




Framing Social Impact Measurement





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Framing Social Impact Measurement

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Compiled and summarized by Alex Parkinson, Researcher, The Conference Board

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About This Report

This report is a summary of work originally published in the *Giving Thoughts* series, an online publication that draws on knowledge developed by academics and authors not otherwise affiliated with The Conference Board. In some instances, information first published in posts on the *Giving Thoughts* blog is also included. Where blogs have been republished in full, the authors are acknowledged within the report.

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Barbara Scheck, “A Standard for Social Impact Reporting,” The Conference Board *Giving Thoughts* series, vol. 1, 4, May 2014.

Cecily Wallman-Stokes, Katherine Hovde, Carol McLaughlin, and Katherine Rosqueta, “Defining Impact,” The Conference Board *Giving Thoughts* series, vol. 1, 5, June 2014.

Tessa Hebb and Babita Bhatt, “A Beginner’s Guide to Measuring Social Value,” The Conference Board *Giving Thoughts* series, vol. 1, 6, August 2014.

Gary Wexler, “Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector?” The Conference Board *Giving Thoughts* blog, April 3, 2014.

Matteo Tonello and Alex Parkinson, “Response to Gary Wexler: The Incessant Demand for Data Is No Bad Thing,” April 16, 2014.

Alex Parkinson, “Is the Impact Genome Project the Answer to the Big Data Question?” The Conference Board *Giving Thoughts* blog, April 28, 2014.

Sacha Litman, “Can Innovators Be Data-Driven? Response to ‘Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector?’ ” The Conference Board *Giving Thoughts* blog, June 12, 2014.

Cori Cunningham, *Measuring the Impact of Corporate Social Investments*, The Conference Board, 2014.

Readers can download these articles in full from www.conference-board.org/givingthoughts.

This summary is one part of a suite of research products on measuring the social impact of philanthropy. Our work on this topic includes this report, a strategic overview, and business implications targeted to specific executive functions.

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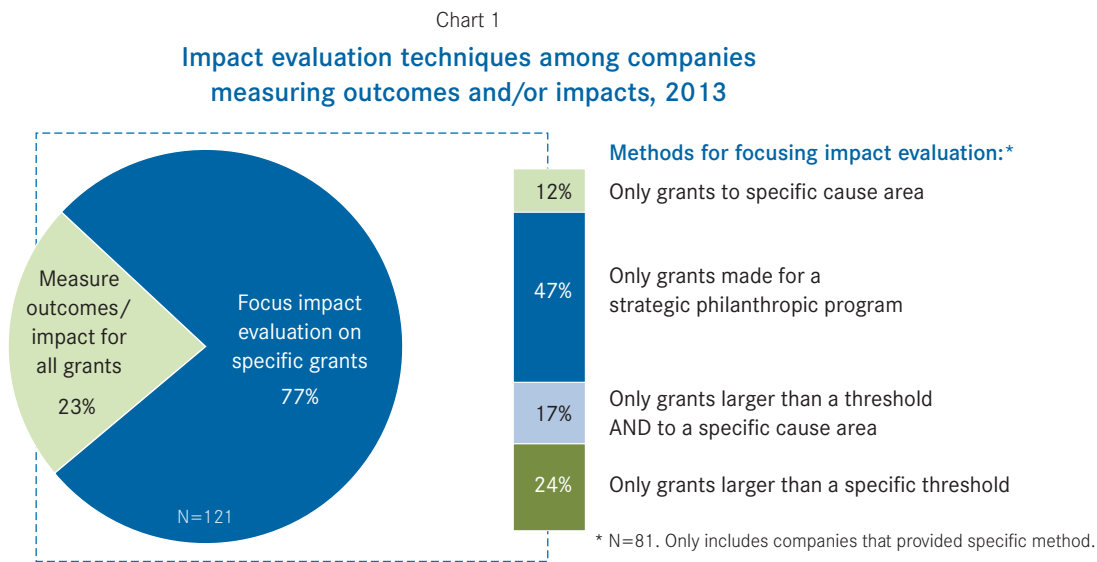
Introduction

Social impact measurement is one of the most difficult challenges facing the philanthropy and social sectors. Although there is agreement within the field that socially motivated organizations must do more to accurately measure their impact, the practice is expensive and difficult. This raises tough questions about where the responsibility for funding such expenses lies. Is it with the resource-strapped nonprofit organizations or with their backers who increasingly demand the information?

Investigating an answer to this question, among many others, has created an industry unto itself out of social impact measurement, with advisors vying to develop best practice measurement frameworks, and researchers identifying trends and seeking evidence to support promising approaches. The field has also spawned its own suite of topics, among them the role that big data can play; whether it is possible—or even desirable—to standardize approaches to measurement; and the most effective way to report on impact. This report covers each of these topics in detail.

Benchmarking Social Impact Measurement Practices

According to *Giving in Numbers: 2014 Edition*, just over three-quarters (76 percent) of corporate giving departments measured the outcomes and/or impacts of their grants in 2013.¹ Chart 1 shows that the majority of these (77 percent) focused their impact measurement work on a few specific grants rather than attempting to measure their entire giving portfolio.



Source: CECP, in association with The Conference Board, 2014.

1 Michael Stroik, *Giving in Numbers: 2014 Edition*, CECP, in association with The Conference Board, 2014. This edition for the first time asked companies about their social impact measurement efforts in the previous year, including how many companies are involved in the practice and how they resource their work. *Giving in Numbers* is the leading annual benchmarking survey of corporate philanthropy practices. In 2014, the survey collected data from a record 261 companies.

Table 1 **Most cited metrics measured by companies, 2013**

Program type	Metrics
Education	<ul style="list-style-type: none"> • Graduation rates • Third-grade reading test scores • College readiness indicators • Bachelor's degree attainment rates • Racial disparity rates (achievement gaps in test scores) • Teach retention rates • Number of students obtaining access to technology
Health and social services	<ul style="list-style-type: none"> • Hospital recidivism rates • Patient engagement • Health resiliency • Number of children receiving immunizations
Community and economic development	<ul style="list-style-type: none"> • Credit score changes • Net worth changes • Number of jobs created • Business growth metrics

Source: CECP, in association with The Conference Board, 2014.

The *Giving in Numbers* survey also found that evaluations typically focused on programs targeting:

- Education
- Health and social services
- Community and economic development

Within these areas, a variety of different outcome metrics could determine impact, and this in part is what makes the impact measurement field so complicated. The most cited metrics in the responses to the *Giving in Numbers* survey are included in Table 1; they represent only a sample of hundreds of outcomes that organizations look to as evidence of impact, depending on the priorities of their programs. Making sense of these metrics and the frameworks into which they can be inserted is a difficult task.

The Importance of Data

Of all the subtopics in the impact measurement practice, the role of big data is perhaps most significant. As the for-profit sector is witnessing, the potential benefits of an effective data collection and analysis regime are huge, and it is natural that the nonprofit sector wants to experience those benefits, too. However, several issues prevent the sector from taking advantage of new technology, not least the availability of resources and expertise. Debate continues among funders, consultants, analysts, and the nonprofit organizations themselves over whose responsibility it is to push the sector into an era of efficiency driven by data.

This report covers some of the issues and opinions circulating in the field. It's intended to help companies strategize their approaches to getting the most out of data for their nonprofit partners.

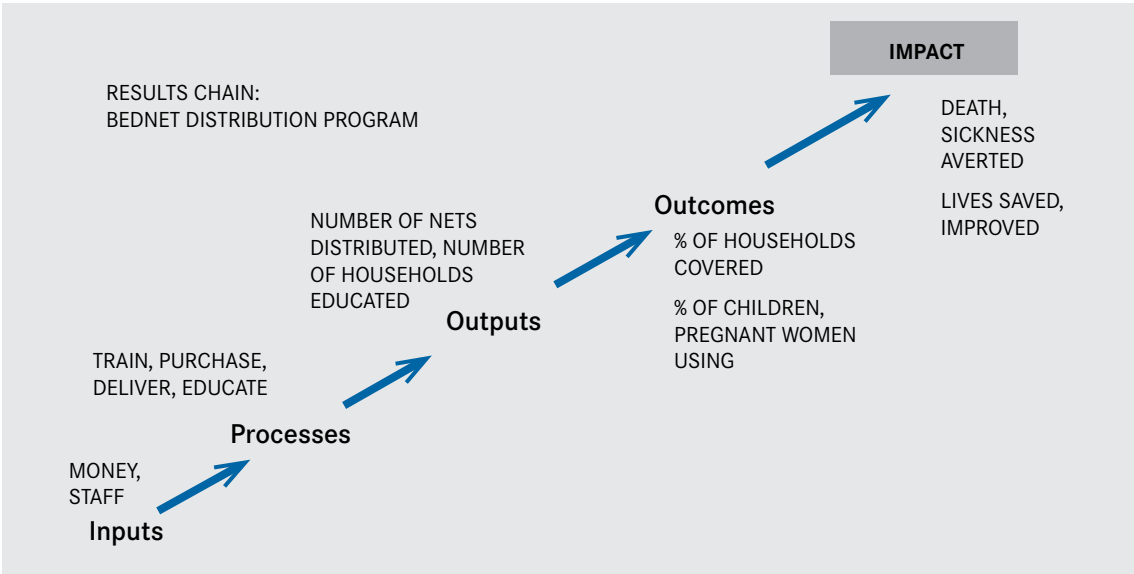
What Is Impact?

Top Takeaways

- Although a common concept of impact exists, different groups define it in their own way to suit their own needs.
- Impact isn't always positive and doesn't always require a change.
- Funders and nonprofits often don't consider how a beneficiary would define impact.

An agreed-upon concept of “impact” can be found in the impact value chain, which begins with actions and resources and their expected effects. Those effects are described as outcomes, which lead to impacts. An example of a results chain for lowering malaria prevalence is presented in Chart 2.

Chart 2
Measuring and managing to impact



Source: Adapted from Cecily Wallman-Stokes, Katherine Hovde, Carol McLaughlin, and Katherina Rosqueta, *What Are We Talking about When We Talk about Impact?* Center for High Impact Philanthropy; Women Moving Millions, September 2013.

It is generally understood in the field that a focus on outcomes is key to measuring social change. As the Foundation Center's GrantCraft site defines it, "Outcomes are the observable results of programs that are created and funded in hopes of making a difference in the world." While the steps and interventions that are followed to make change are important, "the results of the process—the outcomes—are what matter in the end."²

But there is also an important distinction between, and progression from, outcomes to impact. In general, outcomes represent specific and measurable changes to program participants that happen as a direct result of program activities. Impact represents longer-term changes, often influencing communities or systems. W.K. Kellogg Foundation characterizes impacts as "results expected seven to ten years after an activity is underway—the future social change your program is working to create."³ Meeting a particular outcome may represent a step toward impact, but it is not impact itself.

The more causality, or attribution of results to a specific intervention, can be established, the more rigorous the evaluation of impact. Therefore, an important element of "impact" is the indication of a counterfactual, or "what would have happened anyway." This requirement suggests that an intervention has impact only if it produces social outcomes that would not otherwise have occurred.⁴

Different Definitions of Impact

It's not the concept of impact, or the path along the value chain to get to impact, that is the contentious issue. Instead, it's the demand for some form of more easily demonstrable impact that has resulted in the word "impact" being used and understood in different ways.

Since impact definitions drive decisions and ultimately move dollars, a clear definition is necessary to develop an effective and rewarding philanthropic strategy. Unvoiced assumptions about the definition of impact can also create communication difficulties between donors, grantees, and beneficiaries.

Academic disciplines such as business and society studies, management accounting, and strategic management use a variety of definitions to explain social impact. Table 2 (page 9) provides an overview of some of the most commonly adopted definitions. The main differences among them relate to the use of words such as "impact," "output," "effect," and "outcome." Moreover, the term "social impact" is often replaced by terms such as "social value creation"⁵ and "social return."⁶

2 *Making Measures Work for You: Outcomes and Evaluation*, GrantCraft, 2006.

3 W.K. Kellogg Foundation Logic Model Development Guide, updated 2004, W.K. Kellogg Foundation (<http://www.wkcf.org/resource-directory/resource/2006/02/wk-kellogg-foundation-logic-model-development-guide>).

4 Paul Brest and Kelly Born, "Deconstructing Impact Investing," *Giving Thoughts*, vol. 1, 1, The Conference Board, 2014.

5 Jed Emerson, Jay Wachowicz, and Suzi Chun, *Social Return on Investment: Exploring Aspects of Value Creation in the Non-Profit Sector*, The Roberts Foundation, San Francisco, 2000.

6 Catherine Clark, William Rosenzweig, David Long, and Sara Olsen, *Double Bottom Line Project Report: Assessing Social Impact in Double Bottom Line Ventures*, Columbia Business School/Haas School of Business/Rockefeller Foundation, 2004.

Table 2

Definitions of social impact

TERM	DEFINITION	REFERENCE
Social impact (Bibb Latané, 1981)	By social impact, we mean any of the great variety of changes in physiological states and subjective feelings, motives and emotions, cognitions and beliefs, values and behavior that occur in an individual, human, or animal, as a result of the real, implied, or imagined presence or actions of other individuals.	Bibb Latané, "The Psychology of Social Impact," <i>American Psychologist</i> , vol. 36, no. 4, 1981, pp. 343-356.
Social impact (William Freudenburg, 1986)	Social impact refers to impacts (or effects or consequences) that are likely to be experienced by an equally broad range of social groups as a result of some course of action.	William R. Freudenburg, "Social Impact Assessment," <i>Annual Review of Sociology</i> , vol. 12, 1986, pp. 451-478.
Social impact (Rabel Burdge and Frank Vanclay 1996)	By social impacts, we mean the consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally act as a member of society.	Rabel J. Burdge and Frank Vanclay, "Social Impact Assessment: A Contribution to the State of the Art Series," <i>Impact Assessment</i> , vol. 14, 1996, pp. 59-86.
Social value (Jed Emerson, Jay Wachowicz and Suzi Chun, 2000)	Social value is created when resources, inputs, processes, or policies are combined to generate improvements in the lives of individuals or society as a whole.	Jed Emerson, Jay Wachowicz, and Suzi Chun, <i>Social Return on Investment: Exploring Aspects of Value Creation in the Non-Profit Sector</i> , The Roberts Foundation, San Francisco, 2000.
Social impact (Mary Gentile, 2000)	Social impacts are the wider societal concerns that reflect and respect the complex interdependency between business practice and society.	Mary Gentile, <i>Social Impact Management: A Definition</i> , The Aspen Institute Business and Society Program, 2002.
Social impact (Catherine Clark, William Rosenzweig, David Long and Sara Olsen, 2004)	By impact, we mean the portion of the total outcome that happened as a result of the activity of the venture, above and beyond what would have happened anyway.	Catherine Clark, William Rosenzweig, David Long and Sara Olsen, <i>Double bottom Line Project Report: Assessing Social Impact in Double Bottom Line Ventures</i> , Center for Responsible Business, 2004.
Social impact (Frank Vanclay, 2003)	Social impacts are intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions.	Frank Vanclay, "International Principles for Social Impact Assessment," <i>Impact Assessment and Project Appraisal</i> , vol. 21, no. 1, 2003, pp. 5-11.

Misunderstanding impact For most people and organizations, impact implies a change brought about by some sort of action. With few exceptions, the change is generally presumed to be positive. However, organizations don't always take into account that actions can fail to produce change due to a host of factors. Further, lack of change doesn't always denote ineffectiveness. Some realities that are often misunderstood about impact include:

- **Actions can produce unanticipated changes, including negative ones. Impact is not always positive.** This is particularly relevant for environmental issues. For example, distributing food or health care to marginalized populations could leave a large carbon footprint.
- **Actions that prevent a particular change, even if they do not change the overall status quo, can still have an impact.** Maintaining the status quo is an impact if the alternative scenario is a worsening situation—for instance, policy changes that revoke a citizen's rights.
- **Change can occur and be observed independently of a particular action.** Measuring outcomes and impacts can happen even without measuring a particular intervention's contribution or lack thereof. For instance, children will grow into adults, whether or not they graduate from high school.
- **Impact sought is subjective; it is defined by a person or group and for a person or group.** Impact definitions are not objective truths. They are the product of decisions people and organizations make, and they often aim to change behaviors or situations for those on the receiving end of an intervention. This is not always problematic, but it must be recognized in order to account for potential bias or disempowerment.

Diversity of Colloquial Definitions

Definitions of impact can shift depending on where an organization or actor is located within a particular chain. Many groups and interventions work toward the same goals, and each group may define its outcomes and impact within a single smaller portion of the broader impact value chain.

Donors have a particular obligation to seek clarity and consensus with regard to definitions of impact, as their definitions often carry disproportionate weight: programs can have more of an incentive to satisfy funders than beneficiaries. In particular, for donors focused on historically disempowered groups, it is critical to include those beneficiary voices in the impact definition process; otherwise, philanthropic efforts run the risk of recreating the same imbalanced power dynamics they are trying to counteract.

In reviewing “colloquial” definitions and uses of impact, consider stakeholders commonly involved in philanthropic donations or investments, such as foundations, individual donors, nonprofits, and social impact investors.

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Foundations

In the publicly available materials for the 10 largest foundations in the United States, language around impact is common, though not universal, and there is variation in the ways that foundations apply the term to their work.

When they exist, publicly available impact definitions are most often foundation specific and related to particular areas, indicators, or outcomes that the foundation presumes to directly affect. Technical, conceptual definitions of impact (like those used by evaluation professionals) are less common, though some impact-focused foundations are exceptions.

There is a strong assumption that what the foundation is trying to achieve is a public good, and outcomes related to that good are evidence of the foundation's impact. While in-depth discussions around mission definition, impact measurement, and related concepts may happen behind the scenes, public materials tend more toward the colloquial: "something good," not necessarily "a measurable, attributable change."

Using outcomes to indicate impact When they do discuss their own impact, foundations often explicitly reference outcomes of grantees. Focusing at the outcome level allows foundations to draw clear causal links—they provide dollar inputs, and their grantees return these outcomes. In some ways, this approach is also attribution focused, but the limits of measuring attribution set the boundary of impact definition, rather than the definition driving the limits of measurement. This approach is not always entirely satisfying, as this quote from the Ford Foundation suggests:

No single grant or grantee can, on its own, bring about the kinds of broad social change we seek, such as improving the transparency and effectiveness of government, preventing gender discrimination, or enabling families to move out of poverty. For this reason, we assess the effectiveness of our work at multiple levels: strategic initiative, general approach, and individual grant.⁷

In this case, the foundation distinguishes between the impact it seeks and the set of outcomes any individual organization is poised to deliver.

Individual donors

Individual donors are a mixed group, but a number of studies over the past few years have attempted to draw broad conclusions regarding high-net-worth donor characteristics and trends.⁸

7 "Our Approach to Impact Assessment and Learning," Ford Foundation, accessed on October 23, 2014: <http://www.fordfoundation.org/impact/approach>.

8 Katherina M. Rosqueta, Kathleen Noonan, and Miriam Shark, "I'm Not Rockefeller: Implications for Major Foundations Seeking to Engage Ultra-High-Net-Worth Donors," *The Foundation Review* 3, no. 4, article 9, 2011; *Money for Good II: Driving Dollars to the Highest-Performing Nonprofits*, Hope Consulting, 2011 (<http://www.guidestar.org/ViewCmsFile.aspx?ContentID=4038>); *The 2012 Bank of America Study of High Net Worth Philanthropy: Issues Driving Charitable Activities among Wealthy Households*, Bank of America and The Center on Philanthropy at Indiana University, November 2012 (http://newsroom.bankofamerica.com/files/press_kit/additional/2012_BAC_Study_of_High_Net_Worth_Philanthropy_0.pdf).

Although donors may not use the word “impact,” they are clearly concerned with results. As Sean Stannard-Stockton, a wealth advisor with Ensemble Capital Management, says:

Most donors, regardless of the vocabulary they use, want their donations to produce results. What characterizes ‘results’ may be very different to various donors. Sometimes the desire to see results can lead donors to seek indicators, like low overhead expense ratios, that are actually bad proxies for results. Sometimes the ‘result’ a donor seeks might simply be public recognition. But believing that donors do not seek results is akin to believing that they would be just as happy throwing their money in the trash.⁹

A 2012 study found that high-net-worth individuals gave more to those nonprofits that they felt to be “high impact” (however they defined the term),¹⁰ and there are also indications that concerns about how to best identify those organizations and evaluate their worthiness are holding back investment.¹¹

An important factor that differentiates individual from institutional donors is the potential for personal impact. Results or impact for an individual donor may be tied not just to what a grantee accomplishes in terms of outcomes, but also how the donor’s involvement in that organization changes her or makes her feel. “Impact,” therefore, can be a two-way street.

Impact investors

Impact investors can be foundations, individual donors, or, depending on one’s definition of impact, any organization that makes investments. There is a subset of thinkers for whom the term “impact investing” is an example of all that is wrong in the definition debates. For example, Jeremy Nicholls, chief executive of the SROI Network, says: “All organizations regardless of their aims and objectives have an impact, and so, for the non-initiated, impact isn’t and cannot be something unique to social purpose organizations or their investors.”¹²

His point is supported by Stannard-Stockton, who says: “Clearly, the latest buzz is about impact, and who wouldn’t like that? I mean, after all, who would launch a strategy with a focus on being ineffectual? Incompetent investing just doesn’t have the same ring to it as impact investing. We want to do more than simply earn a financial return—we want to actually change the world, and so for better and in some ways worse, the word of the day is: impact!”¹³

Assuming impact is a social benefit Leaving aside the frustration, there are in fact lots of open questions regarding the definition of “impact” that “impact investors” are seeking. There is a prevailing assumption that it must be some kind of social good. In some cases, this impact is seen as a bonus, with a distinction made from a traditional investment (which nonetheless may include social goods such as employment and income-earning potential for certain groups).

9 Sean Stannard-Stockton, “Getting Results: Outputs, Outcomes & Impact,” *Tactical Philanthropy*, June 29, 2010 (<http://www.tacticalphilanthropy.com/2010/06/outputs-outcomes-impact-oh-my/>).

10 *The 2012 Bank of America Study of High Net Worth Philanthropy*.

11 *Money for Good II* found that better communication around results could lead to significant additional capital moving toward highly effective nonprofits.

12 Cecily Wallman-Stokes, Katherine Hovde, Carol McLaughlin, and Katherina Rosqueta, *What Are We Talking about When We Talk about Impact?* Center for High Impact Philanthropy; Women Moving Millions, September 2013.

13 Stannard-Stockton, “Getting Results.”

In others, a comparison is drawn to a traditional charitable donation, which raises the standards for anticipated impact.¹⁴ There is also currently no consensus as to what kind of financial return an “impact investment” must yield to be considered as such.

Nonprofits

Nonprofits generally depend at least partially on foundations and individual donors for support, so it should not be surprising that they are attentive to donor definitions of impact. Donor definitions and nonprofit definitions are intimately related; the way that grantees define their own impact informs how funders can define theirs, and the way that funders want to define their impact can inform a nonprofit’s impact definition and assessment approach. Things get sticky, however, when different donors push different definitions, or when the definitions most useful to the nonprofit are different from those of a key donor.

The Center for High Impact Philanthropy and the Wharton Social Impact Initiative recently interviewed four high-performing, well-resourced nonprofits on the subject of impact assessment, performance management, and communication with funders around the distinctions, definitions, and best uses of each.

These nonprofits understand that their work supports big-picture, long-term impacts, but they noted that shorter-term, specific outcomes were more relevant to their needs as they were immediately attributable to their work. The leaders of these nonprofits noted that measuring outcomes provided the kind of feedback they needed to manage their organization’s performance, while measuring impact delivered results that were (a) less reliable due to the lack of common standards and other issues with measuring long-term changes and (b) less immediately relevant to the organization’s decision making and activities.¹⁵

Pressure to measure through the impact value chain The same nonprofits, however, described pressure from funders to measure and report all the way out to impact. While this tension is not solely a definitional issue, definitions are an underlying component; when funders and grantees are not aligned on exactly what they are trying to achieve and how they will monitor progress toward those achievements, it is difficult to align at other decision points throughout the engagement.

Just as it is for those who use a technical definition of impact, attribution is central to the way these nonprofits think about impact, but the reasoning leads them to a different place. Rather than trying to extend the attribution chain all the way out to impact, they shift the impact focus to where the chain of attribution ends. Outputs and outcomes are directly affected by the organization’s activities, and focusing measurement efforts on those components therefore returns data that can directly inform their organizational decisions.

14 Acumen Fund Concept Paper: The Best Available Charitable Option (BACO), Acumen Fund, 2012.

15 Carra Cote-Ackah, Cecily Wallman-Stokes, Sherryl Kuhlman, and Katherina Rosqueta. *Beyond Compliance: Measuring to Learn, Improve, and Create Positive Change*, The Center for High Impact Philanthropy and Wharton Social Impact Initiative, 2013.

Missing definitions: the beneficiary perspective

Many social programs operate with a top-down approach: socioeconomic data indicate a need in a certain population, or a donor has a particular connection to a topic. Funders provide resources to nonprofits, which implement a program designed to address the original need. They may also collect data to demonstrate how well their program is alleviating that need—and that may lead to an understanding of the program’s impact. But what if the members of the target population would actually identify their need differently? Is it still impact, in any sense beyond the technical definition?

The market dynamics of philanthropy encourage this top-down approach. Funders—whether individual or institutional—are in some sense the “customers” for the services of nonprofits, even though they are not the ultimate consumers.

Beneficiaries are often left out of the impact measurement process. This may be due in part to a growing focus on externally verifiable metrics, such as income, that can be more easily captured and assessed for statistical significance.¹⁶

While this is an important issue, the question of impact definition in some ways precedes it. Including beneficiaries in the definition of impact will naturally lead to including them in the measurement approach. Conversely, leaving beneficiaries out of the definition process makes exclusion from measurement logical—once your desired impact is defined, there is usually little benefit to measuring indicators that are not directly related.

Power imbalance of impact Even the concept of “impact” may inherently imply a power imbalance. Impact is active, suggesting a passive counterpart—the donor or organization is acting, while the beneficiary is being acted upon. Even in this report, we are still relying on “experts” discussing beneficiaries, rather than direct reports from beneficiaries themselves.¹⁷ The absence of these voices serves to perpetuate whatever intrinsic power imbalance exists and may ultimately result in measurements that are misleading or, at best, incomprehensive.

¹⁶ Fay Twersky, Phil Buchanan, and Valerie Threlfall, “Listening to Those Who Matter Most, the Beneficiaries,” *Stanford Social Innovation Review*, Spring 2013 (http://www.ssireview.org/articles/entry/listening_to_those_who_matter_most_the_beneficiaries); Mario Morino, *Leap of Reason: Managing to Outcomes in an Era of Scarcity*, 1st ed. (Venture Philanthropy Partners, 2011); Liz Allen, “Opinion: Measure for Measuring’s Sake?” Wellcome Trust Blog, January 31, 2013 (<http://blog.wellcome.ac.uk/2013/01/31/opinion-measure-for-measureings-sake/>).

¹⁷ Drawn from Fay Twersky, Phil Buchanan, Valerie Threlfall, Jeremy Nicholls, Daniel Stid, Rosalind Eyban, and others.

Measuring Impact

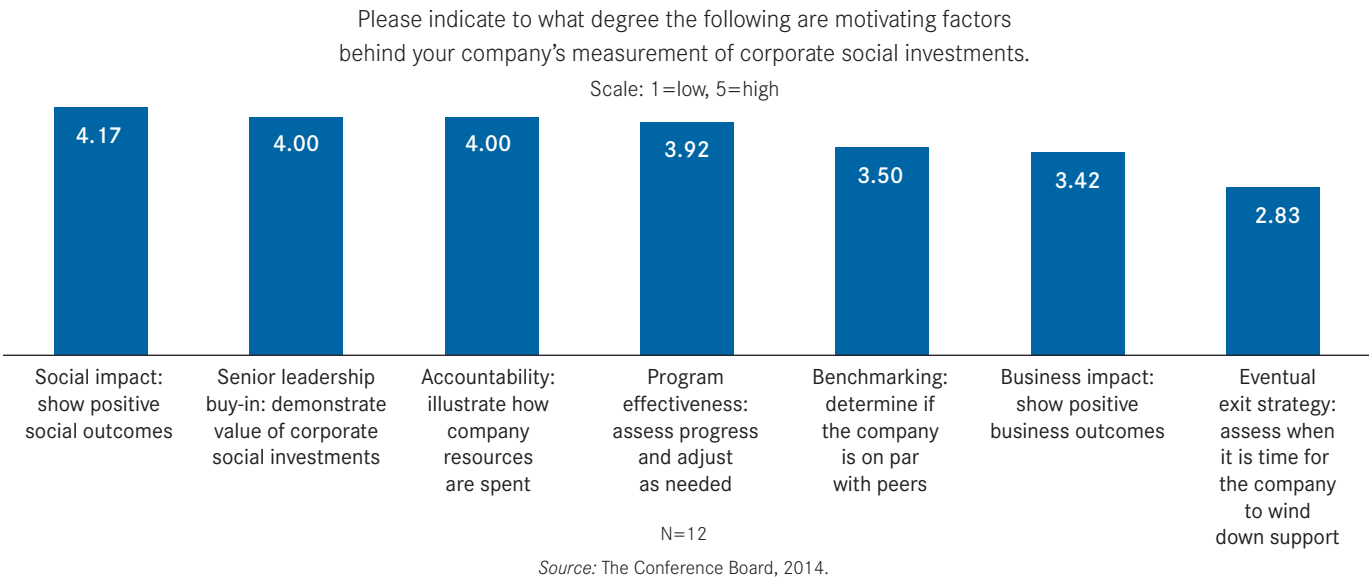
Top Takeaways

- Companies measure impact primarily to demonstrate the importance of the organization’s work to stakeholders.
- Despite the benefits that would come with a standardized measurement framework, no single methodology can be applied to all socially motivated organizations—they tend to measure whatever best reflects their interests and the interests of their stakeholders.
- Impact measurement frameworks that have garnered more attention than others include those from LBG, True Impact, and Mission Measurement.

There are two main reasons to measure impact. First, measuring and communicating the value of social outcomes helps demonstrate the importance of the organization’s work to staff, clients, customers, funders, investors, government agencies, and the community at large.

This assertion is supported by a recent report from The Conference Board, which in 2013 led a research working group of 14 member companies to examine challenges and best practices related to the field.¹⁸ During the meetings, members were asked what motivated them to measure the impact of their community investments. Chart 3 shows the results, with companies overwhelmingly reporting that they use measurement as a way of demonstrating the value of their community investments either generally or to a specific audience, such as senior leaders.

Chart 3
Motivating factors for measurement of corporate social investments



18 Cori Cunningham, *Measuring the Impact of Corporate Social Investments*, The Conference Board, Research Report 1561, 2014.

Second, evaluating past endeavors and assessing how well the organization is achieving its objectives can inform planning and strategizing. This approach encourages organizations to focus on continuous improvement of their management skills and to formulate assumptions and expectations, possibly making the organization more attractive to clients or customers and helping win new contracts. Organizations that measure impact are not only able to make a stronger case for additional funding, they are also able to focus their efforts on what really makes a difference. Doing so helps them plan more strategically and allocate resources more effectively.¹⁹

Asking the Right Questions

With the understanding that no single impact measurement framework or methodology can be applied to all socially motivated organizations, Toronto-based consultancy Social Assets Measurement (SAM) has identified four different types of measurement frame-works (Table 3).

Table 3 Types of social measurement frameworks		
Grading	Level of reporting	Description
1	Outputs framework	This framework would prove that the activities that a grantee committed to undertaking actually occurred.
2	Outcomes framework	In areas where impact cannot be estimated, an outcomes measurement framework can be used, which would have a set of validated parameters. However, the numbers that are presented in this system would not be altered for attribution or other adjustments.
3A	Non-monetized impact framework	In areas in which monetization is not possible, but in which social return on investment (SROI) adjustments such as deadweight, attribution, etc. can be established, a non-monetized impact system can be used. This will present only the numbers that can be attributed to a grantee's activities.
3B	Monetized impact framework (social return on investment)	This framework can create an SROI ratio with a verifiable link between grantees' activities and their stated outcomes.

Source: Social Asset Management (SAM), Toronto, Canada

Embedding metrics in a theory of change

Organizations should measure whatever best reflects their interests and the interests of their stakeholders. Therefore, social metrics (whether qualitative or quantitative) should be embedded in the organization's "theory of change"—a set of activities or tools that links the organization's mission to its actions and explains how the positive change of its mission will actually occur. For example, how do its inputs and activities result in positive outcomes for its stakeholders? Organizations could use a set of "if-then" statements for this, but primarily they should focus on their goals and consider using tools or language in their theory of change that will help them reach those goals.

19 Claudia Wood and Daniel Leighton, *Measuring Social Value: The Gap Between Policy and Practice*, Demos UK, 2010.

To measure social value creation, it is important to start with questions that are linked to the theory of change, such as:

- Who are the people who matter to the business? What are their objectives?
- How should stakeholders be prioritized? Are their objectives aligned with the organization's?
- What output indicators illustrate how well the objectives are achieved?
- Is the social return that results from the organization's impact measurable?
- Is the organization's desired impact valued by the populations it is trying to help?

Standardizing Measurement

The public and social sectors lack uniform, quantitative measures to benchmark the value of their impact. In other words, there are no standardized performance data. The nuances of environmental and social issues make it difficult for any of the numerous available frameworks to be universally effective. Users of these frameworks tend to select the model that best suits their endeavors, resulting in a wide range of different options and no clear best practice.

Nonetheless, the development of a standardized measurement and reporting framework remains the goal of many consultants and academics in the field because of the range of potential benefits it would give to nonprofits, as well as to their report audiences. In particular, these benefits relate to funding and organizational efficiency:

- **Funding** Standardization could help nonprofits more effectively demonstrate their results to sponsors and apply for funding and support more credibly. Applying or reporting to multiple funding organizations could become more efficient, enabling faster decision making and releasing of resources. From the opposite perspective, funders could better compare grant-making opportunities and improve funding decisions, as well as have a more strategic dialogue with their grant recipients. The improved transparency that standardized measurement and reporting would promote could also remove funding uncertainty, allowing funders to better allocate capital in the pursuit of social objectives.²⁰
- **Organizational efficiency** Standardization could encourage more precise documentation of an organization's "logic model" or theory of change, helping it allocate resources to activities that yield the best results and enhance the quality of management.²¹

On the other hand, some experts declare that standardization is a futile goal. They note that the broad range of missions and program areas, as well as the size and diversification of funding in the social sector, means that any attempt to standardize measurement would likely result in poor data reporting and unreliable results for performance measurement.²²

Frameworks for Measurement

Current frameworks are based on different notions of social impact or designed to narrowly serve the purposes of the constituents who promoted their development. Most important, they often lack empirical evidence of their efficacy.

²⁰ See Ann-Kristin Achleitner, Alexander Bassen, Barbara Roder, "An Integrative Framework for Reporting in Social Entrepreneurship," January 2009, (ssrn.com/abstract=1325700 or <http://dx.doi.org/10.2139/ssrn.1325700>).

²¹ These terms originated in the field of program evaluation. They refer to organizations' strategies for affecting change, and include the underlying logic, assumptions, influences, causal linkages, and expected outcomes of a program or project.

²² Melinda Tuan, *Measuring and/or Estimating Social Value Creation*, Bill and Melinda Gates Foundation Impact Planning and Improvement, 2008.

The list of 30 quantitative frameworks in Table 4 is based on a literature review, internet searches, and expert opinion. Corporations require quantitative frameworks to make intangible results more tangible and use social impact measurement for decision making and strategy development. This list is not intended to be exhaustive, but rather to provide an overview of the frameworks available, with the focus on quantitative frameworks that measure impact on society.

Qualitative guidelines, principles, and standards (e.g., the Global Reporting Initiative, AccountAbility (AA)1000, Social Accountability International (SA) 8000, International Standards Organization (ISO) 26000, etc.) are not included in this list.

Table 4

Description of social impact measurement frameworks

Framework	Year of inception	Developed by	Description	More information
1. Acumen Scorecard	2001	Acumen Fund; McKinsey	Assesses the social ventures investments in Acumen's portfolio of for-profit and nonprofit organizations Tracks progress on short-term and long-term outcomes by tracking outcome milestones and benchmarks	www.acumensms.com
2. AtKisson Compass Assessment for Investors (ACAI)	2000	AtKisson Inc	Uses a point rating system around five key areas: N: Nature (environmental benefits and impacts) S: Society (community impacts and involvement) E: Economy (financial health and economic influence) W: Well-being (effect on individual quality of life) +: Synergy (links between the other four areas and networking) Designed to integrate with major CSR reporting standards (including Global Reporting Initiative and Dow Jones Sustainability Index) Peer reviewed by corporate executives, economic academics, and investment professionals	atkisson.com/www_tools.php
3. Balanced Scorecard	1992	Robert Kaplan; David Norton	Proposes that corporations measure operational performance using measuring beyond solely financial Collects and integrates a range of metrics along the impact value chain Helps coordinate evaluation, internal operations metrics, and external benchmarks, but is not a substitute for them	www.balancedscorecard.org
4. Best Available Charitable Option (BACO)	2006	Acumen Fund	Looks to quantify an investment's social impact and compare it to the universe of existing charitable options for that particular social issue Helps inform investors where their philanthropic capital will be most effective by providing a dollar value for social output generated over the investment's life relative to the best available charitable option.	www.acumenfund.org
5. Base of the Pyramid (BoP) Impact Assessment Framework	2007	Ted London, William Davidson Institute	Aims to understand who at the base of the pyramid is affected by BoP ventures and how they benefit Contributes to a deeper knowledge of the relationship between profits and poverty alleviation Builds upon the different well-being constructs as developed by 1998 Nobel Prize winner Amartya Sen	www.wdi.umich.edu/research/bop/impact-assessment-page

(Continued on next page)

Table 4 **Description of social impact measurement frameworks** (continued)

Framework	Year of inception	Developed by	Description	More information
6. Center for High Impact Philanthropy Cost Per Impact	2007	Center for High Impact Philanthropy, University of Pennsylvania	Aims to help philanthropists assess cost per impact, thereby helping them get the most impact for their philanthropic dollar Provides impact and analytical tools to help philanthropists assess impact and cost	www.impact.upenn.edu
7. Charity Assessment Method of Performance (CHAMP)	2006	Dutch Charities Test (Nationale Goede Doelen test)	Provides indicators to measure effectiveness and efficiency across five different levels: 1. Impact on society 2. Impact on the public 3. Outputs 4. Activities 5. Inputs	www.goededoelentest.nl
8. Foundation Investment Bubble Chart	N/A	N/A	A visualization tool that plots the quantifiable impact on the x-axis, the percentage of implementation on the y-axis, and the relative size of the foundation's grant in a given field Allows for easy comparison of the performance of corporations across a portfolio	www.gatesfoundation.org/learning/Documents/WWL-profiles-eight-integrated-cost-approaches.pdf
9. Hewlett Foundation Expected Return	2008	William and Flora Hewlett Foundation	Calculates the expected return on investment Developed to allow foundations to ask and answer the right questions for every investment portfolio: 1. What's the goal? 2. How much good can it do? 3. Is it a good choice? 4. How much difference will it make? 5. What's the price tag? Based heavily on cost-effectiveness analysis and cost-benefit analysis	www.hewlett.org
10. Local Economic Multiples	N/A	N/A	A central concept in Keynesian and post-Keynesian economics A factor of proportionality that measures how much an endogenous variable changes in response to a change in some exogenous variable Based on the idea that dollars spent in locally owned stores will affect the local economy two or three times more in comparison to dollars spend in national retailers	N/A
11. Measuring Impact Framework	2008	World Business Council for Sustainable Development	Designed to help corporations understand their contributions to society and to use this understanding to inform their operational and long-term investment decisions, and to have better-informed conversations with stakeholders Based on a four-step methodology that attempts to merge the business perspectives of its contribution to development with the societal perspectives of what is important where that business operates Requires consultation among internal and external stakeholders	www.wbcsd.org

(Continued on next page)

Table 4 **Description of social impact measurement frameworks** (continued)

Framework	Year of inception	Developed by	Description	More information
12. Millennium Development Goal (MDG)-scan	2009	Dutch National Committee for International Cooperation and Sustainable Development; Dutch Sustainability Research	<p>Designed for corporations to measure the positive contribution to the Millennium Development Goals (MDGs) and demonstrate their role in the global initiative to reach these eight MDGs</p> <p>Measures each corporation's MDG impact by entering critical data on core business and community investment activities. Once the corporation approves the publication of its results, they will be publicly visible</p> <p>Real-time results generation quickly provides easy-to-understand insights on a global, country, or sector basis</p>	With the impending closure of the Millennium Development Goals, MDG-scan is no longer available. However, the move to the UN Sustainable Development Goals could prompt an updated framework for corporations to measure their positive contribution.
13. Measuring Impacts Toolkit	2004	Institute for Volunteering Research (with input from London School of Economics, the University of East London and Roehampton University)	<p>Provides a way for corporations to look at the impact of volunteering on the volunteer, the service user, the corporation, and the wider community</p> <p>Allows for comparison of results over time</p> <p>Provides positive and negative results</p> <p>Allows intended and unintended impacts to be explored</p>	www.volunteering.org.uk
14. Ongoing Assessment of Social Impacts (OASIS)	1999	(formerly) The Roberts Enterprise Development Fund	<p>A customized, comprehensive, and ongoing social management information system</p> <p>Entails both designing an information management system that integrates with nonprofit agencies' information tracking practices and needs and implementing the tracking process to track progress on short- to medium-term (two years) outcomes</p>	www.redf.org
15. Participatory Impact Assessment	early 1990s	Feinstein International Center	<p>Seeks to answer the question: "What difference are we making?" through a participatory approach to measuring impact on livelihoods</p> <p>Offers not only a useful tool for discovering what change has occurred, but also a way of understanding why it has occurred</p> <p>Does not aim to provide a rigid or detailed step-by-step formula or set of tools to carry out project impact assessments, but describes an eight-stage approach, and presents examples of tools which may be adapted to different contexts</p>	http://fic.tufts.edu/publication-item/participatory-impact-assessment/
16. Poverty and Social Impact Analysis (PSIA)	2000	World Bank	<p>A systematic analytical approach to the analysis of the distributional impact of policy reforms on the well-being of different stakeholder groups, with a particular focus on the poor and vulnerable</p> <p>Not a tool for impact assessment in and of itself, but rather a process for developing a systematic impact assessment for a given project</p> <p>Emphasizes the importance of setting up the analysis by identifying the assumptions on which the program is based, the transmission channels through which program effects will occur, and the relevant stakeholders and institutional structures</p>	www.worldbank.org/psia

(Continued on next page)

Table 4 **Description of social impact measurement frameworks** (continued)

Framework	Year of inception	Developed by	Description	More information
17. Public Value Scorecard (PVSc)	2003	Professor M.H. Moore, Director of the Hauser Center for Non-profit Corporations at the John F. Kennedy School of Government at Harvard University	Based on the concept of the Balanced Scorecard, with three crucial differences: 1. In the PVSc, the ultimate value to be produced by the organization is measured in nonfinancial terms 2. The PVSc focuses not just on customers who pay for the service, or clients who benefit from the nonprofit's operations, but also on the third-party funders 3. The PVSc focuses attention on productive capabilities for achieving large social results outside the boundary of the nonprofit itself	www.exinfm.com/workshop_files/public_sector_scorecard.pdf
18. Robin Hood Foundation Benefit-Cost Ratio	2004	Robin Hood Foundation	Seeks to know the value of similar and dissimilar programs Applies an innovative methodology, consisting of: 1. A common measure of success for programs of all types 2. A benefit/cost ratio is calculated for the program, dividing the estimated total earnings boost by the size of Robin Hood's grant. The ratio for each grant measures the value it delivers to poor people per dollar of cost to Robin Hood—comparable to the commercial world's rate of return	www.robinhood.org
19. Social Compatibility Analysis (SCA)	2003	Institute for Sustainable Development at the Zurich University of Applied Sciences Winterthur	Defines objective criteria according to which social compatibility is evaluated Follows a three-step approach: 1. Systems are divided into a number of subsystems (e.g., a product could be divided into subsystems of life cycle phases) 2. Relevant evaluation criteria are selected 3. Subsystems are assigned to classes (highly relevant social problems to no relevance)	home.zhaw.ch/~knz/Social%20Compatibility/SCA1.pdf
20. Social Cost-Benefit Analysis (SCBA)	N/A	N/A	A traditional economic tool for performance management adapted to include impacts on society Costs and social impacts of an investment are expressed in monetary terms and then assessed according to one or more of three measures: 1. Net present value (the aggregate value of all costs, revenues, and social impacts, discounted to reflect the same accounting period) 2. Benefit-cost ratio (the discounted value of revenues and positive impacts divided by discounted value of costs and negative impacts) 3. Internal rate of return (the net value of revenues plus impacts expressed as an annual percentage return on the total costs of the investment)	N/A
21. Social Cost Effectiveness Analysis (SCEA)	N/A	N/A	A traditional economic tool for performance management adapted to include impacts on society Aims to quantify how factors (e.g., intervention cost, number of people reached, risk behaviors, and the effectiveness of the intervention in changing behavior) combine to determine the overall value of a program Can determine whether an intervention is cost-saving or cost-effective	N/A

(Continued on next page)

Table 4 **Description of social impact measurement frameworks** (continued)

Framework	Year of inception	Developed by	Description	More information
22. Social e-valuator	2007	D.O.B Foundation; Noaber Foundation; Scholten Franssen	A web-based tool based on the Social Return on Investment (SROI) methodology (see framework 26)	www.socialevaluator.eu
23. Social Footprint	2006	Center for Sustainable Organizations	<p>A context-based measurement tool that takes actual human and social conditions in the world into account as a basis for measuring the social sustainability performance of corporations</p> <p>Can be seen as an adaptation of the concept of ecological footprint, in that both attempt to measure gaps.</p> <p>Numerators express actual impacts on vital capitals in the world, and denominators express norms for what such impacts ought to be in order to ensure human well-being</p>	www.sustainableinnovation.org
24. Social Impact Assessment (SIA)	1994	Interorganizational Committee on Guidelines and Principles for Social Impact Assessment	<p>Includes adaptive management of impacts, projects, and policies (as well as prediction, mitigation, and monitoring) and therefore needs to be involved (at least considered) in the planning of the project or policy from inception</p> <p>Can be applied to a wide range of interventions, and undertaken at the behest of a wide range of actors, and not just within a regulatory framework</p> <p>Understood to be an umbrella or overarching framework that embodies all human impacts</p>	www.st.nmfs.noaa.gov/tm/spo/spo16.pdf
25. Social Return Assessment (SRA)	2000	Pacific Community Ventures	<p>Entails tracking progress specifically on the number and quality of jobs created by PCV's portfolio corporations</p> <p>Method is separate from financial performance assessment</p>	www.pacificcommunityventures.com
26. Social Return on Investment (SROI)	1996	(formerly) The Roberts Enterprise Development Fund	<p>Places a dollar value on ventures in its portfolio with social as well as market objectives</p> <p>Combines tools of benefit-cost analysis, the method economists use to assess nonprofit projects and programs, and the tools of financial analysis used in the private sector</p> <p>Accessible to a broad range of users, substituting readily understood terms and methods for technical jargon and complicated techniques</p>	www.redf.org
27. Socio-Economic Assessment Toolbox (SEAT)	2003	Anglo American plc	<p>Builds upon a number of existing steps to provide a unique approach:</p> <ol style="list-style-type: none"> 1. Profiling an organization's operations and host community 2. Identifying and engaging with stakeholders 3. Assessing the impacts of operations – both positive and negative – and the community's key socioeconomic development needs 4. Developing a management plan to mitigate any negative aspects of an organization's presence and to make the most of the benefits operations bring 5. Working with stakeholders and communities to help address some of the broader development challenges they would face even without an organization's presence 6. Producing a report with stakeholders to form the basis for ongoing engagement with and support for the community 	www.angloamerican.co.uk

(Continued on next page)

Table 4 **Description of social impact measurement frameworks** (continued)

Framework	Year of inception	Developed by	Description	More information
28. Stakeholder Value Added (SVA)	2001	Stefan Schaltegger, Center for Sustainability Management	<p>Based on the stakeholder approach or standard setting and strategic management of corporations, which is used to analyse relations between stakeholders (interest groups) and corporations</p> <p>Measures the contribution to corporation value due to stakeholder relations (stakeholder value) in four steps:</p> <ol style="list-style-type: none"> 1/2. Calculate the return on stakeholder (RoSt - the stakeholder's relative value contribution to the value of the corporation) for the corporation in question and the reference corporation (e.g., market average) 3. Subtract RoSt of the reference corporation from the corporation in question 4. Multiply the value from step 3 by the corporation's stakeholder costs to obtain the stakeholder value added 	http://nbs.net/sustainability-centres-directory/centre-for-sustainability-management-csm/
29. Toolbox for Analyzing Sustainable Ventures in Developing Countries	2009	United Nations Environment Program	<p>Developed to answer questions related to the identification of opportunities, the understanding of the determinants of success, and the assessment of costs and benefits that appear repeatedly</p> <p>Can be used to systematically identify, evaluate, advise, and promote sustainable ventures</p> <p>Addresses initiatives that support sustainable ventures including donor programs, award schemes, private and public investors, professional education programs, and policy makers</p> <p>Responds to three questions that appear repeatedly in the process of building and managing a sustainable venture:</p> <ol style="list-style-type: none"> 1. Where are opportunities to create value by meeting needs better and more efficiently? 2. What factors determine the success of the venture? 3. What are costs and benefits of the venture for the business, society, and the environment? 	www.unep.org
30. Wellventure Monitor™	2006	Fortis Foundation Netherlands; Erasmus University Rotterdam	<p>Clarifies how the target group benefits from the project, as well as how the corporation, employees, and social organization gains</p> <p>Makes it possible to see the long-term benefits of community investments by combining the sum of impacts from multiple projects</p> <p>Encourages organizations to create a survey of the project to be completed by funders, nonprofits, and target groups</p>	www.wellventuremonitor.nl

Source: Karen Maas and Kellie Liket, "Social Impact Measurement: Classification of Methods," *Environmental Management Accounting and Supply Chain Management*, vol. 27, 2011, pp. 171-202.

Several frameworks have been developed by or for nonprofit or governmental organizations (e.g., SROI, OASIS, SCBA, and LEM), whereas others are intended for use by for-profit corporations (e.g., SRA, ACAFI, TBL, MIF, and BACO). Many of these frameworks are adaptable—SROI is a good example—and can meet the needs of many different types of organizations.

The social impact measurement frameworks currently on offer, however, do not express a common understanding of what to measure, why or for whom to measure it, and how to measure it. They reflect the differing impact measurement needs of organizations, needs that depend on the activities and objectives of the measuring organization.

Spotlight on select measurement models

Certain measurement models have garnered more attention than others in the field and warrant a closer look:

LBG is both a model designed to measure the inputs, outputs, and impacts of community investments and a network of more than 300 companies that use the LBG model to benchmark and quantify the value of their community programs. LBG is founded and managed by Corporate Citizenship, a global corporate responsibility consultancy (www.lbg-online.net/).

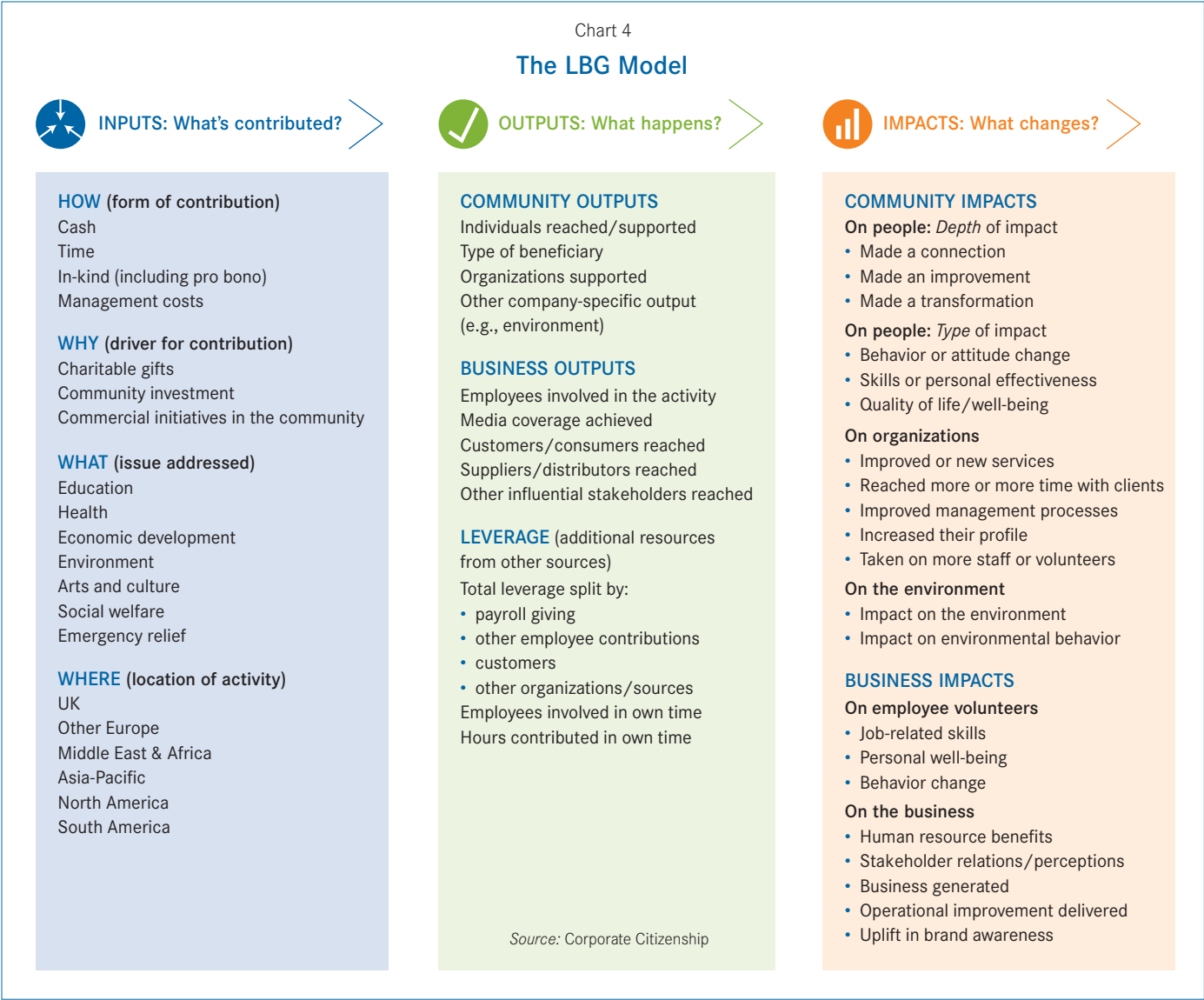
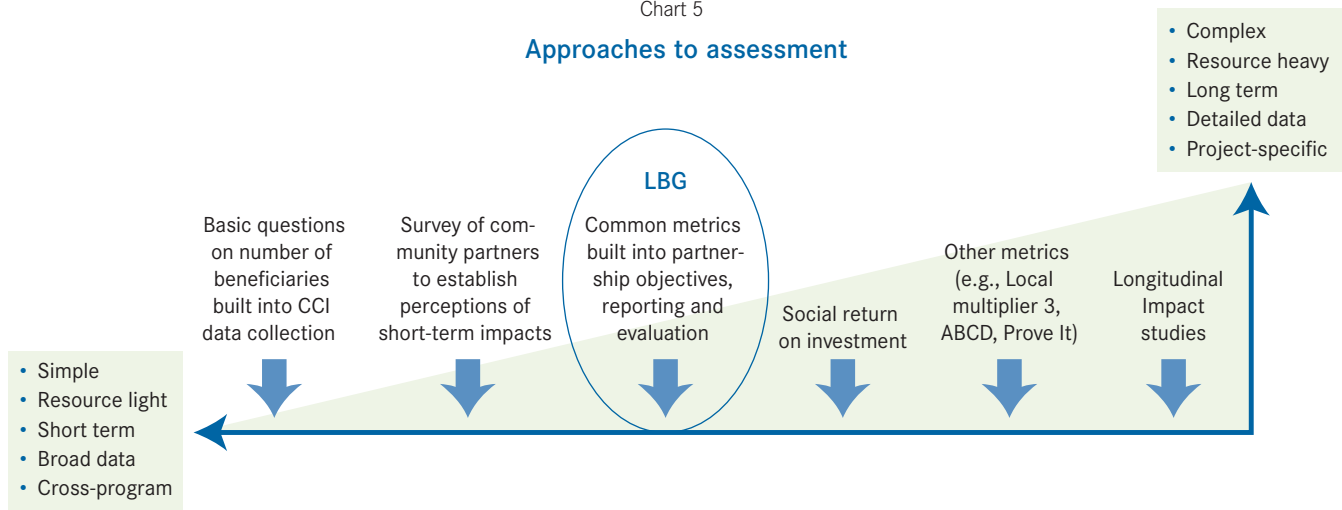


Chart 5

Approaches to assessment



Source: Megan DeYoung, "What Difference Does It Make? How Companies Use LBG to Measure the Impact of Corporate Community Investment," presentation to The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments, New York, NY, June 27, 2013.

From a long-term impact perspective, and in an effort to help companies aggregate results across community projects, the LBG model groups seemingly disparate activities and indicators into the three areas of (1) positive behavior or attitude change, (2) skills/ personal development, and (3) improved quality of life or well-being. In this way, projects that have unrelated indicators can essentially be “rolled up” into overarching impact statements through the use of these three general impact categories.

In viewing various approaches to impact assessment, the LBG model fits somewhere between very short-term, simple, broad data collection techniques and more complex, resource-heavy efforts. (See Chart 5.)

In August 2013, the Association of Corporate Contributions Professionals (ACCP) and Corporate Citizenship released a summary report highlighting results of an 18-month pilot program designed to improve companies’ ability to measure the impact of charitable giving. Through this initiative, 13 ACCP member companies learned about, and applied, the LBG model.²³ After the conclusion of the pilot program, ACCP and Corporate Citizenship launched The Measurement Academy, which is a series of trainings, resources, and support that provide individuals with the information and skills needed to apply the LBG model to their programs.

The benefits of the LBG model include:

- Useful planning and management tool to help clarify program goals and objectives and ultimately inform decision making about who and what is being funded
- Logic model frameworks are simple and concise; can facilitate communication with internal stakeholders regarding program intent, resource needs, and planned outcomes
- Could serve as a planning tool to use with nonprofit partners as the relationship is developed to ensure both parties are aligned
- Provides a common set of terminology and tools and a process to follow to organize a program and its measurement

²³ Full results from the pilot program and opinions from participants regarding the benefits and challenges of applying the LBG model are accessible in the full report, available at www.accp.org.

Important considerations for the model include:

- Difficult to project impact beyond the life of the program/project
- Can't identify (or validate the quality of) metrics to be collected
- Doesn't provide a level of specificity and depth on impacts across diverse programs and indicators that is currently missing from the aggregated efforts

True Impact specializes in helping organizations maximize and measure the social and business value of their operating practices (www.trueimpact.com).

The True Impact method is designed to help analyze how individual programs, activities, or initiatives affect operating costs, sales, productivity, retention, and risk, as well as how they affect individual social categories. Its tools also convert results into a return on investment (ROI) format that allows for deeper program analysis, as well as program-to-program comparisons.

According to Farron Levy, president and founder of True Impact, the model can help corporate social investors prove value by using clear-cut ROI scorecards to build support among internal and external stakeholders, as well as justify and protect programs and future budgets. In addition, it can help to improve value by showing cost-per-outcome comparisons, enabling corporate social investors to make more informed decisions about what programs to fund and how to fund them.

True Impact takes a four-step “map and measure” approach:

- 1 Define stakeholders: Determine what internal and external groups are involved.
- 2 Brainstorm impacts: Identify the potential effects of the program on stakeholder resources, outcomes, or perceptions.
- 3 Assess outcomes: Analyze how each of these impacts affects the bottom-line social or business outcomes (revenues, costs, or mission).
- 4 Calculate value: Use actual or proxy data to calculate bottom-line results.

Chart 6 (page 27) illustrates the “map and measure” process using the example of a domestic violence (DV) program. In the graphic, a community relations department is identified as a stakeholder (step 1), that department may need to expend resources in the form of administration and grant funds on a program (step 2), and some perceived outcomes (step 3) include increased employee productivity in that program and greater safety for target beneficiaries. The “measure” part of the approach (step 4) is reflected in the adjacent table and illustrates how calculations of bottom-line results have been translated to key performance indicators (KPIs), demonstrating the return on \$1 of investment.

The benefits of the True Impact model include:

- Useful planning and management tool to determine in which programs to invest further or to potentially adjust, if not reaching desired results
- Allows for the measurement of both social and business outcomes
- Enables side-by-side comparison of programs once ROI has been calculated
- Facilitates internal conversations about the impact of a social program on the bottom line and the ways in which it can be credibly quantified

Chart 6

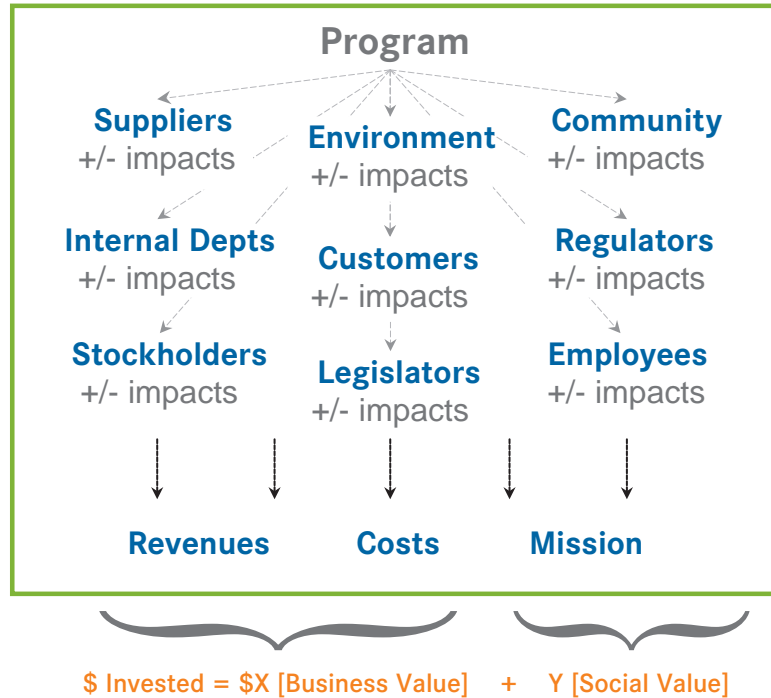
“Map and measure” approach to KPI development

Map

- 1 Define stakeholders
- 2 Brainstorm impacts
- 3 Assess outcomes

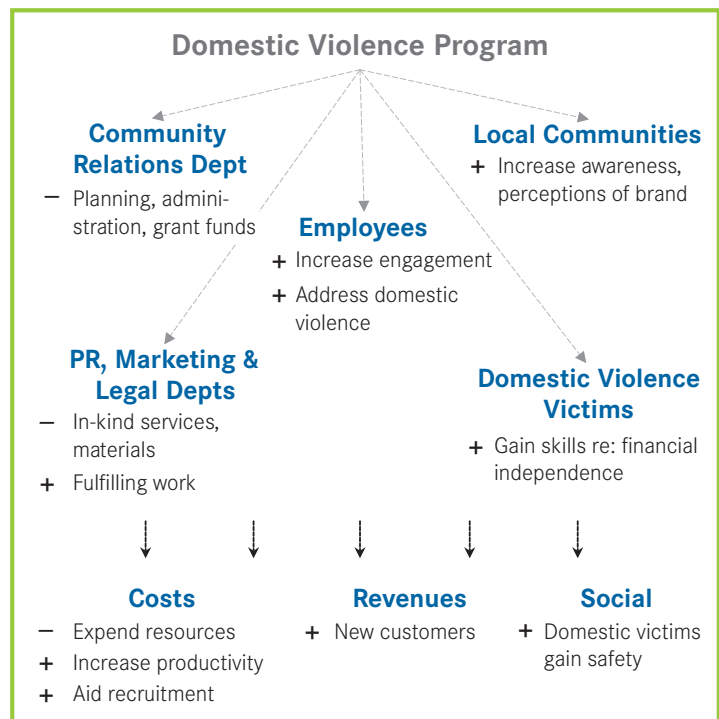
Measure

- 4 Calculate value



Sample map and measure approach

Categories	Total	KPIs
Cost (investment)	\$1MM	—
Social Value		
DV victim safety	450 achieve safety	\$2,222/success
Ripple effects (health care, work savings)	\$1.2MM	\$1.20 (per \$1)
Business Value		
Sales	\$150,000	\$0.15 (per \$1)
Recruiting	\$50,000	\$0.05 (per \$1)
Productivity (engagement)	N/S	—
Productivity (DV intervention)	\$6MM + opportunity	\$6.00 (per \$1)



Source: Farron Levy, “Measuring the Impact of Corporate Social Investments,” presentation to The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments, New York, NY, June 27, 2013.

Important considerations for the model include:

- Can't examine programs with different ROIs and use that information to drive program improvement and decision making
- Low level of confidence in the quality and accuracy of calculations used to quantify social or business impact and the resulting impact on the model's credibility and utility
- Difficult to compare programs with multiple social outcomes
- Hard to identify which social outcomes to track and measure

Mission Measurement is an organization that measures social outcomes for the corporate, governmental, and nonprofit sectors (<http://missionmeasurement.com>).

According to Jason Saul, founder and CEO, much of the inability to effectively compare social programs derives from their different strategies and interventions and their use of different metrics. The Mission Measurement solution to this challenge is to measure each program's relative contribution to a common outcome. To that end, the company has created a universal outcomes taxonomy, systematically cataloguing outcomes in the social sector and narrowing them to a set of 132 common outcomes. It has indexed further by additional specific program classifications. In Table 5, one standardized outcome for investments in early childhood education is "to improve school quality," which can be further classified by sub-outcomes in either school curriculum or teacher effectiveness (both aiming to improve school quality).

Table 5 **Universal Outcomes Taxonomy (excerpt)**

High-level program classification	Specific program typology	Program type index	Standardized outcome classification	Standardized sub-outcome classification	Standardized beneficiary classification	Outcomes indexed by program types
Education	Early childhood education	B03.02	Improve academic achievement	Non-specific	Pre-kindergarten	B03.02-007a
Education	Early childhood education	B03.02	Improve school quality	School curriculum	Pre-kindergarten	B03.02-009d
Education	Early childhood education	B03.02	Improve school quality	Teacher effectiveness	Pre-kindergarten	B03.02-009e
Education	Early childhood education	B03.02	Increase access to education	Non-specific	Pre-kindergarten	B03.02-010a
Education	Early childhood education	B03.02	Increase student engagement	Non-specific	Pre-kindergarten	B03.02-015a
Education	Elementary and secondary education	B03.02	Develop knowledge and skills for individuals	Twenty-first century skills	Elementary	B03.03-004m

Source: Jason Saul, "Cracking the Code on Social Impact," *Stanford Social Innovation Review*, February 6, 2014 (www.ssireview.org/blog/entry/cracking_the_code_on_social_impact).

As it applies to funders, this approach involves analyzing the social programs a company supports by their effectiveness in reaching an outcome. These programs are also assigned a cost-per-outcome (CPO) metric that enables practitioners to better benchmark and evaluate their work. Mission Measurement helps funders apply this model by taking the following steps:

- 1 Determine which standard outcomes the company is interested in achieving (based on the universal outcomes taxonomy).
- 2 Code or tag every program or grant being made with the outcome with which it is aligned.
- 3 Provide a rating for a program's success at producing an intended outcome based on evidence of effectiveness. Evidence of effectiveness includes qualitative and quantitative data describing how close programs come in contact with targeted beneficiaries and the defined outcome and the quantity and duration of program interactions.
- 4 Create a CPO metric that weighs the nominal cost per program participant against the program's expected outcomes.
- 5 Estimate a confidence level for each program's CPO calculation by examining the level of evidence available, relevant scholarly research, and past program evaluations.

Applying this approach across a portfolio within a cause area enables a funder to identify which programs are more effectively reaching a target outcome. In addition, a more powerful statement of impact can be articulated. For example, where a funder may have previously only been able to state, "We funded 25 high school readiness programs in NYC," after applying this model, the statement could transform into, "Our funding put 630 children on track to graduate high school."

As a follow-up to the development of the Universal Outcomes Taxonomy, in April 2014, Saul along with Nolan Gasser, architect of the Music Genome Project and chief musicologist emeritus of Pandora, introduced the Impact Genome Project. Acknowledging that few nonprofits have quality outcomes data, Saul states that the social sector needs "synthetic" data to predict future behavior or outcomes. As such, Saul says, this project is:

a massive effort to systematically codify and quantify the factors that research has shown drive outcomes across the entire social sector. The process we undertake to evaluate a program against the impact genome considers information based on a program's operation, its theory of change, its outcome potential, and other metrics and indicators. By mapping all of these factors and comparing success across programs, we can leverage predictive analytics to forecast a program's efficacy in producing a desired outcome.²⁴

24 Jason Saul and Matt Groch, "Introducing the Impact Genome Project," *Stanford Social Innovation Review*, April 2014, available at: http://www.ssireview.org/blog/entry/introducing_the_impact_genome_project.

The benefits of Mission Measurement's model include:

- Creating standard outcomes for use across the industry is appealing from an efficiency and benchmarking perspective.
- Enables side-by-side comparison of nonprofit partners once CPO has been calculated
- Useful tool for determining which investments are performing more effectively than others in terms of reaching a desired outcome
- Adopts an outcomes-focused approach (as opposed to output-focused approach), which is more closely tied to impact

Important considerations for the model include:

- No finite set of standard outcomes to meet the specific and detailed desired impacts of corporate social investors
- No integration of factors such as length of engagement with a nonprofit partner and its effect on the ability to compare across partners
- Internal staff may not be capable of consistently and accurately analyzing nonprofit partners regarding how well they contribute to a certain standard outcome

The Role of Data in Measurement

Top Takeaways

- Data collection and analysis could make nonprofits more effective and help them better prove impact, but organizations often lack the resources and expertise to take advantage of data.
- There is relatively little publicly available information about the philanthropy sector, despite it being one industry that could benefit considerably from data sharing.
- As the sector explores how to better share and analyze data, it needs to consider the quality of the information on which it bases important decisions.

Increasingly, the real focus of philanthropists is on proactively identifying and addressing the causes of problems rather than reacting to their effects. This approach seeks to include measurable outcomes, and to measure outcomes, you need data. There is a surprising lack of general industry information on the philanthropic sector—data that most other sectors simply take for granted.

Philanthropy is growing as a sector and gaining visibility around the world. Private giving has an increasingly important role in addressing human suffering, promoting social justice and equitable economic growth, and strengthening and supporting a broad array of civil society goals and organizations. Yet, as a field of study, global philanthropy is in its infancy.

Paula D. Johnson, director of The Philanthropic Institute's Center for Global Philanthropy, notes that while many have contributed to our understanding of global giving, it is fair to say that there are no individual or institutional experts.²⁵ Reliable data about giving can be found in only a limited number of countries, while globally comparable data are nonexistent, and careful analysis of philanthropic giving through a global lens is hard to find.

Lucy Bernholz, who writes extensively on philanthropy, technology, information, and policy, has noted that most of the information that organizations collect on their work never gets shared outside of their own staff meetings. This, she says, is not because it's proprietary or scandalous, but because that's the way it was done in the pre-internet, publish-it-once era. "If we're going to scale any of our efforts to solve social problems," Bernholz says, "we've got to make much better use of the fastest scaling tool humans have ever built: open data."²⁶

Given the extensive amount of detail collected by foundations, there is an excellent opportunity to make better use of data to not only inform the individual foundation's grant making, but also to feed into the wider philanthropic and not-for-profit sector—to help make real, positive social impact for the community's benefit.

25 Paula D. Johnson, *Global Institutional Philanthropy: A Preliminary Status Report*, Worldwide Initiatives for Grantmaker Support, 2010.

26 Lucy Bernholz, "Changing Our Data Defaults," in *Philanthropy 2173: The Future of Good*, accessed on February 21, 2014 (<http://philanthropy.blogspot.com/2013/03/changing-our-defaults.html>).

Using Data to Understand Effectiveness

According to Larry McGill, vice president for research at the Foundation Center, “market intelligence” is the most important factor to improve the effectiveness of grants, including intelligence on:²⁷

- potential constituencies;
- the unmet needs among those constituencies;
- mechanisms for meeting those needs; and
- the work of other organizations operating in that market.

To formulate this understanding, foundations need to start compiling data on the activities of other foundations, as well as on bilateral and multilateral organizations that are working on these problems or issues. When assessing their counterparts, foundations must ask:

- What are their theories of change?
- What types of interventions are they engaged in?
- What organizations do they work with on the ground?
- How does the work of my foundation fit into this picture?

McGill says that having access to data in each of these areas minimizes the risk of making poor giving decisions. Put another way, data give foundations their best shot at making a difference through their work. Minimizing risk, McGill says, is the only thing that foundations have any power to control.

The Best Use of Data for Philanthropy

New search technology and databases are allowing a more creative use of comparative information, so that foundations can provide context to decision making. Using these data for predictive purposes will assist measurement and evaluation and allow for a greater understanding of social impact.

Illuminating trends, gaps, and innovation will encourage foundations to build on each other’s ideas to increase impact for the benefit of the community. For example, “place” is becoming increasingly recognized as a critical element in addressing many social problems (i.e., rather than project funding, targeting philanthropy toward locations that are particularly in need of interventions). Sophisticated data visualization tools can help create geographic maps to identify gaps between needs and funding, while heat maps can be used to identify areas of unmet need.²⁸

²⁷ Larry McGill, “Data for Good,” *Alliance Magazine*, September 2012.

²⁸ Gina Anderson, *Where the Money Goes: Private Wealth for Public Good*, Centre for Social Impact, University of New South Wales, 2013.

Jacob Harold, president and CEO of GuideStar USA, offers two basic principles for how members of the philanthropy community should perceive data:²⁹

- 1 Information is meant to inform, not decide. If we (individuals, foundations, companies) ever let data offer only one explanation or one interpretation, we become robotic in our practice. Data are meant to complement intuition and stories, not to replace them.
- 2 Embrace many sources of data. The nonprofit sector is simply too complex for any single measure of performance, and it needs a variety of measures—from randomized controlled trials to beneficiary reviews to financial analysis—to tell the full story of social change.

Foundation Center President Bradford Smith suggests the following:

- Stop trying to be unique.
- Stop thinking about data and communications as two separate things.
- Start aligning your data with the outside world.
- Start developing custom grants management systems.
- Start going beyond the minimum reporting requirements of tax laws.
- Start thinking about data as open.

Common Approaches to Data Collection

Creating more common data sets relevant to philanthropic work is becoming a central concern of philanthropy industry associations around the world.

In 2011, the Foundation Center announced a six-point strategic plan that included the building of a global data platform for philanthropy as one of its main aims. The center's goal is to generate more, better, and deeper data; to build better systems for collecting, classifying, and interpreting the data; and to provide on-demand access to them.

“Philanthropy In/Sight,” the Foundation Center's newest tool, is a web-based data visualization and interactive mapping tool designed for grant makers, policy makers, researchers, and academics—virtually anyone interested in the impact of philanthropy around the world today. It combines data on grant makers and their donations with familiar Google maps to tell the story of philanthropy.³⁰

The Foundation Center has also partnered with a number of organizations to improve the supply of philanthropic data.

- **Worldwide Initiatives for Grantmaker Support (WINGS)** This global association of grant-maker associations has released a Draft Global Philanthropy Data Charter that defines values for the collection and use of data. In particular, this charter addresses the accessibility of data, data quality, knowledge sharing and inclusiveness, distributed leadership and open architecture, and ownership, privacy, and use of data. It also addresses special considerations such as open data, public versus private data, and the standardization of data internationally.

29 Jacob Harold, “Philanthropy and Emotion in the Age of Big Data,” Arabella Advisors, accessed on February 21, 2014 (www.arabellaadvisors.com/2012/12/11/philanthropy-and-emotion-in-the-age-of-big-data/).

30 For more information on Philanthropy In/Sight, visit (<http://www.foundationcenter.org/grantmakers/complete-list/philanthropy-insight.html>).

- **TechSoup Global** This global community of nonprofits that advocates for the use of technology as an agent of social change is combining its data with the Foundation Center's, creating one of the largest nonprofit data sets in the world. The two organizations' extensive and complementary networks of individuals and organizations will allow nonprofits to operate more efficiently and increase their impact. They are also exploring opportunities to cohost events, conduct analysis of their combined data sets, and cross-pollinate content with the aim of sharing knowledge and insights with wider audiences in the sector.
- **William and Flora Hewlett Foundation** This long-standing, California-based foundation has developed a simple database under open-source technology and licensed under the Creative Commons. The database, which is available for free, allows organizations interested in the foundation's work to generate a snapshot of its grants at the international, national, and local levels by year and grant amount. However, the tool has limited search capability and it does not provide a sector or geographic view.

Additionally, Markets for Good, an initiative developed by the Bill & Melinda Gates Foundation, and financial firm Liquidnet are helping the Foundation Center improve the system for generating, sharing, and acting upon data and information in the social sector. The group's vision is of a social sector powered by information, in which interventions are more effective and innovative, capital flows efficiently to the organizations that are having the greatest impact, and there is a dynamic culture of continuous learning and development.

If You Can't Trust the Data, Measurement Is Meaningless

By Daniel Shapiro, Director of Data Analytics and Management, and Scott Cody, Vice President of Human Services Research, Mathematica Policy Research



Daniel Shapiro

The debate about what data should or shouldn't be measured is an unfinished one. But perhaps more critical is the component of measurement that's too often absent from these discussions: the quality of the data being used.

Collecting basic performance statistics requires minimal effort. Data related to fundamental performance metrics (such as the number of participants enrolled, how many staff have been trained, the number of families served, and so on) should be collected for program management purposes anyway. This process does not require the collection of billions of bits of data, should not be off-putting, and remains essential for knowing whether a program is meeting basic goals, responsibly dispersing resources, and functioning as expected.



Scott Cody

With the digital revolution, we can collect even more data with less effort. Affordable web-based case management systems—including some that

focus on nonprofit social service providers—are widely available. These systems, which streamline the process of collecting basic performance measures, can vastly expand the number and accuracy of measures collected. Properly configured, these systems make it a relatively straightforward exercise to look at program performance by site, participants' characteristics, the type of intervention implemented, or other dimensions of interest.

Data collection requires care However, just because it is easy to collect data does not mean the data collected are high quality. The truism “garbage in, garbage out” succinctly captures why programs need to take care to collect accurate and consistent data. While no responsible organization would ignore the fundamental principles of financial management, many organizations pay scant attention to managing the quality of their data and thus risk squandering real value.

As the amount of available data expands, programs can use the information for more than just tracking day-to-day performance. The ability to merge and match information from a case management application with external administrative data sets, or even with information from social media sites, creates a wealth of possibilities that were unimagined just a few years ago. With the right data and the right tools, programs can readily assess what is and isn't working, which can guide strategic planning and foster innovation. But using data for strategy and innovation increases the stakes tied to data quality. No program wants a "garbage out" strategy.

Tips for ensuring high-quality data So how do organizations make sure the data used to manage a program are of high quality? Fortunately, it's not difficult to put processes in place that can help ensure the quality, and thus the value, of data. Organizations can easily move from an undisciplined, reactive approach to data quality to a more governed position by implementing some common-sense procedures:

- 1 **Identify the program's critical data elements** These are essentially the information needed to manage the program and track its activity. Start by asking the questions you want to answer and then work backwards to ensure you'll have the information to provide the answers.
- 2 **Determine the criteria for assessing the quality of those critical elements** Identify ways to validate that your information is consistent and comprehensive. Basic elements to monitor are the degree of missing or out of bounds values, poorly formatted data elements (e.g., an email address with no "@"), and unexpected duplicate records.
- 3 **Assess the quality of your critical data** After you establish the critical elements and the assessment criteria, it's a straightforward process to profile your data so that problematic issues can be identified. The majority of problems can be uncovered by examining simple frequency distributions. Many case management systems can produce reports of this type on demand.
- 4 **Investigate and remediate identified problems** This is important to ensure that the information being used for program planning is as useful as possible. Often, data quality issues are associated with service delivery problems, such as incorrect implementation of case intake at a specific site or service providers not adhering to proper protocols.

These data-quality processes are not costly to implement, yet they go a long way to ensuring the information used for program management, assessment, and strategic planning is reliable. They give organizations confidence that their decisions are based on evidence that's accurate and supportable so they can minimize risk and doubt and maximize program impact.

Funding Data Systems in the Nonprofit Sector

The business world is moving irrepressibly toward a world of big data. Applying data analytics to the nonprofit world is complex, since social impact results from multiple concurring factors, but technology and analytical models are evolving and becoming more and more accessible. With funders such as Google already voicing their intentions to provide grants based solely on what data tell them,³¹ it is clear the nonprofit sector needs to exist in the same world or face the prospect of irrelevance.

31 Gary Wexler, "Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector?" The Conference Board *Giving Thoughts* blog, available at: <http://tcbblogs.org/philanthropy/2014/04/03/could-the-incessant-demand-for-data-kill-innovation-in-the-nonprofit-sector/#sthash.v6lvNjM.dpbs>.

However, the historically resource-strapped nonprofit sector is not equipped to collect such volumes of digital information, let alone put them to good use. So, the next part of the conversation around data concerns who should provide the resources to develop the collection and analysis systems required to meet funders' demands for information about impact.

Some experts—including Gary Wexler, cofounder of Seize the Conversation, and Wendy Ramage Hawkins, executive director of the Intel Foundation—say foundations demanding data and evidence of impact must be ready to fund the data actions required for new ideas over the period it takes to create the proof they want—which may be years.

On the face of it, this argument makes sense, but others consider this scenario to be too coddling. They argue that instead nonprofits should institute the necessary practices to benefit from data using the resources they already have. If foundations set the bar and raise expectations for the nonprofit sector, then competition in the sector will ultimately drive the process to improve measurement.

As Matteo Tonello and Alex Parkinson of The Conference Board note in their reply to Wexler: “The pressures of responding to the data and evidence demands of their funders will no doubt result in casualties, but so be it: some cleansing is needed, and the nonprofit world as a whole will benefit from clearer parameters of competition.”³²

Helping Nonprofits Use Data Effectively Is Fundamental to Our Support of Partners

By Wendy Ramage Hawkins, Executive Director, Intel Foundation



I believe that the ability to use data wisely and cost-effectively is in fact one of the core offerings that corporate philanthropists can and should bring to challenges we are all trying to address.

It used to be the role of big private foundations to fund experimentation and new ideas in the social sector, proving them out and then handing them to government and institutional funders to take them to scale.

Back then, corporate philanthropy generally stayed in the safe zone of popular, feel-good programs with nice photo ops.

But increasingly, corporations and foundations are challenging themselves to bring their core expertise to create long-term, systemic solutions: improving education, building strong communities, preventing and curing disease. Corporate philanthropy is no longer just about the photo ops, and we no longer feel good when we see that our impact is only temporary.

Employing data as a basic tool in business especially—and in Silicon Valley particularly—we can't imagine tackling big issues without employing data as our most basic tool. Big data helps us to understand the underlying problems in the first place: the trends, the interactions, and the challenges. Evaluative data lets us know whether what we are doing is actually making a difference.

How will we know we are making a difference if we can't measure the improvements?
How can we build on what we have done if we don't understand the foundation?

32 Matteo Tonello and Alex Parkinson, “Response to Gary Wexler: The Incessant Demand for Data Is No Bad Thing,” The Conference Board *Giving Thoughts* blog, available at: <http://tcbblogs.org/philanthropy/2014/04/16/response-to-gary-wexler-the-incessant-demand-for-data-is-no-bad-thing/#sthash.oqRA72oF.dpbs>.

There is a place for innovation and creativity in the work that every organization pursuing social impact—governments, private philanthropy, and corporate philanthropy—does, but that innovation must lay the groundwork for future solutions. Even in an experimental effort, we have to understand where we are starting, what our goal is, how to measure our success along the way, and how to be sure that that success is actually the result of our efforts and not just coincidental.

A costly but valuable practice Mr. Wexler is right that gathering data costs time and effort, as well as money. And gathering data just for the sake of building lovely spreadsheets and academic treatises is wasteful of precious resources. But doing the same things over and over for the photo op and the feel-good moment without ever actually changing lives and communities for the long term is far more costly.

Both funders and nonprofits have a responsibility to gather and use data responsibly to maximize the return on that investment, not just measuring things for the sake of measuring. One of the core skills that businesses and corporations bring to philanthropy, as we do to our own endeavors, is the ability use data effectively. We should be generous in sharing what we know, and not just our cash.

It is easy to get swept up in the belief that data should conquer all in the business and nonprofit worlds. But the key is to understand, with nuance, the limitations of data in the space.

One of the best rhetoricians about the value of data for nonprofits is Mario Morino, chairman of Venture Philanthropy Partners (VPP), an “outcomes-based” philanthropic investment organization. Though data-driven, Morino realized that measurement was not a catch-all. As he noted, VPP “should have done more to understand ‘soft’ achievements that may in fact be every bit as real and important as ‘harder’ outcomes.”³³

It is these “soft” achievements, though denigrated by their very connotation as soft, that are at the heart of so much of the valuable service nonprofits perform. To radically transform lives, we can’t just measure numbers, we must remember the “souls” with which we engage. While data help us accomplish much good, they are not the be-all and end-all; they are a mechanism that allows for our very human interactions to have that much more effectiveness.

33 Mario Marino, “‘Social Outcomes’: Missing the Forest for the Trees?” Venture Philanthropy Partners, January 2010 (http://www.vppartners.org/learning/perspectives/corner/0110_social-outcomes.html).

Reporting on Social Impact

Top Takeaways

- Nonprofits should focus performance reporting on more than their fiduciary goals.
- Current efforts to report on social impact are unstandardized and arbitrary, with most reports focusing on costs and outputs rather than outcomes and impact.
- The Social Reporting Standard offers an example for reporting on impact.

A lack of generally accepted reporting standards in the social sector means that reporting organizations waste resources trying to meet the varying demands of their different stakeholders, producing reports that cannot be compared with those of other organizations and that do not properly detail the organization's impact because they too often focus on inputs and outputs.

The Importance of Impact-Oriented Reporting

The defining characteristic of nonprofit organizations is their pursuit of social impact over fiduciary goals. The practice of focusing performance reporting on traditional financial indicators—common in for-profit businesses—is insufficient for organizations pursuing a social purpose.

But demonstrating impact is complex and plagued by procedural difficulties, such as the collection and measurement of often intangible indicators. As a result, impact reporting by nonprofits remains largely focused on costs and outputs (i.e., direct measurable results, such as the number of lives touched by a program).

This lack of standardization in reporting hinders the nonprofit sector in a number of ways:

- A misallocation of funds is more likely.
- Interested readers can face an unclear, unmanageable presentation of information.
- The exchange and learning processes within and between organizations can be hampered.
- The value of the social work organizations are doing can remain largely hidden, resulting in the image of the nonprofit sector being tainted.

Important Elements of an Impact-Oriented Report

Impact-oriented reports should include all relevant information that allows internal and external stakeholders to assess a nonprofit organization in its entirety, and specifically include information on performance, risk, and organizational capacity.

The following guidelines draw on traditional accounting literature, as well as the goals of the Social Reporting Standard (SRS), a reporting mechanism developed by social investors, foundations, universities, and social intermediaries in Germany:

- **Performance** This refers to information that allows the funder or investor to assess the nonprofit's efficiency in using resources to achieve its social objectives. Financial performance has to be considered as well in order to demonstrate the financial sustainability of the organization, even though such information plays a subordinate role to societal objectives.

- **Risk** Whereas traditional businesses take risks on their own or their shareholders' behalf, nonprofits have the additional risk factor on behalf of the constituents their organization serves. It is therefore even more important for nonprofits to account for and disclose these risks in a reporting framework. Such risk assessment and management affords better protection for the nonprofit and helps funders make better choices according to their individual risk appetite.
- **Organizational capacity** A comprehensive presentation of typical management elements, such as a robust strategy, key personnel, sound financials, and strong partners and networks, is crucial for audiences to gain a thorough understanding of the organization and its ability to achieve social impact in the long run.

The value of storytelling in reporting

In addition to adopting measurement approaches that center on collecting and sharing evidence-based results, most companies also use qualitative information to communicate the impact of their investments. While data-driven insights may help a company achieve its goals of making the case to senior management regarding the investment value, it is typically the stories and testimonials that humanize a company's social investments and inspire its key audiences—whether they are employees, customers, or another stakeholder group.

As with everything, balance is key. Storytelling matters, but an overreliance on stories and testimonials may not convey the depth of the intent (and impact) of those social investments.

The Social Reporting Standard (SRS)

The SRS is an open civic society initiative inviting all interested parties to engage and contribute.^a Developed by a group of social investors, foundations, universities, and social intermediaries in Germany, this voluntary, user-friendly framework provides a systematic structure for nonprofits to compile annual impact-oriented reports. Such reports can span many sectors and activities, including educational, environmental, or cultural programs.

Like traditional reporting standards, the SRS does not value or rate the reported information, but aims to establish a common language and information structure and provide an easy-to-use framework for nonprofits to adopt for performance management.

The SRS enhances the transparency of the nonprofit sector, improving its overall effectiveness and helping to build a more powerful civil society.

Structure and use of the SRS The SRS structure outlines five sections (A-E) that guide users in drawing a comprehensive picture of their organization in a single document.^b The requirements are the same for all users and can be used consistently over time.

To guarantee the completeness of information, reports should cover all items addressed in the guidelines. In practice, however, nonprofits might not have available some of the information or data suggested by the SRS, meaning reporters can only provide rough estimates. This limitation should not prevent organizations from using the SRS. They should simply mention those areas lacking sufficient data and, where possible, state whether relevant data can be collected in the future with reasonable effort (such reporting follows the principle of “comply or explain”). Organizations should also consider whether any indicators exist that may serve as effective approximations of missing data.

^a For more information about the SRS, visit the initiative's website (www.social-reporting-standard.de).

^b *Social Reporting Standard: Guidelines for Impact-Oriented Reporting*, Ashoka Germany, Auridis, BonVenture Management, Phineo, Schwab Foundation, gut.org, Technische Universität München, and Universität Hamburg, 2011 (http://www.social-reporting-standard.de/wp-content/uploads/2011/09/SRS_Leitfaden_120716_en.pdf).

Structure of the Social Reporting Standard

Introduction

What you can report on by using the SRS
How to structure your report
What you should pay attention to when reporting
What to do if you [have to] leave out information

PART A

1 Subject of the report

- 1.1 Scope
- 1.2 Reporting cycle
- 1.3 SRS compliance
- 1.4 Format and structure of the report
- 1.5 Contact persons

PART B

2 The social problem and your approach to solving it

- 2.1 Subject area
- 2.2 The social problem
- 2.3 Your approach to solving the problem
- 2.4 Spreading your approach

3 Social impact

- 3.1 Resources used (input)
- 3.2 Work performed (output)
- 3.3 Impact (including outcome)
- 3.4 Evaluation and quality control

4 Planning and outlook

- 4. Planning and outlook
- 4.1 Planning and objectives
- 4.2 Development potential and opportunities
- 4.3 Risks

PART C

5 Organizational structure and team

- 5.1 Organizational structure
- 5.2 State of organizational development
- 5.3 Key personnel
- 5.4 Partnerships, cooperations, and networks

PART D

6 Profiles of organizations involved

- 6.1 Organization profile
- 6.2 Corporate governance
- 6.3 Shareholder structure
- 6.4 Environmental and social profile

PART E

7 Finances

- 7.1 Bookkeeping and accounting
- 7.2 Assets and liabilities
- 7.3 Income and expenses
- 7.4 Management report

Source: *Social Reporting Standard: Guidelines for Impact-Oriented Reporting*, Ashoka Germany, Auridis, BonVenture Management, Phineo, Schwab Foundation, gut.org, Technische Universität München, and Universität Hamburg, 2011.

Breaking down the SRS In each section, step-by-step instructions specify the information required to meet the standard and offer examples on how to collate and report the information. Sections that don't require annual updates (e.g., strategy information or organizational structure) are highlighted to improve efficiency for repeat users (Exhibit 1).

Flexible use of the SRS Nonprofits can use the standard to report on one or several activities, on the entire organization, or on multiple organizations offering a joint activity:

- **Single activity reporters** should complete all sections (A to E) once.
- **Multiple activity reporters** should complete parts A, C, D, and E once, and part B repeatedly for each individual activity.
- **Joint reporters** should complete parts A, B, and C once, and parts D and E repeatedly for each organization

Nonprofits are free to use whatever media or format (e.g., tables, diagrams, illustrations, or organizational charts) suits their reporting.

Demonstrating results The most crucial elements of the SRS are the two sections in Part B that cover expected and achieved impact. These sections are structured as follows:

- 1 **The social problem and the organization's approach to solving it** This section allows the reporter to set the context of the social problem, including its underlying causes and consequences, its relevance, and the scale of the problem. Identification of the actual or imminent problem is a critical aspect of impact-oriented reporting because it enables the reader to understand the specific approach or solution the nonprofit pursues. The nonprofit usually develops the objectives of its project or program based on the information outlined in this section.^c

The details of the intervention that follow should include a comprehensive description of the target group(s), and the activities, services, and/or products that constitute the nonprofit's theory of change or logic model.

- 2 **Social impact** This section allows organizations to detail the link between the invested resources and the societal change it has achieved. Whereas some organizations seek to explain this link through a narrative in the SRS, it can also be depicted by the "impact value chain," which comprises:

- a **Inputs** All types of resources, especially financial resources, but also in-kind or voluntary support.
- b **Outputs** The immediate consequences or results of the inputs
- c **Outcomes** Short- and medium-term changes in the lives of the target group. Outcomes coincide with the project goal or objective and can still be causally and quantitatively attributed to the project.
- d **Impact** Long-term changes that occur during the lifetime of one project and/or after the project. Impacts go beyond the target group and therefore can be viewed as a change in society as a whole.

Medium- and long-term changes (outcomes and impact) require time to materialize: changes are generally only noticeable after a few years (e.g., students educated in a certain STEM program will only become employed in a related industry many years later). Describing social impact is, therefore, challenging, so the SRS does not demand a separate description of outcomes and impact. Instead, it places importance on attribution and reliable results—no specific measurement method is required. If the nonprofit is not yet able to report any impact indicators, it should at least describe the impact of its activities qualitatively, for instance, using case studies, beneficiary and field reports, or expert opinions. It should then report on the assumptions on which it bases the assessment of its activities, as well as any efforts it makes to evaluate the quality of its activities.

Limitations of the SRS The SRS does not require a quantitative assessment of social change in its guidelines. This element, which was included to enable as many nonprofits as possible to use the framework, is the result of the lack of an agreed-upon common measurement framework.

Although this hinders absolute comparability between projects and organizations, the SRS suggests a standardized language and presentation of information as a first step toward improved comparability. However, this requires a certain degree of knowledge and interpretation on the part of the report reader. Moreover, reporting is only one part of the performance management cycle—other steps, such as planning and monitoring, are also necessary to put organizations on the path toward impact-oriented performance management.

c Edward T. Jackson, "Interrogating the Theory of Change: Evaluating Impact Investing Where it Matters Most," *Journal of Sustainable Finance and Investment* 3, no. 2, 2013, pp. 95–110.

Seeking a Common Language

Although the nonprofit sector and its funders see the benefits of a universal approach to understanding whether their efforts are making the social or environmental differences they seek, in reality it's unlikely that any such standard will emerge anytime soon.

Experts look to financial reporting standards as an example of how the business world managed to agree on an organizing principle that effectively measures financial value, and they hope to replicate it for social value. But in the global capitalist economy, financial reporting standards have an advantage that social reporting does not: the common pursuit of financial gain. And driving this pursuit is a common language: money.

No such common denominator exists for the myriad goals that the nonprofit sector hopes to achieve. For example, environmental nonprofits might coalesce around decreased carbon emissions, and international development charities might be unified in their pursuit of poverty relief, but apart from the understanding that these endeavors have a social good, nothing unites them, and therefore they are not comparable.

In the impact value chain, there is a principle to guide all impact measurement efforts, but a principle is all it is. It does not offer any help in how to navigate through the model. So, it is up to the individual organizations and their funders to decide how to articulate the results of their efforts. There is no shortage of efforts to help organizations measure social impact, many of which are discussed in this report. But until a common language can unite diverse social endeavors, standardized impact measurement and reporting will likely remain elusive.

Hope in Data

If a new common language is emerging in the business world, then surely it is data. For the nonprofit sector, which to a degree shuns the for-profit world's eponymous pursuit (although ultimately it is funds that allow nonprofit organizations to pursue their social goals), data could be a unifier across sectors seeking to demonstrate performance in the same way that money is in the for-profit world. It's just a matter of figuring out how to use it effectively—and of course funding that process.

This is where companies and other foundations should be paying more attention to their nonprofit partners. According to Ellie Buteau, vice president of research at the Center for Effective Philanthropy, most nonprofit leaders feel they do not get enough support from foundations to figure out how to make data work for them. Grants are an important source of support, but so, too, is the sharing of experience and understanding. Buteau says, "Nonprofit leaders also report little conversation with funders about a variety of related topics, such as what performance targets they should set, which data to collect, how to interpret the data, how to develop the skills of staff to collect and interpret data, and the results of performance assessments."³⁴

One initiative attempting to turn data tangible for the nonprofit sector is the Impact Genome Project, an extension of the Universal Outcomes Taxonomy work being done by Mission Measurement (see pages 28-30).

34 Alex Parkinson and Ellie Buteau, "Q&A with Ellie Buteau: Foundations and Nonprofits Disconnected on Key Issues," *Giving Thoughts*, 2014, available at: <http://tcbblogs.org/philanthropy/2014/10/23/qa-with-ellie-buteau-foundations-and-nonprofits-disconnected-on-key-issues/#sthash.d2kIJNty.dpbs>.

The project aims to do for the social sector what the Human Genome Project did for the health sector and what the Music Genome Project did for music: codify the data of complex industries to gain “more efficient access to critical information, enabling comparison of seemingly diverse entities and better representing how systems do work in order to predict how they will work in future.”

As the curators say, the field needs to find a way to lower the cost and burden of impact measurement, so that there isn’t a constant need to reinvent the wheel.³⁵ By no means flawless, the Impact Genome Project could help to achieve those goals.

35 Jason Saul, Mission Measurement, “Using Big Data to Predict Social Impact” (presented during a *Stanford Social Innovation Review* webinar, September 30, 2014.)

READER SURVEY Please take a few moments to answer two questions [Click here](#)

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www.conference-board.org/measuring-social-impact



Alex Parkinson is a researcher in the corporate leadership division of The Conference Board. He specializes in corporate philanthropy and sustainability and is the executive editor of *Giving Thoughts*, a blog and online publication

series in which The Conference Board engages corporate philanthropy experts in an open dialogue about topical issues of concern to member companies.

Before joining The Conference Board in September 2013, Alex worked as a senior consultant in London and New York for corporate social responsibility (CSR) consultancy Context. He has advised some of the world's leading multinationals on CSR communications and strategy development. His clients included Bloomberg, Brown-Forman, BSKyB, Burt's Bees, Cisco, HP, International Paper, PepsiCo, Roche, Standard Chartered, Syngenta, Teva Pharmaceuticals, and Vodafone.

Alex spent two years after graduating university working as a reporter and sub-editor for UK-based financial media companies VRL KnowledgeBank and Vitesse Media. His stories appeared in publications including *Business XL*, *Information Age*, *International Accounting Bulletin*, *The Accountant*, and *What Investment*.

Alex holds a BSc in economics and international development from the University of Bath, United Kingdom.

Email Alex.Parkinson@conferenceboard.org

Follow/join the conversation on Twitter
[@AlexParkinsonNY](https://twitter.com/AlexParkinsonNY)

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PUBLICATIONS TEAM

Researcher/author Alex Parkinson

Editorial Sara Churchville, Charles Mitchell, Susan Stewart

Production Peter Drubin, Andrew Ashwell, Kathleen Mercandetti, Pam Seenaraine

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www.conferenceboard.org

THE CONFERENCE BOARD, INC.

AMERICAS

+ 1 212 759 0900

customer.service@conferenceboard.org

ASIA

+ 65 6325 3121

service.ap@conferenceboard.org

EUROPE/AFRICA/MIDDLE EAST

+ 32 2 675 54 05

brussels@conferenceboard.org

THE CONFERENCE BOARD OF CANADA

+ 1 613 526 3280

www.conferenceboard.ca

