

# Managing for Return on Social Innovation (ROSI): Pillars for Sustainable Social Impact

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**Abstract** As global focus on Corporate Social Responsibility, impact investing, and systems change increases, large-scale and cross-sector initiatives have emerged that attempt to create sustainable impact on some of the most intractable social problems. These efforts range in size—from local to global; in scope—from a few parties to massive collaborations; and in sector of origin—public, private, or non-governmental. As yet, however, it has been difficult to articulate a framework of best practice strategies for positive, sustainable success in such endeavors.

This chapter argues that emerging best practices do, however, suggest four common pillars for sustainable social impact. When employed from the beginning in social change strategies, they not only can increase the likelihood of creating positive social impact, but also can help overcome common challenges faced by long-term, systems change endeavors, including challenges of scaling, sustainability, and measurement.

The chapter then looks forward, to management and measurement practices required to support sustained implementation of these strategies. Persistent Change Perspective and an accompanying persistent change measurement approach become essential factors in the strategies used by collaborating parties, as well as in the cultures of teams, managers, and organizations involved.

**Keywords** Open Circles • Focused Purpose Sharing • Mutuality of Success • Persistent Change Perspective • Pillars of sustainable social impact

## Introduction

Social impact has become a kind of watchword for corporations, nonprofits, governments, impact investors, and community organizations around the world. Whether it is expressed through Corporate Social Responsibility (CSR), strategic

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philanthropy, sustainability, socially responsible investing, social entrepreneurship, or other terms, a commitment to positive social impact is now included in the mission statements of tens of thousands of organizations in the private and public sectors. The United Nations Global Compact calls itself “the world’s largest corporate sustainability effort,” and lists over 12,000 signatories in 170 countries “representing nearly every sector and size,” including over 8000 global corporations as participants. These Global Compact signatories have pledged “to align strategies and operations with universal principals ... and take actions that advance societal goals” (UN Global Compact 2016).

Increased attention to social impact has brought an increase in the dollars invested in its pursuit, as well as the diversity of those dollars. For example, in the emerging world of impact investing—“investments made into companies, organizations and funds with the intention to generate social and environmental impact alongside a financial return”—a 2015 Global Impact Investing Network (GIIN) survey identified \$60 billion in impact investing capital under management (GIIN 2016c). Investors committed \$15 billion to 7500 investments in 2015 alone (Mudaliar et al. 2016).

This interest carries over to philanthropic bodies as well. In a 2015 survey conducted by the Center for Effective Philanthropy, 41 % of foundation CEOs reported engaging in impact investing (Buchanan et al. 2015). Traditional giving also focuses on social impact for systems-level issues. The USA’s 1000 top foundations gave away more than \$22 billion in 2012, for example, with the top 50 giving nearly half of that. Fully 60 % of that money went to systems-change-oriented issues, including, among others, education, health, the environment, and international affairs and human rights (Foundation Center 2012, 2013).

This global attention and investment in social impact are reinforced at the local level by a multiplicity of community-based programs, and an outpouring of volunteer efforts and individual donations dedicated to social impact causes. In the USA alone, there are approximately 2.3 million nonprofit organizations (National Center for Charitable Statistics 2012), and 43,000 family and community foundations (Foundation Center 2012, 2013). In addition, Americans clock about 8 billion volunteer hours annually (Clolery 2014).

With such intense focus on social impact, it might seem that there would be a well-integrated, shared framework underpinning the multitude of initiatives by organizations that include managing for social impact as a significant component of their strategies. But the massive scale of today’s multi-sector social impact activity comes with its own intrinsic challenges. One such challenge is discerning commonality in emerging best practices, social impact frameworks, and measurement models among change leaders working in different sectors, on diverse social issues, in programs that vary in scale from hyper-local to global. It’s also a challenge to address the program timing and assessment needs of a wide variety of players across government, philanthropy, nonprofits, and for-profit entities. Structural incentives, acceptable return horizons, and attitudes toward risk all vary, often dramatically. Add to this mix the varying capacities for sustained collaboration, and the multisystem complexity of the issues themselves, and it becomes clear why creating standard, shared frameworks across the social impact landscape is an unmet challenge.

A multi-sector framework of best practices may not be necessary for a single organization to take on an ambitious social change project on a single issue. The most pressing social problems, however—income inequality, gentrification, equitable development, environmental degradation, and other system-level issues—require a deeper, more integrated commitment. For leaders and organizations ready to take on today’s complex social challenges, a shared framework is essential to achieve economies of scale, to ensure buy-in from all relevant stakeholders and to sustain their efforts over extended timescales.

Examples and lessons do exist that suggest a framework for successful, sustained social impact strategies. Best practices are emerging in processes and approaches for creating sustainable social change, in measurement approaches with sufficient scope and breadth to capture the results, and in responding to the complex challenges that come along the way. These emergent best practices call for previously unprecedented collaboration, flexibility to allow for shifting roles and responsibilities, fierce tenacity in the face of what will sometimes be slow-moving change, ecumenical and process-oriented measurement that invites more than one definition of success, and the ability to scale by going big and/or going deep, depending on what the situation requires. This chapter seeks to describe a framework emerging from these best practices, some challenges to developing and maintaining strategies that employ the framework, and what those strategies suggest must come next in achieving return on social innovation.

## **Shared Social Impact Foundations**

Understanding the commonalities in social impact strategies across organizations, and from different sectors, enables more effective cross-fertilization and learning. This is true even from seemingly unrelated, but relevant, programs that are initiated by different types of organizations or stakeholder groups. The pillars described below represent key shared characteristics of emerging best practices that are common across multiple sectors, types of organizations, and types of social change initiatives, though they are often expressed in different terminology and implemented in different ways depending on whether the entity is a global enterprise, a community organization, or a social venture.

These four characteristics comprise the foundational pillars of sustainable social impact. Together, they offer a basic framework for social change initiatives that are deployed across multiple sectors and stakeholders. They seek to solve for questions of scope, buy-in, sustainability, and systems-level change. They also begin to provide a blueprint for the management practices and strategies necessary to sustain them. Designing social innovations with these pillars in mind will create the best possible chance of long-term return on investments made by organizations in the public, nonprofit, and private sectors.

There have been numerous attempts to capture the art of successful social impact collaborations in the past. See, for example, “Collective Impact” by John Kania and

Mark Kramer (2011) and “Creating Shared Value” by Michael Porter and Mark Kramer (2011). The pillars described here are an attempt to move such efforts both into a new arena and into greater levels of dynamism. The new arena is a flexible one in which both the source of the enterprise—public, private, and nonprofit—and its scope—hyper-local to global—can vary. The dynamism is also a type of flexibility, this time in players and time horizon. The framework offered here specifically seeks to allow for (a) stakeholders to come in and out over extended periods of time; (b) shared definitions not only of agenda or the ultimate goal, but also resources, processes, and leadership along the way; (c) success as defined by each stakeholder, and as one in which parties not only benefit from the initiative’s objectives being met, but also benefit in their own ways from the positive results of social change; and (d) mutuality of purpose and success without requiring equal distribution of either. The definitions of the pillars offered in the next section should help clarify these distinctions.

The four pillars are grounded in expanded stakeholder roles—defined here as the relationships between any and all interested parties engaged in or affected by an organization, company, collaborative, or initiative. They also are steeped in attitudes of openness, tenacity, constructive impatience, a willingness to share control, and an appetite for and ability to recognize success for the enterprise in larger social change successes. Once understood, commitment to employing these pillars can drive strategy, hiring, culture, and management practices across a wide variety of actors and initiatives.

Further, the four pillars, at least to some extent, cascade. As described below, the capacity to welcome new stakeholders via Open Circles leads to Focused Purpose Sharing. Focused Purpose Sharing supports stakeholder expectations for Mutuality of Success, and so on. The cascading is not linear, however. These are ongoing strategies, not steps in a process. Each must be actively sustained, and each will evolve as the others are pursued.

### *Four Common Pillars of Sustainable Social Impact*

**Open Circles:** Open Circles refers to the capacity to welcome new stakeholders. It requires embracing broad and often shifting stakeholder engagement. Stakeholder identities become dynamic, and engaged stakeholders often evolve into different or multiple roles over time: employees become community activists; activists become managers or social entrepreneurs; CEOs become investors; public sector leaders become foundation heads; individual residents become public sector leaders, etc. The practice of Open Circles broadens considerably who might be a stakeholder, favoring self-identification. It also involves the extra effort required to engage and maintain this broader group, including their entrances and exits along the way, throughout a social change process. Open Circles must be actively cultivated and maintained, and not all parties in collaboration are equally suited to the role of cultivator. Building the trust, credibility, and neutrality necessary to help foster and sustain Open Circles is an act of cultivation in and of itself.

**Focused Purpose Sharing:** Focused Purpose Sharing requires a level of specific, shared definition of purpose and process among stakeholders. That's not the same as everyone having the same objectives all along the way. Just as stakeholders will come in and out of the work over a long-term systems change process, so their objectives will align more or less at different times, and different priorities will take precedence at different stages. Adopting Focused Purpose Sharing embraces these fluctuations, even with the challenges they represent. What is necessary is (a) solid agreement on what the overall social change objective is; (b) shared understanding of the roles needed to pursue the objective; (c) shared commitment to participate in the process; (d) a willingness among stakeholders to share their resources—and among other stakeholders to recognize those resources—as they become important to the process; and (e) that stakeholders not be actively pursuing other purposes counter to the social change objectives. This approach has the effect not only of fostering Mutuality of Success (see the next pillar), but also of inviting resources, benefits, and innovations from unexpected places. Focused Purpose Sharing is anchored in ideas such as “shared values,” and “shared purpose” (Boncheck 2013), but carries them further down the value chain.

**Mutuality of Success:** Following on the heels of Focused Purpose Sharing, success should be mutual among stakeholders. *Mutuality* of success does not mean *equality* of success. This is not some desire to achieve balanced weights on a scale. Nevertheless, if stakeholders share a social change objective, it is because, by definition, each party has a “stake” in that outcome. To achieve the full benefit of a social innovation, then, those stakes must be met. They may not all be met at the same time, or with the same intensity. They should, however, attempt to reflect the intensity of the stakeholder's commitment and need. That's not the same thing as the share of success reflecting the level of resources a given stakeholder can invest, however. The very disparities social impact initiatives seek to address make resource investment a poor measuring stick for proportionality in success. In the end, success should simply be a mutual experience. When this is the case, goal achievement by some—and in particular, the larger organizations at the table—genuinely benefits or newly empowers all other stakeholders.

**Persistent Change Perspective:** Achieving true social impact takes time and sustained collaboration. Therefore, we often call for patience. Indeed, “patient capital” has become a watchword of impact investing for that very reason. Persistent Change Perspective, however, is not about patience, but instead about tenacity and perseverance. Rather than being patient for change, it reflects a constant, active striving for it, and the endurance to keep up that striving for as long as it takes. Given the life cycle of everything from grants to elections to attention spans, it can be extremely difficult to achieve the sustained attention and efforts necessary to produce lasting social impact without this kind of perseverance. And while patience is, indeed, essential, the ability simultaneously to be *impatient* with the current pace of change is necessary to maintain inspiration and to invite the kind of risk taking and creative thinking necessary for systems-level change.

## *Illustrations of the Four Pillars*

Part of the reason the Four Common Pillars of Sustainable Social Impact resonate is that they can be applied across types of endeavor, and especially across sectors. For decades now, scholars and practitioners alike have recognized that solving social problems is not the exclusive domain of nonprofits, or of the public sector, or the private sector. Effective, sustainable solutions require deep cross-sector collaboration. The following examples, many drawn from the chapters in *Managing for Social Impact*, demonstrate how the best practices embedded in each pillar provide a framework to be employed by any party or parties organizing a social change endeavor.

### **Open Circles**

Open Circles are characterized by stakeholders who represent formal and informal “players,” and who hold formal and informal positional authority. Stakeholders may be corporate, nonprofit, public sector, venture investors, community members, foundations, or social entrepreneurs. Further, Open Circles recognize that expectations and roles change, with active stakeholders often taking on aspects of the others’ traditional roles in long-term efforts, or literally coming to represent different stakeholders over time.

Requirements for organizational accountability and transparency are rising, even as models for measuring the return on social investment are hard-pressed to capture all the dimensions of change over the longer periods of time required for addressing embedded problems. Rooted in the perspective of the community itself, stakeholder-led strategies and initiatives may be based on deep local experience, data analytics, or, as recommended in this volume by Ben Hecht in “Co-Creating More Livable Cities,” creating a “one-table” framework for planning. Rethinking the role of the organization or the power holder in relation to the community or the individual is a theme that emerges again and again across the landscape of social impact programs and players. Open Circles allow different players to assume power at different times, and allow individuals and organizations dynamically to come in and out of leadership.

Nonprofit organizations tend to be ahead of the curve in using Open Circle strategies, compared to the public and private sectors. Haley House and its Bakery Café offer a nonprofit illustration. In this volume, Bing Broderick describes the launch of the Bakery Café in “Food with Purpose: Dudley Dough and Haley House Bakery Café.” Haley House opened the Bakery Café in the Dudley neighborhood of Boston at a time when it was characterized by low incomes, high unemployment, and disinvestment in the physical infrastructure. The Bakery Café was popular, and as it grew in reputation, residents from the neighborhood began offering to add their own skills and flair to its offerings. In response, Haley House demonstrated incredible openness to community ideas and leadership at each stage of the Bakery Café’s development. What resulted was a nonprofit business that also became a part of the

heartbeat of Dudley, with arts and culture events, new products, and even new lines of business all resulting from being open to the interests of people who self-identified as Haley House stakeholders. Their Open Circle eventually led to one of their program participants, who had spent time in prison, designing and then running a Transitional Employment Program for men and women reentering their communities from incarceration. Opening the circle led not only to a broader community of supporters, but also to shifting roles for stakeholders which ultimately added value to a shared agenda.

The Social Innovation Forum (SIF) offers another nonprofit illustration of Open Circles. In “A Marketplace Approach to Building and Supporting Sustainable Social Purpose Organizations” in this volume, authors Susan Musinsky and Anna Trieschmann present a model of interaction between social innovators and funders they call the “Marketplace.” The SIF marketplace pairs social innovators or entrepreneurs with an ecosystem of volunteers and donors who wish to advance the innovators’ impact. One idea behind the marketplace is a shift in the traditional power structures between donors and nonprofits. Rather than there being a charity and a giver, there are two parties participating together toward a common goal, each bringing different skills, talents, and resources to the table.

In sociology, this might be known as “reciprocity” (Gouldner 1960). However, reciprocity may not be quite right, as the capacity for equal exchange or benefit is not the threshold for considering a party as a stakeholder in the Open Circle. *Equal* exchange and an *equal* share in defining success are not necessarily the goals. Stakeholders must be interested in and capable of *beneficial* exchange, however. Perhaps the better description is one from marketplace pioneers Bill Traynor and Frankie Blackburn (2015), who write, “Marketplaces ... invite people to mix across differences, exchange ideas, advice, and needed items, and to take entrepreneurial action.” Open Circles encourage disparate, or even just separate, players to join to take entrepreneurial action on a problem that interests and affects them all. In SIF’s marketplace approach, organizations develop new skills and access new sources of funding, while donors and coaches find meaning for their time, talent, and treasure, and engage with social issues at a level that would be difficult to achieve on their own.

Project 20/20 in Battle Creek, MI, also illustrates the importance of opening stakeholder circles to encompass multiple resident perspectives on economic development. Talia Champlin and Amanda Lankerd’s contribution to this volume, “A Community-Driven Change Model in Battle Creek: Project 20/20,” describes how various official community and business leaders had been collaborating for decades on social change strategies to improve the quality of life in Battle Creek. What Project 20/20 recognized was that successful social change initiatives rely on the buy-in and cooperation of a broader set of constituents than are typically included in economic development and community change planning processes. There were stakeholder perspectives in Battle Creek that had not been fully represented in planning meetings. Residents, leaders of smaller nonprofit organizations, parents, and informal community leaders were all stakeholders, and saw themselves as such. They had the ability to embrace change or slow it down, contribute their resources and ideas, or stand on the outside and be frustrated by strategies they felt missed the



mark. Therefore, the city would find itself repeating efforts. Project 20/20 arguably developed a process to facilitate Open Circles, challenging the power holders and the disenfranchised stakeholders alike to change their minds about who should be involved and how.

Project 20/20 also recognized the profound importance of building social capital across stakeholders in order for the change to last. These informal networks of trust, communication, and resources enable the change to penetrate more deeply into the community. They also create a more stable platform on which to build all future social change initiatives.

b.good, a fast-casual restaurant chain headquartered in Boston, offers an example of how smaller local businesses can innovate ahead of large enterprises which often struggle to create open stakeholder relationships. As described by Allison Kroner in “Stakeholder Voices Shaping Community Engagement at b.good” in this volume, b.good considers its customers part of the family and lends its stores, supplies, and brand to social change initiatives created and conducted by those customers. Motivated customers take the lead in selecting social causes and raising donations, knowing that b.good will contribute free food and meeting space. It’s a form of crowdsourcing donations, through sharing the use of the b.good brand and resources with customers, who are then empowered to activate their own personal networks on behalf of a social cause.

One manifestation of this approach is the b.good Family Foundation, which makes corporate contributions from funds raised by customer efforts using a customer-driven nomination and selection process. The company understands that today’s customer wants a partnership with, and even some sense of ownership of, the brands with which they associate. Therefore, the company puts the customer alongside them in the driver’s seat.

This openness to customers playing a different kind of stakeholder role has also allowed b.good to speed up the clock on its CSR efforts. Most small companies don’t have the bandwidth for a corporate foundation and a fairly sophisticated CSR operation. Because b.good’s bandwidth comes from the customers, the company has created social impact capacity sooner in its life cycle than it might have otherwise.

### **Focused Purpose Sharing**

When a broad range of stakeholders participate in the Open Circle, the various stakeholders’ needs, aspirations, and capabilities enter with them. Best practice undertakings will welcome those needs and aspirations, as well as the resources stakeholders can bring to bear. They work to develop a shared vision of success among the stakeholders, and then to think creatively about who brings what to the table, and how to deploy that focus and those resources in the right ways, at the right times, in common cause. The Haley House example demonstrates that relationship. With each new customer who wanted to be part of a vibrant Dudley neighborhood, Haley House gained resources they could deploy toward a focused, shared purpose. The same is true with SIF’s marketplace.



The Seattle 2030 District offers an excellent public sector view of Focused Purpose Sharing. As Sandra Wickwire and Matthew Combe explain in this volume in “Transforming the Urban Built Environment: The Seattle 2030 District as a Model for Collaborative Change,” the Seattle 2030 District was an aspirational undertaking formed in response to the goals established in the 2030 Challenge—a global effort spearheaded by the architectural community to ensure that all new buildings will be carbon neutral by the year 2030. The organizers and collaborators in the Seattle 2030 District expanded on that goal, adding stringent targets for energy use in new buildings and existing buildings, as well as water use in all buildings and the CO<sub>2</sub> produced from vehicle miles traveled in the city.

The act of responding to the 2030 Challenge and seeking to achieve even more ambitious targets for the city served as an invitation to Focused Purpose Sharing for a variety of stakeholders. Property owners, developers and managers, architects, energy officials, transportation specialists, and conservationists—all could come together to build a set of objectives and a path forward for the Seattle 2030 District. Indeed, the initiative also attracted players from all levels of the public sector—city, state, and federal. Historically, all the stakeholders in the Seattle 2030 District may not have worked together. At times, they even may have perceived other players in the coalition to be at cross-purposes, or at least not in regular, common cause. Here, however, they could deploy their resources toward a focused, shared purpose.

While nonprofits have demonstrated a particular ability to foster Open Circles, many corporations are inclined to align their brands with social causes toward what can become Focused Purpose Sharing. Sometimes companies pursue only the patina of such deep, common cause. Other times, however, they truly connect with stakeholders on focused, shared purpose. In the world of Corporate Social Responsibility (CSR), one could argue that well-developed and well-executed “purpose branding” displays elements of Focused Purpose Sharing. Mark Feldman and Nikki Korn of Cause Consulting offer several examples in “Evolution, Innovation and Best Practices in Corporate Social Impact” in this volume. For example, Chouinard Equipment created the Patagonia brand when the company decided to embrace customer and other stakeholder concerns about the environmental impact of their profitable climbing equipment. IKEA, which normally targets commercial and residential customers, engaged in Focused Purpose Sharing with the UN High Commission on Refugees’ Refugee Housing Unit. As Feldman and Korn note,

It became clear that the company’s expertise in design, logistics, and flat packing could help solve some of the emergency shelter challenges. IKEA designed and manufactured safer, bigger, more cost effective refugee housing that was easy to build, could withstand severe weather, and ultimately created a more livable, safe and comfortable home for families.

Liz Delaney’s discussion of the Climate Corps program in “Embedding Environmental Advocates: EDF Climate Corps” in this volume offers another look at Focused Purpose Sharing. Created by the nonprofit Environmental Defense Fund (EDF), the Climate Corps provides a robust example of Focused Purpose Sharing between the corporate and nonprofit sectors around the goal of reducing environmental impacts. EDF’s Climate Corps embeds graduate students who are trained as climate fellow summer interns into enterprises in order to identify cost-saving,

energy-saving initiatives. At the end of the fellowship, these graduate students deliver detailed proposals with the associated business cases to each organization's senior leadership for consideration. Ninety percent of host organizations surveyed by EDF indicate their intention to implement at least one of the recommendations made by their Climate Corps fellow.

This is a model partnership, in which EDF and the more than 400 organizations that have welcomed fellows join in Focused Purpose Sharing. Climate change is not at the heart of the core business for most of the host organizations. Nevertheless, companies such as adidas, Iron Mountain, and Blue Shield of California have implemented extensive energy-saving programs based on the business cases developed by a Climate Corps fellow. Importantly, after their Climate Corps experience, many of the fellows are moving into full-time careers managing sustainability programs in the private sector.

In this volume's "Transformation through Social Impact at Whirlpool Corporation," Bridget Akinc describes the importance of Focused Purpose Sharing to the brand identity and CSR efforts of the Whirlpool Corporation. As part of a long-term CSR strategy, Whirlpool Corporation and its employees have spent years engaging in economic development work in Benton Harbor, MI, home of its corporate headquarters. That work has included economic redevelopment partnerships and collaboration with Habitat for Humanity to build hundreds of units of affordable housing for Benton Harbor residents.

In the process of a company-wide innovation effort, Whirlpool's employees began to recognize the role the company and its products could play in affecting the challenges of peoples' everyday lives. After conducting market research to validate this idea, they transformed their brand strategy, creating an "Every day, care™" campaign, which seeks to develop and sell appliances that meet the real-life needs of today's chaotic families. Each step for Whirlpool Corporation was an attempt at Focused Purpose Sharing, culminating in a stronger brand for the company via a better understanding of what Whirlpool and its customers both wanted for customer families.

## **Mutuality of Success**

Mutuality of Success builds naturally from Focused Purpose Sharing. Such shared success is, or should be, the ultimate end goal of collaborative approaches. Once again, mutual success does not necessarily mean that each stakeholder experiences the *same* success, or the same *amount* of success. Instead, the idea is that all stakeholders in the Open Circle, and who have engaged in Focused Purpose Sharing, should experience outcomes that achieve the purpose, and also benefit their interests in the social change. Once again, note a special emphasis on ensuring that successes are seen as such by the most disenfranchised. It's also worth noting that the emergence of both social ventures and benefit corporations, or "B Corps," is based on making mutuality a priority. That's one reason both organizational forms are such an important trend in the social change landscape today.

For a nonprofit illustration of Mutuality of Success, one can return to the Social Innovation Forum. The entrepreneurial actors in SIF's marketplace include non-

profit leaders, social enterprise founders, donors, executive coaches, and professional service providers (Musinsky and Trieschmann). They all enter the marketplace with Focused Purpose Sharing around scaling effective solutions to specific, complex social problems. They also enter with different metrics of their own success, however. The nonprofit leader wants funding and brand recognition to expand the organization's level of service. The volunteer executive coach wants to help transform the nonprofit leader's skill set. The donor wants an investment that works, and that makes meaning for her with her time and money. When all three are achieved, not only is the focused shared purpose achieved, but each stakeholder also experiences success for himself or herself.

UTEC, a nonprofit in Lowell, MA, embodies Mutuality of Success. Croteau et al. describe the organization and its approach in this volume, in "Social Enterprise for Economic Opportunity at UTEC." UTEC works with youth who have demonstrated risk of becoming "disconnected" or involved in the criminal justice system. UTEC engages the youth in positive life changes, supporting them to achieve their high school equivalency, develop job skills, achieve sustainable long-term employment, and become active in social justice issues. One way UTEC does this is through employing the youth in a number of social enterprises, revenues from which then also help cover UTEC's bottom line.

UTEC pursues a deep commitment to the Cities of Lowell and Lawrence, MA, their families, and their young people. At first blush, one might think that UTEC is a basic "get youth off the streets" program. The organization's vision is more profound than that, however, because it does believe in Mutuality of Success. The vision is one of vibrancy and prosperity for the young people who engage with UTEC, creating young people who believe in themselves and what they can do for their communities.

That vision is pursued with the express belief that transformation for these young people can and ultimately will transform the community as a whole, and vice versa. Steady incomes and lack of recidivism, therefore, are insufficient accomplishments. Those successes might be good for UTEC's funding case, but they don't offer the shared transformation that UTEC, its young people, or its supporters seek. That's why UTEC builds businesses the youth feel a part of, helps them pursue education at the highest level each youth wants, and builds concepts of social activism and community engagement into all aspects of their culture. It's also why, when UTEC needed a bigger headquarters, they added 8000 square feet of space right where they were in downtown Lowell, and turned the existing part of their building into the oldest LEED Platinum-certified building in the USA (UTEC 2016). UTEC youth helped transform the existing space and build the addition, and UTEC expanded its catering business to include Café UTEC on the first floor, offering affordable, healthy, preprepared foods in a part of Lowell known to be a food desert. Each of these investments represented a commitment to Mutuality of Success for UTEC, its young people, the people of Lowell, and the city itself.

These efforts have demonstrated consistently that as the youth become socially and economically stable, the entire community *does* benefit each stakeholder in a different way. UTEC produces more transitional jobs in the community, and gets

revenues for its operations. The community has more workers, taxpayers, and informal community leaders while also achieving reductions in crime, incarceration, and recidivism. Businesses have a strengthened labor force, and customers of the social enterprises—which include catering, woodworking, and mattress recycling—get quality providers who meet their needs, but who also allow them to invest in a social purpose with their consumer dollars. Not every stakeholder experiences success proportionately. As noted earlier, that’s not the goal. But stakeholders do benefit according to their needs, and as UTEC’s success grows, so does theirs.

Public–private sector partnerships enhance the potential for Mutuality of Success by opening stakeholder participation and building purpose sharing into the fundamental design of social impact projects. All three pillars are embedded in the “one-table” model that Living Cities implements in its programs (Hecht). Living Cities is a nonprofit that convenes public and private resources to support cities or municipalities in improving opportunities for their low-income residents. TII, or The Integration Initiative, is a program of Living Cities that offers multiyear financial and planning support to cities prepared to target their specific, and most challenging, social issues. Living Cities has pursued TII through two rounds, investing first in five cities for three years, conducting a robust evaluation, and then seeking to deploy those lessons learned with a second group of cities while continuing to support the first group.

Through that learning, Living Cities has identified four key elements necessary to bring TII efforts to scale in cities. The first of those is “Success must be clearly defined, shared and supported.” They found that pursuing such mutual success challenged the players in a city to ask from the beginning, “What can we do together that we could not do alone?” This question underscores the relationship between Focused Purpose Sharing, Mutuality of Success, and achieving sustainable, systems-level change.

The Smart Cities movement also demonstrates Mutuality of Success. It is a global movement focused predominantly on using technology to improve city efficiency, environmental impact, and effectiveness on behalf of residents in response to rapid urbanization. As Ruthbea Clarke demonstrates in this volume, in “Measuring Success in the Development of Smart and Sustainable Cities,” a Smart Cities approach focuses on a flexible infrastructure of people and processes prepared to identify and leverage new technologies to meet any of a number of city challenges. The ultimate point is to ensure that cities work for all of their residents while improving overall sustainability. Therefore, technology improvements that make, for example, municipal offices more efficient can, when deployed with Focused Purpose Sharing to improve quality of life for low-income residents, also improve access to resources that low-income residents need. For example, San Francisco has driven down the number of people dropped from Supplemental Nutrition Assistance Program (SNAP) benefits by sending enrollees nudges by text to keep them from missing re-enrollment deadlines (Hecht).

In impact investing, a private sector endeavor, the purpose is to make financial investments that drive success in businesses with either an express or a secondary social purpose while ensuring financial returns for investors. It is an investment

practice born specifically of a desire to create Mutuality of Success. Michael Gilligan offers an example from his own investment philosophy as founder of Urban Catalyst impact investing in “Catalyzing Social Impact Investments” in this volume. Gilligan highlights 99Degrees Custom—a custom apparel producer in Lowell, MA, that employs immigrants from the Dominican Republic who bring with them extensive experience in textiles—specifically because the company leveraged the skills that workers from the Dominican diaspora could offer while creating a profitable product. Investors, 99Degrees, and the employees from the Dominican diaspora each achieve success in their own goals while pursuing Focused Purpose Sharing for profitability and viable employment for workers in Lowell.

When thinking about the private sector as a whole, customer expectations have reached a point at which corporations are hard-pressed to achieve business success without some investment in mutual success with and among stakeholders around social impact. Consider the case Jen Anderson and Jessica Abensour make in “Measuring Your Company’s Impact: How to Make the Most of Sustainability Reporting Frameworks” in this volume, regarding the ubiquity of environmental, social, and governance (ESG) reporting. They note that the percentage of the Standard and Poor’s 500 companies publishing regular sustainability reports grew from 20 in 2010 to 75 in 2015. As they explain, “Reporting is evolving because companies’ role in society is evolving ... expectations have shifted so that stakeholders including customers, advocacy groups, community members and government entities, are looking to business to help solve societal problems.”

Steps toward social impact without ensuring true *mutuality* of success are insufficient, however. Whirlpool Corporation learned this lesson in Benton Harbor, a struggling city with high levels of poverty and unemployment. At a key inflection point for the company, Whirlpool made the commitment to keep its corporate headquarters in Benton Harbor, and then invested hundreds of millions of dollars in local economic development, including environmental cleanup and affordable housing (Akinc). It joined a coalition that created a PGA-rated golf course and a luxury residential complex. While these efforts produced tangible economic development results and drew some praise in Benton Harbor, the company also drew criticism from local residents for prioritizing local investments that were not matched with resident needs and priorities. Whirlpool Corporation continues to engage with the residents of Benton Harbor to create a broader sense of mutual success among community members, reflecting the importance of a Persistent Change Perspective (see next pillar) for creating a deeper sense of purpose sharing and mutual success over time.

### **Persistent Change Perspective**

In the field of education, “grit” has become a topic of discussion. Grit is a personality trait often equated with success, and is defined as “perseverance and passion for long-term goals” (Duckworth et al. 2007). A Persistent Change Perspective takes grit. It takes a decision to maintain “perseverance and passion,” and to manage strategies, incentives, and people in support of that perseverance. In the Persistent

Change Perspective, grit is accompanied by an absolute unwillingness to accept the status quo. Not only is that unwillingness an essential source of the passion for social change, but it also ensures that, even while organizations may ask for patience from funders and other stakeholders when change is slow to come, slow change is nevertheless recognized as unacceptable. As such, every stakeholder in an Open Circle must possess the Persistent Change Perspective to achieve sustainable social impact. At the same time, strategies themselves must facilitate persistence and adaptation, in order to be able to address systemic issues both over the appropriate time horizon, and in their changing manifestations.

UTEC's approach demonstrates Persistent Change Perspective at the organization level. As Croteau et al. explain, UTEC's values are core to their approach, and their first value is *Chipping Away*. "UTEC Streetworkers may spend years in conversation with a youth before that young person decides to participate in UTEC programming." Time is of the essence, and Streetworkers hope that a young person will accept their invitation the first time. But they understand that it takes time to build trust and credibility, and so they never give up.

Their social enterprises must facilitate the same. UTEC's mattress recycling business lends itself well to putting the program before the enterprise while meeting the demands of being a competitive business. UTEC figured out how to control for the production interruptions that their as-many-chances-as-it-takes approach to their workforce might produce. Croteau et al. write:

As outlined earlier, youth attendance is inconsistent, so UTEC's workforce for the enterprise is variable. This makes it difficult to project how many pieces the warehouse can cut at a given time. To solve this problem, UTEC Mattress Recycling hired two reliable, part-time workers from outside the program who come in four days per week to cut mattresses and box springs, ensuring that the operation can keep up with the number of pieces coming into the warehouse. These workers also enable youth programming to proceed without interruptions from truck arrivals or other deliveries.

Living Cities provides an example of Persistent Change Perspective through public-private partnership, and at the systems level. Grit has been at the heart of President and CEO Ben Hecht's focus, and he asks in his chapter about the organization's city innovations, "Can it stick?" Rather than wondering, however, or patiently tracking results over time to see if it does, Hecht and Living Cities worked with their stakeholders to launch a City Accelerator initiative to help ensure that city innovation can and does stick over time. The City Accelerator initiative "bakes in" systems-level perseverance strategies through ideas like "create a staff culture of innovation," and "bake innovation into individual departments."

One can return to Bridget Akinc's chapter on Whirlpool Corporation for another private sector example of Persistent Change Perspective. Whirlpool began with their commitment to reinvest in Benton Harbor and its economic viability, rather than relocating their headquarters. This decision triggered the significant financial investment mentioned earlier, as well as a long-term partnership with Habitat for Humanity. Whirlpool's community commitment helped to inspire company-wide innovation efforts, most recently culminating in a rethinking of corporate purpose and brand strategy.



Whirlpool hit bumps along the way that could have either derailed their commitment or incentivized them to do less. But they showed grit. While the verdict is still out on the long-term social impact of the “Every day, care™” brand strategy, Whirlpool demonstrated with its hiring, investments, collaboration, and perseverance that it could grow and change with a community, and that doing so would help the company itself grow and change in profitable ways.

In “Impact Investing at the Base of The Pyramid: Unitus Seed Fund” in this volume, coeditor Mary Cronin describes the impact investing strategies of the Unitus Seed Fund. This fund demonstrates both Mutuality of Success and a Persistent Change Perspective. Indeed, it’s their reason for being. As an impact investor, Unitus wants to alter dramatically the capacity for economic development in India as well as generate positive financial returns for Fund investors. That’s an ambition that certainly requires long-term, persistent strategies. To do so, Unitus Fund partners target enterprises that will increase economic well-being for those at the “base of the pyramid,” or BOP. Unitus partners recognized that there was a “strong and growing supply of quality entrepreneurs in India,” and that investing in those entrepreneurs could prove their belief that “locally initiated entrepreneurial solutions can create a stronger and ultimately more sustainable economic development and improved quality of life” for India’s BOP consumers. Ultimately, their investments help enable an ecosystem of BOP mentors, entrepreneurs, and investors in India, with the potential to alter radically economic participation for a massive percentage of India’s populace.

## Challenges to Achieving Sustainable Social Impact

The Four Common Pillars of Sustainable Social Impact demonstrate a framework of best practices that can help drive lasting, shared social impact. They also require managers to embrace a new level of enterprise responsibility. One can’t simply identify Open Circles or Mutuality of Success as aspirational states, or incorporate them into a core values statement, for example, and then hope for the best. To the contrary, they require focused, sustained commitment and active strategic management. Choosing responsible enterprise means choosing to manage for it over the long haul.

In addition to active *management*, sustainable social impact requires active *managers*. It has to be someone’s job—or the job of several “someones”—to build and steward the processes necessary for achieving the four pillars. Further, those managers must themselves embody the Persistent Change Perspective. Managing continuous implementation of the four pillars requires tenacity, combined with the kind of neutrality that Living Cities recommends with its “backbone function” (Hecht); in order to sustain all collaborators at “one table,” some neutral party must help identify, coordinate, and assign roles, and then be able to support shifts in roles and responsibilities, across multiple players and across time. If neutrality isn’t possible, then managing for social impact at least requires an ability—by position and/or by personality—to be ecumenical about aspirations, processes, and outcomes.

Why such a heavy emphasis on active management and the embodiment of Persistent Change Perspective? Because there are some widely shared challenges



that have emerged as organizations become more ambitious and more inclusive in their efforts. Enterprises interested in producing lasting social impact must confront and navigate these challenges successfully. The three most fundamental are **scaling**, **sustainability**, and **measuring the return on social impact innovations across time and multiple stakeholders**. All three elements require active management in any social change initiative, whether on a municipal or global scale, and whether originating from a public, private, or nonprofit-led initiative.

## *Scaling*

This chapter has noted already that social impact innovations must be capable of scaling along with stakeholder needs and aspirations, including those of the operations itself. This means employing adaptive strategies capable of achieving more than one kind of scale. Social impact scale can happen across at least two dimensions: expansion and depth. Achieving either can be challenging.

### **Expansion**

For some, scaling means the obvious—expansion to new customers, markets, or territories. This is the kind of scale one would see with Unitus Seed Fund and their investment in social enterprise in India, for example, or with global adoption of the Global Reporting Index (GRI).

Scaling social innovations via expansion can raise a number of challenges. What if the social problem manifests differently depending on geography or population? Can you work toward enfranchising disconnected youth the same ways in an urban environment as a rural one, for example? What if government structures differ? Given the differences among municipal funding structures and regulations governing public–private partnerships around the world, for example, the Living Cities TII framework may not adapt easily to other countries.

Using strategies that incorporate the Four Common Pillars from the beginning can help anticipate these challenges and prepare for them. For example, embracing Open Circles means that, from the beginning, the change initiative has been capable of responding to multiple stakeholders and their aspirations at different stages in the life cycle. The management practices among collaborating parties that allowed for that flexibility in one place should allow for it in another as well.

Family Independence Initiative (FII) demonstrates several of the pillars in its work, and embodies how they help FII manage for expansion. Founded in Oakland, CA (MacArthur Fellows Program 2012), in 2001, FII is rooted in the aspirations of its members. Indeed, their entire model is based on incentivizing groups of members to form small communities, set their own goals, and then track their success using computers and a data tracking system built by FII. FII unites these aspirations in a common data platform into which participants all over the country put their results each month, allowing FII to find and represent back to them patterns of suc-

cess, results, and best practices. It also gives FII incredible data to use for public policy advocacy (Stuhldreher and O'Brien 2011).

The model now has demonstration sites in CA, LA, MI, and MA (FII 2016) and shows strong, positive results. In Boston, for example, families in their first two years achieved on average a 181 % increase in savings, while 80 % of their youth improved school attendance and grades (“Success Groups” 2015).

Arguably, FII’s strategy embraces all of the pillars. Individual families become core stakeholders and take on a broad array of roles, from organizers to data reporters and trackers and to mentors for other family groups. Focused Purpose Sharing happens among and between families, family groups, and FII itself. Mutuality of Success is baked into the model, with FII’s success literally being defined as family success, and family groups identifying those success objectives for themselves. Lastly, the model is built for Persistent Change Perspective at several levels. For example, family groups stay together, adapting their goals and aspirations as life changes (Stuhldreher and O'Brien 2011). Further, FII continues to track family data and advocate with it in perpetuity. As long as there’s poverty, FII will use its data to change what affects one’s ability to leave it.

FII started in Oakland, CA, and has expanded to an additional site in California as well as into three other states. Within a given location, families do the recruiting and manage the expansion, employing an Open Circle philosophy that outstrips what FII staff could do alone. FII Boston quadrupled its number of families in its first four years (Giving Common 2012).

Perhaps most interesting in terms of expanding impact, however, their data now allows them to make cases for federal public policy changes that would help not only their families achieve success, but also other families who aspire to the same results that FII families do. FII uses its data to paint a clearer picture of how federal policy affects efforts to leave poverty (Lim Miller 2015) and therefore advocates for changes to sweeping policies such as the Earned Income Tax Credit, and practices such as the way HUD (US Department of Housing and Urban Development) does case management (Stuhldreher and O'Brien 2011).

## Depth

Scale also can mean deeper engagement with an existing business challenge, population, or social problem. Complex, systems-level problems manifest themselves in a variety of ways. Poverty, for example, can affect health, education, urban infrastructure, and public safety, to name a few. Scale can also mean, then, confronting multiple manifestations of a single, systems-level problem within a given community or population over time. Whirlpool pursued this kind of scaling by going deeper and deeper in its economic development work in Benton Harbor (Akinc).

One might argue that scaling through depth particularly manifests the tenacity and systems-change element of Persistent Change Perspective. It’s a strategy that seeks to stick with the problem through all its manifestations, seeking change and more change until the whole system is transformed.

LIFT Communities' approach demonstrates best practices from the Four Common Pillars, and how they allow LIFT to pursue scale through depth. LIFT currently works in four large US cities—Chicago, Los Angeles, New York, and Washington, D.C. Their volunteer advocates support members facing a range of problems resulting from poverty, while those members pursue self-defined goals across personal development, social capital, and financial well-being (LIFT 2016b). Via this approach, LIFT embodies Open Circles by embracing what others might consider a “client” as a “member,” Focused Purpose Sharing by prioritizing that member's goals as LIFT's own, and Mutuality of Success because success for members can translate into success for their families and communities. As LIFT (2016b) explains it:

The Member, not the Advocate, takes the reins. After all, it is the Member's goals that we're tackling and the Member's dreams that we're fulfilling. Advocates are rigorously trained in supporting them to success. By setting their own goals and working to achieve them, Members are better equipped to get a job, a safe home, and an education for themselves and their children. They also build a support network, confidence in what they bring to the table, and the skills to manage tough times in the future.

One way LIFT tracks scale is by tracking the depth of success and change made by its members (LIFT 2016a). Yes, they track growth in their member count (10,200). Their 2014 data report, however, also tracks changes in how frequently members come to LIFT (6 %); increases in progress per person (53 %); and the number of milestones achieved by LIFT members (2500). LIFT's model allows for this scale-by-depth approach because it is rooted in the aspirations of its members. The work can change with the needs and aspirations of this, its most essential stakeholder.

## *Sustainability*

Sustainability is a core issue for social endeavors, as for any other kind. As Persistent Change Perspective suggests, one aspect of sustainability is the sustained commitment and attention span of the stakeholders involved. Two other, more obvious aspects include sustaining results and resources, especially funding.

Increasingly, nonprofit organizations are turning to social enterprises to help improve sustainability. Philanthropic dollars tend to be of shorter term, often close ended—meaning grants cannot be renewed in perpetuity—and often don't cover an organization's general operations. Earned income can help offset these limitations in the nonprofit capital market, as UTEC and Haley House both demonstrate. UTEC, for example, is on track to break even with its mattress recycling business in the next few years despite the fact that it first and foremost achieves a social purpose, with an approach rooted in Mutuality of Success and Focused Purpose Sharing (Croteau et al.). Haley House's Dudley Dough seeks to break even while being able to pay its workers living wages (Broderick).

Arguably, use of the Four Common Pillars helps *create* the conditions for sustainability. A company attractive to impact investors should inherently be one that

embodies Mutuality of Success. That embodiment draws in the capital necessary for growth and long-term survival. Focused Purpose Sharing develops communities of people who share common cause and are ready to pool their resources toward its end. That idea is at the heart of crowdfunding on platforms like Kiva and GoFundMe.

SC2 is a public sector initiative that demonstrates how the best practices manifested in the four pillars can help drive sustainability. SC2 stands for Strong Cities, Strong Communities, launched out of the White House in 2011 as part of President Obama’s economic mobility agenda. The White House describes it as follows (SC2 2014):

The SC2 concept was developed through engagement with mayors, members of Congress, foundations, non-profits and other community partners who are committed to addressing the challenges of local governments. SC2 and its partners are working together to coordinate federal programs and investments to spark economic growth in distressed areas and create stronger cooperation between community organizations, local leadership, and the federal government.

Fundamental to SC2’s approach is coordination across federal government departments, such as Housing and Urban Development (HUD) and the Environmental Protection Agency (EPA). They remove regulatory barriers to collaborative funding, and place support teams of federal staff on the ground in city government to do capacity building in support of local city agendas around economic development and sustainability. By 2014, SC2 was working with 14 US cities, and had harnessed \$368 million in federal money toward shared purposes with these cities (SC2 2014).

Of particular note is the potential of the SC2 approach to sustain local progress in the face of changing resources and leadership. Because federal agencies work with cities to develop and pursue Focused Purpose Sharing, they are able to develop local capacity for success that can outlast any of the current players. Their consultations build not only the strength of city workers, but also improve and help coordinate across city systems themselves. Mutuality of Success ensures that it is in the best interest of the federal agencies to deploy their resources to the cities, and in the best interests of the cities to develop their internal capacity to invest that money toward positive outcomes. While President Obama no longer will be in office in 2017, and no one can say for sure if his successor will continue the SC2 initiative, by then the 14 cities should have built local infrastructure around the problems they wish to address. Career employees of various federal departments already will know how to get around regulatory barriers to cooperation. They will have built work patterns with that adaptation in place. There’s no reason to believe that they will arbitrarily stop using these best practices themselves, or that new work processes will necessarily disappear as people naturally shift roles or leave various departments.

## ***Measuring Impact***

The field of social impact measurement has produced a robust set of concepts and frameworks for “understanding, measuring, and reporting the social, economic and environmental value created by an intervention program, policy or

organization” (Banke-Thomas et al. 2015). Such frameworks are important, delivering not only a way to count outputs and, hopefully, outcomes and impact over time, but also another method for reaching agreement on terms and the definition of success (Clarke).

Any attempt at social impact measurement offers challenges, however. These range from facilitating common definitions of success to creating baseline data across diverse measurement systems, to tying technical results to social change, and to capturing the more difficult to quantify social impact of a given innovation. Measurement frameworks and standards that seek to address these challenges run the risk of being buried under their own weight.

As Ruthbea Clarke notes in her chapter, for example, Smart Cities measurement frameworks facilitate “everyone speaking the same language when discussing complex topics” while allowing cities to “take a baseline of where they are, define where they want to go, and understand the gap between the two.” Clarke offers three measurement frameworks that cities can use to determine whether they are being “smart” and having impact. These include The Maturity Model by the British Standards Institute, ISO 37120 Standard Indicators for City Services and Quality of Life, and IDC’s Smart City MaturityScope. Together, she argues they focus on the “what” and the “how” of Smart City implementation. Clarke feels that they are best used in tandem. Employing these three frameworks can be quite complex, however. Further, each has its own complexities, built in to ensure each framework accounts for the wide variety of cities that might wish to employ smart strategies and then compare themselves to each other. As Clarke notes, the ISO standards alone include 46 core indicators and 54 supporting indicators across 17 themes.

As this example illustrates, differences in culture, industry, and regional contexts may require any standardized measurement framework—whether for Smart Cities strategies or measuring a company’s ESG impact—to be so broad and thorough as to be burdensome. In addition, impact measurement is difficult under any circumstances, especially long-term impact, and especially for nonprofit organizations (Ebrahim and Rangan 2014). Nonprofits aren’t alone in this struggle, however.

In their chapter, Anderson and Abensour note that the GRI is one of several global ESG reporting frameworks available to corporations seeking to measure their social impact. Since 1997, the GRI has produced four versions of the framework, the most recent being G4. Anderson and Abensour suggest that, while the GRI is the most attractive ESG reporting option, it currently lacks “the ability to translate the data that a company reports into an overall expression of the company’s broad social impact.” They note that a 2016 update of the G4 seeks to rectify that problem by requesting new content reporting specifically focused on impact. That the GRI is one of the more recent frameworks in the reporting landscape, however, and still is evolving in trying measure true social impact, is telling.

Similar challenges in measuring social impact in impact investing are leading to a new set of standards there. Recognizing the varied landscape of impact investing measurements being used, and the need to settle on some common definitions and approaches, GIIN created IRIS. IRIS is a “catalog of generally accepted performance metrics used by impact investors to measure and manage their returns on

investments” (GIIN 2016b). GIIN created IRIS because “investors need a common language to describe and compare the social, financial and environmental performance of their investments.” IRIS, in turn, combined forces with Aeris, the rating service for Community Development Financial Institutions (CDFIs), to cluster the metrics CDFIs use most commonly in determining the impact of their own investment performance (GIIN 2016a).

According to IRIS, CDFIs report across the following five categories (GIIN 2016a):

- **Housing** (home ownership, lending, voluntary metrics)
- **Health and Food Access** (food access, health)
- **Environment** (improvement of physical environment, energy efficiency, fossil fuel reduction)
- **Education**
- **Economic Security** (consumer finance, income generation, voluntary metrics)

IRIS offers 37 measures across these five categories, some with multiple types of data tracked. Of the 37, well over half represent output measures—counts of things, such as number of loans disbursed or total number of client individuals. A handful—in Education and Environment—arguably track outcomes, such as amount of water conserved or percentage of students advancing a grade. Even these, however, fail really to get at long-term social impact. This is not to denigrate CDFI attempts—or GIIN’s attempts—to quantify the “impact” in impact investing. Instead, it underscores the challenge, even for a mature industry like CDFI lending, in demonstrating change in social problems that span time and complex systems.

To measure its impact, the Seattle 2030 District first had to establish baseline data that required collecting information across multiple data platforms, and multiple data owners (Wickwire and Combe). They used one tool to track data on building energy performance (ENERGY STAR Portfolio Manager), developed another tool for data on vehicle emissions (Seattle Climate Partnership carbon calculator), and pieced together a third through strategic partnerships between the city and a voluntary organization in order to collect data on water use intensity. While the Seattle 2030 District did it, the complexity is worth noting. Imagine taking that approach to scale across multiple cities, or into other, non-environmental metrics about quality of life within Seattle, as a desire to measure impact for residents ultimately suggests will need to be done. Achieving that kind of data coordination requires creating the myriad conditions for sharing, through thoughtful management of people, partnerships, and processes.

Strategies that employ best practices represented by the Four Common Pillars help create the conditions for sharing data, bridging cultural and practice divides, and capturing changes important to a broader range of stakeholders. In keeping with the adage, “we perform to what we measure,” the next iteration of measurement both to help demonstrate and drive sustainable social impact will be not so much in new metrics of outputs or outcomes, but instead in measures of processes and practices that can (a) expand the impact of social innovations; (b) ensure sustainability; and (c) measure that impact at scale. Kate Ruff and Sara Olsen (2016)

assert in the *Stanford Social Innovation Review*, “The next frontier in social impact measurement isn’t measurement at all.” With respect to Ruff and Olsen, it can be argued that one must find a way to measure even that next frontier. Such measurement will be, however, additive, and will get as much at practice and attitude as at any particular investment in, say, a green technology or a specific community public health outcome.

## **Defining the Long-Term Return on Social Innovation (ROSI)**

*How these changes are translating into improved outcomes for large numbers of low-income residents ... will not be evident for a number of years. This is not a limitation of TII or the evaluation, merely a reflection of the realities of efforts ... that were designed with an understanding of complexity and an ambition around transformative change, not smaller scale programmatic outcomes.*—Mt. Auburn Associates (2014).

*There are two levels of change that we are working on; short-term, incremental changes that are more like a sprint and the systemic change that is more like a marathon.*—Angela Taylor, Network for Economic Opportunity, New Orleans, LA (Hecht)

Persistent Change Perspective requires persistent change measurement. When Living Cities set out to launch The Integration Initiative, they developed a logic model with a 10-year timeframe (Hecht). Anything less would have failed to take into account the complexity of the systems change cities needed to tackle. Therein lies the “marathon” Angela Taylor of New Orleans described in that city’s work with TII to reduce a 52 % unemployment rate among working-age black men. Baltimore had a marathon to run, too, as it worked on jobs and workforce development for its TII initiative. The director of Baltimore’s integration partnership noted, “Making inroads into Baltimore’s deep socio-economic challenges is bigger than the individualized efforts of any one organization or government” (Hecht).

## ***Time Frames for Persistent Change Measurement***

For measuring Return on Social Innovation, or ROSI, it’s about longevity. Across all the various stakeholders, the complexity of the targeted social issue, and the number of systems involved in a particular “systems change,” it’s about conditioning the endeavor to run a marathon, not a sprint. The best practices represented in the Four Common Pillars of Sustainable Social Impact drive ROSI. They push responsible enterprises beyond programmatic-level focus, where one initiative seeks to make short-term, incremental changes on a single problem. They push for the courage to embrace complexity, which, in turn, requires strategies that integrate the four pillars—the courage to collaborate, to open strategies to partners one doesn’t entirely control and whose agendas one doesn’t entirely share, to take risks on endeavors whose returns won’t be measurable quickly or easily, to define success



beyond the threshold of any one organization, and to stay in the thick of it all for time periods well beyond standard reporting cycles.

While it may be difficult to measure long-term impact at the systems level, enterprises can and must improve their ability to measure the processes, attitudes, and practices that sustain complex social change efforts over time, driving them *toward* impact. That’s the next horizon. Responsible enterprises will have to be prepared to sign up for this kind of grit—in the time horizons of their investments, in longevity of their staffing, and by ensuring ongoing commitment even during leadership changes and shifts in the marketplace. They also will have to develop blueprints for social change that map the varied path of outputs and outcomes that in total will create that change, but that represent smaller hash marks along the way. What should we be seeing in year one, and in this location? In year two in another? How do those accumulate to a year five change? Year ten? Then, with that blueprint in place, they must have the intestinal fortitude to perform to those hash marks, even when the endgame is not yet visible to investors or stakeholders.

Measurement approaches seeking to track the emerging best practices represented by the Four Common Pillars of Sustainable Social Impact also must allow for other kinds of variability. Over a 10-year time horizon, for example, results will not be steady. More likely, successes will happen in bursts. Returns won’t be equally distributed across all stakeholder groups, either—nor necessarily should they be. Setbacks, whether in resources, public policy, or even community acceptance of the changes, will halt or even reverse progress at times. Changes in leadership still may cause disruptions in buy-in or participation. While implementing the four pillars will, hopefully, help mitigate these disruptions, they still will happen. Measurement practices will have to account for them, and help drive the will to persevere.

Granted, short-term gains and clear outcomes remain important. They are the price of entry to engage in longer-term social change. If pursued alone, however, the kind of change that enables what Living Cities calls the “new normal” (Hecht), or the Smart Cities movement calls “maturity” (Clarke), won’t take hold. Battle Creek Project 20/20 offered one potent illustration of this point when explaining why the initiative emerged in the first place. After decades of willing local leaders investing resources in the city’s most intractable problems, things didn’t stick as they should have (Champlin and Lanker). The solutions didn’t align with local people’s views of their needs, and the community didn’t sustain buy-in in ways that permanently changed the way the city, its people, and its social capital operated.

### ***Progress Toward Persistent Change Measurement***

A number of global frameworks already have begun to try to capture some of the emerging best practices represented in the pillars, and that drive ROSI. Of the Smart City measurement frameworks, for example, the British Standards Institute’s Maturity Model rates leadership from “Lagging” to “Driven,” depending on the level of leadership fragmentation versus integration. IDC’s Smart City MaturityScope

rates city strategies as more mature if they are “repeatable,” versus ad hoc (Clarke). In global ESG reporting, the GRI approach requires that corporations “ask your stakeholders which economic, environmental, social topics are most important to the company” (Anderson and Abensour), through a Materiality Assessment, which then should guide investment priorities.

The patchwork of these indicators across various frameworks is, however, just that—a patchwork, incomplete and not integrated into a set of measures that would allow enterprises to determine whether their strategies were employing the four pillars effectively and consistently. They also beg the question of “vertical integration.” What is the set of measures that helps determine effective, sustained implementation of the pillars in one or two TII cities, or Smart Cities, or SC2 cities on the one hand, but also in a multinational corporation or a global sustainability initiative on the other? If the Four Common Pillars represent best practices at any scale, then any frameworks for input and process measurement that help drive their implementation also must function at varying scales.

Further, even with the measurement advances that already have been built into some of the best frameworks currently available, it remains difficult to resist the pressure *not* to go “all in,” maintaining instead a sole focus on the enterprise in the shorter term. Anderson and Abensour list five key principles for CSR measurement today in their chapter. Number three is “Focus on what the program can truly impact: Don’t spread the program too thin.” While that advice is not misplaced, ROSI calls for organizations to reach beyond what they can impact alone, and to stretch themselves to a level that might, in the early years, very much look “thin.”

And even as Mark Feldman and Nikki Korn of Cause Consulting declare this to be the Era of Innovation in CSR in their chapter, they caution that pressure to perform to stakeholder expectations “can result in poorly planned and executed activities that are designed to look good rather than to make a measurable difference.” Even the most committed stakeholders become impatient for results. Faith in that required blueprint of changes—even one developed using Open Circles and Focused Purpose Sharing—can be shaken as people get tired, problems persist, or funding challenges emerge, and they always do.

One way to tackle this challenge is to capture the kinds of practice inputs that should remain steady over time, even when results do not. That’s why, for example, UTEC asks its employees in every performance evaluation to demonstrate how they have shown “respectful curiosity” and an ability to see “beyond the mask” with their young people (Croteau et al.). They know that these cultural values determine in part whether their team can sustain the UTEC approach. It’s also why the Seattle 2030 District sets a best practice of recruiting board members that represent the diversity of District members and leaders from “all categories (property, professional, community)” (Wickwire and Combe).

Another is to use the cumulative effect of many, many small changes. At no time in its first, say, five years was FII going to demonstrate that it had built the path out of poverty for the residents of Oakland, CA. Indeed, after more than 15 years, the path ahead undoubtedly still is long and winding for all the communities that have engaged the FII model. Nevertheless, the persistence of individual family and fam-

ily group successes, measured month after month, and year after year, forms a pattern that is directionally correct, that offers enough inspiration to keep all FII's stakeholders going, and that charts enough of the blueprint to maintain faith in the viability of a systems change outcome.

As noted at the start of this chapter, cross-sector participation and investment in social impact initiatives are gaining global momentum. In the process, public and private sector organizations are building much-needed capacity for tackling the world's most challenging social problems. But we are still very early in the process of creating the necessary metrics for assessing the return on broad-based social innovation. This is true both for society at large and for stakeholders in each sector. The development of a valid, widely adopted measurement framework needs to be on the table, even as the work of strengthening and implementing the pillars for cross-sector collaboration continues apace.

## Conclusion

On June 22, 2016, corporate leaders and entrepreneurs gathered for a summit in New York led by the United Nations. The focus was on creating a new era of sustainability. UN Secretary-General, Ban Ki-moon, addressed this 2016 UN Global Compact Leaders Summit. He exhorted participants to pursue an ambitious, truly inclusive agenda.

We need new ways of living that will end the suffering, discrimination and lack of opportunity that define the lives of billions of people around the world, and that drive instability and conflict. The solutions must involve everyone, from world leaders and chief executives, to educators and philanthropists. We must work together—across sectors and industries—in broader and deeper partnerships.

The UN Global Compact is the world's largest corporate sustainability initiative, focused on implementing the UN's 2030 Sustainable Development Goals. At its heart are ten principles, covering subjects ranging from human rights to the environment and to government corruption. The goal of the summit was, according to the UN, "to jump-start business action everywhere on the [Sustainable Development] Goals" (UN 2016).

There was a time when the ambitiousness of this agenda would have appeared ridiculous. Maybe corporate leaders would have attended—and maybe with NGOs standing outside, protesting the practices of those located within—but such attendance would have been to mark a sort of general, broad support for the ideas of a Global Compact, not a serious attempt to achieve them. Such ambition would have seemed impossible.

Today, it's not. The world has come to recognize that our most complex problems can and must be addressed, and that enterprises of all kinds have a role in doing so. Leaders recognize a responsibility to social impact regardless of the form or sector of the institutions they run, as well as the need to define that impact in terms broader than the individual interests of those institutions. Further, sustained

collaboration, while extremely difficult, no longer exists in the world of unicorns and other pipe dreams.

Most promising is the realization that successful examples are not one-offs. They are real, and they can be sustained. Further, they are beginning to demonstrate patterns of practice—a framework for such collaborations—that could apply across endeavors, and allow for standardization of some practices, processes, and cultural norms that improve sustainability and the promise of real impact, beyond outputs and outcomes.

There's a long way to go. Nevertheless, a common path to achieving sustainable returns on social innovation is now visible. 2030 is not as far away as it seemed at the beginning of the millennium.

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