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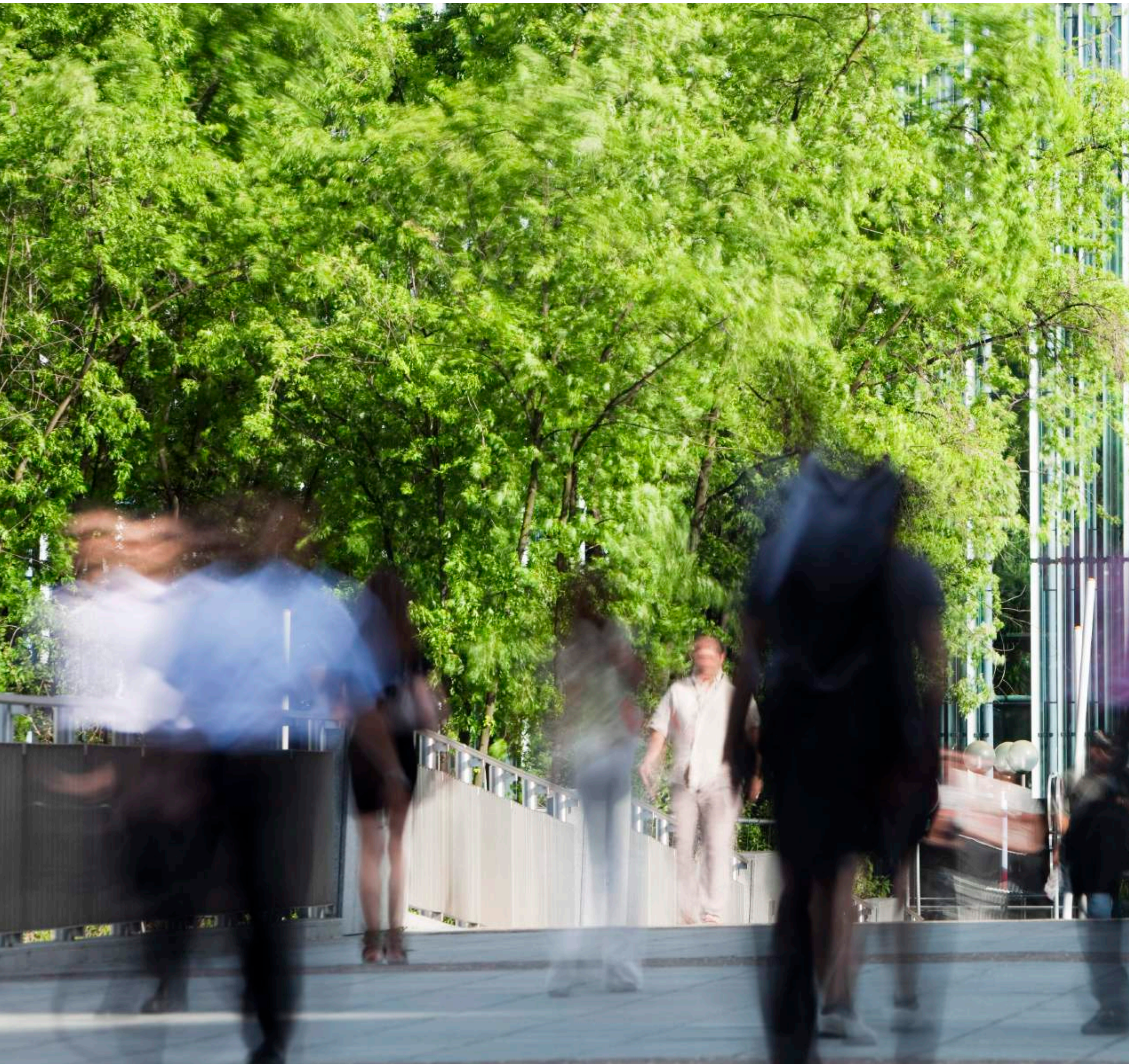
Measuring the Impact of Corporate Social Investments



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About This Report

This report is part of the findings from The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments. The group initiated in June 2013 and met in person three times over the course of six months. Executives from 14 companies, with responsibility for guiding and executing corporate social investment strategies, participated in this project, representing roles within corporate foundations, community affairs, and corporate responsibility, among other functions. This group was led by Don Greene, a partner of Tandem Consulting, LLC, and former president of The Coca-Cola Foundation, and Cori Cunningham, a corporate citizenship and social-sector strategy consultant and founder of C. Cunningham Advising. The Conference Board pioneered research working groups more than two decades ago as a collaborative project to bring together peer companies, subject-matter experts, and researchers in a rapid deep dive, with a targeted focus on a compelling business issue.

Measuring the Impact of Corporate Social Investments

RESEARCH REPORT R-1561-14-RR

by Cori Cunningham

Contents

Executive Summary

With funders and stakeholders demanding real and measurable value from social investing programs instead of settling for arbitrary effectiveness measures or anecdotal success stories, the challenge is to deliver real (and measurable) change in outcomes at a reasonable cost.

Today, the public, private and social sectors lack uniform, quantitative measures to benchmark that sought-after value. In other words, there are no standardized performance data. While many measurement models and third-party providers exist that are designed to cater to the interests and needs of corporate social investors, there is no one-size-fits-all approach. Which impact a company measures and how is largely a function of what the company is trying to achieve, in what program area it is investing, and how it plans to use its results. Clarity of purpose is critical to all effective measurement efforts.

Ultimately, corporate social investors must remain flexible and open to change as the practice of impact measurement continues to evolve. Rather than being seen as an end, measurement is more appropriately viewed as an ongoing learning process that will change as new information, strategies, and approaches emerge.

Defining Corporate Social Investments

In this report, the term *corporate social investments* refers to what previously has been called *corporate philanthropy*. This term reflects the cash and noncash contributions, as well as employee programs, that a company initiates to create value for society in alignment with business goals. The Conference Board March 2013 publication *Corporate Philanthropy with a Global Footprint* reports that, as these types of contributions have become increasingly strategic and viewed as a true investment in the creation of a healthy society, the term *philanthropy* has become less relevant, particularly in a global setting.

Social Impact as a Motivator

Social impact—or the demonstration of positive long-term social outcomes—is one of the leading motivations for companies involved in The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments. Of nearly equal importance is the ability to demonstrate to senior management, as well as other stakeholders, that the company resources being invested are, in fact, creating the desired social outcomes. Social impact must be linked to business impact. The two cannot (and should not) be treated as mutually exclusive.

Among the research working group's conclusions:

- **Social change is inherently difficult to assess** In addition, attributing specific social change to a particular corporate social investment adds another layer of difficulty.
- **There is a lack of widespread standardization around impact measurement** There is no uniform consistency around the definitions of all measurement-related terms, no single shared approach or methodology of measurement that fits all program types, nor are there common outcomes and metrics that have been adopted as universally accepted standards to use in measuring social change.
- **Nonprofit organizations have varying expertise in, and capacity for, measurement** While accountability and a focus on results have been increasing in the social sector, many nonprofit organizations do not have the level of skills and/or resources to invest in the type of robust measurement that a corporate social investor requires.
- **Corporations may have insufficient resources to invest in measurement** They may lack the staff skills and/or budget to fully invest in a measurement process that will provide the quality and quantity of results they are looking to collect and communicate.

Measurement Approaches

At the most basic level, measurement approaches should comprise an expression of clear intended impact, indicators that are aligned to that impact, and a way to track and collect the data. Measurement cannot be reduced to a one-way relationship of companies requesting or requiring a set of results from nonprofit organizations and then passively receiving that data.

Corporate social investors need to consider the capabilities and needs of their nonprofit partners to determine not only what depth of measurement their partners are currently prepared to deliver, but also what they may be capable of doing with some additional funding and support.

Prioritize What to Measure

One of the initial questions companies need to ask themselves is, "What investments should we be measuring?" Given the resources and energy required to effectively assess social impact, it is unrealistic and unproductive for companies to attempt to measure the results of every single social investment that they make at the same level of rigor.

Data collection and established baselines Data collection and analysis is a big part of measurement and an important area to streamline to create efficiencies. While measurement of impact may be the end goal, companies cannot leap directly to that step. Identification and careful collection of inputs, outputs, and outcomes are integral to setting the stage for later impact measurement. In addition, establishing baselines, or minimum measures, that reflect the current state prior to the start of an intervention is important, as it enables a company to assess progress or changes over time.

Stay streamlined An important component of data collection is how it is integrated into the grant-application and reporting stages. It is widely acknowledged among private and corporate grant makers that great inconsistencies and inefficiencies exist that waste the time and energy of both funders and grantees, primarily due to over-collection and underutilization of data. Many funders collect too much data from their nonprofit partners, often placing a burden on their resources, and then these data are not used effectively (or at all).

Leverage Internal and External Resources

One challenge that companies often report is that their program staff may not have the experience or skill set required to establish systems for collecting and analyzing data to more effectively measure impact. Third-party vendors provide options to fill this data collection gap. Many software solutions and organizations exist to help streamline and simplify the grants administration process, enabling various levels of service—from due diligence to application to reporting to payments (and more).

Another viable alternative is to leverage the expertise of individuals within the company—possibly within a different department—who have data collection and analysis as a core part of their functional role. Beyond data collection and analysis, various third-party providers specialize in assisting corporate clients with developing and executing measurement methodologies.

Selecting a Nonprofit Partner

Assessment of prospective partners The nonprofit organization a company chooses to partner with will have implications on the quality of measurement that the company is able to execute. A responsible practice is to have conversations around measurement prior to entering a funding relationship to ensure that expectations for both measuring (and achieving) results are appropriately set and met. The working group companies agree that, to more easily and efficiently achieve targeted social impacts, it is best to partner with organizations with a proven capacity for measurement. However, if corporate social investors choose to partner with smaller nonprofit organizations that may have less infrastructure and experience with regard to measurement, they may consider their role in either building the measurement capacity of these nonprofit partners or investing additional resources to ensure they are able to access the measurement results needed.

Keeping innovation alive But by placing too much weight on a prospective partner's measurement capability and history of achieving its targeted impacts, some companies think they could unwittingly be playing a role in de-incentivizing innovation through their partnership choices, as organizations realize that funding dollars are more apt to flow to tried-and-true projects. One possible solution is for corporate social investors (if innovation is important to them) to set aside a portion of their budget to be directed to more innovative or risky or simply newer programs or to organizations whose impact may be yet unproven. For these relationships, different standards and expectations around measurement would be applied.

From Outcomes to Impact

It is generally understood that a focus on outcomes—specific and observable results of programs that happen as a result of program activities—is key to measuring social change. Companies, however, may effectively track and measure outcomes during the life of their monetary investments, yet have further ambitions to understand the positive impacts on the lives of the beneficiaries and the company's goals several years later. Meeting a particular outcome may represent a step toward impact, but is not impact itself.

Identifying appropriate outcomes

Consult with subject-area experts Partnering with outside specialists is an excellent way to take a deep dive into a particular social issue area to gain knowledge about the core needs, strategies, and gaps in service, and marry those with the company's aims to come up with a set of outcomes for a program. These experts may be the nonprofit organizations whose services fall within a particular area, or academics whose body of work focuses on the issue. Alternately, corporations may look to engage with consultants or measurement providers that are generalists on the social issue, but have the analytical skill set and expertise to conduct the necessary research, as well as explore a company's goals to select suitable outcomes for its program.

Keep the end impact in mind Be sensible about what is within your ability to control. When identifying which particular outcomes to target, think through the following questions: How do these outcomes contribute to long-term systemic impact? How well do these identified outcomes support the overarching vision of our initiative? What outcomes are within our sphere of influence and control? In what areas are we positioned to make a significant contribution to meaningful change?

Be flexible and acknowledge that outcomes may change over time It is important to be open to the possibility of change and the continuous feedback that measurement can provide.

Moving beyond outcomes to project impact

Impact reflects the intended long-term changes that occur as a result of program activities. While they are similar to outcomes in that they reflect changes in behavior, systems, communities, and the like—they are longer-term and may not be realized until years beyond the life of a particular program. One way that corporations seek to draw conclusions around the likely impact of their investments is to project impact based on available evidence (e.g., existing national and regional dataset benchmarks, related evaluation studies, and strength and track record of a program's theory of change). One again, if such evidence is not readily available, it can be identified with the help of sector experts, consultants, measurement providers, and/or through literature reviews of social science research to identify the appropriate data to establish a link between the measured outcomes and the ultimate impact.

In search of standardization

Increased standardization would facilitate the selection of which outcomes to measure and the identification of data to help project long-term impact. A more efficient way to identify commonly accepted outcomes and indicators for cause areas could help companies to more effectively build and measure their programs, as well as create greater dialogue and benchmarking with peer funders. There have been efforts to standardize metrics, as well as models for data collection around social change, though none have been universally applied by either the social sector or funders.

While having such information standardized and centralized through easily accessible tools would create much needed efficiency and consistency, it is also important to be mindful that any standardized terminology, data, or frameworks must be frequently monitored and adjusted for changing circumstances and information to ensure they are as accurate and useful as possible.

Clarity and Collaboration

Measuring the impact of corporate social investments—particularly through the lens of social impact—is a challenging undertaking. As a focus on results is increasing, corporate social investors must be prepared to:

- **Seek clarity** While no single model is recommended as a universal solution to measurement, having a clear sense of desired achievements from a social standpoint will help to determine what to measure, how to measure, and what type of resources are needed to do so.
- **Be adaptable** Current measurement may yield new learnings that may require a shift in strategy or, as new tools and approaches emerge, how social change can be measured.
- **Collaborate with others** Working collectively with peers, funders of similar cause areas, subject-area experts, nonprofit partners, and third-party providers will help corporate social investors determine the most fitting measurement goals and approaches and share information and practices to advance the field.
- **Acquire expertise** through either internal or external resources (or both) to ensure that the right knowledge and skill sets are being put to use to help set the measurement goals, identify the best metrics to collect, and establish the data collection and analysis systems to use that information effectively.
- **Have patience** to wait for the results of social impact to emerge over time, to work with grantees to build their capacity to deliver, and to educate senior management on what impact means and how to get there.
- **Embrace uncertainty** as evidentiary data and proxies are used to project long-term impact to the best available (but not definite) end.
- **Move forward** in the face of an imperfect and changing landscape where all the measurement definitions and answers are not explicitly clear. Corporate social investors must keep asking themselves, their partners, and their peers the tough questions around impact to keep pushing the field further.
- **Accept** that measuring social subjects is, by its nature, complex and imperfect, and requires continuous monitoring and adjustments; this is part of the journey.

Introduction

Corporate social investing is an important cornerstone of many corporate responsibility or sustainability strategies, representing a way in which companies strive to create positive social impact through supporting their local and global communities with cash and noncash contributions. These investments are often made strategically, with thoughtful planning regarding what social issues should be supported and in what ways the company can best leverage its resources to create maximum benefits for the business and society.

Social change is inherently difficult to capture, and, as a default, many companies rely on reporting simple output metrics and anecdotal stories to share their social commitments and activities. However, there is growing interest among corporate social investors to understand and demonstrate the actual deeper impact of the programs they support—to show how their investments are creating long-lasting and meaningful social value.

Several barriers to effective and efficient measurement exist and are a source of frustration for corporate social investors. These challenges range from the lack of industry standards and benchmarks in the field, resource or skill deficits on the part of nonprofit partners or corporations themselves, the high expense of formal impact evaluations, as well as recognition that, while there is a prevalence of existing measurement models and theories, it is not always clear which approaches are the best fit for the needs of corporations.

The Research Working Group (RWG) on Measuring the Impact of Corporate Social Investments set out to examine these and other challenges related to measuring the impact of corporate social investments, and to offer promising practices and recommendations that would meet their needs and advance the field overall.

Of the 14 working group companies, few are satisfied with their current approach to measurement. When asked in a survey to rate their level of satisfaction with how they currently measure corporate social investments, 50 percent of respondents reported being dissatisfied, 42 percent are neutral, and only one company reported being satisfied.

These companies have diverse characteristics and experiences that influence their thoughts and needs around measurement. They:

- represent a cross-section of industries (e.g., consumer goods, information technology, telecommunications, health care, professional services, and utilities);
- provide annual levels of corporate social investments ranging from $8 million to $1 billion;
- support a diversity of program areas (e.g., workforce development, STEM (science, technology, engineering, and math), literacy, access to healthcare, hunger relief, poverty alleviation, early childhood education, and environment); and
- report to be at different stages of measurement sophistication —from beginner to advanced.

Research Working Group Companies

Aetna, Inc.

Duke Energy Corporation

Entergy Corporation

Ford Motor Company

Intel Corporation

KPMG LLP

Lockheed Martin Corporation

Procter & Gamble

Public Service Electric & Gas Co. (PSE&G)

Southern California Edison Company

Target Corporation

UnitedHealth Group

Verizon Wireless

Wal-Mart Stores, Inc.

Scope of This Report

This report focuses on the *social impact* of corporate social investments, primarily related to cash and noncash contributions. Additional priority issues that are highly relevant to impact measurement should be addressed in future studies, including (but not limited to):

- Identifying tangible business impacts of social investments (e.g., on brand, employee loyalty, sales).
- Quantifying social impact of shared value initiatives, namely the ability to measure and articulate the positive societal benefits created through business commercial ventures.
- Communicating measurement results to internal and external stakeholders; being able to tell a better story about corporate social investments and their impact on communities and the business.

Throughout the course of this project, participants learned from the collective experiences, challenges, and promising practices of the other companies, as well as from guest speakers with various perspectives on measurement, including NGOs, measurement providers, corporations, and private foundations. Where possible, participants pushed themselves and the visiting experts to address the difficult question of 'How?'—seeking not just to learn new philosophies and approaches to measurement, but also to understand ways in which information could be used to help bring efficiencies and clarity to measurement.

How to Use This Report

There are many excellent research reports and resources in the field related to measurement, and several are referenced in this publication and listed on page 46. This report does not try to provide a comprehensive overview of work in the field of measurement; rather, it aims to highlight select aspects of measurement that seemed salient to corporate social investors and to provide guidance, regardless of where a company may be in its measurement journey.

Measurement Overview

Measurement of social impact is a topic that has many interested and active players—ranging from nonprofit organizations that are engaged at the frontline of social change to a variety of their supporters and partners, which include private foundations, government agencies, individual philanthropists, and social impact investors, among others. This chapter focuses exclusively on the perspective of corporate social investors and aims to clarify their motivations for measurement, identify existing barriers, and outline common measurement approaches.

Why Measurement Matters

Before looking at the "how" of measurement, it is important to address the motivations of why we measure. What a company is expecting to ultimately learn will help dictate its approach.

According to a report by CECP, "corporate philanthropy faces increasing pressure to show it is as strategic, cost-effective, and value-enhancing as possible."[1] Some of this pressure stems from internal sources, creating a need for accountability—to demonstrate how funding is being used and what social and business outcomes are being achieved. External pressure exists as well, due to the increasing savviness and expectations of consumers and the general public, who believe that corporations have a role in making positive contributions to society.

Social impact—the demonstration of positive long-term social outcomes—is one of the leading motivations for measuring corporate social investment, according to working group companies (Chart 1). Of nearly equal importance is being able to demonstrate to senior management and other stakeholders that company resources are creating the desired outcomes.

It is worth noting that social impact also is linked to business impact. The two cannot (and should not) be treated as mutually exclusive. Strong partnerships and programs and the demonstration of positive results from corporate social investments are factors that can influence or lead to desired business outcomes, such as employee loyalty and greater reputation.

1 Terrence Lim, *Measuring the Value of Corporate Philanthropy: Social Impact, Business Benefits, and Investor Returns,* CECP, 2010.

Another motivation for measurement is to increase program effectiveness by using results to learn and continuously improve. This educational aspect can often be overlooked in the rush to focus on end results, but is an important component of effective measurement. According to a report by The Bridgespan Group, organizations that measure are "better able to adapt programs to changing circumstances faster and more effectively; they also make better resource allocation decisions."[2]

> With experience, organizations can identify with increasing confidence the aspects of their programs that drive results, and the corresponding measures that give them the most valuable information. They are then able to reduce the time and expense of measurement; for example, by pruning measures or adjusting sample sizes. Organizations committed to getting better also continuously improve rigor, whether through more in-depth analyses, comparisons to peer group data, or by supplementing internal measurement with external evaluation.[3]

Chart 1

Motivating factors for measurement of corporate social investments

Please indicate to what degree the following are motivating factors behind your company's measurement of corporate social investments.

(Scale: 1=low, 5=high)
N=12

Note: Data represent the average values across the responding companies.

Source: Research Working Group on Measuring the Impact of Corporate Social Investments, 2013.

2 Jeri Eckhart-Queenan and Matt Forti, *Measurement as Learning: What Nonprofit CEOs, Board Members, and Philanthropists Need to Know to Keep Improving,* The Bridgespan Group, 2011, p. 2.

3 Ibid., p. 3.

Challenges to Effective Measurement

Measuring the impact of corporate social investments is important, complex, and an ongoing challenge for practitioners in the field. Some of the most common difficulties are listed below; practical solutions to address them are included throughout this report.

Social change is inherently difficult to assess Sought-after changes in behavior, skills, and communities may be long-term in nature, hard to quantify, and sometimes complicated to express in tangible terms. In addition, attributing a specific social change to a particular corporate social investment adds another layer of difficulty.

As noted in *Measuring the Value of Corporate Philanthropy,* "It often takes a long time before final impact can be observed and this involves a lengthy measurement process. One must establish statistically validated causality between services and observed impact in order to prove without a doubt that the program in question is responsible. To gauge a grant's success, corporate funders may use other assessment approaches that may be less precise but more timely and practical."[4]

There is a lack of common standards in impact measurement There is no uniform consistency around the definitions of measurement-related terms, no single shared approach or methodology to measurement that fits all program types, nor are there common outcomes and metrics that have been adopted as universally accepted standards to use when measuring social change. This inhibits the ability of corporate social investors to easily compare programs, benchmark their activities against peers, and validate if their methodologies and metrics are the "right" or "best" ones to determine investment results.

While having one standard methodology may not be the right solution for the social sector—or for corporate social investors—having multiple existing methodologies creates challenges for corporate social investors as they determine which best fits their needs.

4 Lim, *Measuring the Value of Corporate Philanthropy,* CECP, 2010.

According the article "A GPS for Social Impact":

> Many impact methodologies seek to create a single estimate [of impact] that is both precise and accurate. We have found that most of these methodologies are too expensive or complex to scale across a large number of projects, while lighter touch methodologies are often imprecise, inaccurate, or both. This leads to a sense among practitioners of being stuck. No matter how we try to measure social impact, either the data are unavailable or we cannot accept the results as fact, knowing how much fudge went into the calculation.[5]

TRASI

Tools and Resources for Assessing Social Impact

TRASI is an online searchable database of social assessment approaches that was developed by the Foundation Center in partnership with McKinsey & Co. It contains "over 150 examples of how social impact is being measured by foundations, nonprofits, social investors, social enterprises, and others seeking social change."[a]

According to the Foundation Center's website, "The assessment approaches in TRASI were developed by a range of organizations, including social investors, foundations, NGOs, and microfinance institutions. The resources in the database range from ready-to-use tools and concrete methodologies to generalized best practices and are complemented by multimedia features and social networking tools."[b]

A quick search through the database reveals resources such as:[c]

- how to measure the advocacy capacity of a grantee (Annie E. Casey Foundation);
- how to better understand and improve on-the-ground poverty alleviation impacts (William Davidson Institute); and
- *A Guide to Actionable Measurement*, which offers best practices and examples on how to allocate time and resources for data collection and analysis (Bill and Melinda Gates Foundation).

a *Learning for Social Impact, What Foundations Can Do*, McKinsey & Company, 2010 (http://mckinseyonsociety.com/downloads/tools/LSI/McKinsey_Learning_for_Social_Impact_white_paper.pdf).

b "About TRASI," Foundation Center, accessed January 2014 (http://trasi.foundationcenter.org/about.php)

c Excepts from TRASI database, Foundation Center, accessed January 2014 (http://trasi.foundationcenter.org/browse.php).

5 Michael McCreless and Brian Trelstad, "A GPS for Social Impact" *Stanford Social Innovation Review,* Fall 2012.

Nonprofits have varying expertise in, and capacity for, measurement While accountability and a focus on results have been increasing in the social sector, many nonprofit organizations do not have the level of skills and/or resources to invest in the type of robust measurement that a corporate social investor requires. In the 2014 State of the Nonprofit Sector survey, when nonprofits were asked "What are the biggest barriers preventing you from collecting, using, or improving how you measure the long-term impact of your programs?" the top three responses were: not enough staff or time, lack of the right staff expertise, and lack of resources to hire outside consultants to help collect data.[6]

Corporations may have insufficient resources to invest in measurement They may lack the staff skills and/or budget to fully invest in a measurement process that will provide the quality and quantity of results they are looking to collect and communicate.

While some companies may seek an impact on their investments, they may not understand—or be willing to provide—the resources and support needed to measure impact. A recent report surveying a group of UK funders found that, while companies were "more likely to rate evidence of impact as 'extremely important' in the application process and in the decision to renew," they did not match that desire with funding. According to the survey, 32 percent of corporate respondents do not provide funding for impact measurement, compared to 22 percent of noncorporate funders.[7]

Measurement is not easy to institutionalize within a company While a measurement model or framework may hold promise in theory, actually embedding the data collection, analysis, and storage aspects of measurement into company processes is time-consuming and potentially costly. If not adequately integrated, measurement can be an inefficient process that expends resources better directed to other aspects of program management and measurement.

Identifying the business impact is difficult While there is general consensus in the field that support of social programs creates positive returns to the business, translating this into tangible bottom-line benefits, such as employee loyalty, reputational lift, and increased revenue, remains challenging to credibly estimate.

Measurement Approaches

At the most basic level, measurement approaches should be composed of an expression of clear intended impact, indicators that are aligned to that impact, and a way to track and collect the data.

As noted earlier, there is no single approach to measurement that is currently championed by the corporate social investing field or is relevant to all programs and social issue areas. However, there *are* measurement approaches that range from low-touch to high-touch investment and differentiate the types of metrics collected, how impact is measured, and how nonprofit partners and external resources are utilized. CECP outlines three measurement approaches that provide a useful framework for comparing common ways that companies examine the results of their investments (see Table 1 on page 13).

Beyond the Data: The Value of Storytelling

In addition to adopting measurement approaches that center on collecting and sharing evidence-based results, most companies also incorporate the use of 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.

6 *2014 State of the Nonprofit Sector Survey, National Results,* Nonprofit Finance Fund, March 2014 (http://nonprofitfinancefund.org/files/docs/2014/2014survey_natl_full_results.pdf).

7 Angela Kail, Alex Van Vliet, and Lena Baumgartner, *Funding Impact: Impact measurement practices among funders in the UK,* New Philanthropy Capital (NPC) and London Benchmarking Group (LBG), 2013.

Table 1: **Characteristics of three measurement approaches**

	Impact-Achievement Potential Assessment	Outcomes Measurement	Formal Impact Evaluation
What outcome metrics are measured?	Output and/or outcome metrics Rely on grantee organization's own theory of change and measurement standards	Intermediate outcomes	Long-term impact, as well as intermediate outcomes
How are outcome metrics designed and tracked?	Self-reported by the grantee organization	Corporate funder participates in design of program and measurement in partnership with grantees Domain-area experts may be consulted Data is collected and analyzed in-house by the grantee with corporate partner's technological and/or management assistance	Draws from knowledge and experience of third-party domain-area experts engaged to collect data and conduct evaluation analysis
How is impact measured?	Estimates or actual measures of impact may be available from grantee's measurement process	May be estimated by applying a model based on assumptions or other evidence about the expected effectiveness of the intervention	Long-term impact results are measured and attributed
What serves as the counter-factual comparison? (i.e., evidence of what would occur if not for the program)	Grantee organization's own research may provide comparable measures and demographics from external publications to proxy as benchmarks	Externally collected national or regional datasets can be used to calculate comparison benchmarks with similar characteristics as the target groups	Typically, a comparison group is tracked, often using rigorous experimental design techniques such as randomized control trials (RCTs)
To which programs should the approach be applied?	Start-up programs in their early stages of maturity and stability Programs in which the funder is not involved in the program's design or management	Programs in which the funder is involved in the program's design or management and shares responsibility for its success Programs with a need to capture frequent and early indicators in order to make real-time adjustments	Reasonably mature programs that represent an innovative solution and the funder/grantee is seeking to prove its scalability Programs where the cost and risk of failure is high

Source: Terrence Lim, *Measuring the Value of Corporate Philanthropy: Social impact, business benefits, and investor returns*, CECP, 2010.

Stages of Measurement

Impact measurement can be envisioned as a spectrum, on which measurement matures and deepens over time as increased attention and resources are dedicated to its practice. The working group companies utilize, for the most part, the first two approaches outlined in Table 1, depending on their level of measurement sophistication.

Companies that self-identify as just getting started with measurement are more likely to solely collect outputs and rely primarily on self-reporting by their nonprofit partners ("Impact-Achievement Potential Assessment," Table 1), while those that have more experience with measurement and are looking to determine the long-term impact of their investments typically seek to track not just outputs, but also longer-term outcomes, and they play a more active role in the design of program measurement ("Outcomes Measurement").

None of the companies regularly engages in "Formal Impact Evaluation." While a few have funded randomized control trials (RCTs) in the past, this is not viewed as a feasible or practical approach to commission for all programs, due to its cost and the time needed to execute and identify impact.

In fact, a survey of working group companies indicated that most measure inputs and outputs and, while some are measuring short-term outcomes, few are successfully measuring long-term impact beyond five years (Chart 2).

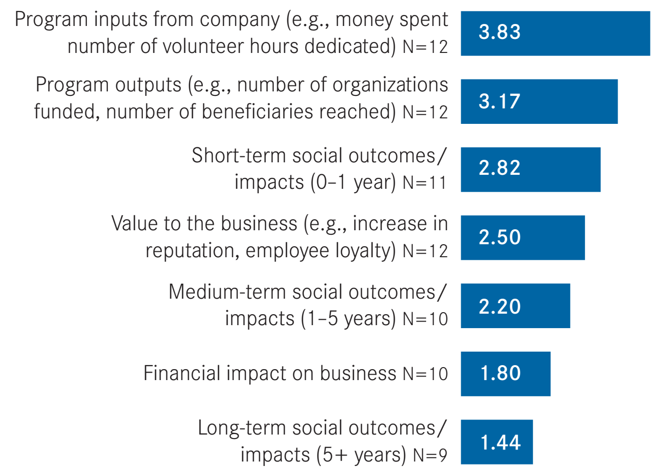
A company's position on the measurement spectrum can be characterized not only by its measurement approach, but also by its giving strategies and methods/processes around execution of measurement. Table 2 illustrates a way to envision such a spectrum, on which companies may fall at any position. Each company, based on its industry, customer base, business structure, operating environment, or leadership philosophy, will naturally need to adapt measurements to fit its needs, and they will advance along the measurement spectrum at different paces. For the working group, approximately half of the member companies were in the earlier stages of the spectrum, while the others represented more advanced stages, at least for certain key programs or partnerships.

Chart 2

What is currently being measured

Which aspects of corporate social investments does your company measure and to what degree?

(Scale: 1=low, 5=high)



Source: Research Working Group on Measuring the Impact of Corporate Social Investments, 2013.

Table 2: **Measurement spectrum**

EARLY STAGE		ADVANCED STAGE
Established set of focus areas, but may have too many to effectively target giving efforts. Funding criteria is broadly defined. Lack of clearly articulated target social outcomes for each focus area. In process of transitioning funding to fewer and larger partnerships. May still feel that investments are not as aligned with the business as they could be; working on tightening strategy.	**Corporate social investment strategy**	Well-defined set of focus areas and corresponding funding criteria. Often have one or more highly strategic signature programs. Clearly defined social outcomes for each focus area have typically been defined. Cleary articulated theory of change.
Similar to "Impact-Achievement Potential Assessment" in Table 1, p. 13. Measurement exists almost exclusively in terms of inputs and outputs. Nonprofit partners typically drive the measurement process; funders rely on grantees' metrics, data and standards.	**Measurement approach**	Similar to "Outcomes Measurement" in Table 1, p. 13. Measurement has moved beyond capturing inputs and outputs and short-term and long-term outcomes are also being captured. Nonprofit partners are informed of company's desired outcomes and work collaboratively to ensure those results can be achieved and tracked in a mutually agreed-upon manner.
Measurement is executed primarily using internal resources. Data collection and analysis is often very manual, though third-party vendors and software providers may also be used.	**Execution**	Measurement is executed through a combination of internal resources and third-party vendors (consultants and/or measurement providers, often used to assist with projecting long-term impact). Data collection and analysis tends to be more systematized.
Adopt standard outcomes for focus areas to facilitate aggregate roll-up of results within a portfolio. Increase short-term and long-term outcome measurement. Establish a more rigorous and systematic way to approach measurement that is not partner or project specific.	**Future measurement plans and aspirations**	Validate metrics being collected, and seek continuous improvement in measurement methodology. Identify more efficient and effective ways to measure long-term impact beyond life of grant/investment.

Source: Cori Cunningham, The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments, 2013.

CORPORATE EXAMPLE

Duke Energy, Entergy Corp, and PSE&G

How Strategy Impacts Measurement Approaches in the Utility Sector

Three members of the research working group—Duke Energy, Entergy, and PSE&G—shared their perspectives on how being a regulated utility company affects their giving strategy and measurement methodology.

Characteristics of the utility sector

Utilities operate in defined regional service areas and are highly regulated, which affects how they make charitable contributions in their operating communities. There are multiple factors at the federal and state levels that can influence corporate citizenship in this sector, including state expectations of philanthropic engagements, union requirements for paid time off for volunteering, and regulatory settlement funds that must be approved for program funding.

In addition, regulated utilities' relationship with their customers is quite unique—customers do not have a choice of which utility company they use; they are a "captive audience" with their provider. Often, customers misperceive the source of funding for corporate social investments of utility companies, and they would prefer that those funds be spent on reducing their utility bills instead. Some utilities noted that, to combat this incorrect perception, they explicitly state that their corporate social investments are shareholder-funded.

Working group companies report that large and midsize utilities are evaluated on customer satisfaction through an annual JD Power survey, with one dimension specifically geared toward corporate citizenship. This presents an area of opportunity—and a challenge—to leverage philanthropy to impact customer satisfaction.

Impact on social investment strategies

Based on the above characteristics, utility companies tend to direct their funding to organizations and programs in their local communities/service areas, as opposed to national programs. From a strategic perspective, it is challenging for utilities to focus their giving to one or two core social issues or even to establish a signature program, since they are balancing the interests of their broad customer base as well as fulfilling their regulatory requirements. This results in a number of smaller investments across a variety of grantees that cannot be sacrificed; however, there may be opportunity to leverage a partnership with the American Red Cross, for instance, provided its in-state reputation is positive in the respective states. This is particularly useful for utilities that have companies in more than one state.

Measurement approaches and future plans

The utility companies reported that while measurement of outputs is fairly simple to capture with their social investments, measurement of longer-term outcomes and impacts is challenging to execute across multiple focus areas and with a broad strategy of social investments. It is difficult to demonstrate how they are "moving the needle" on a particular social issue area when their social investment budgets are spread thin across multiple areas and programs.

All three working group utility companies noted that, in spite of these challenges, they continue to make progress in measurement by:

- Executing measurement on a project-specific basis, which allows for a deeper focus on the outcomes of a few specific partners or programs, as opposed to trying to roll up metrics across several disparate grant areas.
- Narrowing and/or better defining focus areas and targeted outcomes.
- Carefully vetting potential partners and programs on the front end to determine which ones already have proof of positive results that align with the companies' desired outcomes.
- Revising grant applications and associated evaluation criteria to more systematically capture desired metrics at project initiation.

Given the nature of the utility sector, impact measurement may evolve at a slower pace than in other industries. However, based on the experience of the working group members, there is clearly some positive momentum around better defining a giving strategy that fits regulator and customer and business needs, and then aligning outcomes and partner criteria.

Do the Prep Work

For companies taking their initial steps with measurement, or for those reevaluating their current approach, it can be daunting to know where and how to begin.

The Bridgespan Group outlines five key lessons to guide the development of an effective approach to performance measurement:[8]

1 Begin with the end in mind

2 Anchor measurement in the organization's theory of change

3 Create a culture of measurement

4 Ensure all contributors benefit

5 Get better at measurement over time

A few of these lessons—as well as some additional ones discussed by the working group—are expanded upon below, offering a useful starting point for corporate social investors developing a measurement strategy.

Begin with the End in Mind

"Before even thinking about metrics or systems, it is important to get exceedingly clear about the results the organization will hold itself accountable for."[9]

Gaining clarity on what a company is trying to achieve through its corporate social investments is often a multi-stakeholder endeavor. This type of goal setting requires bringing the right internal and external perspectives to the table to determine how best to design investments that align with business strategy and leverage company assets, meet various stakeholder needs, and address key materiality issues.

Through the goal-setting process, keep in mind that being clear about what you want to achieve and why will set the stage for all evaluation efforts that follow. As one participating company stressed, "If you get this part wrong, then nothing else will work. This is fundamental."

Anchor Measurement to a Theory of Change

> A robust theory of change specifies the set of programs, activities, organizational capabilities, and relationships required to achieve the outcomes the organization will hold itself accountable for. Once this theory is explicit and agreed upon, it is much easier to identify and collect the full set of data that can reveal not only whether the organization is achieving its outcomes, but also why it achieves them, and what needs to change to improve.[10]

The term "theory of change" is often used interchangeably with the logic model, which is the visual representation of how programs (or portfolios) will achieve impact and help facilitate effective program planning, implementation, and evaluation. (See box on page 17.)

While most nonprofit organizations are likely to have their own established theories of change that reflect their mission, it is also important for corporate social investors to develop them in order to articulate from their perspective what they intend to accomplish through their investments. It is helpful to develop a theory of change for specific partnerships or programs (e.g., an initiative with Direct Relief International), as well as an overarching portfolio-specific theory of change (e.g., for a disaster relief focus).

Create a Culture of Measurement

Measurement will be most successful when it is executed in an environment that is receptive to, and, even better, actively encourages the use of data to drive decision making and continuous improvement. As noted in *Simple Measures for Social Enterprise*, "If your organization doesn't care about metrics, don't bother to start building systems to measure performance. This effort needs to start at the top with board and senior management leadership and extend throughout the staff and stakeholders of the organization, and into the organizations you fund."[11]

Part of a culture of measurement is having open discussions around measurement and how the company's social investments are or are not meeting desired impact goals.

8 Eckhart-Queenan and Forti, *Measurement as Learning,* The Bridgespan Group, 2011.

9 Ibid, p. 2.

10 Ibid, p. 2.

11 Brian Trelstad "Simple Measures for Social Enterprise," *Innovations: Technology, Governance, Globalization,* MIT Press Journals 3, no. 3, 2008, pp 105–118.

Logic Models: Positioning Programs for Success

The *W.K. Kellogg Foundation Logic Model Development Guide* offers an introduction to logic models and provides step-by-step tips on how to create them for an organization. It defines the logic model "as a picture of how your organization does its work—the theory and assumptions underlying the program. A program logic model links outcomes (both short- and long-term) with program activities/processes and the theoretical assumptions/principles of the program."

According to W.K. Kellogg Foundation, "The most basic logic model is a picture of how you believe your program will work. It uses words and/or pictures to describe the sequence of activities thought to bring about change and how these activities are linked to the results the program is expected to achieve." Steps 1 through 5 illustrate the connection between planned work and intended results.

Using a logic model is an effective way to ensure program success, as it helps to organize and systematize program planning, management, and evaluation functions:

1 In **Program Design and Planning,** a logic model serves as a planning tool to develop program strategy and enhance your ability to clearly explain and illustrate program concepts and approach for key stakeholders, including funders.

Logic models can help craft structure and organization for program design and build in self-evaluation based on shared understanding of what is to take place. During the planning phase, developing a logic model requires stakeholders to examine best practice research and practitioner experience in light of the strategies and activities selected to achieve results.

2 In **Program Implementation,** a logic model forms the core for a focused management plan that helps you identify and collect the data needed to monitor and improve programming.

Using the logic model during program implementation and management requires you to focus energies on achieving and documenting results. Logic models help you to consider and prioritize the program aspects most critical for tracking and reporting and make adjustments as necessary.

3 For **Program Evaluation and Strategic Reporting,** a logic model presents program information and progress toward goals in ways that inform, advocate for a particular program approach, and teach program stakeholders.

Figure 1 **Logic Model Example**

PLANNED WORK Describes what resources you think you need to implement your program and details what you want to do		INTENDED RESULTS Includes all of the program's desired results (e.g., outputs, outcomes, and impacts)		
1 Resources/Inputs	2 Activities	3 Outputs	4 Outcomes	5 Impact
The human, financial, organizational, and community resources a program has available to direct toward doing the work.	What the program does with the resources. Includes the processes, tools, events, technology, and actions that are intentional parts of the program implementation. These interventions are used to bring about the intended program changes or results.	The direct products of program activities and may include types, levels, and targets of services to be delivered by the program.	The specific changes in program participants' behavior, knowledge, skills, status, and level of functioning. Composed of both short-term (1 to 3 years) and longer-term (4 to 6 years) outcomes.	The fundamental intended change occurring in organizations, communities, or systems as a result of program activities within 7 to 10 years.

Source: Adapted from *W.K. Kellogg Foundation Logic Model Development Guide*, January 2004, pp. 1–2.

Source: Excerpted from *W.K. Kellogg Foundation Logic Model Development Guide*, updated 2004, W.K. Kellogg Foundation), pp. III, 1–2, 5 (www.wkkf.org/resource-directory/resource/2006/02/wk-kellogg-foundation-logic-model-development-guide).

The working group companies emphasize that if these types of conversations are not happening with senior management, then they need to be. Practitioners must solicit leadership assumptions and expectations around results and should be prepared to educate senior management on various measurement definitions (e.g., outputs versus impacts) and the implications of tracking and measuring each of them.

In the experience of some of the working group companies, senior management would ask for the impact of their corporate social investments, but they were actually interested in more basic output information regarding the reach of the program. Others report senior management interest in impact, coupled with an unrealistic expectation about the time and cost it would take to achieve those results.

Corporate social investors would be well served to gain senior management buy-in sooner rather than later by learning about their assumptions and desires around results, educating them on what is possible, and then together setting a realistic plan for measurement.

Be Prepared to Invest

Measurement takes more than simply requesting or requiring a set of results from nonprofit organizations and then sitting back, waiting to receive the data. Corporate social investors need to consider the capabilities and needs of their nonprofit partners to determine not only what depth of measurement their partners are currently prepared to deliver, but also what they may be capable of doing with some additional funding and support. (See page 24 for additional discussion on selecting nonprofit partners.)

Responsible corporate social investors will strive to avoid placing unreasonable burdens on their nonprofit partners to produce certain metrics or information they are not accustomed to collecting, and, at the same time, be prepared to support (from a monetary perspective) the cost of measurement.

Some ways in which corporate social investors can assist their nonprofit partners with regard to measurement include:[12]

- Provide their own internal expertise and knowledge around data collection and measurement.
- Pay for the additional resources organizations may need to build internal capacity to execute on a planned measurement methodology. This capacity could be delivered in the form of additional staff members, training, or assistance from outside vendors, among others.
- Assist grantees in the development and /or refinement of their theory of change; serve as a thought partner.

Nonprofits are eager for this type of support from funders as well. A recent survey of 300 nonprofit leaders found that, "despite critiques from the philanthropic sector that nonprofits are not doing enough to demonstrate the progress they are making, foundations do not appear to be making significant efforts to help nonprofits in this area. Only 32 percent of respondents to our survey say their funders have been helpful to their ability to assess their progress in achieving their goals. More than 60 percent would like more help from their foundation funders in these efforts."[13]

Investment can also be viewed and valued in terms of the potential longer-term leveraging effects that a corporation's capacity-building efforts could have on its nonprofit partners and the field in general. According to CECP, "enhancing performance-measurement systems provides practical, real-time data that supports learning and allows nonprofits to adjust their services efficiently, thereby maximizing the impact of not just one particular project, but of projects across the entire organization."[14] Corporate social investors should think beyond how their support can help a grantee with its own program and envision what positive ripple effects may be produced for the organization as a whole.

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12 Eckhart-Queenan and Forti, *Measurement as Learning*, The Bridgespan Group, 2011.

13 Andrea Brock, Ellie Buteau, and An-Li Herring, *Room for Improvement, Foundations' Support of Nonprofit Performance Assessment,* The Center for Effective Philanthropy, 2012.

14 Lim, *Measuring the Value of Corporate Philanthropy,* CECP, 2010.

Prioritize What to Measure

Given the resources and energy required to effectively assess social impact, it is unrealistic and unproductive for companies to attempt to measure the results of every social investment that they make at the same level of rigor. As such, companies typically prioritize which of their investments merit various types of measurement.

Some companies develop guidelines for what types of investments are measured. Unsurprisingly, priority or strategic giving areas often are targeted to receive the highest attention, as are signature programs and partnerships that receive grant amounts above a particular monetary threshold. For some, with investments below a certain amount, information about anticipated outcomes or results for a program is collected only on the initial grant application and no further reporting is required post-grant. For other smaller grants, companies may collect data about the results the nonprofit is achieving organization-wide, as opposed to trying to identify and report on the specific impact of the company's grant.

While most practitioners in the field have relatively informal guidelines of which investments they measure, some have taken a more formalized approach. These companies establish policies around distinct tiers or levels for which they clearly outline which types of monetary investments receive a corresponding level of measurement investment and approach.

CORPORATE EXAMPLE

Establishing Tiers to Determine Measurement Investment

One working group company has developed a "pyramid of giving" that categorizes which of its grants receives which level of measurement.

Figure 2
Pyramid of giving

At the top tier, the company has classified outcome grants to represent a select set of partnerships within its signature focus area on literacy. The grant size is high, and the measurement investment is high. The company uses a third-party evaluator to track and measure the outcomes of these grants based on accepted definitions of success (e.g., expected reading levels by grade and standardized test scores).

The middle tier covers best practice grants across the company's multiple giving areas. These grants are medium in size and, following the same method, given medium measurement investment. Third-party research is used to link the activities of these grants to outcome achievement, and nonprofit partners self-report their results.

The bottom tier consists of output grants, which also span multiple giving areas. These grant amounts are lower, and the company only engages in minimum measurement investment, requiring grantees within this tier to self-report output data from their programs.

Collecting and Analyzing Data

Data collection and analysis is a significant part of measurement and an important area to streamline to create efficiencies. Once companies have determined their theory of change, they need to identify the type of data needed to track progress against their goals and what methods should be used to collect that data. Sources may include pre- and post-intervention tests, participant surveys, existing organization records, and state/national statistics. In addition, corporate social investors need to ensure that appropriate resources are in place to effectively analyze the data once collected and glean insights to continuously improve their programs.

Establish Baselines

While measurement of long-term impact may be the end goal, companies cannot advance directly to that step. Identification and careful collection of inputs, outputs, and outcomes are integral to setting the stage for later impact measurement. Establishing baselines, or minimum measures, that reflect the current state prior to an intervention is important, as they enable a company to assess progress or changes over time.

Stay Streamlined

It is widely acknowledged among private and corporate grant makers that inefficiencies exist that waste the time and energy of both funders and grantees, primarily due to over-collection and underutilization of data. Collecting too much information from nonprofit partners often places a burden on their resources, and then these data are not used effectively (or at all). Working group companies agree that over-collection is a pitfall that should be avoided, but acknowledge, regrettably, it is one that many of them have fallen into. Several admitted that they currently request end-of-grant reports from their nonprofit partners that go directly into storage and are not utilized as effectively as they could be (aside from basic record keeping and compliance purposes). More thoughtful and streamlined data collection, particularly during the application and reporting stages, would help corporate social investors in this regard.

In addition to streamlining data collection, another dimension to consider is how the data are used, which was explored in a recent *Giving Thoughts* issue from The Conference Board. Data collected by grant makers not only can be viewed as valuable for their role in informing and improving programs, but they can also "feed into the wider philanthropic and not-for-profit sector—to help make real, positive social impact for the community benefit."[15]

Project Streamline: Four Key Principles

Project Streamline was developed by eight organizations in the field that felt grant seekers and grant makers were both "drowning in paperwork and distracted from purpose." Its aim is to identify limitations with current application, monitoring, and reporting practices of grant makers and provide recommended solutions. One helpful resource is *The Guide to Streamlining* series, a set of tools and information to help grant makers apply Project Streamline's four principles:

1. Taking a fresh look at information requirements with a special focus on what due diligence grant makers really need to do to make a grant.
2. Rightsizing grant application and reporting requirements.
3. Reducing the burden that grant seeking places on grantees, with a special focus on improving financial reporting and implementing online systems.
4. Improving communications and obtaining feedback from grant seekers to support and help direct your streamlining efforts.

Source: "Guide to Streamlining," Project Streamline (www.projectstreamline.org).

A Promising Practice for More Streamlined Data Collection

To better streamline data collection, a promising practice is to more closely integrate measurement metrics into application and reporting processes. Instead of only using open-ended narrative questions around anticipated (and achieved) outcomes and evaluation processes, applications can be customized to more closely match the metrics a company has prioritized.

In this way, companies can collect standard types of data across its nonprofit partners and more easily compare results across projects and partners. In addition, anticipated performance targets can be collected upfront, which can later be tracked through the post-grant reports.

15 Gina Anderson, "Data Collection and Analysis in Philanthropy," *Giving Thoughts* blog, The Conference Board Initiative on Corporate Philanthropy, April 2014 (http://tcbblogs.org/public_html/wp-content/uploads/TCB_GT-V1N3-14.pdf?width=100).

To facilitate this pre-/post-comparison, application questions should be matched as closely as possible to information that will be asked again in a post-grant evaluation report. Note that, in some cases, a well-designed application may provide sufficient reporting information for smaller grants so that a post-grant evaluation is not necessary. (See sample application questions related to measurement in the box below.)

This idea of customization relates back to the concept of starting with the end in mind and having a strong theory of change—if a company knows what outcomes it is trying to achieve, it can then work backward to identify the metrics it should collect, and embed those into its application and reporting so that nonprofit partners provide data that are most useful to the company.

Sample Application Questions on Measurement

The samples below showcase excerpts from application forms used by working group companies. Samples A and B present open-ended questions that nonprofit partners may interpret and complete in very different ways, while Sample C requests very specific metrics that align with the company's program goals. Note that additional sections of this application request further detail on the specific outcomes the project anticipates meeting; this excerpt is simply illustrating the ability to capture anticipated outputs at the application stage.

Sample A

Anticipated results Describe expected outcomes and their benefits. (200 words or less)

Description of population served Describe targeted population, including specific location and estimated number of people to be served. (100 words or less)

Measure of progress/performance Describe method used to measure the project's progress/performance. For example, collection of specific data such as test scores, survey results, number of clients served, etc. (100 words or less)

Sample B

Please list and describe up to three (3) outcomes that will be achieved by this initiative.

How will the outcomes of this initiative be monitored, measured, and evaluated?

How many people will be positively impacted by this proposal? Please describe how this number is measured or calculated.

Sample C

Metrics

(The questions in this section will change based on the program's Focus Area.)

The following metrics correspond to the focus area for which you are seeking funding and what it aims to accomplish. If a certain metric does not apply to your proposed program, enter the number 0.

Metric	Instructions
People served	Enter the projected number of unduplicated individuals served by this grant. An individual who receives more than one service should only be counted once for this question.
Nutritious foods	Number of people served who experienced increased access to healthy foods
Additional meals	Number of additional meals this grant allowed you to provide.
FNS reimbursements	Number of new eligible organizations seeking reimbursement through Food and Nutrition Service programs.
SNAP enrollment	Number of new households enrolled in SNAP (Supplemental Nutrition Assistance Program).
WIC enrollment	Number of new WIC enrollees.

Source: The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments, 2013.

Leverage Internal and External Resources

Measurement, by nature, is data-intensive and requires expertise to manage it effectively. One challenge companies face is inexperienced program staff who may not have the skill set required to both establish systems for collecting data and then analyze that data to drive program insights.

One option for companies to fill this skills gap is to leverage the expertise of internal staff members—possibly within a different department—where data collection and analysis is a core part of their functional role. (See “Using Internal Resources to Meet Measurement Data Needs.”)

CORPORATE EXAMPLE

Procter & Gamble

Customized Data Collection

Procter & Gamble (P&G) created a custom tool to measure its corporate social investments after it assessed various existing measurement companies and methods and determined that they captured too much or too little data to generate the specific social and business metrics P&G targeted.

Customized data collection solution

To create this custom tool, P&G aligned its criteria for funding grants across the foundation and business budgets and reconfigured those criteria into reporting metrics. As part of its application process, returning nonprofit partners are required to complete a report from the previous grant received in order to be considered for future funding. With this methodology, P&G is able to collect data from nearly 100 percent of applicants receiving initial funding.

Results

P&G’s custom tool creates a more efficient and reliable means of collecting only the targeted data that are relevant to P&G’s giving program and strategic direction—making it easier to track progress against its business and social objectives. A remaining challenge, however, is that P&G’s custom metrics do not lend themselves well to benchmarking results with other companies.

CORPORATE EXAMPLE

Using Internal Resources to Meet Measurement Data Needs

A working group member company decided to leverage enterprise-wide resources to assist with the data collection and analysis needed to more efficiently measure the impact of its grants. The company had previously been relying on grants management software for application data collection and a third-party vendor to collect evaluation data, which did not facilitate a smooth integration of data from beginning to end of the grants management cycle.

As a first step, program staff met with individuals throughout the organization whose roles involved developing business intelligence—teams that specialize in data collection and analytics—to explain its process challenges around measuring the impact of its grants. Next, program staff collaborated with these business intelligence representatives, as well as external vendors, to develop a long-term capability roadmap that outlined the company’s data needs for impact measurement, which include:

- Data infrastructure: Issues around data integrity and storage.
- Data collection: Isolation of data points needed to drive decision making.
- Reporting and analysis: Software tools needed and prioritization of focus areas.
- Impact assessment: Definition of business and social goals.

Based on this roadmap, the company staffed each area with internal resources and filled in the remaining gaps with vendor partners. Data infrastructure needs were prioritized as the first major focus to dedicate internal resources toward, with a plan to move to data collection and reporting once the infrastructure was solidly built. By looking inward and identifying data experts within its ranks, the company was able to more clearly articulate its data needs and solutions, increase the efficiency of its data collection and analysis, decrease reliance on external vendors, and engage diverse audiences throughout the organization in its social investment programs.

Another viable option is third-party vendors. Many software solutions and organizations exist to help streamline and simplify the grants administration process, enabling various levels of service from due diligence to application to reporting to payments (and more). There are various resources to help provide corporate social investors with comparative information on vendors. One helpful reference is the *Consumer's Guide to Grants Management Systems*. Created by Idealware, the Technology Affinity Group (TAG), and the Grants Managers Network (GMN), this publication, which was recently updated in November 2013, compares features and processes used by 28 grants management systems.

Integrating grants management software is not without its challenges nor is it a one-size-fits-all solution. Many working group companies have to work closely with their vendors to customize the products specifically to meet their needs, or they are in the process of seeking additional or new vendors due to limitations with existing systems.

Note that, beyond data collection and analysis, there are third-party providers that specialize in assisting corporate clients with developing and executing measurement methodologies. (See page 32 for additional discussion about engaging third-party providers, and page 34 for an overview of several measurement models.)

CORPORATE EXAMPLE

Ford Motor Company Fund

Creating Process Efficiencies to Manage International Grants

Ford Motor Company Fund (Ford Fund) is the philanthropic arm of the Ford Motor Company and directs its funding into four priority areas: sustainability, community needs, education, and driving safety.

To facilitate the management and measurement of its international grants, Ford Fund has partnered with a third-party vendor—Global Giving—to supplement its internal resources. The vendor is used to assess grantee applications during a request for proposal (RFP) process and to measure self-reported grant outcomes from grantees at six- and 12-month intervals through surveys and impact reports. Coaching is also provided to Ford Fund's nonprofit partners that may not have the capacity to assess program strengths on their own (e.g., developing budgets and financial statements, developing metrics), if needed.

By leveraging a third-party vendor to more efficiently manage its grants process, Ford Fund has been able to execute pilot programs and then determine (through the 6 and 12 month impact reports) which programs merit continued funding beyond year one. One of its pilot program success stories is a public–private partnership in India called Sustainable Urban Mobility with Uncompromised Rural Reach (SUMURR). Through leveraging Ford technology and partnerships with NGOs, universities, and governmental agencies, the initiative aims to improve the delivery of maternal and child healthcare services by addressing accessibility gaps in remote rural villages. More than 100 doctor visits and 20 health camps have been completed, and more than 10,000 km were traveled. Safe institutional delivery was facilitated for 41 pregnant women belonging to the 'high-risk' mothers category, and, by the end of February 2013, due to the success of the pilot, Ford expanded the program to 44 villages and reached more than 3,100 people to facilitate community awareness programs about maternal and child healthcare.

Looking toward the future, the Ford Fund has been exploring a web-based communication tool that Ford Fund staff around the world can access and use to share best practices and strategies. In addition to facilitating communication, this tool ideally will also enable the Ford Fund to more efficiently monitor and collect measurement information from all of its global locations in a more centralized way.

Selecting a Nonprofit Partner

The depth and quality of measurement that a company is able to execute will be directly influenced by its nonprofit partners based on factors such as their experience with measurement, the particular methodology, and availability of dedicated resources. Choosing appropriate partners that are best aligned with a company's vision and well-positioned to help meet its social impact goals is key. Ideally, conversations around measurement should be held prior to entering a funding relationship to ensure that expectations for both measuring and achieving results are appropriately set and met.

Assessing Prospective Partners

The working group companies agree that to more easily and efficiently achieve targeted social impacts, nonprofit partners should be selected that have a proven capacity for measurement. These may be organizations that are more established, potentially larger in size (indicative of having more robust development and evaluation staff), and have a demonstrated track record of success in achieving impact in a particular social issue area.

This information can be obtained through typical due diligence research, as well as conversations with prospective partners. With a potential partner's measurement history, a company will better understand what information and metrics the organization currently collects and how results are being used to continue to improve and adjust programming. Another resource to consider is Charity Navigator's rating system, known as CN 3.0, which is beginning to incorporate information on nonprofit organizations' measurement of results. (See "Resources to Facilitate Nonprofit Assessment" on page 25.)

If corporate social investors choose to partner with smaller nonprofit organizations that may have less infrastructure and experience with measurement, they should consider their role in either building the measurement capacity of these nonprofit partners or investing additional resources to ensure they are able to access the measurement results that they need. (See Verizon Foundation example, right.)

CORPORATE EXAMPLE

Verizon Foundation

Grantee Capacity Building and Data Collection through a Coordinating Partner

Verizon Foundation has built a successful partnership with the International Society of Technology in Education (ISTE) to help with the development and execution of its teacher training program, the Verizon Innovative Learning Schools (VILS).

Through VILS, Verizon partners with schools to provide comprehensive, ongoing teacher training on effectively integrating mobile technology into classroom instruction to increase student interest and performance in STEM (science, technology, engineering and mathematics) subjects. The Foundation works with ISTE to provide the professional development training and mentorship to educators and a dedicated technology coach at each school.

In addition to assisting with program content, ISTE serves as a coordinating partner with measuring impact and works closely with Verizon's grantee partner schools—not all of which have the capacity to engage in impact assessments on their own. ISTE helps grantees establish their baseline data and provides input on projected outputs and outcomes, as required by the grant application process. ISTE then manages the data collection for near-, mid-, and long-term program results, using a multi-method evaluation, including standardized test scores, student surveys of STEM engagement, multiple teacher surveys, as well as classroom observations and interviews. ISTE also collects control data from similar non-VILS schools to be used as a point of comparison.

The ISTE VILS evaluation indicates that teacher training to integrate mobile technology in the classroom may have a positive impact on students' standardized test scores. In addition, the VILS program also reported gains in teacher and student proficiency with mobile devices and student interest and engagement in STEM subjects. Verizon Foundation aspires to have a metrics-driven program that is successfully tracking against its desired results, and it has found ISTE to be an invaluable partner in advancing the VILS program in an efficient manner. Verizon Foundation has also found that having ISTE compile, analyze, and validate the program data has lent credibility to its reporting; this is another positive benefit it sees in engaging with third parties.

Keeping Innovation Alive

The working group questioned whether there is a risk of stifling innovation by requiring too much of its nonprofit partners regarding measurement. If corporate social investors feel well-served to align with "bigger and better" organizations to most efficiently measure and achieve impact, what could be the consequences on innovation in the social sector? Some companies think they could unwittingly be playing a role in de-incentivizing innovation through their partnership choices, as organizations realize that funding dollars are more likely to flow to tried-and-true projects.

One possible solution is for corporate social investors that place a high priority on innovation to set aside a portion of their budget to be directed to more innovative or risky or simply newer programs or organizations whose impact may be yet unproven. For these relationships, different measurement standards and expectations would be applied. Ultimately, this depends on the goals of the corporate social investor and what its priorities are around innovation versus impact and what its comfort level is with risk.

Resources to Facilitate Nonprofit Assessment

It is not always easy to determine how well a nonprofit organization is doing at measuring the results of its work. One recent development to help funders better understand and assess prospective (and current) grantees is Charity Navigator's "Results Reporting," implemented in January 2013.

Results Reporting encompasses information such as the plausibility of an organization's logic model and if it is based on reasonable evidence; a plan for data collection of specified indicators; inclusion of beneficiary feedback; and publication of evaluation reports, among other data points. Currently, Results Reporting data are presented for informational purposes only. Organizations will not be rated based on this information until the data collection process is complete—targeted for 2016.

Source: Results Reporting Concept Note: The Third Dimension of Intelligent Giving, Charity Navigator, 2013 (www.charitynavigator.org/__asset__/_etc_/CN_Results_Reporting_Concept_Note.pdf).

Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector?

"Where is the data that proves your nonprofit is creating either transformation or pervasive system change?" "Show us the data that explains how many thousands upon thousands of lives have been affected by your work." These are questions posed and statements made by almost everyone in the philanthropy field when examining the success of nonprofit output. It is all about data.

It began in Silicon Valley

About seven years ago, data-driven concepts started to become woven into all things nonprofit. The trend coincided with Silicon Valley jumping into the cause-oriented world and applying their internal assessment methodologies to their nonprofit involvements.

Last year, when I attended a Dell Innovation Seminar gathering including professors from around the globe who teach nonprofit subjects, one of Google's philanthropy executives told the group: "We will be looking at data for all our giving decisions. The anecdotal stories told by nonprofits will not influence our decisions." The Google attitude on this issue has seeped into big foundation approaches as well.

Editor's note: This material first appeared in The Conference Board *Giving Thoughts* blog by Gary Wexler on April 3, 2014. The Conference Board *Giving Thoughts* series is a monthly online publication in which corporate philanthropy experts delve into the most pressing issues affecting our members. (http://tcbblogs.org/philanthropy)

Just this week, Twitter was buzzing when the Knight Foundation posted an article, "Big Interest in Big Data." In it, the author, Jonathan Sotsky, stated: "Nonprofits have shifted from asking if they should measure their work to how to most effectively measure impact."

For companies like Google, which have the ability to gather billions of data bytes and decipher a trend, data analysis makes total sense for their business.

But not all business practices can be applied effectively to the nonprofit sector. In the case of data, there must be big enough sample cells to map a meaningful trend or result. However, the vast majority of nonprofits are not big enough to deliver such samples. And even if the nonprofit is large enough, budgets must be allocated to capture and track the data, and analyze it. The data then has to be strategically applied to a very complex enterprise, rooted in the soul of a community—and not rooted in sales.

When data does and doesn't work for donor measurement

This complexity extends to donor trends as well. If data analysis is being used for a massive small donation fund-raising campaign on the Internet or through direct mail, it is clear what to measure.

(Continued on page 26.)

Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector? (continued)

But if it is being used to assess trends among individual major and mega donors, it is not the same as measuring sales. Giving money away, as opposed to spending it, is a very different act. People are motivated to give from a deep, internal human place. Raising money is rarely met with an immediate measurable response. Sometimes, donors are cultivated for years before they lay down the dollar. How do you measure all these complexities with efficacy?

Can data accurately reflect the nonprofit role in transformation and system change?

If data is being applied to transformation and system change rooted in advocacy and participation, here as well there is a complicated set of circumstances to be considered. No nonprofit can claim to be the sole influencer of results. They may not even be the ones who initiated the early steps. Contributing to nonprofit results are the actions of community organizing, policy change, education, marketing, fundraising, and multiple collaborations with government, faith-based groups, community centers, educational institutions and even other nonprofits. How do you measure that with efficacy?

Many organizations, foundations and corporate philanthropies are struggling with measurement accuracy through an emerging discipline known as "social impact measurement standardization." Can there really be standardization? In a 2011 article in the Stanford Social Innovation Review entitled "Collective Impact," John Kania and Mark Kramer address social investment measurement in public education. They point out the specific needs and issues of this field and how there must be an expertise in understanding public education issues and their complexities in order to measure impact. Each field and each issue, to be measured appropriately, demands this type of intricate knowledge and understanding. While there can be a professional standard of evaluation approach, there can be no standardized methods.

In the nonprofit world, data can actually kill innovation

Here is the biggest danger of the data demand upon the nonprofit sector: it may be killing some very good ideas that are badly needed in this changing world. Today, funders at all levels want to see data proof before they move on a new idea.

I know this from first-hand experience. I am in an idea profession, working with nonprofits as a seminar facilitator and marketer, training them to think in big ideas for a new era. In the past, when we proposed new ideas to foundations funding the nonprofit sector, we would simply experience the vast majority of the ideas being immediately killed. (It's not much different than my years in advertising, proposing new ideas to clients.) But today, the first reaction is, "What data do you have to prove this idea works?"

At the beginning stages of idea creation, this is not a smart question. Most new ideas are not coming from people or big places with hefty disposable income to pay for case studies, data collection and analysis. Without new operational ideas, this sector will eventually collapse. If the demand for data is insistent, then the foundation world 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.

What happened to intelligent risk by implementing a new idea? No matter how much data one relies upon, the risk of a new idea will never be removed. Risk is its very nature.

Real dialogue between corporate philanthropy and nonprofits

Conversations between the corporate and nonprofit sector can be tense. The culture and motivations of making money are not the same as the ones that lead people to build a better society. There are many misunderstandings between the sectors. If the relationship between them is going to succeed in the way it must, it's about more than data assessment. It's about both sides sitting together as equals, sharing their different professional cultures, listening to one another and then collaborating on the ideas and methods that will work for their mutual outcomes. It's about human interaction. How do you measure that with efficacy?

Source: Gary Wexler, "Could the Incessant Demand for Data Kill Innovation in the Nonprofit Sector?" *Giving Thoughts*, The Conference Board Initiative on Corporate Philanthropy, April 3, 2014 (http://tcbblogs.org/philanthropy).

From Outcomes to Impact

It is generally understood in the field that a focus on outcomes is key to measuring social change. "Outcomes are the observable results of programs that are created and funded in hopes of making a difference in the world."[16] 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."[17]

Are outcomes the same as impact? No. There is an important distinction between, and progression from, outcomes and impact (see also page 17 for the discussion on logic model development). While precise definitions differ, in general, outcomes represent specific and measureable 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."[18] Meeting a particular outcome may represent a step toward impact, but is not impact itself.

Companies may effectively track and measure outputs and outcomes during the life of their monetary investments, yet have further ambitions to understand the positive impacts on the lives of the beneficiaries and the company's goals several years later. According to Perry Yeatman, principal, Mission Measurement, a company focused on measuring social outcomes, and CEO of Perry Yeatman Global Partners, "Today's funders and many other social-sector stakeholders represent a new generation of 'value seekers.' Rather than investing in social programs that meet some arbitrary effectiveness threshold or proffer anecdotal success stories, they want to see real changes in the outcomes they care most about, and at a reasonable cost."[19]

For example, a company that funds STEM (science, technology, engineering, and mathematics) programs may be able report on outcomes in terms of student knowledge attained and increased interest in STEM, but it also may want to know if the individuals in its program go on to pursue STEM-related degrees and STEM careers.

Impact may not be realized until years beyond the life of a particular program being funded, and, as discussed, formal impact evaluations are costly, time-consuming, and not a feasible approach for companies to continuously utilize. One way that corporate social investors seek to realize their targeted impact is to project impact based on program outcomes.

Identify Appropriate Outcomes

A strong program should have clear and measurable outcomes in place from the start and ideally should be thoughtfully constructed as part of its theory of change. Yet how do corporate social investors know if they are identifying the "right" outcomes for desired achievements? What are the considerations involved in taking on this task?

Consult with subject-area experts As indicated by the measurement approaches detailed in Table 1 (page 13), partnering with outside specialists is an excellent way to take a deep dive into a particular social issue area to gain knowledge about the core needs, strategies, and gaps in service and marry those with the company's aims to come up with a set of outcomes for a program. These experts may be the nonprofit organizations whose services fall within a particular area or academics whose body of work focuses on the issue. Alternately, corporations may look to engage with consultants or measurement providers that are generalists on the social issue, but also have the analytical skill set and expertise to conduct the necessary research, as well as explore a company's goals to select suitable outcomes for its program.

Keep the end impact in mind, and be sensible about you can control When identifying which particular outcomes should be targeted, think through the following questions: "How do these outcomes contribute to long-term, systemic impact? How well do these identified outcomes support the overarching vision of our initiative?

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16 *Making Measures Work for You: Outcomes and Evaluation,* GrantCraft, 2012 (www.grantcraft.org/pdf_2012/guide_outcome.pdf).

17 Ibid.

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

19 Perry Yeatman, "Outcomes: The Key to Achieving Social Impact," *The Huffington Post,* January 27, 2014 (www.huffingtonpost.com/perry-yeatman/outcomes-the-key-to-achie_b_4676674.html).

What outcomes are within our sphere of influence and control? In what areas are we positioned to make a significant contribution to meaningful change?"[20]

Be flexible, and acknowledge that outcomes may change over time The nature of social change is fluid, and a company may find during a measurement process that a better outcome would reflect what it aims to achieve. As such, it is advisable to avoid being too rigidly attached to the original outcomes.[21] Stay open to the possibility of change and the continuous feedback that measurement can provide.

CORPORATE EXAMPLE

Walmart Foundation

Identification of Outcomes for a Signature Giving Area

During the past few years, the Walmart Foundation has immersed itself in the issues surrounding hunger relief and nutrition to develop both a funding strategy and measurement methodology for creating long-term impact. In 2010, Walmart and the Walmart Foundation made a $2 billion commitment to hunger relief and nutrition and funded a broad variety of programs. Measurement during this initial phase focused primarily on outputs, such as pounds of food donated and amount of funding granted to an organization.

Outcome Identification

As learned from its initial investments, the Walmart Foundation refined its funding strategy at the national level and began directing its resources to the most effective programs that could drive impact and advance the field. To accomplish this, it began to engage with academic researchers who had deep expertise in the hunger space, other funders, and their NGO partners to better understand challenges in the field, as well as promising solutions for reducing food insecurity. In addition, the Foundation brought on a new staff member with a background in the hunger field who was able to enhance its internal resources and deepen the sophistication of its efforts.

From a data standpoint, the Foundation was able to easily identify hunger relief metrics that it could use to measure its contributions—the field has existing standard definitions and indicators from sources such as the USDA on converting pounds of food donated to number of meals provided.

Being able to leverage these existing metrics was very helpful to the Foundation as it worked to determine the potential and relative impact of some of its programs. On the nutrition side, where the field is evolving quickly and there are a large number of disparate measures, the Foundation is still challenged to establish key metrics that can be used to measure its progress across grantees, as definitions are not yet standardized and it is difficult to measure behavior change related to nutritional education.

Based on this research and exploration, the Walmart Foundation developed two core outcomes for its national giving strategy:

1. Increase access to federal and charitable meals for low-income families by a specific, set number of meals. This includes both the increase of meals distributed by food banks through Walmart food donations and system-building capacity assistance, as well as the Foundation's funding of programs aiming to increase qualified participation in federal nutrition programs. These programs include the Supplemental Nutrition Assistance Program (SNAP), school breakfasts, and after-school and summer feeding programs.
2. Increase the number of people receiving nutrition education by a specific number, with a goal of a 25 percent change in behavior.

Results

While the creation of standard outcomes across its hunger relief and nutrition giving area provides the Walmart Foundation with a clear way to focus and direct its program funding to targeted impacts, it also places a priority on examining its process. It is important to also monitor and learn about the way the Foundation's programs are delivered so that successful elements can be replicated and scaled over time.

Ultimately, the Walmart Foundation's impact measurement is a work in progress. While it has successfully refined its national giving strategy, the Foundation will continue to monitor its goals and programs to assess if they are still on track for targeting the issues it wishes to address. The overarching outcomes are likely to stay the same, though the specific strategies it identifies and funds to achieve those outcomes will likely change over time, and there is a stated desire to drive innovation, not just delivery. Key to its progress in this area is its work with academic researchers; by leveraging their subject-matter expertise, the Foundation has been able to assess new funding opportunities, evaluate current impact, and stay current with new data and strategies closely related to the impacts it seeks to make with its social investments.

20 *Measurement Drives Strategy, Not the Other Way Around: A Guide to Outcomes-based Strategic Planning and Program Design,* Mission Measurement, 2011 (http://missionmeasurement.com/uploads/documents/Outcomes-based_Strategic_Planning_and_Program_Design_A_Guide.pdf).

21 *Making Measures Work for You,* GrantCraft, 2012.

What's Good Enough?

It is doubtful that many would debate the importance of beginning measurement with the all-important (yet challenging-to-answer) question "What do we want to achieve?" It is easy to see how greater clarity can facilitate a greater ability to appropriately direct measurement energy and resources.

Yet the question "What's good enough when it comes to measurement?" is a bit more challenging to address and touches on what constitutes meaningful results for a particular company. At what point should corporate social investors simply be satisfied with the level of social results they are able to collect and report on? The working group companies debated whether they—and their corporate practitioner peers—are being too ambitious about the long-term impact they are seeking to achieve.

- Is measurement of long-term impact more appropriately left to the nonprofit organizations themselves or to private foundations whose sole purpose is mission-focused?
- By trying to identify long-term impact, are we setting unrealistic expectations internally about what can be easily and credibly measured beyond the life of a grant?
- Do we have the appetite for the risk that the long-term impact we seek may not come to fruition?
- What if we do not have "patient bosses" who will wait for impact results that may not be immediately and easily identified or proven?
- Are we prepared to pay what it may take to get the level of impact information we desire?

These questions are worth asking, though the answers and implications of those answers will vary from company to company. Ultimately, the consensus among working group members is that being able to project (if not prove) long-term impact is an activity worth pursuing for select strategic programs and partnerships. Ideally, this would be achieved by employing a more turn-key and standard approach that doesn't require the current level of resources and time.

Project Impact Based on Available Evidence

Identifying the outcomes to target is only a first step. To draw conclusions around the likely longer-term results of their investments, corporations can apply models and results of other already-existing studies to project impact. This is another challenge that corporate social investors face: how to identify the right assumptions to use, and how to ensure the statement of impact is credible.

While outcomes measurement is a more practical and cost-effective approach than formal evaluation to determine long-term impact, "definitive causation and attribution are not formally proved, but evidence from other similar treatments may be sufficient to establish that a reasonable link exists between the measured outcomes and the ultimate impact."[22] In practical terms, a company has to be comfortable with the fact that the social impact it seeks to identify and report on will involve some subjectivity and reliance on assumptions. In addition, a company needs to identify evidence that its interventions (or similar interventions) lead to the targeted impact. How can this be accomplished? According to CECP, the logic behind outcomes measurement is that:[23]

- Existing national and regional datasets can serve as reasonable comparison benchmarks.
- Related evaluation studies or social science research offer corroborating evidence.
- There already exists a considerable amount of confidence in the quality of the program's theory of change.
- The measured data align with judgments suggested by close knowledge of the grantee and interactions with the program's beneficiaries.

Corporate social investors can work with their nonprofit partners to understand if such data already exist in their programs. If not, they can engage with sector experts (e.g., other nonprofit organizations and academics), consultants, measurement providers, and/or engage in literature reviews of social science research using internal resources to identify the appropriate comparison benchmarks and proxy data to use.

22 Lim, *Measuring the Value of Corporate Philanthropy*, CECP, 2010.

23 Ibid.

Many companies use third parties to assist with this stage of outcomes measurement—both in identifying (or validating) outcomes to target and in identifying the evidentiary data to link program outcomes to intended impact. As highlighted in the corporate examples throughout this report, the Walmart Foundation leveraged subject-matter expertise through a strategic program staff hire, its nonprofit partners, and academic resources and leveraged existing USDA data, while P&G collaborated with its nonprofit partners and utilized existing World Health Organization (WHO) data. Other working group companies had similar experiences and also supplemented their resources by enlisting the services of a third-party provider. (See page 32 for further discussion on third-party providers.)

CORPORATE EXAMPLE

Procter & Gamble

Identifying Impact Data

P&G Children's Safe Drinking Water program is a global CSR effort to reduce diarrheal illness and death from contaminated drinking water through the provision of P&G Purifier of Water purification packets. To quantify the health impact that its purification packets reached the intended children and families, P&G needed a measurement methodology to link its intervention to credible outcomes.

P&G collaborated closely with its NGO implementation and advocacy partners to create a methodology that first calculated outputs (the number of purification packets distributed and the number of liters of clean drinking water these packets provided) and then estimated the impact based on reduction in days of diarrhea and lives saved using data from the World Health Organization (WHO) on illness and fatality rates of diarrhea.

To validate these findings, the US Centers for Disease Control and Prevention and Johns Hopkins University conducted randomized, controlled health intervention trials of P&G Purifier of Water across five different locations and more than 25,000 individuals. The results showcased a significant reduction in diarrheal illness in children and the total population.

By working with public health experts in the field, P&G was able to establish a credible measurement model for its Safe Drinking Water program that moved beyond outputs to quantify the way the program measurably improved people's lives.

Standardization Efforts

The selection of which outcomes to measure and the identification of data to help project long-term impact are two tasks that would be greatly facilitated, from the perspective of corporate social investors, by increased standardization in the field.

A more efficient way to identify commonly accepted outcomes and indicators for cause areas of interest (e.g., STEM, K–12 education, and literacy) could help companies to more effectively build and measure their programs, as well as create greater dialogue and benchmarking with peer funders. Having this information standardized and centralized through easily accessible tools would create an efficiency and consistency that is much needed in the corporate social investing space.

There have been efforts to standardize metrics, as well as models for data collection around social change, primarily focused on nonprofit practitioners. Many of these efforts have been topical, isolating a particular social issue and identifying outcomes and indicators for that one area, which, while useful, only have specific application to that social issue. As such, these efforts have not been universally applied by either the social sector or funders. Other efforts are underway in which funders and their grantees align on common metrics to share data more efficiently and streamline assessment efforts by all parties.

FSG Social Impact Advisors has conducted extensive work examining shared measurement in the social sector, which is the practice of developing systems that enable a number of nonprofit organizations to measure their performance based on common indicators and shared evaluation platforms. Such shared measurement could take the form of web-based tools for data capture and analysis, including field-specific performance indicators, or a common online platform in which all participating organizations input and report on the same uniformly defined and collected measures.[24] FSG's 2009 report explored a variety of shared measurement approaches and profiled 20 efforts in this space. Its 2013 report explored the trends that are influencing social-sector evaluation, citing shared measurement as one of three core approaches that have the potential to change how evaluation is viewed.

24 Mark Kramer, Marcie Parkhurst, and Lalitha Vaidyanathan, *Breakthroughs in Shared Measurement and Social Impact,* FSG Social Impact Advisors, 2009.

The success of these shared measurement efforts are based on organizations coming together to "co-determine outcomes and indicators, to share data, and to learn from each other."[25]

Examples of standardization efforts

A few examples of the many varied efforts that organizations have taken toward standardization and consolidation of common measurement metrics and approaches include, but are in no way limited to:

IRIS is a "catalog of generally accepted performance metrics for impact investors to use to measure social, environmental, and financial success, evaluate deals, and grow the credibility of the impact investing industry."[26] It is an initiative of the Global Impact Investing Network (GIIN), "a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing."[27] While these metrics primarily reflect outputs as opposed to outcomes, and the system was designed to serve an impact investing audience as opposed to corporate social investors, IRIS takes important steps toward centralizing and standardizing information that its constituents can use to improve their programs and more easily benchmark and communicate results. (http://iris.thegiin.org/)

Global Value Exchange is an open-source data resource that encourages the voluntary contribution of information, such as outcomes and indicators for social and environmental change, from nonprofit organizations, funders, policy makers, researchers, and other stakeholders so that all may learn from each other's experiences. (www.globalvaluexchange.org/)

PerformWell, a joint initiative of The Urban Institute, Child Trends, and Social Solutions, is an online resource that aims to help nonprofit practitioners identify performance outcome measures and effective practices in managing service delivery. One of its tools lists common outcomes and indicators for select issue areas, as well as links to studies that provide context on those outcomes and resources for how to measure them. (www.performwell.org/)

National Collaboration for Youth (NCY) and **Forum for Youth Investment** released jointly the 2012 report *A Shared Vision for Youth: Common Outcomes and Indicators* with the intent to better define and address issues affecting youth through the identification of a common set of outcomes and indicators that reflect the diversity of youth-related areas in which NCY's member organizations are involved.[28] (www.collab4youth.org/ and http://forumfyi.org/)

An additional effort worth noting is **Mission Measurement**'s aim to standardize outcomes for the entire social sector, facilitated by its development of a Universal Outcomes Taxonomy. This taxonomy is designed to codify the results of organizations' programmatic efforts (i.e., outcomes) and create a uniform common denominator for benchmarking and comparison across programs.[29] (www.missionmeasurement.com)

Such efforts (and many others not listed in this report) represent the potential for greater standardization around terminology, approaches, and data to influence not only the efficiency and effectiveness of the entire social sector, but also, by extension, the way that funders and investors can build and measure the results of the programs they support.

However, it is important to be mindful that standardization comes with caveats. Some working group companies noted that, while a standard set of outcomes or indicators may serve as a useful reference if plentiful data exists for the social issue area and the intervention being used, it may be less helpful with regard to a new approach or intervention in an untested environment. Therefore, any standardized terminology, data, or frameworks must be frequently monitored and adjusted for changing circumstances and information to ensure they are as accurate and useful as possible.

25 Srik Gopalakrishnan, Hallie Preskill PhD, and Shijie (SJ) Lue, *Next Generation Evaluation: Embracing Complexity, Connectivity, and Change,* FSG Social Impact Advisors, 2013.

26 "About IRIS," IRIS, accessed February, 2014 (http://iris.thegiin.org/introduction).

27 Global Impact Investing Network (www.thegiin.org).

28 *A Shared Vision for Youth: Common Outcomes and Indicators,* Developed by the Forum for Youth Investment with the National Collaboration for Youth Research Group, 2012 (www.collab4youth.org/documents/NCYCommonOutcomes.pdf).

29 Jason Saul, "Cracking the Code on Social Impact," *Stanford Social Innovation Review,* February 6, 2014.

Tapping into Outside Experts

At some point along the measurement journey, corporate social investors may consider engaging the services of a third-party provider to help create and/or execute a measurement methodology for their social investments, or they may look to existing measurement models to assess if their application would fit specific needs.

Types of Third-Party Providers

Third-party providers include consultancies offering measurement services (e.g., FSG, TCC Group, Corporate Citizenship, Accenture), academic or research institutions, and measurement specialists (e.g., LBG, True Impact, Mission Measurement, The Rensselaerville Institute).

Motivations and needs for engaging a third-party provider vary. A corporate social investor may require assistance in designing an initial measurement framework if it is just starting out, or it may need a literature review to identify appropriate proxy data to link its program to impacts, or even to conduct an analysis across its portfolio to gauge how well it is performing, in whole and by individual grantee, against its targeted social goals.

Tips for Selecting Providers

Given that different types of providers will have different strengths, it is important that corporate social investors first become very clear on what they want to get out of their measurement process, which will then reveal the precise services required. Below is a suggested thought process to follow:

Step 1: Achieve clarity on your current and desired states with regard to measurement

Focus of the Measurement Effort

- What is the scope of measurement? A particular program/ project or a whole portfolio of programs within a cause area?

Current Stage of Measurement and Available Resources

- Do you have a well-defined mission and theory of change for the programs you are supporting? Or do you need to develop one?
- Have you been collecting data, or are you looking to build a framework and then start collecting data?
- Does meta-data for the cause area exist already?
- What in-house knowledge do you have with respect to measurement and subject-matter expertise versus the skill set you think you need?
- What phase of learning are you in? Would a subject-matter expert or a generalist better suit your needs?

Measurement Goals

- What are you trying to achieve from a social standpoint?
- What do you plan to do with the measurement results? Publish? Improve your program? Share with senior management to make the case for continued or increased funding?
- Are you trying to project longer-term impact?
- Are you trying to influence policy?
- Are you seeking to demonstrate credibility as a funder in a given program area?
- Are you also looking to track and measure business impacts along with social impacts?
- Are you investing in proven approaches, or trying to identify and fund innovative solutions?

Step 2: Determine what type of services you may need

Common activities that third-party providers offer include:

- Building a logic model framework for a portfolio or for a specific program.
- Identifying (or validating) interventions/activities that have been shown to drive the social change you seek.
- Identifying (or validating) what data/metrics should be collected to achieve your goals.
- Identifying nonprofit partners that fit the social impact you are looking to achieve.
- Validating if current nonprofit partners are best aligned with what you are trying to achieve.
- Evaluating nonprofit partners in a portfolio in relation to each other.
- Supporting nonprofit partners in their efforts to track and report program results.
- Aggregating results across a portfolio to create a statement of total impact.
- Designing and/or adjusting application and reporting processes to align with measurement methodology.

Step 3: Reach out to a set of potential providers and ask them to propose how they could help you address your needs

Important questions to ask potential providers at this stage include:

- What is their core competency? While many providers may have a wide set of services, they are likely to have a few standout offerings.
- What are their staff qualifications? Are they experts or generalists?
- What is their relationship management model? Will you have a consistent point of contact? Will they serve as project managers, or will that be your role?
- What experience do they have with similar projects?
- What references do they have for past clients with similar projects?
- Do they have a set methodology that they will apply to your situation? Will this meet your needs, or do you need an original, customized methodology?
- What type of pilot program can be designed to test both the working relationship and the measurement methodology?

CORPORATE EXAMPLE

Verizon Foundation

Selection of a Third-Party Evaluator

Background

Verizon Foundation utilized a request for proposals (RFP) process to select a third-party provider to assist in measuring the long-term impact of its mobile-tech teacher training program, the Verizon Innovative Learning Schools (VILS) program. The VILS program partners with administrators and teachers in underserved elementary, middle, and high schools across the country to provide a comprehensive, two-year sequence of onsite and online professional development around leveraging mobile technology in the classroom to increase student interest and achievement in STEM subjects (science, technology, engineering, mathematics).

The program already had an established logic model and method for collecting outputs, outcomes, and impacts through a partnership with the International Society of Technology in Education (ISTE). However, the Foundation wanted to verify that the metrics they were collecting were the “right” data assessments, and it also needed help projecting long-term impact beyond the duration of its two-year program funding (for example, if the students would pursue STEM careers).

Process

To facilitate vendor selection, Verizon Foundation sent an RFP to 15 players in the measurement space to gauge how each would approach its interest in projecting future program impact. The provider pool was narrowed to six companies that then were given two months to respond with how they would measure long-term impacts of one of the foundation’s healthcare initiatives. Asking the vendors to examine a practical example with “real” data helped Verizon Foundation to better understand each company’s measurement approach in a very tangible way.

Based on this process, Verizon Foundation selected a vendor that most closely fit its specific needs. This vendor then conducted research to identify existing studies and research that explored technology’s role in STEM education and correlated some of the outcomes VILS was experiencing with longer-term impact on STEM career likelihood. Through a comprehensive literature review, interviews with subject-matter experts in STEM fields and with organizations with similar programs, the vendor ultimately honed in on some specific data that could be used as a proxy and credibly link VILS to likely longer-term impacts on students, such as majoring in STEM subjects in college and entering STEM-related careers.

Results

Based on the work of its vendor partner, Verizon Foundation was able to gain third-party credibility for its statements of long-term program impact. In addition, the vendor added additional value by identifying a particular indicator (student interest in STEM) that appeared to be more closely linked to the foundation’s desired impacts than other indicators it had been capturing (teacher opinions of student behavior and engagement). Verizon Foundation was able to incorporate that additional metric into its program and create an even stronger link to longer-term outcomes.

Spotlight on Select Measurement Models

A wide variety of measurement models and frameworks exist that are intended to help measure and report social impact. Some of these models are championed by a third-party provider that, as a paid service, will assist corporate social investors in adopting the framework. Others are simply used in the field by various organizations, investors, and funders (see box below).

During the course of this research working group, several organizations presented information on their measurement models and offered participating companies an opportunity to better understand their applications and learn from their approaches. Four of these are highlighted in the following section. These models do not represent the full extent of the approaches that exist, nor does their inclusion in this report represent an endorsement of their methodologies or services.

Their inclusion is intended to reflect the spirit of shared learning, and, as such, following each model is a brief assessment from the working group companies on the perceived benefits and potential limitations of the measurement approach, not the provider. The limitations are more appropriately framed as opportunities for further investigation, as they may reflect areas that require more information about how precisely the model could be best applied to meet the unique needs of a corporate social investor.

Classifying Social Impact Frameworks

In a recent issue of The Conference Board *Giving Thoughts*, author Karen Maas recognizes that a broad variety of social impact frameworks have been developed by business and academic communities during the past 20 years. She poses a limitation with these frameworks, however, stating, “The wide range of 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.”

To encourage corporate philanthropy practitioners to better understand the capabilities of these different types of tools and then select the most appropriate methods for their needs, Maas conducts an analysis and classification of 30 quantitative social impact measurement frameworks.

The piece presents an overview of each framework, providing information on its year of inception, what organization developed it, and a brief description of the approach. These frameworks are then further classified against a set of characteristics (see table) to help practitioners determine which framework suits their specific needs.

While a useful resource, Maas acknowledges room for improvement, stating that “future research could take this work a step further by conducting comparative analyses of the methods in an applied research setting” to better compare “the features, possibilities, and limitations of the frameworks.”

Characteristics of social impact measurement frameworks

Characteristics	Types
Purposes	Screening Monitor Reporting Evaluation
Time Perspective	Prospective Ongoing Retrospective
Orientation	Input Output
Time Frame	Short term Long term
Beneficiaries	Micro (individual) Meso (corporation) Macro (society)
Approach	Process methods Impact methods Monetarization

Source: Center for Sustainability Management at the University of Lueneburg, 2000; Columbia Business School, Haas School of Business and Rockefeller Foundation, 2004.

Source: Karen Maas, “Classifying Social Impact Measurement Frameworks,” *Giving Thoughts*, The Conference Board Initiative on Corporate Philanthropy, 2013.

LBG

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

Model overview

Megan DeYoung, director at Corporate Citizenship, presented the LBG model to the working group (Figure 3) and shared how companies use this model to think through the planned community and business inputs, outputs and impacts of their community investments.

Figure 3

LBG Model

INPUTS: What's contributed?

HOW (form of contribution)
Cash
Time
In-kind (including pro bono)
Management costs

WHY (driver for contribution)
Charitable gifts
Community investment
Commercial initiatives in the community

WHAT (issue addressed)
Education
Health
Economic development
Environment
Arts and culture
Social welfare
Emergency relief

WHERE (location of activity)
UK
Other Europe
Middle East & Africa
Asia-Pacific
North America
South America

OUTPUTS: What happens?

COMMUNITY OUTPUTS
Individuals reached/supported
Type of beneficiary
Organizations supported
Other company-specific output (e.g., environment)

BUSINESS OUTPUTS
Employees involved in the activity
Media coverage achieved
Customers/consumers reached
Suppliers/distributors reached
Other influential stakeholders reached

LEVERAGE (additional resources from other sources)
Total leverage split by:
- payroll giving
- other employee contributions
- customers
- other organizations/sources

Employees involved in own time
Hours contributed in own time

IMPACTS: What changes?

COMMUNITY IMPACTS

On people: *Depth* of impact
- Made a connection
- Made an improvement
- Made a transformation

On people: *Type* of impact
- Behavior or attitude change
- Skills or personal effectiveness
- Quality of life/well-being

On organizations
- Improved or new services
- Reached more or more time with clients
- Improved management processes
- Increased their profile
- Taken on more staff or volunteers

On the environment
- Impact on the environment
- Impact on environmental behavior

BUSINESS IMPACTS

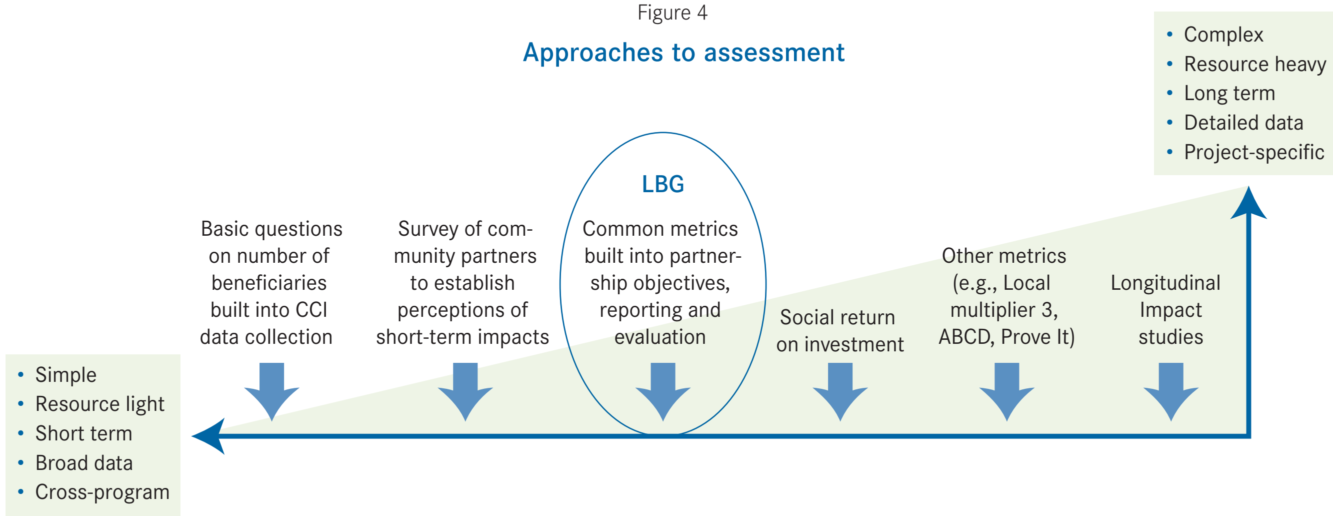
On employee volunteers
- Job-related skills
- Personal well-being
- Behavior change

On the business
- Human resource benefits
- Stakeholder relations/perceptions
- Business generated
- Operational improvement delivered
- Uplift in brand awareness

Source: Corporate Citizenship

Figure 4

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 longer-term impact perspective, and in an effort to help companies aggregate results across community projects, the LBG model accommodates for an impact mapping exercise in which seemingly disparate activities and indicators are grouped into the three areas of positive behavior or attitude change, skills/personal development, and improved quality of life or well-being. In this way, a wide range of 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 in between very short-term, simple, broad data collection techniques and more complex, resource-heavy efforts. (See Figure 4.)

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 corporate community investment. Through this initiative, 13 ACCP member companies learned about, and applied, the LBG model and its measurement tools. (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.accprof.org.)

Perceived benefits

- 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.

Opportunities for further investigation

- Application of a logic model framework to both individual projects as well as across an entire portfolio and how those pieces can be integrated.
- Projection of long-term impact beyond the life of the program/project.
- Ability to identify (or validate the quality of) metrics to be collected.
- Aggregation of impacts across diverse programs and indicators may not provide the level of specificity and depth that is desired.

Since the conclusion of the pilot program, ACCP and Corporate Citizenship launched The Measurement Academy, which is a series of trainings, resources, and support that will provide individuals with the information and skills needed to apply the LBG model to their programs.

True Impact

True Impact specializes in helping organizations maximize and measure the social and business value of their operating practices. Farron Levy, president and founder of True Impact, presented the practical strategies the company developed to quantify bottom-line social and business value. (www.trueimpact.com)

Model overview

The True Impact method is designed to facilitate the analysis of individual programs, activities, or initiatives in terms of how they affect operating costs, sales, productivity, retention, brand, and risk, as well as individual social objectives. Its tools also convert results into an ROI (return on investment) format that allows for deeper program analysis, as well as program to program comparisons.

According to Levy, the True Impact model can help corporate social investors *prove value* by using clear-cut ROI scorecards, based on transparent calculations, to build support among internal and external stakeholders, as well as justify and protect programs and future budgets.

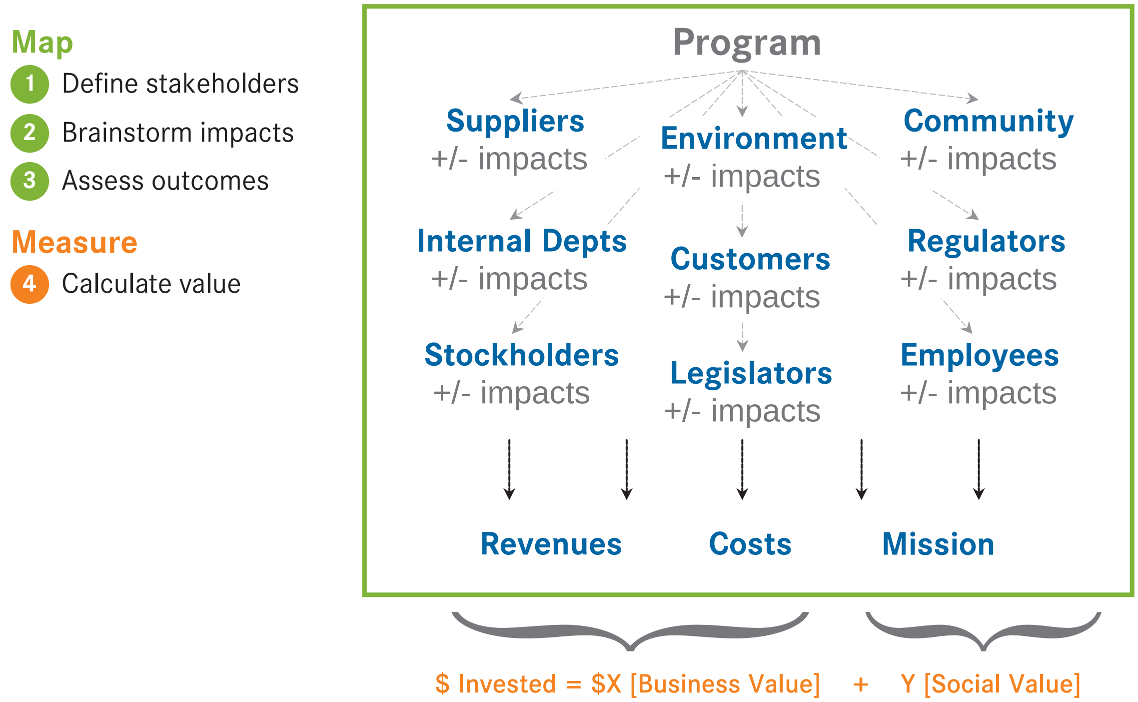
In addition, it can help to *improve value* by showing cost-per-outcome comparisons, enabling corporate social investors to make more informed decisions about what and how to fund programs and to help promote continuous improvement among existing portfolios of grantees by identifying best implementation practices.

True Impact takes a four-step "map and measure" approach (see Figure 5):

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 potentially affects bottom-line social or business outcomes (revenues, costs or mission).
4. **Calculate value:** Use actual or proxy data to validate assumptions and calculate bottom-line results.

Figure 5

"Map and measure" approach to KPI development

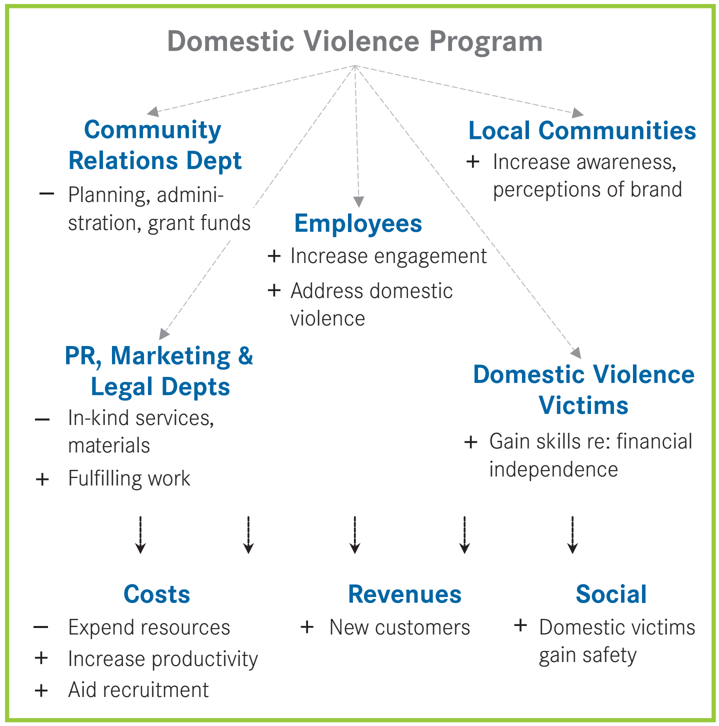


Source: Farron Levy, "Measuring the Impact of Corporate Social Investments," presentation to The Conference Board Research Working Group on Measuring the Impact of Corporate Social Investments, New York, NY, June 27, 2013.

Figure 6

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.

Figure 6 illustrates the "map and measure" process using the example of a domestic violence (DV) program. In the graphic, stakeholders (step 1) include the participating departments, as well as the company's employees, local communities, and target beneficiaries. Step 2 captures stakeholder impacts, including resource expenditures (costs) and direct and indirect service benefits, such as empowerment of DV victims, engagement among employees, and positive brand effects. The anticipated outcomes (step 3) include the safety gained by target beneficiaries; sales and recruiting gains; and a large, formerly overlooked productivity gain by reducing health and lost-workday costs among employees. 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 KPIs, demonstrating the return on per $1 of investment.

Perceived benefits

- 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 potential impact of a social program on the bottom line and the ways in which it can be credibly validated and quantified.

Opportunities for further investigation

- Examination of programs with different ROIs and using that information to drive program improvement and decision making.
- 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.
- Comparison of programs with multiple social outcomes.
- Identification of which social outcomes to track and measure.

Mission Measurement

Mission Measurement is a company that measures social outcomes for the corporate, public, and nonprofit sectors. Jason Saul, CEO, presented Mission Measurement's methodology and its belief that the development of common standardized outcomes for the social sector will be a game-changing development for measuring social impact. (www.missionmeasurement.com)

Model overview

According to Saul, much of the inability to effectively compare social programs is due to the fact that organizations employ different strategies in pursuit of impact and, consequently, use different metrics to gauge progress against those metrics. These disparate metrics, however, don't lend themselves to comparability, aggregation, or broad benchmarking. The Mission Measurement solution to this challenge is to instead measure each program's relative contribution to a common outcome. To that end, the company has created a Universal Outcomes Taxonomy that systematically catalogs common outcomes across the social sector into taxonomy of 132 discrete outcome types.

In Table 3, one standardized outcome related to 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 3: **The 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 corporate social investors, the Mission Measurement methodology involves evaluating the contribution of any social program to achieving a common social outcome. As a result, programs are assigned three key outcome metrics—Efficacy Rate, Expected Outcomes, and Cost Per Outcome (CPO)—that enable practitioners to more effectively benchmark and evaluate their work. Mission Measurement helps corporate social investors apply this methodology as follows.[30]

1 Leverage the Universal Outcomes Taxonomy to determine which standard outcomes the funder aims to achieve.

2 Assign a primary standard outcome to every program (or grant) currently funded or applying for funding.

3 Provide a prediction for each program's success at producing its assigned primary standard outcome based on data describing its effectiveness, programmatic design, etc. This prediction is called the program's Efficacy Rate.

4 Using the Efficacy Rate, estimate the number of program participants expected to successfully achieve the primary standard outcome by multiplying program reach by the Efficacy Rate. The resulting estimate is called the program's Expected Outcomes.

5 Calculate an estimated Cost Per Outcome for the program by dividing total program cost by Expected Outcomes.

6 Estimate a confidence level for these predictions by examining the available evidence of program effectiveness, relevant scholarly research, and past program evaluations.

Applying this approach across a portfolio within a given social impact area enables corporate social investors to have a more informed conversation around which programs are more effectively achieving a target outcome and what steps they might take to increase the overall impact of their portfolio. In addition, funders can use this data to tell a more compelling story about the impact they are having through their grant-making efforts. For example, whereas a corporate social investor may have previously only said, "We funded 25 high school readiness programs in NYC," after applying this methodology, the same corporate social investor might say, "Our funding put 630 at-risk children on track to graduate high school."

Note that, as a follow-up to the development of the Universal Outcomes Taxonomy, Saul introduced the Impact Genome Project™ at the 2014 Skoll World Forum along with Nolan Gasser, architect of the Music Genome Project™ and chief musicologist emeritus of Pandora®. Acknowledging that few nonprofits have quality outcomes data, Saul stated that the social sector needs "synthetic" data to predict future outcomes. According to Mission Measurement, the Impact Genome 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."[31]

Perceived benefits

- Aims to standardize outcomes for use across the social sector to create better benchmarks for social impact.
- Adopts an outcomes-focused approach that is more attuned to impact (as opposed to an activity or output-focused approach).
- Creates benchmark data, which enables apples-to-apples comparisons of nonprofit partners and opportunities for peer learning across the field.
- Offers insights into which investments are performing more effectively than others in terms of achieving a desired outcome.

Opportunities for further investigation

- Ability for a finite set of standard outcomes to meet the specific and potentially customized desired impacts a corporate social investor may have for its program.
- Quality and availability of social science literature and other existing data to leverage in creating predictions around a program's success.
- Capability of a corporate social investor's internal team members to consistently and accurately analyze how well a specific program contributes to a certain outcome.
- Making funding decisions through a combination of leveraging data-driven insights about the predictive success of a program, as well as additional factors that are important to the corporate social investor (e.g., opportunities for employee engagement, interest in funding an innovative but potentially unproven technique, etc.).

30 Adapted from Jason Saul, "Measuring Social Impact," presentation to The Conference Board Research Working Group on Measuring Social Impact, New York, NY, September 19, 2013.

31 Jason Saul and Matt Groch, "Introducing the Impact Genome Project," *Stanford Social Innovation Review*, April 9, 2014.

Robin Hood Foundation

Robin Hood Foundation (RH) is a nonprofit public charity that makes grants, backed by technical assistance, to community-based organizations in alignment with its mission to fight poverty in New York City. (www.robinhood.org/)

Model overview

Michael M. Weinstein, chief program officer, provided insights on the organization's "Relentless Monetization" methodology. Weinstein likened RH to a market in which they are evaluating different potential interventions that may help to alleviate poverty, in alignment with its mission. These interventions may be as diverse as providing meals at soup kitchens or job training classes or disbursement of micro loans. In theory, RH will assess any proposed intervention that can reasonably claim to improve the lives of poor New Yorkers. To be able to compare programs that are quite different, RH aims to identify the *poverty-related benefit* of a grant using economics and a benefit/cost analysis (using steps 1 through 3 below). By using this methodology, RH is able to more effectively answer a question such as: "Which intervention cuts poverty more: graduating five additional students from high school or training 10 additional unemployed adults as carpenters?"

The key steps involved in Relentless Monetization are as follows:[32]

1 **Identify each poverty-related benefit generated by a grant** For example, a grant to a high school raises graduation rates, generating two distinct benefits: higher future earnings and better future health. (Note: the gains are measured relative to counterfactual values.)

2 **Monetize each benefit** Assign a dollar value equal to the amount by which the benefit can be expected to boost the collective living standards of poor New Yorkers. For example, based on research literature, RH estimates that high school graduates, on average, earn $6,500 more a year and live almost two years longer than otherwise identical nongraduates. (RH assigns a value of $50,000 to an extra year of life at good health.)

3 **Estimate benefit/cost ratio for each grant** The numerator equals the sum of the monetized values of distinct benefits generated by that grant—capturing the boost to collective living standards of poor New Yorkers. The denominator equals RH's grant. The ratio is the amount by which a grant boosts the collective living standards of poor New Yorkers per dollar of RH's grants. For example, a benefit/cost ratio for 10:1 means that for every dollar spent by Robin Hood, the grant boosted the collective living standards of low-income New Yorkers by $10.

Figure 7 illustrates the math behind estimating the benefit/cost ratio for a model job-training program.

Weinstein emphasized the importance of having a clear mission prior to embarking on measurement efforts. There are a myriad of ways to define the mission of fighting poverty, so Robin Hood had to be very clear about what it intended to do. In addition, the metrics measure Robin Hood's performance as a poverty fighter and not the performance of its grantees, whose missions are often different from RH. It looks at the success of the grant itself, relative to RH's goals. Given that fact, RH staff does not base grant decisions on benefit/cost ratios alone; instead, its program officers use a wealth of other qualitative and quantitative factors.

Figure 7

Example of Relentless Monetization: Job Training Program

Number of participants who enter job training, graduate, and remain employed 1 year above counter-factual number		Wage boost = $13,000 Average annual post-training wage		Counter-factual wage (estimate of annual earnings absent of this program)		Lifetime benefits (estimate of how long job training benefits will last – based on research)		Present discounted value =	
27	x	$21,000	-	$8,000	x	10 years	=	$3 million	= 6:1
		$500,000 (amount of RH grant)						$500,000	

Source: Robin Hood Foundation

32 Adapted from Michael M. Weinstein, "How Robin Hood Measures Success: Robin Hood does not fund poetry. Its grants create poetry." (presentation to the Research Working Group, New York, NY, November 12, 2013).

One of the realities (and challenges) of this type of approach, concedes Weinstein, is that it requires being comfortable with some level of ambiguity. Robin Hood is not an academic institution, and if it made funding decisions based on a data standard of "beyond a shadow of a doubt," it would never make any grants. As such, RH strives to use the best available evidence—typically sourced from existing research studies and occasionally from randomized control trials.

Perceived benefits

- Allows for the comparison of the impact of any grant against that of any other, in terms of their abilities to achieve the funder's specific mission.
- Adopts a flexible attitude in which monetization is not the only consideration driving grantee decision making.
- Incorporates counterfactual values into its process, which are estimates of how program participants would have fared had the funder not funded the program. This enables a more realistic estimation of impact.
- Acknowledges that its analysis is based on the funder's mission alone and might not capture other dimensions of the grantees overall program. The analysis, therefore, does not "grade" or "rate" the overall organization, but instead attempts to understand if and how the grantee contributes to the funder's (or investor's) specific goals.

Opportunities for further investigation

- Investment in specific program areas or interventions that may not have enough existing data to facilitate a benefit/cost analysis.
- Skills required of internal staff to collect appropriate data from grantees; resources required to hire external help to advise how best to incorporate lessons from research literature.

Determining which Measurement Models to Use

The specific measurement methodology to be used will vary by company, depending on its resources and goals. Considering the third-party provider questions (pages 32 and 33) can help corporate social investors isolate what type of measurement they may truly need. Also, the overview of a few measurement models (pages 35 to 42) is another resource to help corporate social investors think through which resources they use for which purposes.

Does just one methodology need to be selected and applied? Not according to Root Capital and Acumen Fund, two impact investing funds that invest in hundreds of enterprises in developing countries whose activities benefit the poor. Neither organization relies on a sole methodology to assess impact across its portfolios.[33] Instead, their approach to measurement compares to the triangulation used by global positioning systems (GPS), which joins signals from a variety of satellites to estimate location. Similarly, the companies strive to aggregate information from various assessment tools and methodologies to estimate impact.[34]

This approach combines information on the type, depth, and scale of impact—some of which can be captured through quantitative outputs and outcomes and some through more qualitative assessments—as well as information gathered through site visits, reports from third parties, literature reviews, and beneficiary surveys, among others. Both organizations acknowledge they "are just beginning to learn the art of combining information from disparate methodologies into a coherent, internally consistent and accurate categorization of investments by level of social impact. Although the GPS approach sets some broad parameters, it relies on the creativity and motivation of practitioners to get it right. We are each responsible for identifying which methodologies are feasible and appropriate, and then for navigating the hurdles that plague the endeavor of impact management."[35]

In sum, it is not necessary to select just one methodology. A corporate social investor may find itself in the position of looking at quantitative business ROI for a particular program, relying on a logic model framework to develop a new program, and analyzing its portfolio of partners in a priority giving area through a cost-per-outcome or benefit/cost analysis methodology. Layered on top of each of those methodologies may be a company's insights and observations from site visits, feedback from beneficiaries, and additional qualitative information about a program and its successes. These approaches do not need to be mutually exclusive.

33 Michael McCreless and Brian Trelstad, "A GPS for Social Impact" *Stanford Social Innovation Review,* Fall 2012.

34 Ibid.

35 Ibid.

Conclusion

Measuring the impact of corporate social investments—particularly through the lens of social impact—is a challenging undertaking. As a focus on results is increasingly sought after and expected of corporate social investors, they must be prepared to:

Seek clarity While no single model is recommended as a universal solution to measurement, having a clear sense of what is the desired achievement from a social standpoint will help to determine what to measure, how to measure, and what type of resources are needed to do so.

Be adaptable as current measurement yields new learnings that may require a shift in strategy or as new tools and approaches emerge on how social change can be measured.

Collaborate with others Working collectively with peers, funders of similar cause areas, subject-area experts, nonprofit partners, and third-party providers will help corporate social investors to determine the most fitting measurement goals and approaches and to share information and practices to advance the field.

Acquire expertise through either internal or external resources (or both) to ensure that the right knowledge and skill sets are being put to use to help set the measurement goals, identify the best metrics to collect, and establish the data collection and analysis systems to use that information effectively.

Have patience to wait for the results of social impact to emerge over time, to work with grantees to build their capacity to deliver, and to educate senior management as to what impact means and how to get there.

Embrace uncertainty as evidentiary data and proxies are used to project long-term impact to the best available (but not definite) end.

Move forward in the face of an imperfect and changing landscape, where all the measurement definitions and answers are not explicitly clear. Corporate social investors must keep asking themselves, their partners, and their peers the tough questions around impact to keep pushing the field further.

Accept that measurement of social subjects is, by its nature, complex and imperfect and requires continuous monitoring and adjustments; this is part of the journey.

Opportunities to Advance the Measurement of Corporate Social Investments

Standardize, communicate, and adopt common definitions for measurement-specific terminology Universally accepted definitions for widespread terms, such as inputs, impacts, outcomes-measurement, impact evaluation, and cost/benefit analysis, would take the field one step closer to having a more unified way to talk about and compare measurement practices.

Develop a clearinghouse for data or centralized list of resources The type of information that would be most useful to provide is commonly accepted outcomes and indicators by program area, as well as accompanying research and evidentiary information. While some of this information currently exists, it is not available in a consolidated or turn-key format that enables corporate social investors to easily understand how (and why) others in the field are approaching measurement in a given program area and how they may learn from their efforts.

Collect and publish industry benchmarks for social impact measurement This information could be leveraged to help companies compare measurement approaches with peers, make the case for additional investment, and ultimately gauge their next steps. Actions have already been taken in this direction. During the course of this project, the working group companies collaborated with CECP to offer their perspectives on what type of baseline benchmarking information would be helpful to include in the annual survey of corporate social investors that the organization and The Conference Board execute. As a result, the survey included, for the first time, questions regarding social impact measurement. The forthcoming report *Giving in Numbers: 2014 Edition* will include the survey results. This is a helpful first step, and serves as an example of nonprofit organizations partnering to further the field of impact measurement.

Create a set of standards and comparisons of when and how to use existing measurement models and providers While this report takes a step in this direction by providing highlights from a few select measurement models, and *Giving Thoughts: 2014 Edition* will provide an additional step, a more rigorous examination of a fuller range of models and providers would provide practical and objective information to corporate social investors as they determine their measurement strategies and resource needs.

Encourage greater partnership and collaboration among those parties with a vested interest in social impact There are opportunities for peer corporations to form cohorts organized by the core issue areas they fund and share their goals, outcomes, metrics, and measurement approaches, with an aim of learning from each other and creating efficiencies. There also may be opportunities for those in academia to work more closely with both the nonprofit organizations in the social areas in which they specialize, as well as with measurement specialists and consultants, to combine the best of their knowledge to better assist corporate social investors with measurement.

Continue to organize events and opportunities for corporate social investors to share challenges and promising practices around measurement This research working group is an example, and the participating companies appreciated the opportunity to take a deep dive into measurement and learn practical tips from their peers. Each company walked away from the project with new information to consider, a few more practices to explore, and a new network of peers to continue to collaborate with and learn from in the future.

About the Author

Cori Cunningham is the founder of C. Cunningham Advising and a solutions-oriented leader with more than a decade of experience advising corporations and social-sector organizations on strategies designed to drive positive change. She specializes in uniting teams and stakeholders around common missions, and is a highly skilled strategic planner, analyst, and facilitator. Cunningham works with clients to align community engagement strategies with business goals in the corporate sector, and to identify and secure corporate relationships in the social sector. Previously, she was senior managing director at Changing Our World, where she built and led the consulting firm's corporate social engagement practice. During her tenure, she guided Fortune 500 companies seeking to enhance social impact, reputation, and stakeholder loyalty through more strategic social investment efforts.

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