

Scaling Up Impact



A guide for collective action

Welcome

This guide shares findings from the first phase of our Scaling Up Impact work, a collaboration between Forum for the Future and Shell Foundation, that has involved more than 150 organisations from around the world interested in having a greater impact on the world's challenges.

Who is this guide for?

Practitioners, teams and organisations whose mission, remit or interest is in driving change across whole systems and transforming the associated markets, to scale up impact on sustainability and development challenges. This includes businesses, trusts, foundations, NGOs, collaborative initiatives and platforms, and governmental and intergovernmental agencies.

Why this guide?

Despite plenty of activity, combined efforts are simply not having the

The focus is not on scaling up individual initiatives, but on driving deliberate collaboration.

overall impact required if we're to achieve sustainability, at the speed or scale that is needed. We need to approach complex problems from a holistic, systems perspective.

Therefore the focus of the Scaling Up Impact work and of this guide is not on scaling up individual technical innovations, programmes or initiatives – it's on driving deliberate collective action, designed to accelerate our impact in sustainability and development.

What's in the guide?

At the heart of this guide is a practical framework for scaling up impact through market-based solutions.

This brings together and builds on three components: Forum for the Future's theory of systemic change (see Six Steps, p6-7) and experience of applying that to food, energy and sustainable business; Shell Foundation's own model for change and learning from efforts to catalyse social innovation and build inclusive markets (see Reaching the Tipping Point, p10-11); and historical examples of change and the invaluable insights and experiences of practitioners (see case studies p8-9, p18-21).

How to use this guide:

Use it as a practical tool to help inspire and guide thinking, conversations, planning and action, by asking questions such as: What

combination of interventions will deliver more impact on a challenge? What's missing in the efforts to address a challenge so far? What's the role of my organisation in driving collective action?

We also include some background on why more collective action is needed, the framework, informative case studies, and worksheets with questions to guide your thinking.

What next?

We welcome your feedback on what we've learnt so far, and invite you to share your questions and experiences with us.

Contact us (see p27) to find out more about our Scaling Up Impact work and how you could work with others to achieve practical breakthroughs in addressing some of the biggest sustainability and development challenges of our time.

"We urge you to think about how your organisation might accelerate impact through collective action."



Sally Uren
Sally Uren, CEO,
Forum for the Future



Chris West, Director,
Shell Foundation

About this guide

Our current methods for shifting complex global problems are not effective. We need far more ambitious approaches if we are to achieve sustainability or end poverty. This guide offers practical guidance for collective action – a method by which we can drive scale of impact, through a deliberate approach to market-based solutions.



Working together for impact at scale

Collective action

Our society faces hugely complex sustainability and development challenges such as food security, public health, climate change, literacy and access to affordable modern energy. Individual efforts by governments, foundations, businesses and non-profits have made a degree of progress over the years, but the problems remain and in many cases have become more entrenched. To have greater impact, faster, we need organisations to align against these challenges and pool their efforts and resources.

To do this, many organisations will need to shift their perspective, to view themselves as part of a wider system, where their actions interact with those of other organisations, to

create greater influence. This shift will engender a move from stand-alone solutions to deliberately planned and orchestrated action, which will create an 'ecosystem' of efforts that address interrelated issues. A conscious approach to collective action.

Market-based approaches

To date, traditional philanthropy has made headway on some of the challenges in question, but has not been enough to 'solve' them. However, as the global economy evolves, the roles of both philanthropy and business in society are changing. Market-based approaches – using the power and structures of economic markets to make societal improvements – can combine the

skills and resources of businesses and philanthropists to advance our achievements.

For philanthropists – trusts, foundations, other non-profits – and government agencies, feeding their resources into market-based approaches means they assist the success of solutions that not only have great potential for impact, but may also tap into wider sources of funding and ultimately become financially self-sustaining.

Meanwhile, forward-thinking businesses that see they have a role to play can create new business opportunities for themselves, whilst contributing to the success of longer-term approaches.

With many of their raw materials, consumers and workforce at the epicentre of the development and sustainability challenges in question, there are clear benefits for businesses to collaborate to drive collective impact. These include shared costs, reduced risks, reputational gain, and ongoing security in terms of business value.

Some large organisations, such as Nike and Unilever (see p19 and 20), are now embracing the role they can play in enabling positive social and environmental outcomes. They're taking steps to move beyond innovation as a tool to sell more products and services, towards reshaping the very context in which they sell.

Large-scale thinking

We are recommending ambition for impact that is in proportion to the challenges at hand. There is no lack of ideas, innovations and technical solutions, but it is deliberate efforts – strategies, programmes, initiatives, investments, innovations etc. – that have the potential to combine and multiply our capacity for change, and the ability to shift the status quo. What is the scale of the problem? What would positive impact at that scale look like? And so what do collaborations need to aim for – through combined solutions – to make a fundamental, long-lasting difference?

We need to think big. A more systemic approach could result in positive effects at many levels, e.g. across different groups of people, geographies or stocks of resources, in different parts of a supply chain or a whole industry.

The complex nature of the challenges means that where market-based solutions are appropriate, the scale we need to reach for goes far beyond incremental improvements – it's about preparing and altering markets or creating new ones, to enable positive impact.

By taking a system-wide view, exploring the roles which organisations can play and how they can work together, and by applying resources with long-term vision and ambition, we can be far more effective.

GLOSSARY

Sustainability challenges: those that put the long-term wellbeing and resilience of human society at risk, undermining humans' ability to meet their needs today and in the future. Examples include air pollution, population growth, climate change and over-exploitation of natural resources.

Development challenges: those that affect people's fundamental quality of life, such as poverty, access to healthcare or education.

Market-based approaches: financially viable solutions to challenges that use the tools, structures and power of economic markets to generate a positive environmental or socio-economic impact, rather than relying purely on traditional philanthropy, charity or government support.

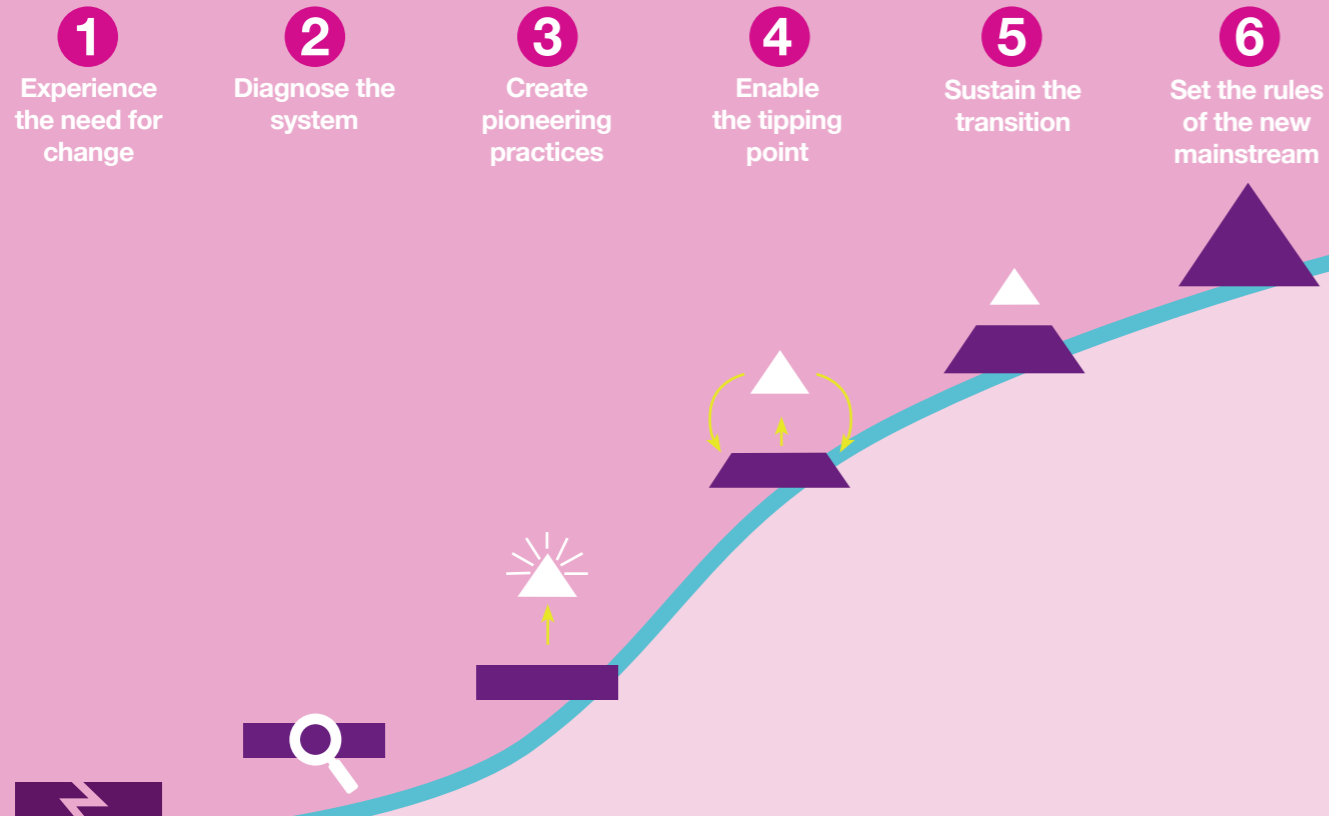
Market transformation: significantly shifting a market – the supply and demand of a particular set of products or services – onto a more sustainable path, to create a new mainstream and so that a 'new normal' takes hold.

Impact at scale: positive social, economic or environmental change commensurate with the nature and scale of the challenge. Complex, global challenges require action that fundamentally shifts the situation, creating a new more sustainable mainstream.

Collaboration: organisations (or individuals) working together for mutual benefit in a way that will deliver better outcomes and more impact than working alone. Can be pre-competitive – collaborating to solve issues that can't be solved by any one organisation alone; or pro-competitive – working together as a group to gain competitive advantage over others.

Collective action: deliberately combining the efforts of different organisations – strategies, projects, initiatives, innovations, resources, investments etc. – with a shared goal in mind.

Six steps to significant change



Take a long-term view

Tackling deep-rooted challenges needs long-term vision, and the associated provision of time. Space for your approach to evolve and adapt is essential; the longer the period of time, the more likely the targets are to move and shift. There is often plenty of interest, energy and resources for the beginning of the process, especially when it comes to innovating new products, services and technical solutions, but all too often these trail off when it comes to the longer-term, less exciting or more complicated phases of the process.

There's often no clear picture at the start of what the ultimate outcome should look like, how different actors' efforts will add up to achieve it, or

what and whose resources and skills might be needed for the long haul, to actually get there. Looking forward with accuracy will remain a challenge, of course, but we can use research and technology to help us to do so, and we can also plan development and evolution into our vision for change.

Since 1996, Forum for the Future has been working with partner organisations to take sustainable practices from niche to mainstream. It has developed a model for this process, the 'Six Steps to Significant Change' (see diagram, left), to explore how to effectively move a whole system onto a more sustainable path, be it a sector, a city or a whole economy. Forum for the Future uses the Six Steps model to design and run collaborations aiming for systemic change, and to help businesses diagnose their contribution, and

recognise the role they can play in a sustainable future.

Our focus with scaling is on steps 3, 4 and 5 of the model – building on observations and understanding of the existing system, setting new ideas and approaches in motion, and coaxing them to a tipping point – a scale significant enough to lead to and maintain a new mainstream.

The 'tipping point' (steps 3 to 4) is where much of the challenge of market transformation lies, and where a more deliberate approach to collective action is needed – with a clearer view of how different efforts combine to enable that shift, and when and how to collaborate to enable greater impact.

As businesses recognise the shifting frontier between competitive and pre-competitive issues, it's becoming easier for them to collaborate with peers and competitors. Pre-competitive collaboration is critical.



What can historical examples teach us about how pioneering practise has successfully reached the mainstream?

A historical example

Microfinance and mobile money

A notable success story in achieving impact at scale is the worldwide increase in access to pro-poor financial services over the past few decades. Microfinance is the supply of loans, savings and other financial services to the poor. The focus is often

on microcredit – providing small loans for people without collateral to start a small business – to buy a sewing machine for example.

Pioneering new products and services
Microfinance has been accelerated by a number of innovations – both social and technical. First the establishment of a workable model and specific banks to administer it, pioneered by Grameen Bank and later BRAC in Bangladesh. The example of Grameen Bank and microcredit can be clearly plotted onto the Six Steps framework – see below – and can be seen as a catalyst, paving the way for a wider movement. Replicators of Grameen’s model achieved comparable success in a much shorter space of time, such

as SKS, set up in 1996, and Equitas in 2007, breaking even after six years and one year respectively, whereas it took Grameen 17 years to break even. Through their development of strong products and services and the infrastructure needed around them, these early pioneers had opened doors. They increased global prominence, leading to interest and involvement from commercial banks in the 1990s, and an increasing number of mainstream private sector investors taking an interest in recent years.

Harnessing technology for scale
At the same time rapid change in digital technology was also enabling finance innovation. Colliding factors and conditions such as rising access to the internet, growing processing power of devices and the emergence of the smartphone, enabled a wave of disruption that we would compare to the arrival of the steam engine. Sites such as Kiva connect individuals and microfinance institutions to enable loans of almost any size, providing new

financing streams for microfinance. To date, Kiva alone has attracted more than 1m lenders and \$540m in loans with an average size of about \$400 and a 98.97% repayment rate. But the next major innovation was around the shift towards mobile money.

M-pesa mobile phone-based banking started in Kenya in the 2000s, as a response to the problem identified by the microfinance providers – low infrastructure for and access to financial services – but it capitalised on the good access to mobile phones to further shift the system. In 2005, the UK’s Department for International Development (DFID), Vodafone, and local mobile phone company Safaricom developed and piloted the m-pesa concept: a simple way for individuals to transfer money using mobile phone airtime as a proxy. Prototyping resulted in a user-friendly product focused on the biggest need: remittances and payments. In 2007 Safaricom, a trusted brand with a strong market share, launched m-pesa commercially. As it took off, possible uses of the

system were extended, to include savings, bills and salary payments. A strategic partnership with Western Union enabled global remittances. DFID also funded organisations like the Financial Sector Deepening Trust, whose FinAccess survey data helped the Central Bank of Kenya to realise the opportunity presented by this product and lend support as a regulator. In 2010, the Bill and Melinda Gates Foundation committed \$4.8m to Vodacom in Tanzania to help prepare the market for m-pesa adoption.

M-pesa catalysed subsequent replication in other countries, including Tanzania, South Africa, Afghanistan and India. In 2011, there were 17 million Kenyan accounts, covering about two thirds of the adult population and 25% of GNP. Today more than 80% of phone subscribers in Kenya use mobile money, and services have been replicated across Africa. Kenya is now on the verge of another mobile money revolution as Equity Bank prepares to undercut m-pesa, lending at 1-2% interest per month rather than 7.5%.

Successfully reaching the mainstream
Inclusive finance began as an unprofitable model, surviving only on subsidies, and is now seen as a commercially attractive sector with billions of dollars of invested capital. The World Bank estimates that there are now over 7000 microfinance institutions. The movement has challenged earlier assumptions that the poor were not creditworthy, through the combined power of multiple activities and conditions, accelerated by enabling technologies.

There is debate about the longer-term impact microcredit will have on poverty, although there is evidence to suggest that financial inclusion can be a strong enabler of other development goals, including rural entrepreneurship and empowerment of women. Access to financial services alone cannot solve the deeper structural and systemic causes of poverty, but as we’ve seen, new solutions, with the appropriate context, can catalyse a movement of subsequent initiatives with the collective power to create a shift.

1

Experience the need for change



Grameen Bank was one of the first microfinance institutions. In the 1970s, Muhammad Yunus, Grameen’s founder, returned to Bangladesh from the US and was struck by the problems faced by the ‘unbanked’ – those without the collateral to secure a loan.

2

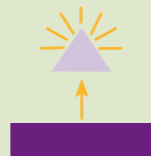
Diagnose the system



Through action research, he found that despite having a trade, the poor had no collateral to secure loans, little or no credit histories, and generally wanted to borrow less than viable amounts for banks. They were locked out of the credit market.

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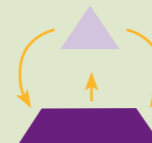
Create pioneering practices



Yunus experimented until he came up with a funding model which could provide small loans at a low administrative cost. He introduced group borrowing, where money is lent on the proviso that the whole group makes the repayments, achieving repayment rates of 97%.

4

Enable the tipping point



Grameen opened doors for replication and subsequent initiatives. Gathering momentum was further enabled by technology. Microfinance Information Exchange (Mix) now estimate that microfinance institutions (MFIs) serve 68 million clients worldwide.

5

Sustain the transition



The microfinance revolution has been maintained by integrating with mainstream financial infrastructure. In 2007, rating agency Standard & Poors released their first rating system for MFIs, building confidence in the new approach for mainstream investors.

6

Set the rules of the new mainstream

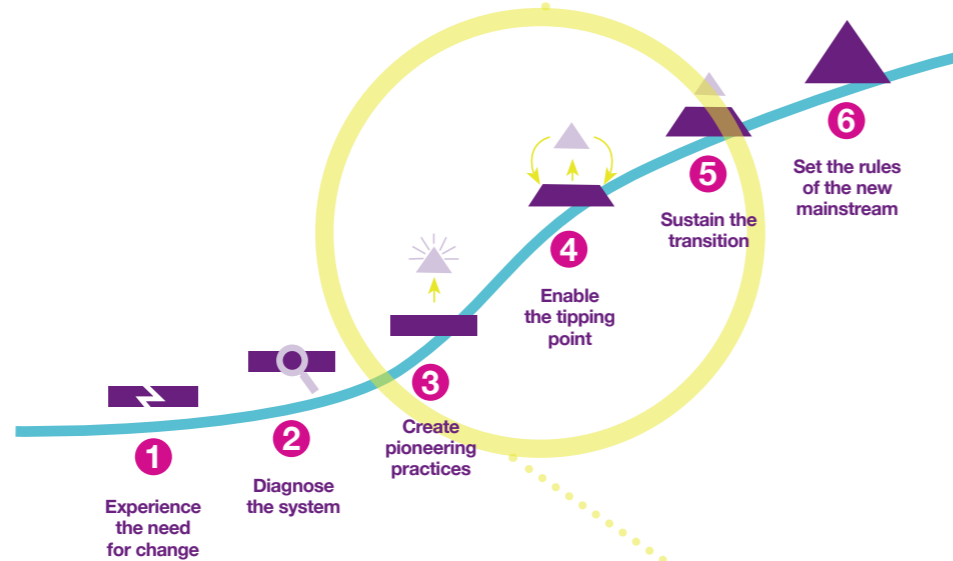


Despite great progress, demand for pro-poor financial services still vastly outstrips supply. And although the ‘unbanked’ being creditworthy may be reaching a new mainstream, microfinance alone can’t shift the deeper systemic causes of poverty.

Reaching the tipping point

Building on the Six Steps model, Forum for the Future and Shell Foundation have developed a framework to help drive deliberate collective action, focusing on how to move more successfully between steps 3 and 5. We have looked at examples of how impact at scale has been achieved, drawing on the experience of Forum for the Future and some of its partners, and Shell Foundation's experience of working to build inclusive markets to solve global development challenges.

The framework aims to help organisations take more effective pioneering practice to a tipping point for systemic change. One organisation or intervention cannot do this alone, and our analysis suggests concerted action is required across three main areas (see table, right).



Generate new solutions

The innovation of new products, services and business models to address development and sustainability challenges – driven by market opportunity, brand differentiation or industry standards and ratings.

Demonstrate scale and viability of the market

Build organisational capacity, create market demand, and solve supply chain barriers to accelerate access, uptake and replication.

Enable market acceleration

Drive sustainable growth of 'inclusive' markets by creating intermediaries and industry networks to provide capacity-building support to early-stage businesses and create an enabling environment for systemic change.

Catalysing inclusive markets: Shell Foundation's approach

Identification and incubation:

- Identify market failures that underpin development challenges
- Conduct market research to understand wants and needs
- Identify promising entrepreneurial partners
- Pilot disruptive technologies and business solutions
- Test viability of new models and find evidence for market demand

Reach financial viability and scale:

- Test business model viability
- Co-create pioneering social enterprises
- Support refinement of business models and value proposition
- Provide patient grant support, business skills and market links to build organisational capacity (assets, talent, systems, processes)
- Agree performance metrics to track impact, growth and financial sustainability
- Support product development and expansion into new markets
- Develop new supply chain solutions to serve low-income consumers

Enable new market growth:

- Co-create new supply chain intermediaries to solve structural barriers to scale
- Co-create new financial vehicles to unlock private and public capital
- Co-create industry bodies and networks to set standards, advocate for policy change, leverage investment and support new market entrants
- Share results and learning to encourage widespread replication

In action: access to energy

Since 2002, Shell Foundation has been working on catalysing a viable market to provide affordable and reliable modern energy solutions to low-income consumers. This has resulted in the creation of several social enterprises who now provide innovative products and services on a global scale. These partners include d.light (who have now sold over 6 million solar lights) and Envirofit (who are approaching 1 million clean cookstoves sold).

These enterprises face major barriers to scale, such as a complete absence of viable routes to market in rural areas, and major consumer affordability constraints. Shell Foundation provides patient and flexible support, over several years, to help them prove viability and build capacity for global expansion. Shell Foundation then creates new intermediaries to remove barriers for the next wave of market entrants. These include Dharma Life, a social enterprise that creates rural demand and distribution channels for social impact products in India (currently benefitting over 2 million lives).

Shell Foundation has co-created and scaled several financial intermediaries to offset risk for private investors to fund the growth of new markets for energy products and services (such as affordable electricity from agricultural waste). They have also created institutional bodies, such as the Global Alliance for Clean Cookstoves which has now leveraged \$200m into the sector.

By taking a systemic approach to building inclusive energy markets they have been able to benefit over 15 million livelihoods to date through the Access to Energy programme; creating 9,500 jobs and saving 3 million tonnes of carbon. This impact will increase as early-stage partners hit their growth phase and new markets start to evolve.

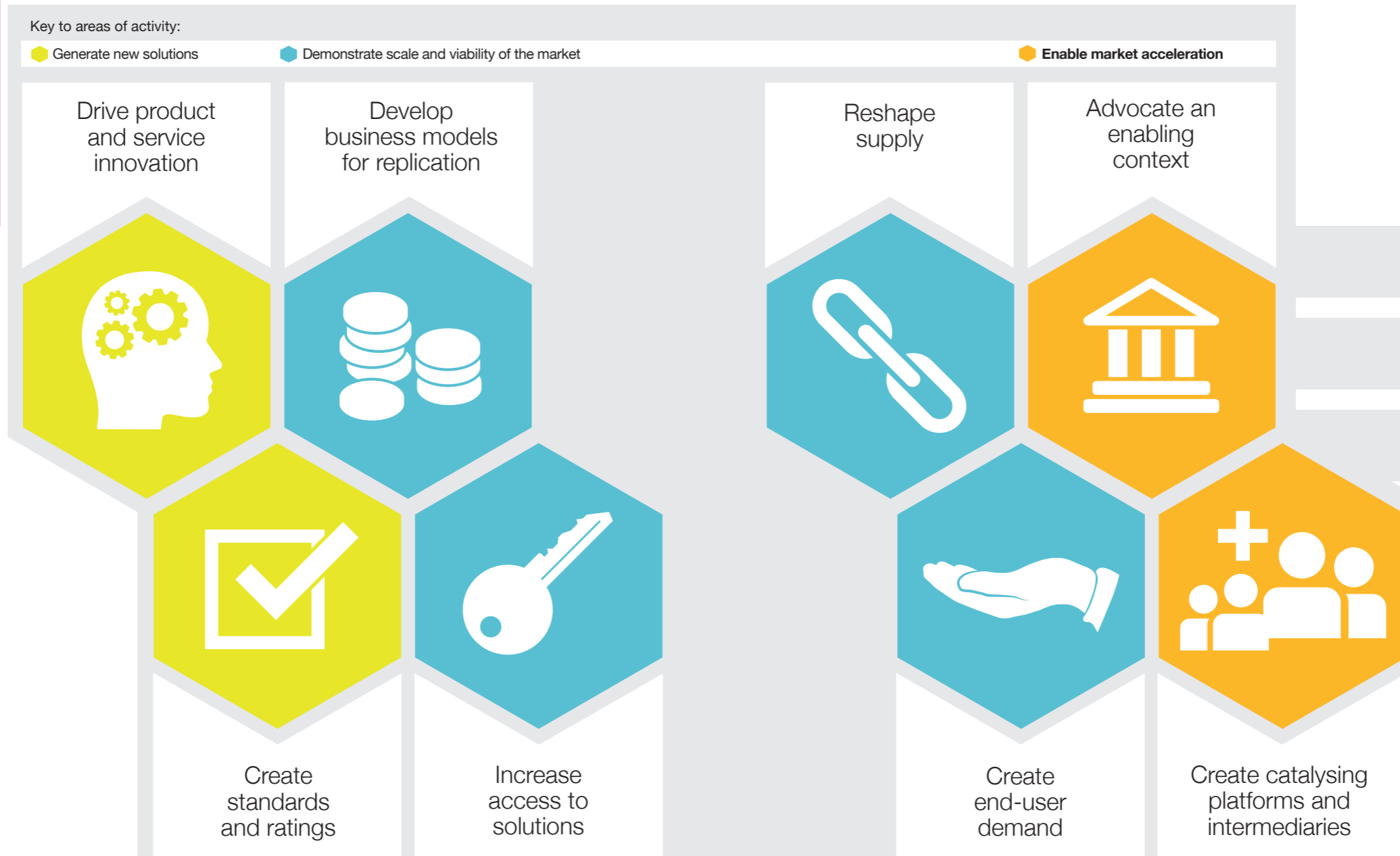


How can we break these three areas for action into eight practical building blocks; a framework for a systems approach to scale?

Our framework for impact

How to scale up impact

Our framework builds on the three main areas for collective activity which we identified; generate new solutions, demonstrate scale and viability of the market, and enable market acceleration. These are underpinned by eight approaches or 'building blocks'. We present these blocks as a set of tools that can help drive collective action along the Six Steps curve towards the tipping point.



Key enablers:

- 1 Stay in the game
- 2 Aim high and adapt
- 3 Embrace new partners and collaboration
- 4 Exploit the full range of resources
- 5 Combine approaches across the market



Which of these approaches fit best with your organisation's skills, resources and the challenge you are seeking to address?

The framework in more detail

The building blocks explained

It may not be necessary to apply all eight building blocks to every challenge, within every coalition. However, our experience and research have shown that one isolated approach will not be enough. So we need to understand what combination of approaches will have more impact, and how each organisation can best intervene to enable that to happen.

Key to areas of activity:

 Generate new solutions

 Demonstrate scale and viability of the market

 Enable market acceleration

Drive product and service innovation



WHAT IT IS
Enable creation and development of new and innovative ideas for the current market.

HOW TO DO IT
Find innovations that better meet the needs of the consumer whilst also addressing development and sustainability challenges. If no solutions exist, innovate new products or services that aim to disrupt the current market.

EXAMPLES
Shell Foundation partnered with social enterprise Envirofit to develop clean cookstoves, to address indoor air pollution.

Avis bought ZipCar as a new service model for car hire and use, encouraging users to shift from car ownership to sustainable mobility.

Create standards and ratings



WHAT IT IS
Develop a ratings scheme or way of ensuring standards for a product, industry or sector.

HOW TO DO IT
Create an ambitious coalition that sets high standards. Develop a bank of information that can be shared. Use the information to raise the bar and reward high performance through competition. Continue to grow the coalition and improve standards across the market to drive larger impact.

EXAMPLES
Nike helped to create the Higgs Index for Materials, later adopted by the Sustainable Apparel Coalition.

Unilever and WWF created the MSC standard for sustainably sourced fish.

Develop business models for replication




WHAT IT IS
Develop a business model that others can adopt and replicate.

HOW TO DO IT
There are multiple business models – assess which one is appropriate for the challenge, and which might lead to desired impact, growth in the market and replication. These include:
· Open-source design
· Low unit cost
· Franchising
· Licensing
Simplify the core value proposition, and match the development and sustainability need with the consumer need.

EXAMPLES
Unilever reduced the unit cost of its Lifebuoy programme to enable wider roll-out and reach (see p20).

Increase access to solutions



WHAT IT IS
Exploit existing infrastructure, or where necessary, develop new distribution networks and platforms.

HOW TO DO IT
Depending on the challenge and the resources available, access can be provided by anything from physical infrastructure through to availability of data.

EXAMPLES
Coca-Cola's distribution model is a way to reach millions around the world with healthcare solutions.

Nike created the MAKING App, which gives designers consistent information about raw materials to make it easy for them to select the most sustainable ones.

Reshape supply



WHAT IT IS
Support and build the capacity of the supply chain to meet anticipated demand.

HOW TO DO IT
Analyse the value chain and identify leverage points for better social and environmental performance. Build capacity across the value chain to improve performance. Identify partners and enablers such as educational institutions, local governments and industry bodies, and continue to build capacity and facilitate improvements.

EXAMPLES
Cotton Connect is a Shell Foundation initiative that examines business models in the global cotton supply chain and provides information, risk capital and training to suppliers in the developing world.

Create end-user demand



WHAT IT IS
Enable behaviour change to create consumer, customer and competitor demand.

HOW TO DO IT
Identify the behaviour change required and the most effective ways to encourage it. Use brands and marketing to provoke demand and work with other partners to help create market demand.

EXAMPLES
Unilever's Five Levers behaviour change methodology: make it understood, make it easy, make it desirable, make it rewarding, make it a habit.

Levi Strauss created a pilot product, the Water<Less Jeans. Their success proved to suppliers that there was a demand for more environmentally friendly clothing.

Create catalysing platforms and intermediaries



WHAT IT IS
Create a collaborative platform to catalyse, mobilise, plan and innovate to address wider barriers.

HOW TO DO IT
Create collaborations with 'unusual suspects' who can contribute their capabilities and resources. Create new institutions that act as intermediaries, address barriers and accelerate market transformation.

EXAMPLES
The Sustainable Shipping Initiative brings together industry insiders from different fields to pool skills, e.g. CEOs, technical experts and communications teams.

Nike created LAUNCH, a partnership with NASA, USAID and the US State Department to accelerate a shift in the materials industry.

Advocate an enabling context



WHAT IT IS
Use your influence to create an enabling context and shape what a licence to operate looks like.

HOW TO DO IT
Constantly identify wider barriers to scale. A major barrier in many countries and regions is regulation, however there might also be others e.g. financial. Use communication platforms and partnerships, to advocate for better public policy, thus providing the mandate for change.

EXAMPLES
The Global Alliance for Clean Cookstoves mobilises support from private, public, and non-profit stakeholders, and raises awareness amongst policy makers and donors for its goal of universal adoption of clean cookstoves and fuels.



How can we address the barriers facing organisations who recognise the role they have to play in catalysing change?

Addressing the barriers

Our research identified a number of commonly shared issues, pointing to five significant barriers to scaling up impact. Five corresponding enablers can help organisations overcome the hurdles and approach scale with more chance of success. We arrived at these by building on insights from our own experiences at Forum for the Future and Shell Foundation, through talking to businesses and foundations across interviews, workshops and wider conversations, and by meeting other practitioners in the field to learn from their research and publications.

The barriers

- 1 Short-term focus and commitment
- 2 Low ambition and inflexible planning
- 3 Commercial agenda versus collaboration
- 4 Inaccessible resources, from finance to expertise
- 5 Current market infrastructure

"From an industry perspective, companies have to be instrumental in helping with these huge challenges, so we've got to be up for collaborating on the pre-competitive. It's frustrating that so many efforts are being replicated. It has to be about getting to a solution, never mind who gets the credit." – Coca-Cola

The enablers

1 Stay in the game

There is no lack of good projects, pilots and solutions with potential. To go beyond individual initiatives and focus on collective action takes time, patience and long-term commitment. Strategies and programmes with two- to three-year timeframes are unlikely to have the scope for system-wide scale. It is commitment to sustained and ongoing effort that is required.

2 Aim high and adapt

Designing for impact at scale means that projects and programmes need an ambitious yet clear picture from the start of what large-scale impact could look like. Taking a systemic approach also means strategies need to be flexible, so when barriers are encountered they can be overcome. Success needs to be measured by overall impact, not just project outputs.

3 Embrace new partners and collaboration

Organisations often see working together as a threat to their commercial activities. We need to broker and facilitate these partnerships to overcome competitive and individualistic tendencies. It will also require careful navigation of the commercial and legal implications. We need to make it easier for organisations to work in this way.

4 Exploit the full range of resources

Finance is a major reason initiatives don't get off the ground, and many other resources remain untapped as well. In addition to philanthropic investment we need to exploit the resources of the business sector – finance, capital, expertise and skills – to push for self-sustaining market-based solutions.

5 Combine approaches across the market

The current market infrastructure is not set up for solving sustainability and development challenges. We need to understand where the resistance is and find opportunities or 'hotspots' for potential change, in order to focus our collective efforts where we can achieve most leverage.

...in action

Rockefeller Foundation has been investing time and resources in complex challenges such as health, livelihoods and ecosystems since 1913. With over 100 years' experience, its approach is focused on seeking out issues to approach from a system perspective. It recognises this demands initiatives of ten years or even more.

Mann Deshi Mahila Bank is the largest microfinance bank in Maharashtra, India. In addition to financial services, it provides a variety of other services to clients, such as management training and woman's health workshops. By being continuously responsive to user needs, it is able to constantly innovate and reach further.

Forum for the Future's Dairy 2020 initiative showed the UK dairy industry the value of collaboration. By working together to understand the longer-term future of the industry, participants could see that no one group had all the answers, and they needed to set commercial sensitivities aside to secure a sustainable future for UK dairy.

Shell Foundation aims to create financially independent social enterprises. It mobilises business through its partnerships and leverages additional resources including business skills, to support the wider goal – to build inclusive markets to solve development challenges.

Nike recognises the risk of not addressing the development and sustainability issues that affect its business. It is using open innovation to generate new sustainable materials; mobilising designers to create demand; and supporting the Sustainable Apparel Coalition initiative.



How have forward-thinking organisations been catalysing change, through deliberate collective action, across systems such as food, materials, mobility and health?

Building a market for more sustainable fishing



The MSC-ecolabel found on all MSC-certified seafood



The Marine Stewardship Council (MSC) is a positive story of a business coming together with others to shift a market.

In the 1990s, there was a lack of awareness around sustainability in the fishing industry. Although the science pointing towards collapsing fish stocks was there, the market took little action and public policy on the matter was unsuccessful. However, in 1992 the Newfoundland cod fisheries collapsed.

As the biggest buyer of frozen white fish at the time, Unilever had a strong motivation to protect the security of its supply chain, and WWF had a clear mission of environmental protection.

The two organisations came together and in 1997 launched the MSC, which became independent in 1999. The goal was to change fishing practices market-wide by creating a global standard for sustainable fishing.

ACTIONS TAKEN



MSC's aim is to improve the sustainability of threatened wild fish stocks in ways that are scientifically verifiable – this is seen as one piece of the puzzle to make sustainable fishing of the world's oceans the new normal.

To achieve this aim, MSC set out to shift the market towards more sustainable fishing. It developed a credible voluntary *global standard* for sustainable fishing. This was designed to do two main things:

firstly, to *reshape supply chains*, by incentivising and rewarding fisheries that improve their practices, while also providing capacity building support to fisheries to meet the standard.

Secondly, to *create end-user demand* for sustainable fish using a certification with a consumer-facing label. This has resulted in many partnerships with brands, retailers and food producers including commitments from McDonalds and Sodexo, for example.

It has also used *advocacy* and awareness-raising to drive business and consumer support.

MSC has also evolved its business model so it is less reliant on grants and instead generates more income from logo fees.

WHAT NEXT?

How might MSC become a platform or intermediary for further change and innovation? What would need to happen across the food and fishing systems to accelerate impact?

A more sustainable materials industry



Changing customer demands, climate change and resource scarcity are all having an impact on the way Nike does business. To respond to these challenges, it has been instigating collective action to change the context in which it operates in a way that allows the company to capitalise on its strengths of design, innovation and high performance.

ACTIONS TAKEN



Nike has developed a sophisticated approach to shaping its context that, like Forum for the Future, it calls System Innovation. One of the most significant areas it has applied this to is accelerating a sustainable materials market. It has done this through three different approaches.

Firstly, Nike took a *standards and ratings* approach. It needed in-depth information to understand the sustainability of current materials. So it developed the Nike Materials Sustainability Index – a database that rates the sustainability credentials of various materials in its production process. Nike has made this database open-source so that others in the industry can use the information to reshape their supply chains. It has now evolved into the Higgs Index, run by the Sustainable Apparel Coalition, to help the whole industry use ratings to *generate better products and services*.

Secondly, to ensure the information was readily available to key decision makers, Nike created the MAKING App, which gives designers consistent information about raw materials so they can select the most sustainable ones for their needs. This

combination of *increased access* and *creating end-user demand* is key to building an enabling market.

Finally, Nike was aware that to really accelerate the market for sustainable materials, it needed a stronger pipeline of innovation in materials. This resulted in LAUNCH – a *collaboration* with NASA, USAID and the US State Department. In April 2013, LAUNCH brought together 150 experts and opinion formers to explore the challenges of the materials supply chain and identify the radical changes that were needed. This fed into an innovation challenge, which sourced and is now incubating the best sustainable material solutions, while continuing to engage those in the supply chain who can take those innovations to scale.

Nike has also applied its System Innovation approach to other areas, including chemicals where it has worked with Puma, H&M and Li-Ning to initiate the Zero Discharge of Hazardous Chemicals Programme – a scheme that aims to reshape the value chain to remove toxics.

WHAT NEXT?

How could policy intervention further support this work? How can Nike's systems approach be replicated and adapted across other areas or by other organisations?

Improving health and sanitation



Every year, respiratory infections and diarrhoeal diseases cause huge health problems in developing countries. Yet the simple act of handwashing with an anti-bacterial soap can help avoid many of these problems.

As part of its Sustainable Living Plan, Unilever aims to help a billion people improve their hygiene habits by 2020. A key part of this is scaling up its Lifebuoy initiative that educates people about the benefits of handwashing with anti-bacterial soap at critical moments in the day.

Alongside this social mission are clear business benefits, as more widespread and frequent handwashing with soap means greater sales of Unilever's Lifebuoy products.

ACTIONS TAKEN



Unilever created end-user demand by devising a series of interventions for lasting behaviour change, ensuring people understand why washing hands with soap is important and are rewarded for sticking with it.

To make the programme commercially viable, Unilever had to come up with a business model for replication, reducing the unit cost of Lifebuoy interventions.

To do this, Lifebuoy has worked in partnership with other organisations at a local and global level – e.g. local government and NGOs with similar goals – sharing knowledge and skills and co-delivering education

and communication programmes and messages. Together they have scaled up existing handwashing programmes cost-effectively.

The Lifebuoy initiative also advocates an enabling context by encouraging concerted cross-sector change amongst stakeholders and policy makers. It is a strong supporter of Global Handwashing Day, it participated in the Africa Sanitation Conference and is vocal on many platforms such as the Consumer Goods Forum, the World Economic Forum, the Public Private Partnership for Hand Washing with Soap and the World Business Council for Sustainable Development.

WHAT NEXT?

What new products and services might benefit from a similar approach? How can other businesses and organisations contribute to sanitation and health issues?

A sustainable global shipping industry



Forum for the Future builds and brokers industry collaborations designed to enable systemic shifts towards greater sustainability, in particular – but not only – in food and energy.

In 2010, Forum for the Future set up the Sustainable Shipping Initiative (SSI) to help the global shipping industry develop and set in motion plans for long-term success. The industry needs to see changes at scale to ensure a viable future for itself and the services it provides to its customers (90% of the world's international trade travels by sea) – from reducing carbon emissions and fuel costs, to improving its wider social and environmental impacts.

ACTIONS TAKEN



The SSI has brought together leading organisations from across the global shipping industry to find ways to scale up practical solutions for its long-term viability. SSI activities focus on where collective action has the greatest potential to accelerate change and overcome practical barriers for a sustainable shipping industry.

They include: driving better products and services by providing financial support for sustainable developments, targeted guidance on sustainability standard and rating schemes, establishing the business case for and feasibility of closed-loop ship building approaches and new fuel-reduction technologies to increase access to those solutions, and publishing leadership case studies

as a means of creating end-user demand.

In addition, by bringing together CEOs, directors, communications teams and technical experts from a wide range of shipping companies and their customers, as well as representatives of influential industry bodies, the SSI has enabled a network of industry players to collaborate, develop a shared sense of ambition and learn from one another.

Now an independent non-profit body funded by the industry, the SSI acts as a catalysing institution, ensuring that sustainability across the shipping industry will become the new norm.

WHAT NEXT?

What further work streams could spring from the SSI platform? Is there an intermediary organisation or industry body driving collective action in your sector?

Worksheet

How can you play your part in collective action?

1 Stay in the game

What development or sustainability challenge is your organisation trying to address? What might the benefits be of taking a long(er)-term approach to these challenges?

4 Exploit the full range of resources

What unique capabilities, skills and resources can your organisation contribute? What can others contribute?

2 Aim high and adapt

What is the system-level impact you want to create, and how do your plans fit within the wider context? How can you create an approach that continuously overcomes barriers and flexes to the changing demands?

3 Embrace new partners and collaboration

Who else is working on the same challenges and what approaches are they taking? How could you combine your efforts to have a greater impact on the challenge?

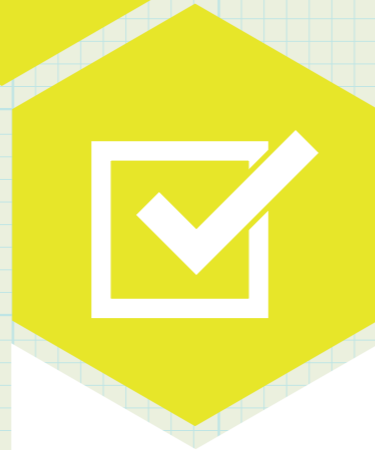
5 Combine approaches across the market

Where is there resistance in your market? Where are there opportunities for potential change? In response to this, which of the eight building blocks are you using?

Worksheet

In more detail, map the current activity across the market

1. _____

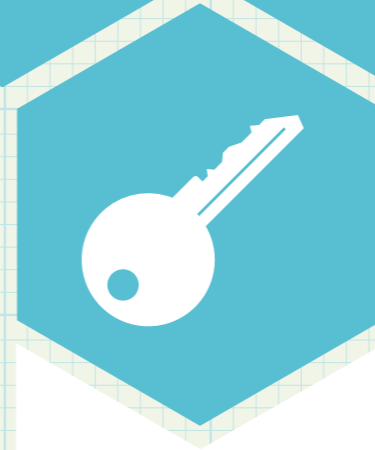


Which of the eight building blocks are you using? Which approaches are other organisations or individuals taking? What other relevant activity is there across the market? Could you, or others, have more impact by using some of the other approaches?

1. Drive product and service innovation
2. Create standards and ratings
3. Develop business models for replication
4. Increase access to solutions
5. Reshape supply
6. Create end-user demand
7. Advocate an enabling context
8. Create catalysing platforms and intermediaries

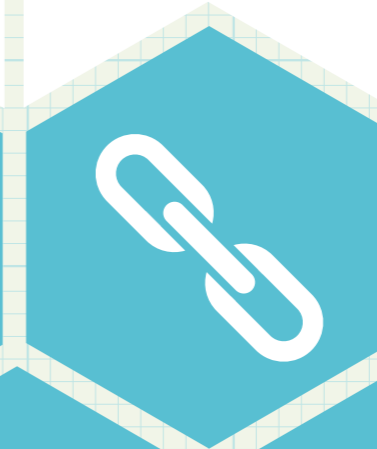
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6. _____

7. _____



8. _____

Thank you to...

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About US

Forum for the Future is an independent non-profit that works globally with business, government and other organisations to solve complex sustainability challenges.

We aim to transform the critical systems that we all depend on, such as food and energy, to make them fit for the challenges of the 21st century. We have almost 20 years' experience inspiring new thinking, building creative partnerships and developing practical innovations to change our world. We

share what we learn so that others can become more sustainable.

System innovation is at the heart of our strategy. One of our key approaches is creating innovation coalitions, bringing together groups to solve bigger sustainability challenges – including those that work across whole value chains.

www.forumforthefuture.org
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The Forum for the Future is a non-profit company limited by guarantee and registered in England and Wales.

Contact:

Anna Birney
Head of System Innovation Lab
t +44 (0)20 7324 3678
e a.birney@forumforthefuture.org

Written and produced by: Anna Birney, Geraldine Gilbert and Zahra Davidson. November 2014



London

Overseas House
19-23 Ironmonger
Row
London
EC1V 3QN
UK

Company No. 2959712
VAT Reg. No. GB 162
3473 19
Charity No. 1040519

New York

540 President
Street,
STE 1D
Brooklyn
NY 11215
USA

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Shell Foundation is an independent charity established by the Shell Group in 2000 to create and scale new solutions to global development challenges. We apply business thinking to major social and environmental issues linked to the energy sector – and seek to leverage the skills and networks of Shell where possible to deliver greater development impact.

Shell Foundation works with entrepreneurial partners to identify the market failures that underpin many of the world's problems and co-create new social enterprises to solve them.

Once a new solution is proven to be viable we create specialist intermediaries to facilitate growth and replication at an industry level.

By applying this approach to major global challenges such as job creation, access to energy, urban mobility and sustainable supply chains, we have created several strategic partners that are now delivering large-scale impact in multiple countries across Africa, Asia and Latin America.

Shell Foundation |

Shell Foundation
40 Bank Street
London E14 5NR, UK
info@shellfoundation.org
Registered Charity No. 1080999

Our society faces complex development and sustainability challenges. There are many organisations trying to tackle them but collectively we are struggling to create the scale of impact required. [p4]

Businesses, foundations and other organisations all have a role to play. [p4]

We've developed a framework of eight building blocks to turn ambition into action, and address issues such as energy, mobility and health. [p12]

In this guide we share case studies of those who are catalysing action across whole systems. [p18]

Are you committed to collective action?
Find out more at:

www.forumforthefuture.org/scaling-up-impact