Firing Up Your Engine 2: Guidance for Getting Started

An Overview of Engine 1 and Engine 2

The Engine 1/Engine 2 concept[1] can help you navigate the tension between continuing to run your core programs and services (your Engine 1), while simultaneously investing in innovation (your Engine 2). It's a familiar challenge for many nonprofits as they succeed and grow. (For more on Engine 1/Engine 2 thinking, see the *Stanford Social Innovation Review* article "Twin Engines for Propelling Social Impact.")

How Engine 2 Differs from Engine 1

ENGINE 1: Core Programs and Services	ENGINE 2: New Frontiers
• Focuses on today's clients	• Innovates for the clients and capabilities of tomorrow
• Refines and builds on current capabilities	• Reflects new client needs, actors, or economics
• Involves repeatability, continuous improvement, and careful risk assessment	• Involves experimentation, agility, and creativity

Source: The Bridgespan Group, adapted from Bain & Company.

If your nonprofit is exploring how to fire up an Engine 2, this resource can help you get started—by first defining the focus on your Engine 2 and then, choosing how to organize and fund the effort so it can flourish alongside Engine 1.

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1   Bain & Company pioneered the Engine 1/Engine 2 concept in the private sector. Bain offers a wealth of related resources on its website.

Choosing a Focus for Your Engine 2

A first step in firing up an Engine 2 is to get clear on its focus: radical innovation within your organization's existing core area of work, along the boundaries of that work, or in wholly new areas.
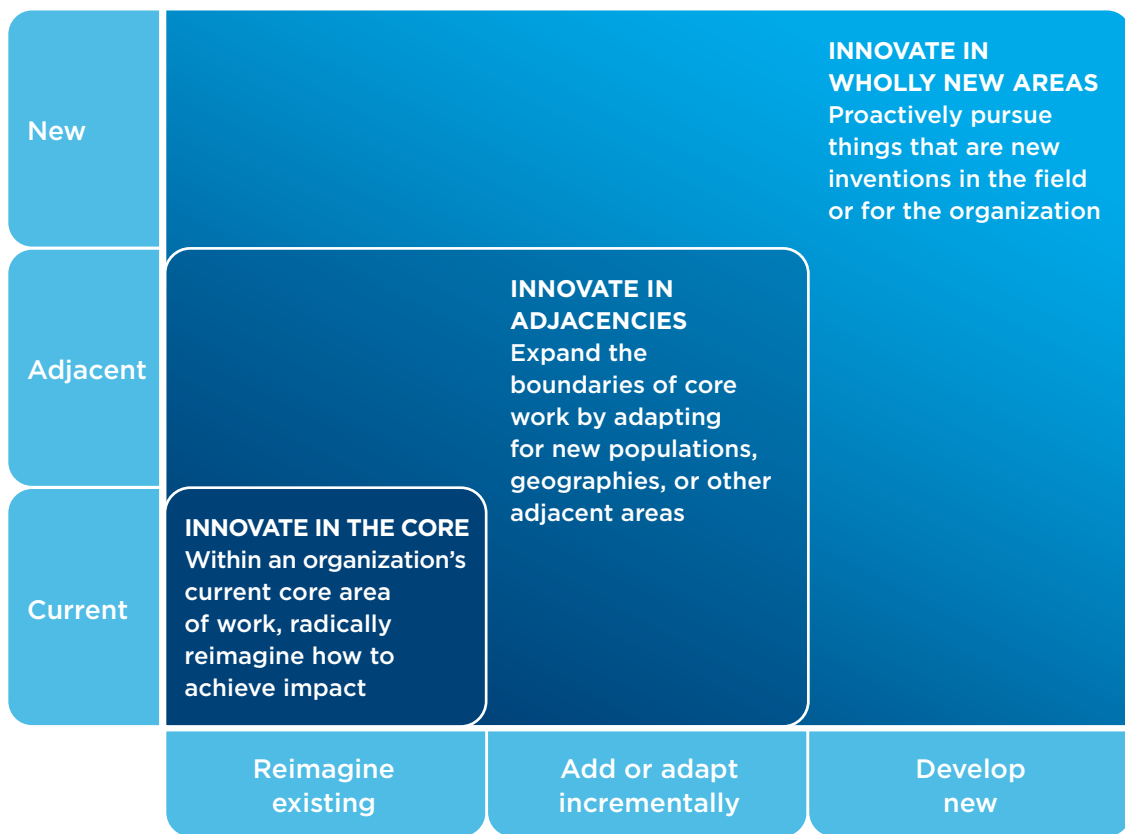
Type of innovation	Purpose	Priority questions to ask yourself	Example: Workforce Development Nonprofit
Innovation in the core	Develop a better approach to achieve your intended impact[2]	• Are we ready to reinvent how we achieve impact and, potentially, disrupt our core model?	Provide technical assistance and training to other providers
Innovation in adjacencies	Expand organizational focus to address new needs (e.g., new people and places)	• Are we willing to expand our intended impact? • Does our current intervention have relevance beyond the current clients or communities we serve?	Expand offerings to women re-entering the workforce
Innovation in wholly new areas	Seek impact of a significantly different type or scale (e.g., at the field or system level)	• Are we willing to significantly change our intended impact? • Are we ready to take on the challenge of developing a wholly new "business unit" (and potentially new organization) with distinct capabilities?	Develop a research and advocacy arm related to youth employment

2   Intended impact defines the results for which your organization will hold itself accountable, including WHO your population of focus is, WHERE your organization will do its work, and WHAT specific outcomes you want to achieve. For more on intended impact see Bridgespan's collection of resources on intended impact and theory of change.

Think about Engine 2 as that part of your organization that is designed to take greater risks and explore new frontiers. Some organizations might even choose to set up an Engine 2 to pursue not just one but rather a portfolio of approaches to increasing their impact. Over time, the new approaches you develop in Engine 2 may grow into a second Engine 1 or replace your current one.

Choosing a focus for your Engine 2

WHAT CLIENTS AND GEOGRAPHIES

	Reimagine existing	Add or adapt incrementally	Develop new
New			**INNOVATE IN WHOLLY NEW AREAS** Proactively pursue things that are new inventions in the field or for the organization
Adjacent		**INNOVATE IN ADJACENCIES** Expand the boundaries of core work by adapting for new populations, geographies, or other adjacent areas	
Current	**INNOVATE IN THE CORE** Within an organization's current core area of work, radically reimagine how to achieve impact		

WHAT SERVICES AND CAPABILITIES

Source: Adapted by The Bridgespan Group from Steven Wheelwright and Kim Clark's 1992 article "Creating Project Plans to Focus Product Development."

Operating Your Engine 2

While starting an Engine 2 may seem daunting, nonprofits can build this muscle. Some organizations may choose to make only a short-term or small investment in Engine 2 capacity. For others, this may become a key part of how they operate and make a difference over time.

	Start-up Engine 2 ⟶		Sustained Engine 2
Organization	Encourage staff to "tinker" on the side, or redefine roles, responsibilities, and incentives to include work on Engine 2	Dedicate a person or team to Engine 2 activities	Develop a separate business unit or entity to pursue Engine 2 work
Funding	Create a small innovation carve-out into your grant proposals (e.g., 5% set aside to invest in innovation)	Develop a separate business unit or entity to pursue Engine 2 work	Create a dedicated fund (drawing from earned income or philanthropy) to fuel innovation

For more on the Engine 1/Engine 2 concept, including stories of how other nonprofits have started up an Engine 2, see the *Stanford Social Innovation Review* article, "Twin Engines for Propelling Social Impact."