

A SHORT GUIDE TO IMPACT MANAGEMENT & MEASUREMENT

Reach for Change Case Study



SET OBJECTIVES

First and central piece of any impact measurement exercise

1. Define the overarching social problem
2. Define scope and impact objectives
3. Select (and invest in) Social Purpose Organisations (SPOs) that can contribute to solving the social problem and meet the impact objectives



Tools and resources available:

Theory of Change, logic model, minimum questions to be answered plus causation, Theory of Value Creation



ANALYSE STAKEHOLDERS

Understand expectations of stakeholders, their contribution, potential impact on them, and the *co-operation* of main stakeholders in the Impact Management and Measurement (IMM) process

Phases:

- **Stakeholder identification:** mapping & selection, analysis of their expectations
- **Stakeholder engagement:** understand their expectations and then verify if these are met



MONITOR & REPORT

Iterative process

- **Monitoring:** collecting data and tracking progress against (deviation from) indicators & objectives (identify data sources for all measures, establish baseline status for beneficiaries, determine how data will be collected and by whom, and the human resources available for the evaluation)
- **Reporting:** transforming data into presentable formats, relevant for key stakeholders



Tools and resources available:

PULSE, Social Reporting Standard, Sinzer, Global Reporting Initiative



VERIFY & VALUE IMPACT

- **Verifying impact** (desk research, competitive analysis, interviews / focus groups):
can we claim we are having a positive impact?
- **Valuing** (measuring value created)



Tools and resources available:

- **Qualitative methods:** storytelling, qualitative surveys, interviews, focus groups
- **Quantitative methods (monetisation):** quantitative surveys, revealed preference, perceived value and use of financial proxies



MEASURE RESULTS

- Transforming the objectives into measurable results
 - **Outputs:** tangible products and services that result from the SPO's activities (# of people reached)
 - **Outcomes:** changes, benefits and other effects on the beneficiaries that result from the SPO's activities
 - **Impact:** the attribution of a SPO's work to the broader long-term societal change
 - **Indicators:** set to measure outputs, outcomes and impact



Tools and resources available: IRIS, Global Value Exchange

- ! Consider impact achieved by SPO and assess the impact of Venture Philanthropy Organisation or Social Investor (VPO/SI) on the SPO

REACH FOR CHANGE'S (RFC) IMPACT MEASUREMENT JOURNEY

Madeleine Opira at Dream Challenge (left)
Liene Shomase's creative class (right)



- **Background:** RfC invests through grants with a five-year incubation programme in very early stage social enterprises, allocating relatively small funds and heavy investment in non-financial support (NFS)
- **Target areas:** local entrepreneurs/SPOs (called "Change Leaders") aiming to improve the lives of children in 17 markets across Europe, Central and Eastern Europe and Africa
- www.reachforchange.org

STEP 1: Set Objectives

WHAT IS RFC'S APPROACH?

Improve the life of children through six investment themes:

1. Education
2. Health & development
3. Child protection
4. Expression & participation
5. Social inclusion
6. Economic participation

HOW ARE OBJECTIVES SET FOR THE SPO?

Pathway of Change (in-house tool, online spreadsheets) = platform bringing together the five steps:

1. **My Profile:** information about the Change Leader and its participation in the RFC Programme
2. **Problem & Solution:** definition of the problem, its root causes, consequences and the proposed solution
3. **Theory of Change:** mapping the social impact that the Change Leader aims to achieve and the activities carried out to achieve it
4. **Objectives & Key Results (OKR):** mapping the Change Leader's path to organisational development and the impacts RfC wants to have on the SPO
5. **Reflection & Learning:** the Change Leader is asked to make a reflection on the objectives set (Step 4)
6. **Report organisational growth:** sheet where Change Leaders set objectives and indicators on growth measures at portfolio level (Step 3)
7. **Report on Social Impact:** gathering stories about how the SPO has improved children's lives (Step 4)

STEP 2: Analyse Stakeholders

1. WHO ARE RFC'S STAKEHOLDERS?

	Stakeholders	Who are they?
Primary	Children	The final beneficiaries of the actions of RfC
	Change Leaders (SPOs)	The recipients of RfC's financial and non-financial support who, with their innovative ideas, change the lives of children
Secondary	Partners	Partners from the corporate, social and public sector providing funding and non-financial support (NFS)
	Ecosystem for social entrepreneurship	The broader public, whose behaviour can be changed thanks to the work of the social entrepreneurs

2. HOW ARE RFC'S STAKEHOLDERS ENGAGED?

Stakeholders	Engagement
Children	<ul style="list-style-type: none"> • help RfC understand the market • help RfC select the Change Leaders • are surveyed to verify impact has been achieved (Step 4) • help RfC in the decision for reinvesting
Change Leaders (SPOs)	<ul style="list-style-type: none"> • help assess the needs and expectations from the accelerator programme • contribute to valuing the impact of the accelerator programme (Step 4)
Ecosystem for social entrepreneurship	<ul style="list-style-type: none"> • present Change Leaders as role models • engage with key influencers

STEP 3: Measure Results

HOW TO MEASURE SOCIAL IMPACT?

Bottom-up approach: the Change Leader sets impact indicators with RfC guidance.

Impact of SPO	The Change Leader/SPO: <ul style="list-style-type: none"> • comes up with outcome and output indicators → <i>Theory of Change</i> • reports on the # of children supported
Impact on SPO	RfC: <ul style="list-style-type: none"> • measures yearly the level of development of the SPOs in eight key operational areas • can aggregate the answers to portfolio level

INDICATORS

- Footprint units:** the scale of the SPO's impact -e.g. # of schools
- Human resources:** the capacity of the SPO to deliver its offer and scale its impact
- Turnover:** the SPO's financial sustainability
- Key influencers and recognition:** the SPO's recognition from influential people -e.g. politicians
- Business plan:** how many SPOs have one, compared to the previous year

STEP 4: Verify & Value Impact

VERIFYING IMPACT OF SPO

Interviews, field visits, case studies, and impact storytelling involving final beneficiaries - e.g. children asked to explain how their lives have changed thanks to the SPO

Summarised in the "Report on Social Impact"

VERIFYING IMPACT ON SPO

Change Leader Survey
Annual "Change Leader Survey" to evaluate the NFS provided and the Incubator Programme as a whole.

Reflection & Learning
At the end of each quarter, the Change Leaders share a **Development Reflection**, highlighting the achievements and learnings made, as well as challenges faced.

Triple Audit Process

The Pathway of Change goes through a **triple audit** by different stakeholders. RfC does not involve external evaluators.

STEP 5: Monitor & Report

CONTINUOUS MONITORING through the online spreadsheets



Key Measures Survey (quarterly)

Change Leaders' reports on revenues, # of employees and volunteers, geographical footprint, and total # of children supported

Tracking progress

Social Impact Report (published annually)

Collecting & aggregating data at portfolio level:

- Children supported
- Total turnover
- Human resources
- Geographical spread of activities



Other reporting formats: blogs, videos and website testimonials

KEY LEARNINGS

- It all starts with the Theory of Change
- Be conscious of who your investees are
- You can standardise the process, without imposing the objectives



- Prioritise stakeholders (primary/secondary)
- Stakeholder analysis should be revised periodically
- Survey stakeholders about their needs/expectations and the effectiveness of the investment

- Be aware of both the PROs and CONs of the bottom-up approach: useful management tool for the SPO, but hard to aggregate at portfolio level

- Celebrate successes and learn from failures
- Guarantee data correctness
- Use quantitative and qualitative data
- Consider "informal" information channels

- Keep an open dialogue between the IM team and the local teams
- Encourage the SPO to continuously monitor its own activities - for its own benefit

MANAGING IMPACT AT REACH FOR CHANGE

INVESTMENT PROCESS					
	Deal Screening	Due Diligence	Deal Structuring	Investment Management	Exit
GUIDELINES	<p>Assess whether investment opportunity fits with VPO/Sl's strategy by asking questions detailed in setting objectives (Step 1)</p>	<p>Dig deeper in the questions asked in setting objectives (Step 1)</p> <p>Perform stakeholder analysis (Step 2)</p> <p>Verify and value expected results (Step 4)</p>	<p>Map outputs, outcomes and impacts and decide on key indicators (Step 3)</p> <p>Set up the monitoring and reporting system (Step 5)</p>	<p>Regularly assess impact results against indicators & revise indicators if necessary (Step 5)</p> <p>Verify and value results regularly to identify impacts with the highest social value (Step 4)</p>	<p>Perform thorough analysis of impact results against objectives – verifying and valuing reported results (Step 4)</p>
AT RFC	<p>Call for proposals for SPOs to join the Incubator programme (rigorous selection process → only 2% successful applications)</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 10px 0; background-color: #f9f9f9;"> <p>Pre-incubation support for pre-selected Change Leaders</p> </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 10px 0; background-color: #f9f9f9;"> <p>Three months to develop the Pathway of Change, assess if there is a match between the SPO's objectives and what RfC can offer</p> </div> <p style="text-align: center;">↓</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 10px 0; background-color: #f9f9f9;"> <p>Investment decision</p> </div>	<div style="text-align: center;">  </div> <p>Legally binding agreement stating that the social entrepreneur will report quarterly and fulfil the mission stated in the Pathway of Change.</p> <p>Reporting and achieving impact objectives is therefore mandatory.</p>	<p>RfC monitors the investments throughout the investment period.</p> <p>RfC conducts interviews with children to assess the SPO's impact on them and check its improvement.</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 10px 0; background-color: #f9f9f9;"> <p>Quarterly reports + data collected from IM + field visits + investment manager discussions with key stakeholders + partners + <i>Social Impact Report</i></p> </div> <p style="text-align: center;">↕</p> <div style="border: 1px solid #ccc; padding: 5px; margin: 10px 0; background-color: #f9f9f9;"> <p>Reinvestment decision (once a year)</p> </div>	<p>General rule = the SPO should “survive” without RfC, by itself or using funding from other sources.</p> <p>SPO that are sustainable enter the Alumni cohort.</p> <div style="text-align: center;">  </div> <p>As the Alumni cohort grows, the follow-up will need to become more systematic.</p>	

FOR MORE INFORMATION



Read the full publication “[Impact Measurement in Practice: In-Depth Case Studies](#)”



Register for our “[Fundamental Course on Venture Philanthropy and Impact Investing](#)” or “[Social Impact Measurement and Management Training](#)”



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Disclaimer

As an evolving organisation, Reach for Change is continuously working on impact measurement and its IM system is constantly improving and subject to changes.

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