 1959. it was the BIC (Batavia Industrial Centre, a for profit business incubator) and one of its first clients was said to be a poultry producer - hence the term "incubator" (Eshun, 2004).

Albert et al., (2001), point out the development of incubators according two waves: “the first during the 1980s and 1990s, which has been characterized as the launch period of a local economic development tool; and the second, called the growth and diversification period, from 2000 up to the present”<sup>18</sup> (see fig. below).

**Fig. 3, Business incubators' growth**

<sup>17</sup> In 1980, only twelve business incubators existed in the US. By 1990, there were 400 in operation. Israel, China, the United Kingdom and Australia have been particularly successful with the incubator model, especially in information technology and research and development. United Nations Development Program sponsored a review of nearly 200 incubators in seven nations undergoing industrialization.(www.wtec.org)

<sup>18</sup> Bøllingtoft and Ulhøi, 2005



Several institutions have recognized it as a tool and a vehicle for the social and economic revitalization of their own territories, to accelerate entrepreneurial processes from the business idea to the business creation and to reduce time to market by coaching the potential entrepreneurs during the incubation period.

As some authors point out “business incubators are generally perceived as a kind of infrastructure geared to support and nurture the establishment and development of small and medium-sized enterprises (SMEs)”. In the last years we assisted to the increasing in the number of incubators (Allen and McCluskey, 1990; Barrow, 2001; Sherman and Chappell, 1998; Smilor and Gill, 1986).

Great corporations activated partnerships with other institution (e.g. Universities, Polytechnic, Science Parks, local public authorities and agencies) running own incubator “in house”, in order to develop specific areas and functions<sup>19</sup>. Financial institutions looked at it as an opportunity to increase venture capital investments, promoting themselves as business accelerator, mentor capitalists, business angels, etc. Finally, a part of academics and researches started keeping with increasing attention the role of this complex, chameleonic and changing entity.

Business incubator appears a complex entity according to:

- its institutional nature (public, private for profit, private non profit);
- its field of economic activity (high tech, bio-technology, agriculture, services, social services and social enterprises, sub-industrial etc.)
- its tangible and intangible services to tenants (there are several “virtual” incubators which do not present physical spaces, as the real estate ones, but focus their actions to empower the skills of entrepreneurs and to internal and external networking of start-ups).

Business incubator can be considered “chameleonic” because it always absorbs and reflects in a great part, missions, values and peculiarities of the community, the city, the region in which it is based. Hence business incubator is a changing entity that follows social and economic dynamics led by its stakeholders at each level: policy makers, economic institutions, local and informal communities.

In this sense, as stressed by some authors (Eshun, 2004), typologies of business incubators have been characterized by inconsistent mixture of non representational and conventional labels that make the

<sup>19</sup> E.g., big corporations have their own incubators which assist startups (especially in biotechnology and pharmaceutical fields) with the development of business plans, securing them intellectual-property assets, providing them laboratory space for research. Most of them activate public-private-academic partnership and expect to realize a return by the investments in start-ups.

differentiation and the classification problematic.<sup>20</sup> Therefore, as correctly point out by Totterman and Sten (2005), in recent times an interest has emerged to establish measures that allow benchmarking among larger numbers of business incubators and the categorization of business incubators can be accomplished in multifaceted ways.<sup>21</sup>

There are several drivers to differentiate business incubators and to try to describe their evolution as regards structures, offered services, targets, institutional nature, specific economic fields in which operate. The figure 3 puts in evidence their institutional nature distinguishing it in: public, private nonprofit, and private for profit; in combination with their evolution: since 1960s, when the first incubator probably appeared, to nowadays.

All the stages are characterized by different types and models of incubators: family business incubator (the first incubator in Batavia was run by a prominent local family), Science Parks, public programs to support small business, specialized incubators, etc. Therefore, in recent times, as stressed by some authors (Eshun, 2004), hybrid forms and networks emerge.

The National Business Incubators Association, a big network of business incubator in U.S.<sup>22</sup>, traces the development of incubators back to three separate “movements”.

The first utilized old factories and abandoned buildings in economically distressed parts of the Northeast and Midwest by subdividing them into space for smaller firms. The second movement was initiated by the National Science Foundation as a way to facilitate innovation and entrepreneurship in universities around the country. The third movement originated in the private sector as independent investors sought to apply their experience as venture capitalists in newer, more dynamic ways. By pooling start-ups together for convenience and economy, they could spread out risk and be on the forefront of commercializing the emerging technologies.

In other countries, other network can be put in evidence: AABI (Asian Association of Business Incubation), ASPA (Asian Science Park Association), BASTIC (Baltic Association of Science & Technology Parks and Innovation Centres), CABIN (Central Asian Business Incubators Network), IASP (International Association of Science Parks, Spain), EBN (European Business and Innovation Centre Network) etc.

Focusing on social enterprise incubator it is interesting to notice public sector appears very close to this concept, especially in recent times promoting own operative units and actions for supporting social enterprise.<sup>23</sup>

### ***Types and evolutionary stages of business incubators***

The opportunities offered by the different types of incubators should be connected to their own specific missions and goals. The box below stresses types and their main distinguishing elements.

#### **Box 1, Types of incubators**

We can divide the diverse types into:

- a) *The for-profit* (seed capital) incubators, with the explicit goal to capitalize investment opportunities, help their tenants with financing issues. These incubators are often privately sponsored, organized, and managed by private corporations. Their main goal is often to make profit and, in some cases, to make contributions to the community. Being a business, however, the goal most often is to make profit.
- b) *The academic incubators*, also called science parks, research parks, or technology parks, are related to universities. The main goal of university-related incubators is to transform research and development findings into new products or technologies, that is, they are primarily interested in development as an end in itself, rather than nurturing and

<sup>20</sup> Eshun, J.P., (2004), p.182

<sup>21</sup> Totterman, H. and Sten J. (2005: 487)

<sup>22</sup> www.nbia.org

<sup>23</sup> Examples in this sense can be the initiatives of European Community, e.g. Equal program ([http://ec.europa.eu/employment\\_social/equal/index\\_en.cfme](http://ec.europa.eu/employment_social/equal/index_en.cfme)); the “Social Enterprise Unit” of the Small Business Service, Department of Trade and Industry in UK, ([www.sbs.gov.uk](http://www.sbs.gov.uk)); “Autopromozione Sociale”, with its programs of incentives to local small firms and to social economy operators. ([www.autopromozionesociale.it](http://www.autopromozionesociale.it)).

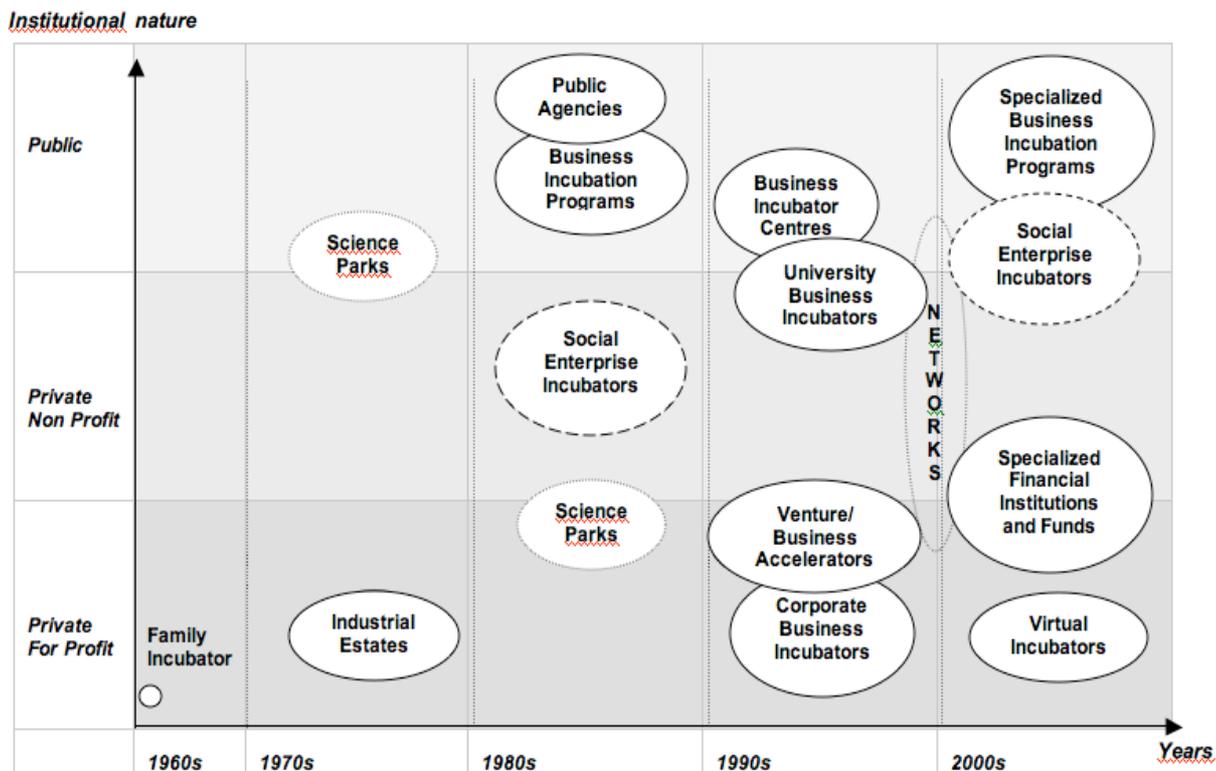
developing entrepreneurial talent, companies, and profits, as is the case in other types of incubators.

- c) *The for-profit collaborative incubators*, here called networked incubators, are explicitly based on a mutual recognition of the value of collaboration as one of the most important features of the incubator.
- d) *The nonprofit development corporation incubators* can be both publicly sponsored or nonprofits-sponsored. The main objective of the former often is job creation, while the latter often focus mainly on area development (Allen and McCluskey, 1990; Kuratko and LaFollette, 1987).

Source: Bøllingtoft and Uihøi, 2005

Furthermore, a growing interest is based on the role of bi as creators and supporters of functional business networks. This explains why the discussion also has started to emphasize social capital related to new business ventures and, especially, the significance of bi as refiners of such intangible capital. Several researches point out the social aspects of entrepreneurship as central for the sustainable growth and success of an enterprise.<sup>24</sup>

Fig 3, Enterprise incubators, stages and evolution



Source: D. Carrera (2006)

According another perspective, the table below can show the continuum of business incubators' development.

<sup>24</sup> Totterman, H. and Sten J. (2005)

**Tab. 4, The continuum of business incubators' development**

Value added through				
←		→		
<b>Real Estate</b>	<b>Collaboration</b>			<b>Business development</b>
For-profit property development incubators	Non-profit development corporation incubators	For-profit collaborative incubators	Academic incubators	For-profit seed-capital incubators
Real estate appreciation	Job creation and enhancing of the entrepreneurial climate	Capitalize collaborative and symbiotic potentials	Commercialization of university research	Capitalize investment opportunity
Sell proprietary services to tenants	Regional/area development	Network development and nurture	Capitalize investment opportunity	Secure availability to risk capital
No interorg. collaboration	Interorg. Collaboration (multi stakeholder collaboration)	Firm-firm collaboration	University-industry collaboration	No interorg. collaboration

Source: Bøllingtoft and Uihøi, 2005

As can be seen in the figure, this “continuum focuses traditionally on economic value [..]. At one end of the continuum, the BI functions as a real estate development operation, while at the other end, it functions as an enterprise development programme. These are two very different broad strategies”: the first focuses

to giving access to space, the second appears tied to “the strategy of building companies” (Bøllingtoft and Ulhøi, 2005).

Although, the added value is made up by different forms of relationships, collaboration and network activities. In this sense, social capital and network theories<sup>25</sup> seem to be pertinent in order to give rise to reflections about the key-role of incubator. “Social capital is composed of individual and collective social networks, ties and structures that help the individual get access to information and know-how”.<sup>26</sup>

This work agrees with what stated by Bøllingtoft and Ulhøi (2005), “an overall understanding of the social dynamics of the networked incubator needs to take into account both personal and business networks, as well as the organizational and social environment in which the entrepreneurial process takes place. This implies that there might be other types of social exchanges or bonds between actors, which suggests that entrepreneurial decisions are made in a sociocultural and emotional context rather than exclusively via purely contractual economic relations”. Moreover, Bugliarello (1998) states that “staying in a BI or being related to/located at a BI represents social capital, which in turn should help reduce an investor’s perceived risk of a project”.<sup>27</sup>

Finally, “social capital is therefore the result of a dynamic interaction” that “becomes ‘capital’ if it is used by actors in concrete situations (Coleman, 1990) - here defined as a set of social relations (social ties) - surrounding the actor (here referred to as the entrepreneurial actor) and which can be mobilized more or less consciously when needed. [...]At the heart of social capital are relationships between individuals and organizations based on expectations, obligations (norms), and trust”.<sup>28</sup>

Certainly networks are not ‘given’ entities, they need to be created by individuals’ relationships and enterprises’ co-operations; a (virtual and physical) space such as the incubator is appropriate for creating social capital “in a variety of ways”. “This is what makes these incubators ‘hubs’ for networking activities. Within the network, the individual entrepreneurial actor has private concerns as well as economic and social interests”.<sup>29</sup>

Just to summarize what we stated, the box below tries to operate a synthesis.

### **Box 2, Incubators, social capital and networks: key concepts and definitions**

- Business incubator—an umbrella term for various arrangements for premature ventures, the aim of which is to address specific aspects of market failures.
- Social capital—an umbrella term for resources that are derived from relationships between individuals.
- Social network—refers to the structural dimension of social capital.
- Network ties—refer to the connections between members of a social setting.
- Formal networks—here used interchangeably for business networks.
- Business networks—network activities and/or ties which are activated primarily for business purposes.
- Private or personal networks—network activities and/or ties, which are not activated for the sake of business purposes (although they may be at a later point in time).

Source: Bøllingtoft and Ulhøi, 2005

### ***Social enterprise incubators***

“It is notoriously difficult to create and sustain any complex enterprise, but developing one dedicated to advancing the public interest on a not-forprofit basis presents a unique set of challenges” (Atkins and Wrage, 2006). Moreover, if we should refer to a centre for social innovative enterprises, a place where

<sup>25</sup> In this work “Social capital theory and network theory are used synonymously. In the literature, however, social and/or relational contracting are occasionally used interchangeably. Researchers from various disciplines have in recent years increasingly focused on social capital theory, i.e., on interpersonal relationships in social systems (Burt, 1997; Nahapiet and Ghoshal, 1998; Lin, 2001; Adler and Kwon, 2002; Kenis and Knoke, 2002)”. (Bøllingtoft and Ulhøi, 2005).

<sup>26</sup> Bøllingtoft and Ulhøi, 2005

<sup>27</sup> Ibid.

<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

nonprofits and sustainable and social businesses are mixed according common goals and visions, the theme appears more complex and hard to analyze and develop.

The U.S. Small Business Administration (“SBA”) reports that “the majority of small businesses fail in their first year and 95 out of 100 fail within their first five years.”<sup>30</sup>

As some authors point out (Arsenault, 1998; Connor, Kadel-Taras & Vinokur-Kaplan, 1999; Kohm, 1998), in US numerous nonprofits achieved greater efficiency, synergy, and economies of scale by using all kinds of new alliances, such as mergers and collaborations, especially at local level. One of the strategies is “co-location, namely, locating nonprofit organizations together in proximity, in a single building or site, with some expectation of cooperation and economies of scale” (Vinokur-Kaplan, 2001).

The managerial model is based on the (old) business incubation model: “new organizations selected for their growth potential are fostered in a nurturing environment with many shared amenities, networks, and services for a limited period of time, with the hope that they will “graduate” and establish new ventures that bring new jobs”<sup>31</sup>.

Large commercial businesses and venture capitalists have also established such incubators to bring high-tech products to market quickly (Hansen et al., 2000).

Public initiatives promoted incubators and multi-tenants centres for achieving “community goals, such as urban or neighborhood rehabilitation, historic preservation, and re-development of derelict property in order to enhance the local quality of life and environment. In the process, they also are helping nonprofits to remain in not only *affordable* space, but *also better-equipped* space than they have had previously” (Vinokur-Kaplan, 2001). Any experiences public managers succeed in “grasping” the role of social enterprise as “vehicle for local development” and promoting service centers, networks and campaigning initiatives in order to foster social economy at local level and according a long-period vision (Carrera and Messina, 2008).

Social enterprise incubator has different meanings, forms and missions depending on the “social enterprise” concept that its stakeholders and promoters have.

The social enterprise incubator could be identified as a full service organization that provide everything a venture would need, such as infrastructure (real estate), technology access, human resources to manage the incubator as an independent organization and to support tenants in their entrepreneurial growth by managerial and training assistance. Therefore, networking capability of incubator has great value. The “internal” networking of tenants allow them to build strategic alliances increasing their bargaining leverage, and generally to maximize the power of information shared in the incubator (bureaucratic procedures, market surveys, new laws and acts to which they can refer, etc.). On the other hand the possibility to increase “external networks” gives tenants the opportunity to test themselves with entities operating yet in their market. In this sense, the belonging to the incubator could permit them visibility and credentials (e.g. towards financial institutions in order to access to seed capitals). More important is the target to which social enterprise incubator addresses. Every social enterprise incubators promote original institutional forms and, moreover, new economic fields in which new jobs and new professional profiles can emerge. In this sense, a great relevance assumes what the institutional environment and the common sense “feel” the social enterprise: not for profit distributing at all costs or partially dividend paying (i.e. as co-operative forms), operating in diverse fields of economy (tourism, IT, finance, and not only in health and social care), market or not market oriented. These elements strongly depend on the “social enterprise culture” in the different countries.

As concerns managerial aspects of social enterprise incubator, some authors (Vinokur-Kaplan, 2001) stressed main management issues on the theme:

- the ownership of land and building;
- relationships inside and outside of the building;

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<sup>30</sup> Small Business Administration, “Winning Ideas for Small Business Success,” page 1, <http://www.videouniversity.com/sbaartic.htm>, accessed 27 July 2006

<sup>31</sup> As NBIA states, incubators’ aim is to seek to “diversify economies, commercialize technologies, create jobs, and build wealth” ([http://www.nbia.org/info/fact\\_sheet.html](http://www.nbia.org/info/fact_sheet.html)). See also Rice and Matthews, 1995

- needed knowledge, skills & resources to manage co-location governance, financial and development relationships.

Other works (Carrera and Messina, 2008), point out the relevance of institutional environment and skills of public management in co-ordinate actions and visions with start-ups into the social enterprise incubator via participatory models and tools.

According Vinokur-Kaplan (2001) “the first simple question is: *Whose land is it?* This question is important because of the array of legislation establishing responsibilities and relationships for which real estate owners are label (e.g., paying property and other taxes, maintaining environmental protection)”. The author identifies “four different possible owners of the land in ongoing co-locations who may - or may not - also be the owners, or the managers of the building: a) government owned, (e.g., Science Park, Service Centres, public business units); b) nonprofit organizations (i.e. grant foundations) which act as financial sponsor; c) nonprofits networks “that own the building in partnership (shared equity)”<sup>32</sup>.

The second issue should be the management of complex relationships both inside and outside of the building. When the answer to “*Whose land is it?*” is defined, tenants began moving in and the “type of formal relationship” manager and staff “will have with the tenants, and the degree to which they are allowed to participate in decision-making and governance regarding the building are key”<sup>33</sup>. External stakeholders such as consultants, venture capitalists and business angels, prospective tenants, volunteers, building affiliates, should be considered fundamental as well in establishing effective relationships.

Finally, it is necessary high analytical thinking, a strong “ability to comprehend and to work with a very complex, sometimes contradictory task environment”<sup>34</sup> where also the wording and the vocabulary changes in function of diverse relationships (a public manager might present differences from a venture capitalist, a social entrepreneur from an activist, a manager from a volunteer).

High skills are required in project management, business planning, in managing internal conflicts.

Good confidence must be shown in estimating costs (maintenance, insurance, personnel) and revenues (membership fees, rental of facilities, consulting and administrative services, fundraising) of the centre.

Participating planning and shared information are basic for a successful incubator. “Mechanisms they might encourage cooperation, if not collaboration (and which have been used at other sites) include: newsletters, computer networks, tenant councils, social events, bulk purchasing, pledges of community membership, shared training, tenant wellness programs, required annual reports, as well as initial physical design of the building itself to encourage interaction and camaraderie (such as reception areas, break spaces, and cafes)”<sup>35</sup>.

Sometimes, via public-private partnerships, historic buildings are used in this sense,<sup>36</sup> any examples in US are stressed in the box below.

### **Box 3, Historic buildings in US for multi tenants nonprofit centres**

- AGE-Austin Groups for the Elderly, Austin, TX (historic home for Confederate Widows)
- Center in the Square, Roanoke, VA (historic passenger train station)
- Fairhill Center, Cleveland, OH (historic psychiatric hospital)
- Cleveland Environmental Center, Cleveland, OH (historic bank)
- Dairy Center for the Arts, Boulder, CO (historic dairy)
- Fort Mason Center, San Francisco, CA (history military site)
- Josephine Butler Parks Center, Washington, DC (historic mansion)

<sup>32</sup> Vinokur-Kaplan, 2001

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

<sup>36</sup> An interesting experience is “The Ethical Property” in London, “a unique initiative in ethical investment” in UK. They “buy properties and develop them as centres that bring charities, social enterprises, community and campaign groups together under one roof where they can share skills and ideas” (see: [www.ethicalproperty.co.uk](http://www.ethicalproperty.co.uk))

- Good Shepherd Center, Seattle, WA (historic building)
- Hannan House, Detroit, MI (“Residence Home for Ladies of Limited Means”)
- Hennepin Center for the Arts, Minneapolis, MI (historic Masonic temple)
- Marion Center for Nonprofits, Milwaukee, WI (historic high school)
- NonProfit Center of Boston, Boston, MA (historic office building)
- Sammons Center for the Arts, Dallas, TX (historic water station)
- Thoreau Center for Sustainability, San Francisco (historic military hospital)

Source: (Vinokur-Kaplan, 2001)

## 5. Case study: The Hub, centre for social innovation. The experience in Islington, London

Sometimes targets and aims seem similar but methodologies, long term approach and visions give The Hub a renewed understanding of the tool “incubator”.<sup>37</sup>

### *The Hub purpose*

The Hub Vision is “of a world where diverse people are pioneering imaginative and enterprising initiatives for a radically better world”. Its intent is “to inspire and support people who are realising imaginative initiatives for a radically better world” through values as:

- *Courage*: a culture that supports risk-taking involved in learning through doing;
- *Conviviality*: an enabling organisation that thrives on generosity or spirit and interdependence;
- *Imagination*: seeing things not as they are but as they could be”.

Inside The Hub wiki and presentations it is possible to read these very inspiring words: “We believe that there is no absence of good ideas in the world. The problem is a crisis of access, scale, resources and impact. So it felt vital to create places around the world for accessing space, resources, connections, knowledge, experience and investment”.

The Hub aims to be a network of incubators with the ambition to inspire and support imaginative and enterprising initiatives for a better world. The Hub is a global community of people from every profession, background and culture working at “new frontiers” to tackle the world's most pressing social, cultural and environmental challenges.<sup>38</sup>

**Fig. 4, The Hubs around the world**

<sup>37</sup> Most of information in this part are taken by “the hub wiki” and thanks to the period we spent at The Hub Islington, the very first Hub. We are grateful to Alberto Masetti-Zannini and Jonathan Robinson for their availability and to Maria Glaucer and all the hosts for their patience.

<sup>38</sup> “The Hub has been working across four continents and 12 countries. We set out to create places that borrow from the best of a member's club, an innovation agency, a serviced office and a think-tank to create a very different kind of innovation environment. Places with all the tools and trimmings needed to grow and develop new ventures. Places to access experience, knowledge, finance and markets. And above all, places for experience and encounter, full of diverse people doing amazing things. These places are called *Hubs*”.



Source: [www.the-hub.net](http://www.the-hub.net)

The very first Hub opened in January 2005 “on the top floor of an ex-industrial warehouse in Islington, London, to create an inspired space for working, meeting, innovating, learning and connecting”. In function to time social entrepreneurs spend into the Hub, they pay a related tariff. “Membership includes access to diverse spaces for working, meeting, networking, reading and playing; along with colour printing, scanning, file sharing, file backup, remote access to our server, mailing address, fax and postal services, storage, pa support, a walk around landline phone and a resource library. Hub Unlimited membership includes complimentary use of the meeting room, a dedicated phone number and voicemail, and 24/7 access. Membership ranges from £10 to £320 a month”.

There are meeting rooms for up to 15 people, a workshop space for up to 50 people, platforms for up to 5 people and a cosy library for up to 7 people, hosting support, regular learning lunches and inspiring events, a peer mentoring scheme, film nights, workshops, parties, salad club, wine on Fridays and above anything an amazing network of people to learn from and collaborate with”.

Each member lives his work time into an open space around 350 sq.mt. This allows synergies between members and horizontal and proximity relationships with the staff.

### ***Hub social impact***

Social impact for The Hub management is not “an add” on to the work they are doing, it’s an integral part of their work activities. First internal surveys took place few months ago (late 2008) – data refer April 2008 - and some experiments around measuring social impact through closed output (numbers):

- 13.2 million minutes of membership time utilised;
- 50,625 cups of tea;
- 325,000 emails sent from the Hub;
- 10,120 meetings;
- 8,300 visitors;
- 450 members;
- 1,350 projects supported;
- 255 emails from people wanting to start hubs around the world;
- 65% of waste recycled;
- 54 tonnes of salvaged sawdust used to heat the Hub;
- 75% of CO2 emissions saved using biofuel rather than gas;
- 95% of members say the hub has made a significant impact on their wellbeing;
- 71% of members have collaborated together on projects;
- £442,121 revenue from membership;
- £105 hub revenue per sq ft;

- £25 Ethical Property Company revenue per sq ft.<sup>39</sup>

### **Membership offering and services**

Everyone booking is a member: people who enquire about booking meeting space at The Hub become a member for at least the month their booking is in. This helps lots to bring new expertise to the network through these new members who even if not usually present in the space to work, can bring lots of experience to support other members. This basic membership for a month offers them a taster of The Hub experience and some decide to keep it after they've experienced it.

Because of the space characteristics and size, in The Hub Islington is not able to attract many Up & Running members, they remain single cases. However, the two-tiered models can really help offer accessible services and resources for their primary targets - those starting-up -.

In relation to the tariff distribution, these are so defined: 1/3 Hub Unlimited & Hub 6000, 1/3 Hub 3000 & Hub 1500 and & 1/3 Hub Connection (however, this last group has grown dramatically over the last months).

**Tab. 5, The Hub memberships**

hub membership	£ / start-up *	£ / up & running *	time
hub unlimited	295	425	unlimited
hub 6000	195	275	6000 minutes / 100 hours per month
hub 3000	115	165	3000 minutes / 50 hours per month
hub 1500	65	90	1500 minutes / 25 hours per month
hub connection	10	20	300 minutes / 5 hours per month
meeting spaces	15	25	60 minutes / 1 hour
events space	30	50	60 minutes / 1 hour

\* start-up you're just getting started \* up & running you're doing well & annual income is £150,000+ \* prices include VAT

Source: The Hub invitation 2008

Services are member centred; they are designed based on members needs and suggestions. The Hub takes the initiative to provide members with the core offering while it works together with them to design the frameworks that will support them to connect with each other, give and get support, collaborate in

<sup>39</sup> “The Ethical Property Company PLC is a unique initiative in ethical investment. We buy properties and develop them as centres that bring charities, social enterprises, community and campaign groups together under one roof where they can share skills and ideas. Groups in our centres benefit from affordable rents, flexible tenancy terms and office space and facilities designed to meet their needs. The centres are also managed to minimise energy use, waste, car travel and harmful materials. The company’s investors gain the security of a property-based investment as well as one that achieves lasting social change. The company has paid an annual dividend every year since 2000 - three pence per share until 2004 rising to 3.25 pence thereafter. We aim to develop centres that are focal points for social change. The company currently owns centres in England, Scotland and Belgium [...]. In the long-term we aim to build a network of centres around the world in support of the social change movement.” (Source: www.ethicalproperty.co.uk, accessed may 2009)

initiatives and grow their projects. The value is in the impact these services have rather than in how well we deliver them, and this implies services will have to close to what members need.

Added value offering included in all memberships:

- social events to connect with an interdisciplinary network of values driven professionals;
- learning events (hub breakfasts, lunches & dinners) to inspire and support members in the stages of developing their ideas;
- peer mentoring framework for members to find peers to coach each other;
- Hub angels: people in the network with the extraordinary capacity of making things happen;
- Hub hosts: people who welcome members, make them feel at home and support them with connections to people and knowledge so that they are able to create and develop their ideas.

In 3 years the staff did not have any litigations or problems based on contracts, even if these are quite basic.

### ***Hub programming / Support framework / Interventions***

*Peer to peer:* The Hub provides the models and tools to allow members to inspire and support each other. The potential for members getting value from the network is much higher if each taps in the knowledge and experience of 200 people rather than trying to provide all the content and value from the hosting team.

*Light touch:* The Hub differentiates itself from conventional business incubators having a lighter and more strategic intervention when supporting members. Nothing is compulsory and each member participates according to their needs and will.

*Just-in-time tools and resources:* people starting social businesses need access, over time, to a wide range of ‘just-in-time’ resources to thrive: money, creativity, leading-edge IT, management advice – so The Hub seeks to provide channels to such resources, without crushing the entrepreneur’s initial spark and ingenuity.

*Nurturing environments:* The Hub’s core offering is the provision of nurturing and safe work environments for entrepreneurs to learn by doing and grow their ideas and projects into sustainable businesses. These environments are called 'experience environments' because provide people with the elements they need to create the experience and the value themselves.

*Balance between formal and informal:* the approach combines formal and informal interventions to support our members get access to the right mix of support, knowledge and investment.

*Community design and attraction:* the strategy around ‘community design’ has attracted together an interdisciplinary mix of social entrepreneurs. Members and wider network represent diverse backgrounds, talents and skills. In order to involve members in most stages of development process, the staff uses a variety of techniques in the design and planning of the support framework. This will on one hand respond directly to members needs and will give them a sense of ownership. Some ideas for this include: posters in the space that not just communicate but help members inform the design, show them how to participate, request and ask for what they need, participate in the member-to-member email group to see what questions would benefit from a Hub lunch, or what members are interested in, talk to members about their projects to understand where they are at, point them to the members wiki and invite them to contribute to the generation of content there.

*Open Programming and making public the knowledge generated:* members co-design the support framework; the events they want, the support they need, the spaces they live. It's very important to 'harvest' the knowledge generated through events and other initiatives, sending the results and collated responses back to the centre for public benefit. Outcomes and learnings can be organized in the “support

section” of the members wiki to serve new members coming up with the same questions posted and answered previously, as well as people who missed an event they were interested in.<sup>40</sup>

*Hosting:* hosts have the role of cultivating a nurturing environment with light touch while creating interventions to make things happen in the process of supporting members initiatives. Hosts are a fundamental actor for The Hub and social innovators within. They are consultants, “best friends” of social entrepreneurs, the “keepers” of the space. They provide administrative and technical services, co-ordinate events and staff meetings, foster members professional matching. They are the “eyes” and the “heart” of the Hub.

*Hub lunches:* connects members to external parties that inspire their practice and to each other and supports peer-learning are basic for The Hub development. Training activities to start-ups are formulated according a bottom-up approach collecting questions and specific knowledge needs from the start-ups themselves. The host organize data and plans the “Hub lunch”. Two hours event in which, during their lunch, social innovators can learn about financial management, project management tools, interdisciplinary innovation, and every kind of basic or specific training need can emerge into the space and formally or informally communicated to the hosts (i.e. promoting multidisciplinary innovation around a single question, Cabinet Office of Third Sector, technology entrepreneurs, architects, bankers were invited to dinner to help answer the question).

*Peer to peer mentoring:* framework for people to build a mentoring partnership with other members to develop their businesses and projects. A mentoring partnership offers benevolent and wise questions, advice and constructive feedback through listening, encouraging, recommending and sharing experiences and challenges. The Hub serves as co-ordinator and matchmaker to help set up the right relationships and guide the process. This is possible through events to meet other people looking for peer mentors, through invitations and introductions among members. Hosts meet with the member looking for mentoring to understand nature of project, needs and stage. They look for someone with that expertise in the network, finand arrange a meeting to agree objectives, expectations, ground rules.

*Members Wiki:* Collaboration space for members to be aware of who else is in the network, doing similar work in their geographic and practice area. Space to gather and generate resources to support members’ projects (member to member). Via the wiki members from all over the world are able to built professional networks, checking member portraits, having one-to-one meetings with members, as a health check for operations and member experience, to inform programming and measuring social impact, finding by menu of professionals in The Hub Network who are offering their services to other members.

### ***The relevance of meeting spaces***

The meeting spaces are a key part of the offering together with workspaces, and are made to be used by members using The Hub to work as well as members who already have they office spaces. Meeting spaces may also serve as an income source besides membership revenues. They need to be good for everything from an informal chat, a coaching session, a day-long strategy day or to a social networking event or film night. It is possible that meeting spaces merge with the work spaces to meet the needs members have. Spaces like cafes and lounges are good to work and meet.<sup>41</sup> Hosts connect both spaces. They serve as the interface between members booking meeting spaces and those based more regularly at The Hub and always try to make connections and create bridges between both type of users.<sup>42</sup>

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<sup>40</sup> Paulo Freire, Brazilian thinker would say 'it's returning to the community codified learning and experiences they generated in an unorganized way' (The Hub Wiki)

<sup>41</sup> Meeting spaces are an attractor for membership outside the 9-5 users; large organizations, local groups and networks usually need meeting spaces because they don't have one or need to be somewhere inspiring/different to achieve what they need.

<sup>42</sup> Tools used by hosts can be the Hub Software: online tool to manage space bookings providing calendars, costumised booking details, confirmation emails, and an administration console to manage tariffs & resources and to invoice; or template of 'bolt-on' services: list of services and resources to offer those booking space at The Hub.

The following images are taken by the website of The Hub and refer to the new Hub based in Kings'Cross and to The Hub inslington.

**Fig. 6, The Hub spaces**

The "gallery" at The Hub Kings' Cross..



..the "glass house"..



..the library.

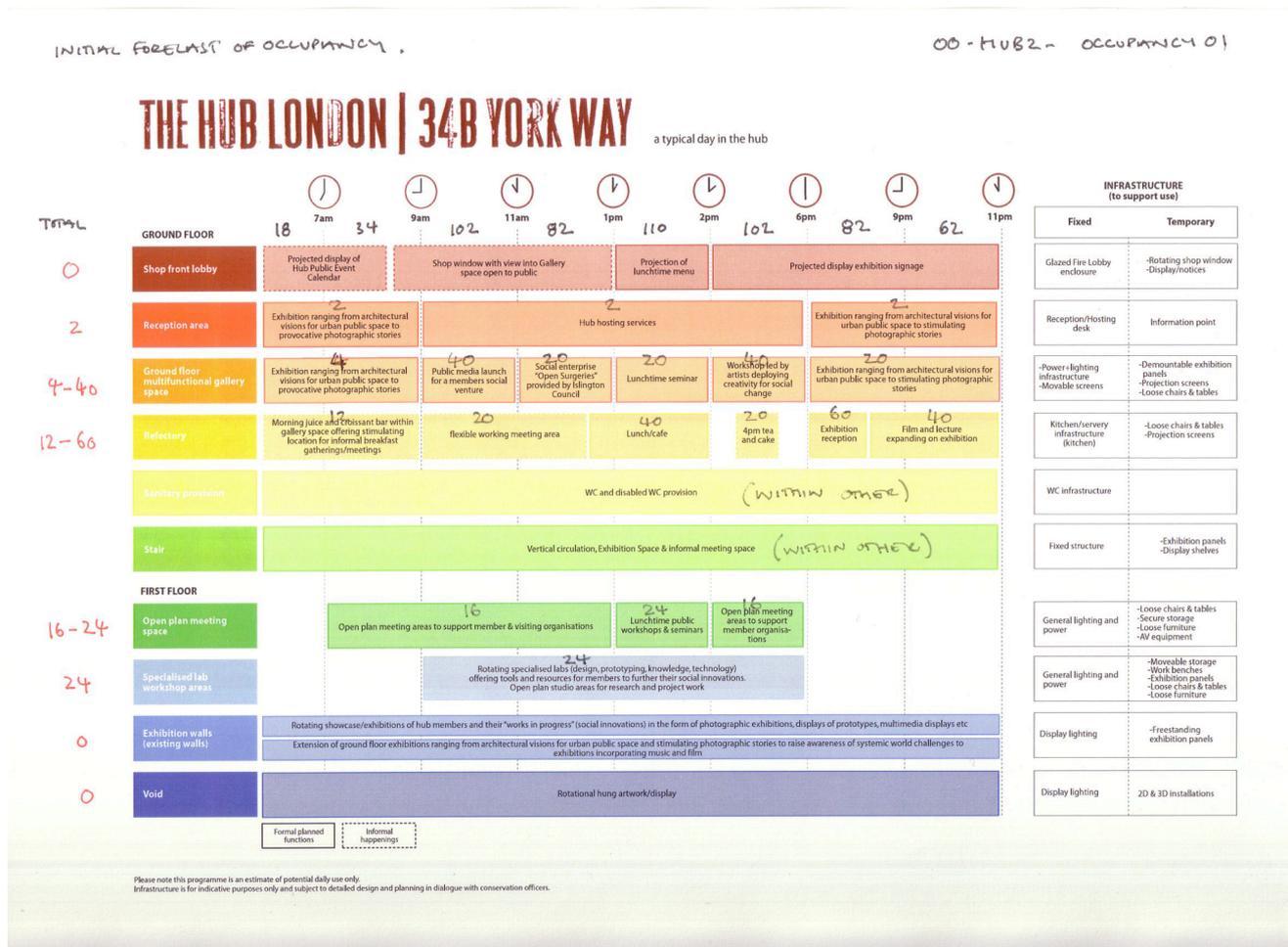


Social innovators at work at The Hub Inslington



As concerns the occupancy, this internal document shows an example of typical day in The Hub (in this case in Kings' Cross).

Fig. 7, The Hub King's Cross London Occupancy



Source: internal documentation

The turnover depends on several elements such as: kind of workspace required, nature of job, type of membership.

### Membership criteria and community design

Members of The Hub have a commitment to maximising community, social and environmental values through their work; they see the potential and value for collaboration with other members, for benefitting from The Hub's offering while contributing with their expertise to other projects.

A relevant issue is "engineered serendipity": The Hub's impact depends on the having the right mix of people in the network/space. The magic of "you might bump into..." and serendipity depends on a bit of engineering (strategy and planning). Key values for the community design are diversity and multi-disciplinary.

In this sense the attraction might be the most important element for a successful Hub. Hence, as a business, The Hub has a financial bottom line to be sustainable. The efforts towards having the right mix of people is important, and the selection criteria might need to be widen-up if not enough members are being attracted.

### Designing a Strategy

The Hub's impact depends on the having the right mix of people in the network/space, and as a success factor it needs an ongoing strategy. Some guiding principles are: (1) *diversity* is a key value and can be mapped out using different axis; socio-economic, cultural, religious, age, disciplines, approaches; (2) *interdisciplinarity*: members of The Hub use their talent and professions to contribute to a radical better world, and they are as such inter-disciplinary. The Hub believes in the importance of providing a space for unlikely allies to have opportunities to collaborate with each other.

Hosting teams need to appoint a person and allocate time for “attraction” and “community design” work. More time will be needed at the beginning to set-up the tools and rhythm that just needs to be kept as part of the monthly/annual cycle.

### *Mapping the Community*

There are different ways of preparing a map to illustrate who's in the Hub network at any point to spot who should be brought in. A social entrepreneur could keep off this process using the data gathered by the Hub softwares such as “Hub Space”, and by the contact database. She/he could start the mapping process with a hosting team meeting and finally this could also be done with members. Members could be invited to contribute to the membership mapping, adding their contacts working on the different communities of practice and to help “mine” the networks map.

The diversity of the membership can be appreciated when mapping it out, but usually this is also appreciated through:

- people with interest in personal development (individuals) and those interested in societal change (collectives);
- being more socially interactive in your approach or more focussed on research or web development;
- different approaches around one single issue; creating dialogue, campaigning, creating awareness, research, open source design are all different approaches around 1 theme (i.e. sustainable modes of transport).

### *Members networking experience*

*Members as peers.* Both Hub hosting team and members are peers in the journey of realizing an idea. As peers, they have a relationship based on mutual respect and support. Moreover, while being part of this platform, the hosts also have the role of cultivating it for members to relate in a horizontal way to each other.

The diversity of members, personal meaning and context will determine their experience and The Hub's social impact. Members are given what they need to generate unique value for themselves and to co-create the value with others around them. This focus on members will determine how services and frameworks are designed for and with them.

**Fig. 8, Co-cration at The Hub Islington: the clack drowing of staff and members**



Source: The Hub Handbook Design

Members are offered a close and personal relationship with the offering provided by The Hub; other members and hosts, work and meeting spaces, the communication channels, the IT platform, as well as with The Hub's vision and goals. As we stressed before, hosts are the facilitators of the experience: hosts play the role of interfacing members and The Hub providing (online and offline) technical and social capabilities.

## Old challenges, new directions

The social economy has traditionally been associated with the nonprofit sector. However, we are now witnessing the rise of hybrid institutional models that combine profit-seeking with social or environmental goals. Institutional and informal changes in the sector have had an impact on inter-organizational relations, on the legal structures governing organizations, and on the economic sustainability of nonprofits.

We can argue – and we stated in this work - all the elements point out into the article might be (almost) solved through the phenomenon called *social innovation*. A phenomenon brought and lead by social innovators and connectors, able to overcome the limits tied to legal status and aristotelic definitions and debates.

As Phills et. Al (2008) stated, “Our conception of social innovation has implications for thought leaders, policymakers, founders, and practitioners. It captures not only the ends to which agents of social change aspire, but also the full range of means through which we can attain those ends. The fields of social entrepreneurship and social enterprise examine only a subset of paths—specifically, the creation of new and typically nonprofit ventures. Yet large, established nonprofits and government institutions also produce significant social change, as do the businesses that increasingly contribute their resources to building a more just and prosperous society. People creating social change, as well as those who fund and support them, must look beyond the limited categories of social entrepreneurship and social enterprise. In fact, this broadening of scope echoes Ashoka founder Bill Drayton’s claim that ‘everyone is a changemaker’ (Drayton, 2006)”.

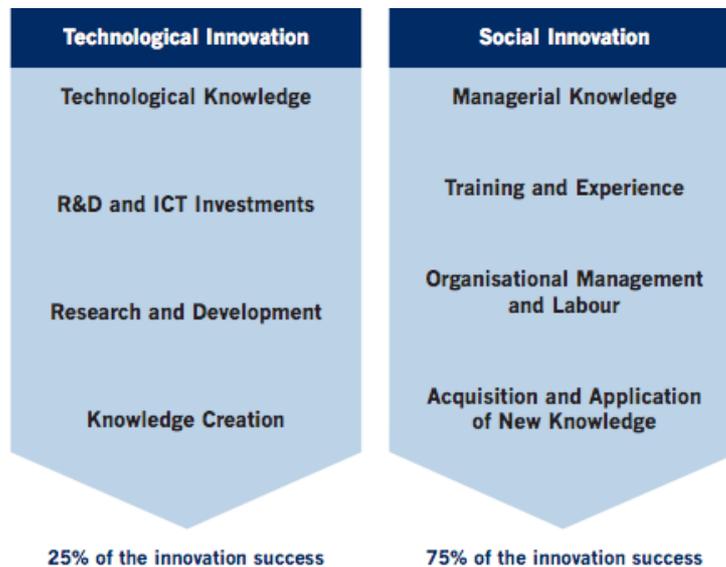
According Pot and Vaas (2007) “continuous innovation and growth of productivity cannot be achieved just by new technologies and by seeking competitive advantage by means of cutting costs. What is needed is the optimal utilisation of the potential workforce”. The latest development around Europe concerning productivity and creativity is the movement of “social innovation”. The authors state there are 4 main reasons for the emerging attention for social innovation:

- the need to enhance labour productivity to maintain our level of welfare and social security in the near future with less people in the workforce because of the ageing population;
- the need to develop and utilise the skills and competences of the potential workforce to increase the added value as part of a competitive and knowledge based economy.
- the fact that each companies, public organisations etc. can only fully benefit from technological innovation if technological innovation is embedded in social innovation (making technology work through proper organisation, dynamic management, upskilling, commitment and involvement of employees, etc.). However, the utilisation of new knowledge for innovation of products, services and processes, or – to put it another way – the absorptive capacity of organisations is rather weak; this is called the ‘innovation paradox’.
- the fourth reason is that social innovation itself appears to be more important for innovation successes than technological innovation. Research in industrial sectors from the Erasmus University/Rotterdam School of Management shows that technological innovation explains 25% of innovation success, social innovation explains 75% (see figure below).<sup>43</sup>

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<sup>43</sup> In April 2005, Henk Volberda, Frans van den Bosch, and Justin Jansen of the department of Strategic Management and Business Environment at RSM conducted a large scale survey of more than 9,000 Dutch organisations. The survey, called the

**Fig. 9, Success with technological and social innovation**



Source: RSM-Rotterdam School of Management Outlook (2006)

In conclusion, this work wish to prove more that a contribute to the debate on social entrepreneurship and social enterprise. It focus on the actors and the early stage they live to better illustrate and understand the process of social enterprise start-up and development.

Support structures for social enterprise should be diverse and diversified: social innovators need appropriate and *ad hoc* sustain.

The characters of this phenomenon – the *social entrepreneurs* – are living in a more and more competitive environment, new fields of activity and new governance and managerial models and tools are assuming a predominant rule; the new trend is called *social innovation*.

Most of *social innovators* present ideas, commitment and competences able to achieving in a effective way social, environmental and financial goals; but most of them prove themselves not be able to achieve and “grasp” market opportunity because of:

- a public sector that is retreating its action space in innovative fields of the economy, but supporting the same great lobbies via surprising keinesian policies;
- a pure capitalist model which has demonstrated its incapability in self-governing and in assuming just one model for business venture;
- a third sector or nonprofit sector that have proved their limits in being sustainable according a long term view and able to diversify their activities via innovation and development paths; in particular nonprofit organizations have shown limits in a scarce and partial understanding to being “in” the economy world and not “against”, “alternative” or “totally made out” the mechanisms of mainstream economy.

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Erasmus Competition and Innovation Monitor, aimed to examine the organisational and environmental set-ups of innovative organisations. It also compared the organisational outcomes of innovative organisations, versus non-innovative organisations. The first outcome of the survey was that innovative organisations outperformed non-innovative organisations by a large margin: in return on investment by 27%, sales growth by 19%, profit growth by 10%, growth of market shares by 13% and customer satisfaction by 6%. The second, and perhaps more surprising result, was that among the innovative organisations, only 25% of their ability to innovate and self-renew stemmed from technological innovation. The rest, the survey revealed, was due to a phenomenon called, ‘social innovation’ (Pot and Vaas, 2007).

Social business heroes – mixing a Shopenauer and Yunus definitions – are social innovators whose practices should generate the social change in their own territories, regions or - via (formal and informal) spin-off processes –in all over the world.

If the starting point is their commitment, efforts, motivations and vision, these social business heroes needs know-how, tangible and intangible services, synergic relationships with their diverse stakeholders. This means training, research activity, business planning, physical spaces in which operate. All these factors have to be coherent with their needs, in particular during the most difficult stage for every business venture: the *early stage*. The period (the first 2 or 3 years of business' life) in which entrepreneurs “switch on the radar” for catching opportunities named seed capital, business angels, single spaces or multi-tenants spaces, strategic partnerships.

Following these issues, the three “traditional” actors (nonprofit, private and public sector) run initiatives, projects and policies proving diverse way of understanding the theme, of managing the processes, of measuring the impacts.

Most of these experiences are tied to concepts as “enterprise creation”, “requalification of disadvantaged territories” (according an urban, social, ecological and financial point of view), “empowerment and occupability for disadvantaged people” drop out by the labour market.

Tools for rendering these guide-goals in actions have been diverse (EU initiatives, tax advantages, project financing for public-private partnership, etc.) and focusing to practices for fostering social enterprise, one of the strategic tools are the so called *social enterprise incubators*.

Public sector and nonprofit organizations run diverse practices in this way but at a final analysis they seem – due numerous elements – not to be so effective and sustainable in long term.

This work has analysed the model of multi-tenant nonprofits centres, of social enterprise incubators, of centre for social innovation. The latter seems to reflect what we are going to describe as a place able to generate, step by step: a) the social business idea; b) the consolidation of the idea and its rendering in a planning of activities and sharing of resources and practices; c) finally the social and innovative enterprise able to generate the social change.

In other words, we are describing a process that goes from the *social business idea* to the *mass innovation*, where the validity of social innovations can be effective and sustainable, remunerative for founders and employees, replicable and spread.

Hence, social entrepreneurs are also changing how innovative and enterprising ideas are born and become a sustainable reality. So far, we have seen mainly two approaches. First, the public sector has created social enterprises in a top-down fashion, backed by significant funding streams, to revitalize economically marginalised regions or create welfare programs for disadvantaged groups (Messina, 2004). Second, the private sector has created business incubators, often in partnership with other institutions (e.g. universities, science parks, local public agencies), which some observers have described as complex, chameleonic and changing entities (Carrera, Messina, 2008; Boschetti, Grandi and Grimaldi, 2005; Eshun, 2004). Studies highlight the social aspects of entrepreneurship as central to the sustainable growth and success of an enterprise (Totterman and Sten, 2005). Yet, when it comes to social innovation processes, both approaches have not yet given satisfactory results.

The model as well as the tools are not pioneer in absolute terms. Business centres for businesses in start-up, centre for enterprise creation, multi-service networks for accelerating enterprise growth exists since more than 15 years.

Moreover, the idea that open space, effort and motivation, shared information, social responsibility “in” and “out” the firm environment were the answer to achieve a successful enterprise, was understood by a myth – unfortunately totally forgotten by academia and enterprise sector -, the Italian entrepreneur Adriano Olivetti.<sup>44</sup>

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<sup>44</sup> A “new society is created only by means of new formulae that are personal and communitarian, and the real community won't happen by adding a cross to the red flag of the proletarian revolution, but will be realised in the creation day by day of the new organism of the community, the factory and the region” (Adriano Olivetti, *Il Cammino della Comunità*, 1955).

This study brings together these two strands of theoretical analysis and focuses on the case of The Hub Islington (London), part of an international network of incubators for social innovation.

Looking at the role played by its internal hosts as knowledge-management facilitators and creators of communities of practice, the study will assess how The Hub is adopting a networked approach to social enterprise incubation and thus embodying critical success factors in its ability to trigger innovation processes. The diffusion of The Hubs around world is a good demonstration of the business model sustainability.

We aspire the wind of social innovation blows hard and soon in Italy, where creativity and innovation seem being snuffed out by servility, apathy, no moral sanctions. But the wind is changing..

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