

Going to scale: lessons from the private sector

There can be no doubting the private sector's expertise in taking products to scale. Examples are scattered throughout this Issue Brief and several participants at the seminar can recount personal triumphs. As will be seen, there are also examples of successful scale-up in the public sector.

But the purpose of the seminar is to find out what the public sector can learn from the private sector about effective scale-up of successful products.

The question is asked because the social sector, that vies for a slice of the public sector market, comprises many start-ups, delivering innovative but largely unproven products, few of which endure. Few, if any products with proven impact on human health and development have been successfully scaled.

In the public and social sectors, it is mostly true to say that most things taken to scale are unproven, and most things known to work have not been taken to scale. An added irony is that some products known to be harmful reach a wide market.

The seminar brings together smart, experienced, articulate people for a short period of time. For that reason, the focus of the meeting is narrow. This Issue Brief provides context that might inform perspectives on this question.

The seminar will ask the question:

- What can the private sector teach us about scaling up this type of innovation?

Why is the private sector more successful at scale-up than the public sector?

The private sector has had some successful scale-up stories, but does not always get it right. Indeed the usefulness of the sector to us in many ways is its varied experience. Positive examples include commodities like the mobile phone but, also processes such as the Toyota 'Just-in-time' methodology, and Microsoft's operating systems that provide the platform for seven in ten laptops in the world.

Business knows how to get products to billions of people and, via economies of scale, uses the step-up to make even more money. Private sector expectations regarding volume far outrun those in the

public sector. Every day, Coca-Cola delivers over one and half billion servings of its beverages.

Seminar participant Geoff Mulgan has written about the conditions that support the private sector to take ideas to scale. There is business incubation. There are venture capital funds. Government is encouraged to lend a hand with direct funding and tax breaks. There are clear metrics for success, and realistic expectations about the time it takes to achieve that success.

Melinda Gates has talked about how the social sector's reach in the Global South could learn from Coca-Cola, which gets its products to every part of the world. She talks about the value of real time data, using local entrepreneurial talent and incredible marketing. Seminar participant Wolfgang Munar from the Gates Foundation may extend these themes.

What are the lessons from successful public sector scale-up?

There are many examples of the public sector reaching a large market. In the last 150 years, most economically developed countries have introduced universal health care and education. Seminar participant Naomi Eisenstadt can talk about how she led the effort to introduce Children's Centres into every disadvantaged community in England over a 10 year-span.

Universal services such as health and education actually have a great range of quality, a great variety. We have not managed a consistency of high quality

Michael Little & Social Research Unit

Michael Little is the Co-Director of the Social Research Unit at Dartington (SRU). His most recent work has been in establishing connections between research, policy and practice in the Europe and the United States.

The Social Research Unit at Dartington is an independent charity with nearly 50 years of experience in bridging science and public policy for children. The goal of the Unit is to improve children's health and development, demonstrably so. It pursues its goals via:

- Research into the causes of poor outcomes and into effective policy and practice.
- Development of innovation based on science in real world situations.
- Dissemination via a free daily newspaper, Prevention Action, and the Journal of Children's Services.

Forthcoming events include:

- **Jack Shonkhoff**, Harvard University who will deliver the Unit's 2011 Annual Lecture.
- **Christina Salmivalli**, the University of Turku, Finland who will talk about effective ways of reducing bullying in schools.



Going to scale: lessons from the private sector continued...

practice to be the norm in our universal services

Health visiting, much loved in England, is also an interesting case study. It started off in the mid 1800s as a response to concern about rates of infant mortality. Female sanitary visitors were volunteers, There was no systematic training until the turn of the century and qualifications were not mandatory until 1928. It started off in Manchester and slowly reached out to other big cities including Birmingham. The introduction of the National Health Service in 1948 saw it move from selective, mainly urban economically poor families to become universal provision.

There was no intrinsic demand for health visitors or Children's Centres. Mother's wanted the best for their children, but they did not think about the benefits of advice on sanitation or an environment that would promote attachment and learning. It was local do-gooders who initially perceived the need. It took the state longer to see the benefits and much of its initial action, via legislation in 1872, 1906, 1907 and 1918 was to facilitate the work of the social sector, via compulsory notification of births for example, and give permission for state-sponsored services to intrude on family life.

What can be learned from bad products successfully scaled?

There are several interventions in children's lives that are harmful, potentially harmful or obviously ineffective that have nonetheless enjoyed reasonably wide take-up.

Between 1850 and 1950 over 150,000 poor children were exported unaccompanied by

their parents from the UK and Ireland for a life of supposed plenty in Australia, South Africa, Canada and other British colonies.

The programme Scared Straight takes young people at risk of crime for visits to the local jail where prisoners scare them onto the straight and narrow. Experimental trials reveal this to be one of the most effective ways of increasing anti-social behaviour.

Family Group Conferences, originating in New Zealand, help families solve their own problem, obviating the need for social work or other statutory intervention. More than two-thirds of English local authorities have adopted this methodology. Yet two trials suggest it increases child maltreatment.

These interventions share some common features. The basic idea, that poor urban kids will prosper from a fresh start on foreign farms or that family members are better at sorting out problems than professionally trained staff, appeal to the contemporary zeitgeist. It seems to make sense. The scale up is initiated by a strong backer with good standing in society, such as the police in the case of Scared Straight or Barnardo's in the case of emigration. There is an infrastructure that can deliver the product, for example the way in which child protection enquiry arrangements are used to promote Family Group Conferences. And in all cases the unit cost is low compared to the alternative, meaning there is some perceived efficiency.

Is the private sector more able to deal with and learn from failure?

It is almost a cliché to say that for every

business success there are dozens of failures. And part of the history of any triumph will be several disasters. Apple computers conjures up the iMac, iPhone and iPad, reaching over a billion customers. The achievement blurs the memory of the G4 Cube or MobileMe and other notable defeats for Steve Jobs since he set up shop in 1974.

There is also a tendency to assume that world leading products have some unique feature, the product of a eureka like breakthrough by the originator or the research and development function of the company. In reality, much technology is shared or even stolen. Bill Gates and Steve Jobs have shared friendly jabs about who made the best use of a Graphic User Interface developed but thought unmarketable by Xerox. Gates remarked 'we both had a rich neighbour named Xerox. Steve broke in to steal the TV set but found I'd been there first. He said "Hey that's not fair! I wanted to steal the TV set!"'

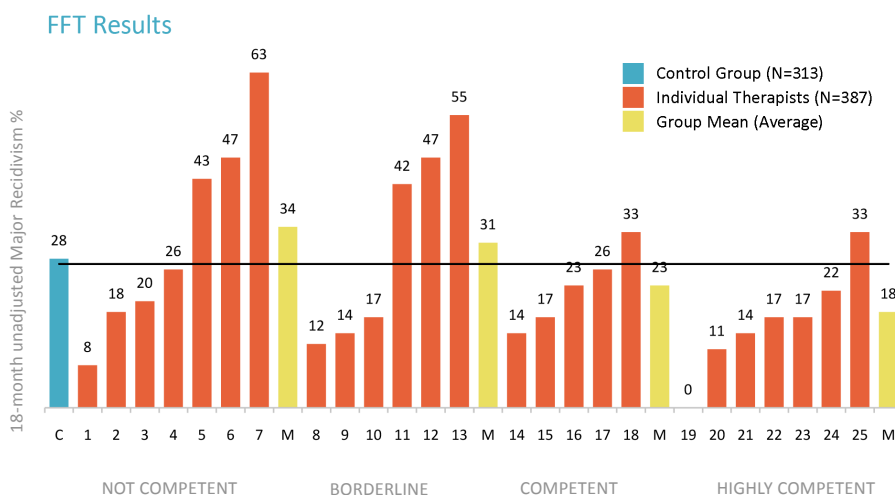
Why do some successful products have limited market reach?

To help focus the conversation, the seminar will use what are called evidence-based programmes as a case study. These are products, generally developed by scientists and practitioners, that build on the best available evidence and which when tested, have proven impact on human health and development.

Family Nurse Partnership, for example, improves the parenting of teenage mums, gets them back to work, delays the birth of their second child leading to better school outcomes and fewer crimes committed by their first born. It is the most effective known product for reducing child maltreatment.

Functional Family Therapy (FFT) and Multi-Systemic Treatment (MST) are shown experimentally to improve family relationships, reduce criminal and other oppositional behaviour and improve school and job outcomes for young people with conduct disorders. These interventions consistently outperform traditional remedies such as foster care or youth custody.

Not only are these and other interventions successful at improving child outcomes, they also have the potential to generate an economic return on the investment.



The econometric model being prepared by the Social Research Unit to estimate costs and benefits of competing options in children's services predicts that the £6,200 unit cost for Family Nurse Partnership will generate £16,400 in benefits to the individual, local and central government over the life course. For programmes like Functional Family Therapy the gains are greater still, with £1,300 investment producing average returns of £17,700.

These evidence-based programs are now being used in many US states, several EU states and also in Australasia. But the take up is limited. The market penetration of the most successful programmes like MST is less than one per cent. Seminar participant Kate Billingham has overseen the hugely successful implementation of Family Nurse Partnership in the UK, reaching 6,000 of the approximate 70,000 eligible high risk mothers who can benefit within a relatively short period. Government funding seeks to double the reach of FNP.

Some unproven products have been successfully scaled, at least across single local government areas. Seminar participant Isabelle Trowler has implemented the well respected Reclaiming Social Work programme in every social work team in the London Borough of Hackney. However, the impact of this striking effort on child outcomes is as yet unknown.

Can expertise from the private sector inform the successful scaling of these evidence-based programmes, and what lessons can be drawn from effective public sector scale-up like Reclaiming Social Work?

Can the private sector help with consistency of programme delivery?

The diagram on the previous page summarises results from the Washington State Institute's evaluation of the impact of inconsistent application of the proven model Functional Family Therapy.

The numbers at the bottom indicate 25 masters level social workers who were additionally trained in the FFT approach. Generally speaking this programme will greatly improve the behaviour of young people with a conduct disorder. The practitioners are lumped into four groups, ranging from those who implemented FFT badly (Not competent) to those who did it as intended (Highly competent).

The line drawn across the diagram shows the proportion of the control group, not receiving any FFT, re-offending. Practitioners with scores above this line are doing badly, those below the line are doing well.

The results are consistent with most other studies of evidence-based programmes like FFT. Although there are some interesting outliers, generally speaking the higher the fidelity, the better the outcome.

Business people rapidly recognise the deleterious effect of variations in product delivery. The individual practitioners in this diagram could be 25 shops in a chain. The target is to get as many of the shops as possible to perform like number 20.

Isn't it necessary to innovate across the supply chain?

At the beginning of the 18th Century three in every four US labourers worked on farms. Their toil produced the food that was placed on North American tables. After many years of trial and error, and with many more failures than successes, Cyrus McCormick designed the harvest reaper, or combine harvester as we describe them today.

By the time McCormick died in 1884, just five per cent of US labourers had a job in agriculture. There was as much if not more food on the table, delivered at a lower price. And the labourers were available to work in factories. They fuelled the US rise to economic prominence.

McCormick's story helps us to understand how innovation can generate real economic benefits for a society. The combine harvester delivered the same goods for a lower price. And human labour was released for new ends.

But McCormick's innovation came not just in the form of the harvest reaper. Having invented his machine, he found it difficult to sell. Farmers could not afford the initial outlay. So McCormick innovated again. He introduced a form of hire purchase meaning that farmers paid for their new thresher out of the money they saved by reducing labour costs.

There is little attention paid to the supply chain that takes innovation in children's services to their intended markets, and there has been hardly any new thinking about how to sell the products.

Seminar Participants

- Lord Victor Adebawale, CEO Turning Point
- Graham Allen MP, Member of Parliament for Nottingham North & author of The Allen Report
- Dr. Jeff Bailey, Deputy Director, Centre for Social Justice
- Kate Billingham, Project Director of Family Nurse Partnership Programme at Department of Health
- Tony Cann, Founder of Promethean and of Institute for Effective Education
- Sir Trevor Chinn
- Naomi Eisenstadt, Education Advisor, Trustee of The Social Research Unit
- Vagn Hansen, Special Adviser, Mayor's Fund for London
- Michael Little, Co-Director, The Social Research Unit
- Louise Morpeth, Co-Director, The Social Research Unit
- Geoff Mulgan, CEO NESTA
- Wolfgang Munar, Gates Foundation
- Martin Narey, former CEO Barnardo's
- Tim Roberts, Chief Operating Officer, Ignis Asset Management, Mayor's Fund for London Trustee
- Chris Robinson, CEO, Mayor's Fund for London
- Paulette Rowe, Strategy Director, NBNK, Mayor's Fund for London Trustee
- Bob Slavin, Professor at IEE and Director of the Center for Research and Reform in Education at Johns Hopkins University, Baltimore
- Isabelle Trowler, Assistant Director for Children's Social Care, London Borough of Hackney
- David Martin, Chief Executive, Renfrewshire Council
- Colette Grant, Co-founder Grant Management UK, Enlite Trustee





Mayor's fund for London

The Mayor's Fund For London is an independent, non-political charity that aims to improve the life chances and aspirations of disadvantaged children, young people and their families in London. It is estimated that 4 in 10, or about 630,000 children live in poverty in London.

In order to change this, the goal of The Mayor's Fund's current programme aims to help prepare London's disadvantaged children towards better jobs when they are older. The focus is on the age range minus 9 months to 12 years, developing the employable skills of literacy, numeracy, IT, communication and presentation skills.

The Mayor's Fund uses evidence to determine where it works within London, the key challenges children and young people face within those areas and the projects that we support to address those key challenges.

It is committed to building a high standard evidence-base to evaluate the effectiveness of the projects it undertakes.

The current portfolio includes nine evidence-based projects that embody the organisation's commitment to work in partnership with communities, local authorities, service providers, employers, public services and central government to ensure effective delivery of projects.

Social Research Unit and Mayor's Fund Interest in Issue of Scale

The Mayor's Fund and the Social Research Unit share a commitment to using the best available evidence to inform social policy decisions. Sir Trevor Chinn, is fond of saying that 'Whilst an opinion-based discussion is more enjoyable, a data-based discussion is more productive.' Another of his aphorisms on the subject is 'A mediocre plan excellently executed is better than an excellent plan mediocrely executed'.

In the last decade, Dartington has been seeking to innovate with products that have been proven at a higher standard of evidence, indicating clear benefits for disadvantaged children and families and potential to reap economic benefits as a result of reduced demand for expensive interventions for example. Since its inception, the Mayor's Fund has sought to identify, as part of its portfolio, those interventions most likely to improve parenting, boost children's academic performance and get young people into a decent job.

Many options exist. But many barriers

sit between the product and its effective implementation with all the children and families that might benefit. Unit cost is not always clear. The supply chain connecting product with customer is sometime clunky, or fits ill with the way in which public systems commissioning the bulk of children's services operate. Variation in quality of product delivery can eliminate its potential value. The economic benefits can be hard to reap.

The Mayor's Fund and the Social Research Unit are seeking to encourage more enquiry into questions of innovation, proof and scale. This seminar attempts to begin the conversation by asking 'what can be learned from the private sector that is useful for the public sector'.

A result of the discussion

- The Mayor's Fund and the Social Research Unit are committed to producing at least one output on the question of scale during 2011. The discussion at the seminar will be recorded, and will be used as the basis of the emerging publication.