

**LET'S TALK
ABOUT IMPACT
THREE CASE
STUDIES**



NEW ZEALAND'S NOT-FOR-PROFIT SECTOR IS CHANGING. WITH ONE OF THE HIGHEST CHARITIES-TO-POPULATION RATIOS IN THE WORLD (JBWERE), HIGH LEVELS OF COMPETITION FOR CHARITY DOLLARS MEANS NFPS MUST FIND NEW WAYS OF DIFFERENTIATING THEMSELVES.

Showing the impact your NFP has on the world around you is an obvious way to do so. Organisations need to be able to tell a good evidence-based story - this means improving how you measure and report on impact, going beyond just the financials.

Internally, this practice also furthers better decision-making and improves your ability to communicate what you do.

Soon, however, this practice won't just be something that's useful - from 2021, all 27,000 of New Zealand's registered charities (plus a number of other NFP entities) will be required by law to report on impact.

But impact reporting is easier said than done. Charities carry out a huge range of functions (including many that are difficult to quantify), and to concisely report everything they do can be extremely difficult. That's why we've developed this eBook. In it, we provide three case studies on how three separate charities have reported on their impact in the last few years. We hope that sharing these thoughts, stories and practical examples will be a great way to get the ball rolling with your own impact reporting.

First however, let us explain the new measures in more detail.



MEASURING IMPACT: THE WHAT AND THE WHY

IMPACT REPORTING: WHY DO IT?

It's all too easy to see something like this as an extra burden required by the government, rather than something that can proactively help your organisation. However, impact reporting shouldn't be viewed as an isolated, one off or compliance box-ticking exercise.

Telling your NFP's story is fundamental to showing the great work that your organisation does on a daily basis. Not only does this encourage others to donate, it also allows you to build a comprehensive picture of exactly how your organisation's activities are helping you to achieve your wider aims. This then allows you to regularly assess those activities and refine them to better reach your goals.

As such, impact reporting should be embedded across an organisation as a valuable tool to communicate both internally and externally, bringing together marketing strategy, donor/funder management, strategic planning, and regular management and board reporting in a consistent way.

Put simply, impact reporting provides a powerful platform for telling the story of your NFP. It should therefore be a core part of your organisation's culture.

BUT HOW DO YOU DO IT?

So, where do you start? As we've already mentioned, impact reporting can prove tricky. Trying to report on the broad range of (often difficult to quantify) activities undertaken can seem an impossible task.

It helps first to define impact. The Global Impact Investing Network (GIIN) defines impact as "the positive and negative effects one's business actions have on people and the planet." In practice, an impact report can take a number of formats - for example, it may be related to a specific project and form part of a project summary report. Or it can be included as part of your donor/funder communications. Or you may want to include it in your annual performance report.

SOME SUGGESTIONS

When it comes to what the New Zealand government requires, the new performance reporting standard for larger organisations (PBE FRS 48 - which is designed

for annual reports) asks an entity to state why they exist, broadly what they aim to achieve in the medium to long term, and how they aim to achieve this. This is usually driven from a strategy and should not change much year-on-year. An organisation then details what it has done during that period in working toward the broader aims.

Essentially, start high level, then bring in more detail later.

You may want to consider the following questions, developed by the Impact Enterprise Fund, to help you define and find ways of assessing your impact:

- ▶ The purpose: Why you do what you do.
- ▶ The problem: What problem are you trying to solve and who experiences it.
- ▶ The key activities: What actions are you taking that prompt change.
- ▶ The outputs: What is the direct result of the above activities.
- ▶ The outcomes: How are the beneficiaries improved?
- ▶ Finally, the impact: What is the larger societal /environmental impact that this helps contribute to?

While impact is clearly the more important, outputs are usually much easier to measure. Therefore it may make sense to establish what the link is between your outputs and the impact you want to achieve, and then you can just report on outputs.

The answers to all of these questions will vary considerably according to your organisation's individual circumstances. One general rule does, however, apply: For the most part, the more succinct your impact reporting, the better. People in the NFP sector are passionate - that's why charities are so good at doing what they do. But, when it comes to reporting, less is often more.

What's clear is that refining impact reporting is a long game. We are just at the beginning of that journey, and it will be important for NFPs to regularly reflect on their reporting methods to ensure they are improving them as they go. Essential to this will be learning from others - which is what this eBook is all about.

JASMINE SOCIAL INVESTMENTS

Our first case study centres around Jasmine Social Investments, a foundation established by Sam Morgan and his family following the sale of Trade Me to Fairfax in 2006. Jasmine's mission is to identify high-performing social ventures led by stellar individuals and take them to the next level by providing assistance, capital, and access to skills and networks. To-date, they have provided over \$50 million in funding.

"We are creating a portfolio of effective, sustainable and well-governed organisations that are investment worthy for other results-driven philanthropists," explains Nina Gené, CEO of Jasmine.

Jasmine funds scalable impact by investing in outstanding Social Entrepreneurs who are solving a basic need for the very poor. To qualify for funding, organisations need to have a durable solution, with a well-defined and cost-effective impact, and the ambition to grow to reach over 100,000 beneficiaries.

"We are creating a portfolio of effective, sustainable and well-governed organisations that are investment worthy for other results-driven philanthropists."



HOW THEY WORK

Jasmine works to deeply understand organisations and make them “highly fundable” by helping them articulate a clear vision and goals, grow their organisational capacity, and be metric driven and well-marketed.

The establishment performs due diligence on each organisation they fund through an annual review process to assess the quality of operations and the ability to fulfil the mission. No money is released unless, and until, they're confident that the grantee is making a real impact that is cost-effective and scaling. A recent report from Rockefeller Philanthropy Advisors named Jasmine as one of the few foundations that offer their due diligence to other funders.

On the impact side, Jasmine focuses on the single best indicator to quantify success, for example, gains in literacy and numeracy for a primary education project. They then seek to understand what the primary indicators are, how robust the methodology used to collect the data is and whether a case for attribution (the work the organisation is doing is linked to the impact) can be made. Often as organisations grow and become more sophisticated, they will supplement and validate their internal data with an external evaluation.

A COUPLE OF EXAMPLES

Jasmine's core global portfolio is made up of 20 non-profits with an average six fold increase in the number of people impacted since the initial grant, and almost a 50% reduction in the donor subsidy required to support the organisation. In short, the organisations supported are growing and becoming more self-sustaining.

For example, Jasmine added One Acre Fund into the portfolio when they were running a pilot with 4,000 smallholder farmers, and today they are a US\$135 million non-profit serving 2 million clients. Their key impact metric is the average increase in net profit per farmer, and One Acre Fund has consistently proven that a \$72 subsidy will double the income of subsistence families and improve their food security.

Another early investment was Living Goods, which is now serving 8.9 million people (double the New Zealand population!). Living Goods conducted a Randomised Control Trial, the gold standard in most cases, which demonstrated that the Living Goods programme had a 27% reduction in the mortality rate of children under five. And with that evidence on hand, they are now planning to scale up to serving 25 million people by 2021 with a subsidy of \$1 per person.

“We have built a robust due diligence process that allows us to understand and quantify the impact our portfolio is achieving on a regular basis,” explains Nina. “While the new regulations will not affect the way Jasmine operates, we think it is immensely important that Charities Services raises industry standards to make sure that every philanthropic dollar is used effectively to create long-lasting impact.”



STROKE FOUNDATION NZ

Our second study comes from Stroke Foundation NZ. With 56 staff employed nationwide and an operating income of \$5 million, Stroke Foundation NZ directly impacts around 60,000 Kiwis living all over the country.

As a tier two organisation, Stroke Foundation NZ has previously been under no obligation to report on impact. The charity was originally a federation of five separate societies - five years ago four of those charities decided to amalgamate into a new charitable trust. At this point, the National Leadership Team decided to shift its culture away from outputs and volumes and towards outcomes. It also decided to become an evidence-based organisation. This was the foundation point for Stroke Foundation NZ's impact reporting, which they've been steadily refining since then.

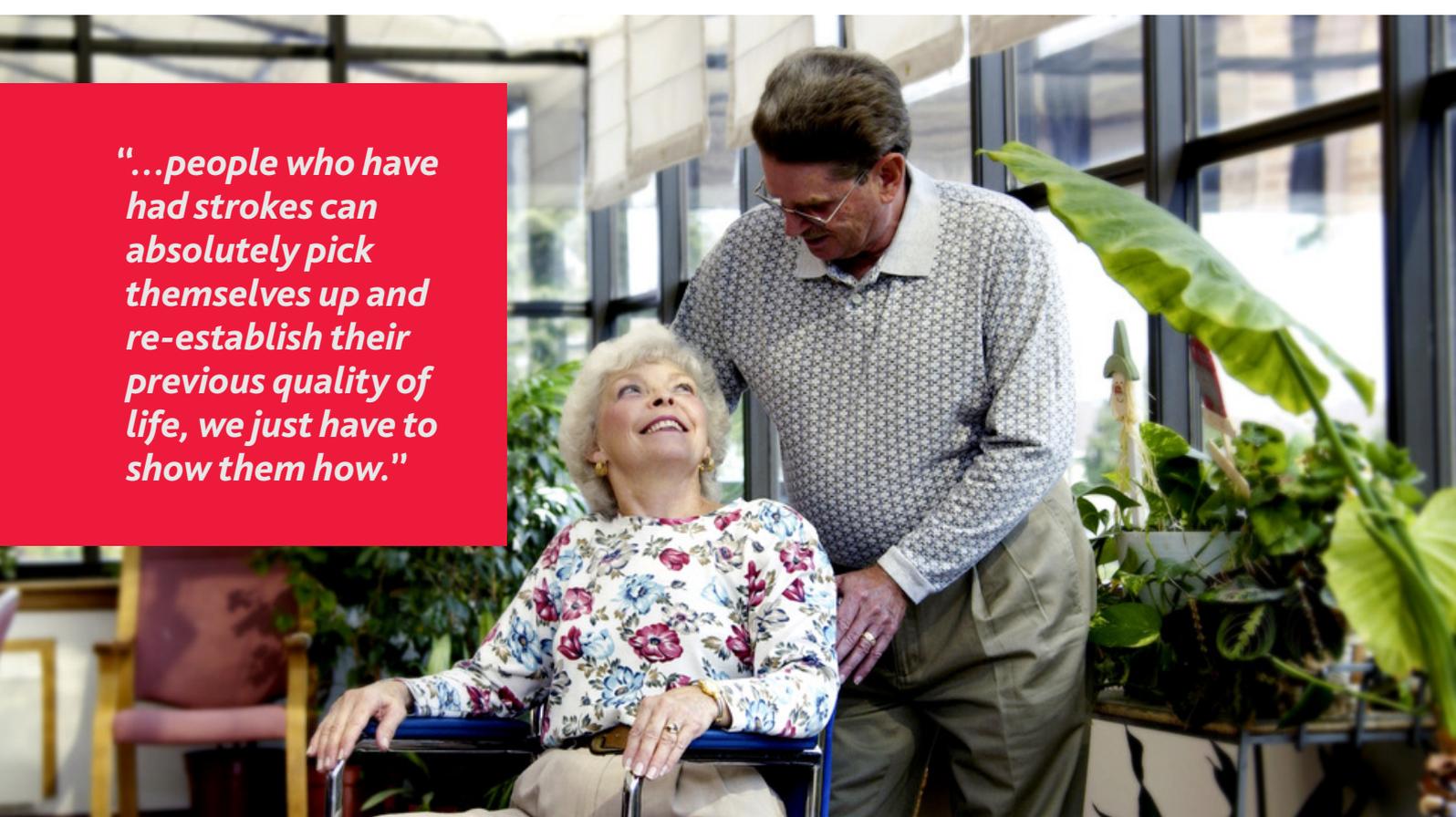
The impacts the charity decided to report on were threefold:

- ▶ Improving quality of life after stroke.
- ▶ Reducing incidence of stroke.
- ▶ Increasing the number of stroke-affected people who return to work.

1) Improving quality of life after stroke

Ensuring quality of life after stroke has been a key focus for the foundation from its beginnings. "People who have strokes can often simply curl their toes up and that's the end. But this isn't the case at all - people who have had strokes can absolutely pick themselves up and re-establish their previous quality of life, we just have to show them how," explained Mark Vivian, CEO of Stroke Foundation NZ.

To help people after stroke, the charity employs 26 Community Stroke Advisers (CSAs). They engage with the stroke-affected community, picking them up when they first go to hospital, and working with them on their recovery. The CSA will talk through the stroke-affected's frustrations and wishes, and help to establish some goals with them. They will then work with that person to ensure they achieve these goals.



"...people who have had strokes can absolutely pick themselves up and re-establish their previous quality of life, we just have to show them how."

In order to measure the success of this, the Stroke Foundation set up a national client database. In this database the CSA then records the stroke-affected's progress towards that goal (as a percentage) on each visit and at the point where they decide to disengage with the charity.

Of course, to some extent this is a subjective measure, and the CSA works out with the stroke-affected person how far they have progressed. However it's still a way of providing detailed data on how far they are helping stroke-affected people return to normal life after stroke.

2) Reduce incidence of stroke

The charity's second outcome is to reduce the incidence of stroke in NZ. The single greatest modifiable risk factor for stroke is high blood pressure, however Ministry of Health data indicates one in five Kiwis may have high blood pressure but only one third of these know it.

Stroke Foundation NZ runs a national blood pressure awareness campaign, providing people with free blood pressure checks and giving them information on what they can do to improve it. The charity gets a consent from some of these people to follow up with them and find out what they've done (if anything) to reduce their blood pressure following their test.

In the last four years, between 51 and 54 per cent of participants have told Stroke Foundation that they have done something to reduce their blood pressure, for example reducing salt consumption or giving up smoking. This is as a

direct result of that free blood pressure check. This is a clear outcome measure (number of people who have changed their behaviour) from an activity (providing free blood pressure checks) to help towards an impact (improving blood pressure management to reduce number of strokes).

3) Increase number of stroke-affected people who return to work

Stroke Foundation NZ's CSAs were finding that very few people who are affected by stroke return to work. A recent Treasury study confirmed this, finding that if you have a stroke you are still likely to be unemployed four years after the initial incident. So Stroke Foundation began a Return to Work Programme.

The output here was obvious - how many people could the Foundation get back to work within a nine month time frame (the maximum amount of time the charity can spend with someone as per funding from the Ministry of Social Development). The charity found that within a nine month time frame it saw 45 - 50 per cent of stroke-affected people who had been in employment prior to their stroke return to work.

Generally, Stroke Foundation NZ has seen the shift towards an impact-centred culture as a very positive step. "The staff have understood it and our managers have embraced it. It's amazing to see that clear positive impact of our work - we're not just being praised for the increase in clients but the actual improvements in quality of life that we are helping achieve. This has significantly boosted satisfaction levels amongst our employees," explains Mark.



RURAL WOMEN NEW ZEALAND



Rural Women New Zealand was established in 1925 to improve social and economic conditions for rural women living in isolated areas. The NFP has about 2,000 direct paid up members, and also works in partnership with a broad range of other organisations, stakeholders and the wider audience. Structurally, it is divided into seven regions, all of which have a mixture of Branches and Branch groups, as well as Individual Members.

Growing and supporting rural communities has always been Rural Women New Zealand's main mission statement. Two years ago, the charity decided to modernise its governing structure, moving from a National Council to an elected Board. Although the charity's Branches have always done reports, it was at this stage that Rural Women New Zealand decided to consolidate its reporting and start producing Statement of Service Performance reports alongside its financial reporting requirements.

After considerable debate, the Board decided to report on three measurable activities, all of which help it to achieve its broader impact of growing rural communities. These were:

1. Charitable giving back (including money donated, volunteer hours, gifts in kind etc.).
2. Collaboration and community relationships.
3. Authoritative rural voice.



The charity found "authoritative rural voice" was the easiest activity to report on. This is because it is the most quantifiable - you can easily count submissions to parliament and media releases produced etc.

Charitable give back was much harder. In the first year of reporting (2016), the charity produced a form for the branches to record the extent of their charitable give back, however they found not all the information they needed was being recorded. So in the second year, the Board developed a new form which constitutes more of a "box-ticking" exercise. There are separate columns for the amount raised, what it was used for, its purpose etc. This allows the charity to more easily quantify this area of its activities and have the same data for all Branches.

"Collaboration and community relationships" was also a difficult area for reporting at first. After much debate, Rural Women New Zealand decided the best approach would be to tell a story - in their report they give examples of how they have furthered community relationships and collaboration.

A key challenge for Rural Women New Zealand has been the administration. "We've got all these great volunteers, and it's easy for them to see all this administration as a burden," explains Rachael Dean, National Finance Director at the charity. One reason why it's been such an administrative burden is because Rural Women New Zealand perform so many activities that it can be difficult to choose which ones to discuss. Their first report spanned hundreds of pages - although they hope fine tuning the process and refining the forms branches need to fill out will help to streamline the reports.

Despite the challenges, Rural Women New Zealand has seen benefits from producing Statement of Service Performance reports. "Where it has delivered considerable benefits is with our ability to tell a story and raise our profile," explains Ms Dean. It's put us in a position where we can better celebrate the great work of our volunteers - and this helps to alleviate the stress of that extra administrative burden."



BDO NEW ZEALAND: YOUR NOT-FOR-PROFIT PARTNER

BDO New Zealand has extensive experience in the NFP sector and can assist you with creating an impact model and report that is relevant and tailored to your organisation. Throughout New Zealand and internationally, we represent a large number of NFP organisations, meaning we have a genuine appreciation of the issues you face. With 16 offices spreading the length of New Zealand, wherever you're based, we can help you.

If you would like to discuss how we can help your organisation create impact reports, or learn more about any of our other services, contact one of our NFP team as detailed below:

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