



“That’s My Hat!” A Review of the Impact Readiness Fund (IRF)  
jointly commissioned by Big Society Capital and Access – The Foundation for Social Investment  
research conducted with support from Social Investment Business

© Adrian Hornsby, 2017



# CONTENTS

|    |   |
|----|---|
| 5  | Summary   |
| 6  | PART I: THE REVIEW  |
| 7  | 1. What was driving the positive response? What makes an IRF project a success? <ul style="list-style-type: none"><li>1.1 THE VENTURE: EVERYBODY HAS TO BE ON BOARD</li><li>1.2 THE PROVIDER: AGENT OF CHANGE</li><li>1.3 THE DELIVERABLE: IMPACT CULTURE REQUIRES (IT) SYSTEMS</li></ul> |
| 15 | 2. What does this pattern of success and shortcomings tell us? What are the implications for enhancing the impact readiness of ventures?  |
| 16 | 3. How useful is an impact hat really? What does it do for you? <ul style="list-style-type: none"><li>3.1 GETTING MONEY IN</li><li>3.2 GETTING BETTER AT DOING WHAT YOU DO</li></ul>  |
| 23 | 4. How to Achieve Scale? <ul style="list-style-type: none"><li>4.1 GUIDELINES AND CONSENSUS BUILDING</li><li>4.2 BATCHING</li><li>4.3 IMPACT INITIATORS</li></ul>   |
| 31 | PART II: PROCESS POINTS   |
| 43 | ANNEXES   |
| 44 | ANNEX A: RECOMMENDATIONS AND PROCESS RECOMMENDATIONS  |
| 49 | ANNEX B: SURVEY RESULTS   |
| 70 | ANNEX C: NOTE ON METHODOLOGY  |
| 72 | ANNEX D: LIST OF IRF PARTICIPANTS   |

# Foreword

## by Ed Anderton and Marcus Hulme

Everyone has a view about impact measurement and management. Some people believe that it can genuinely add value to their work and help them deliver better services to their customers, whereas others see it as a top down, tick box, bureaucratic exercise. Whatever side of the fence you sit on, impact evidence is here to stay as more and more organisations across sectors are interested in what it can tell them about social change.

In 2014 the Impact Readiness Fund was launched by the Cabinet Office. It was a unique initiative as it was the first programme of its kind to offer grants solely for the purpose of developing impact measurement approaches for charities and social enterprises so that they could raise investment or win contracts. The programme supported over 100 organisations across England and offered grants averaging £39k.

Access and BSC have a shared interest in supporting better impact management across the sector, so we thought it would be timely to review the Impact Readiness Fund to inform our future work. We commissioned Adrian Hornsby to complete the review and welcome the analytical and colourful findings. The recommendations in this report will help to inform Access' capacity building strategy and BSC's investment and market development activities. We are pleased to see that Adrian's work raises some important challenges about the model for providing support, the dominance of contracts over investment, the varying evidence needs of stakeholders, the buy in of ventures and alternative options for delivery.

We were also keen to gather the practical outputs that were developed by providers for charities and social enterprises that received grants from the Impact Readiness Fund so that other organisations could learn from them. These outputs will shortly be indexed and published on the Good Finance website, which is a one-stop shop for information about repayable finance for charities and social enterprises.

Like any evolving discipline, there are good and bad examples of impact management in practice. Counting for the

sake of counting, measuring the wrong things and not using the information that is collected are all common challenges. Access' Impact Management Programme is building on the learning from the Impact Readiness Fund and is working to address some of the issues raised in this report. Firstly, by providing a clear pathway of support for organisations that want to develop their impact management approach, and secondly, through funding more substantial projects to support organisations at a more advanced stage.

We believe that over the longer term, impact management can and should achieve parity with routine financial management, as part of overall performance management in charities and social enterprises. In other words, impact needs to talk alongside money, and should influence decision-making from the top to the bottom of any social organisation.

As with so many aspects of effective practice in the social sector, user involvement is critical at all stages of the impact management process. Building in robust feedback loops between practitioners and their beneficiaries, within organisations themselves, and between those organisations and their funders, investors and commissioners, is a powerful means of understanding how we can all work together to demonstrate and increase the social impact we make as a sector.

In keeping with this principle, we would welcome feedback and comments about the content of the report and are always open to hearing ideas about what we can do to support better impact management in the social investment market, and the social sector as a whole. NPC, who are delivering the Impact Management Programme on behalf of Access, will be leading a learning event in September to keep the conversation going: if you would be interested in attending, please contact NPC directly. Details are provided at the end of this document, along with contact details for both Access and BSC.

July 2017

# about the **IMPACT READINESS FUND**

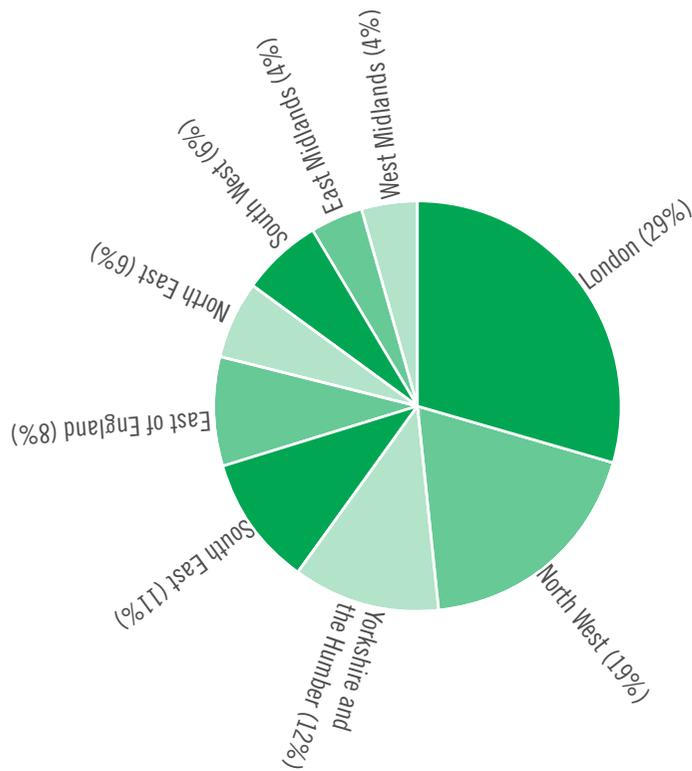
provided impact capacity building grants for charities and social enterprises ('ventures')

 **2015-16**

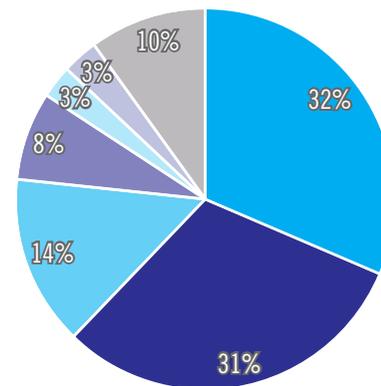
 **£3.8m**

**110 ventures**  **26 providers**

  **average grant size £39k**

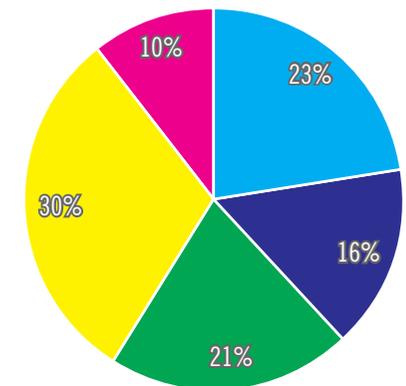


ventures by region



- health and social care
- education and training
- mediation / advocacy
- sports and leisure
- arts and culture
- environment
- other

ventures by sector



- less than £250k
- £1m - £5m
- £250k - £500k
- £500k - £1m
- over £5m

ventures by turnover

## About the Impact Readiness Fund (IRF)

The IRF was created to distribute grants to charities and social enterprises — the **ventures** — with the specific aim of improving their capacity around impact (e.g. measurement, systems). The designated method was to fund ventures to hire impact consultants — the **providers** — to work with them on IRF projects. The higher level goals were for ventures to become smarter about their impact, and thereby better equipped — or **readier** — to win investment and/or contracts.<sup>1</sup>

The IRF was a Cabinet Office initiative delivered by Social Investment Business (SIB) in two rounds in 2015-16. It provided £3.8m in total to 99 projects with an average grant size of £39k (smallest £20k, largest £100k). Ventures were based across England and the majority had turnovers of £100k - £5m.

There was an approved list of 26 IRF providers (80% the same for both rounds), and it was by selecting from this list and contacting their chosen provider that ventures applied to the fund.

The IRF marked a significant development in funding — putting into practice for the first time a recommendation of the G8 Social Impact Investment Taskforce to provide grant support for impact capacity building.<sup>2</sup>

## About this Review

The IRF will not itself have further rounds, but funding for impact readiness continues. This review was jointly commissioned by Access and Big Society Capital, with cooperation from SIB, to draw learning from the IRF and inform future work. Research encompassed online surveys of ventures, providers, and unsuccessful applicants to the IRF, as well as one-to-one interviews with a representative sample group of ventures and providers, and with other relevant stakeholders. The review was conducted independently and anonymity preserved for all participants in the research.

---

<sup>1</sup> In this the IRF followed to some extent the Investment and Contract Readiness Fund (ICRF), where the goal was likewise readiness, but the method to fund work on ventures' financial and operational capacity.

<sup>2</sup> See *Impact Investment: The Invisible Heart of Markets*, p.30; <http://www.socialinvestment.org/reports/Impact%20Investment%20Report%20FINAL%5B3%5D.pdf>

# Summary

ch.1, p.7

Feedback on the IRF was positive. The best projects showed deep levels of involvement, both throughout the ventures and from the providers, which supported a process of impact system co-creation. Providers were valued for their expertise and labour, but were most instrumental perhaps as external agents of change. The most common shortcoming was for change to stall after the agents had left, meaning systems were not always fully implemented. When they were however, and especially with the right IT, substantial knowledge and efficiency gains were made.

One strong finding of the review is that a shift toward impact often represents for ventures significant cultural change. Even if the method and content for developing an impact system is largely standard, the process the venture has to go through is still searching and involved. It is important to ventures and their staff to achieve a sense of ownership and feel, ‘That’s my impact system!’ — much as a person who has a hat they feel strongly about might say, ‘That’s my hat!’

ch.2, p.15

A second finding is that having an impact system, or hat, does not appear to leverage the hard numbers of contracts or investment won.

ch.3, p.16

Most likely this is because impact readiness alone, either in its presence or absence, does not tip such decisions. However by getting ‘ahead of the curve’ on impact, ventures did gain an advantage as they were then able to lead the conversation with commissioners (and investors and funders), and thereby win more trust, have greater input, and generally be seen as more intelligent and sophisticated organisations. The risk that arises here is that if ventures get too comfortably in the lead, accountability may suffer, as indeed may the

drive to implement systems fully.

Ventures saw benefits internally also. Improved clarity regarding impact enabled them to be more strategic and selective, with better knowledge leading to better reviewing of services, more accurate costings, and better decisions around what contracts and opportunities to bid for.

The positive response and real achievements of the IRF support ambitions to scale impact readiness. The disadvantage of the IRF model however is the high unit cost. Given the importance of involvement in the process, and of developing ownership, it is unlikely that guidelines alone can replace individual delivery. The research suggested some potential for group working, but that mass delivery to cohorts of ventures had limited appeal. A more promising idea though is for ventures who receive funding for individual projects then to become *impact initiators*. This would entail such ventures: reaching out through their own networks and sharing results; hosting events for relevant local organisations; and supporting these organisations to develop their impact readiness. The core concept is that the impact initiator presents a tangible local example of impact success, and as such can inspire among peers a genuine appetite to get involved in impact work, as well as a little fear of being left behind. The approach offers scale by turning each funded venture into a multiplier — cascading cultural change out to achieve a wider cultural shift.

ch.4, p.23

The review also makes a number of process points about the IRF, including about the cost of providers, accountability for projects (especially regarding follow up feedback and development), and the application process.

part II, p.31

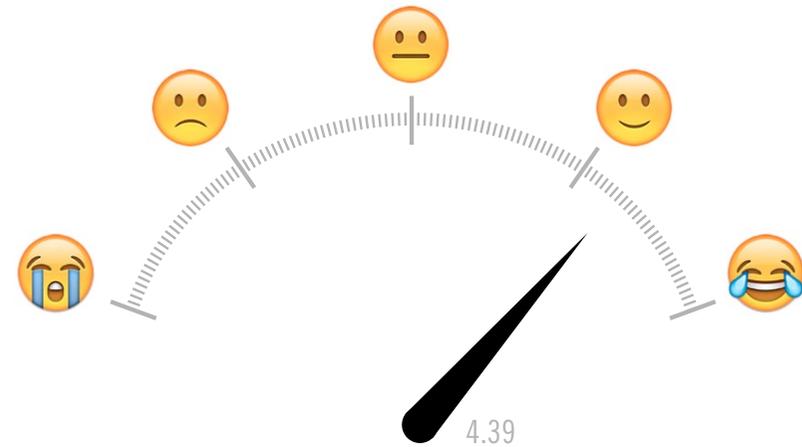
## PART I: THE REVIEW

The first point to make about the review is that the responses were overwhelmingly positive. Frankly to me this was a surprise. The IRF presented essentially a new form of funding, by which socially-motivated ventures (chiefly charities) would be given money, but only for most it to go straight out the door to consultants, who would then come in and tell them stuff about impact measurement — an area that the sector has, as a whole, been somewhat ambivalent about. And yet the ventures who participated felt they got a lot out of it: when surveyed they were markedly more confident in their impact, they felt investment or contract readier,<sup>1</sup> and of the eighteen I spoke with directly, I classed sixteen, on an informal smileyometer, as either smiling brightly (‘it was a good little project’) or tears of joy (‘it was fantastic’, ‘one of the best things we’ve ever done’).

For impact measurement devotees, who’d been calling for an IRF or something like it for years, this is encouraging. But if the IRF was, in these simplest of terms at least, a success, the question that immediately arises is — what was the nature of this success, and in particular:

---

<sup>1</sup> Ventures’ average scores, when assessing themselves for improved confidence in their impact, and for being investment and/or contract readier, were 3.8 and 3.9 respectively on a scale of 1 to 5. Providers’ average scores, when assessing ventures for improved impact processes, and improved ability to secure investment and/or contracts, were 4.2 and 3.9 respectively, likewise on scale of 1 to 5. See *Annex B: Survey Results* for the full survey results.



1. What was driving it?
2. What does this tell us?
3. How useful is it really?
4. And, if it is useful, can we scale it?

These questions set the frame for the four main chapters of this review.

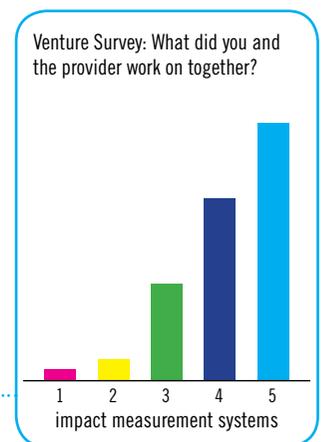
# 1. What was driving the positive response? What makes an IRF project a success?

IRF projects, at their core, are about cultural change. When an impact consultant goes into a charity or social enterprise and together they start work on a theory of change, and accompanying measures and systems,<sup>2</sup> what is happening is much less the delivery of a discrete package of impact skills or tools, and much more an organisation engaging in a process of questioning and redefining the essentials of what it does and — at best — changing how it does it. IRF ventures repeatedly referred to impact being a journey, and the IRF grant being a means to travel. The decision to set out commonly coincided with new management, or an internal transformation of some kind, in the context of which the grant opportunity came along as ‘perfect timing.’

These concepts of journey, transformation, and effecting cultural change form a lens through which to review IRF projects, and to understand why they variously worked well or less well, why they cost what they did, and indeed why, when they did work, the response was so positive. Change for the better can feel great. But effecting it can be demanding, with profound implications for what’s required of:

- 1.1 The Venture
- 1.2 The Provider
- 1.3 The Deliverable

<sup>2</sup> The majority of IRF projects centred around these three, which ventures scored on average at 2.9, 3.9 and 4 respectively on a scale of 1 to 5 for being what they worked on with their providers. See *Annex B: Survey Results*.



## 1.1 THE VENTURE: EVERYBODY HAS TO BE ON BOARD

### a. Involvement

Cultural change affects everybody in the venture, and therefore needs everybody's buy in. This is fairly obvious, but the point that follows is that buy in is a lot easier when people have had input. In practical terms, this means getting people from throughout the venture involved.

For measurement systems in particular, it is essential to have frontline buy in as this is where people will be using the system and entering data. If frontline staff — who for the vast majority are not born academics of impact theory — either don't understand what the measures or questions are getting at, or don't see the value in them, then the data that comes back will be poor quality and full of gaps. Issues of this kind were a common cause of problems at the implementation stage. CEOs of ventures reflected that a degree of this may be inevitable, and some changes need simply to be driven through (helped if measures are on contracts and staff can be reminded that their jobs depend on them). However if staff are involved early in approving measures, and in iterating systems and developing ownership, then understanding and uptake will be better.

A further point here is that frontline staff are an excellent reality check on the appropriacy of any tools, questions or measures being proposed. Thereby involvement is not only about buy in but necessary critique.

In the interviews, there was a near-perfect correlation between providers involving people throughout the venture in a deep and engaged way, and ventures expressing satisfaction with providers and results. Conversely when providers didn't do this, they were classed almost without fail as pretty useless.<sup>3</sup>

#### microcase

Venture A and their provider did not work closely together, and systems were developed primarily by management through desk work. A questionnaire was constructed using accredited well-being questions, though it was acknowledged that when put into practice, staff members would often have to apologise to beneficiaries, explaining this was something they 'had to do' for funders. 'It can seem a bit weird you know if someone's just come to use the facilities, and you start asking them all this stuff like, "How do you feel about where you live?" and, "Are you feeling loved today?"' the CEO said. In this case impact measurement was really just a piece of annoying and alienating protocol.

Conversely the provider for Venture B worked closely with frontline staff. They observed that staff were mostly very young, and that while they engaged with beneficiaries in a highly personal and meaningful way, they had much less affinity for spreadsheets. A dashboard was developed in collaboration with staff that they liked and were comfortable using, and without any sense that it compromised the bond they formed with beneficiaries. 'We call this approach "bottom-up impact management",' the provider said.

The idea that a measurement tool should "do no harm" to the delivery of services could be part of a Hippocratic Oath for providers.

<sup>3</sup> There were a few cases where ventures classed their providers as pretty useless but felt the project had been a great success. These were when there had been a big IT component in which the provider had had little input.

'We did workshops with the whole team, and with beneficiaries, and this helped everyone understand the impact they were having and how it all fitted together. And then when the theory of change came back with everyone's quotes on it, it was fantastic, and really affirming. It was quite emotional.'

— a venture

At the board level, involvement was variable, and with less direct bearing on results. There was one case of a highly engaged board forming an impact subcommittee that would balance the finance subcommittee, and oversee management's delivery of impact. This however was exceptional, and much more normal was for impact to be CEO-led, with the board going along 'provided they didn't have to pay.' There was little incidence of real board resistance, though board members not showing up or going to sleep in impact workshops and presentations was sometimes a problem.

In an ideal world, boards would look to gain impact expertise and exercise governance on this front. The most likely route toward this however is for impact to be initially CEO-led, but with the hope that as boards start to see more impact information reported, they take a more active interest. By this, for the actual work of developing impact systems, board involvement is probably a bonus but not a driver.

## b. Time

The second point to make is that involvement requires organisational time. Without it, projects just don't work. Accordingly CEO commitment is a major driver, as it is the CEO who will ensure staff have time "off their day job" to be involved — or not. As one provider put it, 'it all comes from the CEO', and almost all reflected on one or another project where CEO commitment was partial, and much less achieved as a result.

A corollary of the CEO committing time is that there is time — i.e. capacity — within the venture, which was often a challenge.<sup>4</sup> Having a key person who was able to stop writing bids or managing teams, and actually work with the provider and champion the project internally, was often identified as crucial. And importantly, as the work represented a singular period of transformation, this was not a role that existed otherwise. One venture commented on how they happened to have an intern with them at the time, which turned out to be invaluable. Another took someone who had previously provided cover for maternity leave back on specifically for the project. Appropriate planning in relation to the venture's cycles of activities was vital, and even with this, many spoke of how doing the project represented a phenomenal amount of extra work. On the whole ventures pushed through because they wanted the

<sup>4</sup> The 12 week IRF timeframe was much discussed, though interestingly, when resources were available, it was often seen in a positive light as a burst of energy; when not, it was seen as insanely short. In some ways the problem may have been less the 12 weeks than 12 weeks at the same time as everything else. See PP5. Time in *Part II: Process Points* for a discussion of the specifics of the IRF timeframe.

### microcase

The CEO of one venture set up an internal working group for the project. Another created a special term for it within the venture, so when the provider met with different departments, people had heard of the *That's My Hat* project (not the real name), and were excited to contribute. In both cases results were excellent.

'Our contact within the venture was I think very committed, but all the time was managing project work. He'd send email replies late in the evening saying he'd look at things soon .... And then when he needed to get other project managers involved, they didn't have time either. The CEO wasn't making it a priority.'  
— a provider

### Recommendation 1: For Providers, Ventures

Providers should ensure that the project — including work on the theory of change, any impact measures or questions, and any systems for their use — involves staff throughout the venture in a meaningful way (e.g. through collaborative workshops, focus groups), and, where appropriate, beneficiaries (this may not always be appropriate; where not, it is recommended providers ensure there is still near-direct input from beneficiaries, e.g. from research conducted by the venture itself). This involvement should be tangibly present in the project results. Board members should be invited to learn about the project, with the long term goal that they develop interest and expertise around impact results.

results so much, but often noted that their time was not properly budgeted for, while the provider's most certainly was.<sup>5</sup>

## 1.2 THE PROVIDER: AGENT OF CHANGE

### a. Agent of Change

Perhaps the hardest thing for any venture attempting to undergo cultural change is to change itself — or, more specifically, for someone within the venture to stand up and say, 'Ok, today is the day when everything changes.' In this context, one really quite significant thing the provider provides is just being someone from the outside.

The provider is a kind of agent of change or make-it-happen figure, whose presence alone can galvanise ventures into action, and bring focus and energy to impact work in a way that's very hard to generate purely internally. Provider-involvement ensures people come to workshops, for example, and it also shifts the tone in workshops away from this being just some internal (nonsense) management exercise. In a funny way, it's a bit like hiring a fitness coach less to introduce you to the idea of going for an early morning run, but more because simply knowing that someone will be standing in the park at 6am waiting for you is what gets you there in the first place.

This analogy is deliberately a touch sardonic. Providers are not gurus or guardians of some mystic knowledge, and much of their work is of the fitness coach or "hand holding" variety. However it would be a mistake to think this isn't an important — perhaps the most important — thing they offer. As human beings, when going through change, we need to be coached, and to have our hands held, and the same is true for ventures run by human beings.

'We had tried to work on our theory of change by ourselves, but it didn't really get off the ground. Having the consultant and being able to say, "Ok everybody, Lulu's coming up from London today!" gave it weight. Otherwise things can very easily drift. You set something up, but then there's this crisis happening this week, and let's put that off for a bit ...'  
— a venture

#### **Recommendation 2:** For Funders

Funders should require, as part of an application for impact work, confirmation of the CEO's commitment — for example through a personal statement, alongside a plan to create time and appropriate resources for the project (e.g. the time of a key person, and staff involvement throughout the organisation).

#### **Recommendation 3:** For Funders, Ventures

Funders should recognise the additional time commitment that is required of the venture for the project to succeed, and the need for this to be resourced. Ventures declaring and part-resourcing this themselves can be a good way to ensure venture-side buy in; however partial-cover, e.g. for backfilling positions, should be considered and supported by funders as a legitimate project cost.

<sup>5</sup> In cases where ventures were unimpressed with their providers, the issue of time contribution was, unsurprisingly, a source of vexation. See PP1. Cost (Trust) in *Part II: Process Points*.

Funders may object that hiring a consultant to make ventures show up to their own workshops is an expensive way of going about things. But if they want to be effective at making cultural change happen, this is a big part of the reality of what it takes.

being able to remember having given it (counter to the typical sense that feedback just disappears into obscurity), and actually feel the change happening.

A further benefit of having an expert involved was the kudos that came with it. For a smaller venture working with vulnerable people in a deprived community, for example, the experience of having a professional from a prestigious firm come in and validate what they were doing could be deeply affirming. It also gave ventures of all sizes a great deal more confidence in the project results, as they felt that the theories of change, measurement frameworks, calculations and data coming out were not just stuff they'd made up themselves, but were in some sense accredited. Consequently ventures were much more likely to use them, and when presenting externally, would frequently make a point of citing the provider — feeling this gave the results greater credibility, and them more leverage.

### c. Genuine Provider Involvement

The flipside of ventures feeling valued by providers, and deriving self-value from that, is that ventures don't appreciate generic treatment. There was significant resistance to any hint of a 'one size fits all' or 'off the shelf' approach. Interestingly though this didn't apply to the content of the work. For finding outcome measures, for example, ventures overwhelmingly wanted to pick from standardised lists (and adapt them as required). Instead it was much more to do with personal engagement, and ventures needing to feel that there was value on both sides, and mutual

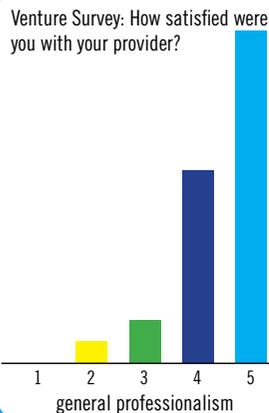
'The consultant would say, "This is probably a silly question, but ..." and it would be something that really needed to be asked. The problem for us is that we're always speaking to the converted, and it's hard to see things in a fresh light.'  
— a venture

### b. Wisdom — Labour — Affirmation — Kudos

Providers, to be fair to them, do have some knowledge, and part of their role as an agent of change involves legitimate expertise. Conducting meaningful workshops and consultations, eliciting high quality information, and analysing data, all takes skill, and this was clearly appreciated.<sup>6</sup> Ventures noted that, being external, providers thought to ask questions about things that were invisible to them precisely because that was the existing culture. And ventures commented also on how having an external expert doing the research enabled staff and other stakeholders to be more open and honest, and give better feedback than management would otherwise receive.

In addition, providers were valued as a labour force. The projects involved things that ventures don't usually do, but because the business of gathering information, writing up, feeding back to the team etc. was the provider's job — and something they were good at — the work got turned around, and fast. This meant staff could see the results — including their input — while still

<sup>6</sup> Ventures on the whole were highly appreciative of providers, scoring providers' professionalism, expertise and understanding of their own organisation at, on average, 4.4, 4.3 and 4.2 respectively on a scale of 1 to 5. See *Annex B: Survey Results*.



'As a smaller organisation, it's really given us a lot of strength to go to commissioners and say this is what we do, and this is the value, and the fact that it's a reputable provider saying that — and they're the best of the best — gives it weight.'  
— a venture

### 1.3 THE DELIVERABLE: IMPACT CULTURE REQUIRES (IT) SYSTEMS

Alongside social and cultural mass, transitioning to a more impact-driven approach requires systems. An impact culture implies a more ‘business-like’ way of working, with greater attention to data, and therefore its collection, transfer, consolidation etc., all of which requires concomitant advances in the venture’s operational competency. The most common stall-point for ventures was to have got to having a theory of change, some measures, and a framework, but not to have operationalised these fully. These are the big misses of the IRF. What’s the point, one might ask, of getting everybody to buy into the concept of evidence, if evidence isn’t then being effectively gathered and used?

Conversely, a number of the big hits of the IRF — the ‘it’s the best thing we’ve ever done’ ones — were those where there was a major IT component. The benefits are obvious: there is an enormous administrative time saving when you go from multiple spreadsheets and paper forms to a single system; and there is an enormous knowledge gain, because simply making the information more accessible changes what you know about it. The potential for wins on both fronts is substantial because it is common for ventures already to be collecting lots of data, but unable to extract intelligence from it.

Pointing out that good IT systems are valuable is hardly controversial, though it is worth stressing. Also obvious but important is that IT systems, without the right processes for their use, are useless.

respect for the project. In many way the corollary to the venture needing to be deeply involved is the feeling that the provider should be too. Certainly ventures liked showing providers things they didn’t know already, and providers really learning about ventures’ work, and taking things on board, was an important factor in enabling ventures to take on board what providers suggested in turn.<sup>7</sup> In the most productive cases, this supported a process of co-creation, whereby the venture and the provider were both putting in. This gave the project the social and cultural mass it needed to effect cultural change.

‘Learning on both sides is good. They have to understand where we’re coming from.’  
— a venture

**Recommendation 4: For Providers**  
Providers should engage with ventures in a process of co-creation, and not enter expecting to present solutions. Even where the stages of working and materials used are standard, the working through should be nuanced and involve the provider. That any final results have passed through several iterations with the venture, and changes have come from both sides, is a good indication that this is happening.

‘Previously we did all our data manually in Excel. It was a nightmare. At the end of each quarter there’d be printed spreadsheets all over the walls, and it would take weeks. Now we can pull off a report in 2 days. And commissioners are really impressed. We seem like an intelligent organisation. In fact they’re the ones calling us — if something pops into their head to ask, they come to us because we can call up the data and tell them. We just rendered for 6 contracts and reconfirmed the lot.’  
— a venture

<sup>7</sup> There were no cases, for example, of a venture finding a provider offhand but really valuing their expert knowledge, suggesting the personal relationship was critical to success.

Beyond these, there are two slightly subtler IT issues brought up by IRF projects.

### a. Custom-Build vs. Customise

A number of IRF projects involved IT providers (not the impact providers) building significant new pieces of software, which was expensive. In some cases this was responding to very specific needs, and ventures who pursued this route tended to be thrilled with results.<sup>8</sup> Alongside these cases however were many where existing software was licenced, and ventures made use of extensive customisation features, also with strongly positive results.

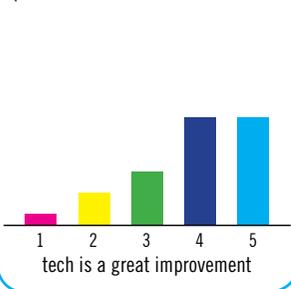
Bespoke-builds present a distinct risk of duplicate work (reinventing the wheel), though this can only be assessed on a case by case basis. With licenced software however, duplicate work was clearly going on as multiple providers separately researched and presented ventures with various software options. The business of finding the right software is one area where there is room for a much more off the shelf approach. A better display shelf would be a start.

what it's measuring, how often etc.. Usually this means software will be the last stage in the impact journey, whereby the theory of change sets the framework, and the framework is then translated into the software.<sup>9</sup> However there were some cases where the venture's software development was clearly ahead of their theory of change (with measures and frequencies set by contractual requirements), leading to the interesting possibility that the venture could then use measurement data to derive their theory of change. This essentially would represent an empirical/inductive approach to understanding impact, as opposed to the more normal theoretical/deductive approach.

A balance of the two is probably good. Setting up a software system without some minimally coherent framework as to how the results will feed into the venture's concept of its own impact is likely to be highly inefficient. At the same time, perfecting a theory of change prior to any systematic gathering of information is ill-advised, as measurement results will almost always (and certainly should) suggest changes and refinements to the theory. Getting a theory of change and framework up and running, and then — rather than becoming wedded to it — using software to collect results and test it, is the clear way to benefit from both forms of reasoning.

<sup>9</sup> In some software stories, impact providers played a helpful role in figuring out the venture's framework and how to translate it into the software; in others, ventures to a greater extent got on with it themselves, and felt the providers didn't do much. Either way the software and the project was judged by the ventures to be a success; the provider's cut of the grant was felt to be worth it or not respectively.

Venture Survey: For organisations who spent a significant proportion (>10% approx.) of the grant on tech, how useful has that tech proved?



### b. Theoretical vs. Empirical

Irrespective of whether an IT system is bespoke or not, its adoption will require the venture to decide

<sup>8</sup> The level of specificity and need for bespoke software varied, though the fact that some IT providers had aims to sell versions of their bespoke software on would suggest that its application wasn't categorically unique. Whether such software was responding to genuine market gaps, or whether there were valid existing options, is not something I have the information to judge.

**Recommendation 5: For Funders**

Funders should embrace funding for IT systems, including software and appropriate hardware, given the substantial gains to be made (including internal efficiencies and knowledge, and improved ability to win contracts). The burden of proof however for the necessity of building new software should be high. Consolidated resources to help ventures (and providers) find the right software should be made available. On this front, funders and sector leaders may well be wary of endorsing one or another piece of software on the grounds of market intrusion. However some form of online software forum/hub for socially-motivated ventures, where ventures can share information with each other about what software they use, what it does, what it costs, post reviews etc., could be valuable.

**Recommendation 6: For Funders**

Funders should ensure that impact readiness development follows through to the implementation of systems and appropriate IT, leading to evidence, reports, and the ability of ventures to test and refine their theories. Stalling before this point was the most common shortcoming of IRF projects. This was typically attributed to the compressed timeframe, though some providers were able to deliver a “full bundle”, including a theory of change, a measurement framework, and an IT system. With more extensive timeframes, and possibly the use of phased development (see Process Recommendation 5 below), the final delivery expectation should be a full bundle, with an emphasis on ventures being equipped to progress beyond a theoretical theory of change to an empirical one.

## 2. What does this pattern of success and shortcomings tell us? What are the implications for enhancing the impact readiness of ventures?

The thing that comes through most clearly from talking to IRF ventures, and looking through the lens of cultural change, is that impact work is a real process. The venture has to get involved, the provider has to get involved, they have to co-create and iterate, and there needs to be an operational aspect to delivery, encompassing IT systems. Then comes a good period of embedding, preferably with follow up. This is all stuff the venture has to go through.

As touched on above, the process itself, and indeed much of the content, may be relatively standard. Many of the projects follow a common narrative of workshops, consultations, feedback etc., and often the level of bespokeing in the actual systems delivered is not all that great. The IT, for the most part, can be licenced and customised; the outcome measures can be picked from established lists and tweaked; and providers will agree that theories of change, for similar kinds of ventures, may well be a good 80% the same. As one provider put it, ‘we didn’t do anything revolutionary.’

At the end of the process however, the venture will have undergone a mini-revolution of their own to arrive at an impact system that the people working there understand, have ownership of, and, in the best cases — of which there were many — feel good about. And it’s important that people do feel good about their impact system because, to mean anything at all, it has to go to the core of what they do, and become part of that core, and part of how these ventures define themselves.<sup>10</sup>

<sup>10</sup> Ventures that developed their own impact systems (some 80%) rated the importance of these systems being ‘authentic to us’ at, on average, 4.4 on a scale of 1 to 5. This (alongside providers’ professionalism) was the joint highest score for any question on the ventures’ survey. See *Annex B: Survey Results*.

People are in this sector because they’re passionate about their work, and if the impact system doesn’t feel right in relation to that, they just won’t use it. It would be unrealistic not to acknowledge this feel factor, and the soft, social aspects that go into its making, or to think that the process can somehow be skipped and the feeling still achieved.

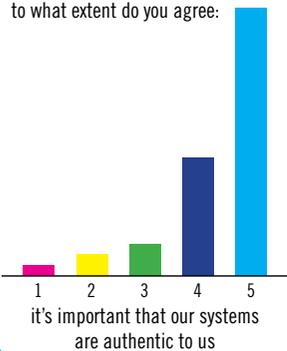
In some ways, it’s a little bit like with a hat. First you find a hat and try it out, and go through a few experiences with it, maybe personalise it a touch ... and at some point, though it’s hard to say when, you suddenly feel, ‘That’s my hat!’ And you love it and wear it every day. Yet if someone were to give you a hat that was different by only one or two percent, or zero percent even, you would have put it on top of the cupboard and it would have sat there for years. The difference in the practical use value of the two hats is night and day, though the material difference between them never so slight.

Impact systems do vary by more than one or two percent, and you don’t just put them on: there’s systems development and operationalisation, and all sorts of things that can be done better and more efficiently. But they’re not what drive the change. The real point of funding impact readiness is to get ventures to the place where they say, ‘That’s my hat!’

‘The most powerful part is not the end product but the process of getting there.’  
— a venture

‘The system is good, but the process of getting to the system is just as valuable. Say the same system had been beamed down to us 12 months before, we might have looked at it and said, “Well that’s very good, but we’re not there, and we don’t have the capacity to get there.” We wouldn’t have been able to use it.’  
— a venture

Venture Survey: For ventures that developed bespoke impact systems, to what extent do you agree:



### 3. How useful is an impact hat really? What does it do for you?

For ventures who did IRF projects, the potential benefits were on two fronts:

3.1 Getting Money In

3.2 Getting Better at Doing What You Do

#### 3.1 GETTING MONEY IN

##### a. The Numbers

So did IRF ventures, as a result of their enhanced impact readiness (a term that was meant to mean, ultimately, their ability to win investment and/or contracts) indeed win more investment and/or contracts? The answer, according to the hard numbers, is: not really. Coming into the IRF some 70% of ventures had previously secured investment and/or contracts, and around 70% have secured more since. There's a bit of churn in these numbers: a little over 10% of the ventures that hadn't previously won investment and/or contracts have since, and roughly the same number who previously had haven't since. With this latter group, this is mostly more to do with timing, and whether or not new contracts have come up since the project (less than a year ago for 2016 ventures), than any particular fall in readiness. And with the former group, it would be optimistic to point to an IRF-driven rise in readiness, as many of the new contracts won were in preparation from before the project.

Also notable is that, of ventures that applied to the IRF and didn't get funding (the unsuccessful

#### Contracts and/or Investment?

Among IRF ventures, contracts dominate. Almost no ventures are taking on investment without contracts, and of contract-winning ventures, only some 20% are taking on investment. The average contract size, both before and after the IRF, is around £800k (of which a quarter are under £150k); the average investment size is £2.4m (though this is somewhat skewed by one investment of over £10m). The contracts are typically from Local Authorities, Clinical Commissioning Groups, and Police Crime Commissioners; investment is from both high street banks and social investors.

Important to note also is that ventures often don't make a particular distinction between winning contracts and winning grants, and conversations (as well as numbers, rather irreducibly) included money from Big Lottery, ESF and other charitable funds. In many ways, from the venture's point of view, grant funding to deliver a specific project with set measures and targets may not look all that different, as a piece of work, from fulfilling a contract. It is worth acknowledging that there is more of a grey zone here than traditional categories allow. But irrespective of this, ventures are interested in getting money in, and will use impact as part of their pitch — be it to a funder, a commissioner or an investor. This section focuses on the relationship with commissioners because it's the most significant, but much the same dynamics apply to most getting-money-in conversations.

applicants), 75% of those who responded to the survey have since secured investment and/or contracts — i.e. an apparently higher success rate than that of the IRF ventures!<sup>11</sup>

I don't think this supports a conclusion that not getting the IRF funding gave these ventures an actual advantage (the error margins are well over 5%). But I do think these three numbers, all around the 70% mark, for securing investment and/or contracts variously before the IRF, since the IRF, and not having done the IRF, would suggest the IRF isn't leveraging any big changes here.

When asked in more qualitative terms however, the story that emerges from ventures is distinctly different. On the survey, ventures were positive about feeling contract or investment readier as a result of the IRF, responding with an average rating of 3.9 (on a scale of 1 to 5). And for those that had succeeded in securing contracts and/or investment, in response to the question of how crucial the IRF work had been to that success, the overall sense was that it had made a difference, though the average score was a touch down at 3.5. However when asked a similar question in slightly different terms — would their chances of success have been lower without the IRF funding — the response was less decisive still, with an average rating of 3.1. This is now pretty much in the middle of 1 to 5. Interestingly it is also very much in line with how unsuccessful applicants

<sup>11</sup> The response rate among this group is however much lower: 15% of unsuccessful applicants completed a survey, as opposed to 56% of IRF ventures. There is a greater risk therefore that this 75% figure is not representative, and it's possible that, among unsuccessful applicants, the investment and contract-winners are also the keener survey responders. For a discussion of possible bias, see *Annex C: Note on Methodology*.

to the IRF fund responded to the question, 'Is impact readiness a factor in winning contracts/ investment?' Here the average rating, between 'not really a factor' at 1 and 'critical' at 5, was likewise 3.1.

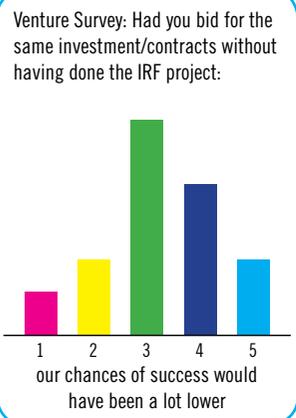
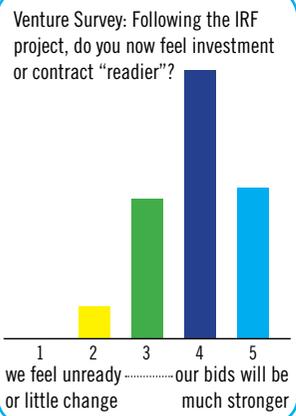
What does this tell us? That feelings are a bit back and forth. The lumping around the middle could be characterised as ventures in general — both IRF and unsuccessful applicants — saying something like, 'Yes impact readiness is a thing, but it's not the only thing.'

The truth is, when bidding for a contract, if the cost and operational side aren't there, a brilliant impact story won't win it. Conversely, if the cost and operational side are there, not having a brilliant impact story won't necessarily lose it. And this tallies with the result of the IRF not leveraging big changes among the hard cash numbers — because impact is not tipping the win/no win contract decision. The hard cash numbers are simply wrong place to be looking for change.

## b. The Conversation

In interviews, ventures talked enthusiastically about the difference the IRF project had made to their conversations with commissioners.<sup>12</sup> Would they have won the contracts anyway? Quite possibly. But the change was in the tone and dynamics of the relationship. Over and again ventures talked about now being 'ahead of the curve', or 'steps ahead of

<sup>12</sup> Is part of this ventures just wanting to find a positive story so as not to discourage more funding? It was made clear the review was independent and anonymity would be preserved, but ventures also knew that higher level results would feedback to funders. See *Annex C: Note on Methodology*.



**microcase**  
One venture lost a contract, but insisted the IRF project had 'done its job' in that commissioners were fully convinced of the value of the service, and did indeed initially commission it. However it was subsequently decommissioned due to a crisis in funding, and new, innovative services being the first to go. The CEO said, 'We proved the impact case, but in a context of cuts ...'

### blowing the competition out of the water

Ventures felt that having upped their impact game, they had a competitive edge. This edge is real, though may only come into play at the margins. As one funder described it, 'If two strong applications are there before us, the softer outcomes [meaning essentially anything beyond what's in their requirements] can tip the decision.' I.e. tipping only occurs when there's a near-even balance. It's probably fair to say that in a competitive marketplace, having a good impact game is a bonus, but not a depth charge.

the game', or as one venture put it, in my favourite formulation, 'we blow everyone else out of the water.'

Who is getting blown out of the water? To some extent of course the competition, but really it's the commissioners themselves. Following their IRF projects, ventures felt they had superior knowledge over commissioners regarding impact, inducing a subtle shift in the play of advantages, and enabling them to 'lead the conversation'. Significantly, this flips the traditional roles, by which the ventures are always the ones chasing contracts and being led.

The result is certainly a 'nice situation' for ventures to be in, but also one with practical implications. Ventures were better positioned to give direct input on contract specifications, for example, and to convince commissioners to adopt some of their outcomes, and even rethink costings. But more generally the advantage the venture gains is that of being regarded by commissioners as an 'intelligent organisation'. And this is important because in many areas — and as they themselves will say — commissioners don't always know what they want.

From talking to commissioners, what they don't want certainly is to have their own specifications 'parroted back' to them. Rather they look for an 'intelligent and sophisticated conversation' about impact,<sup>13</sup> and one in which they're quite ready not to be the experts. After all, they're not the ones on the ground delivering services, or seeing first hand what people need. At the same time however, they

<sup>13</sup> I.e. one that involves impact research, evidence, data and analysis, all pulled together into a coherent story of how this intervention both helps beneficiaries and relates to hard metrics like getting people out of care, into jobs etc..

are naturally wary. They carry a lot of liability, and as one commissioner put it, 'the regulator is coming and beating us up if we don't deliver on quality, and the finance people are beating us up if we don't meet the budget.' It's a harrowing context, and one in which what they really crave is for a venture to come in with the confidence and knowledge and presentation skills to give them confidence, and thus let them let themselves be led.<sup>14</sup> As one venture put it, 'there's a lot of trust involved.'

Ventures that have a better impact game are able to win more trust. This helps commissioners open up and take in more information from them at tender interviews, as well as go back to them at other times and ask questions.<sup>15</sup> Ideally this information will then be integrated into the future commissioning of services, with commissioners becoming both more flexible and more outcomes-led. And by this, assuming the ventures' improved impact games are themselves good (i.e. their theories of change and evidence of outcomes are valid), then the impact of the IRF should ultimately be playing out less around the hard cash numbers regarding commissioning, but more in fact among the people and communities where commissioned services are being delivered, and positive outcomes achieved.

<sup>14</sup> When asked on the survey if, as a result of their IRF projects, ventures felt more confident talking about their impact, the average score was 4.0 on a scale of 1 to 5 — one of the strongest responses. See *Annex B: Survey Results*.

<sup>15</sup> The 'they're the ones calling us' situation, described above in a quote from a venture in 1.3 The Deliverable, was by no means unique. A number of ventures talked about how being perceived as knowledgeable led to commissioners calling to ask them things, which again plays into the sense of being in the lead.

### what do commissioners want?

#### on knowledge:

'We're not the experts — the organisations are the experts. They should come back and give us the information we're not aware of, and have the confidence to ask questions, and not just tell us what we want.'

'If a bidder is able to articulate their case with data and visualisations, it makes a big difference. We can see the strategic argument and have a more sophisticated and intelligent conversation.'

'I also want to see someone from the coalface getting their point across. The CEO and the finance director — they don't know that. Someone from the coalface can shed light, and say why they're collecting this data, and give on the ground examples.'

**what do commissioners want?**

*on outcomes:*

'We're gradually putting our foot in the water — in being able to set a framework of outcomes, and then let organisations do what they do, and we monitor it. That's where things are moving, but the rate will vary.'

'There's too much process-driven data. We're trying to move more toward outcomes. Which is fine until something goes wrong.'

*but on metrics:*

'The ultimate hard metric is reduction in the number of care days.'

'Cost Benefit Analysis: that's what it's really always about.'

'The kinds of things that people reading the paper see: numbers in jobs, back at home, out of care — cost to the public purse.'

This however is the horizon scenario, and ventures, providers and commissioners alike will say that impact is a journey, and 'we're not there yet.' Ventures getting 'ahead of the curve' equates to being ahead on this journey, and thus able to help commissioners make progress in turn. Knockdown evidence for such progress is hard to draw out, but what is widely agreed is that in recent years there has been more and more talk about outcomes-led commissioning. If IRF projects result in some of that talk being better informed, that is no bad — and perhaps no insignificant — thing.

An additional benefit for ventures of being ahead of the curve is that of having a little more purchase in their relationships with commissioners. This can be helpful when contracts come up for renewal, or new contracts come out. A downside however can be that ventures aren't getting properly challenged on their impact. The 'nice situation' referred to above is probably a little too nice, and there is an ironic aspect here in that the whole concept of impact measurement is to make ventures more accountable, and precisely not to give them a trust pass.

When asked, all ventures agreed that commissioners didn't really have the expertise to push back and ask tough questions about their impact. Rather, it was felt that commissioners struggle with outcomes, and the general sentiment — and indeed the line — 'they don't have a clue' came up a number of times. Some ventures further noted how, subsequent to their tender conversations, commissioners' level of interest in the actual measurements coming back was 'not as intense as we expected.' Perhaps having ceded the knowledge advantage, commissioners likewise feel

they're in too much of a 'nice situation' — happy simply to know that ventures are doing more than they need to ask about.

The risk that arises is that impact becomes a kind of arms race, whereby for a venture, having an impact game (i.e. a theory, measures, data etc.) is all really just a means to gain position in conversations and relationships. This is impact as social power rather than as informational value. And notably, under such circumstances, if having a theory and a framework are enough to get you ahead in the arms race, then the motivation to fully develop and operationalise the systems rather falls away. This may be part of the explanation as to why, as noted above, this was a common stall-point for IRF ventures in their progress with impact.

'There's no point in having all the capability and sophistication around impact on the supply side.'  
— **a provider**

### 3.2 GETTING BETTER AT DOING WHAT YOU DO

If ventures are getting ahead of the curve in terms of talking about their impact, they should, one would hope, be getting better at doing it too. Are they?

There isn't hard data here for the simple reason that, almost by definition, prior to the IRF, ventures didn't have coherent robust impact measures and data, and therefore there isn't that history to compare post-IRF performance with. On the survey, ventures responded that following their IRF projects they were more confident in their impact, and, though slightly less assertively, that there had been an improvement in the delivery of their services.<sup>16</sup> But by themselves these self-assessments remain somewhat nebulous.

What comes through however from talking to ventures and providers is a common narrative of improved clarity and focus on the part of ventures regarding what they do and do not do. Historically ventures tend to have grown organically, and to some extent opportunistically, in response to a shifting environment of funding and contracts. Often these responses will overlap, misalign, reach in different directions and so on, while the venture itself, with its limited resources, will be fully consumed in the task of delivering on all of them all at once while needing to pursue more. What the IRF project did, in such contexts, was to carve out a moment in time, with the external agent of

<sup>16</sup> Ventures scored themselves for improved confidence in their impact, and for improved delivery of services, at, on average, 3.8 and 3.5 respectively on a scale of 1 to 5. See *Annex B: Survey Results*.

#### Recommendation 7: For Funders

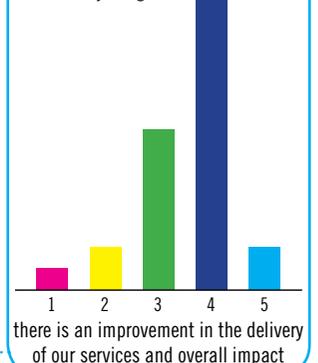
Funders should acknowledge that funding impact readiness is not likely to result in significant direct movements in the numbers of contracts won or the volume of investment capital going into ventures. Instead it should be understood that the impact, in relation to commissioning, is more likely to be around improving the conversation and relationship dynamics between ventures and commissioners. This does not yield a ready money-stat, but is non-trivial. The outcomes are ventures having more confidence, more purchase, and more input in the conversations, leading to stronger relationships with commissioners, and advancing progress toward more informed, more outcomes-led, and better commissioning.

#### Recommendation 8: For Commissioners

Commissioners should be interested in the impact of the organisations they commission services from, and open to the knowledge and expertise these organisations bring regarding outcomes, measures, service delivery etc.. The aim should be to develop a sophisticated conversation around impact, and accordingly responsive commissioning. In order to benefit fully from this sophisticated knowledge, and to hold organisations properly to account, it is crucial for commissioners to develop expertise of their own around impact. Progress is being made in this direction with local authorities setting up commissioning hubs and academies. However the current level of commissioner understanding is generally felt to be low, and highly inconsistent from one authority — and even one department — to the next. More should be done therefore to accelerate commissioner-side impact readiness.

'The process helped us ask the question: what is our job? There were measures we let go of because they're not what we're trying to change, and we discontinued some programmes because there were other organisations doing those things better. We wanted to focus on doing more of the things that we do better than anyone else.'  
— a venture

Venture Survey: Since your work on impact with the provider, to what extent do you agree:



change, and the additional resource, for ventures to stop and think.

The benefits of this in relation to systems and measurement are clear. As noted above, often ventures are already collecting a lot of data across multiple measures, and yet due to the developmental history will not have rationalised these, or formed a single overarching system to coordinate the information coming in, and to facilitate its reporting out again. Again there are substantial gains to be had here in terms of both efficiency and informational value.

But perhaps even more significant are the benefits that come from ventures stopping and thinking about their mission. It's not uncommon for ventures to experience — perhaps not mission drift so much — but something more like mission sprawl: a kind of organic profusion on the concept-side of 'what we do'. As one provider put it, 'when you develop a theory of change with a venture, they always start off with ten million branches.' The process of pruning reveals insights into what is core and not core, and into higher and lower order priorities. This has powerful practical implications for strategy, especially when done in tandem with interrogating the business model, and seeking to match the two up.

Clarity and focus are foundational to ventures having the confidence to undergo cultural change. And notably, it is only when ventures are able to be more strategic internally that they can go back to funders and commissioners and start to lead those conversations (as discussed above). Indeed the phenomenon commissioners complained about the most — that of ventures parroting their own specifications back to them — may derive

in part from ventures having formed themselves historically around just such specifications, and without having had the time to articulate in their own minds anything more about them.

Beyond conceptual clarity, and the changes that follow from that, a second way in which ventures got better was in response to new information. A number talked about how they thought they knew their beneficiaries or services beforehand — and indeed they did know a good deal — but they learned new things as a result of the consultations and improved measurement data. This is only as it should be: if you take new measurements and don't see new things, then most likely either the measurement system is bad or you didn't really look.

Data showed where things weren't working and suggested improvements, as well as places where there was latent value that could be realised. Better data also often enabled ventures to be much more precise about costing. This had implications for resource allocations and planning, and for dealing with commissioners and funders, where being able to cost projects accurately allowed ventures to know when to push back, and when to walk away.

'What have you changed as a result of the IRF project?' was one of the few specific questions I asked ventures in interviews because I wanted to see what concrete things — beyond the qualitative 'clarity and focus' — were happening. And for the most part concrete things absolutely were happening, including many excellent examples of change that clearly followed from the IRF work, and tangibly benefitted the venture and their services. Some of these involved developing new services or ways of working, and so here the impact

When we arrived the venture had what looked like three different programmes, with measures attached to each from the three funders. But it was in fact three different reporting systems for one programme. The problem was they didn't have an overarching system where they could see all the information, and then extract from that as necessary for one or another funder.'

— a provider

'The point of this kind of thing is to stop and think about what you're really doing; to be more strategic, rather than just responding all the time and running after one bit of money after another.'

— a provider

'Our understanding of what we do, and what it costs to do it well, is much clearer. We don't want to go into something and not be able to deliver, and we can't afford to do lots of delivery that's not paid for. The system allows us to make much quicker decisions, and we do walk away from contracts if we think they're not realistic. Last year we put in 30% fewer bids than in previous years, but won more. It's because we make higher quality bids, and for the right contracts.'

— a venture

could be thought of as generative. But one of the things that struck me was how often the improved clarity led to learning of a subtractive capacity, in that the venture would determine that something either wasn't what they do, or wasn't core to their mission, or was data that wasn't relevant ... there was a hole here, something wasn't working there, these three things were in fact just one thing, etc.. Such realisations could lead to ventures discontinuing activities or not bidding for contracts — and yet to me these were some of the most powerful examples of ventures getting better.

This is a far cry from the image of impact work being a means to get a deck of sexy slides to flash at funders. Many ventures did get sexy slides out of their IRF work — make no mistake — and they certainly used these in their subsequent efforts to raise money. But getting better at being selective is probably the real gold of a successful impact project. One of the highest value functions of knowledge in any context is to help distinguish between useful and non-useful work. If you're a socially-committed organisation with stretched resources (i.e. almost every such organisation on earth) perhaps the single best thing a system can give you is the ability to say with confidence, 'We know how to use time well.'

**Recommendation 9: For Funders**

The IRF resulted in real and substantive gains for ventures, including improved clarity and focus, and better information regarding mission, beneficiaries and operations. Together these led to enhancements in both services and efficiency. Funding for impact readiness is therefore a valid way to benefit ventures and the sector, and should be carried forward, including consideration of how these benefits can be rolled out at greater scale.

## 4. How to Achieve Scale?

This review has up to now has been about IRF projects: the process, what worked, what this tells us, and whether or not any of it was of any real use. If you buy that it was, it makes sense to try to think next about how to scale it in the future.

Some one hundred ventures went through the IRF, out of perhaps tens of thousands who could potentially benefit from this kind of project. Scaling through two orders of magnitude, while assuming that that level of additional funding isn't forthcoming, is the challenge.

This section addresses three potential means to scale:

- 4.1 Guidelines and Consensus Building
- 4.2 Batching
- 4.3 Impact Initiators

## 4.1 GUIDELINES AND CONSENSUS BUILDING

If the value that comes out of a process is information — something like a secret formula — then all you need do is publish the formula for everyone to benefit. But as discussed above, what ventures got out of IRF projects was much less to do with providers revealing secret formulas, and much more to do with the catalytic effect of having an external agent of change actually in their offices, and the additional resource that that brought. Under such circumstances, it's clear that guidelines containing the formula aren't by themselves going to effect a lot of change. As one venture put it, 'You need to give it some welly.'

A similar argument applies to the line of thinking that all we need do is get enough people together to form consensus over the secret formula, and then publish that. To use the analogy in the title of this review, imagine trying to get consensus among a hundred people for the design of a universal hat. It's clear that everyone will just talk themselves out and then go home, leaving a hat that nobody owns and nobody's going to wear. The hat itself may even be a very decent hat, but if the idea — at least in part — is to get people to a 'That's my hat!' moment, then the consensus-building approach is fundamentally nonsensical.

To some extent this is self-evident. After all there are lots of guidelines published already, and yet in many cases, and using no more than what is out there, IRF ventures felt they were able to blow their competition out of the water. Moreover, over two thirds of ventures were willing to publish the outputs of their projects — thus effectively sharing

them with the competition. This was precisely because they knew that what gave them an edge was the process, and not the contents of any publication.

There is no better smelling salt for guidelines-optimism than the way a number of ventures used the words 'more guidelines' in an almost proverbial capacity to denote a useless thing.

'At the same time we were working on our system, it turned out the main coalition body for our sector was developing something too, and we were actually a bit worried that they'd come out with their thing, and it would have all the buy in and solve all the problems and make ours redundant. But then when we saw it, it was just another *guidance doc.* But that's the way they work. A lot of these things are really a bit naff.'  
— a venture

**Recommendation 10:** For Funders, Providers  
Funders and providers should not expect the publication of guidelines by themselves — and irrespective of how much consensus they have behind them — to effect much change.

## 4.2 BATCHING

An alternative way for funders to boost the numbers is to do things in batches. A version of this was tried in the first round of the IRF (in 2015) in the form of cohorts. These were groups of different ventures that worked with a single provider under one project. There was also some group working among ventures doing individual projects, and some provider-side batching.

### a. Cohorts

The IRF cohorts had mixed success. There were the obvious problems of different ventures having different models and beneficiaries, being at different stages in their impact journeys etc. — and even if these differences were slight, the idea of arriving at a common framework that could work for everyone was described as ‘optimistic’. The challenge was partly one of ‘herding cats’, and partly the same lack of a ‘That’s my hat!’ moment discussed above.<sup>17</sup> One manifest and unavoidable issue is the level of involvement throughout each venture that’s possible when working in a cohort, especially given, as noted above, how crucial this is for buy in. This would apply even if the models, sectors etc. throughout the cohort were theoretically identical.

Ventures and providers alike were generally sceptical of the cohort approach,<sup>18</sup> with the

<sup>17</sup> See 4.1 Guidelines and Consensus Building.

<sup>18</sup> Over 70% of both ventures and providers, when asked about cohort-working, didn’t really buy it.

clear risks being: resistance to a ‘one size fits all’ approach; diluting the agent of change effect; and diluting the additional resource. Cohort-working was more promising however when the cohort formed a meaningful ‘one’ (e.g. a federation of ventures), and the ‘fitting’ was of a specific thing (e.g. implementation of a new system coming down through the federation). But here the idea that the provider is still working essentially on one system for one entity still applies.

### **Recommendation 11:** For Funders, Providers

Cohort-working can be useful when the cohort forms a meaningful single entity. However mixed venture cohorts will struggle to reach the levels of individual ownership required to effect cultural change. A batching approach to the delivery of impact readiness based on batches of similar ventures should therefore not be pursued.

### b. Group Working

While being sceptical of working in a cohort project, something ventures did feel generally positive about were opportunities to interact with other ventures and share learning about their individual projects. Interestingly the learning was often not related to shared frameworks or measures, but instead around questions like, ‘What are you getting out of your provider?’ and ‘How do you deal with a board member who doesn’t show

‘You can do a cohort workshop with ten ventures, but then you only have one or two people from each venture there. But if you do a workshop with ten people from one venture, everyone will always have different things to say. So how can the one person at the cohort workshop bring the input from all those other people?’  
— a provider

### microcase

One provider was working on a small number of IRF projects with completely unrelated ventures, and decided to hold three one-day group sessions with the project leaders from the various ventures. These sessions, spaced out over the course of the project, covered generic concepts and techniques around impact (though the application was all still done individually). The provider felt that by communicating and thinking about things together, and pushing and challenging each other, these ventures actually got more out of the group sessions than if they'd done those pieces of the work individually. Batching here thus represented a gain not a compromise.

up to workshops?' — i.e. things about the change process. For groups of this kind to work, notably, there need be no particular similarity among the participating ventures.

Midway through the IRF timeframe the funders hosted a group session for all ventures, which many found useful.<sup>19</sup> In addition, some ventures participated in smaller group working sessions (not organised by funders but either by themselves or their providers), where they could play a further role in pushing and challenging each other, and building collective momentum.

There is potential to do more of this kind of group work, with funders conceivably playing a role in structuring small peer groups of ventures based not on sector but on the timing and possibly nature of their projects. These peer groups could meet at medium-length intervals (e.g. 6 monthly) to cover some high-level material, share experience about their processes, and compare progress. If supported to carry on, this opens the interesting possibility that these groups may be able to address in part two of the problems that IRF ventures encountered:

- i. Firstly that of losing momentum, and the implementation stalling after the project end date (following the loss of the external agent of change). Here the group becomes the external focal point and carrier of momentum: i.e. the group provides push. Project leaders may think, 'I have that group session in two months time

<sup>19</sup> Notably though the funder-organised exercises were found to be less useful than the venture-to-venture interactions. A number of ventures from outside London pointed out that attendance at this session should have been made clearer in advance for budgeting travel.

— I better make sure I've moved things along a bit.'

- ii. Secondly that of the lack of accountability that ventures with more sophisticated impact systems enjoy (as a result of being more sophisticated than either their boards or their commissioners). Here the group becomes a forum where ventures with similar levels of impact expertise are able to ask each other tough questions: i.e. the group provides challenge. Project leaders may develop more robust systems and analysis as a result.

As the real amount of material that can be usefully covered in group sessions and group work of this kind is likely to be limited, it cannot be expected that this form of batching will yield significant economies of scale (indeed with travel and logistics factored in, group sessions may represent a net cost). The additional value would be to the quality of the projects, but not to the scale.

### Recommendation 12: For Funders

Funders should consider creating peer groups of ventures not on the basis of similarity, but on going through a common process. The group would meet at regular, well-spaced intervals, with the aim of group sessions being for ventures to compare experience, share learning, and push and challenge each other regarding progress on their individual projects. Groups could be encouraged to continue these sessions after the end of the funded project to maintain momentum and a degree of external accountability.

### c. Provider-Side Batching

As discussed above, much of the value ventures got out of the IRF derived from time spent working with individual providers in a way that is naturally resistant to scaling. However as was also noted, there is some provider-side knowledge and expertise involved. Some of this will be specific to particular sectors, and which the provider will research on a project-by-project basis (e.g. particular suites of measures, relevant studies). Given that there are commonalities within sectors and among ventures, this suggests there is some potential for batching on the provider-side — i.e. instead of batching ten ventures together in a cohort on the delivery side, the provider delivers individually to each of the ten ventures, but having batched the research.

Provider-side batching would enable an economisation on the knowledge overlap between different projects. There are however two potential drawbacks:

- i. As with all economies of scale, provider-side batching naturally lends itself to larger providers, who can feasibly coordinate and then reel off batches of, say, ten ventures all in one sector, ten ventures all in another, etc.. While some ventures liked working with larger providers, for others it was much more important to work with one that was both local and small enough to have a natural understanding of their world. There is much to be said for retaining this connection, and to consolidate the provider market excessively toward a small number of large, London-

concentrated firms would be a loss.<sup>20</sup>

- ii. Provider-side batching retains the individual relationship between the provider and the venture, but still requires batches of sufficiently similar ventures to be put together for there to be a meaningful economisation to be had on the research. Given the current scale of funding for impact readiness work (i.e. small), and the kind of pipeline that comes with that, this may be a stretch. There is a risk that, rather than specialising effectively, providers would be forcing batches, and moving more toward the reviled ‘one size fits all’ delivery.

It is further worth noting, in relation to a discussion of scale, that provider-side batching of the research component of consultancy services might conceivably offer a saving of 1.5x or even 2x, but certainly not of the order of 10x or 100x.

#### **Recommendation 13: For Funders**

Provider-side batching offers a modest cost saving, and therefore some scale benefits for funders. However if aggressively pursued it may have a negative impact on the provider market, as well as on the delivery of services. Funders should therefore consider a low level of provider-side batching in a responsive, rather than strategic, capacity — for example, seeking a lower unit cost from providers where similarities among ventures, and the potential for research overlap, present themselves.

<sup>20</sup> The market is already too concentrated in this direction for some — see PP4. Provider Map in *Part II: Process Points*.

### 4.3 IMPACT INITIATORS

If ventures that received IRF funding do get ahead of the curve, and thereby enjoy a competitive advantage, then one question that's potentially worth asking is, is this fair? Many were arguably ahead of the curve already, and it may be that the IRF was just picking winners and giving them a further boost.<sup>21</sup>

To some extent, funders picking the best organisations and handing them money is the nature of the beast. However one way in which it might be possible to achieve wider sectoral benefits through funding only a small number of ventures (essentially to hire their own private agents of change and thereby get ahead of the curve) would be if those ventures were then to become agents of change themselves — cascading change out through their own networks, and drawing everyone up the curve. The concept would thus be not only to fund lone ventures to be impact winners, but to become *impact initiators*.

What might this look like? A hint is given by a number of IRF ventures who, having completed their projects, did reach out to their networks and engage others with the impact work they'd done. In some cases this was with a mind to selling on versions of their own systems and potentially impact services (an indication in itself of how confident the ventures had become regarding impact); in others it was more in the mode of sharing learning (e.g. through hosting an event for local same-sector organisations). Either way,

<sup>21</sup> For a fuller discussion of this point, see PP8. The Application Process — Picking Winners? in *Part II: Process Points*.

the response from the networks appeared to have been highly positive. When presented at learning days, for example, with an ahead-of-the-curve peer speaking about their own impact process, and the system they've arrived at, there was a genuine appetite among attending ventures to develop systems of their own.

This is exciting because it suggests a form of latent value that impact readiness funders can realise. With the IRF, the appetite at such events was mostly left hanging because it wasn't anybody's job to follow up.<sup>22</sup> But it can be made somebody's job. The gap for a funder to step into here comprises of firstly adding some form of funding condition that ventures cascade learning out at the ends of their projects; and secondly, to consider, where appropriate, supporting this learning in an ongoing capacity.

The idea that ventures who receive impact readiness funding then become impact initiators has a number of immediate practical points in its favour:

- i. if each funded venture connects and actively cascades learning out to, say, ten ventures in its network, this offers funders a tremendously cheap way to multiply by a full order of

<sup>22</sup> There were some occasions of organisations that already had a relationship starting work together on an impact-related project following the IRF project, but not — that I'm aware of — of coordinated follow up from local events. With ventures that are considering becoming suppliers of impact systems in some capacity (e.g. IT), there is a follow up incentive (i.e. sales), though in these cases it's too early to talk about results.

'Part of the project was to do an event for the sector at the end, so we brought other ventures from the local area together, and some commissioners came, and we did a presentation and a few workshops. And at end of day everybody stayed to chat, and they were full of energy and appetite, and if you'd said, "Shall we take this forward?" they'd all have said yes. Everyone was on a high, and there was a feeling of, "Wow, this is a lightbulb moment."' — a provider

magnitude the outreach of at least part of the impact readiness they are generating

- ii. these network-formed groups deliver a structure that is naturally suitable for the kind of beneficial peer group working discussed above,<sup>23</sup> which if supported to continue, can gather momentum, and allow ventures to take on the role of pushing and challenging each other (without the clunkiness of a formally-bound cohort)
- iii. the formation of the groups through the initiator's existing network would further mean that there would very likely be substantial commonality of local and sectoral interests within the group, which could help facilitate the sharing of relevant knowledge (such as standard measures, language for use with commissioners etc.)
- iv. this would also facilitate, if there was some level of continued provider involvement, an almost in-built opportunity for the kind of provider-side batching discussed above<sup>24</sup> (for the provider this would almost be a rolling out of the work done with the initiator venture, but at a much lower unit cost)

But beyond these, the real appeal of the model is that it gives the networked ventures direct contact with a tangible successful example of an impact system in action. If — as was the case for many IRF ventures — the initiator venture has

---

<sup>23</sup> See b. Group Working in 4.2 Batching.

<sup>24</sup> See c. Provider-Side Batching in 4.2 Batching.

got to a place where they feel ownership of their system, are confident talking about it, and feel good about it, and if, on top of all this, they're winning contracts and can give concrete examples of how the process has changed their organisation for the better — then this presents an extremely powerful motivator to any venture they're talking to. It's certainly much more powerful than being offered the opportunity to download some guidelines and then read them by yourself in the office. And importantly, it keys into the fundamental mechanisms by which ideas and behaviours typically do cascade through human populations: i.e. through people getting excited about something they perceive to be desirable, rather than being told about something that is supposed to be good for them.

How much support the networked ventures joining such groups might need (and indeed how much support the initiator venture would require to get the groups going and work with them) is something that would require further investigation. But the beauty of the approach is that the organisational buy in which, as laid out above, is such a crucial part of the impact readiness process, is likely to be enormously facilitated by having the impact initiator leading things. This works by the initiator generating both desire among networked ventures to get to where they are, as well as a little bit of fear of being left behind (made sharper by there being a group of other ventures all present and getting on with it). Under such circumstances, it may be that the need for an external agent of change — which for funders is the expensive part — is significantly reduced, as the ventures would be compelled to make more progress under their

own steam. External providers could certainly still offer value, but potentially would be able to run fewer workshops, and gear their role more toward supporting and critiquing progress, rather than being themselves hands on deliverers of outputs. This would mean networked ventures would lose much of the additional resource that the provider supplies in the traditional IRF set up. However — and as was certainly the case among those IRF ventures who found their providers didn't do as much as they expected — if ventures want the result enough, they will pull together the resources. The point of the impact initiator is to *make them want it*.

This review started with the observation that impact readiness is really about cultural change, and the finding that effecting cultural change in individual organisations is a lot of work. It doesn't just happen by itself, and in its seedling stages, it requires support of a kind that is probably as much relationship-driven as it is information-based. But this is also what makes the multiplier concept so relevant, because if you seed enough cultural change it will start to seed itself — spreading via its own networks of relationships, and generating new ones as it goes — leading ultimately to a wider cultural shift. In the context of impact culture, this would mean a shift among social sector ventures, and ideally funders and commissioners too, toward clearer, more impact-aware, and better evidenced ways of working on social problems.

It's a bit like what might happen in a small community where a few people, all of a sudden, have a 'That's my hat!' moment. They start wearing their hats out and about, and telling their friends, and pretty soon their friends are all

wearing hats too. And then, before you know it, everybody's saying, 'I wanna hat!' and going and getting themselves one.

**Recommendation 14:** For Funders

Funders of impact readiness should attach an "initiate learning" condition of some form to the funding, which applies to both the venture and the provider, and encourages the venture to become an "impact initiator". This would entail the publication of results, as well as active engagement with relevant networks to promote learning and appetite for impact work (for example, through event days for appropriate local or same-sector ventures). Funders should also consider providing further support for such networks to continue developing.

## PART II: PROCESS POINTS

In addition to the larger narrative coming out of the research, there was feedback on a number of specific points relating to the IRF process, with distinct implications for the management of future funds. Part II is a collection of these process points with recommendations as to how they may be addressed. The recommendations apply chiefly to funders, though the points themselves may be of interest to other parties (providers especially) as they cover important challenges regarding impact work not discussed in the review above.

The points relate to:

- PP1. Cost (Trust)
- PP2. Accountability for Project
- PP3. Small Grants, Small Ventures
- PP4. Provider Map
- PP5. Time
- PP6. Follow Up Feedback
- PP7. Follow On Development
- PP8. The Application Process — Picking Winners?

## PP1. Cost (Trust)

Ventures were overwhelmingly positive about the skills of their providers, but how much they cost did come up. In the survey, a full 15% of respondents rated the provider's value for money at either 1 or 2 on a scale of 1 to 5 (vs. 2% giving a similarly low rating for the provider's expertise), and 40% in interview commented on providers being 'bloody expensive' (or words to that effect).

To suggest providers should just charge less might be broadly popular, but not go very far. What funders and providers could perhaps be more aware of however is how consultancy day rates can look. After all, if you're a small to medium sized charity with limited cash, and you watch someone step in off a train from London, drink a cup of coffee, run a workshop or two, and step on the train back home again, you can be left asking yourself, 'Did that person really just walk out of here with £800 in their pocket?' And if the workshops weren't mindblowing, then it's quite easy to start feeling frustrated, and lose trust in the process. In a fair proportion of cases, ventures felt that they'd put in a lot of the work while the providers cleaned up, and in the worst, that ventures had paid '17k for a piece of paper', or that the whole thing was 'a scheme for consultants'.

As this review argues, in many cases providers did offer much of value, and it would be a mistake to think they can be removed from the equation altogether. However I think it would help if providers were more transparent about their costs and fees so their day rates don't appear quite so eye-watering. Also helpful would be if funders

did more to acknowledge the work ventures put into their projects, which is absolutely vital for success (see Recommendation 3). The couple of occasions on which ventures took on extra hands (e.g. rehiring someone who had previously provided cover for maternity leave, or having an intern available) suggest an intriguing possibility for ventures to be awarded a slice of the funding to resource more of the project themselves, but at a lower day rate than that charged by external consultants.

It was also apparent from speaking to ventures that some got more out of their providers than others, and that there is a degree of opacity regarding what good value for money really is in this field. For more on this, see PP2. Accountability for Project.

---

### **Process Recommendation 1a:** For Providers

Providers should be more explicit and transparent over how their fee structures operate, and work to defuse the '£800 in my pocket' image.

---

### **Process Recommendation 1b:** For Funders

Funders should acknowledge the value of the project work put in by ventures, and consider perhaps part-funding it, and part-listing it as resources put in by the venture (and for which the venture would then be accountable — see Process Recommendation 2b). Funders should also

consider ways in which ventures can take on more of the project work (with funding), and reduce the number of provider days and therefore unit cost of projects.

## PP2. Accountability for Project

One striking feature of the IRF was that neither the provider nor the venture were really accountable to each other, even though they were the two parties who knew most about each other's delivery on the project.

### **Provider Accountability to Ventures**

For many ventures, the IRF project was their first experience of hired consultants, and some felt that they'd been too 'provider-led', and would in future need to be tougher. This dynamic may have stemmed in part from the application procedure, by which ventures had to apply to providers to get to funders. This is the opposite of the traditional consultancy dynamic, by which the client starts out with the money on their side.

Ventures should rightfully be the clients in these relationships, and have the power both to push back against providers and feedback against them to funders. The latter would give ventures more leverage and help providers be more accountable. Beyond just feeding back to funders however, a public feedback forum may be of use to other ventures, and in particular for improving transparency around how much ventures are getting out of their providers, and what good value really is (see PP1. Cost (Trust) above). Ventures could for example post ebay-style ratings and comments about their providers on the approved provider list, which other participating and prospective ventures could then refer to for guidance.

### **Venture Accountability to Providers**

By much the same token, there was a lack of accountability regarding work undertaken by ventures, and providers had little push back. This came up in the modest number of cases where there were questions over CEO commitment. Also, more generally, when there was a provision in the funding for backfilling, there was no real oversight of this. If backfilling and/or the acknowledgement of ventures' contributions to their projects is to be expanded (as is recommended by this review, see Recommendation 3 and Process Recommendation 1b above), then this lack of oversight may become more pressing.

Providers are not in a position to account for every piece of time ventures do or do not spend on a project, but they do have a sense of ventures' levels of commitment, and of any competing commitments, and they know when they themselves are twiddling their thumbs waiting for ventures to send things back to them. Giving providers some means to apply pressure to ventures, and to ensure stipulated time commitments are fulfilled, could be beneficial and improve venture accountability. This could be achieved for example by issuing a small proportion of funds to providers to release to ventures for their time at the ends of projects.

---

### **Process Recommendation 2a:** For Funders

Funders should establish better opportunities for ventures to submit feedback on their providers, thus giving ventures greater leverage, and making providers more accountable for their delivery on the project. Funders

should further consider public feedback options, such as ebay-style reviewing of providers by ventures.

---

### **Process Recommendation 2b:** For Funders

Funders should ensure ventures are accountable for their time commitments regarding the project by making them more accountable to providers — for example by issuing to providers a proportion of the funds designated for the venture's time. The provider would release these to the venture at the end of the project assuming commitments had been fulfilled.

### PP3. Small Grants, Small Ventures

It was noted that between the first and second rounds of the IRF (in 2015 and 2016 respectively), the smaller end grants (the so called “Readiness” grants of up to £25k, as opposed to the “Growth” grants of up to £150k) were discontinued. Two thirds of the providers I interviewed brought this up as something they found regrettable. It was pointed out that a grant of say, £50k, is ‘quite a chunk of cash’, and that if you’re a smaller venture you may struggle to take on that much. And there were providers who, when working on the larger grant projects, found they ‘couldn’t help thinking about how much else could have been done for each one of those.’

I agree. A number of the smaller projects represented some of the best value — especially where providers were able to deliver a “full bundle” (i.e. a theory of change, a framework of measures, and an IT system). Among such cases were smaller ventures that were able to ‘massively shift up a gear’, and subsequently win new funding, take on loan finance, and scale in a way that made a ‘real difference’ to people in their communities. As one provider put it, talking of smaller projects, ‘we’re cracking eggs with that.’

There is a bottom end beneath which an impact readiness grant won’t be enough to do anything much, and different providers will set this at different levels. However it’s clear that for something like £10-25k, good things can be achieved. There may also be potential for smaller organisations with close local networks to play a

role as impact initiators (see 4.3 Impact Initiators) and cascade the learning and change out.

---

#### **Process Recommendation 3:** For Funders

Funders should consider reintroducing smaller end grants for medium and small size ventures, as well as considering, where appropriate, follow on work with these ventures and their local providers using the impact initiator concept (see Recommendation 14).

## PP4. Provider Map

As many ventures and a few providers pointed out, the approved provider map is heavily London-centric (65% of approved providers were based in London versus 29% of ventures). Some ventures liked having a high profile London expert; others specifically wanted someone local, citing the advantages of local knowledge and time and cost savings regarding travel and London-rates. Such ventures often felt they were being offered little real choice by the list of approved providers.

It could be argued the list is merely a reflection of the provider market, but funders can and do shape this market.

Regional providers tended to work using an associate model, and there may be potential to incorporate more small-scale regional associates into future impact readiness funding — for example by encouraging independent associates to register with the fund. Alternatively, regional ventures could be given greater freedom to find their own providers and make joint provider-venture applications, rather than being forced to shop from a limited and undeniably London-centric list.

A further possibility for better regional provision is via the impact initiator concept (see 4.3 Impact Initiators), whereby funded ventures go on to become local drivers for impact readiness in their own right (potentially with some support from their provider and funders). Among the ventures I spoke with were two examples of people who, through the IRF project, had sufficiently upskilled with regard to impact as to have started providing some

impact consultancy themselves. In one case, this was driven in no small part by the observation that no one else was providing impact services in their local area.

---

### **Process Recommendation 4: For Funders**

Funders should consider ways to rebalance the provider map and improve local options for ventures outside London. Ways to achieve this may include support for small scale associate-style regional providers, and/or enabling ventures to find and present their own providers. The impact initiator concept (see Recommendation 14), by which funded ventures become initiators of impact through their own networks, may provide a further means to improve regional provision of impact services.

## PP5. Time

Due the complexities of funding schedules, the IRF was made available through an extremely compressed timeframe. There was a two week window for applications which fell over Christmas (as recalled dryly by a number of ventures and providers), and then when the funding came through, the project had a 12 week delivery window.

Everyone agreed the timeframe was crazy and it has since been changed, but the point to make here is that over half the ventures I spoke with pointed out that it was also great in its way. Having a tight time window generated a high intensity burst of energy and activity, which proved highly effective as a means to kickstart cultural change. Equally there were ventures (slightly under half) who were unequivocal about the window being too tight, and the providers pretty much all fell into this camp (providers also noted the burst approach only worked when ventures had put time and resources aside in advance).

Forcing projects into artificial timeframes isn't helpful, but feedback indicated there is a lot to be said for the 'burst of energy' effect. In particular, when it came to getting people throughout the venture involved, following up quickly and not letting things go cold meant more of the value of the work was realised. As one venture said, 'at the time we said we wanted more time, but looking back, it was actually really good for us'; another suggested, 'maybe a little more time would have been good, but don't give us too much.'

It was also apparent from speaking to ventures that projects can't always be done in one, and that developing a new impact system is one phase, implementing it another, and doing the analysis of results and follow on development work another still.

---

### **Process Recommendation 5: For Funders**

While it is appropriate to extend the timeframe of impact readiness funding, funders should recognise the benefits of the 'burst of energy' effect created (albeit unintentionally) by the compressed timeframe of the IRF. Some aspects of impact work may be particularly well-suited to being done in bursts. However to ensure the work comes to fruition, subsequent review and follow-up development may be required. Funders should consider phased projects, involving bursts of work with providers, followed by periods of implementation, and then further bursts addressing progress and results.

## PP6. Follow Up Feedback

Ventures filled out an project report at the end of the 12 week IRF period, but as a few ventures pointed out, this didn't tell anyone anything very much. To understand if impact work has been successful or not, you have to ask what's happening after 6 months, 12 months, and possibly more (have systems been implemented, is data coming in, what does it say, etc.?). And not only had funders not been collecting longitudinal feedback, but providers equally did not know what had happened with the IRF projects they worked on (except in cases where they had an ongoing relationship with the venture). This is stunning miss for what is supposed to be an evidence-driven industry. One might justifiably ask: if providers don't collect any data on their projects, how can they know anything about their own impact, and whether the systems they deliver are successful or not, and why?

It seems minimal good practice for providers to go back to ventures after a defined period (say a year) and gather feedback on what the project outcomes have been. This feedback will inform their own understanding of the work they do, but can also be passed on to funders as important learning regarding how different grants worked out. It may also provide ventures with a useful incentive and date to aim for (for example to complete a certain phase of implementation) if they know there will be follow up from their provider at that point.

A further form of follow up feedback (and incentive for ventures to continue developing their impact systems) may be generated through the

group working concept (see 4.2b Group Working), and through ventures becoming impact initiators (see 4.3 Impact Initiators). Both of these imply ongoing contact with impact work, and to some extent with funders, giving funders the opportunity to gather further information.

---

### **Process Recommendation 6: For Funders**

Funders should collect information from ventures on the outcomes of impact readiness projects beyond the project end-points (e.g. after 12 months). Funders should consider making it a requirement for providers to collect and supply this information, not least because it is highly pertinent to providers' own self-evaluation. If there is ongoing venture group working, or work with ventures as impact initiators (see Recommendations 12 and 14), monitoring of these should include feedback on the ventures' progress. Follow up feedback should be understood in part as learning for funders and providers, but also as a motivator for ventures to continue with the project.

## PP7. Follow On Development

As has been noted above in this review, the problem of IRF ventures stalling a little in the implementation and follow on development of their impact systems was not uncommon. The IRF project generated a high intensity burst of energy, through which a lot changed, but ventures would rarely be left in a definitive state. This in itself is to be expected — the widespread understanding is that impact is a journey, and you don't do it in one. But stopping at one is clearly not ideal.

Some ventures were able to self-fund further development (for example, by using revenues from new contracts won — a funder's dream scenario). Many others were looking for funded ways to take the work further (and noted that funding for impact development is hard to find). Examples of next phases ventures were thinking about include:

- development of theories of change and outcomes frameworks into fully operational systems (including IT)
- marketing of new models developed through the IRF and roll out
- performing further studies
- analysis and use of data

Impact readiness funding is transitioning to being longer term, and the suggestion of bursts and phases is discussed above (see PP5. Time), as are various ways in which project momentum can be supported beyond the end of the project (see 4.2b Group Working, 4.3 Impact Initiators, and PP6. Follow Up Feedback). A further useful

addition could be clearer signposting and support for ventures seeking follow on development funding from other sources.

---

### **Process Recommendation 7: For Funders**

Funders of impact readiness should provide better information and support for ventures looking to pursue follow on development. This may include signposting and linking to other funding opportunities, as well as to other funders and bodies (including researchers, analysts and academic institutions) with an interest in impact work or the particular area where the venture is active. Given the understanding that impact is a journey, funders should consider including a follow on development plan of some kind as part of the end of project deliverable.

## PP8. The Application Process — Picking Winners?

The nuts and bolts of the IRF application (the forms and so on) — apart from the Christmas timing — were generally thought to be good, and straightforward. Interestingly though the application structure, by which ventures applied through providers to funders, created a layer of pre-application or screening, which had implications of its own. Providers investigated typically four or five expressions of interest from different ventures for each application submitted (a process that, as a number of providers pointed out, was a fair amount of extra work). In which case, it becomes important to ask, what were the providers screening for?

There was no standard here, but generally, in their search for potentially successful applicants, providers were looking three things:

- a level of competency/timeliness/togetherness around stuff like supplying information, responding to emails etc.
- good rapport in the interaction, such as would support the idea of working together
- and thirdly, though variably applied, a degree of pre-existing impact literacy or fluency (which, given the compressed timeframe, was thought to offer a good head start)

And in accordance with this third, it was striking how many of the ventures I spoke with (N.B. all ones who had come through a provider screen) did indeed have some impact knowledge, or

in a number of cases real impact expertise, on their teams already.

Finding pre-existing impact knowledge among IRF ventures should hardly be surprising. All obviously had had the appetite to apply, and so knew enough about impact to believe that an impact project was something they wanted. A number had in fact been planning their projects already, with the IRF coming along as ‘perfect timing’, and many had pre-existing relationships with providers (with a good chunk of applicants coming from providers reaching out to their networks).

The question that arises however when reviewing all this is: if the IRF application process was effectively selecting for those ventures that were the most competent/timely/together, had the best relationships with providers, and were already the most knowledgeable and motivated around impact, then to what extent was the fund just picking winners? And if it was, then to what extent were any of the things it achieved really additional? Wouldn't these ventures have done these projects anyway?

In answer to this question, ventures would often reply along the lines of, ‘Yes, but it would have taken us a lot longer, and we wouldn't have done it as well.’ And this is somewhat backed up by the responses of the unsuccessful applicants to the fund — all of whom, notably, had made it through a provider screen, but 50% of whom said their projects were still waiting to be addressed, and 25% that the project had been undertaken but only in

part due to limited funds (the remaining 25% had found funds from elsewhere; none had dropped the project altogether).

Overall this suggests to me that the application process probably was selecting for the most ready-for-impact-readiness ventures, but still gave them a substantial extra boost. These were ventures who were most likely already a little ahead of the curve regarding impact, and the IRF money punted them way up it. One could ask if it's right for funders to be picking winner ventures, as opposed to helping the ventures that most need help, but one could equally ask, should funders be aiming to help vulnerable ventures or vulnerable people? A market-style argument might say that allowing the least competent/timely/together organisations, with behind the curve impact literacy, to die off, would be a sign of a healthy marketplace. At the same time, a market-style argument could hardly support artificially boosting market leaders by giving them money for consultants.

Funders picking the best organisations for their funding is to some extent only normal, and how funders work. However if the funding has a developmental focus, it is appropriate for funders to ask: are we aiming to pick winners and give them a competitive advantage, or to develop the sector at large? If the latter, picking winners may still be an effective way to do this, but would require the winners, in return for the funding, to play a role in cascading the development out the sector. This is effectively the impact initiators idea (see 4.3 Impact Initiators).

---

**Process Recommendation 8: For Funders**

Funders should be aware that the IRF process was likely to favour ventures with a pre-existing advantage regarding impact (and competency). This does not mean the funding was not additional: IRF ventures most likely improved their impact readiness faster and more effectively than they would have done otherwise. However the act of artificially exaggerating the advantage of select ventures could be balanced by encouraging these ventures to become impact initiators (see Recommendation 14).



## ANNEXES

ANNEX A: RECOMMENDATIONS AND PROCESS RECOMMENDATIONS

ANNEX B: SURVEY RESULTS

ANNEX C: NOTE ON METHODOLOGY

ANNEX D: LIST OF IRF PARTICIPANTS

## ANNEX A: RECOMMENDATIONS AND PROCESS RECOMMENDATIONS

This annex gathers together the Recommendations from *Part I: The Review* and the Process Recommendations from *Part II: Process Points*.

## RECOMMENDATIONS FROM *PART I: THE REVIEW*

---

### Recommendation 1: For Providers, Ventures

Providers should ensure that the project — including work on the theory of change, any impact measures or questions, and any systems for their use — involves staff throughout the venture in a meaningful way (e.g. through collaborative workshops, focus groups), and, where appropriate, beneficiaries (this may not always be appropriate; where not, it is recommended providers ensure there is still near-direct input from beneficiaries, e.g. from research conducted by the venture itself). This involvement should be tangibly present in the project results. Board members should be invited to learn about the project, with the long term goal that they develop interest and expertise around impact results.

---

### Recommendation 2: For Funders

Funders should require, as part of an application for impact work, confirmation of the CEO's commitment — for example through a personal statement, alongside a plan to create time and appropriate resources for the project (e.g. the time of a key person, and staff involvement throughout the organisation).

---

### Recommendation 3: For Funders, Ventures

Funders should recognise the additional time commitment that is required of the venture for the project to succeed, and the need for this to be resourced. Ventures declaring and part-resourcing this themselves can be a good way to ensure venture-side buy in; however partial-cover, e.g. for

backfilling positions, should be considered and supported by funders as a legitimate project cost.

---

#### Recommendation 4: For Providers

Providers should engage with ventures in a process of co-creation, and not enter expecting to present solutions. Even where the stages of working and materials used are standard, the working through should be nuanced and involve the provider. That any final results have passed through several iterations with the venture, and changes have come from both sides, is a good indication that this is happening.

---

#### Recommendation 5: For Funders

Funders should embrace funding for IT systems, including software and appropriate hardware, given the substantial gains to be made (including internal efficiencies and knowledge, and improved ability to win contracts). The burden of proof however for the necessity of building new software should be high. Consolidated resources to help ventures (and providers) find the right software should be made available. On this front, funders and sector leaders may well be wary of endorsing one or another piece of software on the grounds of market intrusion. However some form of online software forum/hub for socially-motivated ventures, where ventures can share information with each other about what software they use, what it does, what it costs, post reviews etc., could be valuable.

---

#### Recommendation 6: For Funders

Funders should ensure that impact readiness development follows through to the implementation of systems and appropriate IT, leading to evidence, reports, and the ability

of ventures to test and refine their theories. Stalling before this point was the most common shortcoming of IRF projects. This was typically attributed to the compressed timeframe, though some providers were able to deliver a “full bundle”, including a theory of change, a measurement framework, and an IT system. With more extensive timeframes, and possibly the use of phased development (see Process Recommendation 5 below), the final delivery expectation should be a full bundle, with an emphasis on ventures being equipped to progress beyond a theoretical theory of change to an empirical one.

---

#### Recommendation 7: For Funders

Funders should acknowledge that funding impact readiness is not likely to result in significant direct movements in the numbers of contracts won or the volume of investment capital going into ventures. Instead it should be understood that the impact, in relation to commissioning, is more likely to be around improving the conversation and relationship dynamics between ventures and commissioners. This does not yield a ready money-stat, but is non-trivial. The outcomes are ventures having more confidence, more purchase, and more input in the conversations, leading to stronger relationships with commissioners, and advancing progress toward more informed, more outcomes-led, and better commissioning.

---

#### Recommendation 8: For Commissioners

Commissioners should be interested in the impact of the organisations they commission services from, and open to the knowledge and expertise these organisations bring regarding outcomes, measures, service delivery etc.. The aim should be to develop a sophisticated conversation around impact, and accordingly responsive

commissioning. In order to benefit fully from this sophisticated knowledge, and to hold organisations properly to account, it is crucial for commissioners to develop expertise of their own around impact. Progress is being made in this direction with local authorities setting up commissioning hubs and academies. However the current level of commissioner understanding is generally felt to be low, and highly inconsistent from one authority — and even one department — to the next. More should be done therefore to accelerate commissioner-side impact readiness.

---

**Recommendation 9: For Funders**

The IRF resulted in real and substantive gains for ventures, including improved clarity and focus, and better information regarding mission, beneficiaries and operations. Together these led to enhancements in both services and efficiency. Funding for impact readiness is therefore a valid way to benefit ventures and the sector, and should be carried forward, including consideration of how these benefits can be rolled out at greater scale.

---

**Recommendation 10: For Funders, Providers**

Funders and providers should not expect the publication of guidelines by themselves — and irrespective of how much consensus they have behind them — to effect much change.

---

**Recommendation 11: For Funders, Providers**

Cohort-working can be useful when the cohort forms a meaningful single entity. However mixed venture cohorts will struggle to reach the levels of individual ownership required to effect cultural change. A batching approach

to the delivery of impact readiness based on batches of similar ventures should therefore not be pursued.

---

**Recommendation 12: For Funders**

Funders should consider creating peer groups of ventures not on the basis of similarity, but on going through a common process. The group would meet at regular, well-spaced intervals, with the aim of group sessions being for ventures to compare experience, share learning, and push and challenge each other regarding progress on their individual projects. Groups could be encouraged to continue these sessions after the end of the funded project to maintain momentum and a degree of external accountability.

---

**Recommendation 13: For Funders**

Provider-side batching offers a modest cost saving, and therefore some scale benefits for funders. However if aggressively pursued it may have a negative impact on the provider market, as well as on the delivery of services. Funders should therefore consider a low level of provider-side batching in a responsive, rather than strategic, capacity — for example, seeking a lower unit cost from providers where similarities among ventures, and the potential for research overlap, present themselves.

---

**Recommendation 14: For Funders**

Funders of impact readiness should attach an “initiate learning” condition of some form to the funding, which applies to both the venture and the provider, and encourages the venture to become an “impact initiator”. This would entail the publication of results, as well as active engagement with relevant networks to promote

learning and appetite for impact work (for example, through event days for appropriate local or same-sector ventures). Funders should also consider providing further support for such networks to continue developing.

## PROCESS RECOMMENDATIONS FROM *PART II: PROCESS POINTS*

---

### Process Recommendation 1a: For Providers

Providers should be more explicit and transparent over how their fee structures operate, and work to defuse the ‘£800 in my pocket’ image.

---

### Process Recommendation 1b: For Funders

Funders should acknowledge the value of the project work put in by ventures, and consider perhaps part-funding it, and part-listing it as resources put in by the venture (and for which the venture would then be accountable — see Process Recommendation 2b). Funders should also consider ways in which ventures can take on more of the project work (with funding), and reduce the number of provider days and therefore unit cost of projects.

---

### Process Recommendation 2a: For Funders

Funders should establish better opportunities for ventures to submit feedback on their providers, thus giving ventures greater leverage, and making providers more

accountable for their delivery on the project. Funders should further consider public feedback options, such as ebay-style reviewing of providers by ventures.

---

### Process Recommendation 2b: For Funders

Funders should ensure ventures are accountable for their time commitments regarding the project by making them more accountable to providers — for example by issuing to providers a proportion of the funds designated for the venture’s time. The provider would release these to the venture at the end of the project assuming commitments had been fulfilled.

---

### Process Recommendation 3: For Funders

Funders should consider reintroducing smaller end grants for medium and small size ventures, as well as considering, where appropriate, follow on work with these ventures and their local providers using the impact initiator concept (see Recommendation 14).

---

### Process Recommendation 4: For Funders

Funders should consider ways to rebalance the provider map and improve local options for ventures outside London. Ways to achieve this may include support for small scale associate-style regional providers, and/or enabling ventures to find and present their own providers. The impact initiator concept (see Recommendation 14), by which funded ventures become initiators of impact through their own networks, may provide a further means to improve regional provision of impact services.

---

Process Recommendation 5: For Funders

While it is appropriate to extend the timeframe of impact readiness funding, funders should recognise the benefits of the ‘burst of energy’ effect created (albeit unintentionally) by the compressed timeframe of the IRF. Some aspects of impact work may be particularly well-suited to being done in bursts. However to ensure the work comes to fruition, subsequent review and follow-up development may be required. Funders should consider phased projects, involving bursts of work with providers, followed by periods of implementation, and then further bursts addressing progress and results.

---

Process Recommendation 6: For Funders

Funders should collect information from ventures on the outcomes of impact readiness projects beyond the project end-points (e.g. after 12 months). Funders should consider making it a requirement for providers to collect and supply this information, not least because it is highly pertinent to their own self-evaluation. If there is ongoing venture group working, or work with ventures as impact initiators (see Recommendations 12 and 14), monitoring of these should include feedback on the ventures’ progress. Follow up feedback should be understood in part as learning for funders and providers, but also as a motivator for ventures to continue with the project.

---

Process Recommendation 7: For Funders

Funders of impact readiness should provide better information and support for ventures looking to pursue follow on development. This may include signposting and linking to other funding opportunities, as well as to other funders and bodies (including researchers, analysts and academic institutions) with an interest in impact work or

the particular area where the venture is active. Given the understanding that impact is a journey, funders should consider including a follow on development plan of some kind as part of the end of project deliverable.

---

Process Recommendation 8: For Funders

Funders should be aware that the IRF process was likely to favour ventures with a pre-existing advantage regarding impact (and competency). This does not mean the funding was not additional: IRF ventures most likely improved their impact readiness faster and more effectively than they would have done otherwise. However the act of artificially exaggerating the advantage of select ventures could be balanced by encouraging these ventures to become impact initiators (see Recommendation 14).

## ANNEX B: SURVEY RESULTS

This annex presents the results of the three surveys:

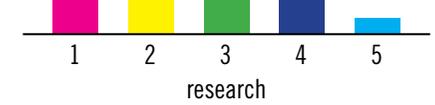
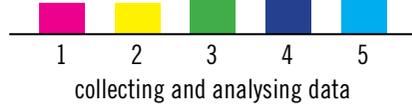
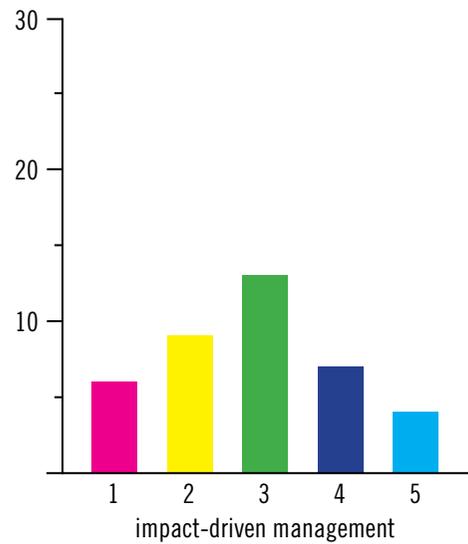
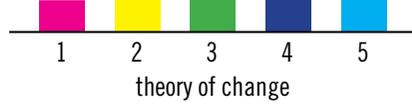
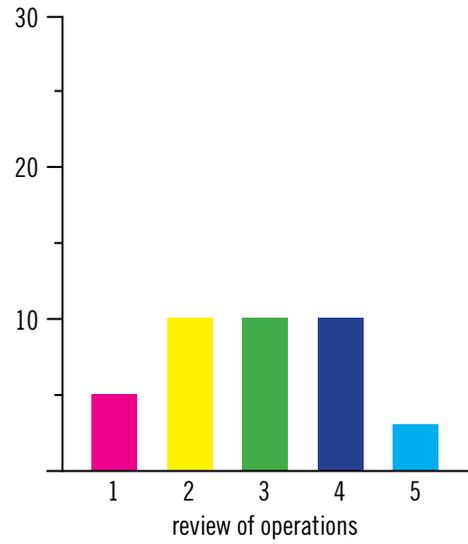
1. Venture Survey
2. Provider Survey
3. Unsuccessful Applicants Survey

The surveys were composed largely of qualitative questions, to which respondents gave scored answers on a scale of 1 to 5. This produced the data displayed in the charts below. However it should be noted that much of the nuance and high value information coming out of the surveys was in the form of free text answers to questions at the end (e.g. 'What do you feel the effect of IRF funding has been on your organisation's development?'). To preserve anonymity these unique answers are not reproduced here, but, along with the interviews, informed much of the argument in the main body of this review.

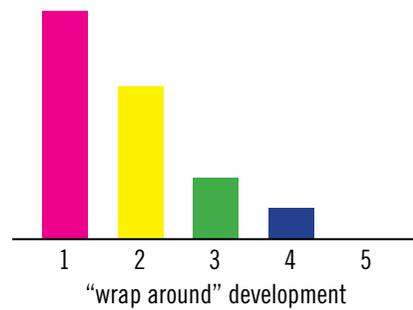
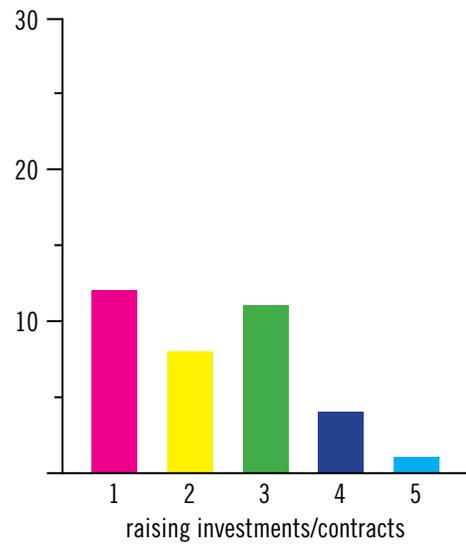
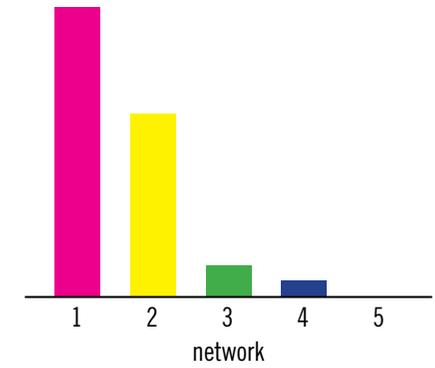
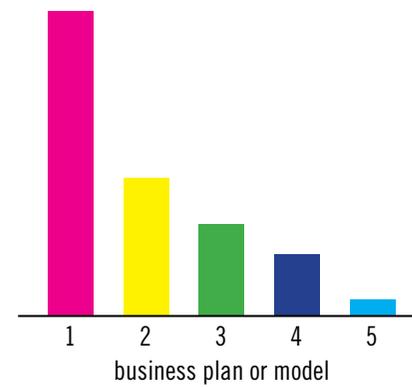
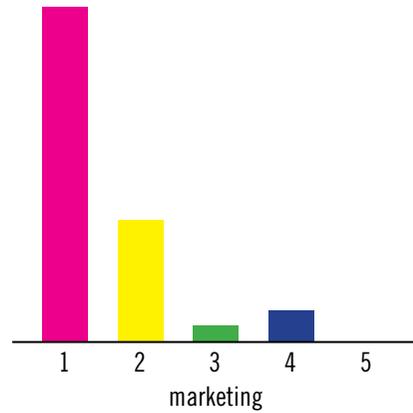
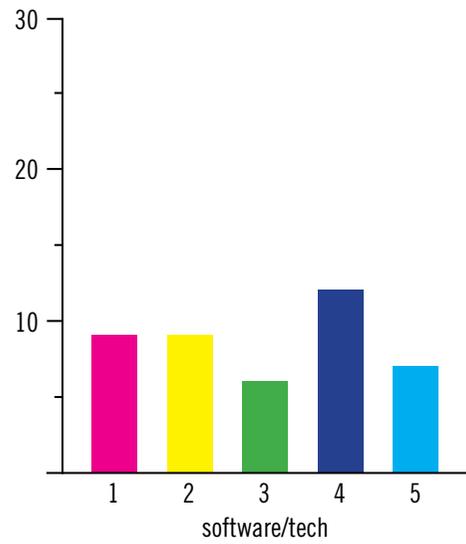
Two points to make about the charts: firstly these represent the collected responses of one person in each organisation on a particular day (and indeed where in one case two people from the same organisation submitted separate responses, there was both overlap and divergence in their scoring). And secondly, that these are self-assessments on an online survey (i.e. not objective, and not verified). Effects of the former should more or less average out, though certain effects of the latter will carry through. The free text answers and interviews were a useful balance to these potential biases. For further discussion of this, see *Annex C: Note on Methodology*.

# 1. What did you and the provider work on together?

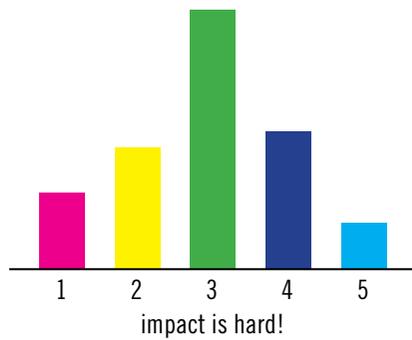
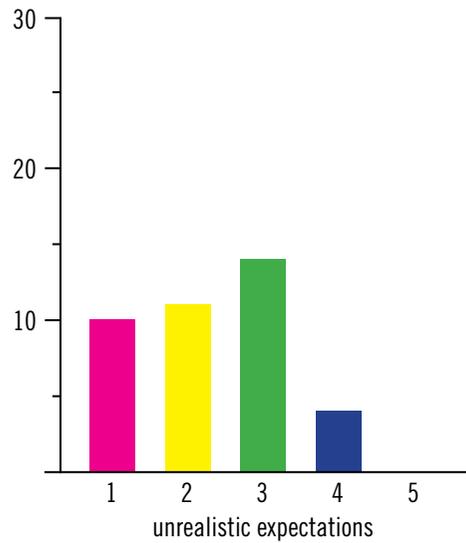
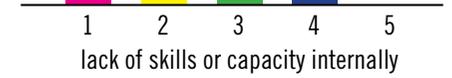
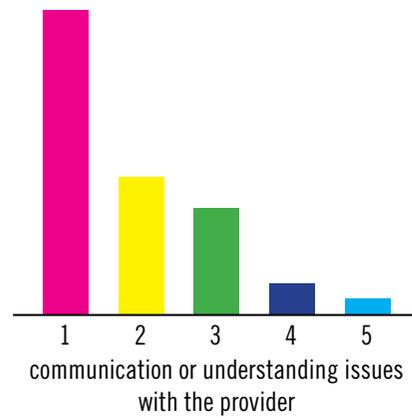
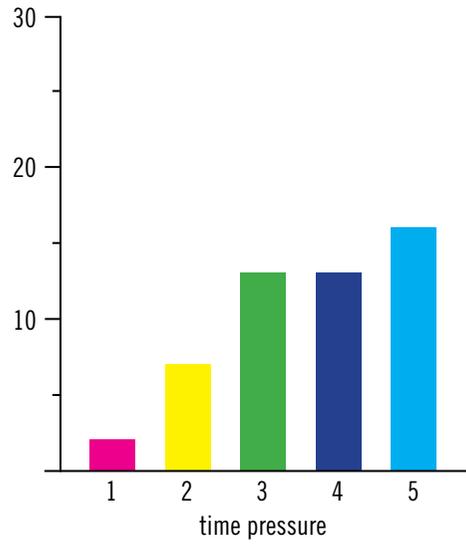
**VENTURE SURVEY**  
55 responses  
56% response rate



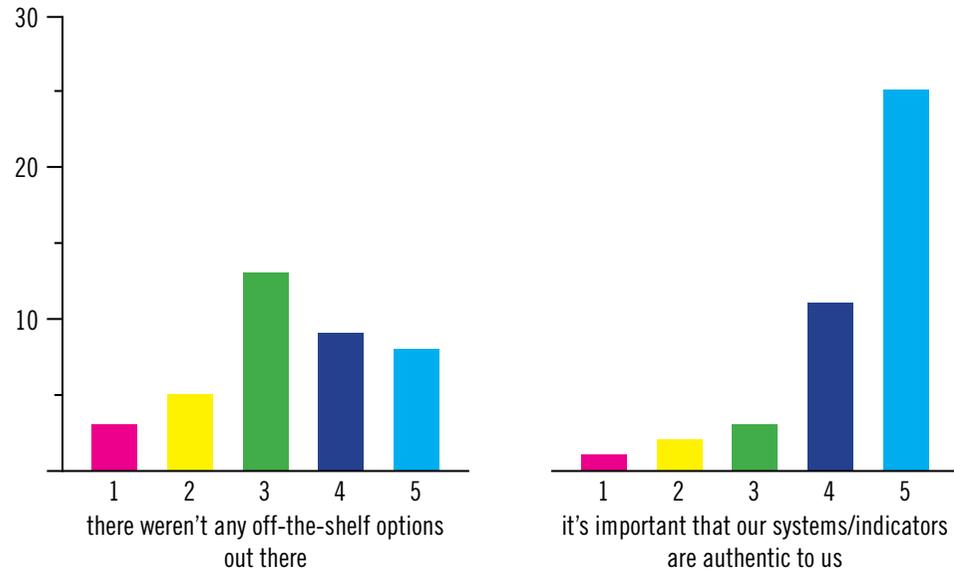
# 1. What did you and the provider work on together?



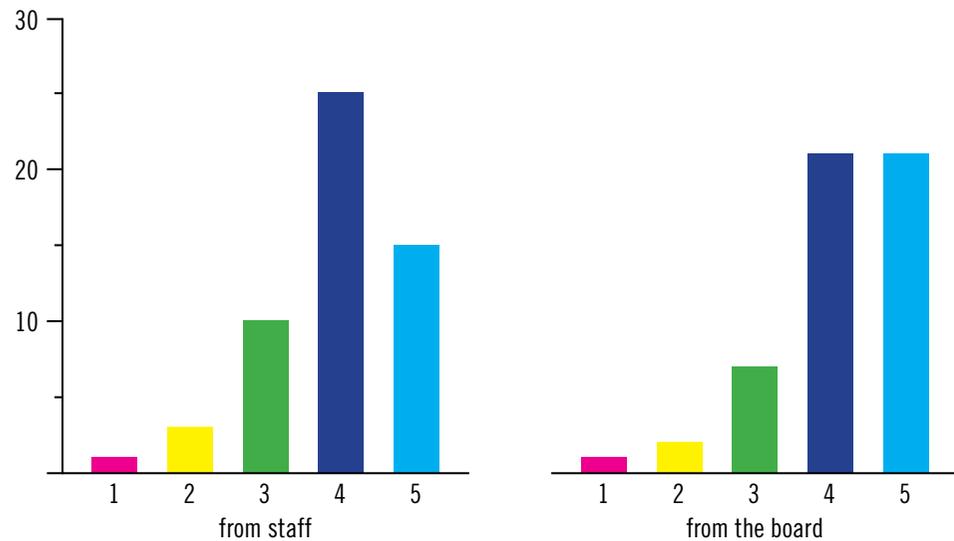
## 2. What challenges or problems do you feel you encountered?



3. For those organisations that developed bespoke impact measurement systems or indicators, to what extent do you agree with the following statements:

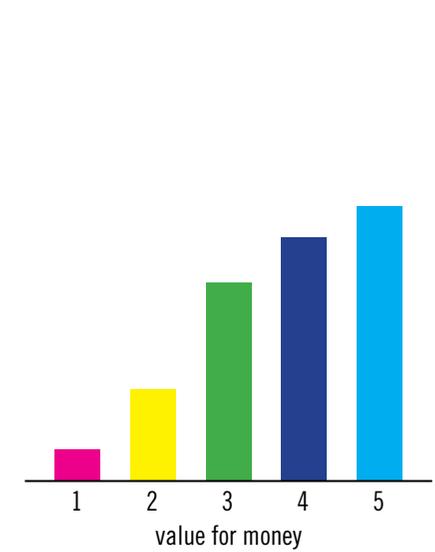
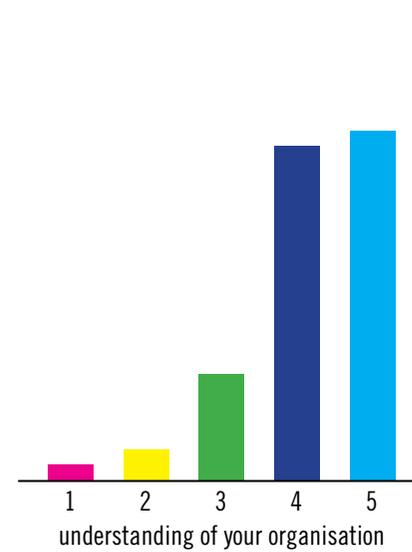
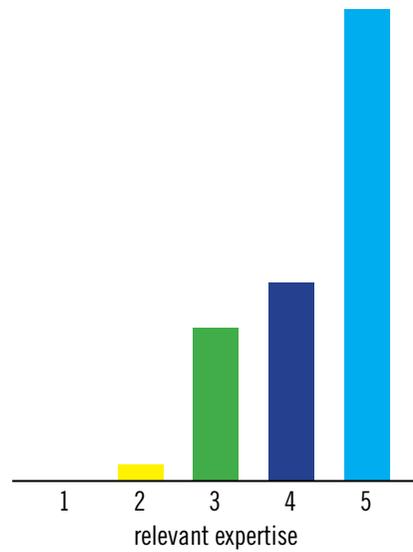
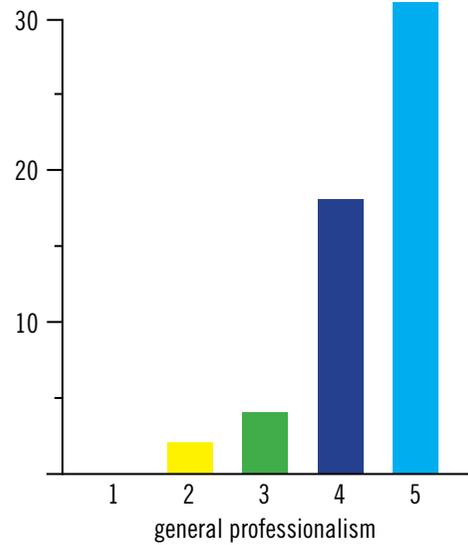


4. Over the course of the project, to what extent do you feel you had full commitment throughout your organisation for the development of impact readiness?

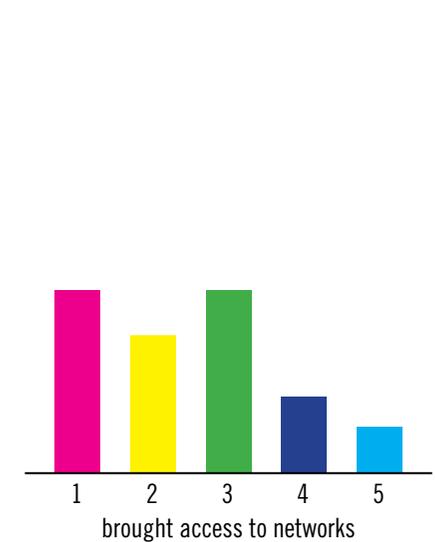
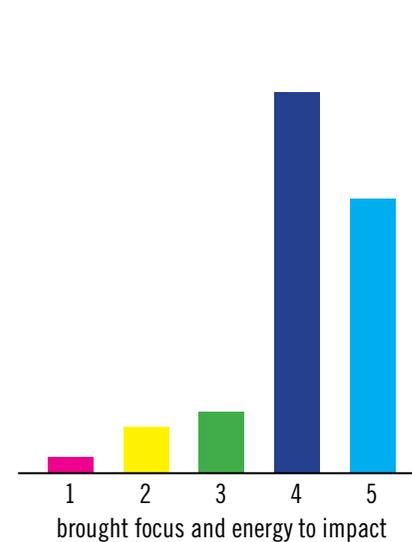
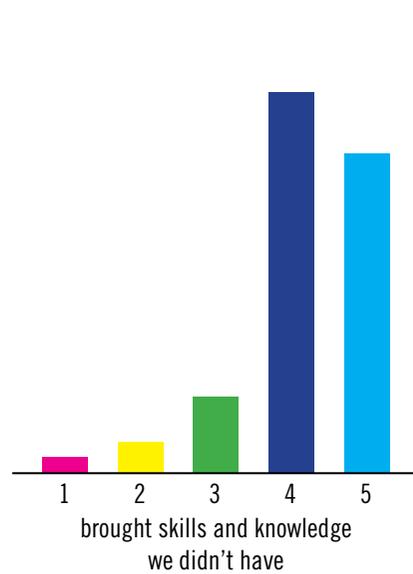
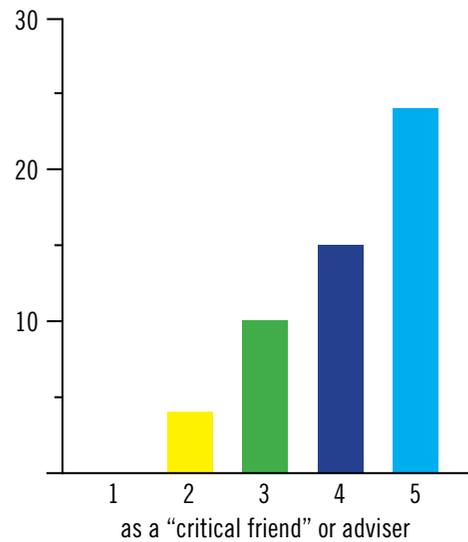


# 1. How satisfied were you with your provider?

YOUR PROVIDER

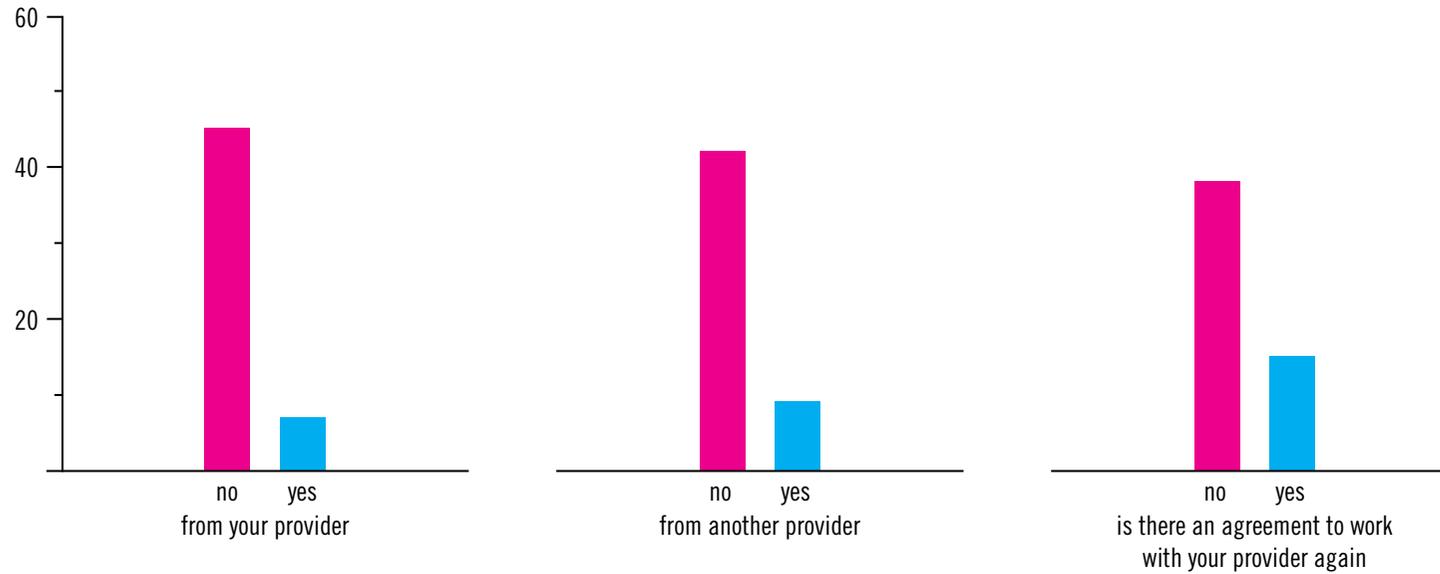


# 2. In what ways did your provider bring value to your organisation?



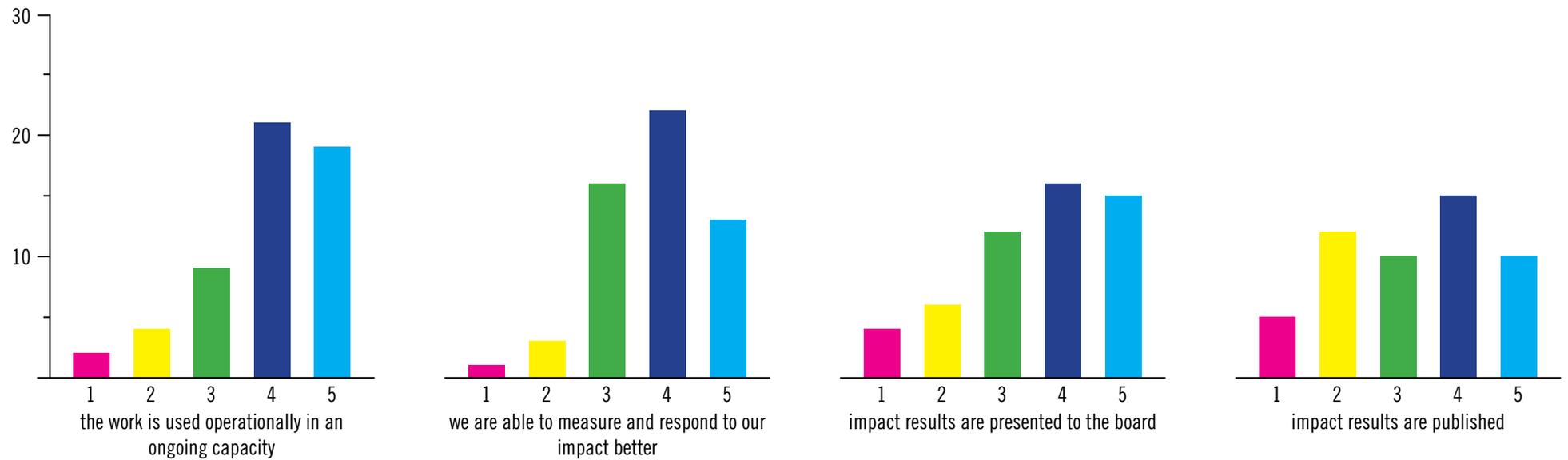
### 3. Have you contracted any further impact-related services since?

YOUR PROVIDER

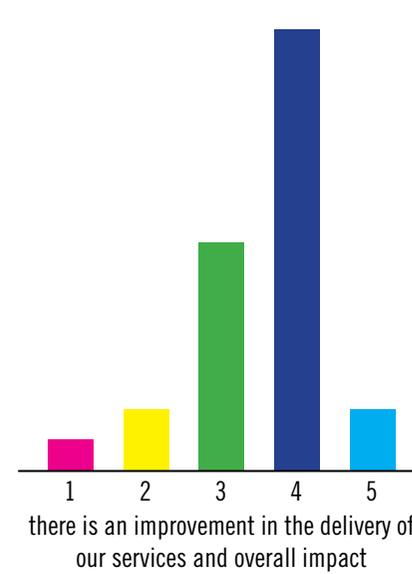
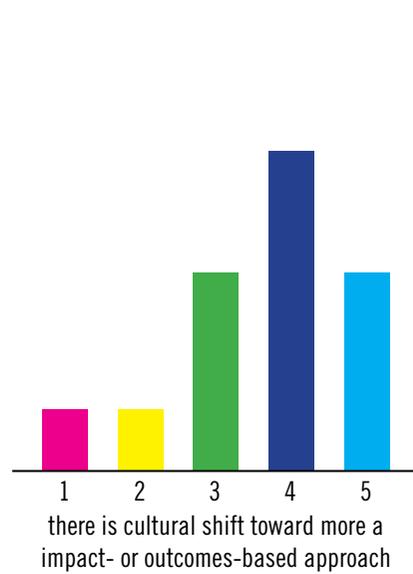
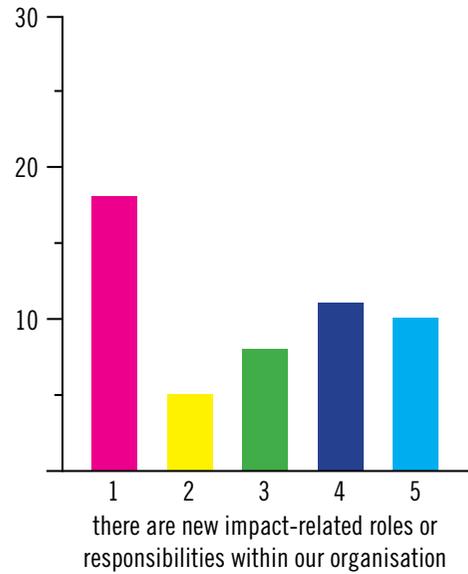


### 1. Since your work on impact with the provider, how embedded is it now in your organisation, and how much change has it brought? Are you more in touch with your impact?

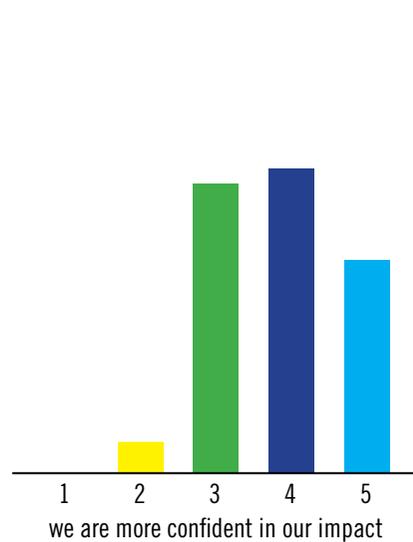
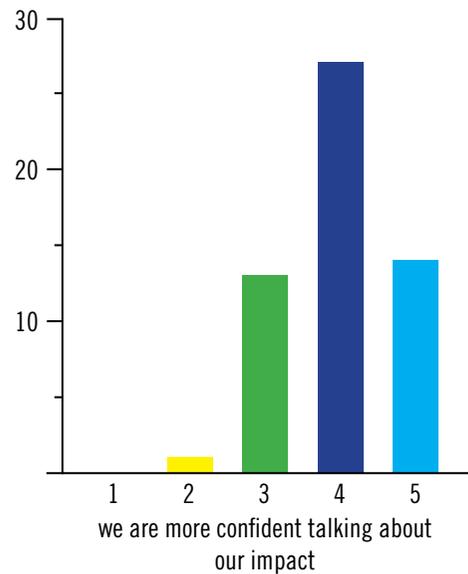
YOUR ORGANISATION NOW



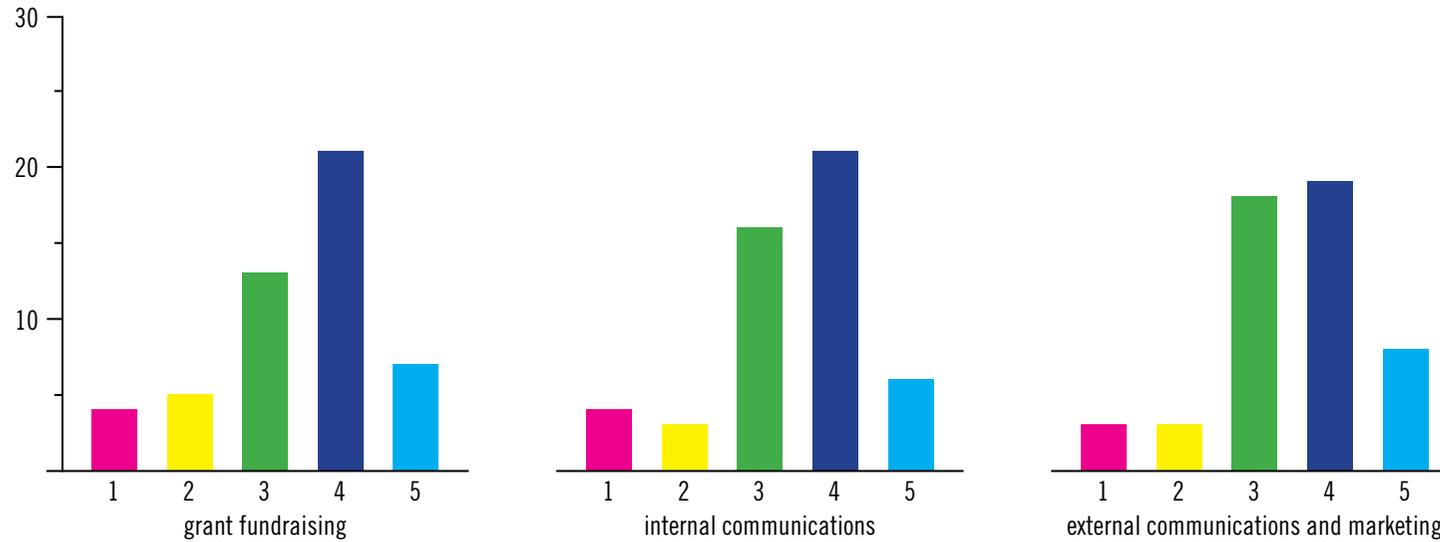
1. Since your work on impact with the provider, how embedded is it now in your organisation, and how much change has it brought? Are you more in touch with your impact?



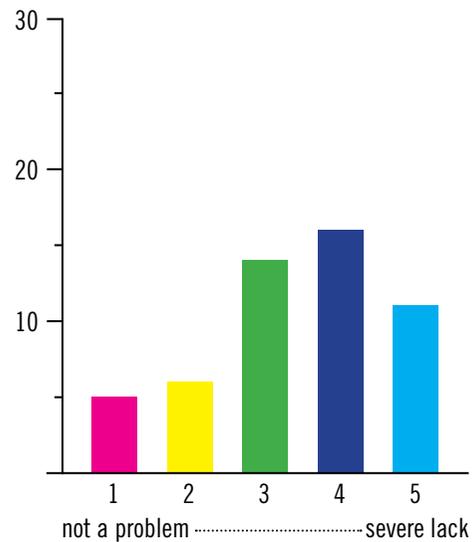
2. Do you feel stronger and more confident as an organisation?



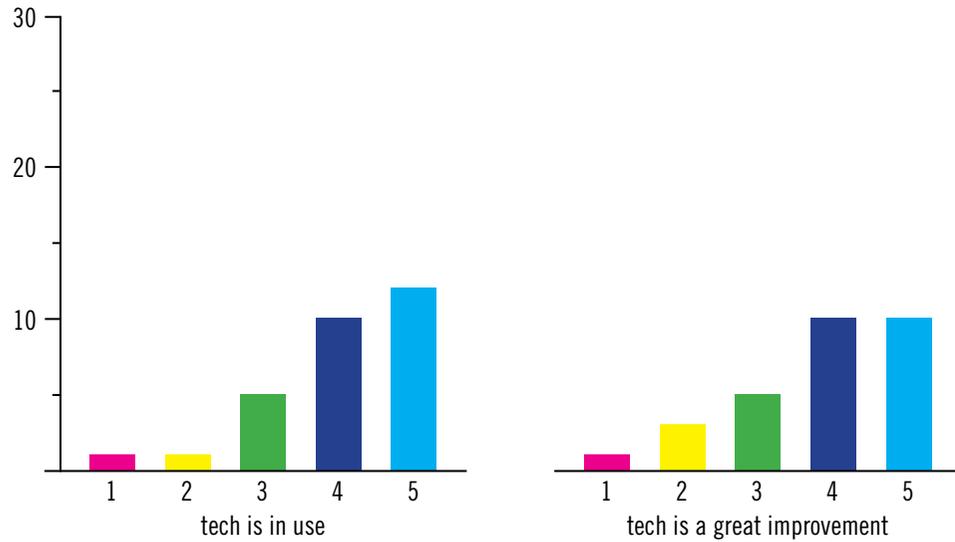
### 3. Has the work had an influence in other areas?



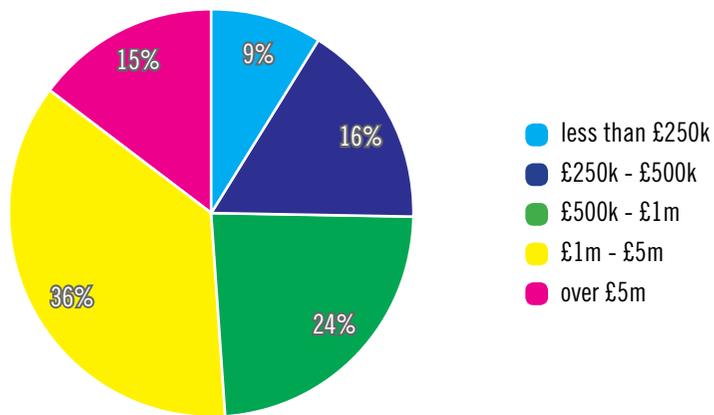
### 4. Following the project, have you encountered the problem of a lack of further funding or resources to continue the impact-related work?



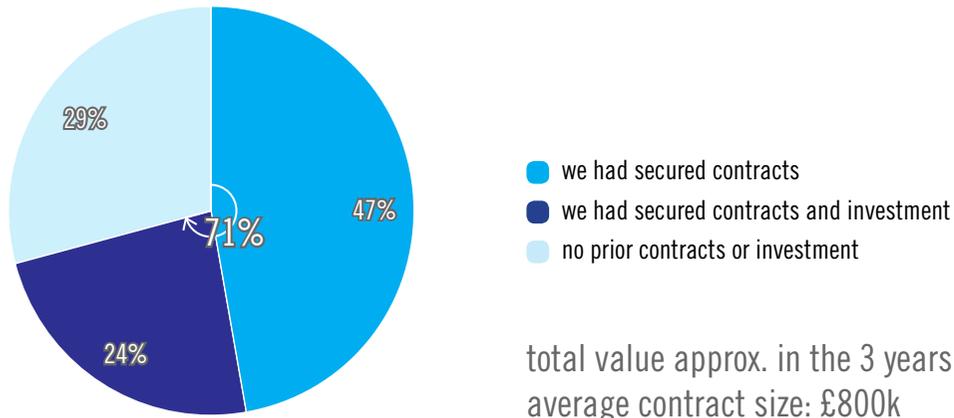
5. For organisations who spent a significant proportion (>10% approx.) of the grant on tech, how useful has that tech proved?



6. And what is the size of your organisation now?

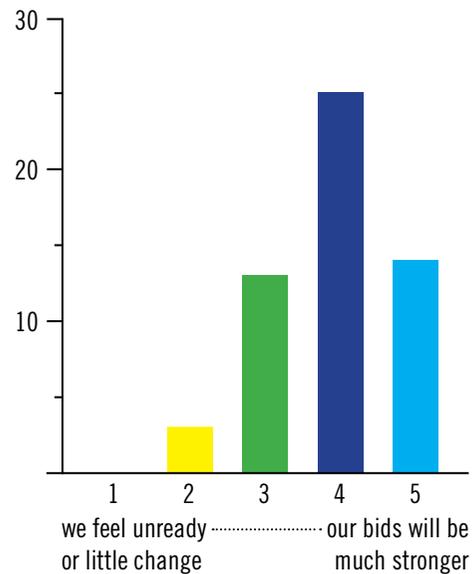


1. Prior to the IRF project, had you secured investment and/or contracts?

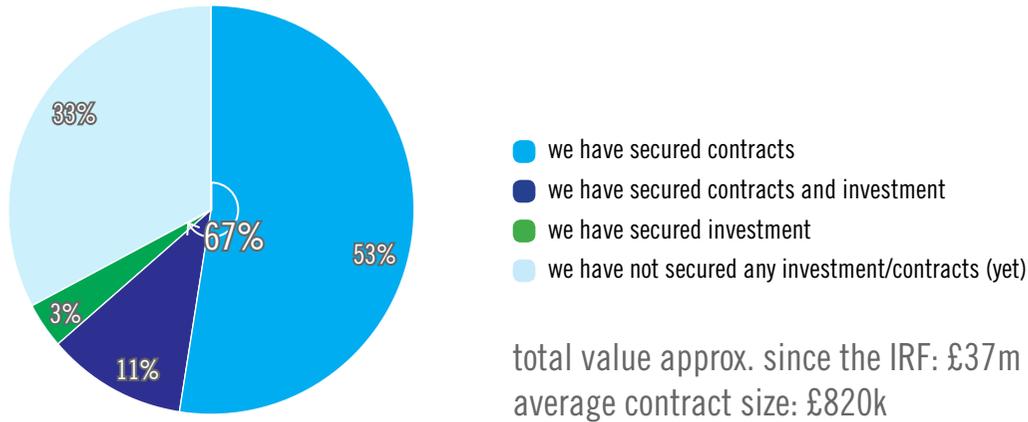


total value approx. in the 3 years prior to the IRF: £62m  
average contract size: £800k

2. Following the IRF project, do you now feel investment or contract “readier”, and better equipped to seek investment or contracts in the future?

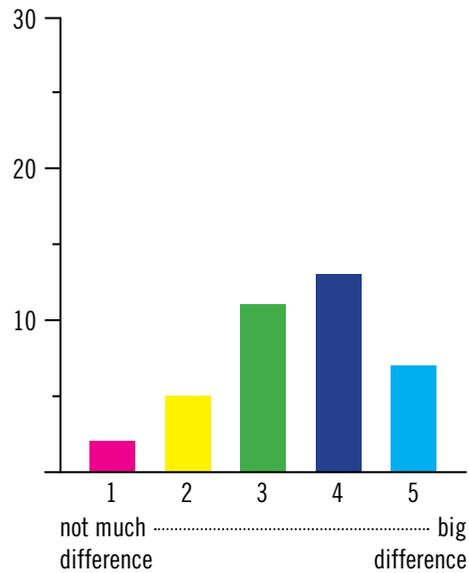


3. Following the IRF project, have you secured (further) investment and/or contracts?

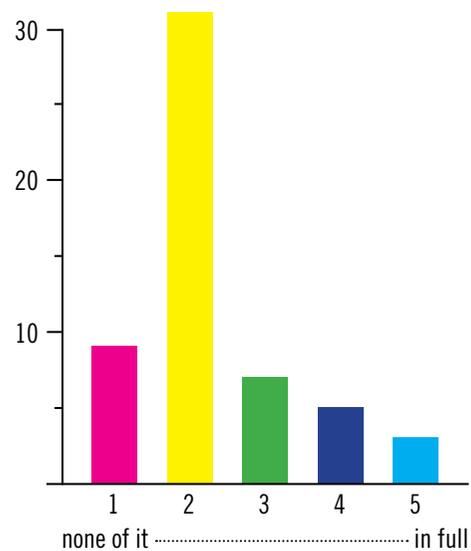


total value approx. since the IRF: £37m  
average contract size: £820k

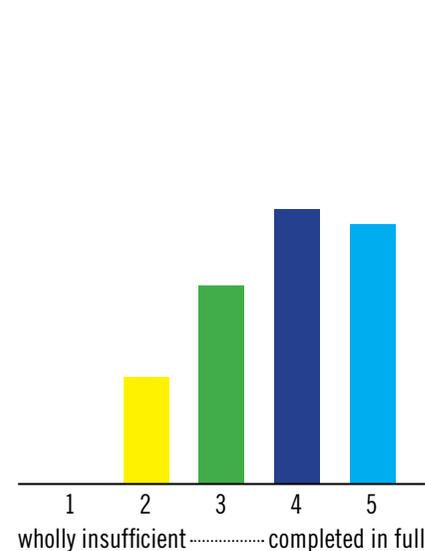
4. How crucial was the IRF impact work to your success in securing the investment/contracts? Do you feel it made a difference?



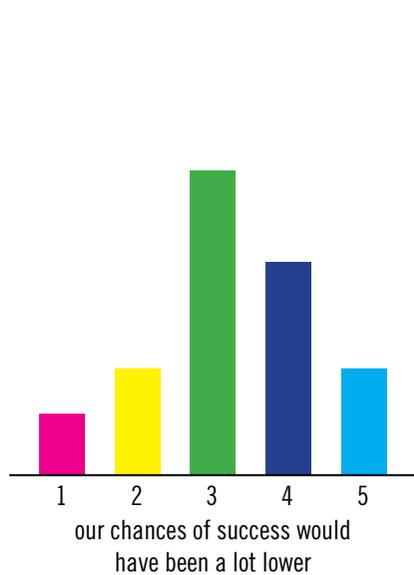
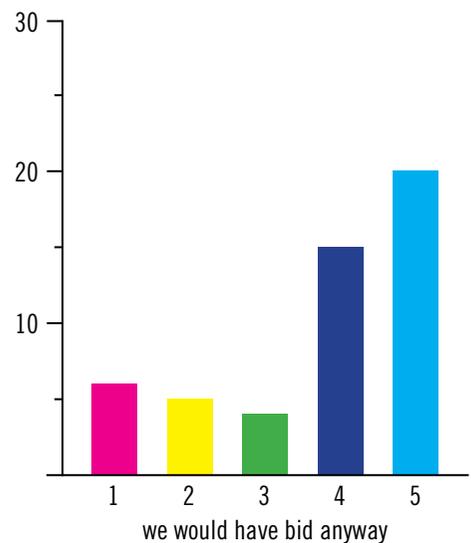
1. Would you have done the work without the IRF funding?



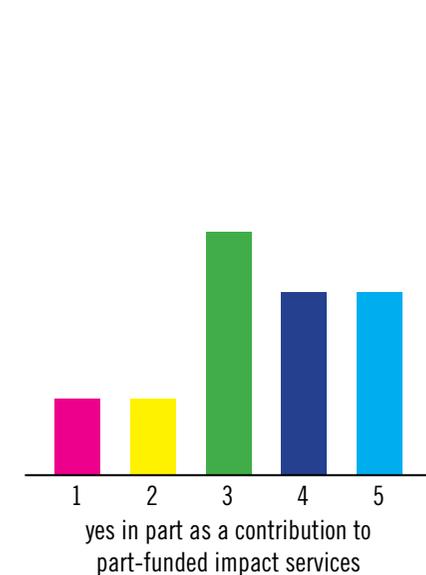
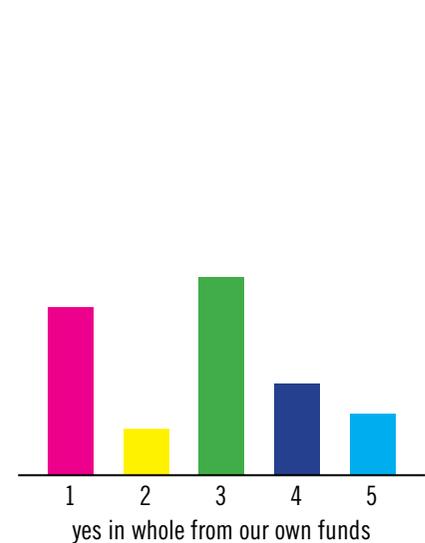
2. Was the grant sufficient to complete the project?



3. Would you have bid for the same investment/contracts without having done the IRF project?



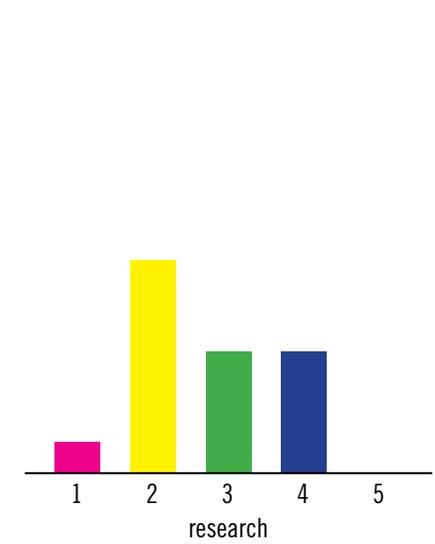
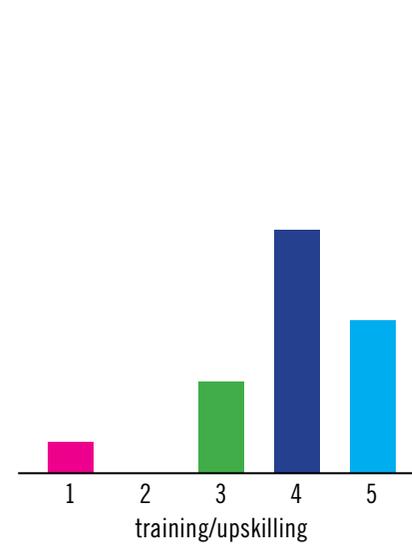
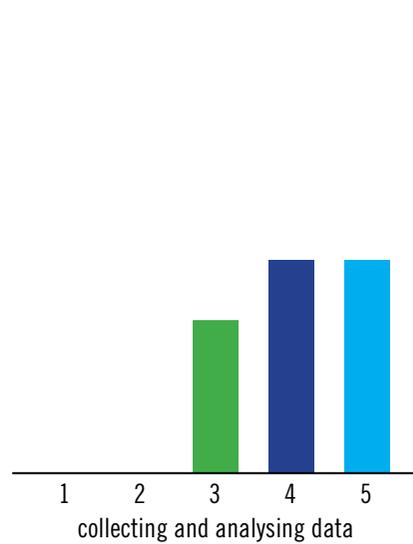
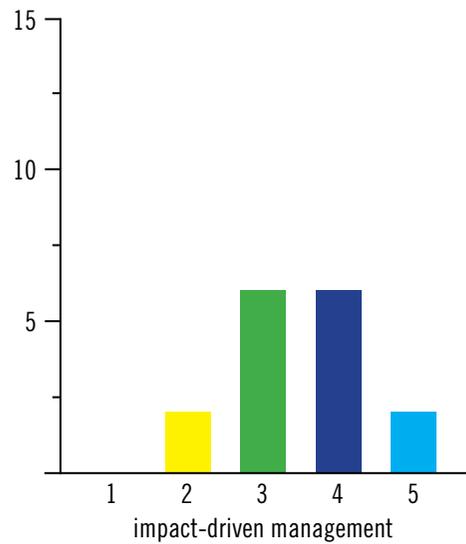
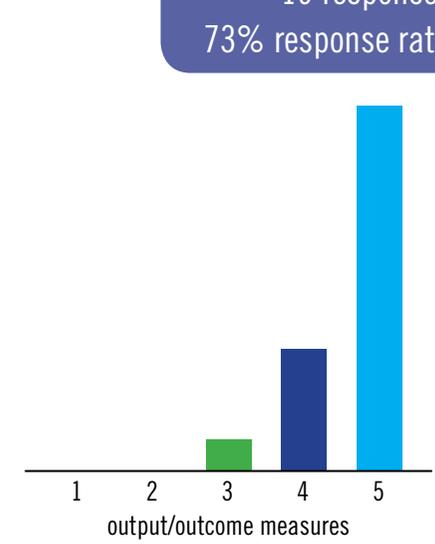
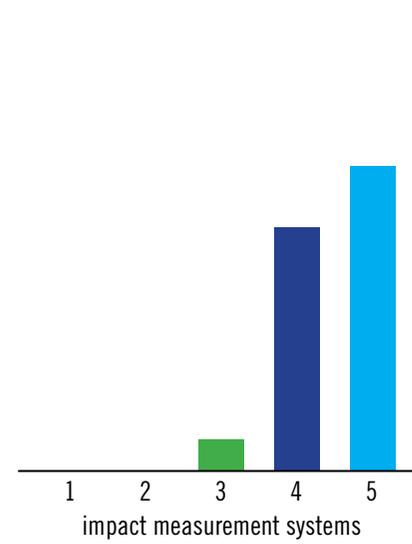
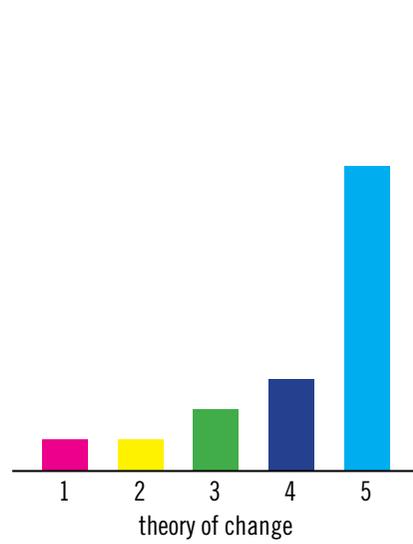
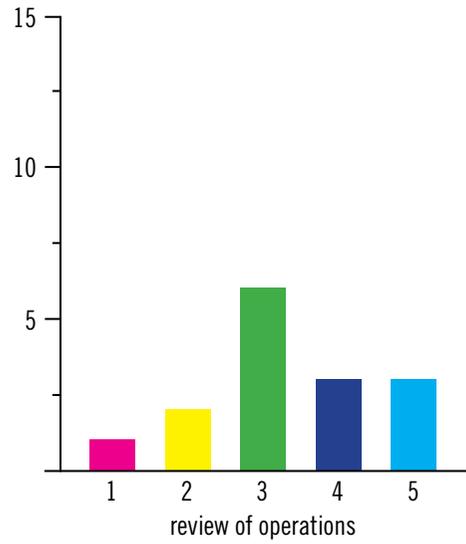
4. Would you consider paying for impact services from a provider in the future?



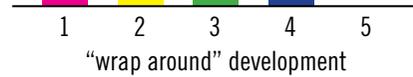
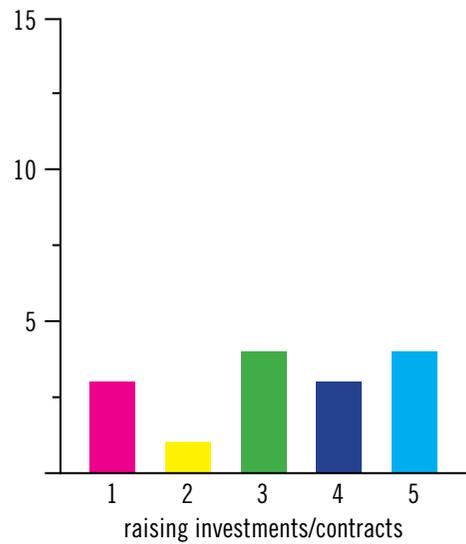
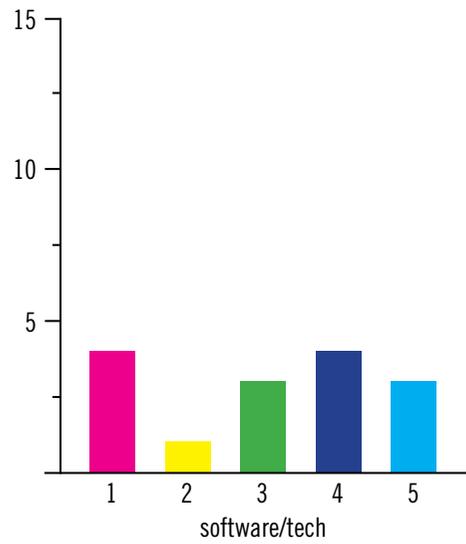
# 1. What did you and the ventures work on together?

(Providers were asked to answer all questions globally for the different IRF projects they worked on)

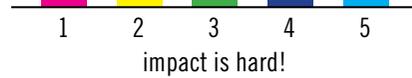
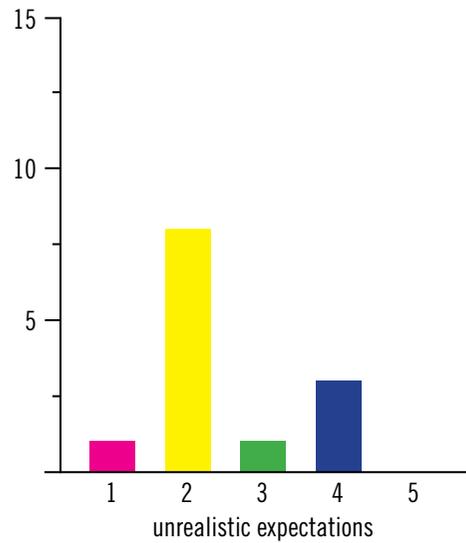
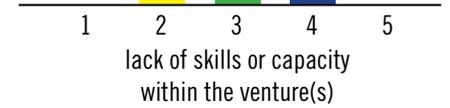
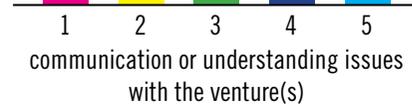
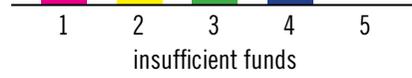
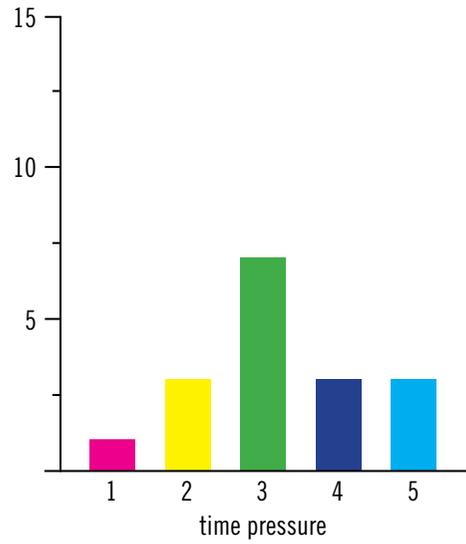
**PROVIDER SURVEY**  
19 responses  
73% response rate



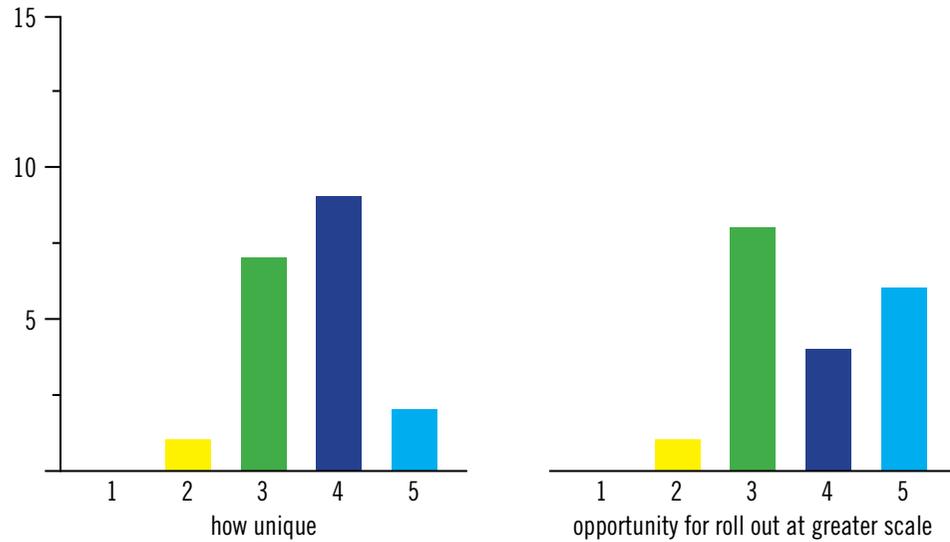
# 1. What did you and the ventures work on together?



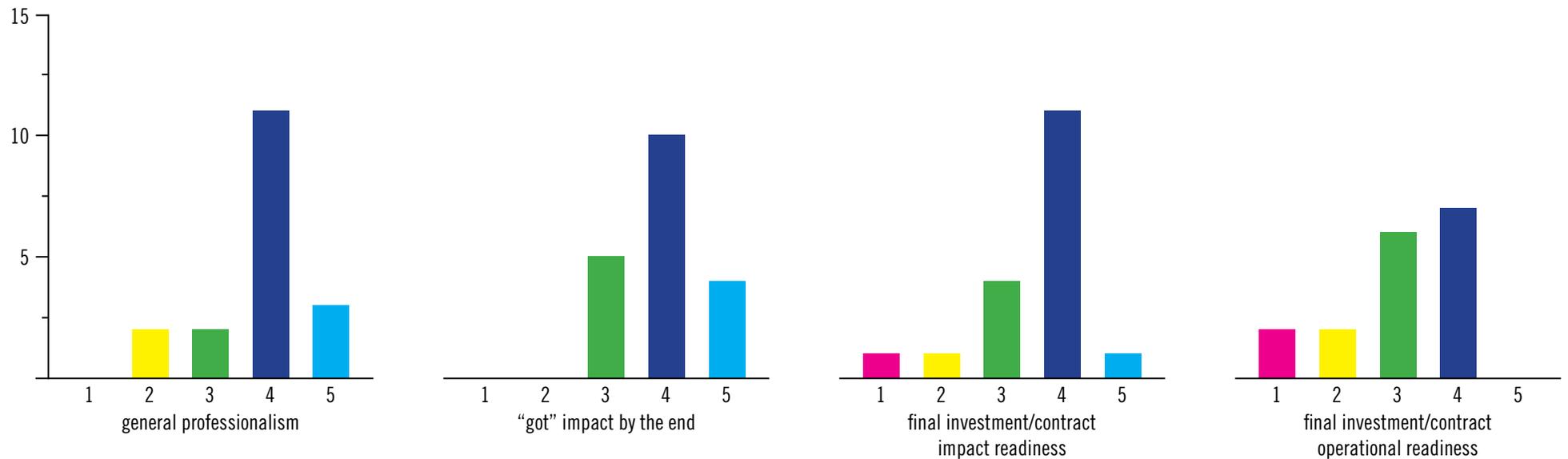
## 2. What challenges or problems did you encounter?



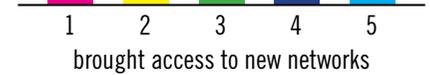
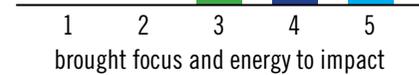
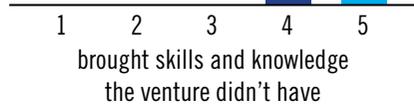
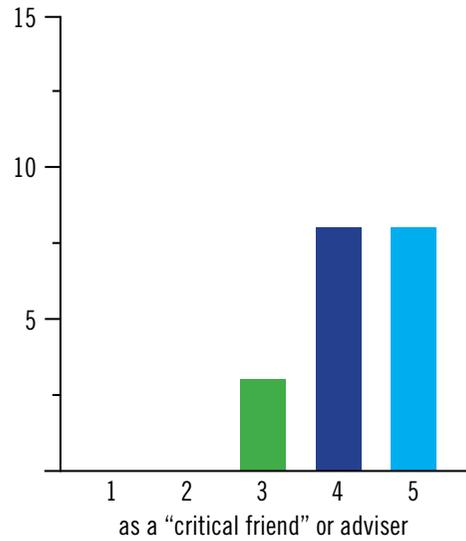
3. Among the different ventures and projects you worked on, how tailored and unique was the support required? Are there opportunities to roll this kind of work out at greater scale?



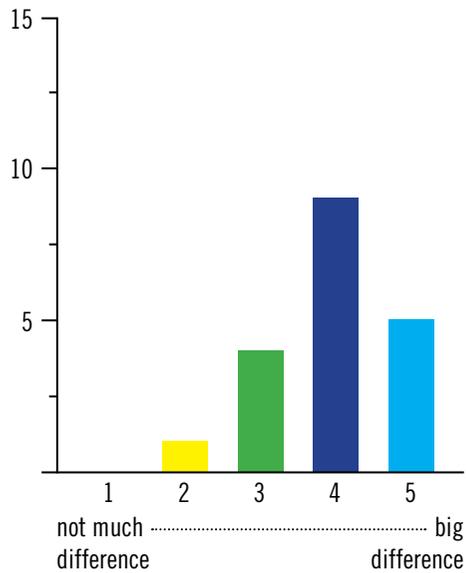
1. How did you find working with your venture(s)?



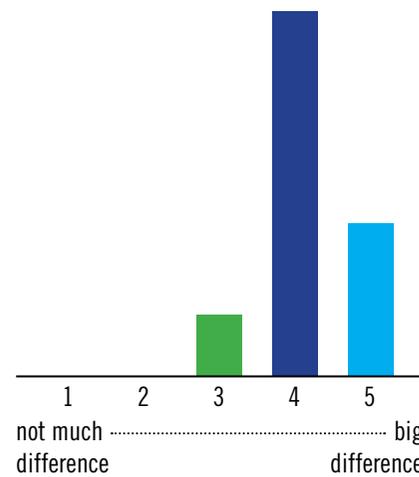
2. In what ways did you feel you brought value to the venture(s)?



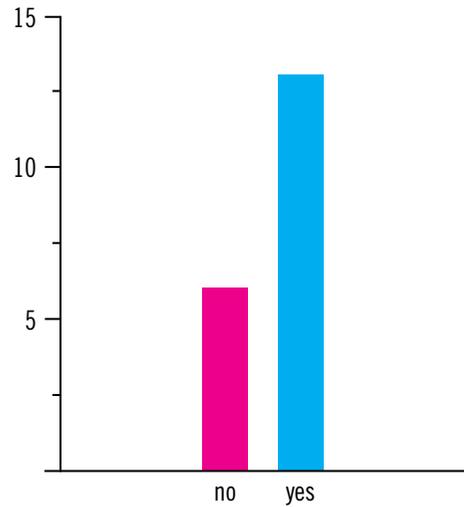
3. How crucial do you feel the project was to the venture(s)' ability to secure investment/contracts? Did it make a difference on this front?



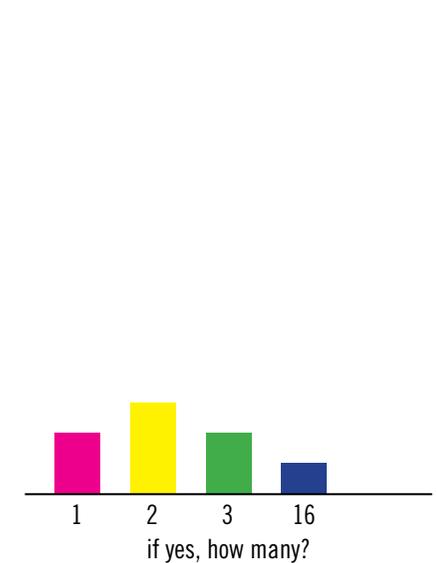
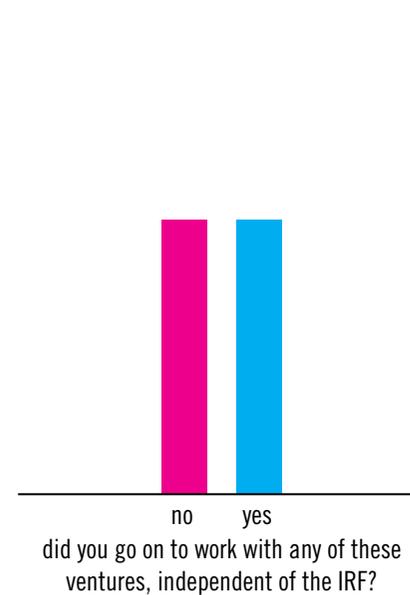
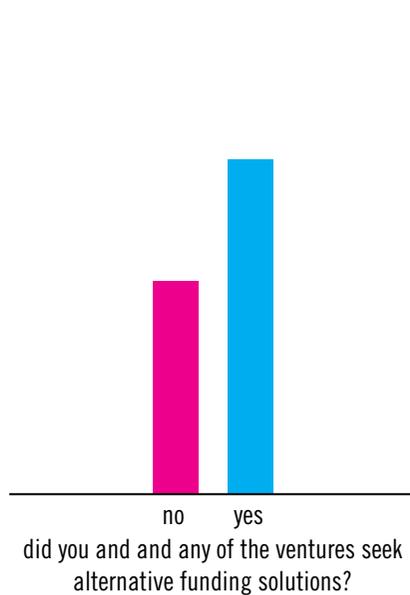
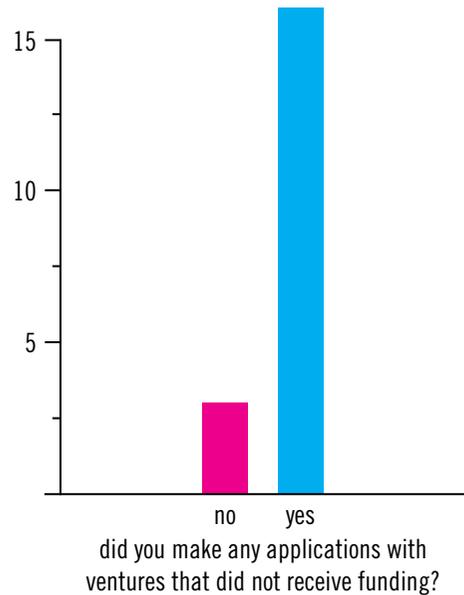
4. What impact do you feel the project had on the organisation? Was new learning embedded, and impact processes improved? Did it make a difference on this front?



5. Have you worked further with any of the ventures since?



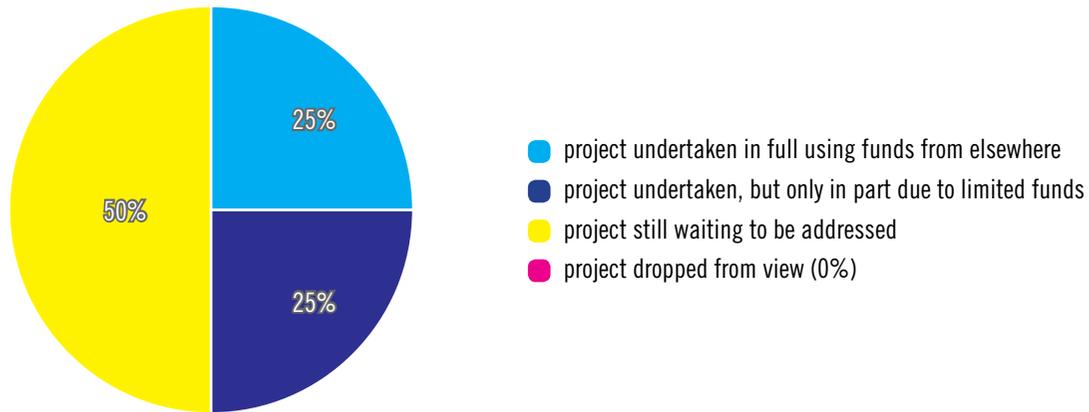
6. Both rounds of the IRF were heavily oversubscribed, resulting in many applicants not receiving funding. In relation to this:



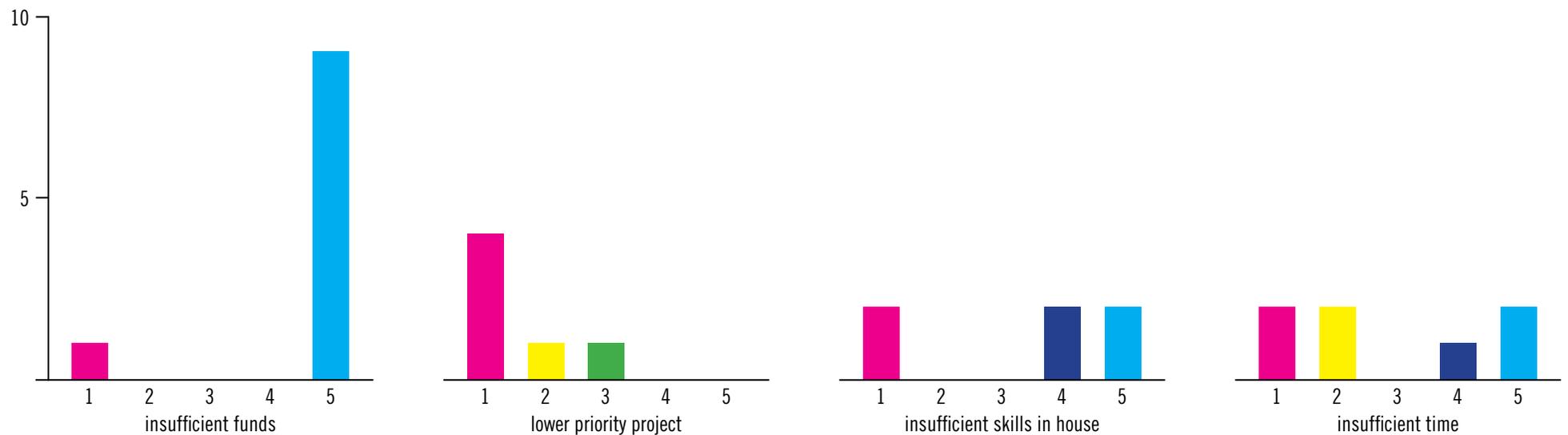
1. Since the IRF application, what is the status of the impact project originally outlined in the application? Which of the following best describes things:

**UNSUCCESSFUL APPLICANT SURVEY**

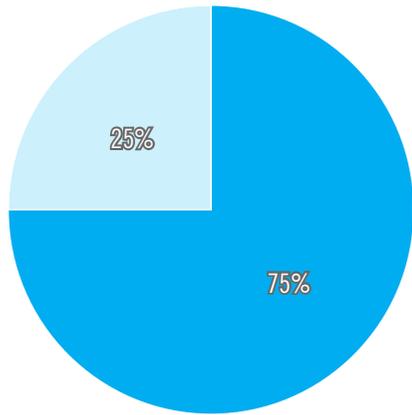
20 responses  
15% response rate



2. If the project hasn't been addressed so far, what have been the chief reasons?



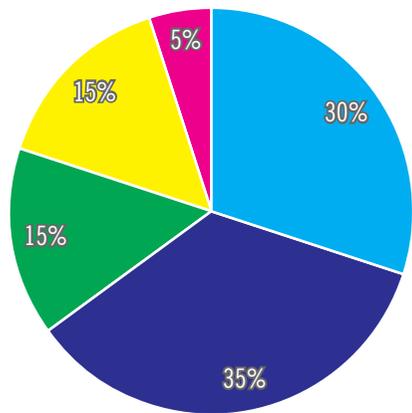
3. Since the application, have you secured (further) investment and/or contracts?



- we have secured investment and/or contracts
- we have not secured any investment/contracts (yet)

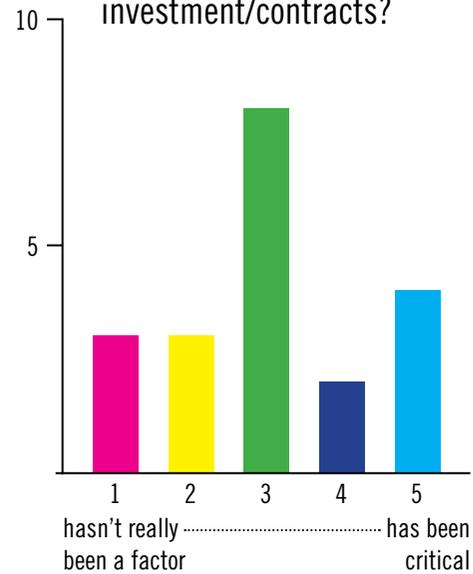
total value approx. since the IRF: £7.6m  
average contract size: £632k

5. And what is the size of your organisation now?



- less than £250k
- £250k - £500k
- £500k - £1m
- £1m - £5m
- over £5m

4. To what extent do you feel your impact readiness has been a significant factor in where you are now with securing investment/contracts?



## ANNEX C: NOTE ON METHODOLOGY

For researching this review, there were two key groups: the ventures who did IRF projects, and the providers they worked with. The unsuccessful applicants — i.e. organisations that had applied to the IRF but not won funding — formed a third ‘comparison’ group, which helped highlight certain changes the IRF funding had or hadn’t achieved.

The primary modes of research were online surveys and one-to-one interviews. Three surveys were constructed, one for each group, and sent out by email to all group members. Responses were collected over a one month period (April 2017), achieving the following response rates:

- ventures: 56% (55 of 99)
- providers: 73% (19 of 26)
- unsuccessful applicants: 15% (20 of 130<sup>1</sup>)

These rates are in line with the simple fact that unsuccessful applicants were chased least aggressively (where I felt we had limited grounds to be demanding), and providers most (where we had the greatest leverage given that many continue to sit on approved provider lists for similar forms of funding).

The one-to-one interviews were conducted with sample groups of ventures and providers, representing roughly 20% of the total (18% of ventures, 23% of providers). These sample groups

---

<sup>1</sup> This is the number of unsuccessful applicants we had current contact details for.

were constructed to match the composition of the full groups across the following parameters:

- region
- sector
- turnover
- age of organisation
- size of grant
- provider worked with (for ventures)<sup>2</sup>
- participation in IRF Round 1 (2015) or Round 2 (2016)

The interviews (also conducted in April 2017) took place for the most part over the telephone, and lasted typically around 40 minutes. In addition, interviews were conducted with three commissioners, one social investor, one grant funder, and with Social Investment Business as the manager of the IRF. These additional interviews gave context to some of the comments of the primary IRF participants.

One concern I had when doing the research was that people would tell me what they thought funders wanted to hear. To allay this somewhat, it was made clear to all participants that the review was being carried out independently, that all responses would remain anonymous, and that we were interested in critical feedback. A risk that remained nonetheless, and with the online survey in particular, was that there would be an inbuilt bias in the results deriving from biases among the

---

<sup>2</sup> One parameter that was not fully representative was, for the provider sample group, the number of ventures providers had worked with. Here I slightly favoured providers who had worked with more ventures as I felt they would have more experience to share than those who had worked with only one or two.

sub-group of people who actually responded. For example, if having a positive feeling toward the IRF made a venture more likely to click the survey link, a misleading level of positivity would embed itself in the results. To mitigate this, with the interview sample group I made a point of trying to speak to everyone on the list, including those who were initially unresponsive (and who indeed hadn't responded to the survey). Interestingly though, when I did get a hold of people, there was no particular correlation between being initially unresponsive and feelings toward the IRF, either positive or negative. Rather responsiveness was determined much more by internal timing issues, such as: if there was a tender submission going on, people being on leave when the email first came in, the main contact having left the organisation etc. — i.e. all things that should be reasonably random in relation the results we were interested in. If this is so, the problem of bias among survey responses should be relatively modest.<sup>3</sup>

A different problem that presented itself was difficulty in getting hard data. For one, and as noted above (see 3.2 Getting Better At Doing What You Do), IRF ventures almost by definition didn't have coherent robust impact measures and

---

<sup>3</sup> One group that does remain under-represented in the responses is the small number of ventures that have wound down since the IRF. There was in fact one such venture in the interview sample group (a subsidiary of a larger organisation; because the larger organisation was still operating I was able to speak to the CEO there). Interestingly though, in this case it was felt the IRF project had been successful, and the winding down was due to the wider context of cuts to local authorities and new services being the first to go (see 3.1 Getting Money In). As this review doesn't make big claims for the financial benefits of impact readiness, the lack of survey responses from ventures that have since wound down is not too severe an issue.

data prior to the project, and therefore there isn't that data to compare post-IRF performance with. Many ventures are in fact only now getting to the point of being able to prepare their first impact report (April 2017 is less than a year on from 2016 projects, and if implementation periods are taken into account, the conceivable period for data collection, preparation and publication is even shorter). Also there was the fact that this review represented a form of post hoc data collection regarding the IRF — i.e. chasing ventures one to two years after their projects — as opposed to planned longitudinal reporting. This suggests future reviews could benefit from better planning around long term follow up feedback and reporting (this could be overseen in part by providers, see Process Recommendation 6).

Having said this, the feedback we did receive on both qualitative and quantitative aspects of IRF projects, and on impact more generally, from ventures, providers, and other interviewees, was highly illuminating (to me at least), and packed with information. Scored survey responses provided some numbers, but the best insights indubitably came from the free text survey answers and from discussion in interviews. Developing impact systems from their early stages is a nuanced business, and much can be learned from listening to people's experiences.

I would like to thank all those who participated in the research by contributing their time and thoughts.

— Adrian Hornsby

## ANNEX D: LIST OF IRF PARTICIPANTS

### IRF PROVIDERS

Aleron  
ATQ Consultants  
Baxendale  
CAN Invest  
Cogent Ventures  
Crellin Consulting  
Eastside Primetimers  
Economic Change  
Hall Aitken  
Impetus  
Independent Academic Research Studies (IARS)  
Investing for Good  
Local Partnerships  
Mutual Ventures  
NCVO  
NPC  
Pulse Regeneration  
PwC  
Resonance  
Selnet  
Social Finance  
South West Forum  
Sporting Assets working with Substance  
The Social Innovation Partnership (TSIC)  
The Social Investment Consultancy (TSIP)  
UNW working with Social Enterprise Acumen

### IRF VENTURES

3SC  
abandofbrothers  
Action East Devon (East Devon Volunteer Support Agency)  
Adviza Partnership  
Age Concern Malling  
Age UK Faversham & Sittingbourne  
Age UK Herne Bay  
Age UK Maidstone  
Age UK North Tyneside  
Age UK North West Kent  
Age UK Sevenoaks Tonbridge and District  
Age UK Sheppey  
Alt Valley Community Trust  
Ashley Community Housing  
Aspire Wellbeing CIC  
Better Leeds Communities (BLC)  
Beyond Autism  
Birmingham Employment Skills and Training (BEST) Network  
Birmingham St Mary's Hospice  
Blue Sky Development and Regeneration  
Brighter Environment CIC  
Brook Young People  
Business and Education London South  
Carer Support Wiltshire  
Child Action Northwest  
CHUMS Social Enterprise C.I.C.  
Circle Sports  
Community Forest Trust  
Community Housing Aid  
Community Links Bromley  
Cornerstone Supported Housing and Counselling Ltd  
Deadefinitions Ltd  
Derventio Housing Trust CIC formerly Skylight  
Devon Communities Together (Community Council of Devon)  
Doctors of the World UK  
Doncaster Women's Aid

Dot Dot Dot Property Ltd  
 Enabling Enterprise CIC  
 Endeavour Project (Paws for Kids)  
 Energize Shropshire Telford and Wrekin  
 Epic CIC  
 Families Health and Wellbeing Consortium  
 For Jimmy  
 Foresight North East Lincolnshire Ltd  
 Foundation of Light  
 Greater Together  
 Growing Well  
 Headway Norfolk and Waveney  
 Health Inclusion Matters  
 Home-Start UK  
 Home-Start Wirral  
 Imara  
 Incredible Edible Wakefield Ltd  
 Independent Choices Greater Manchester  
 Inspira Cumbria Limited  
 IntoUniversity  
 Jewish Women's Aid  
 K10 Apprenticeships Ltd.  
 Khulisa  
 Leicestershire Community Projects Trust (LCPT)  
 Listening Ear (Merseyside)  
 Local Solutions  
 London Youth (The Federation of London Youth Clubs)  
 Low Carbon Hub  
 Manchester Active Voices Youth Empowerment Programme  
 Meadow Well Connected  
 Mercer House 1842  
 Noise Solution Limited  
 Norwich City Community Sports Foundation  
 Nova  
 Open Door  
 Open Gate  
 Peninsula Initiative Community Chaplaincy  
 PossAbilities C.I.C.  
 Raise the Youth Foundation CiC Ltd  
 RECLAIM Project Ltd  
 RISE (Refuge Information Support Education)  
 Safer London Foundation  
 Shared Lives South West  
 SHIFT  
 SHINE  
 Social Enterprise Kent CIC  
 Solace Women's Aid  
 Somerset Care & Repair Industrial & Provident Society  
 Somerset Rural Youth Project  
 Southend United Community and Educational Trust  
 Sova  
 SportInspired  
 St. Cuthberts Hospice  
 Standing Together Against Domestic Violence (STADV)  
 Sussex Community Development Association  
 SXT Health CIC  
 Tapestry  
 Thames Valley Partnership  
 The Bridge Project  
 The Bridge Renewal Trust  
 The Brightside Trust  
 The Children's Society  
 The London Early Years Foundation  
 The Pankhurst Trust  
 The Reader Organisation  
 The SCA Group  
 Trail-blazers Mentoring Limited  
 Tree Shepherd Ltd  
 Trees for Cities  
 User Voice  
 Vista  
 Women's Aid Federation of England  
 Xing Education  
 Young Devon

we would welcome feedback and comments about this review

## CONTACT

### Access

✉ [info@access-si.org.uk](mailto:info@access-si.org.uk)

🐦 [@si\\_access](https://twitter.com/si_access)

🌐 [www.access-socialinvestment.org.uk](http://www.access-socialinvestment.org.uk)

Ed Anderton is Strategy and Policy Manager at Access

### Big Society Capital

✉ [enquiries@bigsocietycapital.com](mailto:enquiries@bigsocietycapital.com)

🐦 [@BigSocietyCap](https://twitter.com/BigSocietyCap)

🌐 [www.bigsocietycapital.com](http://www.bigsocietycapital.com)

Marcus Hulme is Social Impact Director at Big Society Capital

### Adrian Hornsby

✉ [a@adrianhornsby.com](mailto:a@adrianhornsby.com)

If you would be interested in joining the learning event in September 2017 please contact Abigail Rotheroe at NPC

✉ [Access@thinkNPC.org](mailto:Access@thinkNPC.org)

