

Social Capital Conference (SoCap09)
Fort Mason – San Francisco
September 2, 2009

Metastasizing Metrics

Metrics matter, now that new money is coming into the social capital market. Laura Callanan of McKinsey has done a broad landscaping of the field, Steven Wright understands what metrics can do and can't do. Margot Brandenburg has led major efforts to create new rating systems that move money. Brad Presner, Kevin Starr and Lucy Bernholz have a handle on how the field is evolving.

Panelists

Steve Wright, Salesforce.com Foundation
Brad Presner, Acumen Fund
Kevin Starr, Mulago Foundation
Laura Callanan, McKinsey and Co.
Margot Brandenburg, Rockefeller Foundation
Moderator: Lucy Bernholz, Blueprint R&D

Findings

Mulago Foundation invests in health and conservation in developing nations. The most important metric for Mulago is impact and its cost. Measuring is complicated and currently not rigorous enough.

Acumen Fund believes that the portfolio management system is a better way to track social metrics. If other organizations are on the same platform, industry can develop common definitions of social impact and use it to drive transparency. A platform across funds to share metrics would be very helpful.

Rockefeller Foundation is focused on the power of impact investing. There is a need to drive greater accountability through performance standards that can be built out within a format of gradation of impact. There are clear benefits from common taxonomy/definitions within the industry that would underpin a single or multiple ratings systems.

McKinsey and Co.: TRASI tool is a resource for assessing social impact. www.foundationcenter.org/TRASI) It creates a repository for the social sector. Can search by 18 different dimensions. Tools are rated for credibility, usability, etc. Are scalable – can add future tools and provide context for credibility and usability measures.

Salesforce.com Foundation is a San Francisco foundation that helps non-profits use data management tools to make them and the sector as a whole more effective.

Social impact measures enable us to know if we're improving in such work as infant mortality, education, and much more. The goal of metrics is to report against impact. But the reporting must resonate with others and be quantifiable to determine if we are making a difference and how we are making a difference.

Data creation – 4 things about impact that an organization must demonstrate:

1. It knows what it is doing i.e., target population, desired outcome, etc.
2. Has real numbers, sample size, etc.
3. Is asking the right questions
4. Can make a case for attribution to investors

To accurately evaluate criteria, must compare apples to apples. And the tools must be transparent.

How to Build Capacity and Skill Sets of Measurement

Organizations can support enterprises by letting them decide what to measure. Important relationship between metrics/measures and ratings.

Organizations will pay for it, not investors. Need basic building blocks to define metrics. Must strike a balance between evidence vs. too much information.

Current evaluation tells you what was caused but not how it was caused.

These are leading vs. lagging indicators. Need customer satisfaction equivalent in social capital space to determine what benefit social capital is having on society to help address social problems.

How do we track leading indicators?

David Hunter is focused in this area as is McKinsey/Venture Philanthropy, creating factors to help predict if organizations will be successful.

What is the disruptive innovation?

Swift River Technology – asks what we are hearing, what's rising up. IRIS - impact reporting tool

Randomized Control Trials

It is most appropriate to assess problems at the earliest stages.

1. Framing the problem
2. Developing an approach to the problem
3. Piloting stage
4. Getting to scale

Does a metrics toolkit address cost?

Attribution doesn't have to be expensive. Narrative attribution makes the case for changes in outcome. Forces the organization to be accountable.

Practical Implications

There is currently no consensus around tailored metrics and there is disparity in the industry's appetite for variation in impact. All funders must agree to one set of measurement standards for them to be meaningful across the industry.

Measurements can be used as a weapon to for investors to discontinue funding in this economic climate so what is the role of measures in these difficult times?

Use metrics to determine if the people we want doing the work are actually doing it well. Money has set the agenda. The industry needs to listen better to those doing the work as an important way to flip the equation around.

Industry players competing for 3 types of resources:

1. Financial capital
2. Intellectual capital
3. Human capital (volunteers)

Important to remain cognizant of the issue of for whom the data is being collected.

Keywords: Metrics, money, social capital, investors, data, evaluation.

Type: Conference Panel

Summary:

Lisa B. Saxe

lisa@greenmba.com

www.greenmba.com

Green MBA program of Dominican University of California