IMPACT MANAGEMENT PRINCIPLES
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“Impact Management is the ‘alpha and omega’ for any Investor for Impact. Mastering this process, which goes well beyond impact measurement, is not only crucial for our credibility, but will give us the confidence we truly create value for society.”

- STEVEN SERNEELS, CEO, EVPA -
Introduction

EUROPEAN VENTURE PHILANTHROPY ASSOCIATION’S PROCESS

The European Venture Philanthropy Association (EVPA) supports a five-step process to help organisations measure and manage their social impact.

These steps aim to help venture philanthropy organisations and social investors (VPO/SIs) as well as social purpose organisations (SPOs) to implement a system to collect information in order to improve the products and services offered to the final beneficiaries.

SOCIAL VALUE INTERNATIONAL’S FRAMEWORK

Social Value International (SVI) supports a principle based framework that can be applied no matter the process followed. It enables organisations to:

• Maximise their impact;
• Be accountable for the impact created or destroyed by their activities;
• Provide a credible report of the material outcomes caused by their activities.

The application of the principles:

• Reduces the risk of over claiming positive impact;
• Increases the completeness and accuracy of the information being used in making decisions.

RESOURCES

EVPA
• EVPA’s impact measurement and management initiative and report
• EVPA’s in-depth impact measurement and management case studies
• EVPA’s short guides to impact measurement and management
evpa.eu.com/knowledge-centre/publications/vp-in-a-nutshell

SOCIAL VALUE INTERNATIONAL
• For more information on principles
  www.socialvalueuk.org/why-social-value/the-principles-of-social-value/
• For more guidance on applying individual principles
  www.socialvalueuk.org/resource/supplementary-guidance-on-stakeholder-involvement/
  www.socialvalueuk.org/resource/supplementary-guidance-on-materiality/
  www.socialvalueuk.org/resource/supplementary-guidance-determining-outcomes/

GLOSSARY

VPO/St: Venture Philanthropy Organisation and Social Investor
SPO: Social Purpose Organisation (investee)
IM: Impact Management
ToC: Theory of Change
NFS: Non-financial support
**STEP 1: Set Objectives**

**DESCRIPTION**
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) SPOs that can contribute to solving the social problem and meet the impact objectives.

**TOOLS & RESOURCES**
Theory of Change, logic model, minimum questions to be answered plus causation, Theory of Value Creation.

**APPLICATION**

**For the VPO**
- What is the overarching social problem or issue that the VPO/SI is trying to solve?
- What objective(s) is the VPO/SI trying to achieve and how will it do that?
- What are the expected outcomes and what is the logic behind these expectations?

**For the SPO**
- What is the social problem the SPO is trying to solve?
- What resources or inputs, as per the impact value chain, does the SPO have and need to undertake its activities?
- What activities is the SPO undertaking to solve the social problem or issue?
- What are the expected outcomes?
- What are the key factors in the cause-and-effect relationship?

**PRINCIPLES**

Stakeholders expected to be affected should be involved.

At the start of an activity to:
- Ensure relevance and appropriateness of objectives;
- Establish expectations;
- Confirm interest in the activities;
- Contribute to product/service design.

Regularly to provide insights into:
- The outcomes they experience as a result of the activity;
- What might have happened without the activity;
- Other people or organisations that contribute;
- The relevant importance of different outcomes.
Reflect on your impact journey
STEP 2: Analyse Stakeholders

DESCRIPTION
Stakeholder: “Any party effecting and/or affected by the activities of the organisation.”

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

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

APPLICATION
Equally important for VPO/SI and SPO.

Learning process:
- LIST
- UNDERSTAND
- PRIORITISE
- GIVE MEANS OF INTERACTION
- REVIEW

PRINCIPLES

Involve Stakeholders

To identify:
- Characteristics of stakeholders in order to identify sub-groups with common characteristics;
- Other stakeholders not initially considered.
Reflect on your impact journey
**STEP 3: Measure Results**

**DESCRIPTION**
Transforming the objectives into measurable results:
- Outputs: tangible products and services that result from the SPO’s activities;
- Outcomes: changes, benefits and other effects on the beneficiaries that result from the SPO’s activities;
- Impact: the attribution of an SPO’s work to the broader long-term societal change;
- Indicators: set to measure outputs, outcomes and impact.

It should be (i) aligned with the purpose of the SPO, and (ii) clearly defined, comparable with others.

**TOOLS & RESOURCES**
IRIS, Global Value Exchange.

**APPLICATION**
Consider impact achieved by SPO and assess the impact of the VPO/SI on the SPO.

For the VPO
IM at portfolio level (its own outputs, outcomes, impact and indicators as per its own objectives (ToC)) impact of the work of the VPO/SI on the SPO.

For the SPO
Impact achieved on final beneficiaries.

**PRINCIPLES**

**Understand Change**
The material expected/experienced outcomes should be measured and managed.

This Principle requires decisions on:
- How far to go down a chain of outcomes;
- How far to segment stakeholders into smaller groups experiencing different outcomes or valuing outcomes differently;
- Which outcomes to exclude as being not material.

**Don’t Over claim**
This Principle requires consideration of:
- What would have happened without the activity;
- Any contribution being made by other agents;
- The extent to which any outcomes that last beyond the end of the involvement in an activity, last at the same level.

**Involve Stakeholders**
Stakeholders should be involved in determining expected or actual outcomes. They may be able to help identify ways of measuring outcomes. They will themselves also be a source of data collected using these measures.

**Only include what is material**
Whilst the outcomes that will be measured are generally not the same as the organisation’s goals, it will not be possible to measure and manage all outcomes. A decision will be required on which outcomes are material. The Principle is that outcomes could be relevant and/or significant.
Reflect on your impact journey
**STEP 4: Verify and Value Impact**

**DESCRIPTION**

**Objective:** refine target outcomes and associated indicators and identify impacts with highest social value

- **Verifying impact:** did the impact happen in the way it was expected? Can we claim we are having a positive impact?
- **Valuing (measuring value created):** was the impact important, i.e. valuable to the stakeholders?

**TOOLS & RESOURCES**

**Qualitative methods:** focus groups, interviews, storytelling, qualitative surveys.

**Quantitative methods** (monetisation): quantitative surveys, revealed preference, perceived value and use of financial proxies.

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<th>APPLICATION</th>
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<td><strong>For the VPO</strong></td>
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<tr>
<td>VPO/SI → SPO (NFS)</td>
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<td>SPO → final beneficiaries (triangulating information received)</td>
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**Verifying:**

- **Desk research:** looking at external research reports, databases, government statistics, to confirm the trends assumed;
- **Competitive analysis:** comparing the SPO’s data with that of other comparable SPOs;
- **Interviews/focus groups:** asking stakeholders about the results of the intervention.

**Valuing:**

- **Qualitative methods:** storytelling, qualitative surveys, interviews, focus groups;
- **Quantitative methods:** quantitative surveys.

**PRINCIPLES**

**Value what Matters**

To increase the value being created, choices will be required between conflicting ways of allocating resources. Therefore an assessment of the relative value of the outcomes experienced or expected to be experienced will be required. This Principle requires that relative values and any trade-offs are transparent.

**Involve Stakeholders**

Stakeholders should be involved in assessing whether the outcomes being measured represent all the outcomes they experience, positive or negative.

Stakeholders should be involved in understanding the relative importance of different outcomes they experience to inform decisions to improve design of products or services.

**Only include what is material**

At this point in the process significance of relevant outcomes is considered.

Whether an outcome is significant is judged by reference to the quantity, duration, value and causality of the outcomes and thresholds set by the organisation.
Reflect on your impact journey
**STEP 5: Monitor and Report**

**DESCRIPTION**

**Monitoring:** collecting data and tracking progress against (deviation from) indicators and 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, transparent and useful.

**TOOLS & RESOURCES**

- PULSE (numeric metric data collection and reporting tool);
- Lean Data Collection Systems;
- Social Reporting Standard (guidelines and framework);
- Global Reporting Initiative (principles of report quality).

**APPLICATION**

Consider impact achieved by SPO and assess the impact of the VPO/SI on the SPO.

**For the VPO**

- Systemise data tracked (overall, per SPO, non-financial support (NFS) provided);
- Analyse data to identify problems;
- Implement corrective actions.

**For the SPO**

Evaluate outcomes and impacts achieved, practical lessons learned, actions needed to increase impact.

**PRINCIPLES**

**Involve Stakeholders**

Stakeholders should be involved in determining the most appropriate format for reporting any information and recommendations to them.

**Be Transparent**

It will not be possible to follow this or any other process to understand and manage impact without making subjective judgements. In order for users of the information to be able to make decisions, these judgements and any assumptions should be transparent.

**Verify Results**

In making choices between conflicting ways of allocating resources to increase value, decision makers will need assurance that the information is good enough for the decision and understand any associated risks. For accountability the judgements and assumptions made should be assured by an independent process that is acting on behalf of those affected.
Reflect on your impact journey