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

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

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

Tools and resources available:
- 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

- **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

**Target areas:**
- IMPACT MEASUREMENT JOURNEY
- REACH FOR CHANGE’S (RFC)

**You can standardise the process, without imposing**
- Be conscious of who your investees are

**Key learnings**
- It all starts with the Theory of Change
- Stakeholder analysis should be revised periodically
- You can standardise the process, without imposing the objectives
- Prioritise stakeholders (primary/secondary)
- 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

**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: shed 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)

**HOW TO MEASURE SOCIAL IMPACT?**

- **Bottom-up approach:** the Change Leader sets impact indicators with RFC guidance.
  - The Change Leader/SPO:
    - comes up with outcome and output indicators
    - develops Theory of Change
    - reports on the # of children supported
  - RFC:
    - measures yearly the level of development of the SPO 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

**VERIFYING IMPACT ON SPO**

- **Change Leader Survey** (published annually)
- **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.

**Continuous Monitoring**

- **Monitoring** through the online spreadsheets
- **Key Measures Survey** (quarterly)
- **Tracking progress**
- **Collecting & aggregating data at portfolio level:**
  - # of children supported
  - Total turnover
  - Human resources
  - Geographical spread of activities

**Other reporting formats:** blogs, videos and website testimonials
### MANAGING IMPACT AT REACH FOR CHANGE

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### AT RFC

- **Call for proposals for SPOs to join the Incubator programme** (rigorous selection process → only 2% successful applications)
  - **Pre-incubation support** for pre-selected Change Leaders
  - Three months to develop the **Pathway of Change**, assess if there is a match between the SPO’s objectives and what RFC can offer
  - **Investment decision**

- **RFC monitors** the investments throughout the investment period.
- RFC conducts **interviews** with children to assess the SPO’s impact on them and check its improvement.
- Quarterly reports + data collected from IM + field visits + investment manager discussions with key stakeholders + partners + **Social Impact Report**
- **Reinvestment decision** (once a year)

### 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”
- Contact us at knowledge.centre@evpa.eu.com

### 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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