

# Moving with the times: How venture philanthropists can help charities focus on impact

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These are uncertain times for the charitable sector. Charities are scanning the skies for the long-term effects of Brexit, and of the change in government. We've seen the high profile collapse of several well-established charities: 4Children in 2016, as well as Kids Company and the British Association for Adoption and Fostering (BAAF) in 2015. These have made for uncomfortable reading for both the public and private sectors, and especially for the children and young people who will no longer benefit from these charities' assistance.

**T**he dual pressures of growing demand for services and a tougher environment for raising funds and obtaining grants mean high-growth charities may become victims of early success, because they fail to build in the impact disciplines and funding streams to sustain and finance high-quality service. Funders need to take a fresh view of their role, looking beyond the value of opening doors and bringing in big cheques to understanding what really drives sustainable impact and growth

At Impetus-PEF we have developed our own unique approach to the issue in our work as a venture philanthropy charity, to transform the lives of young disadvantaged people in the UK. Our Driving Impact model puts impact at the heart of everything we and our charities do, and in the last few years it's enabled us to help more charities grow their own impact. Our recent [Driving Impact report](#), set this out in more detail.

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And our approach is working: last year we delivered over £11m of value to our 20 plus charities, supporting over 80,000 disadvantaged young people facing some of the toughest barriers to success. In 2015 we made England's largest ever single venture philanthropy funding package, investing nearly £8 million of leveraged funding into three UK youth-focused charities: The Access Project, Action Tutoring and Resurgo.

The pressure is increasing for charities to become more accountable and effective. It's our responsibility as a sector to learn the lessons of what's led to these charities collapsing and encourage a shift in the approach to charity management and funding, to benefit all stakeholders.



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Venture philanthropists can help charities by encouraging them to consider some of the following issues.

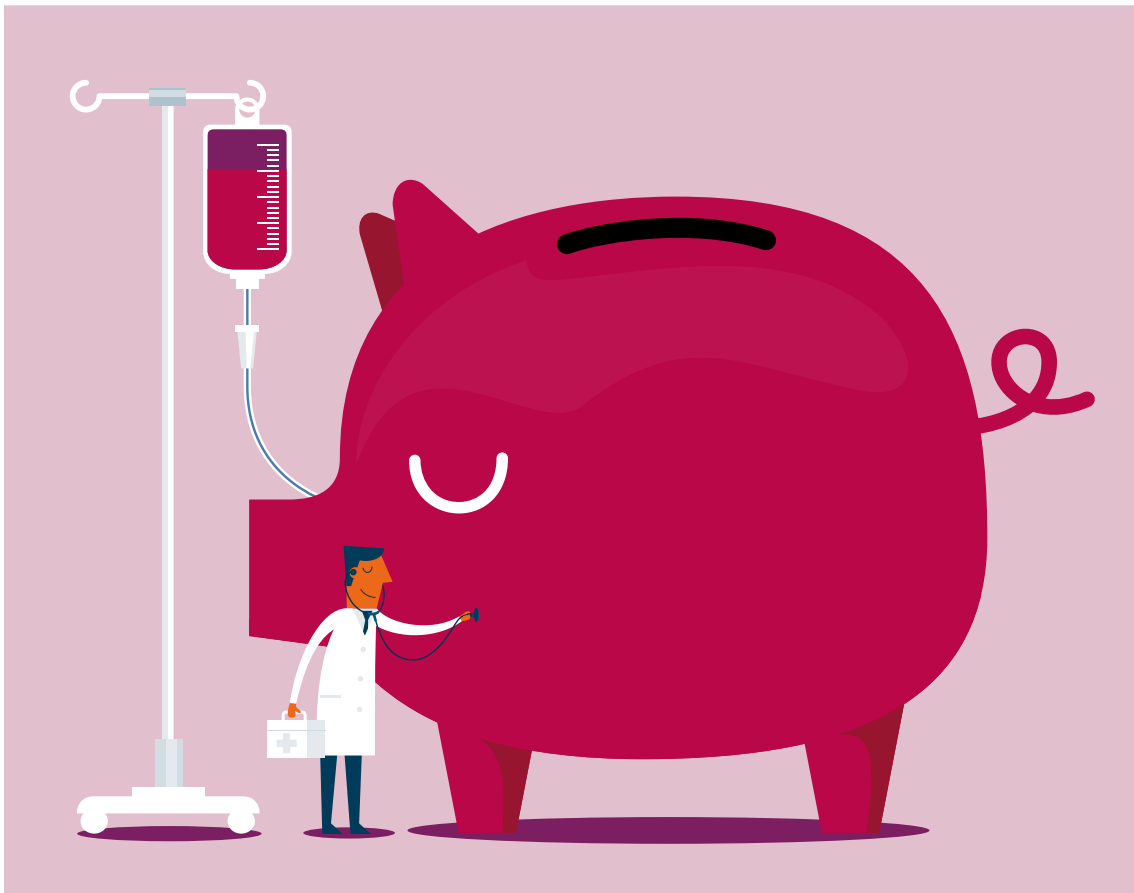
### **Making some tough decisions**

Once a charity's commitment to becoming truly accountable for its impact on young people is decided upon, a series of tough decisions need to be made. VPs can help charities clarify their mission, which requires an honest assessment of impact to date, and a focus on how they will improve this going forwards – this self-reflection can prove daunting.

When answering the questions 'What outcomes are we trying to achieve?' and 'For whom?' it is essential that everyone in an organisation is aligned, from Board to frontline staff. When these choices are clearly understood and internally consistent they allow a charity to build a clear definition of who they will and won't enrol, the short and long-term outcomes they will seek to achieve, and to design a programme with a good chance of getting the people they serve, to those desired outcomes.

### **Implementing the changes**

These tough decisions build a new operational blueprint for a charity – and while making these decisions may be tough, the real work begins in implementing them. Impetus-PEF supports our partner charities on every element of this – including rolling out the new programme, making new hires, and helping existing staff feel comfortable with the changes. A crucial element that can take considerable time is purchasing and implementing a data management system which allows all staff to collect, analyse and act on data about the progress of individuals through the programme. Performance management or accountability for every person served should be at the heart of everyone's jobs. Without the visibility of every person, and the ability to act on what the data tells you, such a commitment is meaningless. The importance of sound financial and HR procedures, along with an effective approach to fundraising are all operational areas that should be on VPs' radars when supporting the charities they work with.



### Testing and evaluating

Preparing for and participating in external evaluation is essential for any charity committed to continual improvement and learning. A formative evaluation – one which assesses whether the people served, the activities delivered and the outcomes recorded match up to the decisions the charities made when we started working together – is crucial for identifying where practice is not as it should be and what effect this is having on the target population.

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These results improve programme delivery and performance management, getting the organisation ready, ultimately, for a summative evaluation – ideally at randomised control trial (RCT) level, or as close as is feasible. VPs can incentivise charities to participate in robust formative evaluation before summative – avoiding the pitfalls of inconsistent implementation that lead many RCTs to return unclear or negative results.

### Critical friend

The path towards helping charities better manage performance and impact is both long and full of obstacles. Trust between the charity's CEO and foundations should be built upon and prioritised. The legacy of 'dressing up' an organisation's impact for funders means that this can be initially hard. We believe that for VPs to be truly useful in increasing an organisation's impact they must ask the hard questions and stick around for the (sometimes) ugly answers – to use these as the starting point for building the missing capabilities which will ultimately align a charity's aims with their achievements. The impact of a VP is only ever as good as the impact of its partners, and can only be increased by ever more impactful partners – understanding how best to do this, is the priority.

As funders consider the challenge of helping charities place impact at the centre of their approach, it's important to remember it can take several years for charities to benefit from this change of focus. Yet when this is combined with effective performance management, scale can be quickly and effectively achieved.

*Jenny North joined Impetus-PEF from Relate, where she served as Head of Public Policy for six years. Prior to this she held policy positions with Maternity Alliance and New Policy Institute. Her experience also includes working at the Home Office as crime and policing analyst. Jenny holds a degree in Philosophy and Theology from Oxford University.*