

IMPACT GOALS

These sessions sought emerging consensus among diverse perspectives on how to set and re-set our impact goals.

Context

As the range of people working to achieve impact continues to grow, so does the need to understand each other's expectations and agree on how best to measure and manage performance.

To find consensus, we have been facilitating virtual and in-person conversations – between people from different disciplines, geographies and worldviews.

This document summarises emerging consensus from (or shared afterwards by participants in) the following in-person and virtual sessions:

- Beneficiaries, Societal Issues & Outcomes
- System Change
- Additionality
- Consequences
- Impact We Expect
- User Journeys: Customers, Asset Owners, Investment Managers, Corporates, Social Enterprises, Charities and Mission-led businesses

These anonymised insights from all discussions are being published under a Creative Commons license and will feed into a shared convention for impact management. If you have suggestions, expertise you wish to share or know of somebody else that should shape the conversation, please do get in touch by emailing us at

TEAM@IMPACTMANAGEMENTPROJECT.COM.

We are keen to make this process as inclusive as possible.

#1 A shared foundation for understanding 'impact' - and therefore expressing our impact goals - enables us to work together.

Regardless of the decision-making frameworks that we each use (which are specific to our context and may be proprietary or 'off-the-shelf'), we want to observe a shared foundation for how we understand impact and therefore describe our impact goals and manage against them.

A shared foundation for understanding each other's impact goals, as well as the effects we are actually having on people and planet, enables us to work together across value chains (from the people and planet experiencing impact to all kinds of delivery models that engage with them to intermediaries to asset owners to policymakers).

#2 Our experience of impact has multiple dimensions.

When we *experience* impact:



WHAT

1. We relate the effect we experience (*e.g. immunisation to a disease*) to a certain **outcome** or outcomes and we judge **how positive or negative** and **how important** that outcome is to us (*e.g. good health is positive and important*), based on our own preferences, or on expert opinion, or public consensus (*e.g. the Sustainable Development Goals or Social Progress Index*)



HOW
MUCH

2. We judge **how much** of the effect is occurring by considering:
 - **how deep** the effect is, based on whether the effect is a big or small driver of the outcome, *e.g. data showing that prevention of a particular disease is a big driver of good health or data showing that a statistically significant number of people perceive an effect to contribute 'a lot'.*
 - **how many people** the effect occurs for, based on data about the number of people experiencing the effect
 - **how long the effect lasts for**, based on data about the time from beginning of the effect to end of the effect



WHO

3. We define **who we are** when we experience an effect (*e.g. a farmer in Nigeria, or a certain species, or the earth's atmosphere*) and we judge **how well-served** we already are, based on whether we are already experiencing, or have the opportunity to experience, the outcome that the effect relates to (*e.g. our skills, salary and savings might mean that we are well-served with respect to financial security*).



4. We judge **whether the effect is likely better or worse** than the effect currently occurring, based on whether the effect:

- leads to **more or less important positive or negative outcomes** (e.g. a new service might contribute the same amount to our physical health as a service we are currently using but less to negative greenhouse gas emissions for the planet) and/or
- is **deeper and/or occurs for more people and/or lasts longer** than the effect currently occurring (e.g. using the new health service might be likely to contribute more or less deeply to our physical health than if we continue to use our current service) and/or
- occurs for people (or planet) who are **more or less underserved** than those currently experiencing it (e.g. the new service might reach other people who do not currently have access to the service at all).

	IMPACT GOALS			
	 WHAT What outcomes does the effect relate to, and how important are they?	 HOW MUCH How much of the effect occurs?	 WHO Who experiences the effect?	 CONTRIBUTION How does the effect compare and contribute to what is currently available?
Data	Type of outcome(s)	Quality of effect Quantity of effect How long effect lasts for	Demographic data Environmental data Geographic data	Baseline data of current effects across who, what, how much
Analysis	Is the outcome important?	What is the quantity during the relevant time period? etc.	How well-served are people/planet in relation to the outcome?	How does performance across 'who, what and how much' compare to the baseline?
Judgement	Important negative outcome(s) ← → Important positive outcome(s) Neutral outcome(s)	Marginal effect ← → Deep effect For few ← → For many Short-term ← → Long-term	Well-served ← → Under-served	Likely worse than what is currently occurring ← → Likely better than what is currently occurring

#3 Our impact goals also include the risk we are willing to take that the effect is different from our expectation.

For example, an innovative health service might make our physical health worse when we expected it would make it a little better – but it could also make our health significantly better than ever expected. There are several risk factors worth considering. *To see the growing consensus about impact risk and fill in survey, please go to <http://www.impactmanagementproject.com/impact-risk/>.*

	IMPACT GOALS				
	 WHAT What outcomes does the effect relate to, and how important are they?	 HOW MUCH How much of the effect occurs?	 WHO Who experiences the effect?	 CONTRIBUTION How does the effect compare and contribute to what is currently available?	 RISK How likely is the outcome different from the expectation?
Data	Type of outcome(s)	Quality of effect Quantity of effect How long effect lasts for	Demographic data Environmental data Geographic data	Baseline data of current effects across who, what, how much	Risk factors, e.g. evidence risk
Analysis	Is the outcome important?	What is the quantity during the relevant time period? etc.	How well-served are people/planet in relation to the outcome?	How does performance across 'who, what and how much' compare to the baseline?	Which risk factors are material and how likely are they to occur?
Judgement	Important negative outcome(s) ← → Important positive outcome(s) Neutral outcome(s)	Marginal effect ← → Deep effect For few ← → For many Short-term ← → Long-term	Well-served ← → Under-served	Likely worse than what is currently occurring ← → Likely better than what is currently occurring	Material risk factors (see appendix) Low risk ← → High risk

#4 Our impact goals always include trying to prevent significant negative effects of our delivery model(s), while our intentions and constraints inform which significant positive effects we include in our goals. As we understand the actual significant effects that we have on people and planet, we re-design our delivery model(s) but we could also re-set our goals.

To set goals, we:

- Judge whether the effects that people and planet experience by engaging with the delivery model(s) are significant and how we likely contribute to them
- Set goals to prevent negative effects that we judge to be significant, which our contribution is making either worse or not any better.
- Decide, based on our intentions, constraints and financial goals, whether to set goals to *increase* positive effects that are significant and which our contribution is likely to make even better

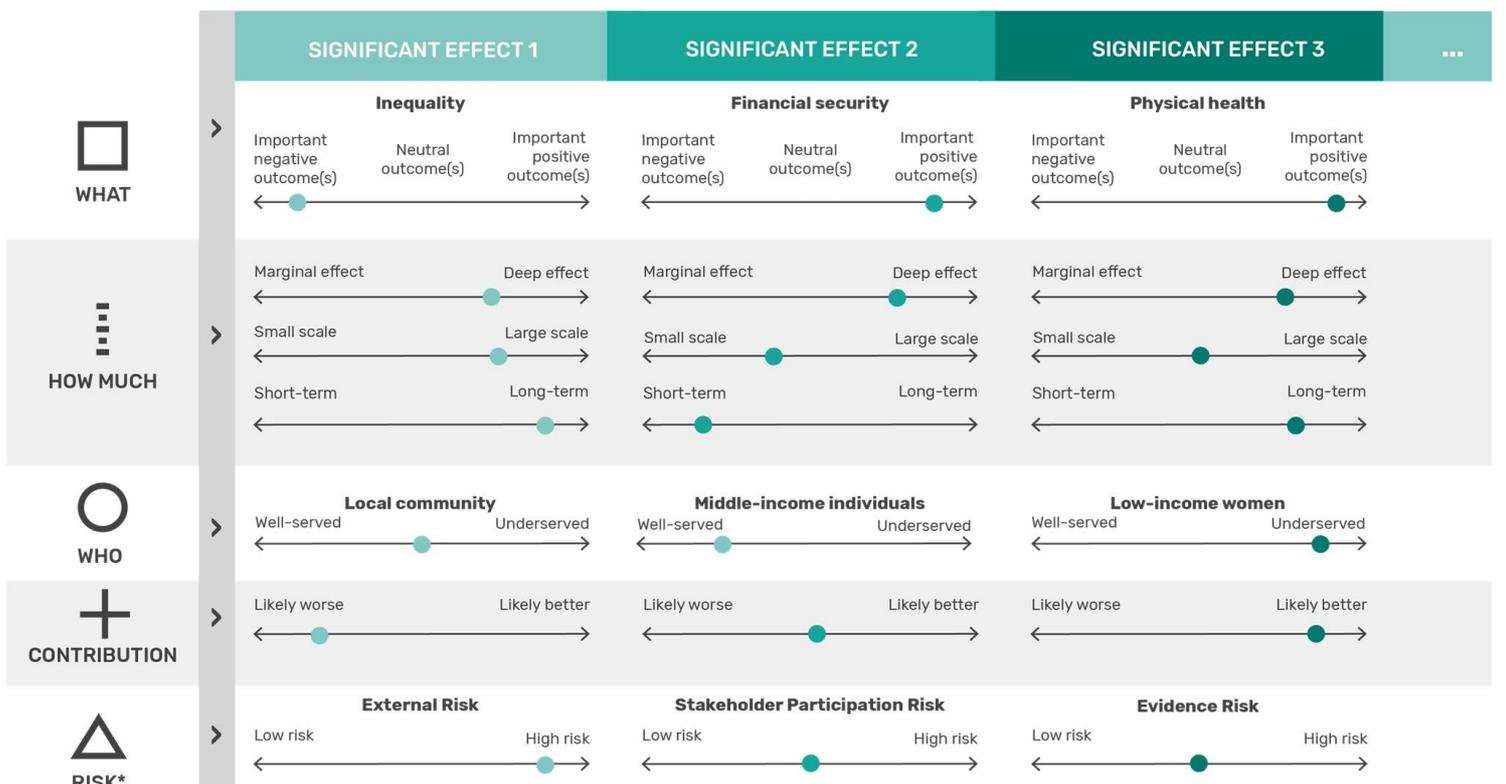
Our impact goals are often different to the impact that is experienced. By collecting and analysing data about the actual effects that our delivery model(s) are having on people and planet (both past and potential), we can either re-design the delivery model to achieve our

original goals (e.g. prevent or reduce a significant negative effect like carbon emissions), or we choose to re-set our goals (e.g. if we discover that we are having a significant positive effect that we did not anticipate and our intentions and constraints guide us to add this effect to our goals).

For example, the board and management team of an existing business might analyse data and judge that:

- the current composition of employees does not reflect the diversity of the local community in which they operate and that, as a large business that employs many people, they therefore contribute significantly ('HOW MUCH') to inequality ('WHAT') among the local population ('WHO'). They also judge that their size, influence and growth plans as a business means that they are likely to affect even more people negatively than they currently are ('CONTRIBUTION'). Based on this judgement, the board and management team set an impact goal to prevent this significant negative effect.
- paying salaries to their many employees contributes significantly ('HOW MUCH') to the financial security ('WHAT') of middle-income, skilled individuals who are not underserved in relation to financial security ('WHO') and that, since the business is paying salaries in line with the wider market and the employees are not underserved, the effect is neither better or worse than what is currently occurring ('CONTRIBUTION'). Based on this judgement, the board and management team decide to set an impact goal just to maintain the significant positive effect they are having on their employees.
- the price of their healthcare product means that women who are currently suffering from ill-health because they are unable to afford treatment ('WHO') will experience a deep effect ('HOW MUCH') on their physical health ('WHAT') and, because this effect will occur for people who are currently underserved (in relation to their physical health), it is likely better than what is currently occurring ('CONTRIBUTION'). Based on their intentions and constraints as a business, the board and management team set a goal to try to reach even more underserved people and generate even more significant positive change.

The diagram below visually illustrates why the business described above, based on its analysis of data, has judged that certain effects on people and planet (only three are listed here) are significant and a focus for impact management.



#5 We set goals based on the significant effects on people and planet of a delivery model, regardless of whether they are generated by its products/services, its distribution chain, its operations or its supply-chain.

We do not consider effects generated by a delivery model's distribution chain, its operations or its supply-chain to be necessarily less or more significant than the effects of its products or services. However, our judgement of whether we manage an effect includes a judgement of whether the effect is 'significant' and whether our 'contribution' is likely to make what is currently occurring better or worse. It follows that, for example, a positive effect that a large business could have through their supply-chain may be significant when the positive effect that a small business could have is not, and that the large business' contribution *is* likely to make the effects of that supply-chain better than if it chose not to generate that positive effect. In this case, the large business would find it compelling to set a goal to manage that positive effect through its supply-chain, whereas the small business would not.

#6 We always want an effect related to an important positive outcome to be deep, to occur for many people and to last for a long time. However, we cannot say that any one of those individual drivers of significance is necessarily more important than another.

Some people may believe that a deep effect for few people is better than a marginal effect for many; others may think it is vice versa; others may see both as equally significant. In practice, we analyse all data about the significance of an effect (how big a driver it is of an outcome, the number of people it occurs for and how long it lasts for) and make an overall judgement about significance of the effect.

#7 When we set goals related to our 'contribution', we do so from the perspective of where we sit in a value chain



CONTRIBUTION

For example, an investor or funder sets goals about the contribution that the delivery model(s) they support will make but they *also* set goals about the contribution that they will make as investors/funders to enable the delivery model(s) to generate impact for people and planet.

To read the emerging consensus about how investors 'contribute', please return to this site for the Portfolio Construction insights that will be released soon.

#8 When we are expressing goals in relation to our effects on “a system”, we try to be specific about which actors and relationships in a system we are referring to.

We recognize that we are all actors in wider systems and that the effects that one actor experiences when they engage with a delivery model (e.g. a business' product) always generate effects (however significant) for other actors with whom they have a relationship. We also recognise that the significant effects of relationships between actors are often institutionalised in:

- organisational forms (for example, a market institutionalises the relationship of actors buying and selling from one another), or
- widespread social or cultural norms (for example, families living together), or
- government policy (for example, individuals not stealing from one another because they will be punished by law if discovered).

To the extent possible, when we are expressing goals, we therefore describe any *significant* effects on relevant systems, being specific about which actors and relationships in a system we are referring to, which may be expressed in terms of institutions such as specific markets, norms or policies.

#9 We manage significant positive and negative effects on different groups of people and the planet separately, rather than assuming that our significant positive effects means we can ignore significant negative ones.

We do not assume that the positive and negative effects of a delivery model cancel each other out, either within the same group of people (e.g. a person's financial security is better and therefore we ignore that their health is worse), between different groups of people (e.g. we improve this group of people's educational outcomes and can therefore ignore that we make the educational outcomes of another group worse) or between people and planet (e.g. we significantly improve a group of people's access to energy and therefore ignore that we are significantly polluting the environment).

We very often have to make judgements about whether achieving certain significant positive effects (e.g. improving people's health) is worth, at a point in time, generating significant negative effects (e.g. substantial carbon emissions). However, even when we decide that it is, we still set goals to mitigate the significant negative effects over time.

Note: in cases where the effects of a delivery model, across all dimensions of impact, are expressed in the same unit (e.g. CO2 emissions), positive and negative effects can be 'netted off' against each other, resulting in a 'net' effect.