Aleron

Aleron is a non-profit consulting firm dedicated to helping individuals, organisations, and governments to create positive change in society. We deliver our impact through consulting engagements, conducting independent research, fostering collaboration, and developing solutions.

Our services include strategy & planning, organisational effectiveness, impact & performance management, change management, evaluation, talent management, data analytics, and group problem solving.

Aleron seeks to deliver practical insights to the social sector through our independent research and perspectives. Our current research covers three main approaches: social value creation, high-impact altruism, and expanding value.

This research has been self-funded by the Aleron Group.

For more information, please visit our website: www.aleron.org

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At Aleron, we are privileged to work with both front-line delivery organisations and some of those who invest in the social sector. Within these two groups there is a huge amount of diversity, yet there always seems to be a distinct divide between those who give and those who use that gift to deliver. While we are never pressured by our partners to do so, it can sometimes be tempting to choose sides.

For example, when we work with charities and social enterprises, we can see how seemingly unrealistic expectations, lack of adequate support, and demanding requirements can make philanthropists seem like whimsical despots. When we work with foundations and investors, we see how the lack of coherent reporting data and unclear intervention logic can make charities and social enterprises appear both inefficient and ineffective.

While we have seen a genuine desire to be more effective, both individually and collectively, many struggle to find the right strategies and approaches to transform that desire from rhetoric to reality - the pace of change towards increased effectiveness has simply not been fast enough. Too many philanthropists and funders are still giving money without ensuring that their gift delivers positive impact. The amount of information collected to satisfy funders has increased, but those same funders have failed to return the favour by using that information to derive learning that is beneficial to the community. Even as collaboration becomes a buzzword throughout the sector, the reality is that silo-working remains prevalent.

Our motivation in writing this was to build a practical framework that could be used as a guide for those seeking to improve their work. This study is the culmination of our work with philanthropists, funders and investors, as well as countless conversations with leaders across the sector. Our sincere gratitude goes out to the many individuals who have openly shared their visions, activities and plans.

Through the paper, we outline the core principles that should govern the work of any philanthropist or investor who aspires to high-impact altruism - a rather technical sounding way of saying that they will have a clear vision of what they want to achieve (purpose), understand how that purpose fits into a larger context (ecosystem), design an appropriate and efficient model to deliver (response) and embrace learning throughout the journey (performance).

This framework can be used in several ways:
- as a self-evaluation tool for high-impact altruists and a way to identify areas for improvement, whether they are individual donors or large corporate foundations
- as a way for charities and social enterprises to ask more of altruists and engage more effectively
- as a framework for benchmarking and evaluating across the sector

We hope that the insights this report provides on high-impact altruism will encourage many to think critically about their own work and the work of those around them, and we look forward to continuing to support individuals and organisations on this journey.
Principles of high-impact altruism

Accelerating the transformation of the philanthropic sector
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Executive summary

When we began this study, like many others we were captivated by what was new in the sector – social finance, impact measurement, and government funded capacity building. However, what we quickly recognised was that realising the full potential of these innovations requires greater effectiveness across all aspects of the work that funders, donors, and investors do to support social purpose organisations.

After all, funders and investors play a key role in enabling value creators to address and solve social and environmental problems. With the increasingly cash-strapped public sector looking to scale back its own role supporting such initiatives, this position will continue to remain vital.

Unfortunately, the challenges that we face at home and abroad continue to evolve far faster than our ability to cope with them; ‘wicked problems’ and systemic challenges that have evaded concerted attempts to solve them time after time.

Despite these challenges, the spirit and dedication that is found within the sector remains incredibly strong. Through our interviews and research, we saw countless examples of individuals and organisations working harder and longer than ever before to combat issues, with increasingly dwindling resources and increasingly daunting challenges.

However, even with the best will and the greatest effort, this simply will not be enough. What is needed is a new paradigm for working, both individually and collectively, that encourages greater focus on impact, systemic change, and collective action. This has implications for how funders, donors and investors select, fund, and support initiatives, as well as how they structure or align themselves.

Drawing from existing best practice and lessons learned across a wide range of different types of philanthropists, we have identified a set of principles that are coming to define this new paradigm – which we call high-impact altruism.

HIGH-IMPACT ALTRUISM

A high-impact altruist can be almost anyone – an individual donor, an impact investor, or a corporate foundation – bound together by a seemingly simple goal: the desire to support the creation of social value.

What differentiates high-impact altruism is how one adapts ways of working to achieve sustainable results in the most efficient and effective way possible. By employing strategies and operating models that are geared towards maximising social returns, high-impact altruists strive to improve the effectiveness of their own activities as well as their partners, networks, and communities.
Four PRINCIPLES for high-impact altruism

We have identified four key principles that are critical to the successful implementation of high-impact altruism.

1 **HAVING A CLEAR PURPOSE**
   Formulating a clear idea of what one aims to achieve, which guides strategy, decision-making and learning, and also defines accountability.

2 **BUILDING AN UNDERSTANDING OF THE ISSUE**
   Understanding the problems at hand as well as the systems in which they exist, to ensure that responses are targeted, appropriate, and effective.

3 **PROVIDING A PROACTIVE AND SUPPORTIVE RESPONSE**
   Choosing the right operating model, and ensuring that assets are fully leveraged and matched to the needs and demands of beneficiaries and partners.

4 **EMBRACING LEARNING AND DATA-BASED DECISION-MAKING**
   Using data and evidence to evaluate progress, to drive improvement, and to make critical decisions about on-going work.

Throughout this paper, we explore each of these areas in more depth. Our aim is not to create a one-size fits all straight-jacket that must be rigidly implemented by individual donor and corporate foundation alike, but rather to identify a series of fundamental principles that can be evolved and adapted to suit specific needs. After all, elements of high-impact altruism already exist throughout the sector; we believe that if we want to collectively accelerate the pace of social change, the uptake of these best practices needs to be much more rapid.

*In the end, the single most important characteristic of the high-impact altruist is a willingness to constantly improve the way one works in order to maximise the impact that one is able to achieve.*

We hope that this paper can make a small contribution to this process, enabling altruists of all shapes and sizes to seize the incredible opportunities that we have to transform social issues.
Introduction

Why is there a need for change?

No matter what they have been traditionally called – donors, funders, impact investors – these types of altruists have always been a key source of social good. Driven to adapt and innovate in order to address needs unmet by either traditional market forces or government initiatives, they have formed a vital pillar of the social sector.

Since altruistic behaviours have an intrinsically moral element – the willingness to sacrifice some of one’s own goods or resources to benefit others – it can sometimes be taken for granted that all seemingly altruistic activities, such as philanthropy or charity, are good by default. However, motivation alone does not guarantee success, and philanthropic programmes can not only be ineffective in achieving their aims, but can actually cause harm.

In order to address this fundamental issue, altruists need to constantly learn from their activities and improve ways of working. However, even as the challenges that altruists seek to address have mounted, many in the sector have struggled to change ingrained ways of working.

The current environment presents a blend of challenges and opportunities that create a compelling case for change and improvement.

Constantly evolving SOCIAL ISSUES

We are currently witnessing social and environmental crises on many different fronts – from poverty, climate change and education to food security and global conflict. Not only are some of these issues of indeterminate scope and scale, the ‘wicked problems’ we face today are also unpredictable, uncontrollable, highly interdependent and surrounded by conflicting information. With no definitive formulation of the problem, solutions are far from clear.

Long experience has taught us that the complexity of these type of problems means that no single player, no single tool, and not even a single sector can truly hope to solve a problem in isolation. Despite the best of intentions, the efforts of many different sectors and actors have not always resulted in transformational change.

Most social and environmental issues require flexible solutions that are delivered in innovative and individualised ways and supported by a wide variety of players. The growth of person-centred and self-directed services in the UK, for example, acknowledges that a one-size fits all or siloed approach to social issues does not work.
Lingering BARRIERS to change

The sector also has some entrenched structural and cultural challenges that have acted as impediments to change. Power dynamics between donors and recipients often present challenges when trying to embrace new ways of working. Altruists have too often been seen as the purchasers in a buyers’ market, with the power to set policy, agenda, and implementation strategy across a wide swath of work with little external accountability.

Many also still work in isolation. Instead of exploring new and better ways of working together, individual altruists tend to look inwards to revise their own strategies and approaches. This can create missed opportunities and slow the pace of change, as proven best practices can be slow to attract adopters.

There is also a lack of rigorous assessment of impact, on both a social and an organisational level. Learning from effective and ineffective interventions and feeding this information back on what works is a major gap in the sector at the moment. Furthermore, a lack of standard industry benchmarks makes it difficult to evaluate the overall efficiency of altruistic endeavours.

Within the current economic environment, and with the consequences of failure high, the sector’s aversion to risk and maintenance of status quo is not surprising; funding models are often structured to privilege safety and good stewardship over innovation. Unfortunately, too much risk aversion can lead to sub-optimal outcomes. A reported 92% of voluntary sector organisations agree that funders should be more prepared to support innovative projects and organisations.¹

Indeed, a recent drive for innovation has led many altruists to support more innovative, scalable, and transformational projects. Unfortunately, the charities and social enterprises that will ultimately deliver the work have often found it difficult to cope with scaling up and branching out from current provision. This is partially due to a chronic lack of infrastructure funding to build internal capabilities, but also due to cognitive dissonance between funders and the charities and social enterprises they aim to support.

Nowhere is this dissonance as striking as in the debate over funding “core” or “overhead” costs, or in the funding of capacity building. As both charities and social enterprises are chasing programme specific funding while struggling to meet basic operating costs, it is clear that there is a lack of understanding of the total costs of delivering outcomes.

AMBITION in the face of austerity

Government spending cuts and austerity have consumed many column inches in recent years and have raised anxiety about the future of public service delivery. Those in the UK third sector have keenly felt the impact of the cuts – between 2010/11 and 2011/12, social services activities saw a decrease of £361 million, employment and training initiatives decreased by £233 million and environmental activities by £133 million.²

However, the response to austerity has been heartening; many funders have tried to narrow the funding gap even as their own incomes have decreased, especially in the UK. Spending across many non-statutory funding sources – corporates, foundations, social finance – have all increased in the past few years.
In 2012/13 the **TOP 300 FOUNDATIONS** saw a 10% increase in giving on the previous year and high net worth individuals donated £2.4 billion in 2014, a 15% rise from 2013.

**Social investment**, worth £165 million in 2010/11, rose to £202 million in 2012, with demand predicted to reach £1bn by 2016.

Charitable giving from **THE FTSE 100 COMPANIES** alone is reported to have been £2.5bn in 2012, up by £1.2bn since 2007, with average donation increasing at a faster rate than pre-tax profit.

Whilst +£1m **INDIVIDUAL GIVING** started growing after the recession, it took a hit in 2013, dropping to £239.9m.

**Altruism in the UK in Numbers**

Source: **NCVO Civil Society Almanac**

Source: **ACF**

Source: **Cabinet Office, BCG**

Source: **CAF**

Source: **Coutts**
New PLAYERS, new RULES, and new TOOLS

Not only is total level of charitable giving from corporates, social finance institutions, foundations and high-net-worth individuals on the rise, but forms of support are also evolving. The past few decades have seen the rise of a new breed of individuals, organisations, and networks set to transform the way we fund, support, and manage social and environmental initiatives.

One of the most talked about developments is that of social finance. A new way of investing that seeks to generate both financial and social returns, this approach has required a new level of rigour and evidence for many social interventions in order to satisfy the requirements of a new breed of funders.

Additionally, as expectations rise about the level of impact delivered and measured, many have sought to form genuine ties with their grantees. Funders are now more inclined to provide a combination of funding and additional support focused on strengthening the capacities of grantees; in a recent survey, 71% of interviewed funders claimed to support grantees in impact measurement. This is particularly widespread within the social investment sector – as much as 58% of social investment finance intermediaries offer general business and capacity building services.

Technology has also played a major role in changing the marketplace; advances have brought many opportunities for organisations able to capitalise on its ability to improve services, expand reach and increase savings. Funders such as the Nominet Trust and NESTA have focused on the imaginative use of technology to address social challenges. Technology organisations such as Google, have also encouraged the sector to embrace the digital revolution, for example through its Impact Challenge.

Despite the myriad challenges, it is clear that there is still a great deal of appetite and imagination within the sector. However, in order to address challenges and realise the potential of innovation, altruists need to ensure that the way that they operate supports the most effective creation of social value.

Looking at the wide range of best practices across the sector, there are excellent examples of where some core principles are applied. By combining these, we hope to give a holistic picture of the key principles of high-impact altruism, which can serve as a constant source of self-evaluation and reflection for those in the sector who wish to improve the way they work.
Principles of high-impact altruism

At its essence, high-impact altruism is the practice of giving – whether it is time, money, or knowledge – to enable the creation of social value.

The typical altruist tends to occupy a privileged position in the social value ecosystem. For most, a surplus of resources has enabled them to have the power to give without significant harm to themselves.

Newer schools of thought, such as effective altruism, have gone one step further to suggest that proponents limit their own expenses in order to give more, increasing their personal cost but maximising their potential impact.

Whatever philosophy underpins one’s willingness to become an altruist and whatever activities one chooses to engage in, there are good and bad ways to go about it. Seemingly altruistic activities can be ineffective or even potentially harmful. Altruists are as fallible as other humans and are capable of making mistakes or mis-allocating trust. Most importantly, imperfect information can lead to misguided decisions.

Therefore, our central question was to ask how can altruists seek to ensure that their activities not only generate positive impact, but are as effective and efficient as possible?

We have identified four key principles that are critical to the successful implementation of high-impact altruism.

1. **Having a clear purpose**
   Formulating a clear idea of what one aims to achieve, which guides strategy, decision-making and learning, and also defines accountability.

2. **Building an understanding of the issue**
   Understanding the problems at hand as well as the systems in which they exist, to ensure that responses are targeted, appropriate, and effective.

3. **Providing a proactive and supportive response**
   Choosing the right operating model, and ensuring that assets are fully leveraged and matched to the needs and demands of beneficiaries and partners.

4. **Embracing learning and data-based decision-making**
   Using data and evidence to evaluate progress, to drive improvement, and to make critical decisions about on-going work.
These **FOUR KEY PRINCIPLES** outline an iterative journey of continuous learning and adjustment that guides the work of high-impact altruism.

1. **Clear altruistic purpose**
   - Defining altruistic purpose
   - Using purpose to guide strategy & implementation

2. **Understanding the issue**
   - Analysis of the problem
   - Mapping the ecosystem

3. **Proactive and supportive response**
   - Choosing a response model and excelling at it
   - Mobilising individual and collective assets
   - Supporting capacity building

4. **Learning and data-driven decision-making**
   - Promoting smart performance management
   - Learning from and sharing successes and failures
   - Fostering peer-to-peer learning

This is not meant to be a step-by-step process flow, but an iterative journey altruists need to go through and use as a learning tool. These principles should influence everything from high-level strategy to day-to-day decision-making, whether one is an individual donor or a large corporate foundation.

These are not necessarily complex concepts, indeed many may seem like common sense. However, putting these principles into practice in a holistic way can be challenging. Through descriptions and examples, we hope to demonstrate that the potential for altruism to create more social value is only as limited as our own creativity and willingness to change.
Clear altruistic purpose

It is impossible to become a high-impact altruist without a clear sense of purpose.

Most altruists already have a strong sense of moral purpose. However, in order to translate that purpose into an operational reality on the ground, it is important to root this purpose in a concrete articulation of expectations.

A clear altruistic purpose is more than just the willingness to do good, it is a means of channelling that willingness into a focused and specific mission that will guide all altruistic activities. There are two key areas one should consider when considering altruistic purpose:

Defining Altruistic Purpose

A combination of three core components, motivation, commitment, and ambition, clearly articulated and defined.

Using Purpose to Guide Strategy & Implementation

Integration of altruistic purpose into everything the altruist does, from high-level strategies to day-to-day operations.

Defining Altruistic Purpose

As there are so many worthwhile causes to support and so many ways to act, it is often difficult to focus on some at the exclusion of others. However, there are always limited resources to support change and spreading activities too thinly can dilute the impact that one is able to achieve.

Altruism is best seen as an investment – in society, in people, in the environment. As with any investment, it is important to understand how much it will cost, not just in money, but also what one expects in return. The two sides of this equation will help determine one altruistic purpose.

An altruistic purpose can be divided into three core components: Motivation, Commitment, and Ambition.
What is my Motivation for giving?

There are always drivers behind the willingness to give and help and it is vital to be open and honest about underlying motivations. Motivation sets expectations and defines what success looks like for the altruists themselves. It also helps prevent dissonance between what an altruist says and what one does.

A charitable foundation will have at the core of its mission a mandate to contribute to positive social or environmental outcomes, but even these foundations will have been established for many different reasons. Founding individuals and groups can be driven by personal experiences, passions or desires. In many places there are financial incentives for charitable giving, while some cultures have an embedded expectation that those who can give should, and many will conform just to gain social acceptance.

For corporates, there are often multiple layers of motivation that drive altruistic activities – whether it is engaging employees, having an impact on local communities, mitigating profit-centric activities, or even improving the brand of the organisation. These motivations are driven by proven experiences generating positive impact from corporate responsibility activities: 87% of companies who evaluate their CR activities say it has a positive impact on their company’s reputation and 64% notice it has a positive impact on customer engagement.

What is my overall Ambition?

If there is one thing that most altruists have in abundance, it is ambition. Unfortunately, it is very easy to overextend limited resources due to a surplus of ambition. Ambition for an altruist should be defined as the will to create social or environmental change for a specific group (Who?), for a specific reason (Why?), in a specific place (Where?).

While this may seem very simple, it can be challenging for altruists to balance their own sense of ambition with being responsive to the needs and demands of the organisations they fund, the changing ecosystem around them, and the views of the beneficiaries of the work. A high-impact altruist should also ensure that ambition is roughly proportionate with the amount of resource that one has to devote to that cause; very few individual donors have the purchasing power to solve systemic problems such as poverty or social exclusion.

One common way of articulating ambition is through a statement of intended impact and a theory of change. High-impact altruists can use tools such as these for both their partner organisations and themselves.

How much am I willing to Commit?

Even the most dedicated altruists have a finite amount of time, money, and resources that they are willing to dedicate towards the cause. High-impact altruists need to look beyond just giving to understand the different assets that they can leverage. For example, an individual donor may have a great deal of financial resources that he or she can contribute, but be very limited in the time available to support activities. Their giving strategy needs to take this constraint into account.

Expanding the idea of potential altruistic assets beyond money can open up existing possibilities. The London Benchmarking Group reports that although cash still accounts for 67% of its members’ support to the third sector, in-kind contributions account for a good 21%. Amongst the FTSE100, 54% of companies currently provide staff volunteering programs and 14% offer pro bono work while 39% of the 100 FTSE companies organize events to support charities and 23% offer material donations.

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Principles of high-impact altruism
The clarified purpose should be the compass that a high-impact altruist uses as a guide throughout all stages of work, from planning to implementation and review. It can serve as both a starting point and a review tool for assessing the relative merits of various directors or choices.

Altruists can often lack the intense scrutiny and competitive pressures that drive businesses to improve efficiency, and it is critical that trustees, managers, staff, and even individual donors take ownership of the results of their own - whether this is large scale social change or the difference in a single person’s life.

It is also critical that clear accountability for the delivery of the altruistic purpose is embedded into the governance and management structures put in place to support activities. Boards of foundations, for example, need to hold the CEO accountable not only for disbursing money to schedule but also for delivering impact against the established purpose.

The table on the opposite page acts as a guide to some of the key questions you should ask when thinking about each element of altruistic purpose. It is based on our standard framework for moving from strategy to implementation, which is further described in our study ‘Building resilient, high-impact charities.’ Using these questions helps ensure that each activity carried out in the name of the altruist remains closely aligned to the original purpose. They can also be used as a tool to refine and re-interrogate the purpose itself, to improve it and evolve it as needed.
For the Lloyd’s Register Foundation, a change in structure and a period of intense growth within its trading arm have led to a new strategy and new ways of working. To support the foundation’s work, one of the most important processes is intellectual and technological due diligence – getting the perspective of experts to ensure that they are on the right track. The Foundation aims to act as a catalyst for new ideas, and approximately 80% of work is driven by proactively sourcing new ideas and supporting their implementation.

Recently, the Foundation set out to find out whether two new technological innovations – nanotechnology and Big Data - could support its mission to protect the safety of life and property and to advance transport and engineering education and research. The Foundation convened international expert panels on Big Data and asked participants to review all its implications for its strategic areas. Working in partnership with the Royal Society, the panel included government officials and academics.

To create specific projects out of these high-level ideas, the Foundation also brings together networks, mostly through universities, and asks them to work through different proposals. This enables the Foundation to build strong relationships with the experts in the field, but also to foster competition by convening simultaneous networks and asking them all to arrive at independent answers; successful proposals can then be funded as new projects.

As a result of the process, the Foundation recognises the importance of external expertise, but leverages its own networks, financial resources, and time to equip experts in particular areas to create the best possible solutions.

**Key questions for embedding purpose into every aspect of an altruists work**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Motivation</th>
<th>Commitment</th>
<th>Ambition</th>
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<tr>
<td>Does my strategy represent my true motives for giving?</td>
<td>Am I being creative and innovative, yet also realistic about what assets I can bring?</td>
<td>Do I have a clear ambition that I will recognise when it happens?</td>
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</tbody>
</table>

| Value proposition | What unique value can I add to the existing field? | How will my assets supplement and complement the work of others? | Where will my resources have the most impact on my ultimate ambition? |

| Operating Model | What operating model aligns best to my reasons for giving? | What operating model will create the most efficient use of my resources? | What operating model will best deliver the outcomes? |

| Implementation | What does success look like for myself? | Are my assets being used as efficiently and effectively as possible? | Is my work delivering the expected results? If not, how can I improve? |

**Case Study**

**Lloyd’s Register Foundation**

*Refining strategy and leveraging external expertise to design mission-driven solutions that take advantage of cutting edge developments*

For the Lloyd’s Register Foundation, a change in structure and a period of intense growth within its trading arm have led to a new strategy and new ways of working. To support the foundation’s work, one of the most important processes is intellectual and technological due diligence – getting the perspective of experts to ensure that they are on the right track. The Foundation aims to act as a catalyst for new ideas, and approximately 80% of work is driven by proactively sourcing new ideas and supporting their implementation.

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Source: Lloyd’s Register Foundation
Building an understanding of the issue

Without an understanding of the issue, an altruist cannot make vital decisions about where to allocate scarce resources.

Many altruists, especially at the beginning of their journey or when entering new areas of work, will not be experts in the fields they hope to influence. It is also unrealistic to expect that all altruists become experts just to be able to contribute. However, being completely dependent on others to understand and design the best solutions can be both risky and ineffective.

High-impact altruists use their own resources in an appropriate way to build an understanding of the issues they seek to address. Not only can this enrich existing evidence bases and build important links with others in the field, it also forms a strong foundation for making informed decisions about how to carry out altruistic activities.

**Analysis of the problem and its causes**

Gaining enough understanding of the issue and its root causes to be able to direct activities towards the most effective solution.

**Mapping the ecosystem**

Putting the social issue, as well as all of the various agents, into context and understanding gaps and opportunities for improvement.
Although donors like to view themselves as needs-driven, they tend to be influenced by non-needs based criteria when planning activities; criteria such as individual tastes and passions, as well as personal and professional backgrounds, tend to be considered above need. Similarly, traditional corporate social responsibility has been reactive, unfocused, rankings oriented, and PR driven with limited measurement of social impact or benefit to the business.

True high-impact altruists must put the social issue that they are hoping to address at the centre of their own strategies and privilege it above any external factors. They ask themselves a series of questions about the problem at hand and will often perform analysis.

Many sources of information can be used in order to analyse a problem. These could include data sets, soliciting input from potential beneficiaries, using academic research, or finding existing interventions and their evidence base. All high-impact altruists should aim to use accumulated data and knowledge to inform their decisions. This evidence and analysis can be used to inform theories of change as well as evaluation of impact.

Analysis of the problem and its causes

By setting out a few clear research questions, it is possible to sort through these different sources of information and to help identify some of the key characteristics of the social or environmental issue. A set of research questions could begin with:

1. What is the issue that I am trying to solve?
2. What information is already available?
3. What are the negative effects of this issue?
4. What are the root causes of this issue?
5. How expansive is the geographic scope?
6. What are some of the barriers to a solution?

How deep one needs to dive into this analysis is often a function of the amount of resources available and the type of response model one hopes to employ. For example, a foundation seeking to co-design an innovative new service will likely need to conduct a thorough analysis of the evidence, while an individual donor will often be content with readily available material.

Case Study

The Rockefeller Foundation

Dedicating resource to understanding problems and anticipating potential opportunities for targeted interventions on the part of the foundation

The Rockefeller Foundation’s Strategic Research team “identifies, researches, and analyses emergent trends and opportunities, allowing the Foundation to anticipate and take advantage of dynamism for the good of poor and vulnerable people around the world.” The team works with Foundation’s existing network of experts and also builds new ones around particular areas to ensure that decisions are always based on strong evidence and intelligence about the latest thinking in the sector.

Unlike a traditional research team, the team takes advantage of techniques like crowd-sourcing and predictive modelling to develop and predict innovative new approaches. For example, using scenario planning to identify emerging trends in areas such as technology in development to identify areas to best support change. Most importantly, the team solicits the views of the beneficiaries of the work as well as academics, practitioners and policy experts.

Learnings from the strategic research team are not only used internally to drive emergent strategy, they are also shared more widely so that others can benefit.

Source: Rockefeller Foundation

Principles of high-impact altruism
Most social and environmental issues exist in a complex system where multiple actors and external factors, as well as interrelated social issues, affect what happens. High-impact altruists seek to understand the most relevant parts of the ecosystem in which they work.

A thorough mapping exercise to understand the actors operating in the system and the broader environmental factors at play is critical if one expects to change underlying social issues.

The benefits of understanding the ecosystem can include:
- identifying current gaps
- highlighting areas where there are good working models already in place
- helping to target resources and efforts where they will achieve the greatest good
- highlighting the complexity of the issue and the numbers of players
- planning how to mitigate against potential obstacles for change

Understanding the context in which one is working is a critical but often under-appreciated element of high-impact altruism. Taking a step back to analyse the demands of the marketplace or the technological advances, and truly assessing how this might impact the social issue one is trying to address can open new opportunities and mitigate against key risks.16

Sometimes an understanding of the environment can be as simple as a PEST analysis that looks at key political, economic, social, and technological trends. But at other times a more in depth environment scoping needs to happen to truly understand the current and future dynamics of the environment.

**Sample lenses for describing different elements of the ecosystem**

For each component, it is useful to apply different descriptors and lenses that help categorise and typify different elements or actors based on the impact they may have on the beneficiary. Some sample descriptors are included below:

<table>
<thead>
<tr>
<th>Environment</th>
<th>Actors</th>
<th>Methods</th>
</tr>
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<tbody>
<tr>
<td>Politics</td>
<td>Beneficiaries</td>
<td>Strategies</td>
</tr>
<tr>
<td>Economic Markets</td>
<td>Bystanders</td>
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Understanding different **Actors**

The most critical actor within any social issue ecosystem is the beneficiaries themselves, and it is especially important to understand the beneficiaries’ needs. However, it can also be useful to identify other actors as well - such as those who deliver services, those who study social issues, those who control resources.

While it can be useful to categorise and describe different actors, these categories are neither static nor mutually exclusive; indeed, many agents will play multiple roles at any given time. Moreover, understanding the ecosystem can also mean influencing specific actors to adopt different roles - for example transforming bystanders into campaigners is a standard strategy for volunteering programmes.

Additionally, new players can sometimes enter the system with unforeseen benefits. The advent of social finance has certainly shown how the banking and financial sector can play a new role in delivering social value.\(^\text{17}\)

**Identifying existing Methods**

Finally, it is important to understand current and past methods of social action around a particular issue so that learning is not lost over time. High-impact altruists can play a pivotal role in piloting new models or adjusting old ones so that they can be scaled and replicated to improve impact. In order to do so they need to have an understanding of what has already been tried and evaluated.
Not only do high-impact altruists need to consider their own operating model, they also need to support the development of sustainable business models for the organisations they work with.

Structuring giving from a legal and financial perspective has been professionalised over time, for both individuals and organisations. Less attention, however, has been paid to the operating structure that these altruists employ, and to the business models they encourage the organisations they support to develop.

High-impact altruism is incumbent on responding to a problem with the most effective solutions and ensuring that solutions will be sustainable and scalable over time. Therefore high-impact altruists need to consider the following elements:

**CHOOSING A RESPONSE MODEL AND EXCELLENT AT IT**

Although there are many ways for philanthropists to support a cause, we have identified three core models, with key success factors.

**Mobilising individual and collective assets**

With a clear view of what one can commit, there are many ways to better combine and leverage assets so that impact can be multiplied.

**Supporting capacity building**

Ensuring that front-line delivery organisations have the capacity they need to deliver and sustain outcomes is a central part of what the high-impact altruist can offer.

Choosing the right response model is often the most important part of a high-impact altruist’s work. Although there are many ways for philanthropists to support a cause, we have identified three core models. Each model has its own merits and there is little evidence yet if one is better than the other; until a more rigorous performance management has been embedded across the sector, it will continue to be difficult to make an argument in favour of one or the other.

Organisations with multiple social objectives or wider portfolios may adopt different elements of each model in their work, while others will have made a strategic decision to adopt a certain type of model.

In deciding which model to adopt, many understandably begin with an understanding of their own assets – what financial resources, time, knowledge, or connections do I already have that could be useful for this particular project? However, the high-impact altruist combines knowledge of existing assets with a critical reflection on what is most needed to solve the problem and how an individual contribution can best fit into the existing ecosystem.
**Three response models** for high-impact altruism

<table>
<thead>
<tr>
<th>Delegator</th>
<th>Associate</th>
<th>Activist</th>
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<tbody>
<tr>
<td><strong>Definition</strong></td>
<td>Providing broad strategic direction but ceding responsibility for design and delivery to partners.</td>
<td>Working with delivery partners to co-design solutions and share accountability for success.</td>
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<tr>
<td><strong>Success factor</strong></td>
<td>Choosing the right implementation partners and supporting them.</td>
<td>Collaborating with partner organisations and developing internal capabilities.</td>
</tr>
<tr>
<td><strong>Core principles</strong></td>
<td>Having a clear altruistic purpose.</td>
<td>Providing a proactive and supportive response.</td>
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</table>

No matter where an organisation falls on this spectrum, the key principles for high-impact altruism still apply. It is equally possible to be a poor delegator as it is to be a poor activist.
In some areas there is a highly developed infrastructure of expert organisations who already have close ties to the beneficiaries and a good understanding of what needs to be done. In this situation, the delegate model may be the best option. Delegation is especially useful for immediate, short-term needs, responding to crises, or addressing small scale, locally driven issues.

Successful delegation, however needs to be based on an understanding of performance. Using an enhanced due diligence process and a thorough diagnostic of organisational performance enables the delegator to make informed decisions about where support is most needed. The delegate model passes on design authority as well as implementation accountability, for the most part, to partner organisations who will use delegated resources to achieve impact.

The least common but potentially most impactful model is that of the activist. Activists usually seek to act as catalysts for larger transformations and more systemic change, so will seek to drive both the design and delivery process. Activism has become increasingly prominent to address problems that seem to have eluded solutions in the past, or in areas where a dramatic and transformational change is needed and where solutions are not necessarily evident.

Generally, activists will invest in bringing solutions to scale and replicating these solutions in different areas. They take on more responsibility for driving social progress but also tend to have higher expectations about the results that should be generated. It is unsurprising that the activist model is the most resource intensive.

The delegation model used to be the standard model of philanthropic giving. In recent years, however, many have moved more towards a venture philanthropy approach that takes a much more active role; we call this the associate model. Like the delegator, the associate relies on strong partners on the ground but the associate will seek more actively to build the capabilities of partner organisations and to develop new business models as well. Associates seem to be most effective in mid-term solutions and in areas where solutions exist but need catalytic funding or support in order to be scaled.

Associates who aspire to high-impact work very closely with partner organisations to co-design, and in some cases co-deliver, programmes of work. This model shares more of the accountability for the ultimate benefits between the delivery partner and the resource provider.
When a new CEO came on board in 2011, a strategic review prompted the Emirates Foundation to narrow its focus from a widespread delegator model to a focused activist approach that concentrated on youth development within the United Arab Emirates. A year-long research process following the strategic review enabled the foundation to work with stakeholders across a variety of sectors to identify new priorities and also to design new projects. This helped narrow the focus of the foundation so that work is much more targeted towards the needs and demands of beneficiaries.

Operationally, the foundation shifted from a short-term grant-making model to a longer term ‘sustainable business’ approach, with in-house capacity built up to deliver programmes in key strands. The aim of the Foundation is to transform each programme into a self-sustaining model that can be spun-off from the foundation itself; indeed, the process the foundation outlines for all of its project is to ‘Incubate, Pilot, Scale, Spin-off.’ Over time, the foundation has found that some programmes are easier to sustain than others, but it continues to look at innovative funding models. In order to do this, the Foundation engages with a wide variety of partners across the public and private sectors and looks for systemic solutions to the social issues it tackles.

As a part of its transformation, the Foundation also moved from mostly input monitoring to setting concrete targets and measurement plans for outputs and outcomes. The Foundation has been very open about the fact that there is still a great deal of work to be done on impact measurement, but a strong leadership drive to better understand the results of work has meant that the organisation remains committed to continuing on that journey.

Source: Emirates Foundation

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**CASE STUDY**

*Shifting to a long-term enterprise approach, while bringing programmes in-house to pilot, test, and scale sustainable enterprises that deliver proven, tangible impact*

*The Emirates Foundation*

When a new CEO came on board in 2011, a strategic review prompted the Emirates Foundation to narrow its focus from a widespread delegator model to a focused activist approach that concentrated on youth development within the United Arab Emirates. A year-long research process following the strategic review enabled the foundation to work with stakeholders across a variety of sectors to identify new priorities and also to design new projects. This helped narrow the focus of the foundation so that work is much more targeted towards the needs and demands of beneficiaries.

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Source: Emirates Foundation
As we have touched on before, altruistic agents have a lot more to offer than just funding. High-impact altruism is about not only adopting best practices, but also about using a wide variety of tools and approaches that will address the problem in different ways.

While altruists should think creatively about which assets they can use, they should also think about how they should best use these resources. Strategically directing limited assets can often have a multiplier effect on the amount of impact one is able to generate.

Some of the ways that altruists are able to augment their own impact is to pool resources, to align strategies with others, or to take risks and innovate where others cannot or will not.

Mobilising Individual and Collective Assets

Innovation

Testing and piloting new ideas is often seen as an integral part of the philanthropic sectors value proposition. Free from both public sector constraints and private sector profit drive, many altruists have more flexibility to direct resources. While altruists still have a moral and sometimes fiduciary duty to minimise risk, the sector cannot be too timid in embracing and piloting new work. Not only can this have impact if the implementation is successful, the potential to scale ideas can be a huge multiplier of impact.

For example, the Lloyd’s Register Foundation has invested in researching and developing how cutting edge developments and technologies - such as Big Data and nanotechnology - will transform the field of safety. The Foundation for Social Change, highlighted in the case study, has also embraced both innovation and collaboration in building their suite of mobile and classroom based learning to empower young women and girls. These services are delivered in partnership with private companies such as Nokia and SAP.

Altruists can also act as incubators for high-potential new ideas, providing start-up capital, business support, peer-learning and business premises. One example in the UK is the Impact Incubator, which is managed by Social Finance UK with funding from City Bridge Trust, Esmée Fairbairn Foundation and Tudor Trust. This incubator aims to leverage existing expertise to develop and test new business models that can help encourage radical change in specific areas of social needs.

Collaboration

Pooling or aligning assets towards common goals and collaborating with other agents within the ecosystem can multiply the amount of impact that a single agent can achieve. This could also mean working to unlock community assets. As an example, building strategic networks of funders can not only increase the size and reach of altruistic work, it can also act as a magnet for additional participants.

The social investment market is a good example of collaboration between the private, public and social sector. Charitable foundations and private investors have provided capital, while government has provided a payment by results vehicle to deliver evidence based practices. This has not only led to financial and social returns for investors, but has also given social purpose organisations the capital they need to deliver high-impact pieces of work.
**SHARING LEARNING**

Altruists often have a unique vantage point within the sector, as well as access to a great deal of information. There are currently many missed opportunities where funders collect a huge amount of information but they neither analyse the data nor share potentially useful learnings.

Some good examples of sharing learning come from the Social Business Trust, who have created learning networks, or Impetus-PEF, who have worked to influence the capacity building agenda in the UK and internationally.

**INFLUENCING AND THOUGHT LEADERSHIP**

One of the most powerful ways of leveraging one’s own social capital is through thought leadership. The most obvious example is Bill and Melinda Gates and Warren Buffet’s Giving Pledge, which has encouraged almost 100 billionaires across the world to publicly commit to giving at least half of their wealth to charity.

High-impact altruists often have a wealth of networks, reputation capital, and influence with a variety of audiences both within and without the social value creation sphere. By seeking to carry over agendas from their altruistic work, they can extend their own impact and hopefully create even more empowered agents to work on their change agenda.
The Foundation for Social Change is a New York based non-profit organisation that works to empower women and girls around the world. Recognising the need to leverage the power of business to support social initiatives, the Foundation seeks to build networks and partnerships that not only deliver social and financial results but also sustainable business models.

One of the foundation’s initiatives is Leadership Council 100, a global association of individuals and organisations who support the Foundation’s mission by investing in eLife, an educational programme. eLife teaches women and girls life skills, including language and literacy, communication, business, entrepreneurship, health and hygiene, personal finance and technology. Through facilitating strategic and concrete public-private partnerships and private-private partnerships, the initiative is able to drive social change and generate bottom line results in a scalable and cost-efficient way. The skills and expertise of the private sector were leveraged to develop tablet applications and mobile apps for teachers and students to ensure programme continuity throughout and beyond partner engagement.

The Foundation also holds a series of round-tables, Partnerships in Action, for Leadership Council 100 members to share learnings from programmes in the field that help advance women through mobile technology. Attended by organisations across sectors, Partnerships in Action encourages cross-sector innovation and collaboration as well as stimulates learnings on how commercial goals and social objectives intersect.

Source: The Foundation for Social Change
The third sector is witnessing a long-term trend from funders who prefer directly funding projects or services, rather than providing unrestricted funding. In addition, when providing restricted funding, many funders specify that it can only be spent on the direct costs associated with particular projects and services, rather than making any contribution to overhead costs.

One of the key lessons learned from the Investment Contract Readiness Fund is that organisations need to be encouraged to invest internally. Similarly, a recent report demonstrated that there is a chronic underinvestment in monitoring and evaluation, beginning with strategy and business planning capabilities and extending all the way to data collection and analysis.

High-impact altruists take a proactive approach to building capacity within their partner organisations. One of the greatest risks to altruism without capacity building is that social impact is not sustainable, predictable and scalable because organisations did not build the required capabilities and remain too vulnerable to grant funding.

Capacity building enables organisations to do more with the money they receive; through it, organisations build the skills, knowledge, capacity to innovate and the infrastructure required to be more effective and efficient. This creates the ability to deliver more predictable, scalable, and sustainable social and environmental impact.

The most important principle when providing capacity building, however, is to provide needs based support that is based on a thorough diagnostic of what is lacking. The figure on the next page summarises the key capacities that charities or social enterprises need in order to become more resilient and impactful. This highlights the importance of having the structure, skills, and processes to operate more efficiently and effectively.
In 2013, Aleron published a white paper on ‘Building Resilient, High-Impact Charities.’

The key question we posed was: **How can charities improve social impact, become more resilient, and maintain sustainability in good times and bad?**

We found that the solution lies in charities ensuring that they have all of the building blocks in place, that they are responsive to sector specific challenges, and that they embrace impact measurement. We believe that impact measurement is the key to unlocking more effective performance improvement, and ultimately improved outcomes for beneficiaries. Whilst charities face clear difficulties in taking the necessary steps to embrace impact measurement, they need to act now or risk being left behind.

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### Framework for high-performing social purpose organisations

*(Excerpted from the Aleron Study on Building Resilient, High-Impact Charities)*

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<tr>
<th>Laying the foundations</th>
<th>Performing as a charity</th>
<th>Measuring to improve</th>
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<tr>
<td><strong>Strategy</strong>&lt;br&gt;Good practice applicable across all sectors</td>
<td><strong>Theory of change</strong>&lt;br&gt;Good practice specific to charities</td>
<td><strong>Clarity of purpose</strong>&lt;br&gt;Using impact measurement and analysis to improve performance</td>
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<tr>
<td>• Effective strategic plans</td>
<td>• Financial sustainability</td>
<td>• Selecting methods and measures</td>
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<tr>
<td>• Innovation</td>
<td>• Role of board and trustees</td>
<td><strong>Data collection and analysis</strong></td>
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<th>Organisational building blocks</th>
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<td><strong>Strategy</strong>&lt;br&gt;What does the organisation seek to achieve and how will it do so?</td>
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<td><strong>Operating model</strong>&lt;br&gt;What are the required organisational capabilities to deliver the strategy?</td>
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<td><strong>Delivery of change</strong>&lt;br&gt;How is change delivered efficiently and effectively?</td>
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<td>• Staff skills and culture</td>
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<td>• Change management</td>
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| • Change management | }
Assuming that high-impact altruists are thoroughly motivated and engaged in giving capacity, there are several ways to support it.  

**ENABLE**, by providing funding for partner organisations to use to build their own capacity.

**PROVIDE**, by building internal capacity to better support capacity building within partner organisations.

**PURCHASE**, by directly buying external support to develop partners’ capacities.

**BUILD** infrastructure, by investing in umbrella bodies or capacity building providers who can then work independently to support the sector.

While all of these are valid options, high-impact altruists need to adopt a targeted and needs based approach to capacity building that will be fit for the partner organisations that they work with. Good capacity building needs to be tailored to the individual needs of the organisation. Using a standard assessment or diagnosis to find specific areas of weakness can be one key way to ensure that capacity building is done in a targeted and effective way.

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**Case Study**

**Impetus-The Private Equity Foundation (Impetus-PEF)**

Impetus – The Private Equity Foundation (Impetus-PEF) provides a package of support for charities and social enterprises that have strong potential to help young people from disadvantaged backgrounds to gain an education and hold a job. Key to their approach is their focus on and accountability for outcomes and performance management to achieve those outcomes, as well as developing a partnership approach with their grantees. Their support, both financial and non-financial, is aimed at enabling social purpose organisations to improve, sustain, and scale up the outcomes they produce.

This approach enables Impetus-PEF to work with organisations in depth over a number of years combining three elements: management support, pro-bono expertise, and strategic funding. When an organisation is successful in gaining support, Impetus-PEF’s ‘Driving Impact’ programme begins with strategy and should culminate with the organisation capable of reliably producing meaningful outcomes for its target population. All grantees are supported to develop their own theory of change through facilitated workshops and external support, so that the management team understands who they can help, which outcomes they will achieve for them, the programme design which will lead to these outcomes, and the ways the programme will be managed to ensure every young person benefits. Implementation of this strategy builds a strong base for evaluation, including Randomised Control Trials. Impetus-PEF have also identified specific criteria of successful organisations, which they seek to build in the organisations that they support.

Impetus-PEF also uses its own position as a funder and partner to influence policy and decision-making, especially around priority areas such as NEETS. As members of the UK National Advisory Board to the Social Impact Investment Taskforce, they have contributed to the debate on social investment and impact measurement. Additionally, they have published independent research on the importance of building outcome producing capabilities in social purpose organisations who can scale interventions and take on innovative forms of social finance.

Source: Impetus-PEF
Whether working with charities, social enterprises, or for-profit businesses to deliver social value, high-impact altruists need to be mindful of current gaps and future needs. It is all too common for altruists to provide short-term injections of finance but fail to understand the needs of the organisations that they support.

Taking the time to understand the organisations one is working with, but also the general capacity demands that social purpose organisations need over time can help altruists make smarter decisions about how to allocate funding and how to channel resources to increase the impact.

CASE STUDY

Social Business Trust

Social Business Trust was established in December 2010 by Damon Buffini, former head of the private equity company Permira, and social entrepreneur Adele Blakebrough MBE. SBT has gathered seven partners from the private sector (Bain & Company, British Gas, Clifford Chance, Credit Suisse, Ernst & Young, Permira and Thomson Reuters) to provide capacity building to social enterprises in the form of grants and professional support. Through their partners’ commercial and industrial talent, and access to growth capital, SBT is able to build long-term capacity in the social enterprises they support through knowledge and experience transfer, funding new resources or buying in expertise currently unavailable.

They currently support 12 social enterprises who want grow and scale up their operations but have so far been unable to do so because of operational and/or financial constraints. The nature of the support is based on an assessment of the obstacles to growth and the available skills and support from their partners. SBT manages the investment and relationship between the social enterprise and partner organisations. Their objective is to help social enterprises generate income, and become less dependent on grants, which they do by helping them acquire the necessary skills internally to sustainably and responsibly grow.

One of the social enterprises they work with, Fashion Enter, has so far been provided support in the form of strategic planning and governance, cash flow modelling and management, as well as providing funds to recruit a business consultant specialising in finance and operational efficiency. With SBT’s help, Fashion Enter has managed to double the number of apprenticeships in the last year and more importantly, build long term capacity.

SBT also encourages collaboration across sectors. Most recently, employers, youth training providers, businesses and educationalists were brought together in London to discuss how best the potential of young people could be unlocked and how current opportunities could be capitalised. The conference did not just foster cross-sector relationships but it also left organisations excited about developing new and innovative solutions to the issue.

Not only have Social Business Trust partners seen improvements in the organisations they support, there are also positive business impacts for the partners themselves. Employees get to support worthwhile causes and have an enriching experience, and the businesses are able to actively support their employees of the future.

Source: Social Business Trust
The challenges in measuring impact and outcomes have been articulated ad nauseam across the sector. However, it is too easy to use lack of precision as an excuse for a lack of rigour. There are very few perfect measurements of impact, but they will never be perfected if we refuse to adopt a more data-driven approach and test existing metrics.

Performance management across the sector needs to be more rigorous, more realistic, and more open. Even the ubiquitous case study has become more a story of success rather than a representation of reality and the challenges that were faced or the adaptations that were made.

There needs to be a distinction between what the altruist needs to measure one’s own performance versus what is useful for partners to measure. There are countless of examples of organisations who have overly complex frameworks that confuse the two and overburden partners.

The types of measurements that one chooses also need to be aligned to the response model chosen. Activists need more data and insight to guide their performance management, while delegators must balance an understanding of their own performance with the scale and additionality of their investment. Another challenge for altruists is how to aggregate their impact across initiatives. The Shell Foundation has addressed this challenge by focusing on one

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**Smart Performance Management**

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**High-impact altruists use all the evidence and information available to make informed decisions and encourage continuous improvement.**

Embracing a learning approach for high-impact altruists themselves, as well as the many partners they might work with, can often be seen as threatening and destabilising for those who have ingrained ways of working. However, only through continuous improvement can we move from pure mitigation of problems to sustainable solutions.

This means not only embracing data and information management, but also being more open and honest about successes and failures.

### Embracing Smart Performance Measurement

Performance management across the sector needs to be more rigorous, more realistic, and more open.

### Sharing Learning from Successes and Failures

Being open and honest about successes and about failures distinguishes a high-impact altruist.

### Facilitating Peer-to-Peer Learning

Altruists can help facilitate peer-to-peer learning by fostering relationships between similar or related initiatives and by building networks that create touchpoints for sharing information.
metric to assess performance - the number of jobs created and sustained by partners.

High-impact altruists have the ability to play an important facilitation role. By providing resources to collect and analyse information, high-impact altruists help build internal capabilities to better measure and manage performance, and also create a culture of using data to improve. For example, Comic Relief works with potential grantees from the application stage to understand what resources and capabilities they will need to properly measure and evaluate their work. This involves challenging grantees to think more deeply about issues and educating them about what good performance management looks like.

In order to best support quality performance management in partners, altruists should:

Be PROPORTIONATE when setting reporting requirements

As highlighted earlier, the response model should inform the measurement required, as well as the size of the project and the amount and type of support given. Performance management always needs to be embedded into a larger strategic framework. Without a clear link to strategy and objectives, it is easy for performance management to become a burdensome extra.

Proportionality is also about balancing the requirements of the partner organisations, the altruists themselves, and the wider sector. For example, the measurements that will be most relevant for partner organisations will be those that help improve daily operations, while the altruist may be more interested in comparing and benchmarking different initiatives. From a wider market perspective, advancing the evidence base and understanding collective impact is critical.

Altruists need to work collaboratively with other actors to balance these often competing needs and find a solution that brings value at each level. The Cynthia and George Mitchell Foundation in the United States have open discussions with their partners to ensure that measurements are proportionate and manageable.

Be REALISTIC about how much it costs

A recent report produced by Bond highlighted the fact that monitoring and evaluation comes with a cost attached, which needs to be funded. Good data does not design, collect, cleanse, and analyse itself. If high-impact altruists are serious about integrating performance management in improving the work of their partners they need to be willing to support the costs of this work in terms of time, capability building, and systems investment.27

As one of the managers we interviewed said, the common myth that monitoring and evaluation should only be 5% of the total programme budget needs to be shattered. Depending on programme needs, the cost could be as high as 15-20%.

Principles of high-impact altruism

Aleron
Be willing to invest in **Building Capabilities**

High-impact altruists work to build performance management capabilities across the sector, in themselves, partner organisations, governments, and networks; for example, Children’s Investment Fund Foundation (CIFF) not only looks at its own monitoring data, it supports governments to better collect, store, and analyse their own data.

To manage performance well, there are core capabilities, processes, and systems required. Many partner organisations will require support to develop the expertise and experience to proactively manage performance. Additionally, changing the culture of an organisation to integrate better performance management often requires significant investment of time and energy. Smart performance management is also not a one-off change programme, but a continuous improvement process that needs to build on incoming learning and keep pace with developments.

Performance management in the sector should already capitalise on many developments and innovations. Integrating data from different areas of the operation - from impact to finance and HR - yields powerful insights, while analytics and data visualisation can translate complex findings into simple, usable insights.

Additionally, digital and technological advances have created entirely new platforms to engage both internally and externally. High-impact altruists need to keep abreast of these developments and support partners to understand how they can best leverage them to support social and environmental missions.

**CASE STUDY**

*The Children’s Investment Fund Foundation*

The Children’s Investment Fund Foundation (CIFF) is an independent philanthropic organisation, headquartered in London with offices in Nairobi and New Delhi. It works to transform the lives of poor and vulnerable children in developing countries. Areas of work include children and mothers’ health and nutrition, children’s education and welfare, and smart ways to slow down climate change. CIFF-funded programmes place significant emphasis on quality data and evidence. Through data, the foundation hopes to achieve transformational change to development approaches that will dramatically improve child survival and health, learning gains, nutritional outcomes and a substantial reduction on carbon emissions.

Data is used internally to make investment decisions, to support mid-course corrections, and also to assess success and failure. They focus on areas where data reveals opportunities to dramatically improve large numbers of children’s lives. Every grant administered is treated as an investment, and as a result they look for a high level of measurable social return. As Michael Anderson, the Chief Executive Officer wrote in his 2014 annual review – “Without measurement, we are guessing. Without quality evidence we will not understand what works and what doesn’t”.

CIFF extends this ethos to its conversations with governments and partner organisations. Most recently, the foundation worked with the government of Kenya on a large scale deworming project that resulted in a 68% reduction in the prevalence of worms in Kenya. Not only did CIFF support the deworming programme, the foundation also invested in building reliable data sets that would help identify the impact of work done. The new data sets on deworming in Kenya was an important policy contribution, as it was able to shed light on an important issue affecting over five million school children nationally.

*Source: Children’s Investment Fund Foundation*
Being open and honest about successes and failures distinguishes the high-impact altruist. In the face of complex and constantly evolving issues, no strategy, approach or intervention will guarantee success. In the venture capital world, a recent study by Shikhar Ghosh, a senior lecturer at Harvard Business School, has shown that as many as 3 out of 4 ventures do not return investor’s capital.\(^2\)

High-impact altruists need to adopt a similar attitude towards their own initiatives. While all ventures might have worthwhile intentions, it is unrealistic to imagine that they will be successful because of good intentions alone. However, using these experiences to learn and continuously improve work will help altruists understand which proposals to embed, which to scrap, and which to refine.

It is difficult to accurately assess success and failure without smart performance management. As illustrated in the case study on the next page, when the Shell Foundation began measuring and evaluating their work, they discovered gaps and inefficiencies in their model. The lack of sector-wide benchmarks for impact and efficiency is a severe stumbling block that can only be overcome through openly sharing information gathered and lessons learned.

Some of the benefits of sharing success and failure are:

1. **Identifying successful and unsuccessful strategies**

   Sharing information about how practices have resulted in success and failure will not only shape future strategies, it will help others to think critically about their own performance and adopt proven models.

   Building up a track record of successful initiatives also helps to attract a more diverse funding base. This is especially important given the increased role of social investors and public-private partnerships.
Creating benchmarks and comparators

Being able to comparatively assess performance accelerates the pace of change. There are a number of initiatives to provide standard benchmarks, including work done by the Cabinet Office to look at unit costs across public services. However, projects such as the International Aid Transparency Initiative (IATI) have demonstrated the difficulty in producing reliable and comprehensive benchmarking in the international development sector.

Increasing transparency and accountability

Transparency and openness about how resources are allocated, and what results have been delivered, creates a greater sense of accountability for high-impact altruists. It is always a risk that altruists become too removed from their ultimate beneficiaries, and sharing results helps them to hold themselves accountable to the people and groups they aim to support.

Case Study

The Shell Foundation

The Shell Foundation was established in 2000, with an ambitious goal to catalyse scalable and sustainable solutions to development challenges using an enterprise approach. However between 2000 and 2002, 80% of the initiatives they supported failed to achieve either scale or sustainability. In a seminal review in 2010, the foundation reported that short-term project-based support to non-profit organisations failed to achieve impact, in large part due to poor execution capabilities and an inability to offer market based solutions that either benefited poorer customers or provided the basis for long term sustainability.

Learning from the failure of this traditional philanthropic approach, the foundation changed its strategy and shared its lessons learned on how to catalyse scalable and sustainable social solutions. The Foundation strategy is now based on:

- Co-creating social enterprises with an aligned vision to achieve scale and sustainability;
- Providing hands-on “more than money” support to these partners to help develop viable business plans and the competence to execute these;
- Setting clear targets from the outset for achieving both social impact and financial viability, and regularly verifying progress against these targets;
- Making available unrestricted grant funding to enable partners to recruit the best talent and put in place efficient operating systems;
- Defining clear exit strategies, based on helping partners leverage the investment they need from others to achieve scale and sustainability.

This change in approach not only transformed the approach of Shell Foundation to working with partners, but also their own internal resourcing strategy and operating model. Becoming much more proactive and responsive meant developing better understanding of existing markets, becoming better at choosing strategic partners, and recruiting staff with broad business skills who are best placed to assist social enterprises. In parallel the Foundation set targets against which its own performance could be measured, which provided both greater transparency as well as enhancing internal knowledge and learning. The Shell Foundation stands out as one of the very few foundations or charities to have self-reported on their own performance, and to have reported the limited impact of traditional philanthropic approaches.

Source: Shell Foundation
Fostering Peer-to-Peer Learning

Fragmentation and silo-working is endemic in the sector. Collaboration, joint working, and peer-to-peer working is usually done on a case-by-case basis. Umbrella bodies have traditionally played a role in bringing together groups - however, there is still much that could be done to facilitate greater learning amongst peers.

Altruists can help facilitate peer-to-peer learning by fostering relationships between similar or related initiatives within their own portfolio.

There is definitely an appetite for more of this type of learning. Social Business Trust (SBT) recently surveyed the organisations they work with to find out which types of additional support they would value most. One of the most frequent requests was for SBT to facilitate more opportunities for peer-to-peer learning.

An initiative of the Rockefeller Foundation, the Joint Learning Network for Universal Health Coverage aims to make evidence and emerging news more readily available to people at all levels of the fight for UHC. The network encompasses a wide variety of stakeholders who all share a common goal.

The JLN “Learning laboratory” aims to help practitioners and policymakers to share information and knowledge about how they have overcome common challenges within the sector. Virtual dialogues, multilateral workshops and knowledge sharing activities has helped develop new tools and bring esoteric frameworks down to the practical details that those on the ground need to accomplish incremental change in their daily work.31
HOW TO APPLY THE PRINCIPLES?

Applying these principles means integrating them into every aspect of an altruist’s journey, from strategy to implementation and evaluation. Whether the altruist is an individual with a small amount of money to give, or a large corporate foundation with millions at its disposal, it is worth ensuring that all of the key principles are applied in an appropriate and proportionate way.

As a quick sense check and assessment tool, we have included a short diagnostic for some of the most common problems that high-impact altruists might face. For each cause, we have indicated in which area some of the root causes may lie and what some of the tools one might use to mitigate this.

We have also provided a high-level summary that articulates some of the best practices for each of the three core response models.

Using these tools to start honest conversations about performance, ambition, and actions can be transformational for both the effectiveness and efficiency of operations, as well as the ultimate impact that one can deliver.
# Identifying areas of opportunity

## Root causes

<table>
<thead>
<tr>
<th>Symptoms</th>
<th>Unclear or undefined altruistic purpose</th>
<th>Lack of understanding of the issue and ecosystem</th>
<th>Inappropriate or inefficient response model</th>
<th>Lack of smart performance management and learning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy lacks clarity and focus</td>
<td>✗</td>
<td>✗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of clarity about intended impact</td>
<td>✗</td>
<td>✗</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of internal accountability for change and improvement</td>
<td>✗</td>
<td></td>
<td>✗</td>
<td></td>
</tr>
<tr>
<td>Wide variety of siloed activities</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Inability to adapt and adjust to changing needs</td>
<td></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Inability to make mid-course corrections based on measurements</td>
<td></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Lack of innovation and risk-taking</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Inability to scale up or replicate programmes or projects</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Unclear impact from work and investment</td>
<td></td>
<td></td>
<td></td>
<td>✗</td>
</tr>
<tr>
<td>Partner unable to deliver sustainable outcomes</td>
<td></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Internal dissatisfaction with overall results</td>
<td></td>
<td>✗</td>
<td>✗</td>
<td>✗</td>
</tr>
<tr>
<td>Partner dissatisfaction with support</td>
<td></td>
<td></td>
<td></td>
<td>✗</td>
</tr>
</tbody>
</table>

## Potential tools to address root causes

- **Strategy/implementation plan**
- **Strategic giving plan**
- **Theory of Change**
- **Strategic review**
- **Needs analysis**
- **Ecosystem mapping**
- **Value proposition**
- **Collaboration plan**
- **Partner due diligence**
- **Operating model review**
- **Co-design approach**
- **Innovation pipeline**
- **Capacity building diagnostic and plan**
- **Performance management framework**
- **IT and data diagnostic**
- **Evaluation plan**
- **Stakeholder feedback**
- **Communication plan**
- **Peer learning**
## In summary

### Altruistic response models

<table>
<thead>
<tr>
<th>Delegator</th>
<th>Associate</th>
<th>Activist</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Defining altruistic purpose</strong></td>
<td>A clear articulation of motivation, commitment and ambition</td>
<td>Purpose integrated into overall strategy, implementation, and evaluation.</td>
</tr>
<tr>
<td><strong>Using purpose to guide strategy &amp; implementation</strong></td>
<td>Define framework to choose partners</td>
<td>Co-design programmes with selected partners</td>
</tr>
<tr>
<td><strong>Analysis of the problem</strong></td>
<td>Develop high-level understanding the fundamentals of the problem</td>
<td>Commission or conduct research on the problem and its causes</td>
</tr>
<tr>
<td><strong>Mapping the ecosystem</strong></td>
<td>Dedicate resources to understanding the environment and players</td>
<td>Identifying well-placed partners</td>
</tr>
<tr>
<td><strong>Choosing a response model and excelling at it</strong></td>
<td>Appropriate model chosen based on internal and external constraints and ambitions</td>
<td>Select the delivery organisations to support</td>
</tr>
<tr>
<td><strong>Mobilising individual and collective assets</strong></td>
<td>Invest in innovation and new solutions</td>
<td>Invest in collaborative or thought-development</td>
</tr>
<tr>
<td><strong>Supporting capacity building</strong></td>
<td>Develop capacity within partner organisations</td>
<td></td>
</tr>
<tr>
<td><strong>Promoting smart performance management</strong></td>
<td>Support partners to measure and monitor</td>
<td>Simple measurements to monitor own performance</td>
</tr>
<tr>
<td><strong>Learning from and sharing successes and failures</strong></td>
<td>Use insights from performance management to inform industry benchmarks and standards</td>
<td>Share learning about best practices and failures with others in the sector</td>
</tr>
<tr>
<td><strong>Fostering peer-to-peer learning</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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**Principles of high-impact altruism**

- Aleron
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19. Case Study courtesy of the Foundation for Social Change
25. Case Study courtesy of Impetus-PEF
26. Case Study courtesy of Social Business Trust
28. Case Study courtesy of the Children’s Investment Fund Foundation
30. Case Study courtesy of the Shell Foundation

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JP Morgan
Lloyd’s Register Foundation
Safra Foundation
Social Business Trust
The Big Lottery Fund
The Cabinet Office
The Cynthia and George Mitchell Foundation
The Emirates Foundation
The Foundation for Social Change
The Gatsby Foundation
The Henry Smith Charity
The Prince’s Trust
The Rosemarie Nathanson Charitable Trust
The Shell Foundation
UBS
United Nations

Principles of high-impact altruism
Feedback, comments, questions?

We would love to hear from you. Please get in touch, visit our website at www.aleron.org, or follow us at twitter.com/AleronOrg.

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Recent work

Building resilient, high-impact charities

Over the last few years, the macroeconomic climate has created challenges for both charities and businesses; almost 6,000 charities have closed since 2007. To meet growing need, third sector organisations have to deliver more with less as resources become increasingly scarce.