



A Catalyst for Innovation in Hawai'i's Social Sector¹

Why Innovation?

It is a time of great challenge and opportunity in Hawai'i. The non-profit sector is under great pressure, as the economic recession has resulted in decreasing revenue from virtually every source (government, foundations, corporations and individuals) and increasing demand for nearly every field (health, human services, arts and culture, education, environment, etc). At the same time, there are larger external forces that are challenging the way non-profit organizations work.

The marketplace for talent is changing and competition for talent is increasing, requiring new **human capital** strategies for staff and volunteers. **Technological advances**, especially Social media/Web 2.0, are recasting how organizations and their customers or clients communicate, organize, engage, learn and deliver or receive services and galvanize action. Further, technology is providing faster, cheaper ways to gather and use data to demonstrate the efficacy of programs. **Networks** are altering the way the world works, shifting from organization-centric models with centralized structure, closely held knowledge and a focus on organizational longevity to network-centric models that value decentralization and fluidity, openness, and a rapid pace of connectivity and mobility. These forces—the needs for new human capital strategies, technological advances and networks—are coalescing in a way that is fundamentally changing the nonprofit environment.

In this dynamic of urgent need to change and the compelling nature of what change might look like, the time is ripe for innovation and a more concerted effort to scale successes that better reflect our 21st century realities. Yet, innovation in Hawai'i is constrained for several reasons. First, for many nonprofits it is difficult to focus energy on creative longer-term approaches while struggling to stay afloat today. Second, organizations here live in relative isolation to each other, as well as to national and global entities, due to geographic insularity and other logistical and cultural complexities. Third, Hawaii's non-profit sector is small and fragmented, with about 6,000 registered non-profits, less than 20% of which have annual revenues greater than \$25,000.

¹ In October of 2009, Pierre and Pam Omidyar announced a six year commitment of \$50mm to the Hawaii Community Foundation (HCF) to fuel their philanthropic investments in Hawaii. As part of this commitment, the Omidyars asked the Foundation to consider how best to spur innovation in the non-profit sector and public sector in Hawaii. In this phase of our work, we are concentrating primarily on the non-profit sector.

These factors create barriers for innovation. Organizations that successfully innovate have little impact on others or prospects for scale nor do organizations have the culture and incentives to learn from others. Hawai'i does not have the capacity of institutions to incubate or disseminate innovative ideas. And funding for innovation is nearly non-existent. In fact, most funding, especially public dollars, are legitimately focused on adopting "best practice" or fidelity to proven models.

What is Innovation?

Innovation is a term that means different things to different people. For the Hawai'i Community Foundation, innovation quite simply means: "New Ideas that work."² Beneath the simplicity of this definition lies important nuance.

- **NEW.** Innovation isn't only about what's entirely new. Sure, the latest gadgets like the iPad are innovations. But often innovation uses old ideas in new ways or contexts, or by recombining existing approaches to form something different. Innovations can be adapted from different geographies, sectors, or fields. "New" can simply mean a new adaptation to your situation.
- **New IDEAS.** When most of us think about innovation, we think about product innovation. But there are many arenas of human endeavor in need of new thinking. To actually change our lives, we also need innovations in the processes, organizations, business models, channels, and platforms we use to get things done.
- **New Ideas THAT WORK.** True innovations are much more than cool ideas. Innovations worthy of the name solve real problems for people and produce real change.

A Learning Journey

This challenging and promising time has prompted the Hawai'i Community Foundation and the Omidyar family to explore social innovation in Hawai'i: Where is innovation occurring in the state? How can nonprofits in Hawai'i build on local culture and tradition to develop approaches uniquely suited to Hawai'i? And how might more innovation be fostered?

To learn more about innovation in our community, the Foundation undertook a practical, collaborative exploration into the world of social innovation with the support of the Monitor Institute. The purpose was to inform a potential grantmaking initiative that would catalyze and support innovation among local nonprofits. We asked the public for their opinions on and experiences with innovation through an online survey available on our website. Over 350 people responded. We conducted several one-on-one interviews with nonprofit and philanthropic leaders in Hawai'i and the mainland. And sixty-six nonprofit and public sector leaders shared their insights and creativity in two day-long workshops where they grappled with questions including:

- What examples of innovation in Hawai'i's social sector are already visible?
- What are the critical ingredients necessary to foster innovation in Hawai'i?
- What might a grantmaker prioritize when investing in innovation?

² From the Young Foundation, a British funder that explicitly focuses on promoting social innovation

What We Heard

Overall, more than 400 people engaged in the process. Some were skeptical, saying that there is “no innovation in Hawai‘i,” and some worried that those in greatest need might be left behind. But the overwhelming sentiment was positive, with participants expressing that an innovation initiative that could create the “potential for a big paradigm shift in the way nonprofits work.” Many felt that this could be an exciting opportunity to tap new resources for new ideas, and could serve as “an affirmation that innovation is happening in the nonprofit sector all the time.” Research sources are described in the appendix, and highlights of participant comments and insights follow.

What assets for innovation already exist?

- Emerging tools and approaches. Advances in network theory and practice are enabling more deliberate connectivity, coordination, and collaboration. Evolving forms of technology and social media are allowing organizations to exchange information and interact in new ways. The role of the formal organizational structure is indeed changing, and innovative human capital strategies are enabling more efficient and effective means of interacting with stakeholders.
- Multicultural customs and traditions. Hawai‘i’s diverse cultural landscape may provide a strong foundation for distinctive types of innovation, and a friendly, courteous culture and strong social fabric as important innovation assets.
- Ability to scale. The Hawaiian Islands are a closed and relatively small geographic system, spreading an innovation here is often more feasible than in many other places.

What are significant barriers to innovation?

- *Limited Financial and Human Resources:* When nonprofit organizations are struggling to survive, few can set aside time and space necessary to reflect, learn, collaborate, and innovate.
- *Weak Connection, Coordination, and Collaboration:* While these are essential ingredients to innovation, working with others is challenging due to time, resource, and infrastructure constraints. With a small number of local funders, nonprofits in Hawai‘i may be as likely to compete as to collaborate.
- *Few incentives to take risk:* From large government funders to boards, the structure of nonprofits rarely rewards risk-taking necessary for innovation.
- *Culture and Geography:* Despite the advantages brought by these assets, Hawaii’s unique attributes can create potential obstacles such as risk aversion, a fear of standing out, bureaucracy, limited economic diversity, and geographic isolation.

What do we need to overcome these barriers to innovation?

- *Incentives:* Behaviors that support innovation are not prevalent in the current nonprofit sector. Participants cited larger grants and more funding sources as two innovative forces.
- *People:* Many participants felt engaging a wide range of participants in innovations—young people, grassroots stakeholders, and beneficiaries—will increase their success.

- *Information:* Examples, success stories, and information about the field of innovative ideas are important to build capacity. Participants suggested a mechanism or platform for gathering, disseminating and sharing information would help spread ideas.
- *Learning Opportunities:* From technological tools to new systems or strategies, nonprofit leaders, funders and board members must take part in opportunities to learn and grow.
- *Connective Infrastructure:* Above all, there was widespread agreement that more avenues for connection, coordination, and collaboration are critical for spurring innovation.

What's Next?

This learning process has served as an inspiring and thought-provoking exploration of the world of social innovation in Hawai'i. Drawing on these insights, the Hawai'i Community Foundation is developing a grantmaking process that will be opened in October. The **Island Innovation Fund** will be launched in the fall of 2010. The fund will commit \$3M to invest in nonprofit innovations over the next three years.

In the process of successful innovations, there is a continuum from which an **Idea** becomes concrete enough to undergo **Experimentation** and be tested for its feasibility. It is then implemented as an **Innovation** which, if successful, is brought to **Scale** within organizations and hopefully leads to **Replication** within a given field or the entire sector, thereby creating significant impact. The Island Innovation Fund will make grants that focus on the inflection point where tested ideas need support in order to scale to widespread innovations.



The Island Innovation Fund will be designed around the following pillars:

- A two pronged strategy: 1) grants to spur innovations with broad impacts on the sector, and 2) support for the creation of a culture of innovation in Hawai'i.
- An emphasis on tapping the power of **new technologies, human capital strategies, and networks.**
- An open source for ideas. The overall initiative will be approached in a transparent manner, and the applications, selections, and learning will be shared in an online forum.

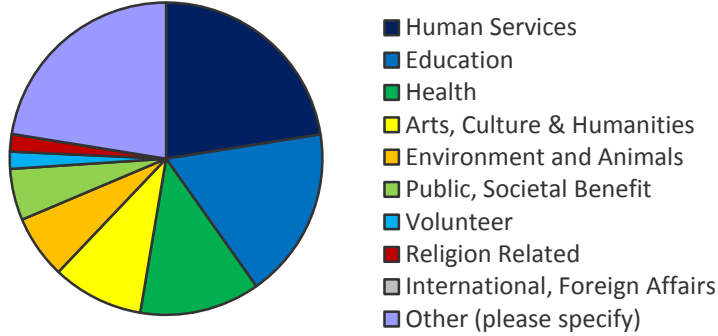
Hawai'i Community Foundation is committed to modeling what we have learned about encouraging innovation in the process of funding it. The process we will use to solicit and select fundable projects will be designed to encourage discussion, knowledge sharing, and continuous improvement. The Foundation will experiment and iterate quickly. Our first round of funding in the fall of 2010 will be a "beta test." We will be open for feedback; we will share what we learn and revise subsequent rounds of funding accordingly. We'll take risks, try new practices, and throughout look to the future and bigger picture of what we're seeing and learning about how to be an effective catalyst for innovation in Hawai'i.

Appendix: Research Sources

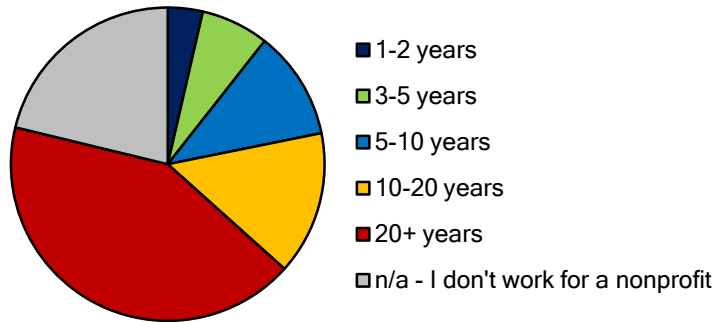
A. Survey Respondents

More than 350 people responded to the 'Innovation Survey' the Hawai'i Community Foundation fielded on the organization's website between June 11th and June 24th, 2010.

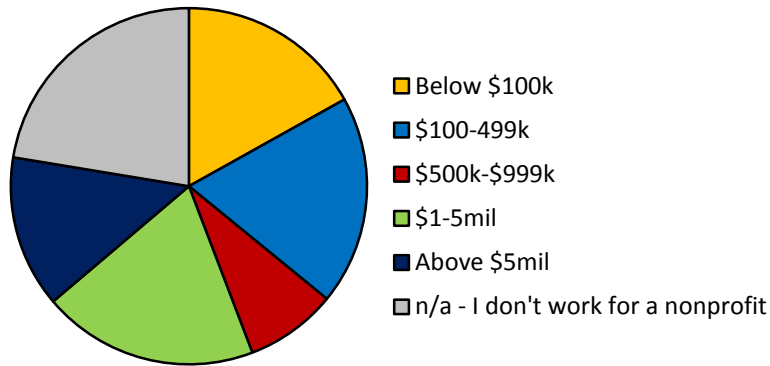
What sector do you work in?



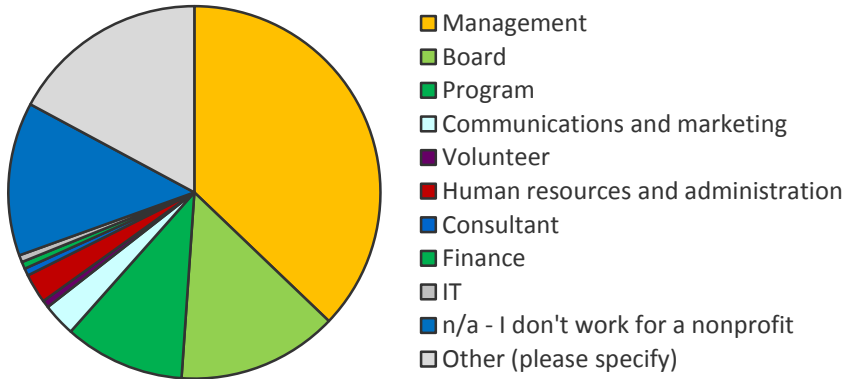
How old is your nonprofit?



What is your nonprofit's budget (2009 revenues)?



What is your role within your nonprofit?



B. Interview Participants

The Monitor Institute conducted *interviews with eleven leaders* in the nonprofit sector with expertise in either the social sector in Hawai'i, innovation, or both during June of 2010.

First Name	Last Name	Organization
Robbie	Alm	Hawaiian Electric Company
Norm	Baker	Aloha United Way
Ruth	Bolan	Pacific Islanders in Communications
Linda	Colburn	Where Talk Works
Beth	Giesting	Hawai'i Primary Care Association
Kippy	Joseph	Young Foundation
David	La Piana	La Piana Consulting
Tom	Layton	Wallace Alexander Gerbode Foundation
Leslie	Mullens	Playbook Group Consulting
Larry	Stupski	The Stupski Foundation
Paul	Tarini	RWJF

C. Workshop Attendees

More than 65 nonprofit representatives and other relevant stakeholders from across Hawai‘i attended the Hawai‘i Community Foundation’s “Innovation Workshops” on July 7th and 8th, 2010.

First Name	Last Name	Organization
Bob	Agres	HACBED
Claire	Asam	HCF BOG
Drew	Astolfi	FACE
Norm	Baker	Aloha United Way
Sananda	Baz	Maui Economic Opportunity Inc
Lily	Bloom Domingo	
Ruth	Bolan	Pacific Islanders in Communications
Dale	Bonar	Maui Coastal Land Trust
Phil	Bossert	SOTF
Suzanne	Case	The Nature Conservancy
Selena	Ching	Honolulu Youth Symphony
Liz	Chun	Good Beginnings Alliance
Linda	Colburn	Where Talk Works
Christina	Cox	KCAA Preschools
Marilyn	Cristofori	Hawai‘i Arts Alliance
Jud	Cunningham	Aloha House
David	Derauf	Kokua Kalihi Valley
Susan	Doyle	Aloha United Way
Deena	Dray	Diamond Head Theatre
Pualani	Enos	Hui Malama Learning Center
Cheryl	Flarahty	Nova Arts Foundation
Howard	Garval	Child and Family Service
Terry	George	HKL Castle Foundation
Beth	Giesting	Hawai‘i Primary Care Assn
Mike	Gleason	Arc of Hilo
Dick	Gushman	HCF BOG
Edward	Hill	Salvation Army
Lea	Hong	Trust for Public Lands
Susan	Hunt	Hamakua Health Center
Carol	Ignacio	Office for Social Ministry
DQ	Jackson	Malama Pono Kauai AIDS Project
Karen	Jayne	Imua Family Services
Tim	Johns	Bishop Museum
Alan	Johnson	Hina Mauka

First Name	Last Name	Organization
Micah	Kane	HCF BOG
Cheryl	Kauhane	YWCA of Oahu
Keone	Kealoha	Malama Kauai
Ed	Korybski	Honolulu Culture and Arts District
Paul	Kosasa	HCF BOG
James	Koshiba	Kanu Hawaii
Olin	Lagon	Kanu Hawaii
Louise	Lanzilotti	Honolulu Theatre for Youth
Judy	Lenthall	Kauai Food Bank
Lisa	Maruyama	HANO
Gary	Maunakea-Forth	MA'O Farms
Kukui	Maunakea-Forth	MA'O Farms
Stacey	Moniz	Women Helping Women
Leslie	Mullens	
David	Nakada	Boys & Girls Club Hawaii
Janis	Reischmann	Hauoli Mau Loa Foundation
Becky	Rhoades	Kauai Humane Society
Jo-Ann	Ridao	County of Maui
Laura	Robertson	Goodwill Industries of Hawaii
Venus	Rosete-Hill	Neighborhood Place of Wailuku
Debbie	Shimizu	NASWHI
Jeanne	Skog	Maui Economic Development Board
Nate	Smith	
Tin Myaing	Thein	Pacific Gateway
Chipper	Wichman	National Tropical Botanical Garden
Leslie	Wilcox	PBS Hawaii
Robert	Witt	Hawai'i Association of Independent Schools
Keith	Wolter	Maui AIDS Foundation
Sandee	Yoro	SECOH
Rich	Yust	Maui Food Bank
Diane	Zachary	Kauai Planning & Action Alliance