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Social Incubators - A Place for Changemakers to Call Home



Jared Tham works with the Lien Centre for Social Innovation, developing the centre's knowledge management framework, and managing events such as Social iCon and the Social Conversations series. A connector for the social sector, he enjoys working across various issues and fostering collaborations among different organisations.

While business incubators are an integral component of the start-up ecosystem—by providing a space between the ideation stage and the point where investors are willing to commit funds—**Jared Tham** finds a dearth of similar structures in the non-profit sector to support fledgling social enterprises and social sector organisations.

Business incubators are a recognised and established component within the private sector, while social incubators are a much newer, and therefore unfamiliar, concept in the social sector. Being new, there are very few social incubators around in the world, but the need for a supporting and supportive

environment and service is becoming increasingly apparent.

Essentially, social incubators serve a similar role as their for-profit counterparts, the critical difference, obviously, being that they have to adjust their business and service models to

fit the complexities of the social sector. It is this seeming “complexity” which makes it challenging to transplant, wholesale, models of business incubators and co-working spaces to the social sector. Given the uniqueness of social enterprises and social sector organisations, appropriate adjustments need to be made. Social incubators differ from business incubators in various aspects (see Table 1).

that allows them to adjust their service and business models to the ever-changing needs of the social sector.

The “Missing Middle” for the Social sector

Social incubators fulfil a much-needed (but sometimes overlooked) function in the development of social initiatives. In the very initial stages, this often means working out of

Table 1: Comparing Business Incubators and Social Incubators

Service required	Business incubators	Social incubators
Space	<ul style="list-style-type: none"> • Conveniently-located office space 	<ul style="list-style-type: none"> • Conveniently-located office space • Margins need to be lower for charities with minimal overheads and volunteer involvement
Backend Support	<ul style="list-style-type: none"> • Shared administrative and financial services 	<ul style="list-style-type: none"> • Shared administrative and financial services • Services to deal with additional governance requirements for charities
Mentors	<ul style="list-style-type: none"> • Formal mentorship structures 	<ul style="list-style-type: none"> • Informal, peer-based networks for advice and support
Funding	<ul style="list-style-type: none"> • Access to funding from a community of angel investors and venture capitalists. 	<ul style="list-style-type: none"> • Access to social investors critical to social enterprises • Grant-makers typically use direct channels to contact potential investees
Networks & Partnerships	<ul style="list-style-type: none"> • Usually forged by companies working within the same value chain. 	<ul style="list-style-type: none"> • Cross-sector in nature, allowing visibility to a wide range of stakeholders in the social ecosystem. • Partnerships are easier to forge, given the more generous nature of the sector.

The Need for a Paradigm Shift

The conventional public sector approach towards providing space for the non-profit sector is to source a stretch of generic office spaces—situated in locations easily accessible by beneficiaries—that are then leased to charities at subsidised rates. This approach serves its intended purposes well, which is to provide basic facilities for charities while keeping overheads to a minimum.

But in the context of social incubators, a paradigm shift is needed when working with social enterprises and social entrepreneurs. These entities are forging new ground in their respective fields, and are looking not just for a space to rent, but for a supportive environment for their ideas.

Such an environment might offer a suite of supporting services beyond the straightforward role of facilities management (e.g. making sure the printers and toilets work). A full-service social incubator might provide additional services such as strategic consulting and providing connections to the social ecosystem. Such an incubator would be able to rally not just tenants but the entire social sector, fostering the wider community through the curation of a whole slew of events, such as lectures, workshops and mixers.

Crucially, such spaces typically have to be organically developed as ground-up initiatives, by social sector intermediaries who understand the true needs of their community, and who are driven by an entrepreneurial spirit

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Without significant reserves, it is challenging for social sector organisations to cover their overheads in a way that allows them to bridge the chasm between running a home office and renting an office space off the open market.

homes and taking refuge in Starbucks outlets, and relying on the beneficence of a core group of like-minded individuals who believe in an idea.

With enough time and sustained effort, the initiative is able to register itself as a legal entity, develop programmes, and start receiving donations—the social sector equivalent of going IPO. The next milestones are hiring full-time staff and, eventually, marshalling enough capital to either rent or even construct a purpose-built building.

While a minority of social initiatives are fortunate enough to secure major grants, endowments or investments that allow them to leapfrog these stages, others struggle with modest seed funding or project grants. Without significant reserves, it is challenging for social sector organisations to cover their overheads in a way that allows them to bridge the chasm between running a home office and renting an office space off the open market.

An equivalent analogy for this “missing middle” in the incubator landscape is to look at the food and beverage industry (F&B), to understand how it has developed a full spectrum of opportunities for small enterprises looking to establish themselves.

The life cycle of an F&B business may start as an itinerant street hawker and graduate to clustered stalls (known as hawker centres or food courts in Southeast Asia) before

settling into single unit outlets in malls or, for large-sized businesses, standalone restaurants. And there are, of course, transnational F&B businesses, such as the McDonald’s and KFCs of this world, which have adopted a franchise model to replicate themselves.

Table 2 below provides an overview of how the F&B industry and social sector provide support platforms at each stage of the organisation’s growth.

Using the above comparison, we can observe that while there is a multitude of home offices and open market office rentals (and to a lesser extent, dedicated purpose-built buildings), there is a corresponding lack of multi-tenanted social incubators and franchised social incubators in the social ecosystem.

Such platforms are necessary if social initiatives at different stages of growth are to develop and advance to the next stage in their life cycle. The lack of incubators which are conducive to growth could mean that, barring the influx of major grants, endowments or investments, many such initiatives may simply stagnate at the home office or office rental stages interminably.

The rest of the article will explore in detail these two platforms, using the specific examples of the Centre for Social Innovation in Toronto, as well as The Hub.

Table 2: Comparing the Food & Beverage Industry with the Social Sector

Stage of development	Example within the F&B industry	Social sector equivalent
Seed	Itinerant street hawkers	Home office / coffee joint
Small	Hawker centres/food courts	Multi-tenanted social incubators
Medium	Single unit mall outlets	Office rental off the open market
Large	Standalone restaurants	Purpose-built NGO/social enterprise facilities
Transnational	Franchises	Franchised social incubators

Multi-Tenanted and Franchised Social Incubators

Multi-tenanted social incubators may take several forms: There is co-location, in other words, spaces that are shared between several organisations (a format that is increasingly popular in the private sector), and community hubs, which are co-located service providers that provide a variety of social services for the immediate geographic vicinity in which they are situated. Significant economies of scale are created through this arrangement, making it financially attractive for social initiatives to base themselves here.

Beyond financial considerations, multi-tenanted social incubators are essential for providing what is known as The Third Place¹, a concept coined by urban sociologist and author Ray Oldenburg. According to Oldenburg, the First Place is your home, while the Second Place is your office, where your role is assigned and the people you meet are familiar. But the Third Place is where you interact with people you're less familiar with, exchange ideas, learn about the work of others and, as Oldenburg puts it, enrich both society and yourself.

This approach recognises that not all spaces are created equal, with some being more conducive to creativity and innovation. It also recognises that, through the weaving of professional and personal linkages, the community provides a fertile ground for social innovation that enables a group of tenants to create social and emotional bonds with each other. It is this sense of community—or as Seth Godin² would put it, a sense of belonging to a “tribe”—that is the special ingredient which fosters social innovation.

The franchised social incubator, on the other hand, is a social incubator that has determined a proven service and business model, and seeks to replicate itself by making this model available on a global basis, for a pre-determined fee.

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Centre for Social Innovation, Toronto

Possibly the most prominent example of a multi-tenanted social incubator, the centre, which conceives of itself as more than a community hub, is also as an incubator for social innovation. It is structured as a social enterprise that provides a variety of work spaces to serve the social mission’s community, including private offices, permanent desks and hot desks.

Their theory of change relies on more than the simple provision of space, and includes careful and creative curation to turn the space into a lively community hub, much like a gallery owner would curate a selection of artwork, to achieve balance and variety, and ultimately, social innovation. It has developed expertise in creating the spaces that spark and support social innovation, and is currently managing two buildings in downtown Toronto.

This theory of change is best understood as a pyramid of three distinct but integrated levels:

- Space is the creative influence for everything that transpires.
- Community develops as people occupy the space and form relationships.
- Innovation emerges from the connections that are formed in the space and in the community.³

The Hub

The Hub⁴ is a global social enterprise that creates hot desk environments and ecosystems around the world for accessing space, resources, connections, knowledge, experience and investment. It connects an international community of people who address pressing social, cultural and environmental challenges. There are currently Hubs in 26 cities⁵ on a franchise model, with many more in the making.

Given the widespread recognition of The Hub in the social sector, this model has impressive economies of scale, especially when you consider that each Hub’s member becomes connected to a global community of 4000 changemakers in five continents, an attractive proposition for those looking to scale their projects.

The service has three main components:

- a. Curated workspaces—Hub Curated Spaces range from café-like spaces and hot-desking environments and quiet offices that foster focused concentration, to privacy booths and meeting rooms for phone calls and strategy sessions.
- b. Community events—Its events range from high-profile Hub Lectures, Thought Dinners and interdisciplinary Innovation Labs to open-source Hub Lunches that foster peer-based learning and collaboration amongst its membership.⁶
- c. Hub Accelerator—This is a platform to help members build their ideas from initial concepts all the way to scale. Hub staff and members provide ongoing programming advice.⁷



1 / PHOTOCOPYING AND PRINTING 2 / HIGH-SPEED INTERNET 3 / FAX MACHINES 4 / MAILBOXES 5 / KITCHEN FACILITIES 6 / MEETING ROOMS 7 / COFFEE / TEA 8 / SECURITY 9 / CLEANING 10 / AUDIO-VISUAL EQUIPMENT

Several services are an essential part of the support we provide to our members. These are the core services of our model.

Conclusion

The need for social incubators such as Toronto's Centre for Social Innovation and The Hub is a pressing one that will only become more urgent as the scale of the problems that they are trying to address increase.

Alongside new models of social change, the nature of work itself is changing, and increasing numbers of start-up non-profits will seek to operate in a space which combines the comfort and ambience of a coffee joint with the office infrastructure typically found in cubicle farms. Such a conducive environment fosters collaboration and creativity, which is what progressive social enterprises and independent social projects need in their mission to change the world.

Affordable co-working spaces and shared spaces offer just such an opportunity, with the flexibility to adjust one's overheads according to the demands of funding and workload. But more than providing just an attractive physical space to work in, social incubators provide an environment where a curated community—social entrepreneurs, design thinkers, and marketplace environmentalists alike—can blend their expertise and experience to create new opportunities for social innovation.



¹ Ray Oldenburg, *The Great Good Place: Cafes, Coffee Shops, Bookstores, Bars, Hair Salons, and Other Hangouts at the Heart of a Community* (Marlowe & Company, 1999), www.amazon.com/Great-Good-Place-Bookstores-Community/dp/1569246815/.

² Seth Godin, *Tribes: We Need You to Lead Us* (Portfolio Hardcover, 2000), www.sethgodin.com/sg/books.asp.

³ Tonya Surman, "Emergence: The Story of the Centre for Social Innovation," Centre for Social Innovation (Toronto), March 2010, http://s.socialinnovation.ca/files/Emergence_The_Story_of_the_Centre_for_Social_Innovation.pdf.

⁴ The Hub, <http://the-hub.net/>.

⁵ As of February 2012.

⁶ The Hub, <http://the-hub.net/ideas.html>.

⁷ Presentation by The Hub Singapore chapter.