
Metrics From the Ground Up | Workshop Summary

INTRODUCTION

The following is a summary of the May 19 and 20 impact measurement workshop, “Metrics From the Ground Up.” Co-hosted by the Grassroots Business Fund and the Aspen Network of Development Entrepreneurs (ANDE), the workshop brought together leaders in the impact investing space, including donors, investors, practitioners, academics, and entrepreneurs. The two-day event highlighted industry wide initiatives, including the Impact Reporting and Investment Standards (IRIS) effort and the UNDP’s Global Inclusive Markets initiative, offered on-the-ground case studies, and discussed metrics tools such as client feedback surveys and social return on investment ratios.

The objectives of the workshop were to have an open and frank discussion about current tools and approaches in the field of impact measurement, and to leave with a better understanding of how to apply these tools in an effective way. The following summary is offered as a sampling of the many topics discussed, issues raised, and questions asked during the two-day workshop. In addition, information on the tools, methods, and initiatives discussed, as well as in-depth summaries of the panels and information on each presenter, can be found online <http://metricsworkshop09.collectivex.com>

SURVEYS AND CLIENT FEEDBACK

David Bonbright of Keystone Accountability discussed the use of surveys as a tool to collect and analyze client feedback from both small and growing business (SGBs) and their constituents. Through surveys, such

businesses have been able to learn a great deal about the needs of their constituents and how these needs might be better served going forward.

One business in attendance, SELFINA, a micro-leasing company based in Tanzania, has already implemented such a survey system. With the help of students from the University of Pennsylvania, SELFINA identified Progress Out of Poverty” indicators, designed questionnaires, and embedded a survey system in its operations to keep costs down. The system is now being used to identify where along the value chain SELFINA can have the greatest impact and where it has room to improve.

Bonbright also discussed the value of surveys as a means to drive improved partnership between investment funds and their portfolio companies. Using the results of the Grassroots Business Fund’s survey of six of its investees, Bonbright led a discussion that touched on issues such as how and how often investment funds should survey their clients and how they should use such data. Although the sample was small, the results revealed that the investees have benefited greatly from the range of technical assistance provided by GBF and could, in particular, use more help with metrics. GBF discussed the survey data with its investees, thereby deepening a sense of shared commitment to improve.

The challenge going forward will be to think critically about how client feedback programs, including surveys, can best be instituted in the business processes of both investment funds and their investees. There are many practical issues with collecting meaningful data that must be

addressed, as well as issues relating to deciphering what the data tells us about how best to execute our objectives. The potential for this data to assist in the amplification of social impact ensures that these issues are worth addressing.

SOCIAL RETURN ON INVESTMENT

The workshop website features a collection of methodologies used to calculate social return on investment (SROI) as well as other cost approaches to measuring social value creation, including a summary of eight such approaches by the Gates Foundation. One approach not featured in the Gates summary but put on display at the workshop was GBF's own approach to social return on investment. Jaime Ramirez, a portfolio manager with GBF, walked attendees through the six-step process used by GBF, which seeks to take the sum of all quantifiable externalities associated with GBF's investment and divide that figure by the dollar-amount of that investment.

Some wondered if cultural and environmental impacts should be quantified and included. Others asked how the tool could be used credibly across portfolios. GBF Executive Director Harold Rosen was the first to point out the limitations of the tool, but insisted that we need a tool to at least try to compare the cost of an intervention with its quantifiable benefits. Many seemed to agree that some sort of cost-to-value creation metric was important because of the nature of the choices facing donors and investors. A few committed to getting a baseline measurement of their respective investments as soon as possible, and then using the same set of assumptions to track the investment's progress. This comparative use may be a particularly effective one for SROI.

COMMUNICATING IMPACT

Bryan Callahan of Ogilvy Public Relations spoke to the group about how important it is for SGBs to communicate their credibility to investors and clients and presented three strategies for doing so: have a simple, digestible message, provide credible data, and tell relatable stories. Bryan stressed the

need for SGBs to focus on the creation of coherent messages that address the question, "Why should I care?" This message should be the foundation of all communications activities of an enterprise.

Attendees agreed, however, that anecdotes alone will not be enough. Here, the UNDP's Growing Inclusive Markets initiative might be seen as a bridge between metrics tools themselves and the communication of social impact. David Wheeler of Dalhousie University, in his presentation, asked the questions, "What kind of impact data is useful to the various audiences of case studies" and "what methodologies can produce this data in an easy and efficient way?" The Growing Inclusive Markets initiative uses comprehensive case studies to increase the depth of analysis by providing quantitative data on the business benefit of inclusive business models as well as their social and environmental impact.

INDUSTRY STANDARDS

Andrew Kassoy, Co-Founder of B-Lab, and Brian Trelstad, Chief Investment Officer of the Acumen Fund discussed initiatives designed to help impact investing funds address the question, posed often by donors, "what did you do with the money?" Acumen presented its PULSE system, which is a performance monitoring and benchmarking tool for small and growing business intermediaries. He, along with Kassoy, also discussed the Impact Reporting and Investment Standards Initiative (IRIS) which seeks to identify a common taxonomy for financial and socioeconomic indicators used in the social venture capital space. The hope is that an easy-to-follow format for investment performance will spark a greater willingness to invest in this space.

Furthering this goal is Global Impact Investing Reporting System (GIIRS), a system designed to provide a ratings system to facilitate a scaled-up impact investing marketplace. GIIRS aims to assess the impact of companies and funds using an approach that resembles that used by credit rating agencies such as Moody's.