IMPACT MANAGEMENT GOALS

IMPACT MEASUREMENT & MANAGEMENT MADE SIMPLE!

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A PUBLICATION OF SOPACT
Impact Management Overview

What is Social Impact Management?

Social Impact Management is a process of defining the positive and negative effects of enterprises and investors actions on people and planet, and then figuring out ways to mitigate the negative and maximize the positive impact.

There is a growing need to improve both Impact Measurement and Impact Management both. Because most organizations are still figuring out how to measure impact, impact management remains of utmost importance. It can help:

• From counting “what” happens to understanding “why” things happen
• Understanding how the “why” informs “what” is important to measure
• Collaboration amongst stakeholders to select indicators appropriate to inform your decision making
Current state of social impact management

Did you know that of nearly 500 international companies surveyed in 2017, 62% of them included the Sustainable Development Goals (SDGs) in their reporting? Furthermore, 37% prioritized the SDGs in their strategy, and 79% of those companies chose SDG 13 Climate Action.

What’s most intriguing is that nearly 3 out 10 set quantitative targets and linked those to their societal impact. (Source: SDG Reporting Challenge 2017)

In other words, many companies are starting to align with UN Sustainable Development Goals. And yet, are they moving beyond simple impact washing?

It remains hard to tell because while there are multiple impact frameworks, standards, and tools available today, most organizations still struggle to understand and manage their impact.
Why Impact Management Is Important to Investors

Millennials are the fastest growing generation and are much more impact savvy than previous generations. They are asking hard questions beyond the simple “how many people did you impact. And, on the funder (investor) side, they have a more unique understanding of the nuances of impact portfolio composition.

One of the biggest challenges facing private equity, corporate, impact investors, and other asset owners is how to build a portfolio that defines and generates true impact. There is an ongoing effort by Impact Management Project (IMP) aligned with TONIIC T-100 and OCED group to solve this challenge.

According to Impact Management Project, “Asset owners are increasingly interested in the impact of their investments on society and the environment. Against this backdrop of growing interest from asset owners, asset managers are increasingly looking to assess and communicate the effects of investments on people and planet.”

For Asset owners there is no single linear impact management process; the process is iterative, with different entry points. The time has come to apply a flexible approach that allows anyone to select and cross-link any standards like SDGs, IRIS, GRI, and Custom Metrics for their asset/investment/grantee. At the heart of the problem, Impact Management
Project (IMP) is defining what’s called Portfolio Impact Categories, Assessment, and overall Portfolio Analysis tool.

This process is essential to asset owners because it catalyzes in-depth feedback from each asset. At Sopact during the last three years we have been experimenting and collecting feedback from hundreds of social sector companies, working with multiple standard bodies, and bringing in our experience to solve the challenge of building a similarly flexible integration of the entire impact ecosystem.

We have built the SoPact Impact Cloud to do just that. It simplifies all the impact jargon using a simple impact search engine, aligning Theory of Change (TOC) with the processes put forth at the Impact Management Project (IMP).

Impact Cloud also enables a simpler metrics selection process, aligned with Sustainable Development Goals, IRIS, GRI, and even custom metrics based on your internal goals, and targets.

In Uniting the Impact Ecosystem: A Call for End-to-End Impact Management, we introduce the players in the impact ecosystems, all of which can benefit from our cloud-based solution, from Asset Owners, to Asset Managers, and Assets themselves.
Impact Management Project

Reference framework for impact management

Impact Management project defines five dimensions of impact for each of its effects on people or planet: intended and unintended, positive and negative. For each effect, level of performance is evaluated for all five dimensions.
The real challenge is that the investor should use a data-driven approach to assess impact. This is where Impact Cloud provides a flexible foundation of cross-reference services that allows the evaluator to assess results based on both external and internal data.
Figure: Working Example from Impact Management Project: Evaluation process for each effect based on a data-driven process.

### Integrating Investor’s Impact Matrix

As investors gather better asset-based evaluation a next task is to map their existing portfolio and then, over time, transition that portfolio to be impactful in the way that best suits their intentions and constraints.
The ultimate goal is to define a portfolio which maps all the assets who help communicate two important questions:

1. Impact allocation for a portfolio that not only communicates composition by instruments and sector composition but also defines impact metrics of a portfolio. Such impact metrics can help clearly communicate a real impact footprint. For example, €220 billion portfolios of a pension fund may achieve much lower impact (because it focuses on avoiding negative impact) compared to the $10M portfolio of a family foundation that is focused on creating solution(s).

2. Impact investors are now asking to provide an evidence of how their capital creates an impact or how beneficiaries are benefiting from the stated impact. This has been often a challenging subject.
as often outcome of impact investors are not aligned with an investee. Usually they do not speak the same impact language (e.g. defined outcomes), and often do not trust results/data collected from an investee. Creating an impact data pipeline from enterprise to asset owners through Impact ID describes how we can solve such outcome alignment and data trust issues between asset owners, asset managers and assets.

### Integrating Social Impact Frameworks & Standards

**UN SDGs, OECD, Social Value & Toniic T-100**

During the last ten years, we have seen a rise in leading frameworks. We have also seen a lot of standards starting with Sustainable Development Goals (SDG) and IRIS/GRI etc. While these standards and frameworks are a good starting point, they are not sufficient to truly understand the impact of assets.

Other initiatives, such as TONIIC’s T-100, can help us build a more integrated framework ecosystem. For example, TONIIC’s T-100 provides a cross-linking between Impact Management, SDG, and IRIS.
While these are definitely is useful, they still have few limitations:

1. Requires more flexibility to accommodate other qualitative/quantitative custom and standards-based metrics
2. Requires a foundation metrics search, selection, data collection, analytics, and reports

Many investors use this reference but they still have yet to streamline the process on their own. SoPact Impact Cloud provides a theory of change (TOC) & impact-management-project-driven life cycle management. An integrated approach helps asset managers and an assets both define, monitor and report impact results in a consistent manner.
End-2-End Impact Change Monitoring

Integrating Theory of Change

Impact Cloud integrates SDG, IRIS & Impact Management framework defined by OCED, IRIS, and TONIIC. In fact, it even takes it a step further by delivering a flexible metrics catalog that not only provides enriched metadata at the metrics level but also cross-linked SDG goals, targets and indicators with GRI and IRIS.

On top of that, with each of the SDG targets, users can create a hybrid standard and custom metrics to further refine relevant impact (and context) metrics. This theory-of-change-based approach allows asset managers and the assets to collect data, report progress, evaluate, and analyze results to better communicate the impact to asset owners for capital allocation.

Conclusion

The key to the success of impact measurement & management is that the process be aligned with theory of change and should be completely integrated from impact framework creation, metrics selection, data collection, results tracking, evaluation, analysis, and communication.
Most Asset Managers today still aggregate results from the assets in an excel-based manual process. They often have a pseudo impact data aggregation framework, which requires investees or grantees to provide a data on a regular basis. Many even use B-Labs based B-Assessment approach. While they provide IRIS based frameworks to aggregate results most feel that this approach is too limited.

The best data aggregation:

1. Allows asset managers to define metrics specific to the context that is unique to each enterprise (asset).
2. Allows enterprise and asset managers to measure progress against their own unique targets.
3. Performs simplified analysis of assets with similar or different metrics.
4. The results from different assets and asset managers can be nicely composed in a unified way, reducing tremendous data aggregation and reporting burden.

Impact Cloud reporting provides built-in widgets which beautifully provides an integrated theory of change model, and impact management reporting combined with portfolio or fund-level automatic reporting. The story-driven wizards allow dynamic table, charts combined with integrated impact learning and narratives from social media feeds.

Impact measurement and management ultimately enables funders to make better decisions based on a reliable and effective process.
A lot has changed since we last saw you

Start your Impact Journey now!

Try Impact Cloud™ for free and start building your Impact Knowledge Graph for $0.

TRY FOR FREE
Further Reading

- Five Dimensions of Impact Management
- Social Impact Management
- Impact Management: How the right data can drive performance for people and the planet

Still curious about an actionable impact management framework? Get a free copy of this e-book!
Impact Investing Frameworks for better Social Impact Management

Using the language of impact investing is essential, whether you’re working at a funding level (investors) or at an asset level (i.e. receiving the investment). A shared impact investing language allows these stakeholders to define shared expectations for how impact is going to be measured and reported. This is especially important if the deal structure is dynamic, based on reaching certain impact thresholds.

Standard Impact Investing Frameworks

Sustainable Development Goals (SDGs)

The Sustainable Development Goals are a set of 17 objectives announced by the United Nations in 2015. The purpose of the goals is to spur global collaboration, mobilize capital, and catalyze new solutions to the world’s most pressing problems.
The Goals enable organizations of all types to frame their impact in terms of these categories, and also measure progress using the comprehensive indicators list also provided by the UN.

For example, for SDG 7: Affordable and Clean Energy, there are 5 general targets and 6 indicators. The target is more of a global goal (e.g. "By 2030, double the global rate of improvement in energy efficiency") while indicators can be measured on an organizational level by funders and their assets (e.g. Indicator 7.1.1 is the proportion of population with access to electricity.)

**IRIS Metrics**

The most used impact investing metrics, IRIS is a standardized system originally conceived by the Rockefeller Foundation, Acumen, and B Lab. They were built upon dozens of existing standards from a
variety of sectors. Today, there are about 400 metrics in the IRIS catalog, which can be accessed for free here. An example of an IRIS metric can be seen in the image below.

![Percent Recycled Materials (PD9364)](image)

**GRI Sustainability Reporting**

The Global Reporting Initiative (GRI) developed the world’s first standards for sustainability reporting. Organizations use these standards to guide the information they disclose regarding social, environmental, and economic impacts. It also includes a set of principles to further structure that reporting process.

The GRI has a comprehensive resource center to help any organization get started using the GRI as a reporting framework. This includes a document detailing how to link the GRI standards with the SDGs. For a document detailing how to link GRI with IRIS metrics, click here.
Impact Management Resources

Resources at Sopact

- Actionable Impact Management
- Impact Management Project Strategy
- Social Impact Due diligence and Risk Management
- 17 Sustainable Development Goals: Which one is the Most Important?
- Streamline Your Impact with SDGs, Impact Management Project and Theory Of Change
- 5 Impact Learning: When a Family Foundation Tried Impact Investing
- Three Sessions We’re Excited to Attend at SOCAP 2018
- How Can Foundations Help Reach the SDG Targets?
- Aligning Your Small Business With The UN Sustainable Development Goals
- Bringing Impact Data Management Into the Conversation At Socap 2018
- Impact Investing Funds & How to Find Your Ideal Match?
- 3 Tips for Managing Social Impact Measurement Projects
- How Can a Business Use Global Standards for Impact Reporting?
- How Impact Funds Leverage Technology for Impact Management
• **Start Impact Conversation with Actionable Impact Management Guidebooks**

• **SDG impact data pipeline from enterprise to asset owners: Expectations vs. Reality**

• **Uniting the Impact Ecosystem: A Call for End-to-End Impact Management**

• **The Age of Impact Management - Importance & Principles**

• **How Ventures can Raise Capital through a Strong Impact Management Process**

• **The Future of Impact Management & Impact Reporting**

• **How Impact Management is Now Within Reach for all Impact Investors?**

**Resources on the web**

• **The Global Impact Investing Network (GIIN)**

• **Impact Management Project**
To Learn more about Social Impact Management
visit www.sopact.com