



# RESEARCH FINDINGS

## EXECUTIVE SUMMARY

### THE WORLD NEEDS HANDS-ON SOLUTIONS TO WICKED PROBLEMS

New Global has taken a holistic approach to exploring pathways from poverty to sustainable development. By combining interdisciplinary research and education with innovation work in the field, we have studied and experimented with co-innovation across Finland and emerging markets. To reach the best possible sustainability outcomes, we believe that future solutions indeed need to be co-created across emerging and mature markets. We have focused on renewable energy, affordable housing as well as water, sanitation and waste. We have asked questions such as: Who should work with who? What are the bottlenecks? What kind of new skills, roles, methods and work practices are needed? What needs to be given attention to ensure sustainability? Our learnings are summarised below.

#### *WE NEED AFFORDABLE, RESOURCE-SMART AND SCALABLE SOLUTIONS THAT CAN SERVE THE GROWING POPULATION IN A SUSTAINABLE WAY.*

Frugal innovations are solutions born under extreme resource scarcity. By focusing on the key functionalities, ease-of-use and smart business models these solutions can tackle wicked problems in a concrete way. We found that despite aiming for

affordability, it is important not to compromise on quality. Finding the sweet spot between durability, recyclability, performance and cost is critical.

#### *THE NEW SOLUTIONS NEED TO BE CO-CREATED. LOCAL COMMUNITIES, AS WELL AS MULTIPLE ORGANISATIONS SPANNING DIVERSE GEOGRAPHIES NEED TO BE INVOLVED.*

We have found that genuinely co-creating across cultural and organisational boundaries and comfort zones requires new work methods and skills. Deep respect and recognition for other forms of knowledge is critical, and patience for deep listening to make use of various forms of knowing. To enable co-creation in hierarchical societies with power imbalances,

empathic design-based methods are likely to yield better results than traditional participatory methods. In addition, process structures that enable sensemaking between diverging organisations is important. Taken together, the new work methods and skills will increase the quality of communication and collaboration, which is essential for co-creation.

#### *LEARNING TO LEAD AND EXCEL IN MULTI-STAKEHOLDER INNOVATION PROCESSES IS WHAT WILL MAKE A DIFFERENCE.*

The journey from an idea to a scaled solution is long. We have studied these processes and found that often the innovations are moved forward by a patchwork of projects and people over a long period of time. As the funding landscape for sustainability innovation and impact business is still limited, the capacity to engage different kinds of projects towards promoting innovation becomes critical. This can include development cooperation projects, NGO projects, research projects, company R&D projects and educational projects. Leadership of the

process as a whole is a challenge, as it tends to be no-one's responsibility. The involved organisations may face surprising challenges. Large companies, for example, may be hindered to pursue inclusive innovations due to their internal structures for product and business development. A key success factor appears to be combining local and global knowledge in the innovation process, e.g. with empowered diaspora in key roles, with joint-ventures or with deep co-innovation processes combining local and international companies.

## *WHATEVER IS DONE, IT NEEDS TO RESULT IN VIABLE BUSINESS MODELS.*

From the outset, it is important to design for scale through viable business models. In New Global, we have explored the intersection of business and development, with the idea that companies of the future could work proactively to solve sustainability challenges. In this thinking, business models are vehicles for achieving a desired impact and profitability is important to scale and sustain the activity. We have tried to distinguish between what makes a business an impact business, and one key finding is the active business modeling and

daily trade-offs between social, environmental and economic benefits. Impact entrepreneurs tend to tackle wicked problems, and develop their business with both the larger system and their own company's benefit in mind. We found that often, for example, when developing a circular economy business, the success of an impact business is partly determined by the degree to which the larger societal and institutional system is ready for change.

## *OFTEN, LARGER SYSTEMS CHANGE IS NEEDED. UNDERSTANDING AND FACILITATING SYSTEMS CHANGE BECOMES IMPORTANT.*

It is evident that to reach sustainability, many sectors need to transform how they operate. Innovations play an important role in challenging the status-quo and showing concretely what the new order could look like. However, our findings suggest that the responsibility for changing large systems should not be placed on entrepreneurs alone. Parallel processes that contribute to transformation are needed. For example, we found that organisations with well-established networks

within a sector increasingly take on the role of change mediator. They can work to bring actors together to establish new co-creation initiatives, they can use their networks to test new solutions, or use their position to lobby for legislative changes. For entrepreneurs, it is important to identify these actors and collaborate with them. For policy makers, it is equally important to support these kinds of activities.

## *IMPACTS IN WICKED PROBLEMS ARE EVER-CHANGING. IMPACT ASSESSMENT NEEDS TO BE A CONTINUOUS LEARNING ACTIVITY.*

As impact for increased sustainability is the *raison d'être* for all of this work, it is particularly important that entrepreneurs, corporations and investors are trained to get a better understanding of social and environmental impacts. To this end we have developed simple impact assessment tools and provided guides and training for companies. Moreover, our findings suggest that when assessing the impact of initiatives that tackle wicked problems, a broad perspective to impact assessment

is needed. In addition to reviewing impacts in the traditional, quantitative sense (e.g. how many jobs created, what CO<sub>2</sub> emission reductions have been achieved), it is important to also review the general approach and the learning capacity. These additional aspects will help to evaluate the degree to which the initiative can address a wicked problem, and thus reach desirable results.

## **LEADING THE WAY FORWARD - CREATE AND HOLD THE SPACE FOR NEW SOLUTIONS TO EMERGE**

**To conclude, our findings suggest that solutions to poverty and sustainability challenges can be found through co-creating frugal innovations in globe-spanning multi-stakeholder groups. To reach scale with this approach, capacity building for co-creation and systems change is needed. This approach needs to be integrated into larger projects, where both public and private funding are mobilised. Finally, space needs to be created and maintained for this type of work, which requires bold leadership across sectors.**