An Entrepreneurial Model for Social Innovation

Orange Paper #3
Social innovation is garnering great interest as global and local challenges grow in number and complexity. Creative solutions are needed and there is greater experimentation with entrepreneurial approaches to find answers. What does an entrepreneurial approach to social innovation entail?

The High Resolves story presents an interesting case study in social entrepreneurship. The experiment has been successful on many dimensions but has also included organizational near-death experiences and existential crises. Our aim in sharing the High Resolves experience is not to suggest we got everything right; we are simply hoping to contribute our experience to the ongoing discourse in this emerging area.

1. Growth Strategy

By definition, all social innovation revolves around a worthy purpose which the group or organization has chosen. In the case of High Resolves, our vision is a generation of young people resolving to make a positive difference to the world. Delivering material impact requires a compelling and audacious growth strategy to enhance the impact around that purpose; and the best growth strategies typically involve three critical elements: a distinctive privileged asset, a self-funding core business, and specially-funded growth projects.

A. Distinctive Privileged Asset

Most growth strategies begin with a form of unique or distinctive advantage that gives life to an attractive proposition.1 Social innovation needs to start with a distinctive privileged asset tied to the noble purpose of the group.

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At High Resolves, our distinctive advantage is the design and delivery of high-impact immersive learning experiences. That is the simple pivot around which the entire program has grown over time. Our work embraces human-centered design. We have eschewed the very notion of trying to ‘teach’ skills and instead designed experiences that allow learning to take place organically. The insights triggered by our immersive simulations are far more visceral and lasting than those generated by lecture or discussion alone. We also developed an entire language for designing sequences of learning experiences that serve as coherent learning journeys. Our approach is effective because it draws on proven design principles from learning science, social psychology, behavioral economics and neuroscience.

Importantly, we have been willing to disrupt ourselves when better ideas emerge, and to prototype using rapid improvement cycles. We adopted this innovation model from the software industry for the development, testing, and implementation of our programs. Our agile approach entails tweaking existing content and making minor releases throughout the year, and saving significant changes for annual updates, where more significant changes are launched. Good Design Australia has already recognized our innovative approach with its Patron’s Award.

B. Self-funding Core Business

Many social ventures rely on philanthropic and Government support to deliver their services. An entrepreneurial approach requires a self-funding core business that is able to perpetuate itself by generating revenues for products or services that create value for the customer (validated through robust metrics like Net Promoter Score). Without a self-funding core, the organization cannot achieve a genuinely sustainable basis for its impact to continue over time.²

At High Resolves, we shifted from a free model to charging for our services around nine years ago. Over time, we introduced pricing for public schools as well, although at a discount to the private school rates. As we grew from a few schools to a few hundred schools, we generated a revenue base capable of carrying the direct and indirect costs of most of our services.

In 2016, we stared into two challenges: (a) one of our top offerings would never be able to be delivered on a self-funding basis; and (b) geographies that did not have sufficient scale were not viable. Following a hard decision to quit those geographies and discontinue the offerings in question, our Australian operations achieved a fully self-funding position for the first time. The secret was going back to our purpose and clearly articulating our Theory of Change. We had finally “earned the right to grow.”³

Of course, as a social venture, we are purpose-led and operate with equity considerations. That’s why we introduced an important operating principle: we would only charge fees for a product or service if, and only if, we could also offer a free alternative. In that way, no school or individual student would ever be excluded from accessing our programs but we would use premium versions to fund the organization.

C. Specially-funded Growth Projects

Most growth strategies are often replication paths around a proven model. Even with a self-funding core business, social innovation will typically not be able to scale and expand purely through its own earnings streams. Special funding needs to be accessed for growth projects that open up new geographies or allow platforms to be built that support future growth paths. These growth strategies can be described using the Three Horizons model.

At High Resolves, we have been very precise in our efforts to tap into growth funding for geographic expansion. We began by establishing our core operations in Sydney, Australia. We started with a single school and grew to a few dozen in the first few years. From there, early project funding in Australia from corporate sponsors, philanthropies and Government paid for our Horizon 1 expansion into Melbourne, Brisbane and Western Sydney (the third-largest city in Australia). Later, investment by Omidyar Network fueled our Horizon 2 expansion into North America with hubs in Louisiana and California as well as in Ontario, Canada. Similarly, Horizon 3 funding support in Brazil paved the way for the launch of a joint venture entity in that nation, which adds to our earlier foray into China.

2. Growth Beyond Borders

The challenges which most social innovations target in their work are usually too large and intractable for a single organization to address. Yet, there seems to be something about the nature of the not-for-profit sector (i.e., the survival imperative to compete for funding every day) which has deprioritized collaboration and strategic syndicates to attack these challenges en masse. Of course, there are always notable exceptions (e.g., the Eye Alliance) which inspire us to incorporate collaboration beyond organizational boundaries as a second critical element of an entrepreneurial approach to social innovation. There are at least two types of ecosystem collaboration that are worthy of note and emulation. We refer to them as “strength in numbers” and “number of strengths.”

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4 O’Toole, 1993.
7 Hansen, 2009.
A. Strength in Numbers

This first approach to ecosystem collaboration is bringing together similar organizations to join forces to increase their collective impact. The challenge here is that these organizations have often become used to competing over a small share of the pie instead of working together to grow the overall pie. Yet all kinds of synergies are there to be realized through a closer collaboration by these entities.

At High Resolves, we recognized that citizenship education for young people was more critical now than ever before, but the scale of the challenge was so great that an ecosystem-wide response was needed. We saw the need for a shared digital platform to help schools make sense of the increasingly complex landscape of curriculum. With the generous support of the Chan Zuckerberg Initiative, we have developed “Composer,” an innovative platform that empowers schools and organizations to search, create, deliver and share powerful sequences of citizenship education, informed by the latest insights from learning science.

Composer is the product of a collaborative partnership between five founding providers, recognized for their commitment to excellence in citizenship education: High Resolves, Facing History and Ourselves, iCivics, Generation Citizen, and Peace First.

Strategic Partnerships

These providers represent the initial core group behind a growing ecosystem that now includes but is not limited to +Acumen, Anti-Defamation League, Asia Education Foundation, Asia Society, Beloved Community, Global Education Innovation Initiative, Let it Ripple, Mikva Challenge, News Literacy Project, Project Wayfinder, Teaching Tolerance, and World Savvy, not to mention a growing set of local peak experiences like museums. We have hundreds of individual learning experiences available to schools to design powerful learning sequences. The searchable database will contain over one thousand premium learning experiences by the scheduled launch in 2020.
One of the core functions of the platform is to provide a curriculum-design interface that incorporates insights from learning science translated into practical applications. We have identified heuristic rules and features that enable evidence-based feedback and support to educators as they design learning experiences expressed through our now generally accepted and adopted visual language of the mastery formula (i.e., triangles for peak experiences, squares for repeated practice and circles for real world applications).

We are excited to launch the platform to the public in 2020 and guide its evolution into a free-standing, self-funding ecosystem entity. We believe this project will grow the citizenship education ecosystem globally and will allow us to scale the offer to tens of thousands of schools across the world.

B. Number of Strengths

The second approach is to create an alliance or entire ecosystem where different parties bring different skills and assets to enable innovation that would be impossible without their willingness to collaborate. Although this form of collaboration does not face the hurdle of former competitors learning to cooperate, it does face the challenge of convincing players from very different sectors to align around a common purpose and vision of what might be possible. Combining a number of different strengths is not an easy feat.

The High Resolves team was fortunate to be introduced by the Omidyar Network team to Teach For All, and by the McNulty Foundation team to Cinépolis, the second largest film exhibition company in the world. Together, the three organizations discovered a complete alignment of vision around what might be possible if we combined our different strengths, and led to the creation of “Project Amplify.”

We asked ourselves: what if there were millions of young people like Greta Thunberg, driving social advocacy around the many social issues affecting many communities around the world? We forged a global alliance to reinvent our delivery models in an innovative and cost-effective way: High Resolves curriculum delivered by Teach For All associates in schools and in Cinépolis cinemas.

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8 Kania and Kramer, 2011.
Furthermore, our powerful Videos for Change platform will empower young people to exercise their voice by creating one-minute videos around social issues. These videos will be shown as trailers in Cinépolis cinemas as a catalyst for community conversations. Additional partners like Participant Media (film content), the World Bank (measurement & evaluation) and BCG (program office advice) will elevate the partnership after our initial pilot in Monterrey, Mexico.
C. Broadening your Horizons

Thinking beyond your own organizational boundaries opens up new horizons for growing your impact. This can be represented as a cascaded pair of Three Horizons. In the case of High Resolves, our Horizon 1 activities at the Group level are all around expansion of the core business into new geographies as described above. Horizon 2 at the Group level is around Project Amplify and the “number of strengths” approach which builds off of our own strength in curriculum and the Videos for Change platform. Horizon 3 at the Group level is about the Composer technology and ecosystem platform, which is a good illustration of the “strength in numbers” approach to collaboration.

3. Architecture of Growth

The third element of our entrepreneurial approach to social innovation is all about how entrepreneurs design and build their organizations for success, agility and integrity. It may seem obvious that people and culture are critical to the success of any organization, but with resource-constrained social ventures, it is vital to maximise the collective productivity of the organization. Therefore, no matter how great the strategy is, it all comes down to having great people and not letting the organization design get in their way.

A. Great People

The single biggest driver of success for an entrepreneurial organization is the caliber and makeup of the people in the organization, especially those in leadership roles. Recruiting stars who love the freedom and autonomy to build and grow lasting organizations is the key to deep social innovation. Importantly, it is critical to have the right mix of visionaries, builders, thinkers and operators in order to give rise to the magic that makes it all work.

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10 Jaques, 1989.
11 Charan et al. 2001.
At High Resolves, we have been fortunate to attract a very special group of people to the organization; a team that keeps getting more capable every year with the growth of a deeper and stronger team and leadership. Our social purpose and our track record for impact have been very helpful in enticing talent to join our team from both the education and business sector. We have also been able to recruit experienced technology venture and social impact investment talent into our New Ventures group. The combination of a fast entrepreneurial environment and a positive social purpose combine to create a very powerful value proposition for top talent.

We also benefit from having a co-founder and CEO, Mehrdad Baghai, who brings deep experience that has been critical to our growth: business strategist, thought leader at McKinsey on growth strategy, CEO of a technology venture in California, technology venture architect and investor, and a leading author on collective action and partnering. Mehrdad's reputation and track record garner trust with partners and supporters alike. More importantly, his personal childhood experiences motivated his academic work with Nobel-laureate Tom Schelling and laid the foundation for what has become the immersive learning approach of High Resolves.

B. Cocooning Horizons 2 and 3

One of the hallmarks of entrepreneurial success is the willingness to commit to important growth initiatives. Indeed, commitment to big company-shaping irreversible decisions has been called the essential definition of strategy itself.\textsuperscript{12} The key advantage entrepreneurs have is the ability to cocoon innovative or disruptive growth initiatives from the core business so that they can operate at a different (faster) pace with greater agility and fewer constraints.\textsuperscript{13}

At High Resolves, we embraced the need to cocoon our growth initiatives by creating our New Ventures team and treating that work as a line of business in its own right. To avoid any material overexposure to more risk than we could handle, we began with only one new venture, Composer. That project was set up in isolation from the core business and funded separately through project-based support. Over time, additional spinoff venture ideas emerged and it made sense to create the new team with its own CEO from Silicon Valley. It is now a thriving focal point for disruptive innovation and ecosystem collaboration inside High Resolves.

\begin{itemize}
\item[\textsuperscript{12}] Ghemawat, 1991.
\item[\textsuperscript{13}] Baghai et al, The Alchemy of Growth, 1999, Chapters 7-9.
\end{itemize}
C. Evolving towards a Team of Teams

General Stanley McChrystal coined the term “Team of Teams” in his popular book by that name. Successful entrepreneurship tends to follow a pattern of structural evolution along the lines he described: from a traditional top-down “Command” model, to a more decentralized “Command of Teams” model where small teams emerge, to a “Team of Teams” model where greater interactivity and synergies are exploited by the different teams. This evolution is important for driving the social venture through the natural stages of growth and setting it up for serious scale.

At High Resolves, we are in the midst of our transition to the Team of Teams stage. We have multiple lines of business with strong CEOs and deep leadership teams of their own: an Australia/New Zealand business, a North American business, an International business, and a New Ventures group. We have been pushing more and more of the decision making and accountability away from the corporate center to those CEOs; and importantly, there is more and more direct interaction among the different lines of business to discuss synergies and linkages and to resolve conflicts. This is especially important given we work across different horizons. This shift is a critical enabler of our rapid rate of growth and expansion now that the center is not a handbrake on the organization.

D. Hardwiring Values

Entrepreneurship requires both a specific mindset and a set of principled behaviors. While recruiting the right people and evolving the structure over time are incredibly important, there is a need for the right cultural foundation, without which social entrepreneurship will be a fleeting tendency rather than a systematic characteristic of the organization. An agile and adaptable culture is the constant during times of intense challenge. It functions as the glue that secures the cohesion of an organization and helps it navigate through changes in its strategy.

At High Resolves, our original attempt at articulating our culture was to define it in terms of four values: respect, integrity, passion and innovation. This top-down attempt at naming our values drew no objections, but neither did it win the hearts and minds of our team. Our culture, and indeed our character, was far more nuanced and specific than a mere four words could adequately capture. We realized the value of undertaking this effort in a bottom-up manner by engaging every member of our team to contribute their words describing our actual character and culture and what makes High Resolves a special place to work. Instead of aspirational slogans, we have a collective expression of the High Resolves character, as it is today. Individually, we may not each embody every single one of

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15 Hirschman, 1970.
the ten attributes we ultimately chose. Collectively, however, these ten words are the most fitting description of who we are and aim to be.\(^\text{16}\)

Of the ten character attributes we selected, seven are directly linked to an entrepreneurial mindset: Rigorous, Bold, Curious, Pioneering, Relentless, Adaptable and Committed. The other three are more connected to our social purpose: Passionate, Purpose-led and Sincere. We have used a variety of means to hardwire and reinforce these character attributes in everyone’s behaviors: annual awards linked to each attribute, personal development plans, and constantly referring to the values in making decisions.

4. Support for Growth

The final element of our entrepreneurial approach to social innovation is about the nature of financial and strategic support for different stages in the life of a social venture. There is a common misunderstanding around the genesis of entrepreneurial social ventures, namely that they grow fast right from the start. Actually, a more patient incubation period is critical in the formative stage to allow the idea and business model to crystallize properly. Following that, a different kind of support is needed to help the venture reach a self-funding position. After that, growth investments fuel the rapid expansion of the venture and its ability to participate in larger projects. Finally, having reached material scale, a different level of funding is needed to realize its big hairy audacious goals.\(^\text{17}\) At High Resolves, we have been fortunate to have the right kind of support to help us transition through these stages.

A. Patient Incubation Period

High Resolves began as an experimental initiative created by our co-founders, Mehrdad and Roya Baghai, in their son’s school. Once we had an initial proof of concept, we undertook a broader market validation exercise which lasted a further three years. This initial five-year incubation period required patient funding which High Resolves received as a corporate social responsibility initiative within our co-founder’s private business. Access to office infrastructure, strategic advice and full-time and part-time staff allowed the model to be refined and revised into a proven offering for further expansion and growth.

\(^\text{16}\) Baghai and Quigley, 2011.
\(^\text{17}\) Collins and Porras, 1994.
B. Support to Bridge the Gap to Profitability

The next stage in the evolution of High Resolves involved systematization of processes to realize efficiencies and economies of scale. As we grew from 10 to 100 schools with philanthropic and corporate support, we created a base capable of being self-funding. However, it took a near-death experience for the organization in the form of that support drying up to trigger a radical review of our operations and the painful decisions to focus on our profitable core. The “pivot” was the most challenging turning point in the social venture’s history as we made the decision to cut activities like social action projects that were extremely popular with staff and achieving high impact with students. Still, the drive to survive and to control our own destiny motivated all these hard changes to be implemented in a 6-week window.

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<td>Establish that our approach has transformational impact and identify sweet spot in education system</td>
<td>Demonstrate broader market interest in our program from a range of high schools</td>
<td>Systematise the delivery model to work at large scale in all high school types</td>
<td>Build a self-funding engine able to fund growth to critical mass of schools</td>
<td>Get Australia to tipping point while growing fast offshore through multiple models</td>
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C. Project Funding for Growth

Having earned the right to grow thanks to the pivot, we became attractive to funders, who appreciated that we had passed to the next stage of maturity. In particular, the Omidyar Network invested in a North American entry strategy for High Resolves and then funded the establishment of our first hubs in that market. The funding also enabled the creation of a great many assets and platforms that were instrumental to accelerated growth in reach. For example, we created an entirely new set of teaching resource packs as well as a simple digital platform for distribution. Amazingly, the American funding had a “boomerang” effect in making High Resolves a more attractive proposition in our home market, Australia, and led to a large investment by the Federal Government to roll out the program into eight new regional centres thereby moving our reach from 5% of Australian youth towards our aspirational target of 50% of the country’s youth.

The funding also enabled the creation of a great many assets and platforms that were instrumental to accelerated growth in reach.
D. Funding Scale for Collaboration

By the middle of 2019, High Resolves transitioned into a new stage of growth characterized by large global collaborative syndicates with partner organizations that are leaders in their respective fields. Both Composer and Project Amplify, described above, emerged as lightning rods for funding at a mass scale to accelerate the impact of High Resolves beyond our own organizational boundaries. They also became important parts of our recruiting proposition to attract new top talent to the organization to drive these growth initiatives under our emerging “Team of Teams” model.

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The High Resolves case study illustrates one particular entrepreneurial approach to social innovation which is based on four defining elements: a compelling growth strategy across multiple time horizons, a plan for growth in impact beyond boundaries, the right architecture for growth and last but not least, an evolving support base matched to the different stages of growth. We hope that our case study contributes to the ongoing discourse in this important emerging area.

High Resolves is a non-partisan, non-religious, non-profit social venture specializing in the design and delivery of immersive learning experiences around citizenship themes for young people. The Orange Papers series are designed to share our insights and learnings to advance the discourse in this important arena.
Works Cited


