

## Simon Tucker

I: I have with me today Simon Tucker who is the chief executive of the Young Foundation. This is an organisation which has been developing a wide range of activities around the field of social entrepreneurship. So, Simon, thank you very much for talking with us. I wonder if you could start by telling us a little bit about the Young Foundation.

ST: Yes, so the Young Foundation is a non-profit organisation; we're a centre for social innovation. So, we seek to generate insights into how to innovate to solve social problems. Then we seek to bring together innovation and entrepreneurship or entrepreneurship to actually solve those problems or contribute to solving them by coming up with our own innovations that we either pilot in the public sector and hope that will be taken up there or, most of the time, by creating our own ventures that we spin out. Alongside that we will incubate other people's ventures, if they have an innovative model that we believe could be taken up at scale and have a big impact.

So, we cut across both research, but mainly some very practical incubation and venturing.

I: Fantastic. And you've accumulated a lot of experience, by the sound of it. Could you, perhaps, give us some examples of projects you've been involved with, that the foundation has either developed itself or has helped someone else incubate?

ST: Yes, so we're about 55 years old and we have a lot of ventures. We've created over 80 ventures and we've supported over 100 other social ventures. They range from, in the dim and distant past: the Open University; Which magazine; the School for Social Entrepreneurs; Language Line, which was the first telephone translation service in the UK, which is now a for-profit multi-million pound company. More recently: Studio Schools – it's a new model school that we developed to teach enterprising behaviours alongside academic vocational qualifications. That's an idea we developed in-house and we now have two schools open and another 25 in the pipeline and they're all public schools, as in state-funded schools, either free schools or academies. We've created a separate organisation to act almost like a franchise for those schools.

So that's one model that's pretty much in the public sector, although they're independent. At the other end of the spectrum we have the School of Everything, which is an organisation we have incubated, which is a web-based platform that allows anyone who wants to learn something, find somebody willing to teach it either for free or for payment. So this could be anything from your traditional language lessons, yoga classes, musical instruments through to obscure things that you cannot get taught by a college, or how to use the latest IT packages that colleges find hard to keep up-to-date with. But it could also be how do you get involved in planning decisions in your local area or how do you self-publish a book or anything like that.

Now, that's an example of something where some people came to us saying they wanted to set up a charity to do this. We convinced them that, actually, they needed a for-profit business model because they needed to raise quite a lot of capital and Charitable Foundation don't understand the web, as a whole. So, we helped them form a for-profit company. They raised about one and a half million pounds from age investors including some of the leaders in the early stage of the internet in the US, some European investors and some UK investors. We invested and incubated this ourselves. It's now a global platform, quite a lot of users in the US and the UK, in particular and we're now talking to venture capital firms about them making another round of investment to take it forward.

So, that's two things. One thing we specialise in is ventures that have, as their paying customer, the state in various ways, because in the UK now, increasingly we're having provider functions being spun out of the state and, therefore, big markets there particularly on the areas we care about such as health, education, communities, criminal justice. So, for example, we've been working on a venture called Neuro Response, which is a joint venture with University College London Hospitals Trust, one of the leading neurological centres in the UK, on a service that one of their nurses came up with, which is very simple technology – it's email, video conference and telephone support line – but, by using all of those, to provide a service to multiple sclerosis patients, in the first instance. It allows those patients to come into hospital much less and get diagnosis and consultations in their own home, and catch relapses much earlier, so they can be much less serious and they're dealt with quickly. And it reduces their anxiety, because they're not left in a state of not really understanding what's going on.

This is a very expensive group of patients for the NHs, so just transporting someone with advance MS to a consultation is very expensive. If we can cut that down, we stand to save the NHS a lot of money, which is what's behind the business model underlying this.

So, this is currently a business unit within the hospital and, surely, will be spun out as a social enterprise and taken nationally. At the moment it just operates in London. So those are the kinds of things we do.

I: That's a wonderful example. Can you talk just a little bit more about how that process might have worked? So there's a nurse who comes up with a great idea, but she's, by definition, not necessarily an entrepreneur. She's a very good nurse, by the sound of it. How does that work and where and how could you get involved to help that?

ST: So, I think we're quite unique in bringing three sets of expertise to bear. The first is what many other incubators bring, which is business skills. So we have people here who have come out of the private sector, from consultancies, from venture capital, and we have a wider range of associates with those skills. So we, in

this case, helped the nurse with the business plan, thinking about the investment requirement, all of the things you'd typically get in a private sector business plan. But the next set of expertise we bring is how to operate in the public sector, from the political level, ministers and policy makers, down to the commissioners and how they work. Because we understand that system, we can help our ventures tailor their services for the paying customer – the state – as well as for their beneficiaries, which people coming from the private sector have found very hard to do. They have that kind of experience. We also do quite a lot of advisory work for the public sector, which gives us the knowledge of how you work within it.

So, that's the third set of expertise. So, in this case, we had a nurse who was in the public sector, but she didn't really understand how to get things commissioned, because that's not part of her job. So we could help her develop the business case to put to commissioners, have the conversations in the right language and so on, and meet their requirements to get a commission. We, also, have had to do quite a bit of delicate negotiation, because this new business cannibalises the business of the hospital we're working with, to some extent, because it reduces the amount of time patients spend in hospital beds, which the hospital is paid. She was not in a position to negotiate around that at all. She was far too junior, and so on. So, we have helped with that and the hospital has been very good about it, although it's been quite time-consuming.

So, that's the second set of expertise. The third set is understanding the nature of social need and the end beneficiaries, because we do quite a bit of ethnographic research in our research arm. So we're quite good at bringing the user perspective to bear and we've got quite a lot of expertise in bringing users in to the design process early on, which has a really big impact on how services are designed even, as in this case, the entrepreneur was a frontline nurse, we could still bring some insights that she didn't have in her day job to bear on this. I think getting ventures off the ground in this space, which used to be the public sector, essentially, is particularly tricky, because you do need all three of those kinds of expertise. That's what we've tried to specialise in doing, bringing those together.

I: That sounds very interesting in the context of this 'big society' approach, which we hear a lot about and, potentially, has a lot going for it, but it would require that kind of expertise, I guess, to translate good things that are happening into, not just nice ideas, but viable and workable ideas.

ST: I think we're at the very early stages of creating a really vibrant, effective marketplace for providers of these kinds of services. There's a lot of work to do to build up that field. So, at the moment we have a lot of public services being put out into the private or third sector, but we have social enterprise or third sector isn't really set up to take on all of this extra work. It's been used to a much smaller market. So, that sector has to up its game to professionalise and build the capabilities to deliver

at scale, at the same time the public sector needs to understand how to be an intelligent customer.

So, we do quite a lot of work advising commissioners on how to move from, currently, the widespread practice of just trying to drive down the price of services and worrying about the transaction, to actually thinking about the long term relationship they have with a set of providers and how they build a more competitive marketplace for the services they want, so they're not in a situation where they, effectively, cannot decommission a service because there's no alternative and where they're paying enough that the enterprises can reinvest in building their own capabilities. So, taking the long term view rather than the short term view.

I: That's fascinating.

ST: So I think there's a lot of potential in the whole 'big society' thing and it's not particularly new under this government, although what is new is the pace of market liberalisation.

I: One thing that also strikes me, and that came across in the example of the nurse you just gave, the role of technology. In a sense, we're also seeing new technology, some, perhaps, social trends which are making innovation a much more open and collective process.

ST: Yes, absolutely. So, you've got the whole open data thing this government is particularly keen on, the releasing of data sets held by the public sector for use of anybody, which is creating the prospect of a whole new range of services, which is very exciting. Then, particularly in healthcare, you've got all these new technologies coming in. But we're particularly interested in the old technologies, actually: in email, not that old, but older than the cutting edge stuff; mobile phones; telephone, etc. If you look back to the Open University, the business model behind that was using unused air time on BBC2, initially, to get the broadcast out to a wide range of people. We're interested in solutions that take that approach. Television then wasn't a new technology, but it was one that hadn't actually been rolled out; hadn't reached maturity, hence the available air time.

So, with our neuro response nurse service, we've switched from, in the NHS, generally, there are telephone helplines, but they tend not to be staffed by specialist nurses and you tend to have to leave a message on an answering machine and you get a call back, which might be within a few hours or a few days. That can really make a big difference to a patient in a particular situation. Our helpline is answered within three calls by a specialist nurse who gives you advice then and there.

So, this is not something that a technologist would get excited about at all, but it is building a service around the technologies. Technology in itself is completely useless without a service, without it influencing the way services are designed.

I: Given the foundation's extensive experience in innovation, one question which would be really interesting to get your views on is where the barriers might be to would-be entrepreneurs, particularly social entrepreneurs. What should they watch out for? Where are the roadblocks?

ST: I think the first thing is it's important to be ambitious when you start out. I do think there is a lack of ambition amongst social entrepreneurs, which may be a controversial thing to say. There are not that many social entrepreneurs that start out thinking they're going to have a national organisation. They tend to think locally first. If you don't think national from the beginning, you never will be national, I think, it's fair to say. Starbucks did not start out as a community coffee shop and then they thought they'd add one or two and a few more here. It started out as an idea they would dominate America, if not the world. It meant they had to start with just one store to try things out, but the intention was always to go much further.

So, the first barrier, actually, is the mental one of the entrepreneur themselves. I think that in the UK in particular it's not difficult to get grant funding at the very earlier stage in small amounts, to be a social entrepreneur.

The next barrier is you need to run some kind of pilot that gives you the right evidence to then go into funders or to potential paying customers, if it's a business-to-business or a business-to-state service. Going from pilot to the next stage is particularly hard, because you get into all kinds of things beyond just the rational discussion about if it works or doesn't work. In the social sector it's important not just to be a great business person, but also to be able to work in the more political, with a small 'p', world, understanding the interests, beliefs, needs of investors or public sector customers and how you can fit in with those. So, you've almost got to be a good business person and a good civil servant at the same time, which is very, very hard to do.

I: That's a complicated mix, yes.

ST: Then there is a problem after that of scaling things up. The problem comes in a number of forms. If you have a venture, you have an enterprise, the legal structure you choose can limit how you bring in money. Obviously, the less constraints you have, the easier it is to raise money. There is much more money available from capital markets or from the private sector than there is from foundations or even from social investors. At the moment there isn't very much money in the kind of half a million plus amounts, not much money available at all.

If you're not doing a venture, if you're an entrepreneur within the public sector, the main barrier is there are not very well-defined paths to scale things up. I think the default model in the public sector is communication – you shout about what you do and you hope other people will be listening and will take it up and copy you. You hope that, when they copy, they'll come and get it right and take the best elements and adapt local circumstances. These are highly inefficient ways to spread anything.

We still have very local markets for things. So, going back to the health sector, up until this year you'd have had to sell your services to every primary care trust and they would have different considerations. The fact you've been successful in one area really doesn't mean you'll break into another area. They all have their pet local projects they support. The NHS, virtually, doesn't decommission anything, very, very low decommissioning rates, so there's not the space to bring on the new things. That's now going to go to GPs, but the same problem, if not worse, will be there, because the GP clusters are smaller groups than the primary care trusts.

So it is incredibly hard. On the other hand, it is all getting easier. We are seeing a lot of market liberalisation and, from talking to social investors and we've just done a piece of research on the social venture intermediary landscapes, so the people that support social ventures in different ways – from money to skills, etc. With the exception of one out of 40 that were interviewed, they said that a major limiting factor for them was the quality of ventures that they were seeing, which means that, if you have a really good quality venture, there'll be a lot of investors and people out there who want to help you make it happen.

I: That sounds like great news.

ST: Yes.

I: Perhaps I could ask one last question, which follows a bit from that – if you were to distil all that you and the foundation have learnt, and it sounds like an awful lot, into perhaps three classic academic bullet points, the three messages for would-be entrepreneurs or intrepeneurs, people starting something from outside or within a large organisation, what would your three messages, your bits of advice be?

ST: I'd say, first of all, get out there and just do it; don't spend too long thinking about it. The best way to refine your innovation or your new business is to talk to people that might buy it rather than having some kind of intellectual debate with yourself. The second thing is to seek out your harshest critics and listen very carefully to what they have to say. But the last thing is always treat 'no' as a question. You shouldn't be set back by people. People will give you all kinds of reasons why what you're doing will not work and how it has been done a thousand times before, etc. You've got to take that as an enquiry about what you're doing and whether you've got it quite right or not, but don't let it stop you; carry on going.

I: That's a lovely point to finish on. Thank you very much, Simon, I really appreciate it. If people want to know more about the foundation they can find out via your website.

ST: They can come to [youngfoundation.org](http://youngfoundation.org) or [socialinnovator.info](http://socialinnovator.info), which is our international website.

I: Lovely. Thank you very much indeed.