

# VENTURES at the HELM



How Ventures & Investors Navigate  
the Impact Measurement  
& Management (IMM) Journey,  
Together

CREATED BY

Laura Budzyna  
Heather Hachigian

Karim Harji  
Penny Hawkins



## ABOUT THE AUTHORS

**Laura Budzyna** works hand-in-hand with impact-driven organizations to design measurement strategies that can adapt to evolving projects with emergent outcomes, and she collaborates on initiatives that help to build and demystify the impact measurement field. Previously, she led the monitoring, evaluation and learning strategy at MIT D-Lab. She is an independent consultant.

**Heather Hachigian** (DPhil) teaches and researches subjects related to measuring and scaling social impact. She is an Assistant Professor at Royal Roads University, School of Business. Her articles have appeared in journals such as *Business & Society* (forthcoming), *Journal of Business Ethics* and *Journal of Sustainable Finance and Investment*.

**Karim Harji** works with investors and ventures to describe, measure, and improve their social impact. He is the Programme Director of the Oxford Impact Measurement Programme at the Said Business School, University of Oxford; and Managing Director at Evalysis, an impact measurement and management consultancy.

**Penny Hawkins** is the Principal Consultant and CEO of Creative Evaluation (CEVA), providing independent advice for government, philanthropic and private sector organizations to support development of strategic and practical impact measurement and learning systems. She also serves on several international advisory boards.



## ACKNOWLEDGEMENTS

**We sincerely thank our funders for commissioning and supporting this project:**

- Working Capital Supply Chain Innovation Fund
- Laudes Foundation
- Humanity United

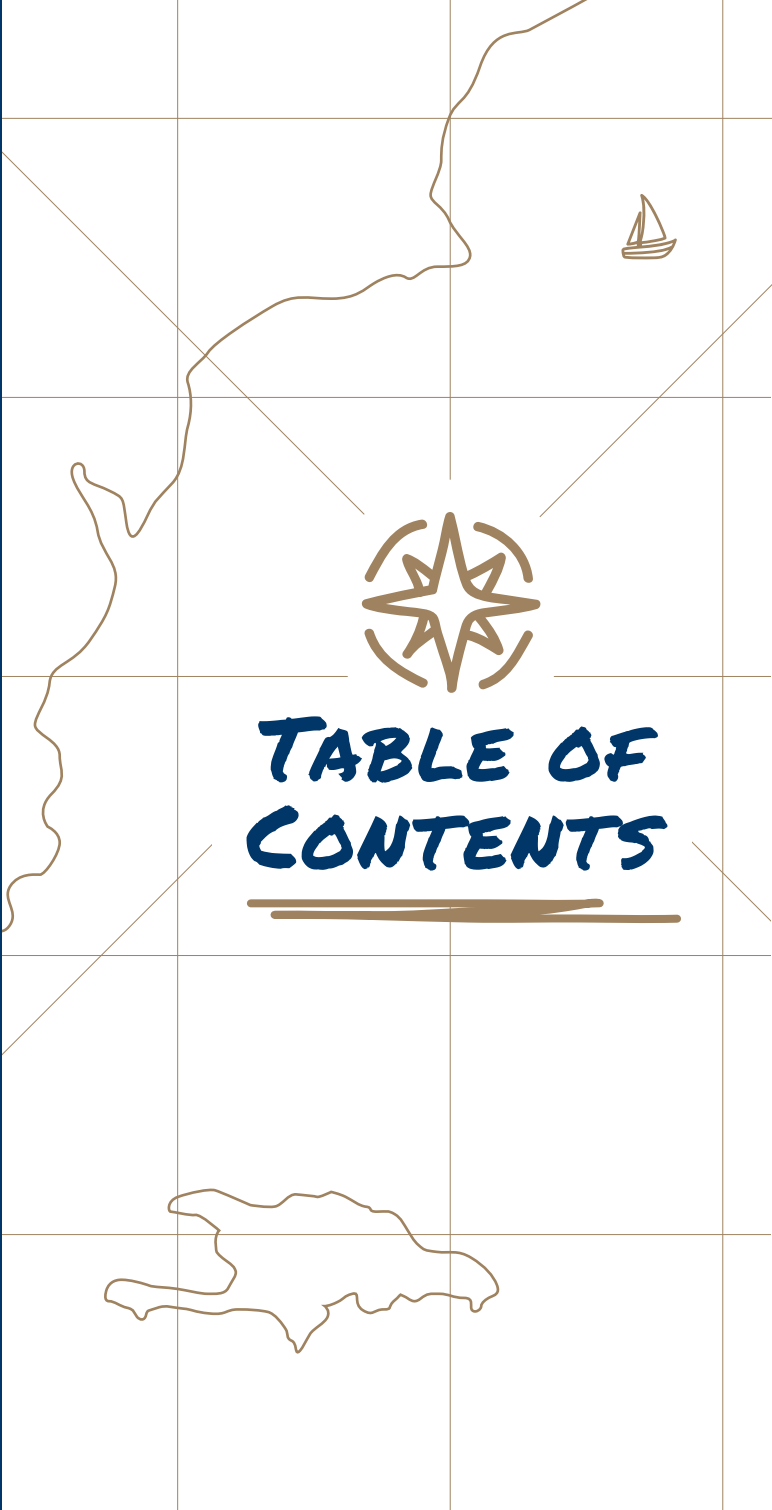
**We benefited from the contributions of many people listed in the Annex:**

- Ventures we interviewed and profiled
- Practitioners and investors we interviewed
- Reviewers who provided constructive feedback

This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

This report and worksheets can be downloaded from [IMMjourney.com](https://immjourney.com).

**Designed by Daniel Yu**



# TABLE OF CONTENTS

<b>1. PROLOGUE</b>	5
<b>2. INTRODUCTION</b>	6
How to Use this Guide	8
<b>3. RE-FRAMING IMM WITH VENTURES AT THE HELM</b>	11
<b>4. PHASES OF THE VENTURE IMPACT JOURNEY</b>	20
A. Orienting	25
B. Navigating	29
C. Sailing	33
D. Tacking	37
E. Getting In Sync	40
F. Worksheets: How Ventures Can Get More Value from IMM	42
✓ Venture Worksheet 1: Finding your phase	43
✓ Venture Worksheet 2: IMM diagnostic	46
✓ Venture Worksheet 3: Discussing IMM needs with your investors	48
<b>5. HOW VENTURES &amp; INVESTORS CAN NAVIGATE IMM, TOGETHER</b>	50
A. How Investors Can Support Ventures with IMM	51
B. Worksheets: How Investors Can Support Ventures in IMM	57
✓ Investor Worksheet 1: Defining IMM expectations and needs	58
✓ Investor Worksheet 2: Supporting venture IMM	60
✓ Investor Worksheet 3: Selecting and using impact metrics	62
<b>6. EPILOGUE</b>	64
A. Reflections	65
B. Acknowledgements	70

Your reason and your passion are the rudder and the sails  
of your seafaring soul.



If either your sails or your rudder be broken, you can but toss  
and drift, or else be held at a standstill in mid-seas.

For reason, ruling alone, is a force confining and passion,  
unattended, is a flame that burns to its own destruction.



**- KHALIL GIBRAN**

On Reason and Passion

*The Prophet*

# PROLOGUE

---

According to Sabrina Habib, *"WE DID IT WRONG AT THE BEGINNING."*

Less than six months after she founded Kidogo, an impact venture improving access to affordable, high-quality childcare in Kenya, the business received its first major grant. It was a game-changer for Sabrina and her team. *"IF WE HADN'T TAKEN THIS MONEY,"* she emphasized, *"WE WOULDN'T HAVE BEEN ABLE TO CONTINUE KIDOGO."* But there was a catch. **The grant demanded a significant research component:** a case-control study to prove that the Kidogo model would positively impact child development. Looking back, Sabrina regrets it. *"OUR MODEL STALLED FOR TWO YEARS BECAUSE WE COULDN'T CHANGE ANYTHING."*

After that first study wrapped up, Kidogo was finally free to iterate again. According to Sabrina, that is the point when Kidogo began to gain traction. They updated their measurement system, backing off from directly measuring children's long-term development to a simpler and more streamlined way to track their impact. They shifted their focus to proxy measures like center quality and parent satisfaction, and they were able to respond quickly to feedback, improve, and grow.

As Kidogo grew, the team's questions evolved, too: they began asking not only about what impact they were having but also about the cost-effectiveness of that impact; for instance, measuring to what extent they could shorten and simplify their teacher training without seeing a dropoff in outcomes for providers and children. This style of impact measurement and management (IMM) allowed Kidogo to continue to adapt its model, lowering costs while maintaining the same level of impact.

Seven years after that first study, Kidogo is the largest childcare network in Kenya, and Sabrina has new questions. Now, she wants to understand the impact of Kidogo not only on the children in Kidogo's care, but also on their mothers and on the "mamapreneurs" who run the childcare centers. She's ready to return to more rigorous methods to answer these questions. "At times, it might be more important to prioritize iteration and innovation than it is to prioritize research," she reflected.

*"WHERE WE ARE RIGHT NOW, WE ARE ABSOLUTELY NEEDING SOME TYPE OF RIGOROUS INDEPENDENT IMPACT MEASUREMENT, BUT WE WERE NOT AT THAT PLACE SEVEN YEARS AGO."*







# INTRODUCTION



**We have heard variations of Sabrina’s story from many impact ventures over the course of our work in impact measurement and management (IMM):** early and sincere efforts to measure impact with all the rigor they could muster, shifts to more straightforward and integrated measurement as they matured, pivots that raised new questions, and frequent returns to the drawing board. We observed the venture IMM journey not as a linear path from simple measurement to greater complexity and rigor, but as an adaptive and iterative process responding to ever-shifting questions.

**ENTREPRENEURS  
ARE THE CAPTAINS  
NAVIGATING THESE  
CHOPPY WATERS,  
BUT THEY NEED  
SUPPORT, REALISTIC  
EXPECTATIONS,  
AND LEEWAY TO  
MAKE APPROPRIATE  
CHOICES.**

We have also seen that too often, their ability to adapt their measurement strategy to the most critical questions at hand was hindered by external demands or expectations. This misalignment – the wrong approach to measurement, at the wrong time – not only wasted resources, but also stifled these ventures’ ability to deliver impact in the ways they sought at their particular phase.

We began to liken this experience to sailing through uncertain waters. As conditions change, sailors adjust their sails and direction, increase or decrease their speed, drop anchor, or change their route altogether. A technique that is right for one phase of the journey will be wrong – or possibly even harmful – at a different phase. The autonomy to act and adapt is critical.

Entrepreneurs are the captains navigating these choppy waters, but they need support, realistic expectations, and leeway to make appropriate choices. While ventures have access to a growing number of methods, tools, and metrics, they will struggle to get value from IMM until they are empowered to apply the right ones at the right times.

Investors also struggle to effectively support ventures on IMM, and they face competing challenges: investors often face constraints related to their own reporting requirements; they are more comfortable with the investor-centric IMM tools that dominate the field; and they are unsure how to maximize value from IMM. Often, out of concern about asking too much and burdening

the ventures they support, investors miss opportunities to recommend right-sized IMM strategies that would drive value.

We wanted to build a guide that would solve both challenges, illustrating a path forward for both ventures and investors who want their IMM to strengthen their businesses and accelerate impact.

As a starting point, we reached out to ventures we knew were working through these issues in thoughtful ways. We have worked directly with some ventures by providing technical assistance through developmental evaluation,<sup>1</sup> and indirectly with others through mentorship, education, and training.<sup>2</sup> Our engagement in these trusted relationships allowed us to ‘get under the hood’ on how ventures and their teams implemented and evolved their IMM practices as they grew.

Those who support ventures – including investors and advisors – are also confronting these issues from a different vantage point. We reached out to colleagues to solicit their insights from working with or investing in ventures, and to identify the range of ways in which investors can support ventures to realize the potential of IMM. As we compiled our draft guide, we asked other colleagues to share their candid feedback and suggestions, which greatly improved the final version.





**OUR HOPE IS THAT WHEN VENTURES AND INVESTORS CONSTRUCTIVELY ENGAGE WITH EACH OTHER BY LEVERAGING THE EXPERIENCES AND TOOLS IN THIS GUIDE, THEY CAN REALIZE THE POTENTIAL OF IMM TO DRIVE GREATER IMPACT, TOGETHER.**

## ABOUT THIS GUIDE

This guide seeks to help impact ventures identify – and advocate for – the IMM strategy that will serve them best in the moment. We seek to elevate the first-hand experiences and insights of ventures committed to deepening their IMM goals, practices, and performance.

This guide also aspires to help investors and other supporters better understand ventures' IMM journeys, recognize the ways that IMM can bring value to ventures at each phase, and guide and equip ventures for the journey.

Finally, we were motivated to strengthen our own IMM toolkit, designing a series of worksheets to translate these findings into actionable strategies and tactics for both ventures and investors. We hope that other IMM practitioners can integrate these resources into their own work.

Ultimately, we want to maximize the value of IMM to the ventures at the helm, helping them drive impact. To do this, ventures need more than just technical advice. They are up against many different opportunities, pressures, and constraints, and these political and behavioral factors can be as influential as technical ones. We hope this guide can confront and shift some of the conventional beliefs, expectations, and assumptions underpinning dominant approaches to IMM that get in the way.

Our hope is that when ventures and investors constructively engage with each other by leveraging the experiences and tools in this guide, they can realize the potential of IMM to drive greater impact, together.

## HOW TO USE THIS GUIDE

We were motivated to complement the growing field-building and academic work in this area with practical guidance and tools. As such, we have assumed that readers have some familiarity with IMM. With our inductive approach, the framework presented in this

guide is our attempt to organize views from selected ventures and practitioners. We shared their stories as they told them to us, recognizing they are distinct experiences, and not necessarily representative across the vibrant impact ecosystem. Caveats aside, we have designed this toolkit to be the one we wished we had to inform our IMM work, and we hope it can be used and improved by others over time.

### FOR VENTURES

This report is written for ventures that already do, or wish to start doing, IMM. We share how other ventures have navigated through phases of their impact journeys, addressed high-priority questions, and made choices. We help you identify which phase of your impact creation journey you are in at this moment. We suggest questions to prioritize, tips to try, and pitfalls to avoid for each phase. And finally, we offer practical tools for having critical conversations with your team and investors as you navigate the current phase and anticipate the next one.

### FOR INVESTORS

Investors can use the first part of this guide to understand ventures' impact creation journey and situate ventures they support in one or more phases. Investors can use the second part of the guide to identify concrete ways to support ventures along that journey. We hope this guide can shape your expectations, approaches, and interactions with ventures, in ways that empower you to get the most value from IMM and promote impact integrity.<sup>3</sup>

### FOR IMM PRACTITIONERS

IMM practitioners can use this guide to better understand the questions, context, and choices that both ventures and investors face in market-based settings. We provide practical guidance to make informed and appropriate choices on approaches and tools, and to calibrate interactions and dynamics between ventures and investors. We hope that you can apply and adapt the tools and worksheets in ways that promote better IMM practice.





## PHASES OF THE VENTURE IMPACT JOURNEY

We collected a rich set of journeys, insights, and perspectives from these ventures on their experiences navigating IMM in practice as their businesses evolved. Mapping these journeys one over the other, we began to see patterns. We identified four distinct phases of a venture's impact creation journey, each with its own central activities, priorities, and challenges. We then mapped ventures' IMM strategies onto these phases to understand the objectives, context, questions, and choices that ventures face with respect to IMM.



### ORIENTING

is an intentional, defined moment of framing and goal setting. It often happens in a venture's early stage, or during a time of intentional pause and reflection.



### NAVIGATING

is a continuous period of exploring new opportunities and testing questions. It often takes place in the early stage as a venture is seeking proof of concept and product-market fit.



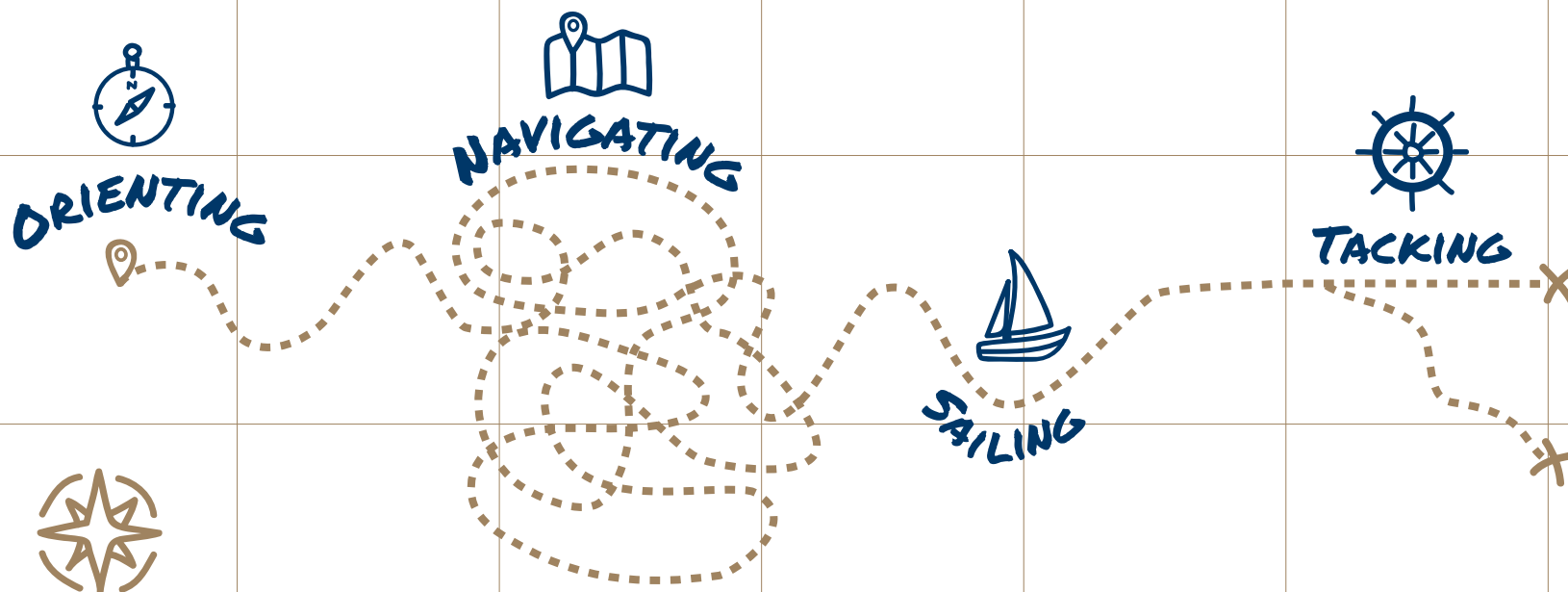
### SAILING

is a continuous period of moving and managing towards a streamlined and optimized set of goals, often during a time of greater demand and momentum.



### TACKING

is an intentional, time-limited pivot or adaptation to a new opportunity, need or question, often in parallel to the core business.



**Ventures do not all pass through these phases in the same order.** Instead, they enter, exit, and revisit phases in response to their needs, inflection points, resources, and changing contexts. Neither do they all eventually “land” – or even aspire to “land” – in the same phase. In this way, the IMM journey does not mirror the classic scaling journey, nor does it simply expand in sophistication and complexity of methods and reporting.<sup>4</sup>

**When ventures align their IMM approach with the impact journey phase they are in, IMM drives impact creation.** In the best case, it provides the venture with exactly the data they need to make critical choices as they grow. When IMM provides value to the venture, it will also provide value to its stakeholders: its customers, users, and investors. In other words, the ideal state is not the arrival at a particular phase, but rather the alignment of the IMM approach with the phase in which the venture finds itself.

**Conversely, when there is misalignment, IMM hinders impact creation.** Ventures may find that their IMM strategy is out of sync with the phase they are in and ill-suited to respond to the questions at hand. Misalignment has consequences, and the wrong IMM at the wrong time can negatively influence ventures or introduce impact risk.

**Ventures get out of sync for many reasons, but they can get back in sync.** Some drivers of misalignment are technical (i.e. lacking access to the right IMM tools at the right time) while others are cultural, behavioral, or even political (i.e. pressured by external expectations to use a certain IMM approach). Together, a venture and its supporters can identify why its IMM is out of sync, and they can work to bring it back into alignment.





# RE-FRAMING IMM WITH VENTURES AT THE HELM



## RE-FRAMING IMM AS STRATEGIC, ADAPTIVE, AND ITERATIVE TO MAXIMIZE VALUE

In this section, we explain our understanding and assessment of the problem with how IMM is currently framed and practiced. We then point to resources and perspectives that we believe will help ventures and investors to maximize value from IMM. Our insights are informed by a review of academic and practitioner literature, conversations with IMM leaders<sup>5</sup> who have multiple vantage points – often with experience as investors, ventures and academics - and our own observations as researchers, teachers, and evaluators in the IMM field.

The IMM landscape is vibrant with the emergence of new approaches, tools, standards, resources, and communities, representing a diversity of antecedents, goals, and actors.<sup>6</sup> Yet conversations within the IMM field are shaped by ideas and beliefs that amplify some perspectives while suppressing others.<sup>7</sup> In particular, we continue to see a focus on IMM as an accountability or legitimacy mechanism in relation to external stakeholders, and limited attention to how ventures actually use measurement to create and manage their impacts.<sup>8</sup>

The consequence of this framing is that ventures struggle with applying methods, tools, and metrics in ways that add value. Moreover, ventures often lack funding, human resources, know-how, and technological solutions to support data collection and analysis. Even when investors provide resources for IMM, ventures' ability to adapt their measurement to critical questions facing them can be hindered by external demands, expectations, and strings attached.

To be sure, some recent industry dialogue and frameworks have begun to shift attention toward venture perspectives of IMM and to highlight the value of IMM for both investors and ventures, and ultimately, the customers and beneficiaries these ventures serve.<sup>9</sup>

Others have drawn attention to how data strategies and infrastructure can support a venture's impact goals by driving better decision-making and accelerating scale.<sup>10</sup>

In this guide, we seek to amplify and build on these contributions, while also acknowledging the challenges that investors face to effectively support ventures. We know that investors are trying to balance their own upward accountability – to the owners of capital – with the needs of ventures, and they may also be unsure of how to maximize value from IMM.

**Drawing on our conversations with IMM leaders and our own experiences we suggest three ways that IMM, as it is currently practiced, can and should be reframed to represent the needs of ventures for IMM to be more**

### 1. STRATEGIC

### 2. ADAPTIVE

### 3. ITERATIVE

We draw attention to the principles and practices that enable value-generating approaches to IMM when ventures are at the helm.<sup>11</sup>





## MISCONCEPTIONS ABOUT IMM

### TECHNICAL

Measuring 'impact' (contrasted with outputs or outcomes) should always be the destination of a venture's IMM journey to suit upward accountability.

### STATIC

What is measured is static: assumes that ventures can hold conditions constant and that all ventures (in a portfolio) can use the same metrics consistently.

### LINEAR

Ventures' IMM journeys will follow a predetermined trajectory from simple to increasingly complex and rigorous measures and systems as they scale.

## RE-FRAMED FROM A VENTURE PERSPECTIVE

### STRATEGIC

What can and should be measured depends on a venture's visibility and control over impacts and how its business model and mission evolve.

### ADAPTIVE

Ventures cannot hold conditions constant or use the same metrics consistently (over time and consistent with other ventures) because their context, resources, and mission & strategy changes.

### ITERATIVE

Along the IMM journey, there are ebbs and flows between sophisticated, multi-dimensional approaches, to simple and direct measures, and then back again.



### MISCONCEPTION #1

Measuring 'impact' (contrasted with outputs or outcomes) should always be the destination of a venture's IMM journey to suit upward accountability.

## IMM SHOULD BE STRATEGIC

What can and should be measured depends on a venture's visibility and control over impacts, and how its business model and mission evolve.

IMM is often framed as a technical and externally imposed process, viewed as a requirement for "upstream accountability" across the investment chain flowing from the venture to the asset owners. Upstream accountability requires data and reporting from ventures, given investors' limited visibility and control over the

venture's activities, outputs and outcomes. Ventures are often asked to report impact data that primarily serves investors' needs for accounting for the impacts from individual investments in their portfolio, and not ventures' internal needs.<sup>12</sup>





***“There’s still an unspoken power that comes with money. And that dynamic is also part of the mix. So, it’s still mostly Western dollars going to local entrepreneurs or businesses with strings attached. And the impact measurement is usually one of those strings attached. But this way, impact measurement serves upward accountability, to those providing the money, as opposed to downward accountability, to those intended to experience impact.”***



**– JULIA MENSINK, Acumen**

There is a notable paradox here: to enhance their accountability to ultimate owners of capital, investors are often undermining another important dimension of their accountability. Investors are accountable not only for the impact of ventures in which they invest but also in the difference that they as investors are making to that impact (“investor contribution”). IMM support from investors should be understood to be a part of this investor contribution.<sup>13</sup>

Some academic literature is beginning to draw attention to the non-technical (i.e., social and political) ways in which ventures use and experience IMM.<sup>14</sup> This literature includes consideration for the ways in which ventures use IMM to learn and to improve their impacts,<sup>15</sup> and balance technical standards that are often externally imposed on them, while also actively resisting them to suit their own understanding of and needs around impact.<sup>16</sup>

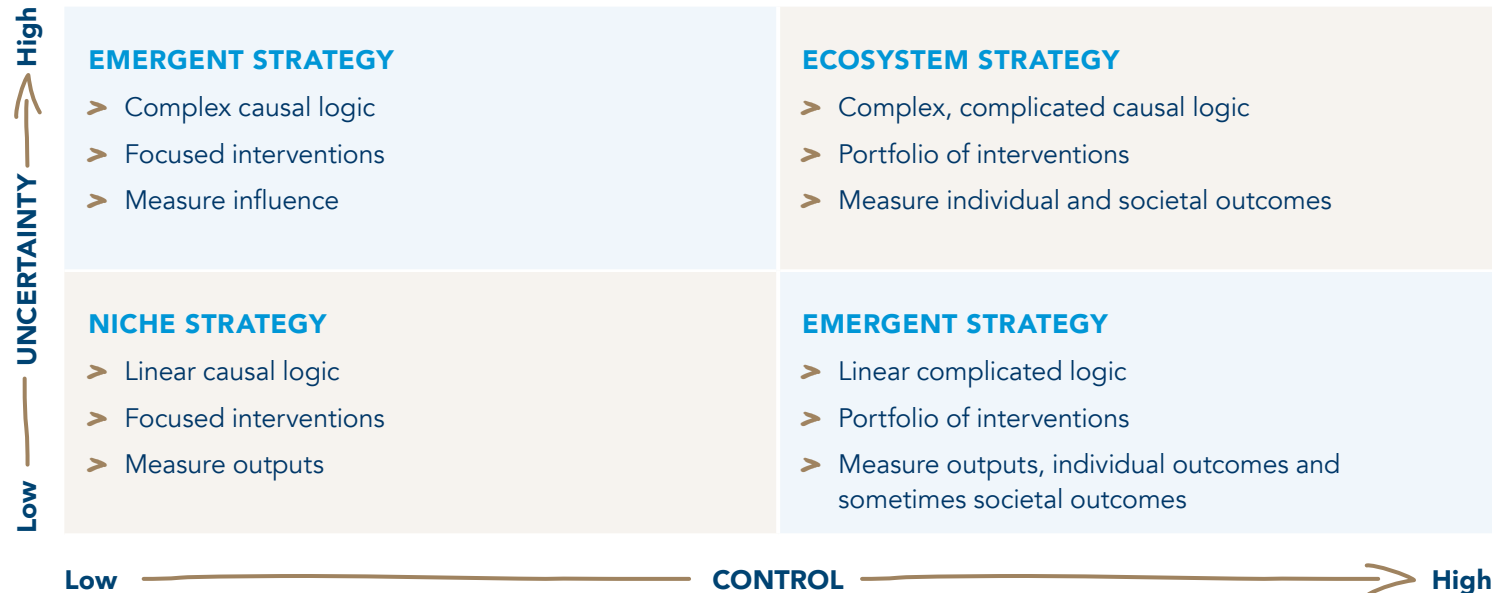
But even within the literature that advances a venture perspective of IMM, there is a disproportionate emphasis on barriers, rather than on the strategic value and opportunity of IMM. These barriers to value-adding IMM include resource constraints (particularly in the

early stages), unrealistic pressures from investors and funders, and limited visibility and control over impacts.<sup>17</sup> Exposing these barriers can contribute to the design and implementation of appropriate IMM approaches and guidance. This also extends to questions of ‘who pays for IMM’, and ‘how ventures and investors grapple with negative or unintended outcomes’.<sup>18</sup> At the same time, less attention in the literature is dedicated to supporting ventures in adopting a more strategic orientation to IMM.<sup>19</sup>

A notable exception is the contingency framework developed by Alnoor Ebrahim, which illustrates the relationship between a venture’s strategy and its IMM activities and approach.<sup>20</sup> This orientation situates measurement in relation to changes the organization is seeking and its resources, influence, visibility and/or control over outcomes. Many of the IMM leaders we interviewed suggested the contingency framework has been influential in driving a more strategic view of IMM that relates measurement to the value it generates for the organization.



## CONTINGENCY FRAMEWORK (Ebrahim, 2019)



To better support ventures, investors need to understand how ventures engage with IMM, including the organizational processes and strategic choices that ventures must make in relation to their mission, resources and capabilities, and external environment.<sup>21</sup>

*"Most information that businesses need, they have it or they collect it. If they don't have it, they don't need it. So, as an investor, if you're asking stuff for your own needs, then don't pretend that your impact data request is going to help the ventures because they will learn more. It's like, well, no, it's because you're removed, and you need visibility on certain things that are meaningful to you. You're at a different layer; you, as a portfolio manager, have a set of investments and you need different metrics to understand what's going on with investee businesses on the ground."*

- JULIA MENSINK, Acumen



## MISCONCEPTION #2

'What' is measured is static: assumes that ventures can hold conditions constant and that all ventures (in a portfolio) can use the same metrics consistently.

### IMM SHOULD BE ADAPTIVE

Ventures cannot hold conditions constant or use the same metrics consistently (over time and consistent with other ventures) because their context, resources, and mission & strategy changes.

Investors often want ventures to use the same metrics consistently (although not always consistent with what other investors/funders want). The use of consistent metrics over time (the 'can't adapt' problem) and consistent metrics across all portfolio companies (the 'one-size-fits-all' problem) can help investors aggregate impact data from several ventures at the portfolio level to assess their own impacts as an investor. Often, these metrics are focused on output-level indicators and optimize for measuring 'reach' (e.g., # customers) over depth of impact.

Focusing on metrics that are the most convenient to measure from the investor perspective has implications for ventures and their ability to advance their social mission. For example, a reliance on 'reach' metrics for performance measurement can influence the direction of entrepreneurial adjustments in ways that align with growth of the venture but not with growth of its impact.<sup>22</sup>

*"...sometimes, you may be pushed to measure the wrong thing, which tells you something, but it doesn't give you the whole picture. And, maybe that's being driven by resource providers, or maybe it's being driven by just whatever is easiest to collect data on. But I think that can be dangerous, recognizing that it is actually important to interrogate [your] theory of change, especially at those early stages of a field."*

**- SAURABH LALL,** University of Oregon





As one thoughtful and experienced investor notes, “Impact data will always be messy, and impact management is both complicated and resource intensive. But we feel that engaged investors can work in both a “bottom-up,” deal-by-deal way, as well as a “top-down,” portfolio-wide manner, to guide investees toward deeper impact.”<sup>23</sup>

Another way that measurement is treated as static comes with some evaluation approaches. For example, impact evaluations that use experimental designs (e.g. randomized controlled trials) require holding conditions constant for a period of time to assess cause and effect relationships using statistical data analysis methods. When used appropriately, experimental evaluation approaches, as research-oriented exercises, have the potential to play a role in bridging the gap between the private value of impact studies and their social value.<sup>24</sup> However, their feasibility for use with particular interventions in specific contexts and their utility must be carefully considered.<sup>25</sup> When misused, claims of statistical significance can hide under-represented groups and misrepresent the level of certainty in the data.<sup>26</sup>

*“To run experimental studies, you need to lock in interventions, which means you need to have a relatively fixed set of activities, products and services for fidelity to the research. But this can slow the learning journey of the enterprise, so ventures will have less scope to change strategy and pivot. The risk is that the research agenda drives the business strategy, not the other way around.”*

– MATT RIPLEY, *The Good Economy*

*“... evaluation and evaluators can be disruptive... because as an evaluator, you’re thinking about control and keeping things kind of controlled and standardized, especially if you’re thinking about a randomized control trial or ... quasi experimental design ... But for a lot of social enterprises, especially at the early stages, they’re constantly changing their strategies.... And I think that that can be a point of contention for these types of assessments.”*

– SAURABH LALL, *University of Oregon*

However, all is not lost as there are some newer evaluation approaches that can be more useful in dealing with real-world complexity and adaptive management, which we explore in the following section.



### MISCONCEPTION #3

Ventures' IMM journeys will follow a predetermined trajectory from simple to increasingly complex and rigorous measures and systems as they scale.

### IMM SHOULD BE ITERATIVE

Along the IMM journey, there are ebbs and flows between sophisticated, multi-dimensional approaches, to simple and direct measures, and then back again.

It is widely held that IMM should increase in sophistication, rigor, and complexity over time as a venture scales. We have observed in the literature and in our own experiences multiple possible relationships between scale and IMM, which challenge the linear and unidirectional assumptions about a venture's IMM journey. These relationships are summarized below:

- **Scale can be a driver of impact.**  
For example, where scale ensures the sustainability of the business (i.e. a diverse set of markets to meet demand), scale enables impact.<sup>27</sup>
- **Scale can be a barrier to impact.**  
Scale can dilute impact, if for example, quality of impact goes down.<sup>28</sup> Some ventures may choose to scale slower to promote or deepen impact.
- **Scale can be a driver of impact measurement.**  
More sophisticated businesses allow for more data collection through greater user reach or operational efficiency.
- **Impact measurement can be a driver of scale.**  
For example, using impact data to evolve business models or products, or unlock new funding and markets.
- **Impact measurement can be a barrier to scale.**  
For example, using approaches such as randomised controlled trials may provide limited operational and strategic value.<sup>29</sup>

*"Funders should think about how they can invest in measurement capacities to then feed scale, rather than just feed scale for the sake of scale, and then worry about how to measure it later. There can be a strategy to scale by learning from what you are measuring - that is what is working and not working in terms of impact creation, operations, and processes - and this helps you then scale what you do."*

– **HALEY BEER**, University of Warwick



There is also still the perception that precision and standardization are key markers of good IMM practice. Literature and industry reports focused on measurement methods and standardization (such as the attention to frameworks such as the SDGs and IRIS+) outnumber those that focus on interpretation and management challenges.<sup>30</sup> Despite the efforts of the Impact Management Project that have generated substantive engagement and coordination around IMM among standard setters and practitioners, there remains a relative lack of attention to impact management.

*“The first thing they say is we just want some metrics. And I think that is completely the wrong question. It’s a fascination that people have with just asking for the right metrics. What’s the standard for my report, instead of asking, what do I need to know to improve my own impact and get closer to my goal? Great ventures test different hypotheses all the time.”*

– CATHY CLARK, Duke University

*“No one’s talking about what you are going to do with the data. How is the data connected to the overall operations of your business as an investor, or as a venture? Moreover, the more sophisticated the indicators become, the more demanding it will become for ventures to deliver on those indicators. Impact measurement becomes a complete loss of resources if it is not reflecting outcomes on the ground or informing decision making. And that’s not in anyone’s interest.”*

– JULIA MENSINK, Acumen

## SUMMARY

We see acute challenges with the dominant ways in which IMM is framed. In particular, the lack of attention to the way in which ventures use and experience IMM has left significant gaps in our knowledge of when IMM adds value, and conversely, when IMM erodes value. Through the insights shared by IMM leaders, we have also highlighted some productive ways forward, emphasizing the importance of placing ventures at the helm and positioning IMM as a strategic, adaptive, and iterative process. In the next section, we turn to a group of thoughtful and experienced ventures to tell us what they did and how, and what they needed to maximize value from IMM along their impact journeys.





# PHASES OF THE VENTURE IMPACT JOURNEY

---





We identified four distinct phases that ventures may experience as they grow and evolve. Each phase influences IMM approaches and choices responding to aligned questions and challenges:



## ORIENTING

is an intentional, defined moment of framing and goal setting. It often happens in a venture's early stage, or during a time of intentional pause and reflection.



## NAVIGATING

is a continuous period of exploring new opportunities and testing questions. It often takes place in the early stage as a venture is seeking proof of concept and product-market fit.



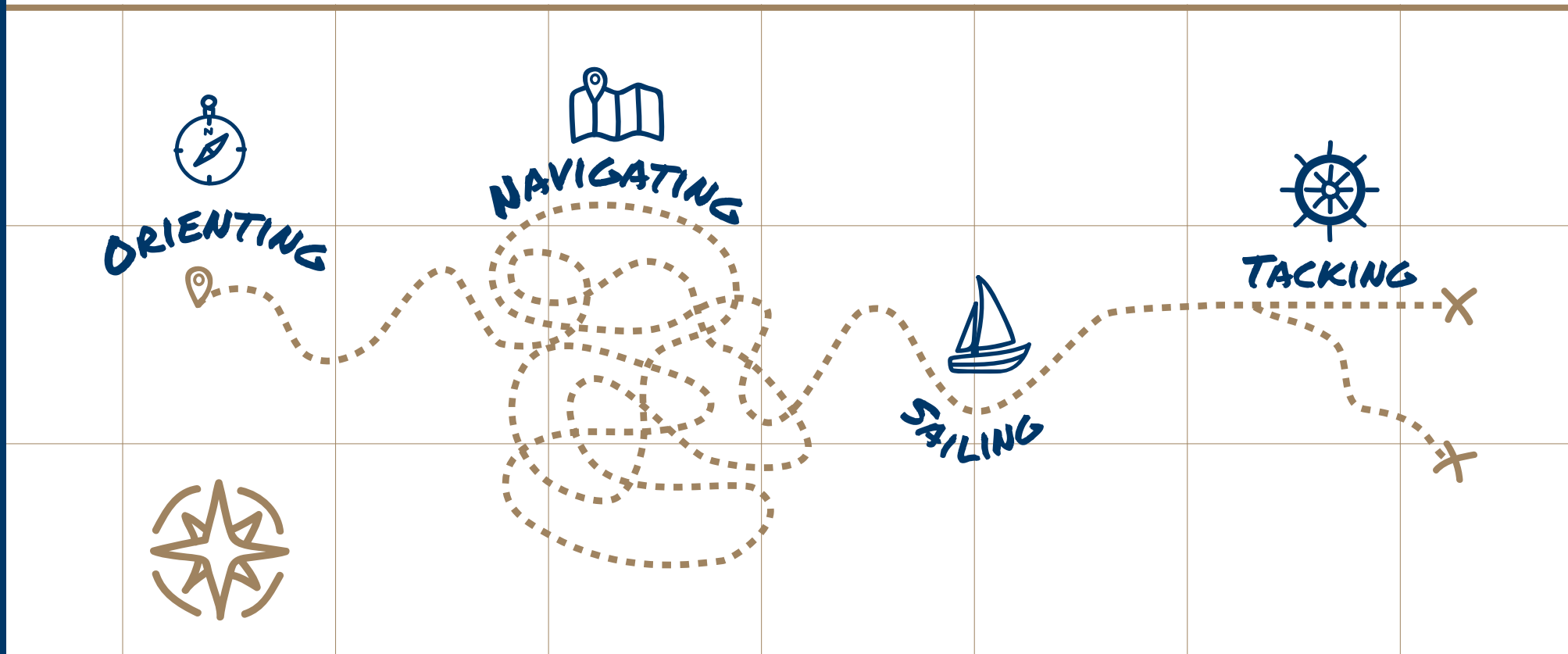
## SAILING

is a continuous period of moving and managing towards a streamlined and optimized set of goals, often during a time of greater demand and momentum.



## TACKING

is an intentional, time-limited pivot or adaptation to a new opportunity, need or question, often in parallel to the core business.



These phases share some similarities and overlaps, but they are distinguished by three main factors:



## CONVERGENT VS. DIVERGENT

Convergent phases are characterized by more narrowing and focus. In convergent phases, ventures are honing in on a core model and a few key objectives (i.e. scaling a core business model). Divergent phases are characterized by more exploration and variability. In divergent phases, ventures are often experimenting with new and different possibilities (i.e. seeking product-market fit).



## EPISODIC VS. CONTINUOUS





Episodic phases are often “intentional moments,” usually one-off and time-limited. In episodic phases, ventures take a critical pause to answer a particular question (i.e. a strategic planning process or experimental pilot). Continuous phases are ongoing and have less distinct beginning and end points. Ventures in continuous phases are in constant motion, answering questions dynamically as they arise.

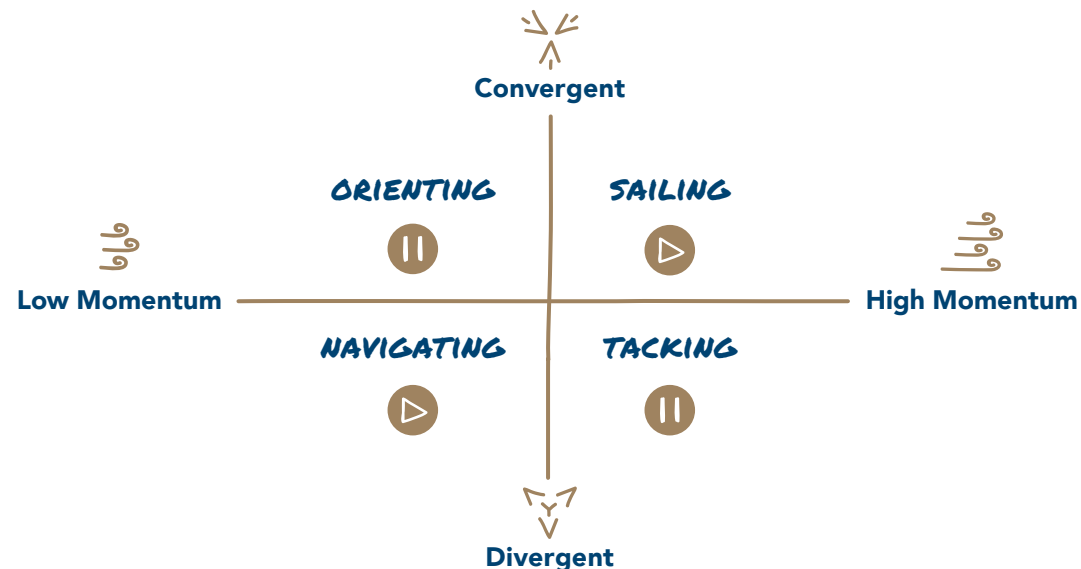


## LOWER VS. HIGHER MOMENTUM

Momentum – or “wind in the sails” – can be thought of as growth in demand, team capabilities, or strategic opportunities that accelerate a venture forward. It can, but does not always, correspond to a venture’s maturity. In “low momentum” phases, ventures are building up these resources, whereas ventures in “high momentum” phases are operating with more of these in place.

HERE IS HOW EACH OF THESE PHASES FALL ALONG THOSE THREE DIMENSIONS, AS ILLUSTRATED IN THE CHART(S) BELOW:

-  **Orienting:**  
Episodic, Convergent,  
Low momentum
-  **Navigating:**  
Continuous, Divergent,  
Low momentum
-  **Sailing:**  
Continuous, Convergent,  
High momentum
-  **Tacking:**  
Episodic, Divergent,  
High momentum

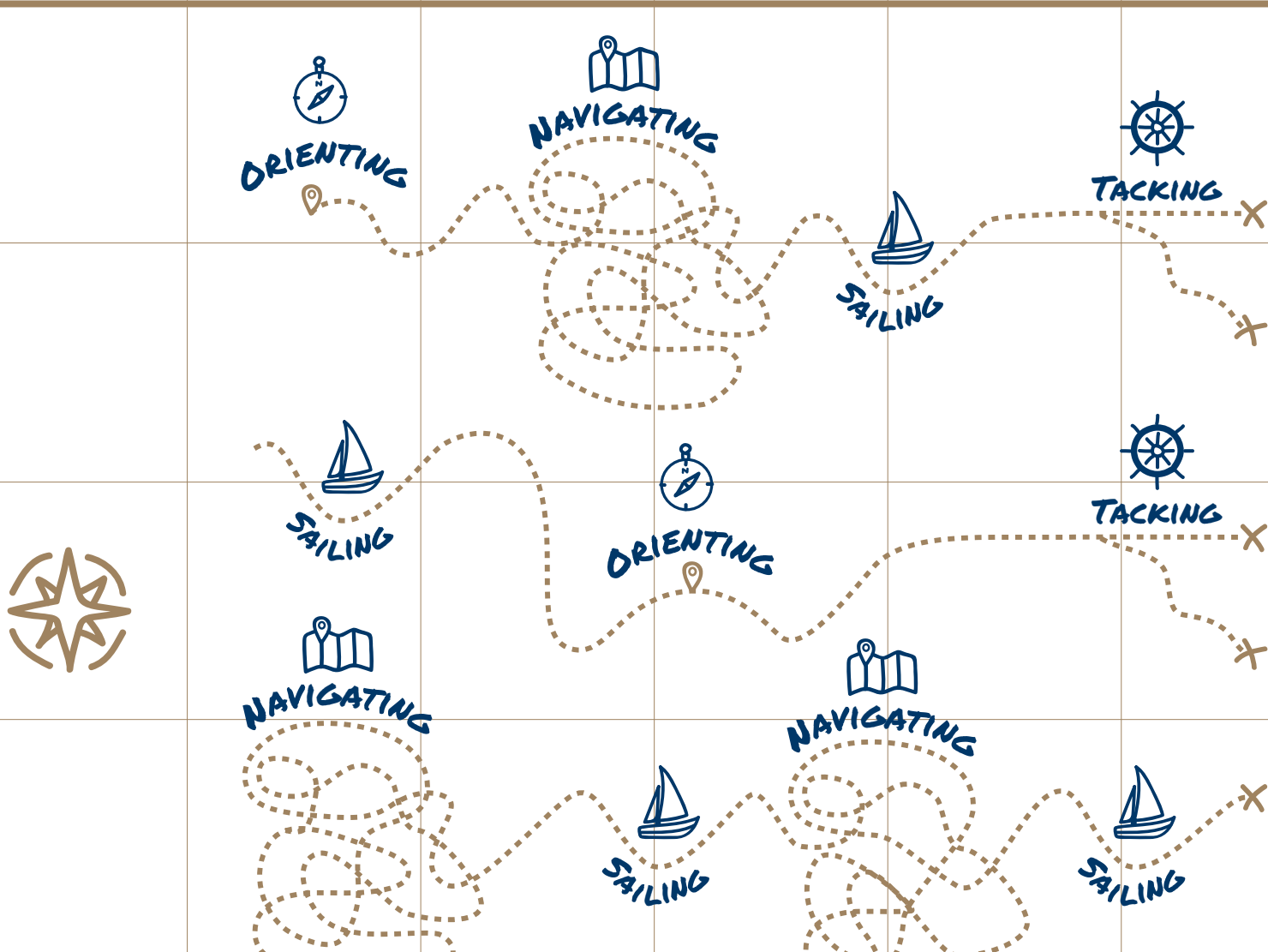


-  Episodic
-  Continuous

### VENTURES EXPERIENCE THESE PHASES IN NON-LINEAR WAYS.

From our interviews, we were surprised to discover that ventures did not all pass through these phases in the same order, or in a linear way. Similarly, ventures did not express an ideal end phase to “land” on. Instead, we found that they passed through these phases in an iterative way, with ebbs and flows, and periods of divergence and convergence.

For example, ventures often do not pass through the “orienting” phase just once, but rather return to it multiple times in order to reassess their goals and reset their strategy. Some ventures’ “orienting” phases are followed immediately by a “navigating” phase to test assumptions; while other “orienting” phases are followed by either a “sailing” phase – full speed ahead toward the newly clarified goal – or an intentional “tacking” in a completely new direction.



## VENTURES ENTER, EXIT, AND REVISIT PHASES IN RESPONSE TO THEIR NEEDS, INFLECTION POINTS, AND CHANGING CONTEXT.

### We found that ventures move from one phase to another when...

- Venture priorities – and the questions that need answering – change
- Funder demands or funding sources change
- Model, operations, staff or technology change
- The team realizes that something isn't working with their current approach

### THE BEST IMM IS ALIGNED IMM.

The ideal state is not the arrival at a particular phase, but rather the alignment of the IMM approach with the phase in which the venture finds itself. When this happens, IMM drives impact creation. When there is misalignment, IMM hinders impact creation.

In the best case, IMM provides the venture with exactly the data they need to make critical choices as they grow. When IMM provides value to the venture, it will also provide value to its stakeholders: its customers, users, and investors. In the worst case, ventures may find that their IMM strategy is out of sync with the phase they are in and ill-suited to respond to the questions at hand. Misalignment has consequences, and the wrong IMM at the wrong time can negatively influence ventures or introduce impact risk.

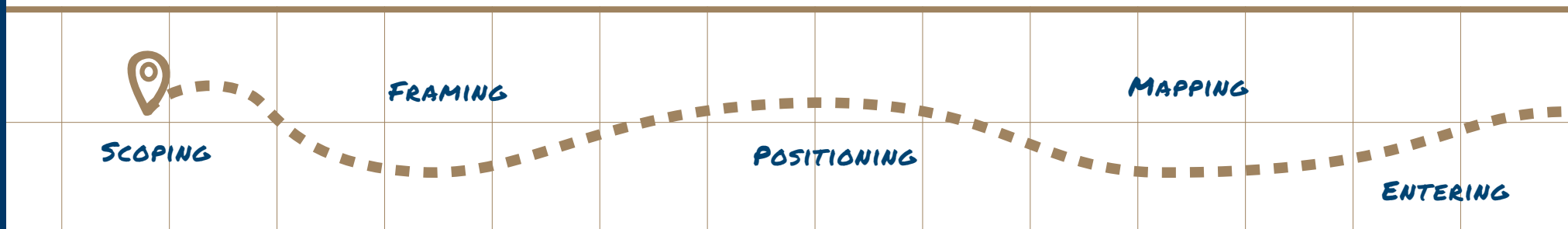
Therefore, we posit that there is not one phase or IMM approach that ventures should aspire to. Instead, we suggest that there are more and less helpful ways to approach impact measurement within each phase.

In the following section, we describe each of the four phases in depth: what they look like, what questions should be prioritized, which IMM tools and practices are most aligned, what could go wrong, and how investors can help. In each phase, we spotlight stories from real ventures who found themselves facing considerations and making choices to calibrate their IMM to the questions at hand. We conclude with reflections and worksheets to help ventures identify their current phase and bring their own IMM into alignment.





## A. ORIENTING - SETTING IMPACT GOALS



### ORIENTING



Episodic



Convergent



Low Momentum

Orienting is an intentional, defined moment of framing and goal setting. It often happens in a venture's early stage or during a time of intentional pause and reflection.

#### A VENTURE IN THE ORIENTING PHASE COULD BE:

- > An **early-stage** impact venture, including pre-revenue
- > An existing venture **beginning to think about impact creation**
- > A more mature impact venture at a **critical reflection point**

In this stage, IMM is focused on framing and goal setting. This phase usually involves setting impact goals, building out a theory of change, choosing key outcomes and corresponding metrics. A venture may be learning about its users' needs and pain points.

#### CRITICAL IMM QUESTIONS:

- > What is our impact goal?
- > Who is our target beneficiary? How do we hope they will experience our product/service?
- > What is the pathway connecting what we do with the impact we want to see?
- > What are the most important outcomes to track along this pathway? How will we know we're making progress?
- > What assumptions are we making about how our product/service will lead to our goal?
- > What existing evidence or research supports our hypothesis that our product/service will lead to our goal?
- > What risks do our product/service or operations pose to people and the planet?
- > Who is the audience of our impact data? How will they use it?

## FACTORS, INFLUENCES & INFLECTION POINTS: Why might you be in the “orienting” phase?

- **Your funders are asking for a clear impact thesis:** Impact ventures are typically asked by prospective funders to pitch their venture in terms of their impact goals. Funders are often looking for alignment with frameworks like the Sustainable Development Goals, a clearly articulated theory of change, and proposed metrics of success. In the early stages, ventures usually have a strong sense of the problem they hope to solve, but going through an “orienting” process can help them more deliberately connect their solution to that ultimate goal.
- **Your venture is active, but not yet ready for measurement:** An early venture may be “pre-measurement” for many reasons: operations may not quite be off the ground, resources for measurement are not yet available, or the costs of measurement outweigh the benefits. This “pre-measurement” phase is a ripe time for a conversation about what makes sense to measure when the time is right.
- **Your venture is undergoing a strategic planning process:** Mature ventures may return to the “orienting” phase again and again over the course of their journey. This will generally align with a strategic planning cycle or follow a significant pivot. If the core business model has evolved, so should the venture’s theory of change and impact measurement framework.
- **Your venture’s existing measurement isn’t serving you:** At any point in its journey, a venture team may realize that the metrics they have been tracking are not helpful for decision making. This can indicate that the measurement is not in line with the venture’s strategic goals, and can trigger a return to the “orienting” step to realign.

## EXAMPLE TOOLS, APPROACHES & METHODS:

In the Orienting phase, ventures identify which concepts and metrics to measure. They can develop a **theory of change** - a step-by-step explanation or map of how their

product or service will lead to the impact they hope to see. This can help identify key results and assumptions to measure all along the impact pathway, often described in a **results framework**. Ventures may also refer to the **Impact Management Project** to identify key concepts to measure along five dimensions: Who, What, How Much, Contribution, and Risk. **Outcome mapping** is a helpful tool for ventures hoping to influence social change by identifying specific changes in behavior to measure. Finally, frameworks like the **UN Sustainable Development Goals** help align ventures’ metrics with sector-wide goals and standards.

## COMMON PITFALLS:

### What goes wrong in the “orienting” phase?

- **The orienting process is a siloed effort:** In a well-intentioned effort to free up their colleagues’ time for other priorities, ventures make the common mistake of involving only one or two team members in the creation (or revision) of an impact measurement framework. This puts all the pressure of managing for impact on a few team members, and it’s a missed opportunity to align the rest of the business around the same impact goals.
- **The orienting process is “one and done”:** Ventures constantly revise their business model, product, and strategy, but they too often do not do the same for their impact goals or theory of change. Without periodic revisiting, these models can quickly become stale and lose value.
- **The venture commits too early to a static set of metrics:** Often as part of a funding agreement or investment covenant, ventures become tied to their first-draft measurement framework. When their business model inevitably changes in search of product-market fit, many of these metrics quickly feel irrelevant.
- **There is little evidence to support the theory of change:** Pitch culture rewards confidence and conviction, leading ventures to make grand claims



about the link between their idea and its potential impact. These logical leaps should be treated not as facts, but as assumptions to test.

- > **The venture's impact measurement aspirations are overambitious:** Impact ventures that set out to solve big problems often set equally lofty measurement goals (for instance, committing to too many metrics, or attempting to measure long-term or systems-level impact rather than starting with shorter-term outputs and outcomes). This can be overwhelming, especially for newer ventures, and lead to early discouragement.

*"You already have an idea of the problem you're trying to solve, and the good you want to do in the world, and how your product's going to do it. You probably have a theory of change in mind underpinning your venture's reason to be. That gets communicated and pitched to funds with conviction. And then that's when metrics start to get formed and that early-stage vision gets formalized."*

*- ASTRID CHANG, Provenance*

## HOW TO DO IT WELL:

- > **Find a guide:** Ventures who engaged an external facilitator with expertise in impact measurement found that it helped them to "untangle the mess" and avoid getting stuck.
- > **Involve the whole team:** By engaging the whole team – from leadership to operations to sales – you can build collective ownership over the venture's impact goals and keep all parts of the business focused on the North Star.
- > **Focus on process over product:** The discussions, conversations, and interrogation around impact are often more valuable than the resulting model, diagram, or set of metrics. Building this culture of revisiting goals and challenging assumptions is a critical foundation for good impact management.
- > **Treat it as a first pass:** Know that your impact measurement framework will and should change as your venture evolves.
- > **Leverage your work to advocate for measurement that is valuable to you:** If you invest in developing a thoughtful measurement strategy that serves your strategy and decision making, you are in a better position to advocate for that type of measurement from your funders. Your funders are also learning about the best ways to measure impact, and they are often receptive to ideas from ventures.



## SPOTLIGHT CASES:

### What does “orienting” look like?

#### > **Creating a collaborative theory of change:**

**Quizrr**, a startup that offers digital training on rights, responsibilities, health, and safety for workers in global supply chains, engaged in an all-hands process to develop their theory of change. Sandra Granath, Head of Learning, recommends involving a wide cross-section of team members in the orienting process so that people across the business feel ownership and link all parts of their work back to the venture’s goals. According to Granath, their theory of change has become a guiding star for business priorities, as well as a tool for strategy, communication, and sales. “It’s just a really good tool to ensure that we’re all on the same path and have a guiding star...If our priorities business-wise don’t match the theory of change, then maybe we should start thinking about our priorities on the business side.” She added that it should be something that “everyone is proud of, that everyone contributed to. That’s important in order to have people be engaged and use it.”

- #### > **Building a conceptual foundation:** **OpenSC**, which provides technologies for supply chain traceability, describes their current phase of impact measurement as a “conceptual practice” that is “non-metrics driven.” Phil Freeman, Director of Impact, says that the effort of articulating change pathways and drivers in a theory of change has helped his team decide where to prioritize their efforts and with whom to partner. He believes that this is the right foundation for the metrics that they will eventually collect on a regular basis, but feels that it is still premature, and even potentially wasteful, to be “locked in” to a single measurement system.

## HOW INVESTORS CAN HELP:

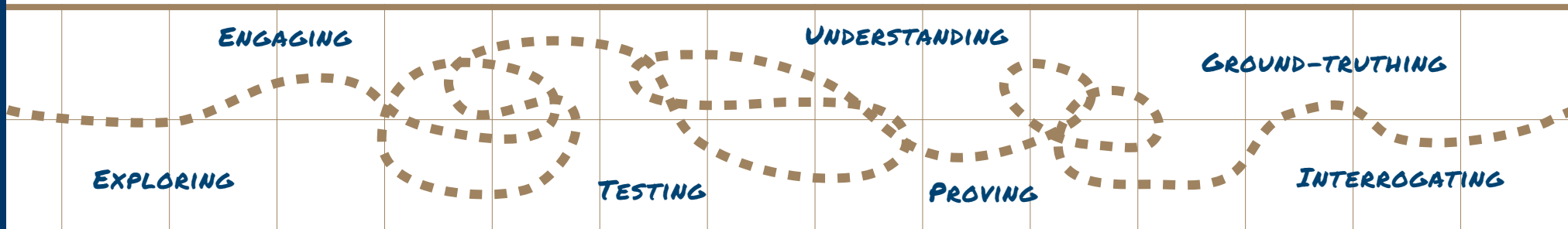
- #### > **Build in flexibility and adaptability:** When formalizing funding agreements or investment covenants, consider a model that welcomes and encourages periodic revisiting of the measurement framework, rather than one that would “lock in” a venture to a single framework for many years. This could take different forms; for instance, revisiting required metrics every year or two, delaying formal reporting requirements for a period of time, or recommending periodic updates to the theory of change.
- #### > **Provide a guide:** An investor could share referrals and resources, provide direct technical assistance, or pay for ongoing support from an impact measurement specialist to help facilitate the process of developing a theory of change and choosing metrics.
- #### > **Keep the conversation open:** Enter interactions with ventures with the understanding that their theories of change are – and should be – in evolution. Ask questions that help ventures critically examine the pathways and assumptions in their theory of change, and welcome new insights that will help the venture adjust and reorient. Remember that these adjustments are ultimately in service of strengthened impact in the long run.







## B. NAVIGATING - TESTING ASSUMPTIONS



### NAVIGATING



Continuous



Divergent



Low Momentum

Navigating is a continuous period of exploring new opportunities and testing questions. It often takes place in the early stage as a venture is seeking proof of concept and product-market fit.

#### A VENTURE IN THE "NAVIGATING" PHASE MAY BE:

- > entering the **market**
- > testing out their core **offering**
- > learning more about their **customer**
- > finding **product-market fit**

This phase is usually marked by a great deal of iteration and change in the business itself. They are continuously testing assumptions to gain clarity and make decisions, including on dimensions of impact.

IMM in the "navigating" phase is driven by testing assumptions about how the business creates impact. It often involves direct engagement with stakeholders (including end users or beneficiaries), gathering feedback, and collecting evidence on outcomes. Measurement at this phase is often more high-touch and qualitative than other phases, gathering more open-ended information about users' experiences. It is often a parallel process, as a dedicated information-gathering effort that is not necessarily integrated with business operations.

Moreover, just as your business is figuring out the model that works best for the product, market, and customers, you may also be testing measurement strategies that work best for your team and for the critical questions at hand. You may cycle through – and leave behind – several methods that don't work for you.

### CRITICAL IMM QUESTIONS:

- > How effective is our product/service?
- > What do our customers think? How are they experiencing our product/service?
- > What kinds of effects is our product/service having on people or the planet? What outcomes are we observing?
- > Which of our original hypotheses and assumptions hold? Which ones were wrong?

### FACTORS, INFLUENCES & INFLECTION POINTS: *Why might you be in the “navigating” phase?*

- > **You are in a period of uncertainty, discovery, and iteration:** As you test what works on the business side, you also test what works on the impact side. You may be seeking deep and critical feedback on your impact and business model before you consider scaling up or out.
- > **Your funders are asking you to report on your impact:** Philanthropic funders, NGOs, or impact-first investors may be asking you to report on your progress against goals or a results framework, or they may be exerting pressure to prove your impact. This pressure may be the push to dedicate resources to collecting impact data.
- > **There is new evidence of impact risk:** Ventures may return to the navigating phase if evidence crops up that something has gone wrong while the venture was proceeding full steam ahead. This may necessitate a shift or return to more high-touch, qualitative measurement, which can pick up on impacts that a more automated measurement strategy might miss.
- > **Your venture’s culture keeps impact at the center:** Regardless of external demands, your venture’s leadership may feel high levels of accountability to stakeholders, leading them to be invested in continuous deep inquiry.

### EXAMPLE TOOLS, APPROACHES & METHODS:

Ventures in the “navigating” phase are discovering what’s working, what’s not working, and which outcomes their stakeholders experience and value. As they learn, they continue to tweak and iterate on their offering – and on their measurement approach. Some of the most useful methods in this phase involve in-depth qualitative research, like **interviews** and **focus groups**. **Developmental evaluation** is an approach that embeds iterative measurement and learning within an innovative and ever-changing initiative. **Outcome harvesting** allows a venture to understand the full range of effects their business has on stakeholders, even if that outcome wasn’t identified upfront. **Design research** can uncover more profound insights about what is working and not working about your offering, and **Lean Data** allows ventures to directly ask stakeholders about their experiences quickly and at scale.

### COMMON PITFALLS:

#### *What goes wrong in the “navigating” phase?*

- > **The impact measurement strategy is overambitious:** In an effort to follow social sector “best practices,” and to gain as much clarity as possible in an uncertain time, ventures often take on too-complex measurement approaches. These are often not right-sized to the most critical questions at hand, and they are often too resource-intensive for an early-stage venture.
- > **The venture forgets about impact measurement altogether:** Because ventures in this phase deal with so many emergent challenges, they often deprioritize impact measurement to focus on more immediate priorities. This can create difficulties when reporting deadlines arrive, but more importantly, the venture risks landing on a business model that does not actually create impact (or creates substantial negative impact).



- > **The impact measurement methodology prevents iteration:** Some approaches to impact measurement, such as randomized controlled trials, force a venture to drop anchor and “hold still” during the study period (and are expensive, to boot). Unable to adapt, this can set the venture back years or even threaten its survival.
- > **The venture adopts standardized tools that don’t fit the context or purpose:** Inspired (or pressured) by the social sector, the venture may adopt metrics, indices, or survey instruments that ultimately do not work for their context. For instance, these tools may have been originally designed for a different audience (i.e. using a screening test in Kenya designed for US respondents), or for a different purpose (i.e. using the Poverty Probability Index to measure changes in income instead of the proportion of users living in poverty).
- > **Parallel impact measurement can drain resources from other business-critical needs:** Ventures in the navigating phase are operational, but usually do not yet have mature operations. This means that impact measurement is an additional lift, translating to staff time, travel, and other expenses. As Emily Cunningham of True Moringa points out, “I think people definitely underestimate the amount of time and effort that goes into impact measurement, especially in rural areas. One survey in one community can mean somebody is taking a motorcycle all day out to the one really remote village.”

#### HOW TO DO IT WELL:

- > **Choose the most relevant assumptions or hypotheses to test at that moment, and target measurement to those questions:** While it is tempting to answer every impact question simultaneously, prioritize one or two whose answers are most critical. Your theory of change can be an excellent guide. For instance, if your ultimate impact (say, decreasing respiratory illness) depends on customers using your product in a particular way (say, replacing one type of cooking fuel with another), it is more important at this phase to learn about your customers’ usage patterns than to measure regional illness rates.
- > **Adopt impact measurement tools in “trial runs,” to see which tools serve you best:** Just as you shouldn’t “lock in” to a single business model right away, avoid “locking in” to the first measurement strategy you try. Treat survey and interview tools as prototypes: test them out, reflect on what worked and didn’t, and update them with the same critical eye as you would your product.
- > **Incorporate open-ended questions to capture unexpected outcomes:** Metrics are useful, but they usually don’t capture the full extent of what is happening. Collecting qualitative data on outcomes can help you challenge your assumptions on how your offering creates impact (or doesn’t).

*“I would say the biggest advice is, rather than looking at the overall big picture, break it down into smaller pieces of metrics, which could actually be quantifiable. And they could help you to build your product in a more agile fashion... what really matters is, are those metrics really helping you to kind of build a better product in this case, and every metric should lead to an improvement in the product feature itself.”*

– RAMAN TALWAR, Simulanis

## SPOTLIGHT CASES:

### What does “navigating” look like?

#### > **Balancing human and systems approaches:**

**Roots Studio**, which bridges rural communities rich in cultural traditions into the global fashion market for licensing, has been exploring a range of more tech-enabled measurement strategies since outgrowing what founder Rebecca Hui refers to as “anecdotal scale.” As an artist and ethnographer herself, Hui originally took a high-touch and qualitative approach to learning from Roots Studio’s artisans. As the venture has grown, they are now navigating the tension between a more “human” and “mechanized” approach to measurement: “The more we try to set up organizational structures and systems, the more we butt heads with the human side.” At first through interviews and now through WhatsApp surveys, Roots Studio has attempted to measure concepts along their theory of change, from changes in artisans’ confidence and sense of community to changes in their income, to – at the request of some funders – how they use that additional income. Rebecca feels this may be a step too far. As her venture grows, she continues to navigate the barriers of how far down the impact pathway they should measure.

#### > **Transitioning off-the-shelf to custom tools:**

**The team at True Moringa**, which produces beauty products and health foods from moringa sourced from small farmers in Ghana, had become frustrated. After trying several standardized measurement tools, they were frustrated that the data was neither useful to them nor resonated with their stakeholders. They began to use AppSheet to design and customize their own surveys. Co-founder Emily Cunningham considers this switch as a major turning point in True Moringa’s impact measurement, “being able to have ownership over changing the questions and evolving through AppSheet versus using a pre-manufactured measurement tool or system or survey.” In parallel with this switch, True Moringa transitioned away from using the Poverty Probability Index (PPI), which had created confusion with users, was not useful internally, and did not resonate with their audiences. “Ultimately, we rarely made data-driven program or policy changes based on PPI data we collected, and it was a really big undertaking to organize our field officers to go to remote areas to ask questions of people that those being surveyed did not really see the relevance of. They’re like, I just want to sell you my seeds. Why are you asking me about my refrigerator?”

## HOW INVESTORS CAN HELP:

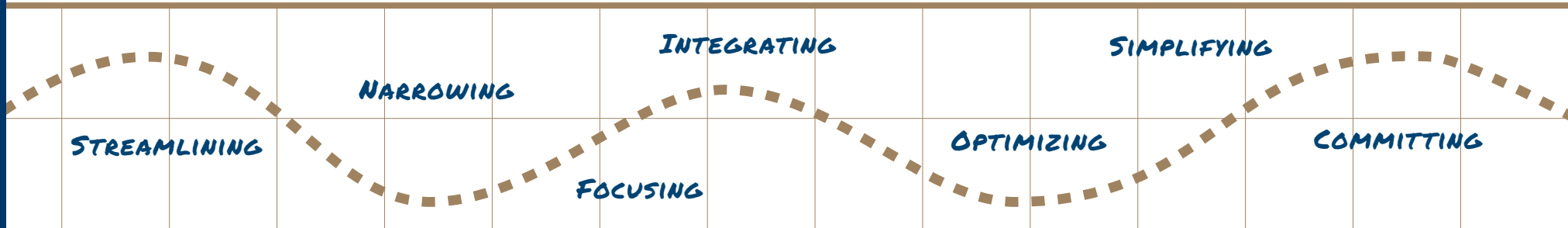
- > **Suggest tools and methods, but don’t prescribe them:** Ventures may test out various measurement tools in this phase as they answer different questions and settle into tools that work for the long term. Standard, off-the-shelf tools may serve as a useful starting point, but allow them to move away from these if they don’t meet the venture’s needs.
- > **Encourage one-off experiments:** Instead of thinking of impact measurement as a single, consistent system measuring the same things year after year, reframe impact measurement in this phase as a series of small studies, each dedicated to a different question. Frame your conversations with ventures accordingly, asking questions about which impact questions they are tackling this quarter, and how.
- > **Provide resources for measurement:** Impact measurement in this phase can be especially resource-intensive. Investors can offer dedicated measurement resources in the form of a technical assistance grant or built into the investment itself.
- > **Connect them to peers in your portfolio:** Ventures in an experimentation phase benefit from comparing notes and sharing suggestions with other companies tackling similar questions. Peers’ advice and recommendations for apps, survey questions, or data collection strategies will often be more relevant and helpful than generic, top-down guides.







## C. SAILING - LOWERING COSTS + MONITORING EFFECTIVENESS



### SAILING



Continuous



Convergent



High Momentum

Sailing is a continuous period of moving and managing towards a streamlined and optimized set of goals, often during a time of greater demand and momentum.

#### A VENTURE IN THE "SAILING" PHASE MAY BE:

- > "Locked in" to a **stable business model** for a period of time
- > In a period of **rapid growth or scaling**
- > **Fundraising** more traditional, non-impact focused capital
- > Building out **tech-enabled operations**

IMM in this phase is consistent, simplified, and built into business operations. It is usually driven by business-critical questions, often related to cost-effectiveness and high fidelity execution. Impact metrics are tied to business KPIs and help make day-to-day decisions on operations, hiring, and marketing. Continuous data helps businesses make small "tweaks." Measurement is often integrated into other tech-enabled business solutions. It may be less high-touch and more disconnected from end stakeholders.

#### CRITICAL IMM QUESTIONS:

- > Are our impact KPIs staying steady, improving, or declining?
- > Can we lower costs and still preserve impact?
- > Are we getting the most impact "bang for the buck"?
- > How is X [product/employee/branch] performing with respect to impact?

## FACTORS, INFLUENCES & INFLECTION POINTS: Why might you be in the “sailing” phase?

- > **Your questions have evolved, and they now link business and impact more than ever before:** Rather than asking, “What impact are we having,” you find yourself asking questions like, “Can we achieve the same impact at a lower cost?” or “Can we achieve more impact at the same cost?” At this phase, businesses often think about impact efficiency, or the relationship of impact metrics to business KPIs.
- > **You are raising funding from traditional sources of capital:** In general, traditional investors have less stringent impact reporting requirements and are more focused on business performance.
- > **Your venture has mature, tech-enabled operations:** Perhaps you have an inventory or payment software, or a large field staff. Both of these resources can be leveraged for collecting, analyzing, and integrating impact data as a part of the core business.
- > **You have tested assumptions enough to feel comfortable with proxies:** If you have already invested the resources to validate the assumptions in your theory of change, you may be able to simplify measurement. For instance, if you’ve already shown that your product reliably produces outcomes, you may decide to estimate or extrapolate your impact from data on reach.
- > **You have found a measurement “sweet spot” – simple, compelling, and useful:** After experimenting with a variety of measurement techniques, you have landed on a shortlist of measures that work for you.

### EXAMPLE TOOLS, APPROACHES & METHODS:

Ventures in the “sailing” phase often track a few impact metrics, collected frequently and closely integrated with business KPIs. These ventures will be most ready to draw from **IRIS+** standardized metrics, to align with investor expectations and benchmark against others in the industry. To maximize the usefulness of these metrics, ventures may find it useful to embed **tech-enabled data collection** and **data dashboards** that update dynamically.

## COMMON PITFALLS: What goes wrong in the “sailing” phase?

- > **A streamlined approach can limit connection to – and confidence in – stakeholder impact:** Not all streamlined measurement approaches translate to less direct contact with stakeholders, but many do. The loss of this direct connection can introduce impact risk, since the venture is less likely to be aware of negative impacts that may be occurring. Venture leaders and staff may also feel more distant from the mission.
- > **Assumptions are not evidence-based or context-specific:** A common tool of the “sailing” phase is to measure something simple and direct – like the number of customers reached – and then extrapolate or calculate estimated impact using a set of assumptions. However, if these assumptions have not been validated by that business, or by others in the same geography or context, these estimates can be way off.
- > **Assumptions don’t change when the context changes:** Assumptions need to be updated to reflect changing realities. For instance, if a venture calculates its customers’ estimated cost savings based on prevailing market prices, those calculated savings should change if prices change.
- > **Assumptions and calculations are not clear:** If ventures do not communicate the calculations that underlie their metrics, they risk mistrust and invite apples-to-oranges comparisons with other ventures using similar metrics calculated differently.
- > **Streamlining can divert focus away from impact:** With the increased focus on scale, ventures may perceive that their streamlining phase is a “regression” after an initially robust impact measurement effort. Ventures may also become complacent on impact as they focus more on business operations.



### HOW TO DO IT WELL:

- **Integrate IM in all aspects of the business:** If you can effectively integrate your impact data collection and usage into the core business, then the whole team - from strategy to operations to sales to HR - will be able to make decisions using timely impact data.
- **Use tech-enabled tracking and rapid feedback loops:** Integrate impact data collection with other tech-enabled interactions, like sales, payments, or product use. Invest in a system that feeds this data automatically into dashboards in real-time.
- **Extrapolate responsibly:** Make sure your assumptions are backed by good evidence, ideally from your own business or the same context. Update them as the context changes. Communicate them clearly.
- **Supplement with some direct stakeholder engagement:** If a streamlined approach begins to feel too impersonal or not as meaningful as you'd like, complement continuous metrics with qualitative deep dives to gut-check assumptions and keep an ear to the ground for unexpected outcomes.

### SPOTLIGHT CASES:

- **A Single, Compelling Metric: Good Nature Agro's** impact measurement is driven by a core metric: the amount of income paid to farmers. Founder Carl Jensen talks about the advantages of using this directly measured metric instead of using other estimates or methodologies: "That's the business model. There's no ifs, ands, or buts about it, it's how much we paid into their account." As they have grown, Good Nature Agro has also seen much tighter integration between its impact measurement and its financials. "Our systems have gotten a lot tighter, the reporting is better, more accurate and faster, but the numbers haven't really changed a lot. But they've been complemented by a much firmer reporting on the financials that go alongside them. So how many farmers are receiving credit is now complemented by average credit per season per farmer. And then that ties into the balance sheet...Now, as we've gotten into later-stage investors, the investors want to see that straight line."
- **Extrapolating Impact: Essmart**, which distributes high-impact technologies to last-mile customers in India through retail shops, has not tracked the outcomes experienced by the end users of those

technologies. Founder Jackie Stenson has long pushed back against demands to collect data directly from those indirect customers, instead of focusing on their direct customers - rural shop owners - and estimating their impact on end users through assumptions about how these technologies affect household productivity and emissions. "No one spends that amount of their disposable income on something that they're not going to use, so the products are not going to sit idle. So then our ability to create impact is directly tied to our financial metrics. And we can ask ourselves: are we selling products? If yes, then our shop owners are improving their incomes, because they wouldn't sell if they weren't, and our end users are choosing to spend their hard-earned money at our shops on these products." Ten years into business, the impact questions Essmart asks now are also integrated into their operations. "What percentage of your business is Essmart products? Basically, how important are we to you? Because those impact questions are both around our ability to develop shop owners' incomes, but they are also operationally important. The more important we are to shop owners, the more likely they are to be stronger parts of our network."



- > **Cost-Effectiveness of Impact: True Moringa,** which produces beauty products and health foods from moringa sourced from small farmers in Ghana, has leveraged impact data to identify their best and worst-performing field officers. Co-founder Emily Cunningham described how they can easily see the cost-effectiveness of a given field officer in terms of the impact they produce, measured in income to farmers, within a particular region: “We may have two field officers and one field officer has X amount of farmers, they’ve been able to visit all the farmers and collect X amount of seeds. Meanwhile, a few towns over, another field officer has visited only half of the farmers and collected significantly fewer seeds. We’re able to say, hey, this field officer right next door can do this amount, what are the barriers that are preventing you from doing the same thing, and we’ve also been able to show really clearly the cost of seeds per field officer. So if we’re paying somebody a flat salary, they have to hit a certain amount of seeds collected from their farmers for it to make social impact sense and economic sense to us as a company.”

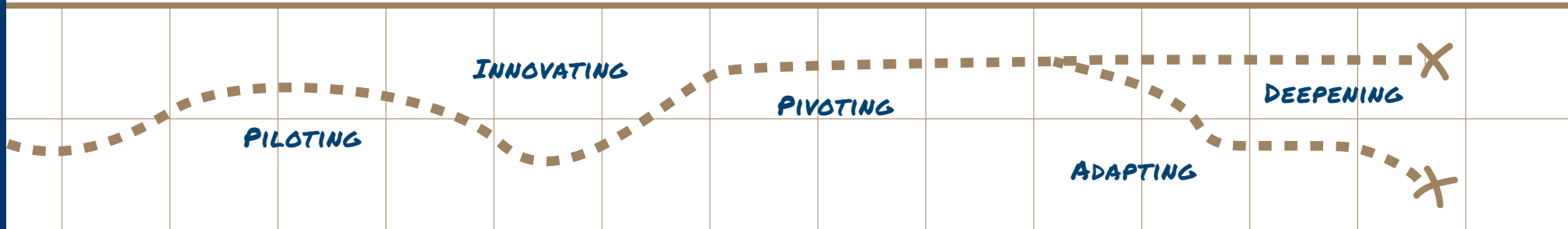
#### HOW INVESTORS CAN HELP:

- > **Support technological infrastructure:** One of the biggest enablers that allows a venture to enter and gain benefit from the “sailing” phase is a sophisticated, integrated data system. Consider allocating capital or grant funding to help build out these systems.
- > **Understand the back end:** Ventures in this phase will often use simplified proxy measures rather than direct outcome measures. Ask about the assumptions that underlie proxy measurements, and encourage ventures to update those assumptions under changing circumstances.
- > **Keep impact at the center:** One of the risks of this phase is that ventures focus too much on financial metrics at the expense of impact, often in response to investors. Keep reminding investees that impact matters, and challenge them to ensure that impact is preserved or enhanced as the business scales.





## D. TACKING - TESTING SOMETHING NEW



### TACKING



Episodic



Divergent



High Momentum

In nautical terms, to “tack” means to change course by turning a boat’s head into and through the wind. Here, we define tacking as an intentional, time-limited pivot or adaptation to a new opportunity, need or question, often in parallel to the core business.

#### A VENTURE IN THE “TACKING” PHASE MAY BE:

- > testing out a **new model or offering**, distinct from the core business
- > entering a **new market**
- > embarking on a **new partnership**
- > adapting to an **exogenous shock**

This pilot or pivot may be happening in parallel with its core business (i.e. a pilot launch in a new market), or it might implicate the core business (i.e. a model shift in response to Covid-19).

Impact measurement in this phase is characterized by an intensive, time-limited “deep dive” into a context-specific question.

#### CRITICAL IMM QUESTIONS:

- > Can we have the same or greater impact in this new market as we do in the market where we currently operate?
- > What are the outcomes of our new model or offer, and how do they compare to our core offering?
- > Can we preserve – or deepen – our impact under these new conditions?



## FACTORS, INFLUENCES & INFLECTION POINTS: Why might you be in the “tacking” phase?

- > **You are piloting a new product or entering a new market, separate from the core business:** Your core business may be in “streamlining” mode, but this new pilot is experimental and will raise different unanswered questions. This is a good reason to dedicate additional measurement resources to this sidestream.
- > **You have received funding or entered a new partnership for a specific project:** In addition to raising new and unanswered impact questions, a project like this will often come with additional demands for and resources (funding and personnel) to support deeper, more targeted measurement.
- > **Your business has experienced a significant shock:** Whether a global pandemic, a supply chain interruption, a climate event, or a regulatory shift, your business may need to rapidly pivot to a new business model, either temporarily or for the long term. This usually demands a shift away from business-as-usual measurement to rapidly learn what model will be most effective in the new environment.
- > **You are working on a time-delimited initiative:** “Tacking” style measurement is intensive and targeted, and so it is well suited for projects that have an end date. This also allows you to embed consistent measurement from start to finish.

### EXAMPLE TOOLS, APPROACHES & METHODS:

Ventures that are “tacking” will benefit from a narrower, deeper dive. This may be a valuable moment to collect qualitative data, through **interviews** or **focus groups**, to deepen understanding of the effects of an initiative or a new context. Under the right conditions, a pivot may be an opportunity to have a deeper look into the causal connections in your impact pathway using complexity sensitive approaches, like **Process Tracing, Participatory Systems Mapping, Contribution Analysis** and **Most Significant Change (MSC)**. In times of exceptionally

rapid or tumultuous change, when fast feedback loops are needed, then **rapid reviews, rapid appraisals**, and **Lean Data** can be useful to support **adaptive management**.

### COMMON PITFALLS:

#### What goes wrong in the “tacking” phase?

- > **One-off evaluations replace ongoing impact measurement:** When a venture is going through an intensive “tacking” moment, it is tempting to redirect measurement resources away from day-to-day activities. A venture that limits impact measurement to occasional, one-off evaluations loses the opportunity to use impact data in the real-time management of its core offering.
- > **In the chaos, measurement is forgotten altogether:** Pivots often happen during times of rapid change and uncertainty, when measurement may be the last thing on ventures’ minds. It can be difficult to recognize the opportunity for measurement, let alone to prioritize it.

### HOW TO DO IT WELL:

- > **Work with an external evaluator:** An external measurement expert can go more in-depth and be more impartial. While this is an additional cost, it is more manageable for a bounded, time-limited question than for evaluating the business’s core offerings.
- > **“Tack” in parallel with ongoing impact measurement:** Intensive, one-off pilots and pivots are intended to be just that; they should not replace but rather complement your core day-to-day impact measurement. The results and lessons from these experiments can inform and update your ongoing measurement tools and practices.
- > **Use the pivots to transition to another phase:** If you have decided to fundamentally change your core offering at the end of the tacking phase, this should trigger a return to the “orienting” phase. If you have decided to integrate the new initiative into your core offering at the end of the pivot, this should trigger a return to the “sailing” phase.



### SPOTLIGHT CASES:

- **Custom Pilots to Drive Learning:** **Ulula**, a software platform that allows organizations to measure and monitor labor and community-related risks, often conducts customized, localized pilots in partnership with NGOs and research institutions to generate important insights. According to Director of Programs Vera Belazelkoska, "There are some projects that are not going to generate profit...but we think are extremely impactful and or they provide some research findings that we could publish to the industry freely, which we don't often have the opportunity to do with corporate partners. We think that research alone could create tangible impacts, because the right stakeholders in the industry will read it and maybe will take action." **BLUETOWN**, a company that connects rural communities to affordable WiFi, takes a similar approach. According to impact manager Emil Damholt, the company typically focuses its impact measurement efforts on tracking internet access and usage. Occasionally, however, they take on new pilot projects in partnership with NGOs, and use these as opportunities to collect more in-depth data directly from users, leveraging additional resources from the partner or funder.
- **Introducing a New Service:** Although **Good Nature Agro's** core measurement systems are quite streamlined, newer initiatives raise new questions. As Carl Jensen explains, "We are in the process right now of trying to build out our capacity to move beyond the annual engagement and focus a lot more on the long-term value that we're adding to farmers and their operations. And some of this comes from the expanding scope of the company. We have a joint venture now with the payment service provider and a bank to get farmers on to bank cards that work offline and use fingerprints. So that gives us visibility on how much not just how much we're paying, but how much they're saving." Carl describes these as "next level measures" to understand the impacts of the products that go beyond their core offering.

### HOW INVESTORS CAN HELP:

- **Help identify opportunities for "tacking"-style measurement:** In times of rapid change and uncertainty, it may be difficult for ventures to recognize the moment as a unique opportunity for measurement and learning. Investors can act as thought partners to help spot these opportunities and encourage ventures to take advantage.
- **Provide guides or resources for deep dives:** Investors can offer dedicated measurement resources in the form of a technical assistance grant or direct access to an independent evaluator.
- **Encourage reflection:** Encourage founders to go back to the theory of change and understand to what extent the pilot or pivot still aligns with the venture's ultimate goal. This can help determine whether the initiative is driving or distracting from impact, and open the discussion about whether the venture's central goal should shift.

### OVERLAPS

Sometimes, a venture might find itself crossing multiple phases at once, and this is okay. For instance, a venture may "tack" to a new market or product while remaining in "sailing" mode for its core offering. A venture may enter a reflective "orienting" process even as it is "navigating" out in the market, with strategic thinking and practical experience informing the way forward. Perhaps a venture is transitioning into a "sailing" phase but wants to retain elements of "navigating" IMM to answer a few outstanding questions. The phases of IMM can be fluid, overlapping, and sometimes a bit blurry, just like the journey of a venture.





## E. GETTING IN SYNC

**When ventures align their IMM approach with the phase they are in and with the questions at hand, IMM drives impact creation. When there is misalignment, IMM hinders impact creation.**

**THE FIRST STEP IS TO IDENTIFY WHETHER YOUR IMM IS OUT OF ALIGNMENT. IF IT IS, THEN THE NEXT STEP IS TO UNCOVER WHY.**

Ventures frequently find themselves using IMM strategies that are out of sync with the phase they are in and ill-suited to the questions at hand. For instance, a venture may try to “lock in” to a few KPIs when they are still iterating and experimenting with their business model, only to discover that those narrow KPIs are missing much-needed insights on the range of outcomes their customers are experiencing (“sailing” when they should be “navigating”). Conversely, another venture may remain bogged down in a complex, high-touch, qualitative measurement strategy, well after they have tested and confirmed key assumptions about the outcomes of their product or service (“navigating” when they should be “sailing”).

Misalignment has consequences. The venture who narrows their IMM too quickly risks missing out on insights that would come from a “navigating” approach. As a result, they may fail to prioritize the most important impacts to their stakeholders, mischaracterize the value of their product or service to stakeholders’ well-being, or miss impacts (positive or negative) entirely. In the second example, the venture’s complex and resource-intensive IMM system is potentially hindering its ability to scale, by failing to effectively integrate impact data with business data or diverting resources to IMM efforts that don’t answer their most critical questions. In both cases, the wrong IMM at the wrong time hinders the venture’s ability to drive positive impacts in the long run.

On the flip side, aligned IMM can accelerate a venture forward. In the best case, IMM data provides the venture with precisely the information they need to make critical choices as they grow, answering questions about customers’ needs, efficient operations, or unexpected outcomes. And when IMM provides value to the venture, it will also give value to the venture’s stakeholders – its customers, users, and funders.

The first step is to identify whether your IMM is out of alignment. If it is, then the next step is to uncover why. Some drivers of misalignment are technical: a venture may not have the knowledge or tools that fit with their current phase, so they rely on tools that don’t quite fit. Others are cultural or behavioral: a founder with roots in the non-profit sector may be tied to more traditional methods and less inclined to evolve its IMM from phase to phase. Others are political: funders may pressure ventures to adopt a particular IMM method or demand a reporting template. Once you’ve identified why your IMM is out of sync, you can start working to bring it back in alignment.

## COMMON FORMS OF MISALIGNMENT

### > **Sailing without a compass:**

A venture skips straight to metrics, methods, and measurement without first reflecting on goals and theory of change.

("Navigating" when they should be "Orienting")

### > **Never looking back:**

A venture plows ahead on autopilot even when core parts of the venture change.

("Sailing" when they should be "Orienting")

### > **Never getting started:**

A venture draws and redraws its theory of change, but never pressure-tests any linkages and assumptions with actual data.

("Orienting" when they should be "Navigating")

### > **Measuring the wrong things:**

The venture commits to a fixed set of metrics in the long run without having unearthed unexpected outcomes and interrogated key assumptions.

("Sailing" when they should be "Navigating")

### > **Getting bogged down:**

The venture becomes mired in complex, resource-intensive IMM before a clear theory of change is established –or– gets stuck here even after risks have been retired.

("Navigating" when they should be "Orienting" or "Sailing")

### > **Diving too deep:**

The venture replaces day-to-day IMM with deep dives and tries to carry forward intensive, time-delimited "tacking" style IMM for the long run.

("Tacking" when they should be "Sailing")

This isn't always easy. As we explored in Section 2, the misconceptions that IMM should serve funders first, should be built on a static set of metrics, and should progress in a linear fashion have deep roots. It takes courage to challenge these assumptions, advocate for a different approach, and ask for support.

And this is where conversations come in – with your team, and with your investors. The worksheets in the pages that follow can help you reflect as a team to identify the phase you're in right now and the IMM tools that would serve you best, and then guide a conversation with your investors on how they can support you.

*"So they're able to push back to funders and say: 'Look, if you want to ask that question, here are three other questions that are important for us from a strategic perspective.' And typically, those are things that, if they've been in that relationship for long enough, they have the confidence to do. They were perfectly willing to go to their funders and say, 'Look, we want to figure this out, and we want you to pay for it.'"*

– SAURABH LALL, University of Oregon



## F. WORKSHEETS: HOW VENTURES CAN GET MORE VALUE FROM IMM

The worksheets in the pages that follow can help you reflect as a team to identify the phase you're in right now and the IMM tools that would serve you best, and then guide a conversation with your investors on how they can support you. You can do them on your own or as a team exercise, and you can return to them whenever you feel that your venture's priorities and circumstances have changed.

### WORKSHEET 1

**Finding Your Phase** will help you identify the phase your venture is in today.

### WORKSHEET 2

**IMM Diagnostic** will probe your IMM practices and needs to clarify what is working for you, and what may not be.

### WORKSHEET 3

**Discussing IMM with Your Investors** will help guide a conversation with your investors to help articulate your IMM needs and how better-aligned IMM might add more value.



## FINDING YOUR PHASE

### WHAT PHASE IS YOUR BUSINESS IN TODAY?

#### QUESTIONS

Which of the following do you feel are the most critical questions to answer right now?

Check all that resonate with you.



#### ORIENTING

- ☐ What is our impact goal?
- ☐ Who is our target beneficiary?
- ☐ How will we know we're making progress? What are the most important outcomes to track along the way?
- ☐ What assumptions are we making about how our product/service will reach our goal?
- ☐ What risks does our venture pose to people and the planet?



#### NAVIGATING

- ☐ How effective is our product/service?
- ☐ What do our customers think?
- ☐ What kinds of effects is our product/service having on people? What outcomes are we observing?
- ☐ Which of our original hypotheses and assumptions hold? Which ones were wrong?



#### SAILING

- ☐ Are our impact KPIs staying steady, improving or declining?
- ☐ Are we getting the most impact "bang for the buck"?
- ☐ Can we lower costs and still preserve impact?
- ☐ How is X [product/ employee/ branch] performing with respect to impact?



#### TACKING

- ☐ Can we have the same or greater impact in a new market as we do in the market where we currently operate?
- ☐ What are the outcomes of our new model or offering, and how do they compare to our core offering?
- ☐ Can we preserve - or deepen - our impact under these new conditions?

## FACTORS + INFLUENCES

Which of the following apply to your business at this moment?

Check all that resonate with you.

### ORIENTING

Your venture is active, but not yet ready for measurement.

- ☐ Your venture is undergoing a strategic planning process.
- ☐ Your venture's existing measurement isn't serving you.
- ☐ Your funders are asking for a clear impact thesis.

### NAVIGATING

- ☐ You are in a period of uncertainty, discovery, and iteration. Many of your assumptions remain untested.
- ☐ Your funders are asking you to report on your impact.
- ☐ There is new evidence of impact risk.
- ☐ Many of your operations are "high touch" and you have direct contact with your user/customer.
- ☐ Your venture's culture keeps impact at the center.

### SAILING

- ☐ You are starting to raise funding from more traditional sources of capital.
- ☐ Your questions have evolved, and they now link business and impact more than ever before.
- ☐ Your venture has mature, tech-enabled operations.
- ☐ You have a "sweet spot" metric - simple, compelling and useful.
- ☐ You have tested assumptions enough to feel comfortable with proxies.

### TACKING

- ☐ You have received funding or entered a new partnership for a specific project.
- ☐ You are piloting a new product or entering a new market.
- ☐ Your business has experienced a major shock.
- ☐ You are working on a time-delimited initiative.

## ALONG THE CONTINUUM

Where would you plot your venture on the following on each continuum today?

### Focusing / Narrowing

We're honing in on a core model and a few key objectives.

### Intentional Moment

We're taking a critical pause to answer a particular question.

### Lower Momentum

We're building up demand, team capabilities, and/or strategic opportunities.



### Exploring / Broadening

We're exploring and experimenting with new and different possibilities.

### Continuous Motion

We're in constant motion, answering questions as they arise.

### Higher Momentum

We're operating with high demand, team capacity, and/or strategic opportunities.

Check the phase (or phases) that corresponds most closely to your selections above.

### ☐ ORIENTING

- Focusing/Narrowing
- Intentional Moment
- Lower Momentum

### ☐ NAVIGATING

- Exploring/Broadening
- Continuous Motion
- Lower Momentum

### ☐ SAILING

- Focusing/Narrowing
- Continuous Motion
- Higher Momentum

### ☐ TACKING

- Exploring/Broadening
- Intentional Moment
- Higher Momentum

## OVERALL

Overall, which of the following best describes your business today?

Check the phase that resonates the most.

### ☐ ORIENTING

- an **early-stage** venture
- a more mature venture **beginning to think about impact creation**
- a venture at a **critical reflection point**

### ☐ NAVIGATING

- entering the **market**
- testing out their core **offering**
- learning more about their **customer**
- finding **product-market fit**

### ☐ SAILING

- “locked in” to a **stable business model** for a period of time
- in a period of **rapid growth or scaling**
- **fundraising** more traditional capital
- building out **tech-enabled operations**

### ☐ TACKING

- testing out a **new model or offering** separate from the core business
- entering a **new market**
- embarking on a **new partnership**
- adapting to an **exogenous shock**

My venture is in the \_\_\_\_\_ phase.

(See pp. 21 for more details on each phase.)

# IMM DIAGNOSTIC

## HOW IS YOUR IMM SYSTEM WORKING FOR YOU?

Are you falling into any IMM pitfalls? What support might help you optimize your IMM for your current needs?

### TOOLS

**What are some of the IMM strategies you have tried?**

Check all that apply.



#### ORIENTING

- ☐ Theory of change
- ☐ Results framework
- ☐ IMP dimensions
- ☐ Outcome mapping
- ☐ UN SDGs



#### NAVIGATING

- ☐ Interviews & focus groups
- ☐ Developmental evaluation
- ☐ Outcome harvesting
- ☐ Design research
- ☐ Lean data



#### SAILING

- ☐ KPIs
- ☐ IRIS+ system
- ☐ Tech-enabled data collection integrated into business operations
- ☐ Data dashboards



#### TACKING

- ☐ Quasi-experimental comparison studies
- ☐ Rapid reviews
- ☐ Rapid appraisals
- ☐ Adaptive management

### PITFALLS

**What are some of the challenges you are facing with your current IMM?**

Check all that apply.

- ☐ Our orienting process was a siloed effort.
- ☐ Our orienting process was "one and done."
- ☐ We committed too early to a static set of metrics.
- ☐ There is little evidence to support our theory of change.
- ☐ Our impact measurement goals and aspirations are overambitious.

- ☐ Our impact measurement strategy is overambitious.
- ☐ Our impact measurement method prevents us from iterating.
- ☐ We've adopted standard tools that don't fit our context.
- ☐ We've neglected IM in the face of other priorities.
- ☐ IM is draining resources from business-critical needs.

- ☐ We've lost connection to – and confidence in – our stakeholder impact.
- ☐ Our assumptions or proxies aren't evidence-based or context-specific.
- ☐ Our assumptions or proxies haven't changed, but the context has.
- ☐ Our assumptions and proxy calculations aren't clearly communicated.
- ☐ Our focus has diverted away from impact.

- ☐ Our deep-dive pivot evaluation has diverted us from ongoing impact measurement.
- ☐ In the chaos of our current transition, we've forgotten measurement altogether.

## TIPS

**Which of the following ideas resonate, and which tips do you find helpful?**

Circle all that apply.



### ORIENTING

- ☐ Involve the whole team in the process.
- ☐ Focus on the process of setting goals.
- ☐ Treat it as a first pass
- ☐ Engage a facilitator.
- ☐ Leverage your work to advocate for better measurement.



### NAVIGATING

- ☐ Choose one hypothesis to test at a time, and target measurement to that question.
- ☐ Adopt IMM tools in trial runs to see which ones serve you best.
- ☐ Incorporate open-ended questions to capture unexpected outcomes.



### SAILING

- ☐ Integrate IMM in all aspects of the business.
- ☐ Use tech-enabled tracking and rapid feedback loops.
- ☐ Extrapolate responsibly.
- ☐ Supplement with some direct stakeholder engagement.



### TACKING

- ☐ Work with an external evaluator.
- ☐ Pivot in parallel with ongoing measurement.
- ☐ Use the pivot to transition to another phase.

## SUPPORT

**How would you like your investors to support your IMM in this moment?**

Circle all that apply.

- ☐ Build in flexibility and adaptability on IMM.
- ☐ Provide a facilitator.
- ☐ Keep the conversation open as goals evolve

- ☐ Suggest IMM tools and methods, but don't prescribe them.
- ☐ Encourage one-off experiments.
- ☐ Provide resources for measurement.
- ☐ Connect us to peers.

- ☐ Support technological infrastructure for IMM.
- ☐ Understand the back end behind impact calculations.
- ☐ Continue to prioritize impact alongside financial return.

- ☐ Help identify opportunities for pivot-style measurement.
- ☐ Provide guides or resources for deep dives.
- ☐ Encourage reflection on our theory of change during and after the pivot.

**What is one step you can take with your team?**

**What is one thing you can bring up with your investor?**

(See p. 25 for more IMM recommendations for each phase)



## DISCUSSING IMM WITH YOUR INVESTORS

Once you fill out Worksheets 1 and 2, you may have a better idea of what **phase** your venture is in currently, what **IMM strategies** will meet your venture's current needs, and what **support** would help you to use those strategies.

The following prompts can help to guide a conversation with your investors to help articulate your IMM needs and how they might add more value to your business and strengthen your impact.

1. We think our venture is in the [orienting/navigating/sailing/tacking] phase. What do you think?
  
  
  
  
  
  
  
  
  
  
2. I feel that until we can answer \_\_\_\_\_, Question X  
we're at risk of \_\_\_\_\_.  
Answering \_\_\_\_\_ Question Y is also important, but not as urgent.  
What do you think?
  
  
  
  
  
  
  
  
  
  
3. If we are able to answer \_\_\_\_\_, Question X  
we think it will create value for the venture and its customers by \_\_\_\_\_.

4. One of the reasons we're measuring \_\_\_\_\_  
*Question X*  
instead of \_\_\_\_\_ *Question Y* is your request/requirement.  
Is this something we can revisit?

5. We're particularly interested to try \_\_\_\_\_  
*Practice*  
We want to avoid/address \_\_\_\_\_  
*Pitfall*

6. We could use some support in the form of \_\_\_\_\_  
*Support*  
to tackle \_\_\_\_\_  
*Question X*



HOW VENTURES  
+ INVESTORS CAN  
NAVIGATE IMM,  
TOGETHER



**At its best, the venture IMM journey mirrors the impact creation journey: adaptive, iterative, fit-for-purpose, and optimized for decision making.** Many investors, too, recognize that if IMM brings value to ventures, this will ultimately bring more value for investors. Still, the current set of practices, norms, guidance, and dynamics in IMM do not lend themselves to maximizing value for the venture, which puts many investors at a loss for what they can do differently.

At the same time, we have observed many impact investors seeking to thoughtfully situate, navigate, and address these issues in a way that acknowledges the needs of both ventures and investors. For some investors, this can include direct technical or financial support, and flexibility in setting and managing expectations. Others are exploring ways to shift broader norms to enable both ventures and investors to realize more value from IMM.

In this section, we've designed several tools intended to be used by investors - including investment and impact staff, as well as board and committee members - as they navigate IMM alongside the ventures they support. They also include guidance for investors to describe their expectations, needs, and preferences, and how they can support ventures on IMM as they move through the phases of their impact creation journey.

## A. HOW INVESTORS CAN SUPPORT VENTURES WITH IMM

As an investor, there are many ways you can support ventures in adopting value-generating IMM. While some of this support is technical and financial, there are also important non-technical and non-financial supports that ventures need from you to succeed in deriving value from their IMM.

### PLAN TO CHART A COURSE TOGETHER

Many investors want to help maximize the value of IMM for ventures, but they are facing their own constraints. Identifying your own expectations around IMM is necessary to avoid misalignment with the venture's IMM approach. There are several ways you can do this:

- **Communicate your needs and goals:** You may have multiple goals for your IMM approach – including *proving* impact, *improving* impact, *integrating* impact into decision making, and learning. Describe these to your ventures, and how you envision you would contribute to each, and how this could evolve over time.

- **Identify your stakeholders and their preferences:** Be transparent around who is involved on your team in reviewing impact data and making decisions, and their needs and preferences (e.g. what types of evidence your LPs may react more favorably to).
- **Recognize your constraints and boundaries:** Explain which aspects of IMM are negotiable, and where you have less flexibility (e.g. certain LP reporting requirements). This can also set expectations around reporting, metrics, and documentation.
- **Position IMM as investor contribution:** Regardless of the type of investor you may be, equip yourself to support ventures' IMM from inception to exit. This can include 'hands-on' support, or simply being more thoughtful on how you seek and use impact data.



- **Establish a thoughtful process of setting IMM expectations:** The process itself can be a valuable learning opportunity for ventures and investors involved in the debates and discussions that will inevitably arise.

- **Celebrate IMM successes:** Whether small steps along the way or eye-opening findings, celebrate ventures' commitment to their IMM journey. Take action based on insights, share interesting findings, and keep curiosity and fun alive as part of the IMM process.

*"What I thought we needed, or what I was hearing from senior management that we needed, was something very metrics-driven. I think we had 38 metrics, something like that. And I pushed hard for those metrics. But now I've come to a totally different place. I don't think that those metrics were useful for us to make different decisions. So what we got wrong was to only focus on the numbers and not use the numbers as a sign of other things. We could have lost sight of the big picture, simply because we were focused on these indicators."*

– **SANDY TESCH WILKINS**, Humanity United

*"Clearly, it has been useful at the beginning for us to state what it is that we expect them to do, in support of our purposes as an investor and theirs as the recipient of our funds... I think that being very clear at the outset, what our mutual expectations are while embracing the flexibility...of exactly how you're going to enact that impact vision is really important."*

– **DAN VIEDERMAN**, Working Capital Innovation Fund

*"How you can create space to ensure that impact management is something that is a collaboration between you and the investee. And I think this is something that has to be very deliberate, from an organizational perspective, because it can't be a single investment officer and their investee... that's often [...] how it tends to be, but [...] where I've seen it be most effective is when you recognize it throughout the organization."*

– **SAURABH LALL**, University of Oregon



### EQUIP VENTURES WITH GEAR AND GUIDES

Investors can (and often do) support ventures directly to bolster their IMM capacity through directly supporting them, or facilitating access to technical expertise. This can include:

- > **Provide targeted financial support:** This can include allocations as part of the investment commitment, or separate non-repayable funding (grants), to enable the venture to either answer a short-term, time-bound question (through a 'deep dive') or acquire internal capacity (people, systems) over the medium-term.
- > **Procure technical expertise:** Some investors, such as foundations, can broker IMM expertise to benefit ventures. This can take different forms, including technical guidance for methods (e.g. creating a theory of change), or ongoing IMM support (e.g. developmental evaluation, similar to that enabled by Laudes Foundation and WCIF).

*"There is an opportunity for investors structuring into the deals to say we'll pay for measurement in the first year, or pay a reduced subsidy over time. Maybe it's a structure linked to what is a reasonable amount for the venture to pay for measurement costs over time as they grow. So an investor covers a proportion of measurement costs when the venture's revenue is beneath a certain threshold and this [subsidy] is reduced as the venture grows."*

— TOM ADAMS, 60 Decibels

- > **Facilitate pilot testing of tools:** Provide access to technical measurement tools or software platforms. This can allow ventures the flexibility to explore possible solutions in a feasible manner, without having to make a long-term commitment prematurely.
- > **Initiate and continue conversations on how to magnify impact:** Curiosity and respect facilitate increased understanding of the real impact challenges and opportunities, which goes beyond impact reporting frameworks


*"The playbook that we've used is a... kind of flexible approach to the level of capability and attention that the venture itself can offer, a sort of progressive approach. We try to be accepting of where they start, being flexible along the way, and then expecting them to get farther down the road...additionally, providing the support that the DE team has been for five of our ventures, makes it all very realistic. And I think it's been welcomed by the ventures we work with. Ensuring that we've been realistic and that the impact work is welcomed is a good practice, right? It means we get farther than we would have otherwise."*

— DAN VIEDERMAN, Working Capital Innovation Fund

## DEFER TO THE SHIP'S CAPTAIN

Keeping ventures at the helm involves deliberately shifting how you engage with, and model, a set of behaviors related to IMM across the investment lifecycle:

- **Facilitate IMM as a journey:** Constructively engage with ventures as they navigate the phases described earlier. Tailor your interactions based on what they need, and how you can support them. Promote ongoing conversations on how this journey is unfolding.
- **Build on what exists:** Seek to minimize the burden on ventures of duplicative or redundant reporting. Start with what ventures already have, or have shared with other investors, and assess how much more you really need for your decision making.
- **Acknowledge costs and benefits:** Support ventures to overcome the costs of developing or adapting IMM within their phase, or as they shift into a new phase. Support the design of data systems that can deliver enduring value over phases. Have patience that the benefits will be realized, even if they may take longer than planned.
- **Consider proportionality of data and reporting:** Align your expectations on impact metrics and reporting with the nature of your financial commitments. Be prudent when asking for impact data or reporting that extends beyond the venture's theory of change. Revisit and update regularly to avoid falling into the trap of collecting unnecessary data.
- **Build trust and confidence, together:** Acknowledge the power dynamics that exist in the investor-investee relationship, and view IMM as a means to develop collaborative relationships with founders and teams, beyond a transactional reporting requirement. Share back with your investees how the data they provided was used for your decisions.




*"So I think it's going back to the idea of IMM as a journey. We tend to frame it as: Well, okay, if you haven't got user data, you have no idea who you're reaching. That is what you have to collect now, in order to move beyond point A. So that's a priority. But in two years' time you want to be collecting outcomes data, or in three year's time you want to be able to attribute change, and here's how you're going to resource it...."*

– MATT RIPLEY, *The Good Economy*

*"I think generally, like the big-picture change [in the IMM field], investors have to have more trust, and take more risks ... And there's an old saying, trust follows risk. So if a funder is not willing to take risks, then on a deeper level, they won't be able to build a trusting relationship, because they're holding back."*

– HEATHER GRADY, *Rockefeller Philanthropy Advisors*





*"When we talk with funders, we are direct. Like, here's the deal...we have a project plan, we will execute that plan to the best of our abilities, as it makes sense. But at the end of the day, I'm not here to meet your goal. That's not what we're here for. It's not about this number that we've talked about. It's about this much bigger group. And so if I get the opportunity to impact this bigger group, I'm going to call you and I'm going to tell you about it. And then I'm going to jump on it."*

- **SCOTT STILES**, Honest Jobs Holdings

*"... it is their [investor's] job to support the enterprise, not to judge them but to understand what the hypotheses are, that the venture is testing, and to support overseeing the management of those hypotheses. So that's what you're responsible for, you're not responsible for mucking around with their data, trying to replicate it, or telling them they need to give you 15 things. But are they making decisions based on that which are leading to increased impact? And did you agree with them? And did you find that there's data missing? Did you not believe their data? Do you think it's time for them to get a third party and to validate some of that data?"*



- **CATHY CLARK**, Duke University


#### **REACH CAPITAL:**

"Impact investors often default to metrics that are easy to measure and can be aggregated across a diverse portfolio, e.g. number of students served and socio-economic status. These metrics serve a purpose, but aren't insightful enough to help us as investors determine if a company is a good investment, nor do they help companies achieve or deepen their impact or strengthen their businesses. We advocate for a more agile approach aligned to the pace of startup innovation, one where companies maintain a living portfolio of impact evidence. As investors, we consider the preponderance of evidence at a given point in time when we assess a solution's impact or impact potential. Depending on what stage we're at in our investment process, either before or after investment, we look for different types of evidence and use it for different purposes." <sup>31</sup>

### ACT AS A LIGHTHOUSE FOR OTHERS

Beyond supporting your own portfolio, you can influence co-investors and the broader field to promote IMM that allows ventures to gain even more value:

- **Champion venture-focused IMM:** Encourage colleagues and co-investors to shift their expectations, behaviors, and choices to allow ventures to maximize their value from IMM. Advocate, lead by example, and influence others to shift mindsets and practices.
- **Signal your distinct value add for IMM:** Reflect on where you can offer unique IMM capabilities or combinations - such as sectoral data, technical tools, access to expertise - to stand out from, and contribute to, an increasingly crowded impact and ESG landscape.
- **Reveal your processes and tools:** To the extent feasible, disclose the ways you are making judgments on impact potential, targets, and reporting requirements. These will not only benefit ventures, but also other like-minded investors.
- **Strengthen the evidence base:** Share your portfolio-level insights and data, particularly where you have garnered new evidence, validated hypotheses or proxy measures, or found ways to make comparative analysis while accounting for different contexts.



*"My view all along has been that if you're making grants, you can control more with the money you spend and you can adhere to a more specific theory of change, right or wrong, and then devote some resources to measuring the outcomes of that particular specific intervention, the whole thing is much more controlled and well defined. And what we're trying to do is build companies, and sometimes those companies are like, nope, that initial approach or their initial theory of change is wrong. Come to think of it, in many cases, our companies say the initial approach was not fit for our current way of business. And so the entire structure has to be different."*

– DAN VIEDERMAN, Working Capital Innovation Fund

*"There should be more focus on the analysis and insights and the actions that come from impact measurement. So people should measure a lot less, but do more with it, rather than focus on measuring more."*



– JULIA MENSINK, Acumen





## B. WORKSHEETS: HOW INVESTORS CAN SUPPORT VENTURES IN IMM

Investors have an important role to play in supporting ventures in designing, implementing, and evolving their IMM in response to the phase(s) they find themselves in. Many investors are also learning about IMM themselves, not only keeping up with the emerging standards and methods, but also in terms of managing data and reporting.

We encourage you to use the worksheets below to reflect on your preferences and needs for IMM, and to proactively initiate conversations with ventures around how you can both derive the most value from IMM. These worksheets can also be used with your board members or investment committees to facilitate awareness, engagement, and alignment.

### WORKSHEET 1

**Defining IMM Expectations and Needs** will help you identify and articulate your expectations and needs around IMM, based on your experiences and preferences.

### WORKSHEET 2

**Supporting Venture IMM** will help support your investee based on the phase they are in, ensuring that IMM offers real value.

### WORKSHEET 3

**Selecting and Using Impact Metrics** will delve into how you select and use impact metrics, and what this may mean for ventures.



## DEFINING IMM EXPECTATIONS + NEEDS

The statements below are examples of expectations/beliefs to reflect on yourself, with your team, and your decision-makers (e.g. LPs, ICs).

**Read each statement, and check the ones that resonate the most.** For each statement you circled, consider what explains, drives or justifies it. Use these reflections to communicate your expectations and needs when you interact with ventures, and to reflect on the potential implications of these expectations on venture IMM and how you can support them.

<input type="checkbox"/> IMM should strive to prove impact	<input type="checkbox"/> We spend the right amount of time on collecting vs analyzing data	<input type="checkbox"/> Measurement is the start, not the end	<input type="checkbox"/> It is impossible for something to be innovative, measurable, and proven at the same time
<input type="checkbox"/> IMM should strive for standardization	<input type="checkbox"/> Impact is best described by those experiencing it	<input type="checkbox"/> IMM should only produce decision-useful information	<input type="checkbox"/> Benchmarking our impact is how we will improve
<input type="checkbox"/> IMM should strive for more precise data	<input type="checkbox"/> Impact is defined by what happens over time	<input type="checkbox"/> There is such a thing as 'good enough' measurement	<input type="checkbox"/> Reporting externally is important for impact integrity
<input type="checkbox"/> Bad data is worse than no data at all	<input type="checkbox"/> We should be able to define impact at a point in time	<input type="checkbox"/> IMM can help a venture's growth or impact creation	<input type="checkbox"/> Reporting should meet the expectations of our board
<input type="checkbox"/> We need to measure less and do more with it	<input type="checkbox"/> Measurement is context-dependent	<input type="checkbox"/> IMM can hinder a venture's growth or impact creation	<input type="checkbox"/> Reporting is important for our mission accountability

**Reflections:**

**Review and answer the following questions as you consider your views towards IMM, and how these perspectives may align (or not) with how ventures can address these questions.**

Review and answer the following questions from your perspective and from the venture perspective, as you consider your views towards IMM. For the venture perspective, consider asking ventures in your portfolio to respond to the questions. Compare the two sets of responses and reflect on any differences, and how you may resolve or reconcile them.

### **INVESTOR PERSPECTIVE**

**What information is reasonable to expect in impact due diligence?**

**What data/KPIs are reasonable to expect in quarterly or annual reporting?**

**What are my expectations for “good” data or evidence? What is behind this?**

**In what forms and frequency do I expect impact data to be shared? How does this align with my decision timelines?**

**How do I expect to use impact data to look back, and look ahead?**

### **VENTURE PERSPECTIVE**

**What information can I reasonably provide to investors for impact due diligence?**

**What data/KPIs can I reasonably provide in quarterly or annual reporting to investors?**

**What do we count as good data or evidence? What is behind this?**

**In what forms and frequency can I share impact data with investors? How does this align with my capabilities and resources?**

**How do I expect to use impact data to look back, and look ahead?**

## SUPPORTING VENTURE IMM

### WHAT PHASE ARE THE VENTURES IN YOUR PORTFOLIO IN TODAY?

Consider the average venture in your portfolio, or choose one venture in particular to consider. Overall, which of the following best describes the state of that venture today?

Circle the phase that resonates the most.  
(For more detail on each phase, see p. 25)

#### ☐ ORIENTING

- an early-stage venture
- a more mature venture beginning to think about impact creation
- a venture at a critical reflection point

#### ☐ NAVIGATING

- entering the market
- testing out their core offering
- learning more about their customer
- finding product-market fit

#### ☐ SAILING

- “locked in” to a stable business model for a period of time
- in a period of rapid growth or scaling
- fundraising more traditional capital
- building out tech-enabled operations

#### ☐ TACKING

- testing out a new model or offering separate from the core business
- entering a new market
- embarking on a new partnership
- adapting to an exogenous shock

### HOW ALIGNED IS YOUR IMM ENGAGEMENT?

Which of the following describe how you engage with and support your ventures' IMM?

Circle all that apply.

#### ☐ ORIENTING

- ☐ Build in flexibility and adaptability on IMM.
- ☐ Provide a facilitator.
- ☐ Keep the conversation open as goals evolve.

#### ☐ NAVIGATING

- ☐ Suggest IMM tools and methods, but don't prescribe them.
- ☐ Encourage one-off experiments.
- ☐ Provide resources for measurement.
- ☐ Connect ventures to peers.

#### ☐ SAILING

- ☐ Support technological infrastructure for IMM.
- ☐ Understand the back end behind impact calculations.
- ☐ Continue to prioritize impact alongside financial return.

#### ☐ TACKING

- ☐ Help identify opportunities for periodic deep dive inquiries.
- ☐ Provide guides or resources for deep dives.
- ☐ Encourage reflection on the theory of change during and after the pilot or pivot.

**How in sync is your IMM support with the phase the venture is in today? How might it become more in sync?**

**WHAT CONCRETE IMM SUPPORT COULD YOU OFFER IN THE FUTURE? WHAT COULD THIS LOOK LIKE?**

Feel free to use the following categories to brainstorm.

**Plan to chart a course together:** Align on IMM expectations

**Equip ventures with gear and guides:** Offer technical IMM expertise

**Defer to the ship's captain:** Center the venture's IMM needs

**Act as a lighthouse for others:** Champion venture-centric IMM

## SELECTING + USING IMPACT METRICS

---

CONSIDER WHAT TYPES OF METRICS YOU REQUIRE (OR SEEK) FROM YOUR VENTURES.  
IN WHAT WAYS ARE THESE METRICS PROVIDING VALUE AND INSIGHTS?

1. Which of the following best describes how you approach setting metrics for your portfolio companies?<sup>32</sup>

\_\_\_ **Prix fixe:** All companies report on the same set of standard metrics.

\_\_\_ **A la carte:** Companies choose from a menu of standard metrics.

\_\_\_ **Made-to-order:** Investor and company work together to set metrics.

\_\_\_ **Bring your own:** Companies come with their own metrics.

\_\_\_ **A combination of the above** (check all that apply)

What is the rationale behind using that approach? What are some of the advantages and disadvantages?

**2. List up to 5 metrics that you are currently requesting from your portfolio companies, and reflect on the value of each of those metrics.**

Metric/ indicator/ KPI	Is the primary purpose of this metric for reporting, decision making, or learning?*	What is the value of this metric to us, the investor? What do we use it for?	What is the value of this metric to the venture? What might they use it for?

**\*Reporting-focused** –  
based on initial focus /  
activities and outputs

**Decision-focused** –  
implications for customers,  
pricing, growth, etc.

**Learning-focused** –  
based on systemic issues,  
context, etc.

**Reflect on your responses above.**

- Where have you gotten the most value from using impact metrics?  
What conditions enabled this? How can you do more of this? What decisions did you make?
- Where have you gotten the least value from using impact metrics?  
What conditions enabled this? How can you do more of this? What decisions did you make?
- In what ways might you shift the way you are approaching impact metrics?  
Consider how you think about setting targets, thresholds, reporting, and aggregation.
- In what ways can you strengthen the capacity of the investees you work with to more efficiently set, report, and harness IMM  
metrics to improve their strategy and outcomes?





# EPILOGUE



**IMM has often been viewed as a burden, rather than an opportunity. In this guide, we've sought to reframe this by anchoring in the first-hand experiences and insights of ventures committed to deepening their IMM goals, practices, and performance.**

By consolidating these experiences into the four phases – with actionable guidance and worksheets – we hope that ventures will be able to better identify and advocate for the IMM strategy that will serve them best in the moment and harness the value add of IMM. And similarly, for investors and IMM practitioners to better understand ventures' IMM journeys, and how they can more helpfully guide and equip them within and across phases.

And when ventures and investors constructively engage with each other by leveraging the experiences and tools in this guide, they can realize the full potential of IMM to increase the positive benefits for people and planet, together.

## **A. REFLECTIONS**

One of the core motivations for this collaboration was to explore what 'impact management' looks like in practice, as our first-hand experience suggested there were untapped opportunities for how IMM is conducted and supported. Building on our experiences with the WCIF developmental evaluation, over the course of this project, we have been fortunate to be able to draw on an impressive group of ventures, investors, academics, and IMM practitioners.

We became inspired to not only describe and share what we learned, but also to probe on what could be. **What if IMM could be positioned in a more accessible, dynamic, and empowering perspective – not only for ventures, but also for those that support and animate them? What would change, and what would it take? In what ways could we build on what others have done, and also contribute some new actionable insights and tools?**

The practice-oriented approach we used allowed us to examine and present these issues in a quite different way than we originally anticipated (see Heather's reflection). As we heard from ventures on their journeys (see Laura's reflection), we grappled not only with how to synthesize and interpret what we heard, but also how to illuminate and inspire. And we wanted to provide some nuanced guidance to advance IMM practice (see Penny's reflection), but not be overly prescriptive or dogmatic either. We hope we've found a good balance.

**KARIM HARJI**

**We heard plenty of stories over the course of developing this guide, but my favorite by far were the stories of impact ventures taking ownership of IMM and making it work for them.** Venture after venture told us how they had transformed their IMM activities from an exercise in reporting into a driver of value for their work. In all cases, getting there took a little experimentation and a lot of guts.

The ingenuity, adaptability, and an unapologetic pragmatism that came through in these conversations are, frankly, the same qualities that we in the impact measurement field have been slow to embrace. For ventures, design thinking and adaptive management aren't trendy methodologies; they're just the day-to-day reality of running a business. We have so much to learn from them, and so much to gain by having them in the driver's seat.

And if they were, what then? What if all ventures had the flexibility and tools to do IMM that really helped them learn and grow, instead of checking a box? Would it help them grow stronger and with more integrity? Would it help them to better serve their customers and employees? Would it bring more value to investors?

We think so. Until then, it is our hope to elevate these examples, celebrate them, and create the conditions for more to follow.

**LAURA BUDZYNA**

Our starting point for this project was an attempt to map the IMM journeys of ventures onto their scaling journeys. We suspected that ventures' measurement approaches and needs evolved in line with their resources and visibility over impacts, as ventures passed through different stages of their scaling journeys.

But we encountered two challenges in our effort to map IMM onto a venture's typical scaling journey. First, scale is poorly defined and has not been operationalized or measured in meaningful ways both in the literature and in practice. When we started talking to ventures about their scaling journey, we heard many concerns about the harmful effects of conflating organizational growth with impact. Second, given the hybrid institutional contexts in which they often operate, impact ventures require a distinct approach to scaling. While it is often assumed that scaling corresponds with positive impact, stories from the ventures in this guide and the literature have shown how scaling can also dilute impact or amplify unintended negative impacts.

Given these challenges, we abandoned the scaling frame and decided instead to frame our questions around a venture's impact creation journey, finding this concept closer to how ventures understand and describe their own experiences and intentions. While ventures use IMM to grow their organizations and scale up their impact, they also use IMM to set goals, navigate choices, risks, and opportunities and pivot and deepen their impacts. **IMM has an important and underappreciated role to play in a venture's impact creation journey, as we have begun to detail here, and we hope future research will continue to explore these relationships.**

**HEATHER HACHIGIAN**



Our developmental evaluation experience and the challenges encountered in working with ventures at different phases of development and maturity prompted deeper thinking about whether IMM helps or hinders and what this might mean for IMM practice. We started to look at how that journey could be usefully articulated and what support ventures may need along the way. It turned out to be a bigger task as we discovered more insights and implications for how IMM is practiced and the ways in which it can help or hinder - in other words, what's the impact of IMM?

We have tried to weave together different strands from what we discovered from our engagements with ventures and investors along with our collective knowledge and expertise in IMM and evaluation practice. I could see that in many ways what's playing out in the impact investing IMM arena reflects an earlier learning journey in the evaluation field. For example, we know that an overemphasis on numerical metrics alone can take things off course when a more nuanced understanding is needed.

**To enhance the utility of measurement requires getting relevant information in a timely way to the people who can make best use of it. For this to work well it needs careful consideration and negotiation more than simply relying on off the shelf approaches – a balancing of interests and a learning orientation.** We have also become more mindful that traditional programmatic approaches to impact measurement and evaluation are often not a good fit for innovative business ventures, particularly those that are aiming for systems change. So we have put more emphasis on iterative measurement approaches that support adaptive management along with methods that are more sensitive to complexity and rapid change in these turbulent times.



**PENNY  
HAWKINS**

As an entrepreneur, there's a visceral and uncomfortable feeling when someone mentions the words "impact measurement". It brings up feelings of being "stuck" or "constrained" – of satisfying an external audience's curiosity, rather than answering questions that matter to the beneficiary, and taking time away from an organization's ability to do the real work.

This guide explores these realities further from a venture perspective, while also balancing the very real constraints and systems that investors and academics operate in. **It acknowledges the complexity and fluidity of the process, and offers new perspectives on the relationship between impact creation and impact measurement. Ultimately, this guide demonstrates how organizations, investors and practitioners can work together in service of driving meaningful impact at a larger scale.**

**SABRINA HABIB**, Kidogo

**IMM is, like so many other things in the messy process of social change, a matter of best fit rather than best practice.**

But too often measurement conversations start with the 'what' - focusing on adopting the tools, metrics and methods used by others. Instead, this paper makes a powerful case for starting with the 'why' - basing IMM first and foremost on a venture's internal learning needs.

The practical tools and tips in this guide can help ventures become more assertive in their own IMM approaches. By focusing on what they want from impact measurement, rather than what others (usually funders) want from them, ventures can design agile internal systems to meet their phase-dependent needs. An entrepreneurial mindset to IMM means recognising that a venture's measurement journey often mirrors its journey to find product-market fit - with a few steps forward, some back, and often moving sideways.

When IMM practitioners talk about alignment, it is usually in the context of aligning with metrics sets (like IRIS) or measurement frameworks (like SDG indicators). Yet there is an urgent need to reframe the conversation - in line with the key findings of this paper - to be about alignment between IMM and a venture's phase, and between the IMM expectations of investors and investees. Collectively, we need to break the grip that upwards accountability has on driving IMM practice; and unlock the potential for IMM to drive downward accountability - ultimately creating more value for the customers, clients and communities who impact ventures seek to serve.

**MATT RIPLEY,** The Good Economy

It's really hard for early-stage ventures (like those we support at the Working Capital Innovation Fund) to do effective IMM: they face conflicting demands on their limited time, are unlikely to have sophisticated IMM capabilities, and may not see the value of doing IMM except insofar as it meets the demands of their investors (or donors). This report demystifies how early-stage ventures and their investors (and their evaluators) should think about IMM to make it more feasible and more valuable for all parties. **Impact funds that want to find the right way to support their ventures would do well to adopt the recommendations the authors make.**

**DAN VIEDERMAN,**  
Working Capital  
Innovation Fund



The current approach to IMM in many impact investing funds is to look no further than a set of quantifiable indicators for impact measurement. This often leaves out consideration of the qualitative evidence critical for deeper understanding and learning to support active management for impact in complex contexts. **For funds to effectively support ventures in IMM development and to achieve a balance between financial information and evidence of impact, will require a more diverse set of skills to embrace and use the nuances in IMM practice outlined in this report.**

**LEE RISBY,**  
Laudes  
Foundation

Humanity United and Working Capital with the support of Laudes Foundation have been fortunate to work with a forward-thinking developmental evaluation team co-led by report authors Karim Harji and Penny Hawkins. This report is a testament to what a group of smart, observant people can do when allowed the space to take a step back, pursue important insights, and develop them into practical guidelines and tools. It has been a pleasure to observe the respect for nuance and commitment to community adopted by the team and reflected in this report. **There is no one-size-fits-all approach but there is significant opportunity to “learn about learning” as ventures and funders navigate the world of impact measurement and management together.**

**SANDY TESCH WILKINS,** Humanity United





## B. ACKNOWLEDGEMENTS

**This report represents the product of a collaborative effort over the course of a year. We are grateful for each of the people listed below for their respective contributions and support.**

**WE WOULD LIKE  
TO THANK EACH  
OF THE VENTURE  
INTERVIEWEES  
FOR GENEROUSLY  
SHARING THEIR  
TIME, EXPERIENCES,  
AND INSIGHTS  
WITH US.**

Our team initiated this project in early 2021 with the support of the Working Capital Innovation Fund and Humanity United. We are grateful to Dan Viederman and Sandy Tesch Wilkins for fostering the intellectual and creative space for us to explore these issues, and their continued support and encouragement for our IMM work over the years. In a similar vein, we also thank the Laudes Foundation, and Lee Risby in particular, for his leadership in promoting appropriate, useful and creative approaches to monitoring and evaluation, including developmental evaluation.

We would like to thank each of the venture interviewees for generously sharing their time, experiences, and insights with us. We appreciate their trust in us, and the extent to which they shared their unvarnished first-hand experiences in service of broader learning and field-building. They gave us much inspiration and guidance, and a renewed sense of optimism.

We are also grateful to the investors, academics, and practitioners who offered their perspectives on how they have confronted the challenges and opportunities of IMM. We were fortunate to build on their excellent contributions to the IMM field, and are inspired by their on-going commitments to advancing IMM practice, together.

Similarly, we want to thank all the reviewers who provided feedback on our initial draft, which strengthened and sharpened our final report. We are humbled to be working with and alongside many of you to collectively test, apply, adapt and shift IMM practice in ways that will promote and realize positive impacts for people, planet, and systems.

While we have taken care to ensure that all interviewees have been quoted and represented accurately, we (project team) apologize for any errors or omissions. We welcome your feedback on the findings and recommendations, how you are using or adapting the worksheets, and ways to further enhance IMM for ventures and those that support them.



# THANK YOU!



## VENTURE INTERVIEWEES

Antoine Heuty, Ulula  
Astrid Chang, Provenance  
Carl Jensen, Good Nature Agro  
Emil Damholt, BLUETOWN  
Emily Cunningham, True Moringa  
Jackie Stenson, Essmart  
Phil Freeman, OpenSC  
Raman Talwar, Simulanis  
Rebecca Hui, Roots Studio  
Sabrina Habib, Kidogo  
Sandra Granath, Quizrr  
Scott Stiles, Honest Jobs Holdings  
Vera Belazelkoska, Ulula

## ECOSYSTEM INTERVIEWEES

Cathy Clark, Duke University  
Dan Viederman, Working Capital Innovation Fund  
Haley Beer, University of Warwick  
Heather Grady, Rockefeller Philanthropy Advisors  
Julia Mensink, Acumen  
Matt Ripley, The Good Economy  
Sandy Tesch Wilkins, Humanity United  
Saurabh Lall, University of Oregon  
Tom Adams, 60 Decibels

## REVIEWERS

Alexandra Baillie, Good & Well  
Alnoor Ebrahim, Tufts University  
Arnau Picon, EVPA  
Bjoern Streuwer, Roots of Impact  
Courtney Bolinson, Independent  
Elyssa Lewis, Skoll Foundation  
Joanna Cohen, Builders Vision  
Jenny Snape, Bain Capital  
Kevin McKague, Cape Breton University  
Kirsten Andersen, Independent  
Leticia Emme, DFC  
Lee Risby, Laudes Foundation  
Mallory St. Claire, ANDE  
Marcus Bleasdale, Wilstar  
Marina Svistak, FinDev Canada  
Maoz (Michael) Brown, Wharton Social Impact Initiative  
Mike McCreless, Impact Frontiers  
Olga Cruz, Good & Well  
Patrick Briaud, Rockefeller Philanthropy Advisors  
Rabai Mirza, UN DESA  
Rachel Bass, Global Impact Investing Network  
Sachi Shenoy, Upaya Social Ventures  
Sarah Gelfand, BlueMark  
Zazie Tolmer, ColIntent



## REFERENCES + FOOTNOTES

- 1 Karim Harji and Penny Hawkins have co-led this DE with the WCIF since its inception, supported by Laudes Foundation and Humanity United. For more detail, visit: <https://workingcapitalfund.com/impact/developmental-evaluation/>
- 2 All co-authors have been involved in teaching, research, and field-building. See the Annex for additional details on our current and prior affiliations.
- 3 At SOCAP (2021) Cathy Clark, faculty director at the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University, observes the world is in an 'impact accountability and management moment' and calls for strengthening our expectations for what counts as impact. <https://www.pioneerspost.com/news-views/20211021/socap-2021-something-s-wrong-impact-investing-warns-cathy-clark>
- 4 Indeed, a venture's impact creation journey is not always about achieving scale. Sometimes, impact creation may require deepening or doubling down on existing products/markets, or pivoting the business model to re-align with new contexts.
- 5 Refer to appendix for list of IMM leaders
- 6 For example, EVPA has published several comprehensive reports, available at: <https://evpa.eu.com/knowledge-centre/publications/navigating-impact-measurement-and-management>
- 7 Hehenberger, L. et al., (2019). The assembly of a field ideology: An idea-centric perspective on systemic power in impact investing. *Academy of Management Journal*, 62(6), 1672-1704.
- 8 See Lall, S. (2017). Measuring to improve versus measuring to prove: Understanding the adoption of social performance measurement practices in nascent social enterprises. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 28(6), 2633-2657.
- 9 See for example CASE Duke University's Impact Measurement and Management for the SDGs course ([www.immforsdgs.com](http://www.immforsdgs.com)) that teaches both ventures and investors how to improve their organization's practice of impact management.
- 10 Worsham, E. et al (2019). Pathways to Scaling Impact: Using Data to Power Scale, available at: <https://centers.fuqua.duke.edu/case/2020/06/24/from-scaling-pathways-to-power-impact-at-scale-equity-and-inclusiveness-must-undergrid-data-strategy/>
- 11 Mityushina, N. et al. (2019). Value-Added in Non-Financial Support: How Evaluations of Venture Philanthropy Practice of Impact Measurement Affect Its Diffusion (November 13, 2019). Available at SSRN: <https://ssrn.com/abstract=3486568>
- 12 Ripley, M. and Castro, M. (2019). Using Measurement to Manage Impact. SSIR. Available at: [https://ssir.org/articles/entry/using\\_measurement\\_to\\_manage\\_impact](https://ssir.org/articles/entry/using_measurement_to_manage_impact)
- 13 See Mityushina et al., 2019 for discussion on value add of IMM in the context of venture philanthropy and <https://thegiin.org/imm/>
- 14 See for example, Beer, H. A., & Micheli, P. (2018). Advancing performance measurement theory by focusing on subjects: Lessons from the measurement of social value. *International Journal of Management Reviews*, 20(3), 755-771.
- 15 Lall, S. A. (2019). From legitimacy to learning: How impact measurement perceptions and practices evolve in social enterprise-social finance organization relationships. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, 30(3), 562-577.
- 16 Molecke, G., & Pinkse, J. (2017). Accountability for social impact: A bricolage perspective on impact measurement in social enterprises. *Journal of Business Venturing*, 32(5), 550-568.
- 17 Ebrahim, A., & Rangan, V. K. (2014). What impact? A framework for measuring the scale and scope of social performance. *California Management Review*, 56(3), 118-141.
- 18 Harji, K. and Jackson, E. (2018) Facing Challenges, Building the Field: Improving the Measurement of the Social Impact of Market-Based Approaches. *American Journal of Evaluation*, 39(3), 396-401.
- 19 Schiff, H., Bass, R., & Cohen, A. (2016). The Business Value of Impact Measurement. GIIN. <https://thegiin.org/research/publication/business-value-im>
- 20 Ebrahim, A. (2019) Measuring Social Change. Stanford University Press.
- 21 Seelos and Mair (2017) describe the Impact Creation Logic, where impact requires strategic alignment between an organization's mission, resources & capabilities and external environment (problem context).
- 22 Ormston and Seymour, (2011) explain the mission-measurement paradox: entrepreneurial adjustments are made without reference to social mission and focus only on expanding organizational reach or growth.
- 23 Mensink, J. (2020). How should we measure our impact? We asked our investees. Ceniarth. Available at: <https://nextbillion.net/authors/julia-mensink/>
- 24 See Fardoust, S., Jacquet, P. and Ripley, M. (2021). Chapter 1: EIB, for discussion on how rigorous academic evaluations (funded externally) can contribute to bridging the gap between the private value of impact studies (which focus on accountability, communication and targeted business-oriented learning) and their social value (which relies on the knowledge created about impact and how it can be generated).
- 25 Department for International Development. (2012). Broadening the Range of Designs and Methods for Impact Evaluations. Working Paper 38. Available at: <https://www.oecd.org/derec/50399683.pdf>.
- 26 See Krause, H. (2021). Learning to Love Uncertainty: Why We Need to Stop Using 'Not Statistically Significant' Available at: <https://weallcount.com/2021/04/23/learning-to-love-uncertainty-why-we-need-to-stop-using-not-statistically-significant/>
- 27 Worsham, E. et al (2019). Pathways to Scaling Impact: Using Data to Power Scale.
- 28 Ormiston, J., & Seymour, R. (2011). Understanding value creation in social entrepreneurship: The importance of aligning mission, strategy and impact measurement. *Journal of Social Entrepreneurship*, 2(2), 125-150.
- 29 See Krause, H. Have you ever seen a unicorn (or a true RCT)? <https://idatassist.com/have-you-ever-seen-a-unicorn-or-a-true-rct/>
- 30 Impact Management Project <https://impactmanagementproject.com/>
- 31 Carolan, J. & Zieleszinski, M. (2019, May 21). Debunking the 'gold standard' myths in edtech efficacy. Edsurge. <https://www.edsurge.com/news/2019-05-21-debunking-the-gold-standard-myths-in-edtech-efficacy>.
- 32 Originally from Budzyna, L. (2017) The Metrics Café: A Guide to Bring Funders and Grantees to the Table. <https://d-lab.mit.edu/resources/publications/metrics-cafe-guide-bring-funders-and-grantees-table>



IMMJOURNEY.COM