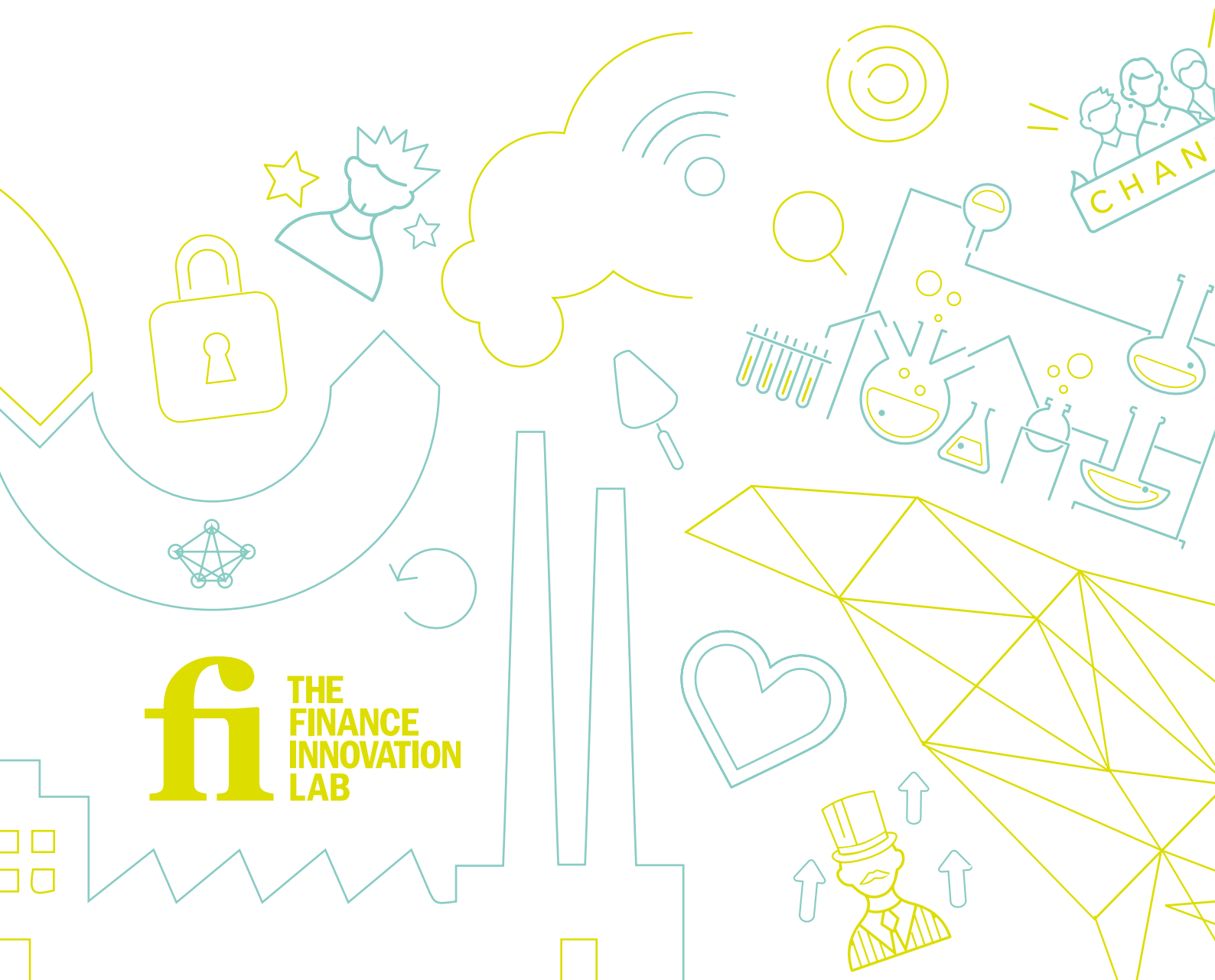


THE FINANCE INNOVATION LAB: A STRATEGY FOR SYSTEMS CHANGE



fi THE
FINANCE
INNOVATION
LAB

The Finance Innovation Lab empowers positive disruptors in the financial system. Our vision is a financial system that works for people and planet. One that is democratic, responsible and fair.

We connect people who are changing the financial system, develop them as leaders and help them scale their work.

We work with people to:

CREATE

Entrepreneurs creating alternative business models in finance.



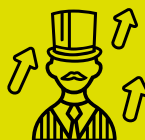
ADVOCATE

Civil society leaders advocating for financial reform.



EVOLVE

Intrapreneurs in mainstream finance re-purposing their professions.



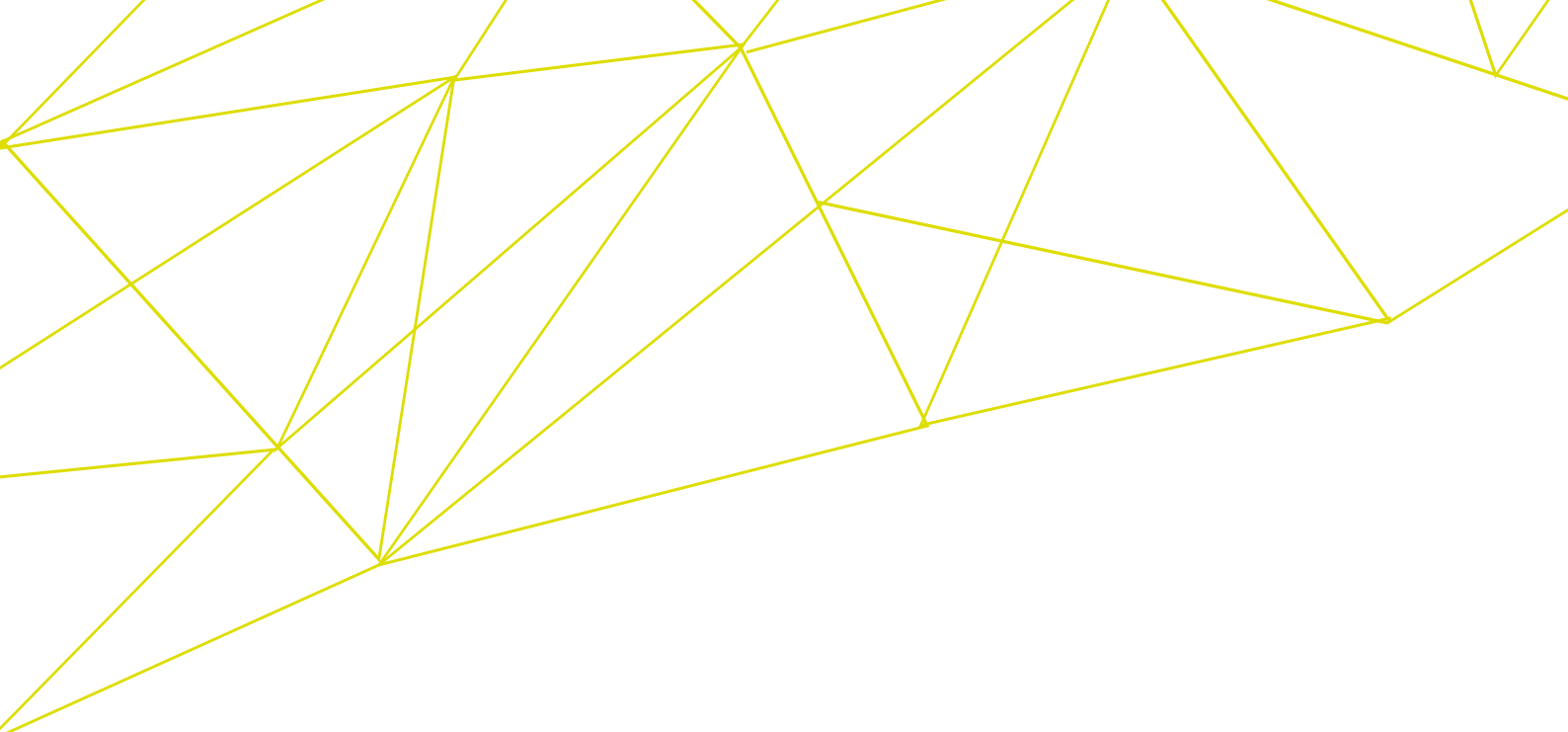
CONTENTS

Introduction	2	Chapter Three: Our Principles	34
<hr/>		Collaboration	35
Chapter One: Our Story	4	How does collaboration contribute to systems change?	35
How our strategy emerged	4	Action-learning	37
Beginnings	6	Empowerment	38
Establishing the core collaboration	8	Safety	38
Launching The Lab	9	Participation	39
Finish or forward?	10	Love	40
Building the community	12	<hr/>	
Experimenting with innovation	13	Chapter Four: Our Strategic Model for Systems Change	42
Experimenting with governance	13	Amplify	46
Friends and family	14	Demonstrate	48
Building the core team	15	Reform	51
External recognition	16	Core team	54
Challenges of collaboration	17	Lessons In leadership	56
Creating the building blocks for scale	18	Coaches and mentors	57
Working with mainstream	20	Continuous curiosity	57
Getting rigorous about finance	21	Changing our way of being	57
Transition	22	<hr/>	
Raising our profile	22	In conclusion...	58
Teaching others	23	<hr/>	
<hr/>		Acknowledgements	60
Chapter Two: Theory Of Change	24	Finance Innovation Lab Co-Founders	61
Systems change	25		
What do we understand by systems?	25		
So how do systems change?	25		
The Berkana Institute: Two Loops	26		
Transition theory	28		
Donella Meadows: places to intervene in the system	30		
Leadership	32		

INTRODUCTION

**‘Structure
without life
is dead.
Life without
structure is
unseen.’**

- John Cage, composer



Today The Finance Innovation Lab (The Lab) is a multiple award-winning programme with a clear strategy and a strong community engaged in its activities which has an influential voice in alternative finance.

Our story began six years ago when we set out with a strong purpose of changing the financial system but with a big strategic gap in knowing how we might actually do it. We have learnt a huge amount in this time about what has worked and what hasn't.

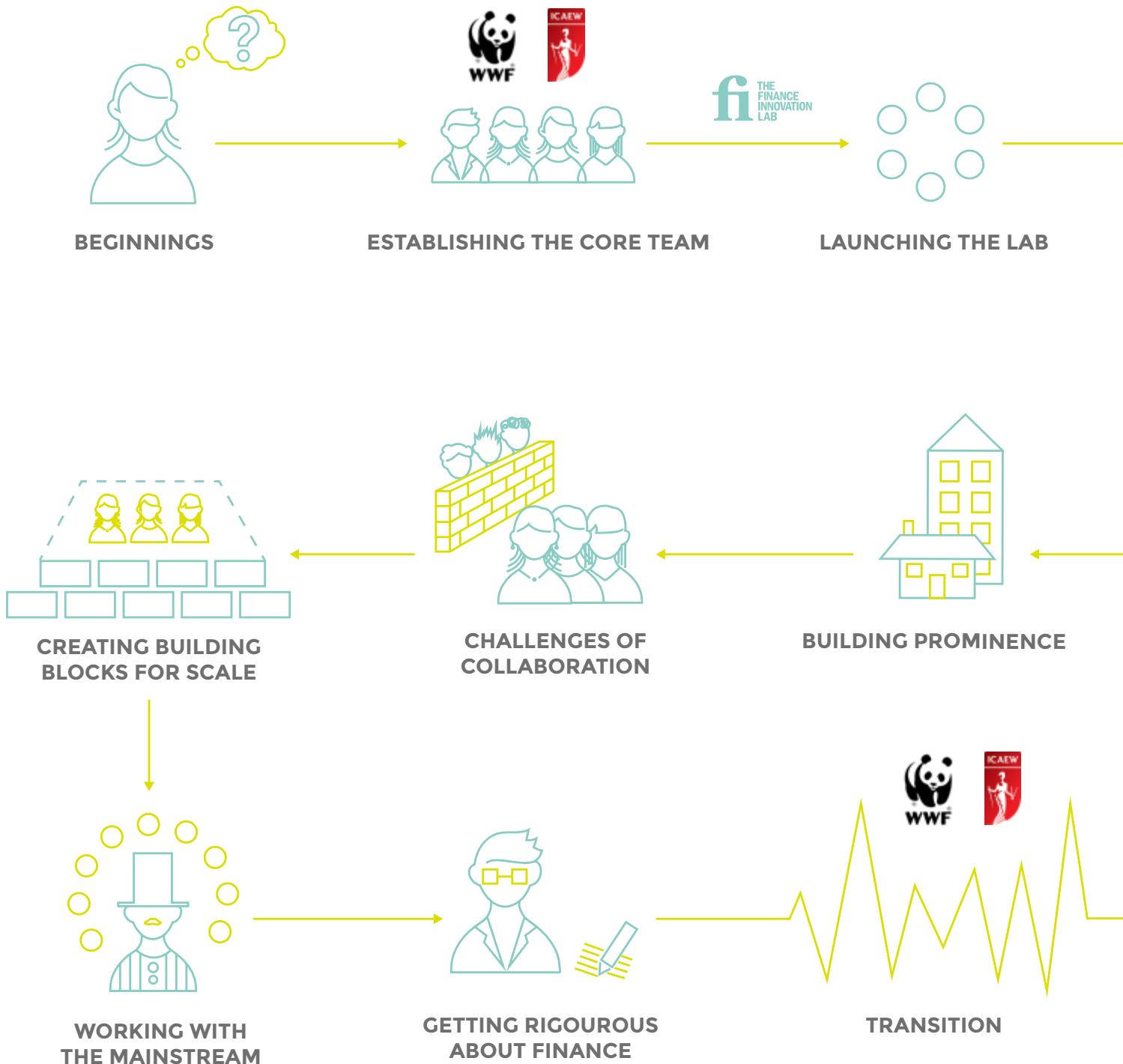
We have now reached a pause. We are transitioning out from our founding organisations of WWF-UK and ICAEW (Institute of Chartered Accountants for England and Wales) in order to scale our work for greater impact. And as we do so, we want to take a moment to make sense of all that has happened.

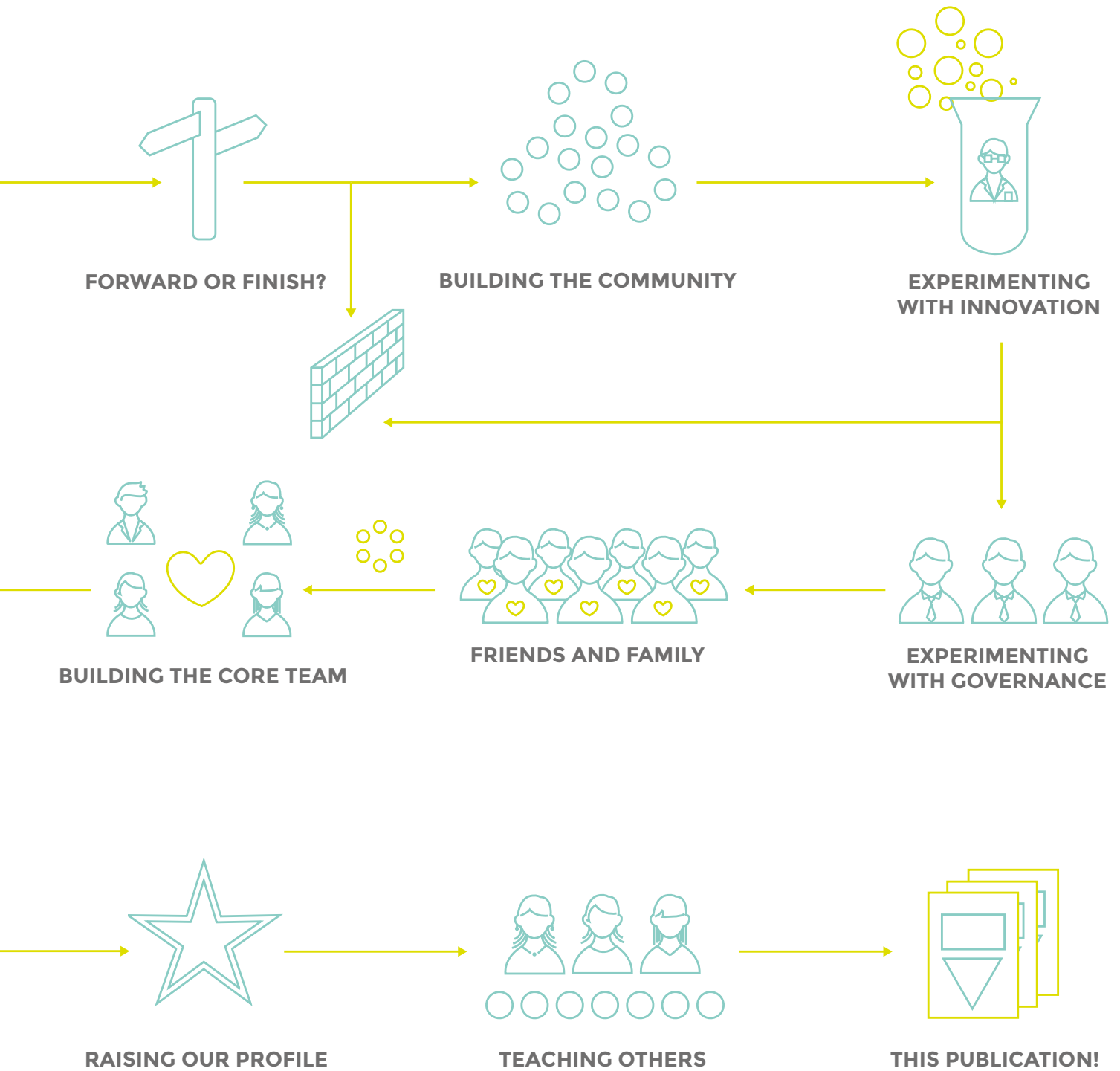
A Strategy for Systems Change sets out the foundations of our work: our story, our theory of change, our principles and our strategic model. It is not a manual, rather we see it as a guide and inspiration to support people creating systems change that can be adapted to their own contexts and circumstances.

We offer our insights in the spirit of empowerment, the same spirit that runs throughout all of the work of The Lab. It is our hope that this guide will help to grow the field for systems change and empower others to accelerate the large-scale change needed in our ecological, social and economic systems.

CHAPTER ONE: OUR STORY

HOW OUR STRATEGY EMERGED





‘We make the road by walking.’

- Paolo Freire, author and activist

This is the story of how The Lab began, how it grew and of the many twists, turns and experiments we made along the way. We have included a great deal of detail here because we want to offer a very honest case study. If you are more interested in an overview see the graphic on pages 4-5 and simply jump to the pivot in our story you find interesting and read more about it.

BEGINNINGS

Sun streams through the window at Oxford University. It’s a hot day in May 2009. One hundred and fifty bankers, academics, and NGO peeps fumble with umbrellas and string, building ‘models of the financial system they want to see’, led by a charismatic facilitator. A newly formed team from WWF-UK and ICAEW juggle Post-it notes in the background, trying to remember one another’s names.

The foundations of The Lab were laid in early 2008. Jen Morgan, who worked on corporate partnerships at WWF-UK, began to question why she was working with large financial institutions which funded projects that caused huge environmental degradation, but still won high-profile sustainability awards. She came together with her colleague Charlotte Millar, who was exploring systems change in transport, and together they started an enquiry into how to change the financial system.

Jen and Charlotte were given the institutional space to explore this challenging question by supportive colleagues inside WWF-UK. Without this, the project would never have gotten off the ground. Team members from WWF-UK’s then Sustainable Consumption Team and others aligned with their perspective gave Jen and Charlotte the support, encouragement and organisational space to pursue what was a highly ambitious and ambiguous project.

Buoyed by this support, they began working with Reos Partners¹, established systems change practitioners, who brought with them a strategy and process (Theory U), a track record and bags of confidence. They formally started the project with a compelling question:

‘What would a finance system look like that served people and planet?’

The first step was to host a series of ‘dialogue interviews’ with 50 people from different parts of the financial system. This was intended to get an in-depth perspective on the root causes of the problems in the system. Reos helped WWF-UK create a synthesis report which highlighted key trends from the interviews – outlining the source problems in finance and pointing to promising areas of change. This research was designed to ‘test the readiness’ in the financial system for change and it was abundantly clear that there was widespread dissatisfaction and unease about the status quo.

¹ <http://reospartners.com/>



In late 2008, the financial crisis hit.
The news was full of graphs pointing the wrong way and images of bankers, hands on heads, staring in disbelief at the screens around them. The subsequent cracks that continued to emerge underlined Jen and Charlotte’s commitment to changing a dysfunctional financial system and to people’s appetite to join them.

ESTABLISHING THE CORE COLLABORATION

Charlotte and Jen knew that they couldn't take on this huge project alone. So they set out to find a partner; one that was credible within the current system but open minded enough to really question the assumptions on which it was based.

Their then boss at WWF-UK, Deborah Doane sat on ICAEW's Sustainability Committee and introduced the duo to Richard Spencer and Rachel Sinha who worked in the Sustainability team at ICAEW.

Richard and Rachel were already thinking about some of the major structural challenges with the financial system, having just submitted a failed bid for a panel session designed to explore how business might internalise its externalities, in partnership with Pavan Sukhdev at The Economics of Ecosystems and Biodiversity project (TEEB).

'It was clear that here was a conversation that needed to continue.'

Under its Royal Charter, ICAEW has a responsibility to act in the public interest. And, as Richard had always taken an experimental approach to his work in the Sustainability Department, often partnering with external collaborators to ask difficult questions of finance, the two organisations agreed to host a 'Credit Crunch Brunch' event at Chartered Accountants' Hall, to test how they worked together.

The unlikely partnership between two established brands worked well and the event was quickly oversubscribed. Attendees included WWF-UK's dialogue interview participants and ICAEW's stakeholders, who were a mix of mainstream corporate social responsibility professionals and accountants. It was clear that here was a conversation that needed to continue and together the two organisations set out together with Reos to officially launch The Finance Innovation Lab.

LAUNCHING THE LAB

Reos helped secure a partnership with Oxford Saïd Business School which had created two scenarios for the future of finance. The process kicked off with three scenario-planning workshops, convening hundreds of participants from traders and accountants to design students who were all interested in exploring the future of finance. Partnering with the Business School brought The Lab credibility and appealed to the audience because scenario planning was an unusual intellectual experiment. The events were held over one and half days with dinner on the first night to build connections between participants, a structure which built a large community base.

Reos played a crucial part in building our credibility to instigate such an audacious project. The audience was disruptive and argumentative but the Reos team held the space assertively. They suggested we create a brand for The Lab, securing high-profile champions and marketing material to bolster our profile. The outcome of the three events was synthesised into seven target areas for innovation that could help change the financial system.

But working together as a core team was a challenge. We spoke different organisational languages and hardly knew each other and producing the marketing material was almost impossible. We would spend a week politely 'wordsmithing' one another's attempts to describe what we were doing.

The proposed next step was to pick 26 members of the community who sat within powerful positions in mainstream financial services or government. The plan was to take them on a learning journey, get them to go through a deep process of change and innovation (Theory U) and emerge with a set of new initiatives that would help shift the system.

The problem was that we had no funding to make this happen and attempts to raise the millions needed failed. So this particular strategy ended as our money ran out.

FINISH OR FORWARD?

The original team from WWF-UK and ICAEW held a deflated evaluation meeting at ICAEW. After generating so much energy, it felt like a huge blow to wrap things up. But we had started. And the experience of hosting something together and of it not working so well was bonding. To our surprise we emerged as a core team. We committed to continue working together though with no clear idea of what we hoped to do next.

‘What we clearly had was a growing community of people who wanted to change the financial system in service of people and planet.’

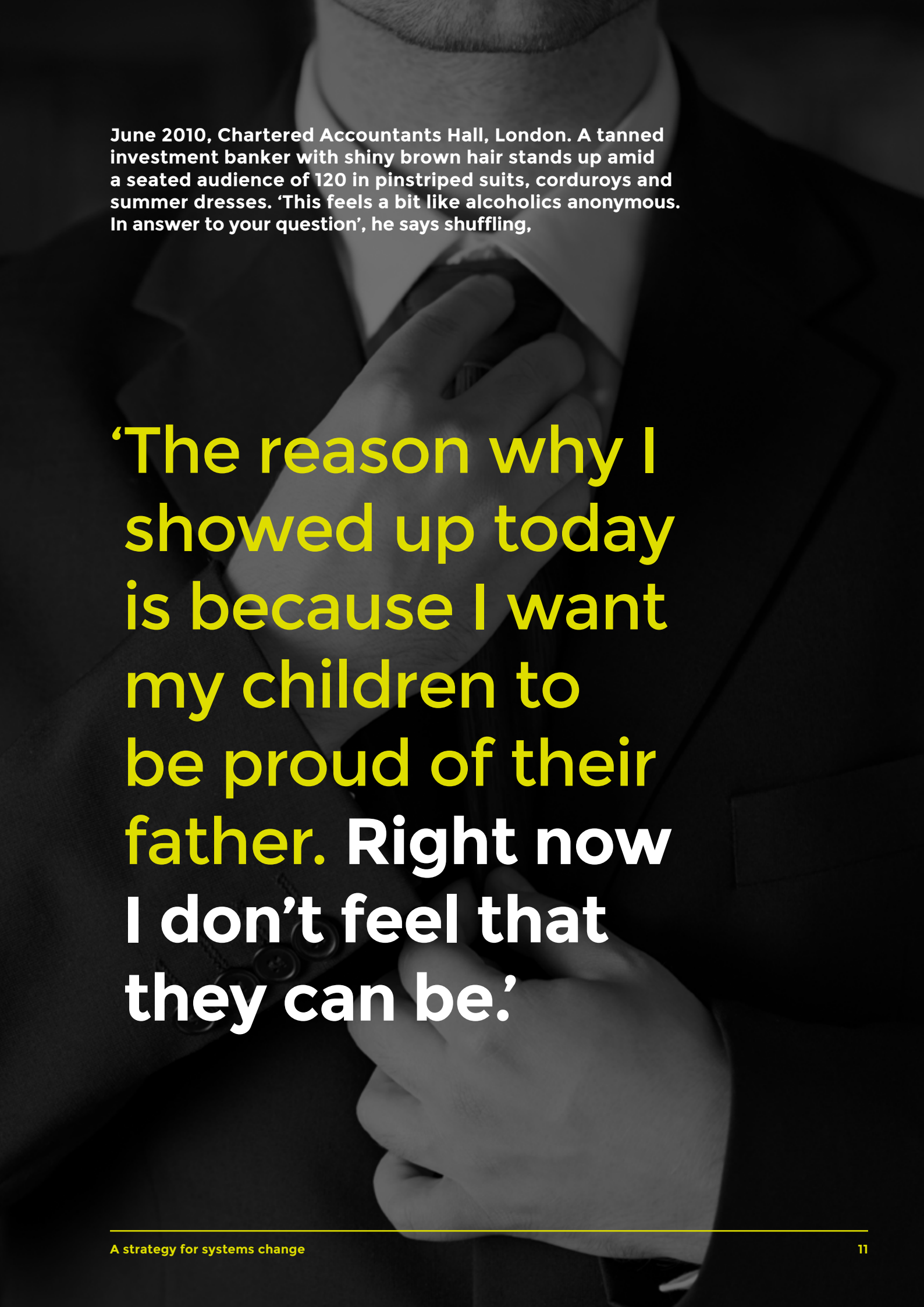
We decided to explore other options and Jen and Richard met with Maria Scordialos a few weeks before Christmas 2010. Maria was part of what was known as The Hara Collaborative², a set of individuals drawn together by a common purpose of changing systems and using practice from the Art of Hosting network. They had been working on a sister project within WWF-UK to change the food system, Tasting the Future.

² The people and organisations involved in Hara Practice Collaborative were: Hendrik Tiesinga and Simone Poutnik of Natural Innovation; Maria Scordialos, Vanessa Reid and Sarah Whiteley of the Living Wholeness Institute; Linda Joy Mitchell of LindaJoyMitchell; Tim Merry of Change Ahead.

Maria reframed the problem we faced and asked Jen and Richard to look at what they had, rather than what they didn't have. What we clearly had was a growing community of people who wanted to change the financial system in service of people and planet. They didn't necessarily come from mainstream financial services and they didn't bring lots of funding with them, but we had been hugely inspired by this willing group of people. Maria's question was 'Why choose 26 people, when 150 could participate? Why not invite anyone who has passion and responsibility?' Her theory of change was that it is not just people within the incumbent system who can change things. The people outside of it who are ready for change can move things too.

Maria talked about moving from outsourcing the change, to almost becoming the change ourselves by leading the process and learning to host ourselves and The Lab as practitioners.

We had each been inspired by what had happened so far at our events and intuitively felt that the group of people who showed up wanted something to happen. The conversation opened up new perspectives and a new possible future for The Lab.

A black and white photograph of a man in a suit and tie, holding a smartphone in his hands. The image is dark, with the man's face and hands being the primary light sources. The text is overlaid on the image, with the first part in white and the second part in yellow.

June 2010, Chartered Accountants Hall, London. A tanned investment banker with shiny brown hair stands up amid a seated audience of 120 in pinstriped suits, corduroys and summer dresses. 'This feels a bit like alcoholics anonymous. In answer to your question', he says shuffling,

'The reason why I showed up today is because I want my children to be proud of their father. Right now I don't feel that they can be.'

BUILDING THE COMMUNITY

In 2009, Tellus Mater³, a forward-thinking foundation, provided crucial seed funding because they believed in systems change and The Lab's approach.

³ www.tellusmater.org.uk/

With the help of The Hara Collaborative we hosted three large 150 person 'assemblies', bringing together people who had previously been to our events and others who had heard about them.

The Hara Collaborative brought with them a whole host of participatory methods which positioned the core team as part of the ecosystem. We made the message clear to the community that we were all in this together and we were simply facilitating change to happen.

The process was not planned or orchestrated at this point, it was emergent. The events illuminated the ideas that were most alive within the community so that we could follow them. Our gatherings were about attracting the people who cared and could help us identify the next steps. We requested that they take a step back and ask big questions about the financial system. Questions such as: 'What are the characteristics of a system you would be proud to leave behind?' We crowd-sourced ideas for a better system and established further areas where innovation could create change. As a result, a number of innovation groups were identified: people with ideas that they passionately felt really could change the financial system.

The assemblies also illuminated the way forward for The Lab. With the help of The Hara Practice Collaborative we drew up a route map which we could share with the community to show how the process might unfold. This formed the basis of our Amplify strategy as it contained a series of large events, designed to crowd-source ideas, followed by smaller group meetings around specific topics.

'We also built an online community as a place for participants to connect after events and it quickly populated with over 1,000 people.'

EXPERIMENTING WITH INNOVATION

We then started to host smaller workshops where leaders of innovation groups identified at the assemblies could meet to develop their ideas in more detail. We supported them to take their work forward, using creative methods to help them develop their strategies, for example building models of their initiatives out of Lego. We supported around 20 of these and many didn't work, but crucially, some did.

For example, the TEEB for Business Coalition was launched, spearheaded by Pavan Sukhdev who had moved to The United Nations Environment Programme (UNEP). The project drew together civil society groups and business leaders who were exploring internalising externalities. It gained momentum quickly and was funded by Defra and the Gordon and Betty Moore Foundation.

Working with a champion of The Lab, Jason Mollring, then at UnLtd (The Foundation for Social Entrepreneurs)⁴, and with Suki Laniado Smith of Shirlaws Coaching⁵ (a global coaching company), we built UnLtd Future. UnLtd Future was a programme designed to 'accelerate alternative business models that connect people, planet and profit'. It successfully incubated nine social entrepreneurs, six of which secured funding at the end of the programme in 2012.

We learnt a lot from this process; in particular that just because someone instigates a group at open space doesn't mean they want to take it forward. Asking people to commit on the day of an event doesn't create real commitment. Also, it became obvious over time that we needed criteria for innovation groups before we invested in helping people. Moving from an idea to a project takes more than convening. We didn't have a strategy about how to build ideas into functioning projects or organisations.

⁴ <https://unltd.org.uk>

⁵ Shirlaws is an international coaching company to entrepreneurs www.shirlawscoaching.com.

EXPERIMENTING WITH GOVERNANCE

We asked members of the community to step forward and become Lab 'stewards', to help govern the project. We took the group on a retreat in the country where we used appreciative inquiry and other participatory processes to uncover their commitment to the project. While there was initial energy among stewards to support The Lab, this group had to be disbanded after several iterations.

A circle of men and women sit in a grand room with a fresco on the ceiling. 'What I want to know', exclaimed a lady with light hair 'is where is the action?' Folding her arms she sat back down. 'I see my role as being your critical friend' said another dryly. 'We don't need any more critical friends' shot back the man with the blue suit and shaven head. 'We have enough of those already thank you.'

This was the last stewards' meeting we hosted in The Lab. The group of people we'd asked to step forward to help guide our strategy didn't support it. They wanted to know exactly what we planned to do and what the impact would be. We didn't have those answers and had we had more confidence in ourselves at the time, we could have explained why their approach was diametrically opposed to what we were trying to achieve.



FRIENDS AND FAMILY

We started hosting monthly Lab drinks and built a strong network of ‘friends and family’ who were already changing the financial system – entrepreneurs, writers, leading thinkers who supported what we were trying to do. This group replaced the stewards and became our ‘Fellows’.

As a core team we immersed ourselves in the burgeoning alternative finance movement. We attended events on alternative currencies, the sharing economy, sustainable finance and new economic thinking almost daily. We quickly built a broad and diverse network and hosted over 30 workshops and events in one year for different parts of this community, experimenting with different facilitation methods and testing which parts of the community valued our help the most. In doing so we learnt a huge amount about what worked and what didn’t.

Our emergent process meant that it looked like we had achieved nothing apart from a few lively events in a couple of years. But those events were crucial to The Lab’s success. They built our network, community, knowledge and understanding of the system. They helped us see where we could intervene and have the most impact.



BUILDING THE CORE TEAM

The Hara Collaborative placed a huge emphasis on learning, both personal and collective. We would host quarterly ‘depth meetings’, where we would sit in a circle and share what we were noticing was emerging from our activities. This informed our strategy and we decided together what to build on and what to let go of.

They focused on us as leaders of The Lab and held the mantra ‘we have your backs, but you called this’. They helped us to build our own capacity to host and steward the process.

The Hara Collaborative’s belief was that the degree to which you can change the world is directly related to the degree to which you are willing to change yourself. Culture change starts with leaders who are willing to change themselves for the cause.

This became crucial to the way we worked with the core team becoming a prototype for the kind of culture we want to see grow.

Going through this leadership work together brought us closer as a core team. We were aware of each other’s strengths and weaknesses and the

root causes of them. We could hold each other to account to change our behaviour over the long term.

From core team conversations:
‘I want you to stop putting yourself down when you’re with influential people’ she said. ‘I want you to stop acting ditsy when you’re not’.

Over the years we have become great at giving each other really honest feedback. This coupled with a genuine desire for each other to grow past our biggest weaknesses was what helped us grow as individuals and kept us close when we inevitably disagreed.

Being thrown into testing situations also created a bond. Many of our workshops and experimental groups faced challenges. We found it hard to describe what we were doing, faced pushback and couldn’t answer technical questions. This was always quite embarrassing. We got through it by turning each situation into an opportunity to learn and by being supportive of one another through good and bad.

It was in this phase that we identified culture change as the deeper work of The Lab.



BUILDING PROMINENCE

We started to attract funding. Tina Santiago, a then MBA student with video-making skills, joined our team and taught us how to make our own videos. They were shaky, but allowed us to interview participants and capture some of the magic that was created at our events.

Inspired by this we made a video outlining the story of The Lab so far and were named one of the 'Top 50, Britain's new radicals' by Nesta and *The Observer*.

Charlotte and Rachel managed to secure a speaking slot at the Social Capital Markets (SOCAP) conference in San Francisco. They were immersed in the dynamic world of social enterprise and impact investing and came back full of ideas about design, social media and social innovation. They were also featured in *Forbes* magazine.

As the TEEB for Business Coalition grew, Richard stepped back from his role as part of the core team of The Lab to focus on building this new organisation. Under his stewardship it secured further funding and grew to become The Natural Capital Coalition.

EXTERNAL RECOGNITION

- **NESTA and *The Observer* award:**
The Lab voted one of the top 50 most radical ideas in Britain.
- ***Management Today* and BSKYB award:**
Rachel Sinha, ex-Lab core team member, voted 'Corporate Ace'.
- **Buckminster Fuller Challenge:**
The Lab was a semi-finalist.
- **The Lab has raised over £2m in funding.**

CHALLENGES OF COLLABORATION

A challenge emerged when the lines between consultants and leaders and the core team became blurred. We started off working with both Reos and The Hara Collaborative as co-collaborators, but there came a point in both cases where our money ran out. The relationships shifted and so did the power dynamics. It became impossible to determine which parts of the project were created by us and which bits came from them. Our willingness to put aside traditional business practice and base our engagement on trust and deep friendship was what had got The Lab to this point. But the friendship couldn't sustain the rupture this caused and with heavy hearts, we went our separate ways.

In fact we found collaboration difficult full stop. All of the projects that emerged from the process involved partnering with external organisations, from UnLtd to TEEB, to the University of Surrey, to the Audit and Assurance Faculty at ICAEW.

These collaborations were set up with varying degrees of success. They tended to follow the classic *forming, storming, norming, performing* development phases of small groups.⁶ The project would start with great enthusiasm and lots of goodwill. At some point early on we would hit resistance. There was usually some kind of misunderstanding or disparity between assumptions about the way the project should be structured. Common disagreements centered around who was in charge of designing the process and strategy, how brands would be represented, who made decisions and who controlled the budget. These problems were usually exacerbated if the project grew. A core question for the future success of The Lab became, how do you build successful collaborations? This prompted us to draw up our partnership agreement which we now use at the start of each new collaboration as a way of increasing the potential for collective success.

The collaborative leadership model we used in our core team also threw up challenges. Originally we had weekly team meetings where we would lay out all the tasks needed and each pick the jobs we had most energy for. It worked quite well for a long time. It meant we were all intrinsically motivated to do what we had said we would do and it gave us the chance to learn new skills or work with different team members when we wanted to. But as the project grew we needed a more effective structure. Team members would pour into any interesting project, often creating too many cooks in the kitchen. As the team grew, staff didn't know who they were reporting to. We would talk to the same stakeholders about different projects without cross-referencing. The left hand sometimes didn't know what the right hand was doing and we were in danger of reputational damage and compromising the quality of our work.

⁶ 'Developmental Sequence in Small Groups' (1965) Bruce Tuckman, *Group Facilitation Research and Applications Journal*, Number 3, Spring.

CREATING THE BUILDING BLOCKS FOR SCALE

JUNE 2012

It's 6.30pm and The Lab core team are curled up on different parts of a large red sofa, shoes off, eyebrows furrowed, staring down at their notes, scribbling and crossing out. 'I think we need to work on three leverage points at once' said one of them suddenly, 'new business models, innovation in mainstream and leadership in civil society'. The group and coach look up at once, frowns turn to raised eyebrows. 'Yes' they say.

One of our innovation groups, UnLtd Future led us to work with Shirlaws, a global coaching company that helps enterprises scale and create positive change. We realised that we needed what they offered.

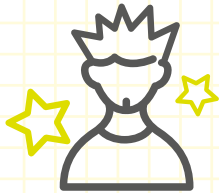
This was the point at which we realised that experimentation was no longer the best approach for The Lab. What was needed now was a strong, clear intention and a robust strategy. Having run The Lab for four years, we were starting to see strong signals about what was working and what wasn't and that we had to start making tough decisions. We were ready to show the world what we wanted to do, rather than let others decide.

Over a two-year period we worked through Shirlaws' different frameworks covering intent, vision, values, our impact, our strategic model

and our individual programmes. Through this process we developed our organisation with a strategy which is rigorous enough to invite others into and clear enough to define the value we offer.

Our strategic model for systems change emerged by reflecting on all the events and projects we had hosted with different parts of our community over the previous years. We worked with a model created by The Living Wholeness Institute (members of The Hara Collaborative), called 'Four Rooms' and placed all the activities into different categories ranging from a community of interest (who were curious but were superficially involved), a community of practice (people already implementing change), and community of influence (people who were influential across large parts of the system).

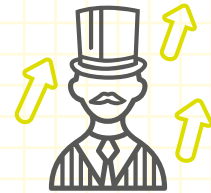
A picture started to emerge of how we might work on multiple leverage points for change at the same time. We also saw that our participants fell into three distinct audiences.



'CREATE'
(entrepreneurs)



'ADVOCATE'
(civil society leaders)



'EVOLVE'
(intrapreneurs in
mainstream finance)

Building our strategy together as a team from our joint experience made us stronger still. We had a shared story that was built from bits of each of us.

Working with Shirlaws, we also clarified the roles and responsibilities within our organisation. It was a painful process as it meant each of us had responsibility for less glamorous parts of the project. We had to take over roles that we were best at, rather than the jobs where we could learn a new skill. We untangled, once and for all, how we should be organised.

Importantly, we learnt the power of saying 'no' to things that were misaligned. We developed a clear decision-making process for opportunities that arose and set clear boundaries, with a mantra 'purpose first, organisation second, then the needs of any individual third'.

Pauline Pinnock, one of our participants on UnLtd Future, joined our team as marketing manager and brought rigour to our marketing efforts. Inspired by our earlier attempts at video making she started to create professional films to support our projects and had a policy of only using professional photographers.

With this clear positioning, we attracted the kind of funding and projects we really wanted.

We built an influential stream of work on disruptive finance policy that included Andy Haldane of the Bank of England and was supported by Calouste Gulbenkian Foundation⁷ and Friends Provident Foundation⁸.

We launched 'Campaign Lab'⁹ a leadership programme for economic justice campaigners in partnership with nef (new economics foundation) and the Public Interest Research Centre (PIRC).

We published our prospectus and *Manifest*¹⁰, a series of interviews highlighting groundswells of innovation within the financial system that are gaining momentum.

We began to take strategies we had developed in one area of our work and implement them with different participants. For example, we learnt how to host incubators for social entrepreneurs by creating UnLtd Future and applied this strategy to create Campaign Lab.

⁷ www.gulbenkian.org.uk

⁸ www.friendsprovidentfoundation.org

⁹ <http://campaignlab.org.uk>

¹⁰ www.thefinancelab.org/insights/manifest-publication

WORKING WITH MAINSTREAM

As our prominence grew, we were approached by colleagues in ICAEW's Audit and Assurance Faculty to help them address the question 'how can audit better serve society?' We designed a process, starting with a large 150 person assembly, bringing together stakeholders from across the audit profession. Partners from the Big 4 audit firms were all present and we knew we needed a particular type of facilitation style that would look credible and hold that level of mainstream power in the room.

We secured funding and built a team to lead this work. Martin Martinoff, already an active member of The Lab community, joined us as project lead. We called upon Tim Merry¹¹, who brought confidence, great event design skills but also an ability to write slam poetry, to host and sum up the key learnings from the event. At these gatherings we always worked with Niamh Carey¹², a graphic recorder to capture the essence of what emerged from the day. This combination of being a creative and credible host with clear outcomes seemed to be a winning formula with the mainstream audience.

¹¹ www.timmerry.com

¹² <http://drawitout.co.uk/>




AuditFutures, a multi-year change programme funded by the six largest audit firms, was born and we were subsequently asked to help launch Tax Lab with the ICAEW Tax Faculty.

'This combination of being a creative and credible host with clear outcomes seemed to be a winning formula with the mainstream audience.'

GETTING RIGOROUS ABOUT FINANCE

Having attracted funding from Calouste Gulbenkian Foundation, Chris Hewett joined The Lab's team to lead our policy work. In Chris we finally had someone at the heart of The Lab who knew a lot about policy in the financial system. This informed our strategy and we moved from crowd-sourcing ideas at events to forming our own analysis based on one-to-one dialogue interviews with key advocates for change in finance.

Through this Chris uncovered three major strategies for changing finance.

	Changing legislation	TOP DOWN
	Supporting disruptive innovators	BOTTOM UP
	Implementing the most radical change possible within the parameters of existing business models	MAINSTREAM

Analysis of the landscape showed us that other players in civil society were putting their energy into top-down and mainstream strategies for change. So our tactics shifted toward taking more of a bottom-up approach, where we could really make a difference.

Our work really came into its own under the leadership of Chris. He helped us attract additional funding from Friends Provident Foundation. We supported and subsequently convened and led the Transforming Finance network, writing up a Charter for a New Financial System¹³ and producing a slick documentary featuring influential figures from our community including Andy Haldane, John Kaye and Susan Kramer. In addition, Campaign Lab was continued for a second year, boosting our credibility among civil society organisations seeking economic systems change.

¹³ www.thefinancelab.org/insights/charter-new-financial-system-2

TRANSITION

As The Lab grew, we began to feel that the timing was right for us to become an independent organisation. This would help us embed our culture, grow the team and scale our work. Both our founding organisations agreed and invested key resources in The Lab's future expansion.

Rather than being scary, it felt like this was right time for The Lab to leave home. We wanted to hire staff and work in the same office, to have our own policies and procedures rather than a mish-mash from our two parent organisations and crucially funders began to tell us we would be more attractive to them if we spun out.

We worked with Shirlaws to develop a strategy detailing every aspect of our project from our values to the functionality of the core team and hired lawyers to help us work out how to transition well.

RAISING OUR PROFILE

This prompted a phase of raising our profile as an organisation. We entered and were announced as semi-finalists of The Buckminster Fuller Challenge Prize in the US. We launched a new website, created an up-to-date prospectus, made professional videos documenting the impact of our work with innovators and advocates for change.

The core team were asked to speak at systems change events and conferences and we developed an effective Twitter campaign, which led to *The Guardian* newspaper naming us one of the top 10 tweeters on sustainable finance.

TEACHING OTHERS

‘The Finance Innovation Lab is a brilliant initiative – acting as a platform for systems change in finance. Members of the New Economy Organisers Network (NEON) have used The Lab on countless occasions to better understand, act on and tackle issues of financial reform. Working with The Lab on the structure of NEON has been transformative for our programme – allowing us to pool efforts in systems change and learn from The Lab’s model of organising people at scale for systems change.’



- Daniel Vockins, Lead Organiser, NEON, nef

Finally, we are beginning to leverage our learning by building the capacity of others who want to lead systems change projects. Charlotte is doing this with the New Economy Organisers Network (NEON), hosted by nef; Jen is working with the International Institute for Environment and Development on their ‘Energy Lab’ project; Richard has set up the Natural Capital Coalition and Rachel is helping a number of projects that want to build the field of systems change, such as The Point People and academics like Marc Ventresca at Oxford University’s Saïd Business School.

To do this we have attempted to consolidate what we know, to write it down, so we could teach it to others and help them grow their own work.

CHAPTER TWO: THEORY OF CHANGE

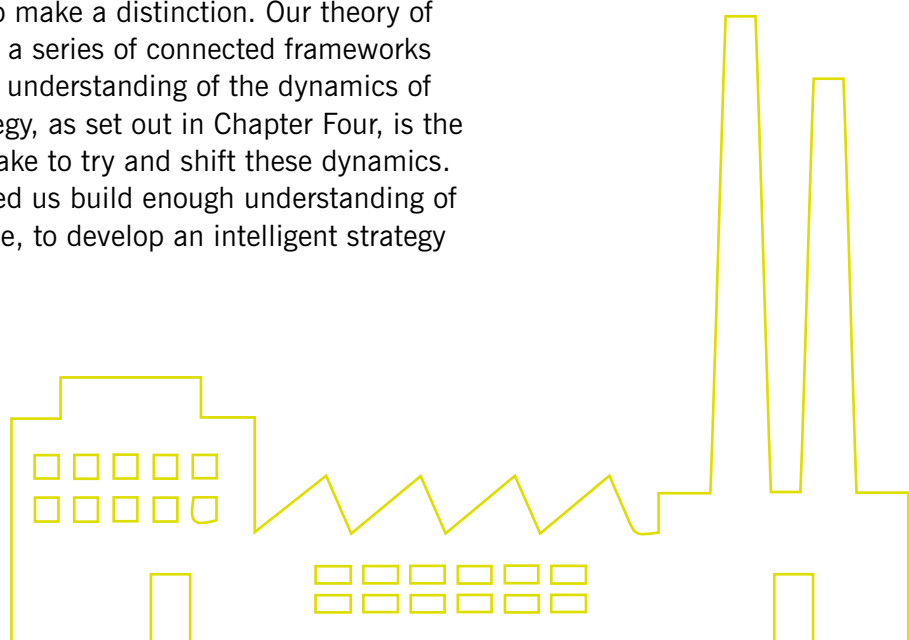
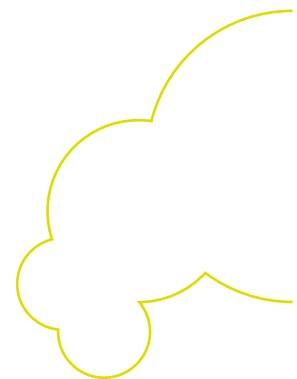
‘If a factory is torn down but the rationality which produced it is left standing, then that rationality will simply produce another factory. If a revolution destroys a government, but the systematic patterns of thought that produced that government are left intact, then those patterns will repeat themselves ... there’s so much talk about the system. And so little understanding.’

- Robert Pirsig, writer and philosopher

Building The Lab has challenged each of us. We have had to build a broad understanding of how complex systems change and also a deep understanding of ourselves as leaders. In this section we share our understanding of how systems change and our learning and insights into leadership. Both these aspects make up our theory of change.

So this chapter has two sections: one explaining models on systems change and one on leadership.

Before we begin, it is helpful to make a distinction. Our theory of change is not our strategy. It is a series of connected frameworks which have helped us build an understanding of the dynamics of the financial system. Our strategy, as set out in Chapter Four, is the sum of the interventions we make to try and shift these dynamics. Our theory of change has helped us build enough understanding of the context in which we operate, to develop an intelligent strategy to try and change that context.



SYSTEMS CHANGE

WHAT DO WE UNDERSTAND BY SYSTEMS?

Human systems emerge when individuals form a network of relationships and arrangements, designed to address a particular problem or goal that they feel invested in. They do so with a specific worldview and a set of values that sit at the heart of their work and which drive the overall purpose and direction of the system they're building.

Over time, power consolidates and these arrangements inevitably meet the needs of some and fail to meet the needs of others. At this point systems often begin to feel impossible to shift.

However, this exclusivity can actually be a catalyst for change. The Occupy movement with their 'We are the 99%' slogan is a good example of a set of stakeholders who very publicly became disillusioned with the way the financial system functions. What began as a small movement in New York, spread throughout the world within weeks, raising global consciousness of entrenched inequality.

We also believe that we do not have to be 'passive recipients of history'.¹⁴ We believe that because people started the financial system, people can also change it. And so the fundamental purpose of The Lab is to empower positive disruptors in the financial system.

SO HOW DO SYSTEMS CHANGE?

We don't have all the answers and the financial system is constantly evolving, with or without our intervention. But over the last six years we have observed closely when our work has helped to shift change in a positive direction.

As Kurt Lewin, the founding father of social psychology famously surmised, 'there is nothing as practical as a good theory'.¹⁵ Our own theory of change has emerged out of our practice. We have found a number of theories and models that have helped us understand the dynamics of systems and how we can intervene to change them.

Before we look at the models, we should make the point that they are an oversimplification of what is actually happening in our complex systems. The models help to characterise general patterns of change. But, in reality, systems are dynamic, interconnected and ever changing.

The models we have found most useful in this context have come from people who have studied how systems change while actively trying to change them. As the singer and activist Pete Seeger said:

'Any darn fool can make something complex; it takes a genius to make something simple.'

And we find that these models do exactly that.

¹⁴ Julian Corner, on www.systemschangers.com

¹⁵ "Field theory in social science: selected theoretical papers" (1951), Kurt Lewin, Harper.

THE BERKANA INSTITUTE: TWO LOOPS



The Berkana Institute¹⁶ has researched how systems change, from directly observing practitioners who are trying to change them. They have found that in any given system, both the old system and the seeds of the new exist at the same time and that transition is a tense, dynamic process of resistance of the old and breakthroughs of the new.

¹⁶ <http://berkana.org>

The top loop represents the existing system. Over time power consolidates and we see the emergence of monopolies. These happen in many industries. In the UK we see the big four supermarkets for example, and in finance, we have the big four banks. These are surrounded by powerful institutions which support these arrangements. In finance these players are literally ‘too big to fail’ and as such, develop undue influence over the rules of the game.

The financial crisis created a huge opportunity for a new system. We saw ideas start to take root that are based on values previously marginalised by the dominant system. The bottom loop in the model relates to these innovations. They are more democratic – people have more direct say in where their money goes; more responsible – finance is in service of socially and environmentally positive outcomes and fairer – money is more equally distributed throughout society.

The model suggests that there will be a dip before the innovation emerges strong enough to genuinely challenge the status quo. Things get worse before they get better and the existing system will try to survive, at all costs. As predicted, after the crisis, a lot of ‘innovation’ was based on a kind of ‘fix it and carry on’ mentality rather than a desire to truly transform the financial system.

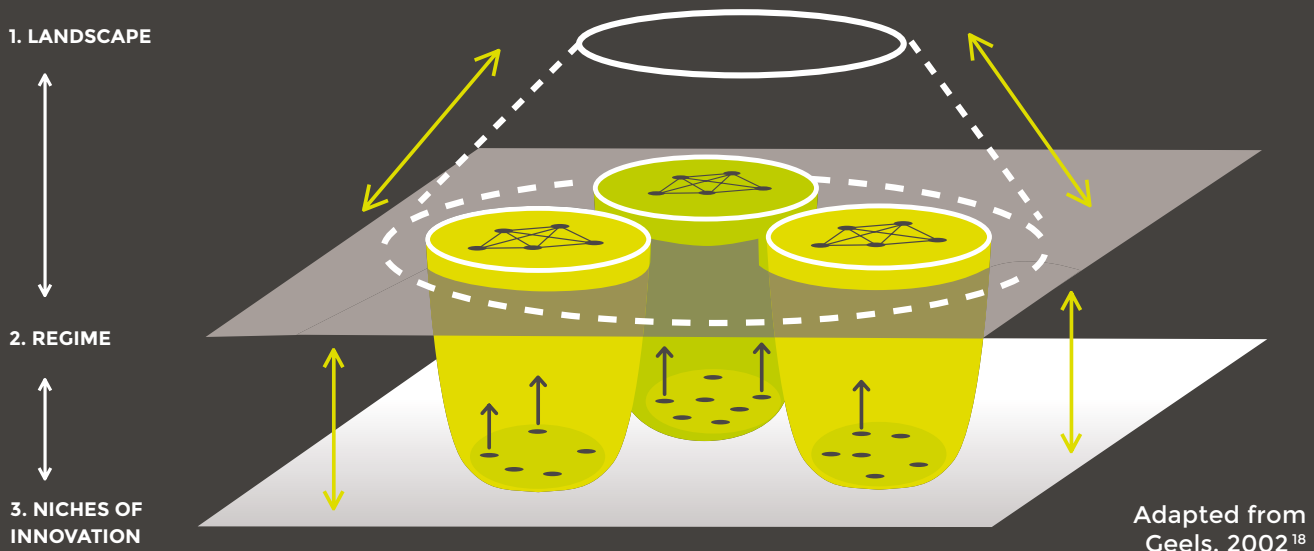
Berkana argues that the role of a change project like The Lab is to connect those outliers who are creating the building blocks of a radically better system, build supportive communities around them and help them to turn their ideas into reality.

Since The Lab started we have seen various groundswells of innovation take off. We have refined these to three major groups:

- Entrepreneurs creating alternative business models in finance – alternative currencies, peer-to-peer lending, impact investing for example.
- Advocates from civil society seeking structural reform of financial policy and regulation such as UK Uncut, divestment campaigns and Occupy.
- Intrapreneurs trying to change mainstream financial services industries from within, for example pension funds now looking to reduce their exposure to fossil fuel stocks in response to risks of climate change.

TRANSITION THEORY

Transition Theory prioritises three major, interconnected strategies that together catalyse systems change.¹⁷



1

Change the 'landscape'

This is about the terrain the game is played on, rather than the dynamics of the game itself. It covers demographics, technological innovation, environmental factors and other broad trends, and also the social and cultural norms that make up and perpetuate what we believe is normal.

Our current form of neoliberal economy is an example of part of our current landscape. Statements such as 'growth is good' are framed and endorsed by powerful institutions in media, government and business. As such it seems like common sense to pursue policies and practices that will shore up more growth, even when this growth causes many of the problems we are grappling with, such as climate change and inequality.

It takes a brave soul to step forward and publicly challenge ideas at this level as it brings into question many of the comforting concepts that have been part of the landscape for decades. We saw huge pushback from those invested in the status quo in finance towards people in our community who became the spokespeople for challenging business as usual. We have also experienced this ourselves, when The Lab has called into question the values and ideology that underpin the existing financial system.

Change at the landscape level is extremely slow. It is about shifting the purpose of a system and it can take generations. Here we have found the metaphor of cathedral building useful; it's a community effort, based on communal values and being part of it takes an acceptance that you might not see the impact of your work within your lifetime.

Our work at this level has been about creating the space to ask big questions about these concepts that are a normalised part of our society. We focus on changing the climate of ideas around finance: illuminating the positive alternatives that are emerging and spreading these ideas quickly through networks of relationships built at our events.

¹⁷ http://en.wikipedia.org/wiki/Transition_management_%28governance%29

¹⁸ *Technological transitions as evolutionary reconfiguration processes: a multi-level perspective and a case-study*, (2002), F.W. Geels.

2

Change the 'regime'

At the regime level, the focus is more on the dynamics of power. Who gets to shape the rules of the game? Who has access to the most valuable information? Who is included and who is excluded? Who decides where money flows? Who gets to shape the narrative of success in the system?

It comprises the entire infrastructure that perpetuates the 'way things are': the institutions, the market arrangements, the culture, the policies and regulations that enforce and protect the status-quo. This becomes what Transition Theory calls a 'regime':

'Regimes comprise all the structures and institutions shaping the status quo. It is here where so-called lock-ins occur: existing capabilities and knowledge, economic cost of changes, vested interests, politics and power relations, established infrastructures, institutions, markets and ... cultures combine into a complex system that tends to self-stabilize around the status quo and reject any tendencies for systemic change.'

- Scrase and Smith, *The (non-) politics of managing low carbon socio-technical transitions*, 2009

This is a difficult set of structures to change simply because regimes are so entrenched. Our work here focuses on changing the dynamics of the regime, either from outside of it, or from within.

From the outside, we empower campaigners to work more effectively for systems change, bolstering their leadership skills, refining their strategies and building strong community between them.

We bridge into the regime by bringing together coalitions of players who are building the new system and making their case to people of influence in government and policy bodies.

From inside mainstream we work with powerful players in financial services, supporting them to innovate within their professions.

3

Foster 'niches of innovation'

This area is comprised of the disruptive innovators, specifically those that are creating new models of finance, based on a different mindset, values and purpose. These prototypes need to be protected from push back from the existing system.

Here we incubate these innovators: helping them refine their strategies, build their leadership capabilities so they are ready to scale and create communities around them that can sustain them in the long run.

We work at multiple levels of the system at the same time, supporting both incremental and disruptive change. But it is important to us that every innovation at the incremental end of the spectrum creates the opportunity for later, more substantial disruptive innovation to be accepted, or makes the new system more resilient.



DONELLA MEADOWS: PLACES TO INTERVENE IN THE SYSTEM

Donella Meadows was a seminal thinker on systems change whose work helped us understand the dynamics of the system we are trying to change. After decades of experience in this field she created a list of the top leverage points that have the most impact when trying to change systems.¹⁹

We use four of the top five leverage points as a checklist to assess whether we have thought of the right things in designing our strategies and it also gives us criteria for the projects we are willing to support.

¹⁹ *Leverage Points, Places to Intervene in a System*, (1999), Donella Meadows, Sustainability Institute, Hartland: Vermont.

THE FOUR LEVERAGE POINTS WE CONSTANTLY REFERENCE ARE:



DOES IT QUESTION THE MINDSET AND VALUES THAT UNDERPIN THE STATUS QUO?

We will only support initiatives that perpetuate the values of democracy, responsibility and fairness in finance. So we make these selection criteria for the people and projects that participate in our programmes.



DOES IT HELP TO RE-PURPOSE THE FINANCIAL SYSTEM?

We put the problem in the middle and ask how the system might adapt to solve that challenge rather than keeping the current system as a stable variable and trying to shoehorn sustainability into the current financial services industry.



DOES IT SEEK TO CHANGE THE RULES OF THE GAME IN FINANCE?

Through the Transforming Finance network, we bring policy makers and regulators together with disruptive innovators. These innovators are creating a new game, based on a different purpose and values while the existing policy and regulation most often favours incumbents. Disruptive innovators need new regulation that would allow them to flourish.



DOES IT FOSTER INNOVATION?

We look for initiatives that have positive knock-on effects in other parts of the system, where innovation in one place would encourage innovation elsewhere. Peer-to-peer lending, for example, can encourage people to re-think of the role of banks as necessary intermediaries and to become active investors in socially and environmentally useful businesses, rather than passively signing over their money to investment funds.

²⁰ *World as Lover, World as Self: A Guide to Living Fully in Turbulent Times*, (2007), Joanna Macy, Berkeley, California: Parallax Press.

We find these questions a very practical way of turning systems change theory into practice. But, our work is messy and it's not always clear which intervention will make the most difference. Initiatives born out of this checklist are like stepping stones towards a new system. They have the DNA of the new system – its purpose, values and mindset – embedded within them.

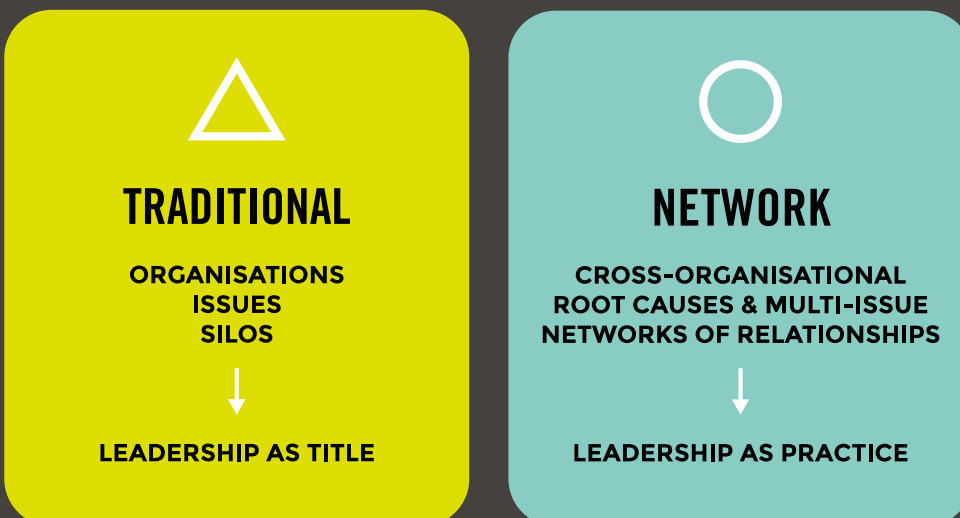
By keeping these in mind, we can have some confidence that an experiment will grow in a positive direction. As Joanna Macy states, 'means are ends in the becoming'.²¹ It is important for us that every effort to change the financial system carries the hallmarks of a new system within it.

LEADERSHIP

Our experience of leading a systems change project like The Lab has been inspired by a number of the coaches and change facilitators we have worked with: Shirlaws, Reos, Natural Innovation, Kessels & Smit, Narrativ and The Hara Collaborative. In particular, we have found the term ‘collaborative leadership’, put forward by the Art of Hosting network, a very useful frame for thinking about leadership for systems change.

The concept of collaborative leadership has many similarities with notions of leadership that are about enabling others. For example, the philosophy of ‘servant leadership’ from Robert Greenleaf and the Clore Leadership programme’s notion of ‘relational leadership’ are also helpful ways to reframe leadership as an act of sharing power rather than accumulating power.

From our own practice we have developed our own concept of leadership. For us, this means, as leaders, we are often running collaborative networks, rather than top-down hierarchical organisations. This means shifting power away from a few leaders at the top of one central organisation and distributing it across many leaders in a decentralised network.



In traditional hierarchies, leadership is reserved for the few who make it up the ranks. Leaders have the power to make decisions that affect everyone else, they have privileged access to important information and to other influential people. The way power manifests in this organisational form could be summed up as ‘power over’.

In networks, this is opened up and there is no formal rank to climb. There is an informal hierarchy, based on relationships.

In well-functioning networks, leadership is distributed to those that have the strongest relationships and invest in helping others. Where networks work well, your contribution is your power.²¹ Leaders lack the formal authority to make decisions on behalf of the network, rather their role is to establish the processes that allows others to make or directly influence the decisions that affect them.

²¹ Catherine Howe, Publici on www.systemschangers.com

In addition, when working on complex, systemic challenges, leaders cannot be detached from delivery. The work is about innovation, trying out new approaches to change and learning from the impact. Leaders are those who are working with others in direct implementation, more like a scientist in a laboratory, than a traditional boss. Their power could be summed up as ‘power with’.

Another source of power, and one that is often overlooked, is a leader’s ability to inspire and attract others to their cause. With such a high degree of autonomy in networks, we confer authority on others because they inspire us. This can be achieved through charisma but this is often short-lived as, working in such close quarters, we end up seeing through the facade: we end up seeing who they really are.

Inspiration is sustained because we believe that these people are authentic. They have effectively communicated their values to us and we see them put them into practice. And they are also honest and open when they fail to live in accordance with their ideals. They are human and like us, they make mistakes too. The most powerful leaders of social change have shown us such a high degree of congruence between their values and their behaviour that they inspire us to be our best selves. This could be summed up as ‘power within.’

So systems change requires moving from leadership conferred by title and rank, to leadership as a practice for people to cultivate, based on their authentic desire to contribute and their sense of purpose. This means changing our conception of power: From power over, to power with and power within.

‘Inspiration is sustained because we believe that these people are authentic. They have effectively communicated their values to us and we see them put them into practice.’

CHAPTER THREE: OUR PRINCIPLES

Codifying our culture, being explicit about our principles and the behaviours we want and don't want, has helped us embed this into the DNA of The Lab and has been crucial to our success. It has become the shorthand that allows us to work efficiently and is perpetuated through positive behaviour rather than having to read out the rules every time a new person joins. The central principles of this culture are:

COLLABORATION
ACTION-LEARNING
EMPOWERMENT

We explore what we mean by each of these in this chapter.

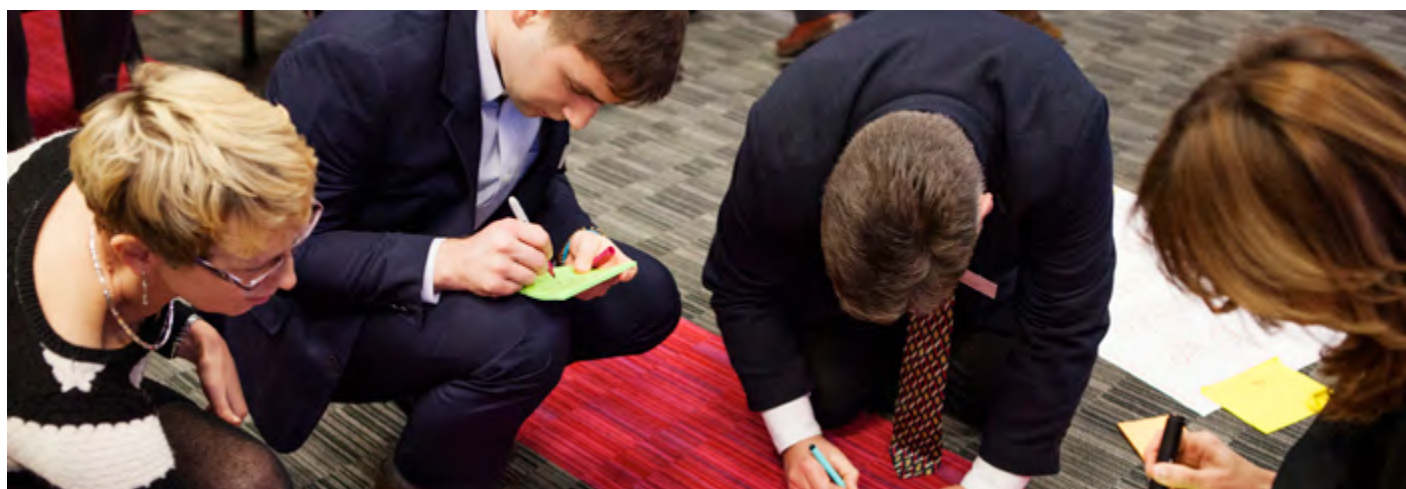
COLLABORATION

Systems change requires collaboration. The financial system is simply too large and powerful for any one organisation to change it alone. You deal with one problem and another one simply pops up somewhere else. To address this we need to take a holistic view of the system and have a coordinated response. We believe we will be far more effective if we work on the root causes together, at the same time.

The actors who could change things in the financial system come from very different worlds. The Lab itself began as a collaboration between ICAEW and WWF-UK. It has been the unlikely partnership between us, the different resources and stakeholder groups that we were able to bring to bear on the project, that have contributed to our success.

‘The human face of systems change is collaboration.’

- Social Innovation Generation, Systems Change



HOW DOES COLLABORATION CONTRIBUTE TO SYSTEMS CHANGE?

The current regime is powerful because of its many established networks and relationships, backed up by policies, procedures and laws that embed existing ways of doing things.

If we are to have any hope of shifting things, the people who are creating an alternative need to work well together too. Cohesion can emerge over time of course, similar people find one another eventually and will self-organise, but we can help to accelerate this.

Collaboration here doesn't mean that we want everyone to work together on the same issue; individuals and organisations need to be driven by their own sense of autonomy and purpose and we have found that these actors can be far more effective if they have a shared set of founding assumptions. They are more powerful if they are united and coherent. Achieving unity on foundational issues gives each actor in the collaboration more confidence to adapt and innovate their own approach. Each is safe in the knowledge that they are working towards a common goal, even if they take a different route to get there. Getting to this point requires someone to take the role of convenor and this has been our position; helping to build alignment by pulling together people who share common values and supporting them to build a cohesive narrative.

Similarly, the general public will be more likely to support an alternative way of doing things if they can see it has already been built and is working. This requires new constellations of people coming together to build effective organisations; a new system of infrastructure and relationships pieced together by the actors in the system who want a different way of doing things. Our role has been to incubate these new networks and organisations and teach them how to collaborate efficiently and effectively, thereby accelerating the development of a new regime.

A crucial word of caution. Collaboration does not mean everybody is always included. Boundaries are an essential part of healthy collaboration. One of our big insights is that it is only when people share the same purpose, have complementary values and strategies can they create mutual benefit for one another.



'Achieving unity on foundational issues gives each actor in the collaboration more confidence to adapt and innovate their own approach.'

ACTION-LEARNING

‘Be open to everything, and attached to nothing.’

- Wayne Dyer, spiritual teacher

We began this work without experience of leading a systems change project. So we have always taken a learning approach to building our strategy, leadership and organisation.

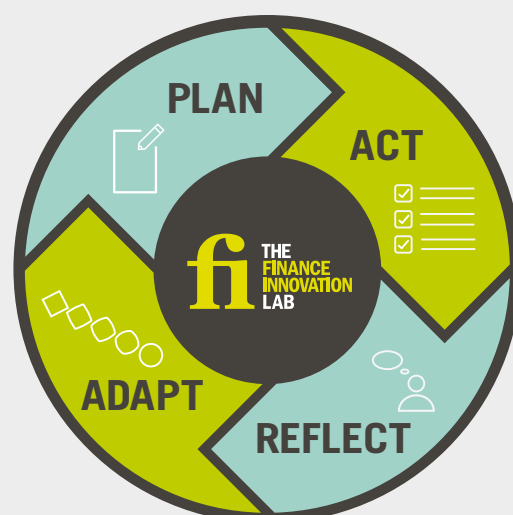
This means we treat everything as an experiment: build a hypothesis, test it out, rigorously record what we learn and then recalibrate our strategy as a result.

This approach can be challenging. It means you always need to start before you are ready. We have always been committed to doing something even if it was a bit shaky at first.²²

It also requires an organisation-wide commitment to admitting what hasn't worked and facing this reality in sometimes excruciating detail. While this can be difficult it allows the team to develop quickly together.

This is not a common way of operating. Conventional wisdom dictates that you should build a logical and linear plan to achieving your goals. And you can face push back from people who are demanding the security of definitive plans. However, we have found this experimental approach has helped us grow and improve The Lab over the years, building on what works and turning the rocky parts into insights that help us develop criteria for what we do (and don't do) in the future.

In practice this means we are constantly moving through cycles of action-learning as outlined in the model.



²² *Experiential learning: experience as the source of learning and development*, (1983), David A. Kolb, New Jersey: Prentice Hall.

EMPOWERMENT

What makes these principles of collaboration and action-learning possible in practice is our emphasis on empowerment.

FOR US THE CENTRAL CHARACTERISTICS OF EMPOWERMENT ARE AS FOLLOWS:

SAFETY

Safety enables collaboration. Without it, people hold back from participating - they fail to take risks, admit mistakes or connect wholeheartedly with others.

We try as best as we can to remove the shame of making mistakes through creating a feeling of safety; making it okay for people to fail, to admit vulnerability and to see their efforts as works in progress, always improving and growing. In practice, this means slowing down and making adequate time for reflection. We build this into every session, asking ourselves what's working and what's not working. This way we normalise a culture where we are not ashamed of failure, rather we are inspired to take bold action and to keep at it, even when it feels hard.



PARTICIPATION

We believe in participatory processes. Participants often teach each other as much, if not more, than experts can. So we design all our events and programmes for maximum participation, where every voice is heard and where we learn from one another's experience. In the main we avoid panel sessions, replacing them with opportunities for small group conversations where people listen to each other as much as they talk and where they can expect to have met the majority of the people in the room by the time they leave.

Our ambition is for everyone to participate in changing the financial system. However, patterns of power and privilege give some people a more favourable starting point than others. Too often only those at the top of hierarchies, or with the most power, are invited to be at the table when important issues are discussed. This excludes many others from marginalised communities, ironically often those most badly affected by the financial system and with most to gain from changing it: women, disabled people, ethnic minorities, other marginalised groups. To counter this we try and create a culture where it is safe for these groups to participate. However, we are still learning how to overcome the invisible but often impenetrable barriers to full participation that economic and social disadvantage bring and we are trying out new ways to attract people from more diverse backgrounds into our events and programmes.



LOVE

‘People will forget what you said, people will forget what you did, but people will never forget how you made them feel.’

- Maya Angelou, author



We are passionate about the importance of allowing people to be fully human. This is not just because it is a nice thing to do, it is because it helps us forge the deep relationships needed for collaboration. It also allows us to express our full range of abilities, find our purpose and amplify each other's potential, which helps us have more individual and collective impact.

There are a number of factors that we emphasise that help us to create a loving culture in The Lab. Firstly, we ask questions at our events that draw out and legitimise people's emotional experience and personal stories, just as much as their intellectual insights. We also prioritise creativity and find that letting people experiment with solutions through drawing, acting, making models and creative writing, helps them move more quickly towards shared solutions and a positive lived experience of the feeling of collaboration.

Secondly, we recognise that relationships are everything. They are the invisible glue that holds us together. So we design our events and programmes to allow people to connect with each other deeply, sharing important personal truths that help them build trust and understanding as a community.

Thirdly, we appreciate people. We regularly take time to reflect on each other's skills and celebrate individual contributions. We encourage people to develop their own mastery in things they are passionate about by sharing power and by letting others step forward when they have the greatest level of expertise in the team, no matter what their position. But at the same time fostering a sense of responsibility, doing what we say we are going to do and being willing to muck in and help out when things need to get done.

Finally, we hire people who are aligned with this culture. While we acknowledge there is a risk in becoming too cliquey, for a small organisation trying to achieve a lot with limited resources, we have learnt many times over that the most successful additions to our team have been people who respect, and want to be, part of this culture.



HOW?

Our model works at four levels.

AMPLIFY

This is where we work with the largest number of people (over 3,000 to date), connecting individuals who don't normally meet each other from across the financial system at large scale events like our assemblies and at smaller gatherings like our monthly drinks.

We also illuminate the inspiring ideas and projects emerging from our community through our thought leadership, our newsletter and on social media and our website.



DEMONSTRATE

Over time we learnt that change wasn't just going to happen by convening people; we needed to help participants demonstrate what an alternative financial system could look like. Our strategy here is to incubate promising leaders and projects that could change the system.



REFORM

Here we convene networks of influential people who work together to reform the rules of the game which affect large parts of the financial system. Examples of this work include joint policy and regulatory change.



SCALE

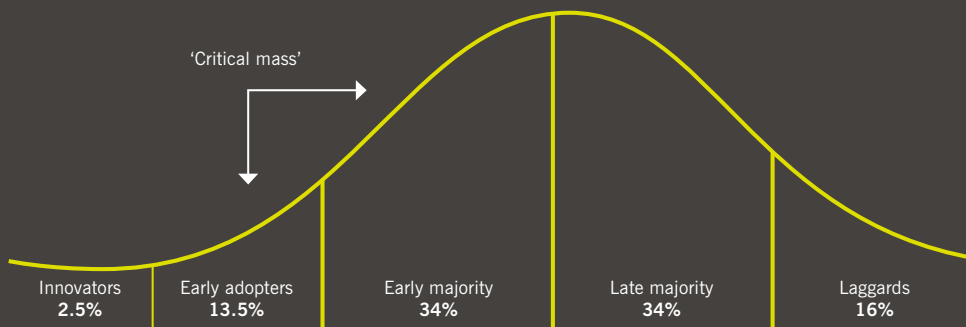
This work is about building the organisation, the programme strategies, and the leadership capacities of the core team and increasingly, other organisations wanting to learn from our model.



The following chapter will explore our strategy at each of these four levels in more detail.

WHO?

WE WORK WITH WILLING AND OPEN CHANGE AGENTS



The core team of The Lab are not campaigners. It is not our gift to convince people to change. We have discovered that we can have most impact by working with people who are already awake to the idea that the status quo is not working and are committed to changing it.

Over time we realised the community we were convening and getting traction with fell into three camps that can be mapped into the 'critical mass' section of the 'Diffusions of Innovation' model above.²⁴

'You keep pointing at the anomalies and failings of the current paradigm, you keep speaking louder and louder with assurance from the new paradigm in places of power and public visibility. You don't waste time with reactionaries, rather you work with active change agents and with the vast middle ground of people who are open-minded.'²⁵

- Thomas Kuhn on paradigm change

²⁴ *Diffusion of Innovations* (1962), Everett Rogers, New York: The Free Press.

²⁵ *Structure of Scientific Revolutions* (1962), Thomas S. Kuhn, Chicago: The University of Chicago Press.

THE GROUPS WE WORK WITH ARE AS FOLLOWS:

INNOVATORS

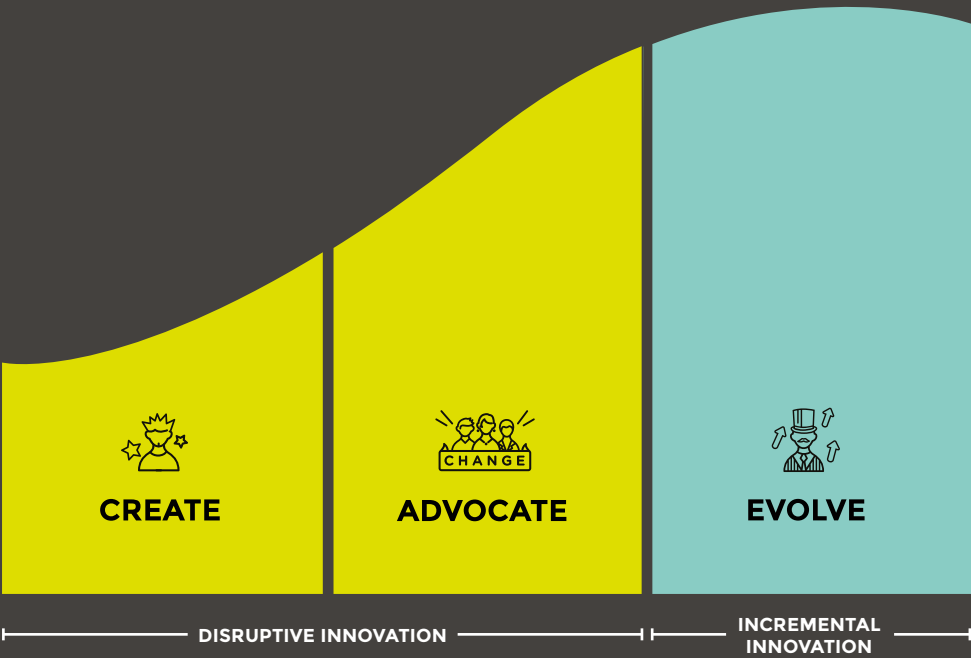
Entrepreneurs creating alternative business models in finance. We call this work 'Create'.

EARLY ADOPTERS

Civil society leaders advocating for systems change in finance. We call this work 'Advocate'.

EARLY MAJORITY

'Intrapreneuers' within mainstream financial services who are ready to use their power to repurpose their professions. We call this work 'Evolve'.



It is important to note that The Lab sees itself in a wider ecology of change efforts in finance. We do not aim to be the sole actor for systems change in finance. Rather we are a platform, bringing together a multitude of change initiatives to increase their collective power and impact.

AMPLIFY



SNAPSHOT

In the Great Hall, ICAEW, I look to one side and there is a 70 year-old clergyman with white hair, in deep conversation with a lady in her 30s with a shaven head. To my right there is a small group of shiny suited bankers huddled around a young campaigner, sharing a joke and laughing together.

That evening 100 attendees gathered in the Victorian library at ICAEW and watched an improvisational opera singer sum up the key learnings from the day.

WHY?

At this level of our model, our aim is to change the 'climate of ideas' in the financial system by illuminating possibilities for change and connecting the people who want to take action on these changes. The goal of this work is to amplify momentum for systems change. We focus on two of our major outcomes here:

THRIVING COMMUNITY

We create diverse communities that didn't exist before and bring together people from across the financial system who don't normally talk to each other but share a common purpose of changing the financial system.

NEW KNOWLEDGE AND BEHAVIOUR

We build participants' awareness of the emerging alternatives in finance and the root causes of problems. We develop their capacity to think systemically and build their sense of agency that they have a role to play in catalysing change.

WHO?

This is for people who believe that the financial system needs to change and are starting to explore how this could happen. They come from right across the system and include people already working to change the system, as well as people who are not yet committed to implementing change themselves, but want to be inspired and to learn how systems change could be possible.

From a strategic point of view it is important for us to be very open to new participants at this level and not to orchestrate who attends too much. We want to invite the widest diversity of people possible.

We adhere to the principles of whoever comes are the right people. Experience tells us that people who are powerful in the current system often do not attend, despite much effort and we've learnt not to worry about it. Innovation often comes from a diverse group and from people at the margins, rather than from the existing majority.

WHAT?

ILLUMINATE

We shine a light on the ideas and people that are changing the financial system. This happens through research, thought leadership and communications.

CONNECT

We bring people together who are curious and open to these ideas. This might inspire them to take their own actions to change the system, collaborate with others or just become transmitters of new ideas and hope. Just the act of forming new connections can be disruptive.

DEMONSTRATE



SNAPSHOT

Fran Boait, the Executive Director of Positive Money,²⁶ a movement to democratise money and banking, participated in the first Campaign Lab. Fran deepened her knowledge of facilitating collaborative processes, learnt new personal development practices, such as mindfulness meditation, and gained confidence in her personal purpose as a leader.

As she says:

'The learning I received from Campaign Lab was completely transformative to my thinking about organisational culture, strategy, self-awareness and collaborative working. Both the skills that I developed and the relationships I made on the course have helped me to bring a more generous, curious and respectful leadership to Positive Money.'

²⁶ www.positivemoney.org/

WHY?

At this level of our model, our goal is to demonstrate what a different financial system could look like and to bring to life some genuine alternatives to which our community can point to show a different future is possible. We focus on all three of our major outcomes here.

THRIVING COMMUNITY

Communities of people who share a common purpose of changing the financial system and who implement radical innovation.

NEW KNOWLEDGE AND BEHAVIOUR

We help to develop the inner qualities participants need to lead others in the implementation of their innovations. Their projects are typically complex, challenging and require others to collaborate with them to work. This demands new leadership skills, which we teach them on the incubation programmes.

SCALABLE SOLUTIONS

We help participants to build strategies and prototypes for innovations (from new business models to new campaigns) that truly address the root causes of systemic dysfunction and have a rigorous plan for their implementation and scale.

WHO?

Supporting participants to turn their ideas into reality is resource intensive, so we have had to be selective about who we work with at this level.

This part of our strategy is for people who are committed to implementation. We've found that if they are not committed, then it quickly becomes too easy to give up.

It's also important not to get misled by formal seniority. At first, our assumption was that the more powerful participants were, the better the outcomes would be. But our experience showed us that seniority could often increase people's immunity to change. They get locked into organisational expectations, behaviours and strategies that are at odds with systems change. So we focus our efforts on rising leaders, people who are not trapped within organisational expectations. However, we make sure we secure senior sponsorship for their participation.

When choosing who to work with, we track back from our purpose and the impact we want to create. We identify the participants who will most help us reach these. For example, in Campaign Lab we create groups of organisations working on environmental, economic and social justice: From faith groups to trade unions and grassroots organisations – because together they have more power in tackling economic systems change.

Finally, we try and make sure we are not unintentionally alienating potential participants by being unwittingly elitist. We do this by identifying which partners can help us attract participants from grassroots communities and marginalised groups that we might not otherwise connect with.

WHAT?

INCUBATE

To demonstrate the alternatives, our strategy is to host a series of incubators. They focus on getting participants and their projects ready to scale. We help them build the following:

A STRATEGY FOR SYSTEMS CHANGE

We help them understand the system they are trying to change: the mindset of the system, the values and principles it's based on, where it's come from and where power lies. We also help them create a theory of change for their initiative.

A STRATEGY FOR THEIR PROJECT

If they are entrepreneurs, we use Shirlaws' scaling model to make sure they have all the building blocks in place to grow their organisation. If they are campaigners we use Campaign Lab frameworks which guide participants through building the analysis, strategy and tactics that underpin their campaigns.

A STRATEGY FOR THEMSELVES

We help participants to develop their leadership potential through strengthening their purpose, values, empathy, storytelling skills and building their self-awareness.

REFORM



SNAPSHOT

Many in The Lab community, across civil society groups and entrepreneurs, have expressed frustration with how to engage financial regulators in their issues. Through our Transforming Finance programme we organised for senior staff at the Financial Conduct Authority (FCA) to run a workshop with The Lab, ShareAction and nef on how the FCA can encourage a more diverse financial system. Since then, the FCA have launched Project Innovate, an initiative to help new entrants to finance navigate the regulatory process – one of the needs identified at the workshop.

WHY?

The ultimate goal we are seeking at this level is structural reform of the financial system. We focus on all three of our major outcomes here:

THRIVING COMMUNITY

Building a community from different parts of civil society and other allied organisations that share a common purpose of transforming finance.

NEW KNOWLEDGE AND BEHAVIOUR

Building this community's collective strategy and capacity to influence structural reform and achieving broad support for a new narrative of transforming finance.

SCALABLE SOLUTIONS

Changing relevant policies in finance and money systems and influencing investors, so that capital flows to a sustainable economy.

WHO?

There are two main groups of people we work with at this level. The first are allies. The core group of allies are civil society players that share the same goal of transforming finance and are actively advocating for structural reform. As a secondary group of allies, we also work with stakeholders that could positively influence structural reform of the financial system: such as entrepreneurs, think tanks and thought leaders.

The second group are targets: people of influence in strategically important parts of the financial system, government and media who are open to our narrative of transforming finance and our proposals on reform. They are not completely on board but could be convinced of our agenda and importantly, their opinion could sway others like them.

Importantly, we collaborate with people who want to work with us. This is not about every interest being represented. This is the difference for us between collaboration and representation. We work with those who see that they are a part of a bigger picture of systems change and integrate this into the heart of their work.

WHAT?

INFLUENCE

Our strategy at this level is to build a network of allies that have the relationships, capacity and shared narrative to influence powerful stakeholders to transform the finance system.



Nesta...

We help bring great ideas to life

Nesta...

We help bring great ideas to life

TOSHIBA



SCALE

Over the past few years we have seen a blossoming of other systems change projects. Although we recognise that there are many factors that have contributed to this, we believe that we have helped to accelerate this growth. We have shared our strategy and core insights with many organisations including ICAEW's Tax Lab, the New Economy Organisers Network, the International Institute for Environment and Development, the Institute of Social Banking and a number of WWF's national offices.

WHY?

The goal at the core team level of our strategy has been to scale The Lab as a functioning organisation that can increase the impact we create. We focus on all three of our major outcomes here.

THRIVING COMMUNITY

Building a trusted and lasting partnership between core team members and core external collaborators.

NEW KNOWLEDGE AND BEHAVIOUR

Building the core team's capacity to lead systems change. Establishing ways of working that are both transformative and effective.

SCALABLE SOLUTIONS

Build and evolve The Lab's strategy and resources for systems change.

WHO?

A core team is a small group of people who are fully committed and invested in building the project or organisation. They should be leading the project formally and directly accountable for its success (and mistakes).

The team might be supported by experts, consultants or coaches to build their capacity to do this, but in our experience this group should not become part of a core team. The core team holds the ultimate accountability for the project and all of the risk if it all goes wrong. A core team should become the grounded centre of the project, the 'go to people' the community can rely on.

WHAT?

BUILD

There are two parts to our work at this level:

1. BUILDING OUR ORGANISATION: the building blocks that allow us to scale.

2. BUILDING OUR CAPACITY TO LEAD: the leadership skills we need to anchor this work.

LESSONS IN LEADERSHIP

Developing our core team leadership skills was a crucial factor in the success of The Lab. We've come to understand that as co-founders of The Lab, our strategy and way of being has a big impact on other people and we set a cultural tone for how other people in The Lab interrelate and work together. When it worked, this force became a 'positive attractor' that helped to secure the people and resources we needed to build The Lab.



Looking back, we have identified the activities that have most bolstered our growth.



COACHES AND MENTORS

Each of us has or has had mentors or coaches. These are individuals who have formally or informally tracked our development and have been reliable sounding boards for us as we face different challenges. Organisations that have played a crucial role in this include The Living Wholeness Institute, THNK, Leaders Quest, Aspire Women in Leadership Network and Shirlaws.



CONTINUOUS CURIOSITY

As individuals we are each passionate about learning and invest in our development. We regularly spend our spare time learning new skills which we bring to The Lab. Jen has been on storytelling and improv workshops, Charlotte learns about meditation, Rachel about graphic recording.

We also take on extra projects in our own time. Rachel supported the Leaders Shaping Market Systems initiative in the US and the Leading Causes of Life gathering in South Africa. Charlotte taught systems change at the Amani Institute in Nairobi and the Bold Academy in Colorado and mentors a whole range of young activists. Jen supported the launch of the Way of Nature Leadership programme and coached the Arab British Centre on their strategy. As a team we also read lots and always take key insights back to core team meetings, using our findings to adapt our activities.



CHANGING OUR WAY OF BEING

Understanding our own mental models and biases has become an essential practice for us in The Lab. We have spent time becoming more and more self-aware, open to admitting our own weakness and owning up to our mistakes. We are explicit about the things we want to get better at, accepting and understanding both our strengths and shadows.

This approach to leadership has worked for us because we have a commitment to one another. Because we are focused on learning we believe that success is not just about what we have achieved in a project, but it's about how we grow as a team. We have a commitment to support each other even when things don't turn out as we had hoped.

IN CONCLUSION...

The purpose of this publication is to set out the foundations of building and implementing a strategy for systems change. In the spirit of learning we wanted to conclude by sharing the most important lessons we have learned from our adventures in systems change.

1

Bring all your experience, thinking and passion but don't hold on to them.

Have the humility and good sense to let go. Listen to other perspectives, experiences and passions and be prepared to change your mind.

2

Go where the energy is.

Push at open doors; the people you find there can help you navigate past the closed ones.

3

Take responsibility for what you care about.

Rather than waiting for someone else to step up and take action, take the plunge and do it yourself. (Thank you Tim Merry for this one.²⁷)

4

Let your highest intention guide you.

You will have to make difficult decisions. Never lose sight of why you are doing this in the first place.

²⁷ www.timmerry.com

5

Appreciate and celebrate.

When ideas or projects are gathering momentum, shine a light on what's working and share this with your supporters. Make sure you take time to reflect on why it's working and the conditions in place that made it happen. You will need to remember these patterns later.

6

Balance orchestration and emergence.

Sometimes you need to be bottom-up and ask for everyone's opinion; sometimes you need to be directive and tell people what is happening. Loosen boundaries at the start of a project to collect ideas. Tighten them to set strategy and take action. Loosen them again to get feedback on what's working and what isn't.

7

Keep learning.

Be constantly curious. Learn as many skills as you can that help you do your work better, build your self-awareness and invest in your own personal development.

8

Take collaboration seriously.

It's hard work and needs attention to work well, but the creative-disagreement dynamic and the friendships that can emerge create huge impact.

9

Practice 'fully human professionalism'.

Be authentic even if it's not very slick. Tell people why this work matters to you as it will become a positive attractor that invites others in. But don't be so friendly with colleagues and collaborators that it stops you making difficult decisions. (Thanks Ed Dowding for this one.²⁸)

10

If you are in a conversation where you find yourself doing all the talking, then you are having the wrong conversation. Listen.

²⁸ www.eddowding.com

We hope this provides an insight into our world from the last six years and that helps you on your own journey. Good luck!

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The Lab is a product of its community – we are grateful to everyone who participates in changing the financial system. In particular, we want to acknowledge the people below who really rolled up their sleeves and helped us build The Lab.

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FINANCE INNOVATION LAB CO-FOUNDERS

The Finance Innovation Lab (The Lab) was initiated by the two organisations, WWF-UK and ICAEW. The individual co-founders who led the work were Jen Morgan, Charlotte Millar, Rachel Sinha and Richard Spencer. Working together, they collectively built the strategy, community and leadership of The Lab. Each co-founder played their unique role in the creation of The Lab, a description of which can be found in their biographies below.

The Lab core team has since grown to include important new team members. At this point of scale, the team is set to grow again. So watch this space for new faces in The Lab family!



JEN MORGAN - PIONEER

Jen envisions possibilities and potential within The Lab's ecosystem and cultivates people and resources to help The Lab grow from a seed of an idea to the infrastructure for systems change that The Lab is today.

Her major focuses are:

NEW BUSINESS DEVELOPMENT

Jen attracts the credibility and significant resources needed to scale The Lab's work. She does this by developing trusting and deep relationships with influential people and investors in the UK and beyond.

CHAMPION

Jen helps to inspire people to join The Lab through championing the vision and strategy of The Lab to the external world. She does this through sharing her knowledge and know-how around systems change, values-based leadership and collaborative communities.



RACHEL SINHA - MOMENTUM BUILDER

Rachel clearly articulates what is learned through practice. She uses this skill to attract community, galvanise influential partners and raise the ambition and profile of The Lab.

Her major focuses are:

TRANSLATION

Rachel cuts through the noise to pull out patterns and then turns them into compelling thought leadership, marketing materials, drawings and stories. She helps win awards, writes articles for the press and builds strategic collaborations, connecting different worlds of knowledge and taking The Lab's work to a wider audience.

DESIGN

She designs workshops and events that are fun and builds motivation and friendship. Rachel thinks through how each person will feel and brings a positive sense of camaraderie to the projects she works on.



CHARLOTTE MILLAR - ARCHITECT

Charlotte pulls all the pieces together and ensures the coherence of the overarching strategy and culture of The Lab.

Her major focuses are:

STRUCTURE

Charlotte builds models – all the time! For The Lab strategy, for the team structure, and for the key content that The Lab teaches in its programmes.

DNA

She makes sure the team is aligned behind the core Lab DNA: vision, strategy, culture, and team structure.



RICHARD SPENCER - VISIONARY

Richard is a radical thinker and can shape and hold a big idea; he takes big challenging questions to places of power. In doing so, he creates the space for a different way of doing things.

His major focuses are:

INITIATOR

Richard generates the energy and interest to start up ambitious new projects, identifying the big questions that will attract unusual constellations of people and the resources needed to make the project happen.

DIPLOMAT

He is excellent at getting people on board with boundary-pushing projects. He is able to translate radical new ideas and different approaches to mainstream audiences.

ABOUT THE AUTHORS

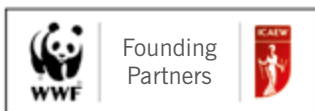
This publication is the end result of six years of practice by the co-founders of the Finance Innovation Lab: Jen Morgan, Charlotte Millar, Rachel Sinha and Richard Spencer.

Rachel Sinha and Charlotte Millar led the synthesis of these insights and were the lead writers of this publication.

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The Finance Innovation Lab was founded by WWF-UK and ICAEW in 2009 in order to change the financial system so it serves people and planet. In 2015, The Lab will become independent from WWF-UK and ICAEW so it can scale its impact. Both organisations continue to support The Lab through significant funding, strategic oversight as trustees and through ongoing collaboration with The Lab on projects of mutual strategic interest.

