**Mission Investors Exchange**
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**Blog Posting by Ginger McNally**

## A Practical Guide to Measuring Social Impact

What a great way to kick-off a conference! Thoughtful presentations, engaged participants, hands shooting up to question and challenge, presenters and participants talking together in small groups, a shared sense of purpose – all of the elements came together for an invigorating conversation among leaders in the impact investing movement.

The session, A Practical Guide to Measuring Social Impact, captured key issues and challenges related to designing and implementing a mission investment evaluation program. The presentations focused on clarifying desired impacts and identifying appropriate metrics and assessment tools for use by foundations and program leaders wanting to analyze existing and potential investments.

Melinda Tuan moderated a spirited discussion by presenters Patrick Gleeson, Debra Schwartz, Susan Phinney Silver, and Tom Woelfel, with multiple questions and comments from the approximately 45 session participants.[1] The panelists' presentations and discussion were followed by several "speed dating" breakout sessions:

- Policy: Debra Schwartz
- Impact Reporting and Investment Standards (IRIS): Susan Phinney Silver and Justina Lai
- HIP Check: Patrick Gleeson and R. Paul Hermon
- Insight Non-Financial Performance Measurements: Tom Woelfel

At the close of the breakout sessions, key findings were shared in a "fishbowl" format and discussed by session participants.

### The Panel

On the panel, Patrick Gleeson shared the unique mission and vision statement of Meyer Family Enterprises, which includes a commitment to managing the assets and philanthropic activities of the Meyer Family "in a way that provides for the financial, educational, emotional, personal growth and health of the family and staff. We embrace the values of love, joy, respect, excellence, fun, humility, cooperation, and integrity in our decisions and interactions with others … doing well and doing good."

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[11] Panelists' and breakout table facilitators' affiliations: Melinda Tuan, Melinda Tuan Consulting; Patrick Gleeson, Meyer Family Enterprises; R. Paul Herman, HIP Investor; Debra Schwartz, The John D. & Catherine T. MacArthur Foundation; Susan Phinney Silver, The David & Lucile Packard Foundation; Tom Woelfel, Insight at Pacific Community Ventures; Justina Lai, Rockefeller Foundation.

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Meyer Family Enterprises lowers the risk of principal loss through diversification across multiple asset types and targets 100 percent invested for impact by 2020. The Foundation uses the HIP Scorecard (Human Impact + Profit) as an evaluation tool which measures health, wealth, earth, equality, and trust metrics.

Debra Schwartz addressed the need for development financing nationally. Community development financial institutions (CDFIs) are a primary source of development financing, with focus on individuals (alternatives to payday lending), small businesses (microloans and lending in low-income neighborhoods), and affordable housing. MacArthur Foundation invests in CDFI intermediaries with money that is "patient," with up to a ten-year exit, and affordable, with rates generally between 1 to 3 percent. It was emphasized that impact investing has an expectation of financial return, with an intentional social return.

Susan Phinney Silver introduced Impact Reporting and Investment Standards (IRIS), a measurement tool using over 300 output indicators with standardized definitions for financial and operational performance as well as social and environmental performance. IRIS has multiple sector-specific filters (agriculture, education, energy, environment, health, housing/community facilities, and water). David & Lucile Packard Foundation completed an IRIS evaluation to understand the value of IRIS to PRI portfolios and identify areas for improving current reporting metrics, as well as to identify areas of feedback for IRIS. The Foundation analyzed 19 foundation PRIs using IRIS (3 microfinance, 14 land conservation, 2 facilities development). Results indicate that IRIS appears to work best when coupled with Foundation-specific quantitative and qualitative indicators, a small number of indicators are chosen for measurement, it is used for new or current projects, and some technical assistance is provided to PRI recipients to help them align current data collection with IRIS metrics.

Tom Woelfel presented the impact measurement approach spearheaded by Insight at Community Ventures. Customized to each client, Insight focuses on client needs and objectives, financial resources and the value on placed on measurement by the client, and availability of data. He described the process of identifying key metrics, collecting and analyzing data, and communicating the findings to stakeholders. Insight's core metrics include dollars invested in target communities, jobs supported and created, companies and employees located in underserved areas, employee health and retirement benefit levels, employee wages, opportunities for women and minorities, community involvement, and opportunities for advancement. Tom emphasized the need to make measurements "doable" in order to be of value.

The "Fishbowl" – Key Takeaways and Challenges

Some of the key takeaways and challenges shared at the end of the session were the following:[2]

- How does our work with PRIs intersect with the rest of our foundations' investments? How can we do a better job of telling our story internally and externally?

- It can be a challenge to make data collection successful, scalable, and sustainable. There may be accuracy issues related to reporting, with common challenges related to double-counting and attribution.

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[2] Includes notes by Melinda Tuan, session moderator.

- When is data "good enough" and how will data collection be funded? We all know how important it is.

- How can we know when social impact is true and to be on the watch for "Impact Imposters?" Can metrics play a role in identifying the legitimate players from the phonies?

- How can impact metrics be used to effectively communicate what has changed as a result of the investment? How can these data be used to educate our internal and external partners?

- What would it take to develop rigorous generally accepted practices for social measurement? How can social impact and return be incorporated into financial statements? What infrastructure, human capital, auditing, and other investments would be required to develop a robust, widespread system?