

Strategy for 2014–2017

Making the most of innovative potential

Nesta exists to mobilise ideas and imagination for the common good and boost the UK's capacity to innovate. Only a fraction of our society's innovative potential is used. So Nesta's resources are used:

- To help promising ideas achieve the greatest possible impact.
- To design policies that can improve the environment for innovation.
- To better understand how innovation can flourish.
- To develop new tools to turn ideas into impact.

This paper sets out Nesta's strategy for the next three years. It describes what we will and won't do; how we'll try to make the most of our capabilities – which include smart early-stage finance, research, grant funding, networks and communications; how we will continue to drive excellence in innovation; and how we will provide general support for innovators – including access to new ideas, tools and advice – while focusing on a few fields where we can achieve most.

1. Background

More people than ever before have a chance to shape their future by creating new ideas and putting them into practice. Innovation is widely recognised as crucial not just to economic growth but also to greater human happiness and social justice.

But many of the systems that support innovation aren't working well. Our research shows that innovation investment is stagnating in business; that some fields are generating fewer good ideas than in the past; and that important sectors lack capacities for innovation. People with potentially world-changing ideas still face innumerable barriers and enemies.

Nesta was created by government in 1998 to address these challenges, with a broad remit to promote innovation and help ideas come to life. Since then most of our work has been dedicated to helping good ideas flower in the borderlands of technology, society and the arts. We've prioritised support for innovations that can enrich the lives of many people not just a few. And we've tried to work in as open and entrepreneurial way as possible, supporting outsiders and radicals, and not just incumbents.

In 2012 we became a charity independent of government. We now have greater freedom to pursue our values and our charitable objects (which include promoting research and understanding of innovation, and encouraging innovation for public). But we also have more responsibility to use that freedom well, and to be self-critical about how best to use our limited resources.

2. Finding where we can achieve most

Many other organisations around the world share our mission. To guide our thinking we have looked at how they work. We've been inspired by the repeated reinventions of Finland's SITRA; by the building based strategy of MaRS in Toronto; by the new hybrids of philanthropy and investment followed by organisations like Omidyar Network; the grassroots innovation of the National Innovation Foundation in India and by the huge ambitions (and vast resources) of DARPA in the US.

We've also analysed our own strategic position, to find where we can add value – and where we can minimise the risk of duplicating the work of other organisations.

These are the criteria we're using to choose which fields to work in:

- They must be strategically important, and matter to the future wellbeing of the public.
- They must bring with them both major opportunities and challenges.
- There must be a clear role for Nesta to add value.
- There should be relatively low barriers to entry for newcomers.
- The task of achieving change should align well with our capabilities.
- There are willing and enthusiastic partners.

Applying these criteria to the many fields where we could work has led us to focus on a few priority fields of activity:

- **Innovation policy** – and in particular developing ideas and policies to help the UK innovate, and promoting the best new tools for innovation from around the world.
- **More inclusive models for economic growth** – including, in particular, collaborative consumption, innovation in jobs and accelerators.
- **Helping the public sector innovate** – including new tools for local and central government to make the most of data, knowledge and ideas.
- **Citizen engagement** – and in particular finding and growing innovative ways of boosting citizen engagement in public services and outcomes.
- **Digital arts and media** – and in particular developing tools and technologies to better meet needs, generate revenue or rethink art forms.
- **Ageing and health** – and in particular using digital technologies and peer-to-peer support to improve outcomes for older people with multiple conditions, and promoting 'people powered' health.
- **Opportunities for young people** – and in particular giving young people opportunities to be digital makers, backing innovations in educational technology, and promoting radical innovations to overcome disadvantage.

3. How we work – our operating models

To achieve impacts in these fields we use different tools:

- **Funding and non-financial support devoted to impact:** we're continuing to develop a wide range of methods for helping ideas flourish, often with more non-financial rather than financial support, and including less bureaucratic methods of eliciting ideas and reporting on progress.
- **Data-driven innovation and innovations using data and web technologies:** including new analytic techniques and data sources to better understand the innovation economy and creative use of open data as a tool for innovation.
- **Prizes:** our Centre for Challenge Prizes has pioneered prizes in a wide range of fields, from energy to transport, ageing to waste, and we'll continue to deepen our knowledge on the many ways prizes can prompt creativity.
- **Accelerators – commercial and social:** we're an investor in accelerators; a grant funder; a researcher and now a convenor, and learning what makes accelerators most effective.
- **Impact Investment:** our recently created Impact Investment Fund aims to pioneer strong links between investment and evidence, and we have backed dozens of organisations and projects combining social and financial returns.
- **Experimentalism and applying experimental methods to government and policy:** we're promoting more systematic experimentation on the part of governments, and showing how this can be done in our own work.
- **Spreading skills for innovation** (with a particular focus on the public sector as well as start-ups and the creative economy): more of our work now involves systematising how innovation can best be organised, whether on the part of start-up firms, charities or big public organisations.
- **Research:** our research team uses statistics, data, case studies and other analytic tools to understand how innovation happens, and how it can be made more effective.

4. How we work

- **Cross-pollinating different sectors** – Many other organisations support innovation within areas like technology or the arts. But no others connect across many sector boundaries in the way we do. That's why we will push our role as a cross-pollinator, linking people and ideas from different fields and sectors, a consistent theme for Nesta since its inception. For example: connecting investment methods to social goals; business model innovation to the arts; spreading the use of formal experiments to government policy; adapting innovation methods from India or China for the UK.
- **Turning Nesta into a network of linked organisations** – We are exploring a model where Nesta evolves into a network of linked organisations that concentrate expertise in innovation. Supporting, curating and investing in other organisations can maximise the impact we achieve with our resources. Some of these network members will be existing units – like the Centre for Challenge Prizes, Alliance for Useful Evidence, and Impact Investment Fund – that could further develop their own identity and funding streams. Some will be independent organisations in which Nesta holds a significant stake, and with which we collaborate closely. We may in time use some of our assets to create a physical hub which co-locates organisations sharing a common mission and spirit.

- **Deepening our engagement with digital technologies** – Nesta's work involves us in tracking the big changes in many technological fields – we run regular Hot Topics events and bigger events like FutureFest. But with limited resources we will never be expert in all tech fields. Where we have the greatest comparative advantage is in the application of digital internet, and data analytic technologies, particularly to new types of challenge that aren't being dealt with adequately either by business or government. Not everything we do will be digital – but we will deepen our engagement with digital technologies which will be at the forefront of innovation for the foreseeable future.
- **Deeper engagement with business** – Our commitment to cross-pollination and spanning boundaries means we work with all sectors. We have strong partnerships with public organisations and civil society, and significant partnerships with many firms: Google, Pearson, Virgin Media, O2, National Grid, and others; and a deep involvement in the creative economy which accounts for some 10 per cent of GDP. However, we see a need to scale-up our engagement with business – it's key to our own understanding of innovation methods and processes; it presents an opportunity to mobilise significantly more resources to support our mission; and we think much of our work can be useful to businesses both large and small.
- **Spreading knowledge about how innovation happens and what works** – We already have a strong track record in understanding the dynamics of innovation – from statistical tools to measure investment in innovation to dynamic mapping of occupations and clusters. But in research we have developed a unique role in better understanding and promoting innovations in innovation. That has led us to work on: challenge prizes, crowdfunding and crowdsourcing, accelerators, the role of evidence and measurement in innovation, and creative uses of data to guide innovation. In all of these fields we will continue to act as researcher, funder, investor, but with a greater emphasis on communication and convening.
- **Developing a global voice** – Nesta was created as a UK organisation with a remit to serve all parts of the UK. We will continue fulfilling that role. But we find growing interest in our work around the world, and will best remain on the cutting edge of innovation by working globally with leading firms, nations and cities. We have already undertaken major projects in India and China and are working in other countries including Brazil and Malaysia. We are involved in a dozen EU funded projects, in some cases leading large consortia; and we have important strategic relationships in the US. Our global work focuses in particular on how innovation is changing – the many 'innovations in innovation' growing up around the world.
- **Spreading innovation skills** – The methods needed to innovate well can often appear mysterious, awash with jargon and hype. We want to make them accessible; to demystify; and to spread capacities not just to create ideas but to help them become new businesses, public services or charities. Our skills programme will be integrated into everything we do. Wherever possible we will codify the methods we use; and wherever possible we will gather evidence about which methods really work well.
- **Expanding our reach** – We already communicate effectively with self-identified innovators and large sections of the media. However, we think there is a much wider audience who would be interested in what we do and what we know, and will introduce new vehicles to reach much larger audiences.

5. What we won't do

There are an infinite range of options for Nesta – and very many plausible and desirable proposals come to us from stakeholders and organisations wanting funds, as well as trustees and staff. Knowing what we won't do is as important as knowing what we will.

These are some of the things we won't do in the near future, mainly because we think others are doing them well:

- We'll back good ideas but we won't return to funding individuals.
- We'll operate across the UK but won't create a network of regional offices in England.
- We'll undertake specialist research but won't provide general technology information to businesses.
- We won't do projects in which there is no space for interdisciplinarity and cross-pollination.
- We'll share best practise, provide tools and training, but won't become a fully-fledged training organisation.
- We won't run projects facilitating technology transfer from universities.
- We won't do evaluations for other organisations.
- We won't provide general funding for science education.
- We won't be a general grant funder.

6. What does success look like?

Some of what we do has very clear metrics of success – like the capital value of early-stage investments, or how successfully the projects we back grow in scale. Others are much harder to quantify, and crude metrics can stifle innovation. Nevertheless, we can summarise what success looks like for Nesta:

- Recognised by innovators, entrepreneurs, academics, policymakers, and funders as a leading centre of knowledge and practice in innovation for the public good, identified with the effective use of new tools for innovation, from challenge prizes to accelerators.
- Providing early-stage finance and practical help to organisations that innovate in the fields in which we work, achieving good financial returns on our investments, demonstrable social impact, and successful scaling-up.
- Effective at influencing the policy environment to improve the conditions for innovators, with tangible successes at local, national and international levels.
- Good at spreading knowledge and expertise about how to manage innovation to a substantial community of innovators in start-ups, civil society and the public sector, achieving high levels of engagement and satisfaction.
- Recognised for our own excellence and expertise but also great at collaboration, with Nesta at the heart of a network of like-minded institutions.
- Linked into, and influencing, the very best innovation thinking and practice across the world.

7. What next?

We'll do the things described here over the next three years, while remaining open to new ideas and priorities. We expect the strategy to evolve and see it as a work in progress. We therefore welcome inputs and feedback. If you're interested in finding out more about what we do, here are links to other resources:

www.nesta.org.uk • [Annual report](#)