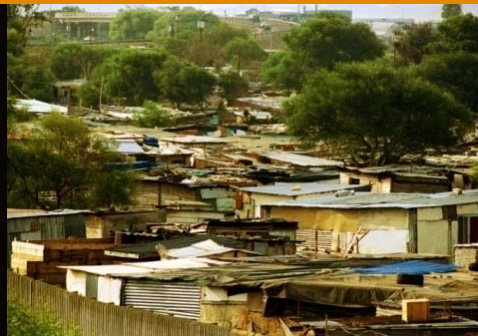


*Briefing and Lessons from the
Fast Company / Monitor Group Social Capitalist Awards,
2003 - 2008*

June 2009

MONITOR INSTITUTE

A Member of The Monitor Group



A Note About This Document

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Attribution: Attribution should be given to Monitor Group. Tammany Hobbs Miracky is lead author. Team members included Amy Lieb and Mia Ferrara.

Initial reference should be listed as “Fast Company / Monitor Group Social Capitalist Awards.” Any subsequent references can be shortened to the “Social Capitalist Awards” or the “Awards.”

Why The Social Capitalist Awards And Why This Document

- The Social Capitalist Awards were a five-year project to assess and publicize the impact of many of this country's leading non-profit organizations. Monitor's objective was to use this experiment to develop and apply an arms-length assessment of non-profit performance
 - The process was by no means perfect, nor was our methodology. With each passing year, though, we tried to incorporate our lessons about what worked and what didn't
 - As Monitor concludes its engagement with this work, we convened a discussion with 25-30 experts in the field in which we shared our experience and our learning and discussed related issues (i.e., performance assessment and the market for information about non-profits) with the group
- This document will provide you with:
 - Background on the Social Capitalist Awards
 - Our reflections on and lessons from our experience
 - Highlights from our group discussion on June 1, 2009

Contents

I. Introduction to this Document

II. Overview of the Social Capitalist Awards

III. Topics for June 1, 2009 Discussion

IV. Highlights from June 1, 2009 Discussion

V. Appendix: Social Capitalist Awards Assessment Criteria and Methodology

I. Introduction to this Document

How To Use This Document

This document is organized into four content sections:

- **Overview of the Social Capitalist Awards** – this section describes the basic elements of the Social Capitalist Awards process and methodology.
- **Topics for June 1, 2009 Discussion** – this section highlights our lessons from our five years of work and was intended to provide food for thought for our discussion. It has been updated to reflect the additional themes and key points surfaced in the conversation.
- **Highlights from June 1, 2009 Discussion** – this section summarizes the key points and questions from the discussion on June 1.
- **Appendix: Social Capitalist Awards Assessment Criteria and Methodology** – this section provides a more detailed view of the assessment criteria and their application.

Contents

I. Introduction to this Document

II. Overview of the Social Capitalist Awards

III. Topics for June 1, 2009 Discussion

IV. Highlights from June 1, 2009 Discussion

V. Appendix: Social Capitalist Awards Assessment Criteria and Methodology

II. Overview of the Social Capitalist Awards

General Description

The Social Capitalist Awards were an attempt to measure, assess, and reward the nation's top social entrepreneurial organizations

What Were the Awards?

- An annual, public recognition of high-performing, socially entrepreneurial organizations in the U.S.
- The recognition of 62 unique organizations as winners, with 10 organizations recognized as five-year repeat winners
- A partnership between Monitor Group and Fast Company, with each organization playing unique roles in the process
- An effort requiring a four-month assessment process conducted by Monitor Group

Goals of the Awards

- To measure, assess, and reward the nation's top social entrepreneurial organizations
- To provide national visibility outside of the non-profit sector to worthy social entrepreneurial organizations and their leaders
- To encourage accountability and responsibility in organizations within the social sector
- To push the thinking around performance measures in the field and highlight best practices

II. Overview of the Social Capitalist Awards

Identifying the Players: Monitor, Fast Company, and the Applicants

Monitor Group

- Developer of Awards Criteria and Methodology
- Executor of Assessment Process
- Advisor to Selection Board on potential winners who may meet the awards standard

Applicants (Organizations)

- Self-registered as an applicant, or recommended by someone and invited to apply
- Voluntarily provided all required data to Monitor Group

Selection Board

- An independent decision-making group constructed to protect against potential biases or conflicts of interest for *Fast Company* or Monitor Group
- Ultimate decision makers on annual winners list
- Responsible for understanding, vetting and, where appropriate, challenging Monitor's recommendations

Fast Company

- Publisher of Award Winners in *Fast Company* magazine
- Author and publisher of independently generated winner profiles and journalistic content, both in magazine and on Fastcompany.com

II. Overview of the Social Capitalist Awards

What the Award Means for the Winners

Winners were recognized in several ways:

- A brief write up of all winners, and a deeper profile of some of the winners, in the December /January issue of *Fast Company*
 - The issue annually hit the newsstands in mid-November allowing winners time to use the award in their year-end fundraising
- Additional content and features on fastcompany.com, including a click-through to Network for Good that allowed viewers to donate to winning organizations
- An awards celebration in January
- A three-to-five hour symposium (varied by year) for CEOs / EDs of winning organization on a topic of interest. Hosted in conjunction with awards celebration
- Each year, one winner was selected by the Schwab Foundation as the “Schwab Foundation Social Entrepreneur of the Year,” which included an invitation to the World Economic Forum in Davos, Switzerland
- In addition to the winners, in some past years, we also identified ‘up-and-comers’ – organizations that were highlighted for their strong future potential (e.g., Ecologic Finance and Taproot in 2006)



II. Overview of the Social Capitalist Awards

Social Capitalist Awards Assessment Methodology



Social Impact: The measurable social value created, whether absolute or per capita, and/or the demonstrated potential to stimulate systemic improvement in the creation and delivery of a social good, based on a clear and compelling social change model; the organization's ability to measure and maximize their social impact

Aspiration & Growth: The desire and ability to achieve greater impact (both direct and systemic impact) over an extended period of time; the organization's aspirations to increase the scale of impact must be supported by a clear strategy and a demonstrated commitment to growth

Entrepreneurship: The relentless discipline of galvanizing (both new and existing) internal and external resources for social impact and exploiting the discontinuities created by changing circumstances; the demonstrated ability to flexibly and efficiently deploy and shift resources into areas of higher yield; the ability to creatively motivate individuals and institutions to make things happen; the ability to establish a culture that supports and encourages entrepreneurial behavior

Innovation: The uniqueness and strength of an organization's "big idea" (that is, its vision of an actionable solution to a significant social issue), and / or of the business model through which it proposes to deliver its solution; the ability to institutionalize continued innovation and maximize its benefits.

Sustainability: The ability to maintain the social impact achieved through the organization's social change model and associated operational and income models over an extended period of time, including the strength of the management team and the resource strategy to achieve organization's growth aspirations

II. Overview of the Social Capitalist Awards

Roadmap of the Application Process

Seek Nominations



- Organizations were either nominated for the Awards or registered online themselves
- The process was open to any and all interested in being considered for the Awards

Collect Applications



Applications required:

- Survey that includes ~30 essay, short-answer and fill-in the blank questions
- 990s and professional audits for past 2 years
- List of Board of Directors
- Key leadership bios, organizational charts
- Mission statement
- Executive Director personal statement

Evaluate Applicants / Make Recommendations



- The organizations were evaluated against a set of assessment criteria which measured: social impact, aspiration and growth, entrepreneurship, innovation, and sustainability
- In year 4 we moved from a forced ranking of 25 winners to an “all who meet ‘the standard’” list of winners. Our pool of previous winners set ‘the standard’ by which we evaluated organizations
- We also conducted targeted research and / or followed-up directly with an organization if data was insufficient
- The Selection Board discussed the analysis and recommendations of the Monitor Group team and then drew their own conclusions about the organizations
- The Selection Board chose the final list of winners
- In the first three years the number of winners was capped first at 20 organizations, then at 25; in years 4 and 5, the final winner list was between 40-45 orgs

Select Winners



Social Capitalist Awards by the Numbers (Annual):

250 - 350 registered

100 – 130 applied

40 – 45 winners named

Contents

I. Introduction to this Document

II. Overview of the Social Capitalist Awards

III. Topics for June 1, 2009 Discussion

IV. Highlights from June 1, 2009 Discussion

V. Appendix: Social Capitalist Awards Assessment Criteria and Methodology

III. Topics for June 1, 2009 Discussion

Introduction

- Our objectives for this conversation were three-fold:
 - Share our experience with participants to the extent that it might inform their own work or others' work
 - Enrich our perspective on the Social Capitalist experience by incorporating the group's input
 - Based on our experience and this conversation, create a stand-alone document that could serve as a public record of our Social Capitalist experience (i.e., this document)
- Our discussion centered around four topics:
 - What: About the Process and Methodology
 - Who: Participation Required To Enable the Assessment
 - How Much: Investment Required to Conduct the Assessment
 - General Discussion

Note: As part of our learning process, we conducted a survey of past applicants and past winners; we have drawn from those results to inform this document.

III. Topics for June 1, 2009 Discussion

Summary of Key lessons

What: About The Process / Methodology

- Making assessments required the rigorous analysis of robust data, in significantly more detail than is available publicly; the collection of high quality information requires significant time on the part of the assessor and the organization
- We were able to assess the components of Social Impact, Aspiration and Growth and Sustainability; these components are likely to have the broadest applicability for other socially-oriented organizations

Who: Participation Required To Enable the Assessment

- Real knowledge of social sector organizations, the social sector as a whole, and expertise in strategic thinking were required to understand the context of the organization and to make informed judgments. This more seasoned judgment could be highly-leveraged by junior analysis
- Our ability to make the right judgments consistently improved over time, as we invested in knowledge capture, reflections on the process, and the training of new teams

How Much: Investment Required

- Monitor's estimated costs over 5 years were \$945,000
- The cost per organization assessed was \$1000 to \$1500; this cost could be reduced if assessment activities were organized as an ongoing operation instead of consulting teams
- The application process was onerous to many applicants

III. Topics for June 1, 2009 Discussion

What: The Assessment Framework

Basic Principles

- The 5 core components of the criteria were intentionally developed to describe a **specific type of non-profit organization: the Socially Entrepreneurial organization**
- The **Social Impact component**, both the demonstrated impact of the organization and their social change model, **served as a fundamental anchor for assessing each application**
 - All other components, including the organization's strategy and effectiveness in executing, were judged in light of their social change model

Learning Over Time

- The **definition of the core components remained very consistent over time** – what changed were our articulation of how those components were represented and the data we collected to substantiate the components
- We felt **we were better able to assess organizations on Social Impact, Aspiration for Growth, and Sustainability.**
- We were **less able to assess Entrepreneurship and Innovation**, as these require an understanding of an organization's internal operations.
 - These last two categories are relevant to identify Social Entrepreneurs, but would not be as critical to a more broadly-applied assessment of non-profit organizations

III. Topics for June 1, 2009 Discussion

What: Data Collection and Inputs

Basic Principles

- Motivated by the opportunity to be named winners, **organizations volunteered sensitive, detailed data that is not publicly-available**
 - Even with that incentive, organizations often felt that the application process was onerous
- To encourage robust application data (e.g., information about specific donors and likelihood of renewal), Monitor **pledged to keep the organization's data confidential**
 - Any reports or articles written about the winners in *Fast Company* were the result of a separate journalistic process
 - Monitor does not release the names of organizations that applied and did not win
- In order to truly understand each organization, we collected **quantitative and qualitative data from each organization**. The data collected enabled us to triangulate / test the organization's assertions (e.g., is the story of their intended impact reflected in their social impact metrics?).

Learning Over Time

- **Each year we refined the questions** we asked organizations in order to more clearly, accurately, and consistently collect the information that would best inform our criteria
- Initially our assessments included panels of **outside experts** who were knowledgeable about the specific social issue addressed by the organization
 - This proved to be very time consuming
 - It also **failed to yield consistent, knowledgeable insight** about the applicants (despite multiple attempts under different constructs)
 - Though we dropped the expert panel, we maintained a list of experts on specific issues and continued to reach out to them
- Similarly, our process in the early years included 90 minute **interviews with the Executive Director** of all “finalist” organizations
 - This **consistently yielded significant insights** about the organization
 - **However, the time commitment for Monitor and the applicant was prohibitive**

III. Topics for June 1, 2009 Discussion

What: Making the Assessments

Basic Principles

- There is no absolute right or wrong answer to each of the core components or subcomponents. **Making an assessment required subjective judgments** based on quantitative and qualitative data.
 - For each organization, we constructed an understanding of their social change model (i.e., what's the problem you're trying to solve, what are the levers of change to address that problem, and what is your theory of what your organization will do to make that change happen?) that served as the foundation of our assessment
 - We took each organization individually, assessing it in the context of its social change model, age, and type (i.e., service delivery vs. advocacy vs. multi-program)
- From a process standpoint, we grouped organizations by impact area and assessed all organizations within that impact area one component at a time
- There were **multiple calibration points** during the assessment process to ensure consistency in applying the framework, grouping organizations with like issue areas, as well as calibrating across issue areas
 - **This was the point to apply senior-level judgment**
- For any organization that requested it, **we conducted phone interviews to share our assessment of the organization**

Learning Over Time

- **Our ability** to assess the organization's impact and aspiration **improved over time, as did our consistency** in applying the assessment framework:
 - Consistency was enhanced through ongoing documentation of process
- While we started with a numeric scoring of organizations and a forced ranking, **our assessments became increasingly qualitative** over time
 - We felt that a heavily quantitative approach would be **more likely to exclude worthy organizations than to include poor performers**
 - **We shifted to an approach in which we articulated a 'standard' and assessed each organization against that 'standard'**
 - **Articulating the 'standard' was difficult** and writing it down in an all-inclusive way was impossible. We settled with illustrating the standard through examples and ensuring that senior judgment was applied to final decisions
- Beginning in year 3, **we assessed all applicants first on the Social Impact criteria as an initial screen**

III. Topics for June 1, 2009 Discussion

Who: The Assessors

Basic Principles

- Monitor's project teams of **junior analysts generally had strong quantitative, qualitative, and logical analytical skills , but little to no experience with social sector organizations**
 - Primarily, their role was to understand, vet and summarize the applicant data
- The final **subjective judgments required expert knowledge**. The process required regular, highly-leveraged input from senior consultants with seasoned knowledge of social entrepreneurial field and ability to make judgment calls.
- Given Monitor's consulting business, which includes working with innovative non-profit organizations, we also **felt it was important to have a Selection Board to guard against any conflict of interest**
- Note: **Monitor did not consider outsourcing assessments to volunteers**. We foresaw two challenges:
 - Ensuring consistent quality of assessment (including inter-rater comparability) is difficult
 - Distributed learning makes continuous improvement over time more difficult

Learning Over Time

- We **developed process tools and guiding “how-to” documents** to enable meaningful contributions from junior analysts
 - Developed a data storage and capture system that allowed all members of the team to simultaneously upload to and look at the organizational assessments
 - Training documents
 - Decision-rules / standards of performance (note previous comments about articulating a ‘standard’)
 - Mapping of data inputs to assessment criteria
- There is an inherent tension – **with expertise comes potential conflict of interest**. All sufficiently informed experts will have potential for conflicts of interest (professional and / or personal relationships with principles involved).
 - The Selection Board required substantial time and effort and could be eliminated (or done differently) if this were an ongoing assessment initiative
- At times, the Selection Board selected some winners that were at odds with Monitor's recommendations, highlighting the **potential for differing judgments and assessments based on the same data**

III. Topics for June 1, 2009 Discussion

Who: The Organizations Being Assessed

Basic Principles

- While the data-gathering process was onerous for applicants, **eligibility criteria were minimal**. All organizations were required to produce two years of 990s and audited financials
 - While we permitted foundation applications, we strongly discouraged them. It was difficult for them to demonstrate Entrepreneurship and Innovation
- While **socially entrepreneurial organizations are not the only group of non-profit organizations worthy of recognition, their general profile was consistent with our project**. They:
 - Met *Fast Company's* desire to highlight social entrepreneurs and were aligned with the magazine's audience and brand
 - Tend to be data-oriented, and therefore might have been better-situated to provide the information required
 - Were attracted to the P.R. opportunity, and therefore might have been more inclined to provide confidential data in exchange

Learning Over Time

- The assessment framework was a better fit for single-program service-delivery organizations:
 - It was **more difficult to assess advocacy organizations** where social impact may be harder to directly prove and can occur over longer periods of time
 - For **multi-program organizations**, one would either need to assess each major program individually or the organization **would need to have an institution-wide social change model, under which each program fits tightly**
- It was **difficult to broaden the applicant pool**
 - Geographic concentration
 - Faith-based organizations
 - Were we subject to the same constraints as the social entrepreneurship movement overall?
- **Finding the right unit-of-analysis for an applicant was often difficult**
 - E.g., multiple affiliates from the same parent organization, one affiliate but not the parent, etc.

III. Topics for June 1, 2009 Discussion

Who: Summary of Survey Feedback from Participating Organizations

Value of Awards

- The Awards **provided validation from an external third-party**, enabling winners to:
 - Recruit board members
 - Receive *“significant direct donations”*
- The process itself **provided time and a framework to reflect on their organizational performance**
 - E.g., *“I have put more emphasis on our outcome measures as a result.”*

Debate Over Quantitative Assessment

- There is **disagreement amongst applicants about the value of quantitative assessment of performance and impact**:
 - *“I think there is an overestimation of the value of the ‘rigorous analysis’ at the expense of a more intuitive understanding. This can lead to a systematic ‘dumbing down’ of the ambition and goals of the most visionary leaders whose real goals cannot be easily measured.”*
 - *“The Awards have combated the notion that nonprofits can’t be effectively analyzed through a strictly quantitative approach. This is a benefit to the sector because it challenges organizations to demonstrate their effectiveness and holds them more accountable to doing more with their resources.”*

How Awards Fell Short

- There should be even **greater publicity / awareness**
- Organizations desired **more systemic, comprehensive feedback**
 - *“The feedback we received after last year’s Social Capitalist Awards process was very helpful in assessing our organization.”*
 - *“Since Monitor goes through such a rigorous analysis of each award recipient, it would be very helpful if we could have more access to this third-party evaluative information both for ourselves and to share with our funders.”*

Should The Awards Continue?

- **100% of all former winners “strongly believe” and 81% of all applicant, non-winners “believe” or “strongly believe” the Social Capitalist Awards should be continued**

III. Topics for June 1, 2009 Discussion

How Much: Investment Required to Conduct the Assessment

Assessor

- Over five years **Monitor received 1245 nominations and completed 545 assessments**
- **Monitor's estimated costs over 5 years were \$945,000**
 - Includes actual cost of 4-5 junior and 2-3 senior team resources, as well as out of pocket costs (e.g., for celebratory gala event)
 - Team spent the 2-4 weeks after the deadline aggregating and sorting the data, then spent 3-4 weeks in detailed discussions to make judgments about that information
- When we adjust Monitor costs to include only those costs directly attributable to the assessments, **the cost per organization assessed was \$1000 to \$1500**
 - On average, the team (including both junior and senior resources) spent 25-30 hours assessing each organization
- **These figures could be reduced** by transitioning to an on-going assessment operation, instead of a consulting team model:
 - Dedicated team of analysts, likely more efficient and lower cost than consultants allocated on a project basis
 - Greater number of applicants reviewed

Organizations Being Assessed

- **While we were concerned about the amount of time required** on the part of the organization to provide the data, **we favored getting more complete information**
- **Organizations reported between 10 and 40 hours required** to complete data requirements.
 - *“We would appreciate a shorter, easier application process. **The amount of time and resources it takes – at all levels of the organization – is nearly prohibitive.**”*
 - *“We need more time to apply, please. **We’re squeezing the application process into our regularly scheduled programs.**”*
- **Time required was noticeably greater in the first year the organization applied**, and was reduced noticeably thereafter.
- In later years we provided an option for prior winners to submit an “update” application, reusing any data from prior years that they felt appropriate

Contents

I. Introduction to this Document

II. Overview of the Social Capitalist Awards

III. Topics for June 1, 2009 Discussion

IV. Highlights from June 1, 2009 Discussion

V. Appendix: Social Capitalist Awards Assessment Criteria and Methodology

IV. Highlights from June 1, 2009 Discussion

Introduction

The June 1 discussion was convened and hosted by Jacob Harold of the Hewlett Foundation; it was an opportunity to both share Monitor Institute's lessons and to further the Hewlett Foundation's broader efforts to improve the nonprofit information marketplace. 30+ practitioners participated:

- Tammy Hobbs Miracky, Katherine Fulton, Amy Lieb, Mia Ferrara, and Barbara Kibbe (Monitor Institute)
- Jacob Harold (Hewlett Foundation)
- Kevin Bolduc (Center for Effective Philanthropy)
- Elizabeth Boris (Urban Institute, Center on Nonprofits and Philanthropy)
- Carol Thompson Cole and Victoria Vrana (Venture Philanthropy Partners)
- Sarah DiTroia and Marci Spector (New Profit)
- Ruth Jones and Garrison Kurtz (Social Venture Partners International)
- Holden Karnofsky and Debra Natenson (GiveWell)
- Jeff Mason (Social Solutions)
- Chuck McLean and Bob Ottenhoff (Guidestar)
- Perla Ni (Great Nonprofits)
- Sara Olsen (SVT Group)
- Jane Reisman and Sarah Stachowiak (Organizational Research Services)
- Sean Stannard-Stockton (Ensemble Capital Management)
- Collette Stanzler and Andrew Wolk (Root Cause Institute)
- Art Taylor (Better Business Bureau Wise Giving Alliance)
- Melinda Tuan and Fay Twersky (Gates Foundation)
- Laura Callanan (McKinsey and Co.)
- Lucy Bernholz (Blueprint R&D)

IV. Highlights from June 1, 2009 Discussion

Key Insights and Questions (1 of 2)

Three Important Components of the Nonprofit Information Marketplace

- **A supply of rigorous, relevant information about nonprofits**
 - In some ways, the Social Capitalist Awards represented an experiment in how to provide this kind of information
 - The challenge: Can we provide meaningful information? Can we scale deep analysis in a cost-effective way?
- **Demand for high-quality information from donors**
 - The awards proved that some donors are interested in high-quality information and that they trust that information when it is associated with a strong brand name
 - The challenge: What percent of donors actually care (is 15-20% a relatively accurate guess)? Would they use high-quality information about nonprofits if they could get it? How much would they be willing to pay for it?
- **An architecture that successfully brings the supply and demand together**

Four Tensions to Manage—and Possible Resolutions Surfaced in This Discussion

- **Transparency vs. confidentiality** vis à vis organizations' "insider" data: while there may be a general move towards an opt-out model where transparency is the default, the promise of confidentiality for specific data likely encourages organizations to contribute
- **Objective vs. subjective assessment**: be objective when possible; be rigorously / systematically subjective when objectivity is impossible or unrealistic
- **General principles vs. specific principles for different issue areas or organization types** when assessing nonprofit performance: apply general principles, but conduct analysis within relevant cohorts (i.e., group by issue area and / or organization type) based on knowledge of specific context
- **Cost-effective and automated vs. cost-intensive and judgment-based analysis**: conduct analyses based on human judgment that are as automated as possible across each stage of the process (i.e., instead of conducting ratio-based analyses)

IV. Highlights from June 1, 2009 Discussion

Key Insights and Questions (2 of 2)

Context and Forward-Looking Reflections on the Social Capitalist Awards

- The awards were set up as contest, making it necessary to set a fixed number of winners
 - In the future, it could be possible to accomplish the award's broader goals – i.e., of assessing an organization's potential to create impact and its likelihood of making it happen – by **moving to a set of levels** (similar to the LEED standards for green building) and defining **clear standards for how an organization can move from one level to another**
- The awards were launched at a particular time (in 2003) when the context for nonprofits was very different than it is today
 - Transparency was less of an obvious policy when **organizations were just beginning to see what could happen in the social entrepreneur marketplace**
 - Today, it is possible that **the rules of the game will shift** a lot faster than we might have believed given trends around generational shifts, the role of government, etc.

Potential Sources of Funding for Sustainable, Ongoing Assessment of Nonprofits

- High net-worth individuals: give more money than any other type of player, so critical to create demand with this group (“build it and they will come” has not worked historically)
- Retail donors: could become a source of micro-payments if the assessment added value
- Financial sector: need to “productize” this kind of assessment (i.e., by providing the right information and by developing an easy-to-use ratings system) to make it relevant to financial advisors and their clients
- Nonprofits: might participate if they saw this as a source of increasing value; however, this might narrow the dataset to the organizations that are able / willing to pay
- Foundations: critical that they step in to address the market failure here; though they may not want to contribute substantially on an ongoing basis, they could pool together some portion of the capacity-building investments they set aside for grantees
- Government: might contribute by going through the IRS to add a tax that funds the pool or by increasing standards for / demands about better performance

Contents

- I. Introduction to this Document
- II. Overview of the Social Capitalist Awards
- III. Topics for June 1, 2009 Discussion
- IV. Highlights from June 1, 2009 Discussion
- V. Appendix: Social Capitalist Awards Assessment Criteria and Methodology**

V. Appendix: Assessment Criteria and Methodology

Components of Social Entrepreneurship



Social Impact: The measurable social value created, whether absolute or per capita, and/or the demonstrated potential to stimulate systemic improvement in the creation and delivery of a social good, based on a clear and compelling social change model; the organization’s ability to measure and maximize their social impact

Aspiration & Growth: The desire and ability to achieve greater impact (both direct and systemic impact) over an extended period of time; the organization’s aspirations to increase the scale of impact must be supported by a clear strategy and a demonstrated commitment to growth

Entrepreneurship: The relentless discipline of galvanizing (both new and existing) internal and external resources for social impact and exploiting the discontinuities created by changing circumstances; the demonstrated ability to flexibly and efficiently deploy and shift resources into areas of higher yield; the ability to creatively motivate individuals and institutions to make things happen; the ability to establish a culture that supports and encourages entrepreneurial behavior

Innovation: The uniqueness and strength of an organization’s “big idea” (that is, its vision of an actionable solution to a significant social issue), and / or of the business model through which it proposes to deliver its solution; the ability to institutionalize continued innovation and maximize its benefits.

Sustainability: The ability to maintain the social impact achieved through the organization’s social change model and associated operational and income models over an extended period of time, including the strength of the management team and the resource strategy to achieve organization’s growth aspirations

V. Appendix: Assessment Criteria and Methodology

Subcomponents of Each of the 5 Components



Note: See appendix for complete definitions of subcomponents

V. Appendix: Assessment Criteria and Methodology

List of Winning Organizations

Below is a list of the organizations that won the Social Capitalist Awards for all 5 years, as well as links to the full winners' lists for each year of the awards

5-Year Winners

- Accion International
- City Year
- College Summit
- First Book
- Jumpstart
- New Leaders for New Schools
- Path
- Room to Read
- Rubicon Programs
- Witness

Links to Full Winners' Lists

- 2004: <http://www.fastcompany.com/social/2004>
- 2005: <http://www.fastcompany.com/social/2005>
- 2006: <http://www.fastcompany.com/social/2006>
- 2007: <http://www.fastcompany.com/social/2007>
- 2008: <http://www.fastcompany.com/social/2008/index.html>

V. Appendix: Assessment Criteria and Methodology

Approach to Applying the Standard

- The organizations represented a diverse group. We had to invest time to develop a sound understanding of each organization's social change model, the environment in which it operated, the unique challenges and influences of the problem it was tackling, its chosen business model, life stage, etc.
- With each passing year we enhanced our understanding of the challenges of measuring social impact and organizational performance and, as a result, we continued to refine our methodology and assessment criteria
 - In 2007, we moved from a forced ranking of a list of 25 winners to identifying as winners all organizations that we believed met the Social Capitalist Awards 'standard'
- We leveraged the knowledge and experience of evaluating hundreds of organizations in 2004, 2005, and 2006 to better define what the Social Capitalist Awards 'standard' really was:
 - Using real world examples from prior winners to represent some of the important nuances of excellent strategy and performance
 - Taking a 'case law' approach to defining the standard, where the relevant 'case law' we drew upon was determined by a variety of themes / dimensions. For example:
 - Direct comparison of similar organizations serving the same social needs (e.g., efficient use of resources for charter schools based on the cost per pupil)
 - Calibration of organizations at a similar age (e.g., younger organizations expected to be smaller and to grow at a faster percentage than older, larger organizations)
 - Articulating the 'standard' was difficult; writing it down in an all-inclusive way was impossible. We settled with illustrating the standard through examples, and ensuring that senior judgment was applied to final decisions

V. Appendix: Assessment Criteria and Methodology

Social Impact: Subcomponents



An organization is evaluated on Social Impact along four sub-components

SUBCOMPONENTS

Theory for Social Change

- Demonstrate a clear understanding of the need addressed, and recognize the root cause and contributing factors
- Articulate the key challenges in addressing that need, the role the organization plays, and the levers most likely to have the greatest impact
- Aware of previous efforts to address the need and barriers to the success of those efforts
- Recognize opportunities to, and select direct impact levers that, create systemic change

Measurement

- Strong understanding of the metrics necessary to track success against the social change model
- Employ those metrics to track broad progress toward achieving the organization’s mission and to measure the impact of specific actions
- If the required metrics are not in place, recognize the limitations of current metrics or the need to adapt them in the future

Direct Impact

- Demonstrate disproportionately large impact in service of the organization’s mission, considering both breadth and depth of impact
 - Impact should be measured relative to similar organizations in terms of field and stage in the strategic lifecycle (e.g. similar age, scale, objectives, etc.)
- Performance is strengthened if the direct impact directly helps the organization deliver systemic change

Systemic Impact

- Demonstrate clear progress toward sustainable change that will persist in the organization’s absence
- Aim to achieve both scale and depth of systemic impact, affecting a large number of people through systemic change efforts and penetrating the root of the problem
 - Systemic impact is defined as macro-level change that results from the organization’s work
- May leverage other organizations in creating impact as a component of the theory for change

V. Appendix: Assessment Criteria and Methodology

Social Impact: Examples to Demonstrate the Standard



FAILURE TO MEET STANDARD

MEETING THE STANDARD

Organization Description	<p><i>An after-school program that uses sports and the power of teams to provide inner-city youth with the opportunities to play, to learn, and to grow, inspiring them to recognize their potential and realize their dreams</i></p>	<p><i>An after-school program that educates low-income children staffed largely by volunteer professionals who use their passions for their respective expertise to engage students in learning</i></p>
Theory for Social Change	<ul style="list-style-type: none"> In one of city's most disadvantaged areas, the organization has a clear, though not unique, model to provide youth with the opportunity to rise out of poverty, engaging participants over multiple years with the ultimate goal of helping them graduate high school and matriculate in college. However, it is unclear whether the model is a uniquely effective way to achieve those objectives 	<ul style="list-style-type: none"> The organization has a unique approach to addressing a key barrier to the success of after-school programs, talent, seeking to invent a system of after-school programs to better support children and involve the entire community in education. It hopes to change the trajectories of students, as well as the way that average citizens relate to society's responsibility to educate kids
Measurement	<ul style="list-style-type: none"> The organization tracks key metrics to measure its impact, such as graduation rates, college enrollment rates, and avoidance of teen parenthood, in addition to participation and retention rates. They do not, however, attempt to measure the broader impact that reducing these rates has on the community 	<ul style="list-style-type: none"> Tracks both long-term and short-term student outcome metrics; uses comparison peer groups to mark the organization's progress and cite a long-term study commissioned by an independent agency. We would like to see better metrics to track the impact on the volunteers and supporting community beyond student achievement
Direct Impact	<ul style="list-style-type: none"> With a 100% graduation and college matriculation rate, the organization has a deep impact on participants; however, given its age (15 years), the relative scale of its impact is still very small, serving only 500 youth in a single neighborhood 	<ul style="list-style-type: none"> Serves approximately 2,000 low-income middle school students annually across 15 cities. Participants significantly outperform a comparison group on key metrics of school success (attendance, promotion, discipline, grades, standardized test scores)
Systemic Impact	<ul style="list-style-type: none"> By focusing on such a small scale, the organization seems to have limited its ability to drive systemic impact, with their only efforts focused around the Executive Director connecting with similar-minded organizations in the city 	<ul style="list-style-type: none"> Created a new professional pathway for after-school professionals in conjunction with a local university to attract and develop dynamic educators and community builders

V. Appendix: Assessment Criteria and Methodology



Aspiration and Growth: Subcomponents

To meet the standard for Aspiration & Growth, an organization must demonstrate high aspirations for increasing both direct and systemic impact, as well as a commitment to growing its impact

SUBCOMPONENTS

Aspiration for Direct Impact

- Articulate high aspirations for increasing the depth and breadth of the organization’s direct impact
 - The scope of those aspirations must be measured in the context of the organization’s theory for social change, mission, and developmental stage (e.g. periods of slower projected growth in impact may be acceptable if the organization has recently expanded significantly or undergone other major changes)
- Set realistic aspirations given history, capabilities, and ultimate mission, with a recognition of organizational limitations

Aspiration for Systemic Impact

- Articulate a vision for an ultimate solution to the social need addressed (e.g., vision to change the way the field approaches the need / problem)
- Articulate high aspirations for increasing the depth and breadth of the organization’s systemic impact
 - The scope of those aspirations must be measured in the context of the organization’s theory for social change, mission and developmental stage (e.g. periods of slower projected growth may be acceptable if the organization has recently expanded significantly or undergone other major changes)
- Set realistic aspirations given history, capabilities, and ultimate mission, with a recognition of organizational limitations

Commitment to Growth

- Provide evidence of mechanisms and an organizational culture focused on expanding impact, including demonstrated historical growth in impact
- Can articulate clear and focused growth targets, and can understand and prioritize the activities that are necessary to meet and exceed growth targets based on a sound strategic plan
- Understand the resources that will be required to meet growth targets and have a clear plan for acquiring / building them

V. Appendix: Assessment Criteria and Methodology

Aspiration and Growth: Examples to Demonstrate the Standard



FAILURE TO MEET STANDARD

MEETING THE STANDARD

Organization Description

The organization's mission is to expand access to financial services, especially savings and asset building opportunities, for low-income families by creating, testing, and deploying innovative financial products and services

The organization acts as a non-profit investment bank, providing direct financing, coaching, information, and insights to non-profits, and creating benchmarking mechanisms that makes programmatic performance transparent for investors and regulators

Aspiration for Direct Impact

• The organization's goal is to bring 2 innovative ideas to market each year that will assist low and moderate income families gain access to quality financial services and long term savings; however, *the organization does not set goals for the impact of those "innovative ideas."* While the ideas have the potential to deliver significant impact, the organization would appear to be satisfied in delivering an innovative idea that had limited impact.

• Aspires to be the first full-service investment bank for non-profits, with goals to increase the number of organizations served per year from 365 today to 838 by 2009 and to increase the amount of loans dispersed from \$31 million today to \$40 million by 2009. Doubling client base would be significant growth given high touch nature of business, but the organization has demonstrated ability to implement aggressive growth.

Aspiration for Systemic Impact

• Following a technology-based approach to delivering financial services, the organization strives to overcome the entry barriers that have prevented the formation of a sustainable market. With an ultimate goal to transform working poor families into an attractive market segment for financial service providers, the organization has a broad vision for systemic impact, but *no broad plan to achieve that goal other than by bringing more innovative ideas to market*

• Seek to teach and popularize a new set of standard practices in non-profit finance, financial management, and measurement. Primarily intend to achieve this by increasing their direct impact, though they also recognize the need to produce research to validate their model for policy makers and funders

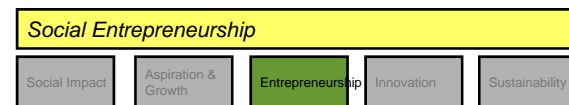
Commitment to Growth

• The organization outlined a four step process to delivering its innovative ideas, and has an existing pipeline of potential ideas in various stages of development, suggesting a continued ability to deliver on its goal of 2 ideas per year
 • A strategy for scaling those ideas and bringing them to market is less clear, as the organization lacks the resources to bring the ideas to market without influential partners

• The aggressive growth targets are supported by historical growth, from 143 organizations served in 2004 to 365 in 2006
 • While the future goals are clearly articulated, the path to get there is not as well defined, although they note a need to focus on branding and marketing, and a continued emphasis on partnerships

V. Appendix: Assessment Criteria and Methodology

Entrepreneurship: Subcomponents



To meet the standard for Entrepreneurship, an organization must attract high levels of resources, “do a lot with a little” and demonstrate an entrepreneurial culture

SUB-COMPONENTS

Ability to Galvanize Resources

- Ability to identify and attract external and internal resources – e.g., funding, employees, volunteers, in-kind donations and / or partnerships
 - Evidence of ongoing identification and attraction of these resources (preferably with a growth trajectory)
 - Resources aligned with the organization’s theory of social change and ultimate impact
- High levels of resources, and an appropriate mix of types and sources of resources, relative to other organizations in its field, and relative to its age
- Activation of unusual or creative channels / approaches / partners to drive growth (e.g., collaboration with unlikely partners or unique partnership structures) in a way that expands the core competencies of the organization

Efficient Use of Resources

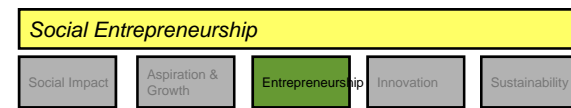
- Ability to do a lot with a little; efficiency in using resources once they are made available
 - Judicious investment in overhead and fundraising expenses
 - Clear metrics for performance measurement (preferably on a project basis), especially tracking of how each dollar is spent and subsequent impact / outcomes
 - Metrics should be cost-effective to monitor and linked to the organization’s mission
 - Accountability to those metrics (e.g., proactive measures to reduce / manage costs)

Entrepreneurial Culture

- An organization aligned to “make things happen” with a focus on speed of execution and proactiveness, driven by a clear vision, an ambitious management team, and a passionate staff
- Internal systems, processes and policies beyond standard strategic planning that drive entrepreneurial behavior (e.g., results-based reward system; recognition of new idea generation) but ensure accountability at the individual and organizational levels
- Evidence of a culture of flexibility, with an openness to change (e.g., incorporation of best practices, comfortability with uncertainty), an emphasis on creative solutions and a commitment to continuous improvement

V. Appendix: Assessment Criteria and Methodology

Entrepreneurship: Examples to Demonstrate the Standard



FAILURE TO MEET STANDARD

MEETING THE STANDARD

Organization Description	<p><i>Mission is to improve the quality of life for all members of a given state; educate the public, the media, and the policymakers about some of the most serious problems facing the given state and develop effective, comprehensive, and sustainable solutions.</i></p>	<p><i>The organization offers a range of services including housing, job training, counseling for substance abuse and mental health issues for those looking to escape the cycle of homelessness and poverty.</i></p>
Ability to Galvanize Resources	<ul style="list-style-type: none"> • Overall level of resources, given its age, is low • Leverages many partnerships to affect change, but partnership strategy is not particularly unique or creative 	<ul style="list-style-type: none"> • Significant levels of resources given its age; it has identified a way to attract a majority of its funding from fee-for-service activities • Partnership and collaboration is central to its model and success in providing integrated services <ul style="list-style-type: none"> – Partnerships are helping organization to reach national scale
Efficient Use of Resources	<ul style="list-style-type: none"> • Significant level of impact given its size • Minimizes fundraising expenses by not hiring a development officer • Lacks clear metrics for performance measurement • Organization fails to effectively leverage volunteers, especially notable given its small number of FTEs and emphasis on “grassroots support” 	<ul style="list-style-type: none"> • Fee for service model lends itself to efficiency • Built efficiency into program model (lack of detail due to need to disguise organization) • Numerous studies (e.g., Harvard Business Review) validate its social outcome measurement and performance metrics
Entrepreneurial Culture	<ul style="list-style-type: none"> • While organization is focused on speed of execution and proactively tackling key issues in its state, its application lacks strong evidence of systems, policies and processes that drive entrepreneurial behavior within the organization 	<ul style="list-style-type: none"> • Internal evaluation system helps direct staff and managers to “identify best practices, failing programs, areas to focus on and areas of strength” • Going forward, would like to see stronger evidence of results-based reward system to accompany evaluation system

V. Appendix: Assessment Criteria and Methodology



Innovation: Subcomponents

To meet the standard for Innovation, an organization must create and capture new value through either its “big idea” or its business model, and also institutionalize its innovation capabilities

SUB-COMPONENTS

Strength of the “Big Idea”

- Demonstrates unique, “pattern-breaking” insight into solving existing social problems in a way that is new and different relative to the established practices and systems in its field (e.g., unique ways of using / combining resources; discovery of new resources; creation of new services / service delivery methods)
- “Big idea” is significant in its ability to address the targeted social issue and / or influence important decisions concerning potential solutions
- “Big idea” has the potential for further expansion and increases its impact over time

Innovation within the Business Model

- Innovative operating systems / processes or organizational structures
 - Operational infrastructure or platforms that create and sustain differentiated value offerings in support of the business model or mission

Institutionalization of Innovation Capabilities

- Systems, processes and policies in place for the continuous generation and evaluation of new ideas (e.g., brainstorming sessions with board of advisors, systematic management of innovation pipeline, etc.)
- Clear ability to see an idea through to completion, evidenced by the successful “launch” of a new idea

V. Appendix: Assessment Criteria and Methodology

Innovation: Examples to Demonstrate the Standard

FAILURE TO MEET STANDARD

MEETING THE STANDARD

Organization Description

Helps impoverished youth get jobs by providing them with counseling and giving them transitional jobs through a range of wholly-owned small enterprises

Strengthens non-profits by harnessing the skills of business professionals to provide marketing, human resource and capacity building services free of charge or at deeply discounted rates.

Strength of the "Big Idea"

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- Although the organization has been successful in the way it leverages working professionals as volunteers / counselors, it does not appear to be particularly differentiated in its approach to volunteerism – which it cites as its primary innovation

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- Moderately innovative "big idea" – did not invent connecting non-profits with for-profit professionals, but developed a system for doing so that works
- Working to make pro bono service an integrated part of the business community

Innovation within the Business Model

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- Model for job training and life-skills support is not differentiated
- Although the executive director acts as the "entrepreneurial engine", there is no discussion on how he compels innovation in the organizational infrastructure or drives innovative thinking in its staff and volunteer network

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- Strong, appropriate business model for service, which includes training, services, and project management
- Business model embodies best practices of professional services' agencies, nonprofit foundations and volunteer matching organizations

Institutionalization of Innovation Capabilities

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- Organization provides compelling examples of capturing new ideas
- However, its application lacks evidence of a systematic process for evaluating new ideas and acting on them

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- Good institutionalization of innovation evident in its development of a structured process for evaluating and testing initiatives (based upon sustained trends) before incorporating them into their programming

V. Appendix: Assessment Criteria and Methodology

Sustainability: Subcomponents



To meet the standard for Sustainability, an organization must demonstrate a resource strategy and strong management and operations that can realistically support its future aspirations

SUBCOMPONENTS

Resource Strategy

- An appropriate mix of renewable sources of revenue
 - Sources of funding should be credible and sustainable
 - Funding mix should be consistent with social change model and age of organization
 - Any potential risks (e.g., high concentration of funding) must be acknowledged and explicitly managed
- Resource strategy and funding sources are consistent with the organization’s social change model and theory for change such that
 - Performance is strengthened by funders that are integrated into the organization’s social change model beyond simply giving money
 - Volunteers and in-kind partnerships are integrated effectively into the business model
 - Revenue generating activities are desirable, unless they distract from the organization’s primary mission
- Projected resources (revenue, employees, volunteers, partnerships) and funding strategy can realistically support organization’s strategic growth plan
 - Articulate a well thought-out plan for obtaining the necessary volume and mix of resources to support the strategic growth plan, with an understanding of the key risks to the strategy
 - Projected major shifts in resource strategy must be logical and believable
 - Projected growth of all components of the business model (revenue, expenses, staffing, etc.) is consistent with projected growth of impact metrics or individuals / organizations served (e.g. the expectation of doubling the number of individuals served while growing revenue only 10% would raise a red flag that must be explained.)

Strength of Management and Operations

- Board of Directors and Executive Director are highly competent, with a diverse set of relevant skills and experiences
- Leadership of organization has insight into the operating environment, combined with a strong understanding of both the challenges and opportunities the organization will face in the future
 - Demonstrate an ability to think strategically based on this understanding
 - Solicit information from other organizations or individuals in their field to better understand future
- Demonstrate an ability to recruit and retain talent that will be sustained in the future (e.g. provide formal professional development programs for all staff members, fostering a learning environment, have established succession plans for key positions in the organization)
- Demonstrate an ability to execute objectives at both the project level and organization level
- Recognize the critical operational systems (e.g., IT infrastructure) required to realize the desired impact, and make the appropriate investments to ensure the sustainability of those operations

V. Appendix: Assessment Criteria and Methodology

Sustainability: Examples to Demonstrate the Standard



FAILURE TO MEET STANDARD

MEETING THE STANDARD

Organization Description

An investment fund for media in emerging democracies. Through low-cost capital, in-depth training and long-term assistance, they help news outlets committed to responsible journalism strengthen their operations and become commercially sustainable

The organization provides loans and financial training to medium-sized businesses that pay special attention to environmental conservation, promoting grassroots sustainable economic development in rural areas in developing countries

Resource Strategy



- The organization's resources are highly concentrated in a single donor, one foundation supplies more than 50% of the organization's funding
- The organization has broad aspirations for growth, including goals to expand geographically, providing deeper levels of financing and support through a seed fund, and increasing the size of loans. They don't, however, address whether their dominant funder has the potential and desire to grow with them, nor do they articulate a plan for how they will increase their funding from other sources.



- The organization has begun to shift from a model primarily dependent on foundation grants and government funding (~50% of revenue in 2004 and 2005) to a model that will more easily grow with the organization (the majority of funds are expected to come from fee for service and interest on holdings (~90% of revenue), with limited reliance on foundations or government loans); this mix of funding is more tightly aligned with the organization's social change model
- Expectations to nearly double direct impact are supported by similar growth in resources, expenses, number of employees, and sites

Strength of Management and Operations



- The organization recognizes a key challenge to its sustainability – an efficient mechanism to deliver and track small loans – and has plans in place to address this operational concern
- The organization considers training, mentoring, and regular feedback central to its culture, suggesting an emphasis on developing talent; however, they recognize that the potential pool of talent is small, and it will be increasingly difficult to find individuals with the appropriate skill set
- The organization's operations are vulnerable to political instability, risks that will increase as it expands



- The organization was well aware of and able to articulate future risks and opportunities, and as such made determined efforts to diversify both their revenue model and the constituents they serve
- Systems to develop staff, such as training and mentorship were not as well developed as would be desired, although with only 10 employees across 3 sites, we would expect these to develop as the organization grows

