



Impact Measurement Today

Cross-Sector Capacity Building for Impact Management

CO-AUTHORED BY



Monitor Institute
by **Deloitte**.

Overview

Three leading organizations engaged in impact measurement and management – Salesforce.org, Monitor Institute by Deloitte, and the Global Reporting Initiative (GRI) – believe that building the capacity of all organizations to measure, manage, and improve their impact is central to how organizations can boost sustainable, inclusive growth across the world. All three organizations also share the belief that much is to be gained by looking at cross-sector opportunities to build impact management capacity.

In December 2019, the organizations convened Impact Measurement Today, a meeting in New York to explore opportunities to advance a cross-sector approach to impact management capacity building. The event brought together key leaders and practitioners in impact measurement and management from nonprofits, foundations, government, private investing, and corporations.

Attendees shared their perspectives and identified future challenges, notably key differences among the sectors, and identified potential areas of collaboration across sectors.

“Impact Measurement Today stood out as a well-planned convening that brought together people who too often work in parallel streams – philanthropic M&E/Impact, Corporate Sustainability/ESG and Impact Investing. Yet, the group was still small enough and the facilitation was effective enough to foster in-depth exploration and generative thinking that could spark stronger alignment and collective action. I am hopeful and optimistic that follow up efforts from this meeting will advance actionable ideas that benefit from cross-sector partnerships.”

Jane Reisman Ph.D., Founder and Senior Advisor ORS Impact

Introduction

Despite considerable advances in the human condition over time, today's great societal challenges require new approaches. Issues like climate change, gender-based violence, and income inequality are not adequately addressed with simple solutions. Impact reporting and management represent critical levers to drive investment and innovation toward a more sustainable, inclusive, and resilient world.

In this context, impact is defined as meaningful, measurable, and sustainable change in individuals and communities. Impact management refers to the ability for all organizations to better measure, manage, and improve their impacts upon people and the planet. Enabling every organization to manage its impact requires a significant capacity building effort. Impact Measurement Today was meant to help jumpstart a discussion about setting an aligned agenda and common framework for progress.

Social and environmental impact measurement and management is hard. Each sector – philanthropic, corporate, and government – face significant barriers and challenges to advance impact management. Trying to create a shared practice across all sectors is even more difficult.

The philanthropic sector's lack of funding for impact management is a significant impediment. Most corporations do not yet have the tools needed to effectively measure impact across their value chain. Impact investors are not able to understand impact in a comparable way across their investments, as their methods to assess impact vary. However, cross-sector collaboration can help to overcome some challenges. Where one sector is facing a challenge, another has often already navigated through it.

Impact Measurement Today participants came together to begin this type of collaboration. Participants recognized that some of the historic barriers that have divided these sectors are starting to fade away. At the heart of impact investing, philanthropic evaluation, and corporate ESG reporting is a desire to understand how institutions affect people and the planet beyond those organization's narrow material interests. There is a clear opportunity to advance the state of this work together.

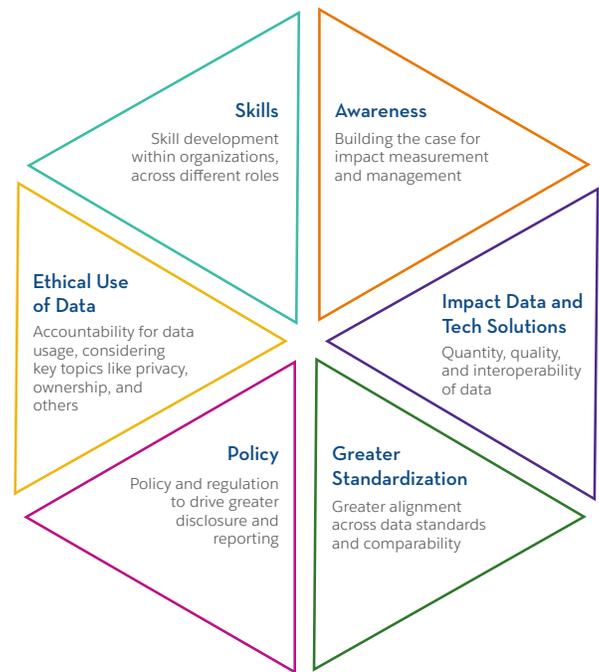
To orient and frame Impact Measurement Today, the convening organizations analyzed more than forty reports from leading organizations. Six core capacity building areas were identified for impact measurement & management:

- Skills: Skill development within organizations, across different roles
- Awareness: Building the case for impact measurement and management
- Impact Data and Tech Solutions: Quantity, quality, and interoperability of data
- Greater Standardization: Greater alignment across data standards and comparability
- Policy: Policy and regulation to drive greater disclosure and reporting
- Ethical Use of Data: Accountability for data usage, considering important topics like privacy, ownership, and others

A Capacity Building Framework for Impact Management

What is impact management? Impact management is the collection of practices, methods, and tools that help manage an organization's positive and negative social and environmental impacts. Today, there are big challenges in the ability to do that easily, accurately, and efficiently. It can be a complex process requiring a number of different skills and approaches.

However, looking across philanthropic evaluation, impact investing, and corporate ESG reporting, there are commonalities.



Skills

Skill development is crucial to increasing the adoption of impact management. Within organizations however, there are ambiguities around who needs skill development and what skills they need to develop.

Because a diverse set of skills are necessary to advance impact management, convening participants spent time brainstorming key recommendations and collaborative solutions to building skills. One of the conclusions was that while there are many resources available, these resources go largely unused. This is often because these resources are hard to access in a timely manner. When a person has a question, where can the person get an answer swiftly and easily? Finally, impact management is both an art and a science, so broad analytical skills are all the more essential to understand various contexts.

Key Challenges

- Limited allocation of staff, time, and funds for impact management
- Lack of exposure to impact management methods, approaches, and requirements
- A need for more case studies around impact management in practice

Sample Recommendations

- Build learning communities to share commonly applicable tools, approaches, resources, and use cases
 - Focus on developing analytical skills to interpret and utilize data
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Awareness

Building awareness and the case for impact management is vital. This is especially true for decision-makers such as the CEO/C-suite, Board, and heads of relevant corporate departments. Having executive leaders make impact management a priority is essential to embed it into the culture of an organization.

Key Challenges

- A lack of understanding of the importance of impact management
- Confusion over whose job it should be and why

Sample Recommendations

- Allocate dedicated time and resources to impact management
 - Secure buy-in for impact management from key organizational leaders
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Impact Data Interoperability and Tech Solutions

Data is at the heart of impact management, and efforts are needed to improve the quantity, quality, and interoperability of this data. Developing and adopting data standards is one way to get there, but transparency of outcomes is also vital.

“To know if we are deploying resources efficiently, we need impact metrics to become as credible and trusted as financial metrics are. We must move beyond the era of bespoke impact reports that cherry pick only the best news. It’s time to adopt standard frameworks, open data sharing, interoperability, and data structures and tagging that facilitate machine learning and data comparability alongside narrative reporting.”

Adam Bendell, CEO, Toniic (the global impact investing community for high net worth individual, family office and foundation asset owners)

Key Challenges

- A dire need for more resources and improved technologies to advance impact management
- A need for standardized mechanisms for collecting data and assessing its quality

Sample Recommendations

Impact Data

- Establish standards for procedures and processes for the collection, analysis, sharing, and reporting of impact data
- Enhance data interoperability by developing common sets of standards
- Develop structures or methods to define data elements to be collected for different usages/purposes
- Fund and build data infrastructure
- Encourage standard evaluation and auditing practices

Tech Solutions

- Enable constituent-focused tech tools
- Encourage tech solution usage for impact data in impact investing and corporate sectors

Standardization

Harmonizing multiple impact management standards and frameworks would drive greater alignment and increase coherence, consistency, and comparability of data. This kind of standardization would be beneficial across sectors, enabling greater cross-sector collaboration and understanding.

“We are seeing two types of standards emerge in the field of impact investing: process standards and product standards. The field needs both, but we need to be clear about their differences. Process standards clarify best practices on how to measure and manage impact. Examples include the Impact Management Project and the Operating Principles for Impact Management. They don’t tell you what to measure, but how to go about it with consistency and strategic clarity. Product standards, on the other hand, focus on what to measure, identifying desirable societal outcomes. These include, for instance, benchmarks on corporate human rights and climate/energy deployed by the World Benchmarking Alliance, and a whole range of industry-specific impact categories being developed at IRIS+. The action in the coming years will be on developing robust product standards for comparing the social and environmental performance of companies so that capital can flow to the best performers.”

Alnoor Ebrahim, Professor, The Fletcher School of Law & Diplomacy, Tufts University, and author of *Measuring Social Change*

Key Challenges

- The complexity of current standards
- Lack of comparable standards and frameworks

Sample Recommendations

- Establish common norms, behaviors, and principles for standardized reporting
 - Bolster usage of frameworks and address resistance of standard adoption
 - Identify gaps across reporting standards
 - Use the Sustainable Development Goals (SDGs) alongside other frameworks, as it provides a helpful overarching language
 - Use assurers and certifications to verify impact and prevent green-washing and “SDG-washing”
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Policy

Policy and regulation could improve ESG disclosure reporting. How might those interested in impact management find ways to use policy levers to further their goals? These policies can be used to strengthen organizations and programs that improve ESG outcomes.

Key Challenges

- Limited policy levers to encourage or drive investments in impact
- Impact data ownership ambiguities
- Lack of quantitative evidence to advocate for public policy changes that would make advancing impact through new business models and investments easier

Sample Recommendations

- Map and track policies or institutions issuing policies globally
- Use policies to support ESG reporting and outcomes
- Use SDG as a universal language or lens to discuss policies
- Identify appropriate policy changes at different levels and how to best influence them

Ethical Use of Data

At the convening, panelists and participants discussed the ethical use of data and the role that policy could play in advancing that. Sub-topics included: privacy and security risks/concerns; defining data governance; reducing bias in data collection and analysis; and building ethical considerations into designs early. Throughout the panel, there was a strong undercurrent highlighting, how without ethical use frameworks, there is a risk that the use of current data could exacerbate inequalities. ([Salesforce.org's Impacting Responsibly](#) is designed to help organizations measure social impact in a responsible manner.)

Key Challenges

- Defining data ownership
- Ensuring data sharing takes into consideration privacy and security risks
- Availability of representative data

Sample Recommendations

- Put beneficiaries at the center, especially during data collection and analysis
- Identify gaps in data that could exacerbate inequalities and address those

Culture and Models

Beyond these six pre-identified areas, what became clear in the convening was the need for cultural change and a break from traditional business models to realign incentives to require impact measurement and management. Culture includes executive teaching/training around purpose. Both cultural change and business model transformation involve the role of “dot connectors”, across sectors, between the Global North and Global South, and at other key intersection points. Finally, true impact can only be achieved through root cause analysis and systems thinking, built on a knowledge base, and accelerated by social movements.

The Journey So Far & Momentum

“Movements, networks, and nonprofits spring up in response to gaps and unmet needs. One way to align incentives is to go to the community to build from their perspective and make the call to action grounded in reality.”

Tris Lumley, Director of Innovation & Development, NPC

There is good news to report. There has been a proliferation of organizations working to build impact management capacity. Yet, the space remains fragmented within the philanthropic, corporate, and impact investing sectors and across them. The differing incentives between these sectors create an opportunity for value exchange among them, one that sustainably advances impact measurement and management for good.

We remain excited to work together to strengthen the field and help drive alignment for a capacity building agenda based on this preliminary research and convening.

Acknowledgements

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Salesforce.org is the social impact center of Salesforce focused on partnering with the global community to tackle the world's biggest problems. We believe the purpose of business should be to improve the state of the world. We provide access to powerful technology that empowers changemakers to build a better world. We are a unique business unit dedicated to creating solutions for nonprofit, educational, and philanthropic organizations so they can have greater impact. Operating within Salesforce, a for-profit entity, increases our capacity to innovate on top of the world's #1 CRM platform, to channel the pro-bono power of more than 45,000 Salesforce employees, and to inspire Salesforce customers and partners to join our global movement for good.



GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. This enables real action to create social, environmental and economic benefits for everyone. The GRI Sustainability Reporting Standards are developed with true multi-stakeholder contributions and rooted in the public interest. The GRI Sustainability Reporting Standards ([GRI Standards](#)) are the first and most widely adopted global standards for sustainability reporting, currently by about 10,000 companies worldwide. Since GRI's inception in 1997, we have transformed it from a niche practice to one now adopted by a growing majority of organizations. In fact, 93% of the world's largest 250 corporations report on their sustainability performance.

Monitor Institute by Deloitte.

Monitor Institute by Deloitte is a team within Deloitte LLP that works with social impact-focused organizations and their leaders, helping to make the hard choices and take the necessary actions to advance progress on pressing societal challenges. The Institute's approach marries a deep grounding in strategy, networks and social movements, and human systems with the fundamentals of professional advisory services—effective project management, skilled facilitation and well-timed intervention.

