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Tomorrow's Agenda: Measuring Your Impact; Multiplying Your Impact

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Presentation by

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Can I ask everybody please who can stand, to stand up. Have a bit of a stretch while you're there.

Okay, could I please ask you to stay standing up if you're with an organisation that is measuring its financial impacts that you kind of know more or less your financial bottom line – stay standing up. If anybody sat down just then, I think you need to go back and have some serious conversations.

All right, can you please stay standing up if your organisation is in any shape or form measuring its social impact. Do you know what your social bottom line is?

Hmm, got a few "ski exercises" going on here – we're not sure. Maybe we are, maybe we're not. Okay, lots of people still standing up.

Can you please stay standing up if your organisation is measuring its environmental impacts. If, for example, you know what your carbon emissions are.

All right, I think we want a round of applause for the people who are still standing and you guys can sit down now.

Now that picture is completely normal at the moment. And it would be pretty much the same if I went and did that with a business audience.

But I think, well I hope, that if I came back and did that exercise in about 20 years' time that pretty much everyone would still be standing up because at the moment, using the words of Joseph Stiglitz, we are "steering our organisations with a faulty compass".

So I want to talk about the big picture of social and environmental challenges that face us in the coming century. I want to talk about why we should be measuring our impact and how that can help us to understand our impact and that can enable us to multiply our impact.

So let's have a look at that compass. We know we need to measure money, so

when we talk about sustainability in this sector, it's usually financial sustainability that we're talking about and there is a good reason to have that focus.

Measuring money has a long pedigree. We've been refining it over hundreds of years. You can go off to university to learn how to do it and we expect to have dedicated professionals within our organisations taking care of that – whether it's just the treasurer on the committee through to a whole department with a CFO.

But this is the not-for-profit sector. We're not here to make money, we're here to make impact. So if we're not measuring that impact, then we don't know if we're succeeding in our core business and whether we're spending those precious dollars effectively.

If we're about change, how do we know that we're making change happen and how much of that change our organisation is responsible for.

Now, social impact measurement is in its infancy. So there's a frenzy of activity going on in universities and think tanks trying to refine a robust methodology for it and there's a lot of conferences like today just looking at social impact measurement. But if we're honest, the whole field is still feeling its way.

So Net Balance, for example, is a world leader in social return on investment. That's because we've done about 20 of them. And you can come and do a two-day course with us and learn how to do it and it's a good course ... but compare that with an accountant's training.

Nevertheless, even at this stage of development, the methodology does give us a lot of insights that will help us to understand the change that we're creating and, of course, it's a powerful tool to use with our funders because you can actually demonstrate the effectiveness of your programs.

So we have to measure money. We want to measure impact and social impact. And what about environmental impact – why do we need to measure that?

We're not BHP, we're a community organisation. Do we really need to be measuring that?

Well, I feel that there's often this disconnect between those with a social focus and those with an environmental focus. So sometimes it can feel like environmentalists care more about trees or orang-utans than they do about people.

I think in the social sphere, sometimes we get the feeling there's this attitude of: "Well, you know, I'd love to care about the environment, but actually I can't afford to worry about tomorrow. I'm busy dealing with people who can barely get through today."

And I think it's a real shame that we have this disconnect because I believe that if we could integrate our thinking, we could move forward much better. And the two things are so closely related. The environment is where we live.

And I'd say community organisations fall into two camps – those who are already dealing with environmental issues and those that will be pretty soon. So, if you're a sporting organisation or a local council, I don't need to tell you the impact of long-term drought on playing fields and what that does to your ability to roll out your programs and what that does to all the social benefits that brings – the health benefits, the sense of purpose that you can give to young people, the social cohesion and community building that comes around sport.

If you work with the elderly, or with infants, I don't need to tell you the impact of a prolonged heatwave like we experienced in Victoria earlier this year and that we can expect to experience a lot more often in the future.

If you're with a relief agency, I don't need to tell you the impact of bushfires, floods and other extreme weather events that, again, we can expect to see more of. And if you're in poverty relief, what would a food crisis mean to you?

In the next 40 years, humanity has to find as much food as it has done in the

last 8,000. So what's that going to do to food prices and who's going to miss out? If you're in housing, what's the growing population going to do to housing affordability?

Now ECOS has already identified that climate change is going to hit the disadvantaged first and hardest – is that any surprise? And as we start to see increasing environmental pressures and that, combined with a growing population, we're going to see threats to social cohesion, we're going to see an increase in mental health issues, substance abuse etcetera. I could go on, but, look, I don't want you to get too depressed. And, don't worry, I am coming to solutions.

Now if my cheap emotional ploys haven't got to you, then I'm going to give you some more hard-nosed reasons why maybe you should be thinking about measuring and reporting your impacts.

So first of all, you might not have a choice about it, so government and corporate funders are already starting to ask questions about social evaluation. But the process of measuring your social and environmental impacts is actually a great tool for stakeholder engagement because that's your starting point.

The first thing you do is identify who your stakeholders are, and then you ask them what matters to them about your organisation and its programs. And if you go and put those findings into a sustainability report or an integrated report that gives you another great opportunity for engagement with your stakeholders.

It's good governance. So going through this process will identify risks and opportunities for your organisation. It can help to guide your strategy.

Your staff are values-driven people. They care about this stuff, so show them that you care too.

And your organisation is values-driven, isn't it? And wouldn't it reflect those values to be measuring and reporting on your impacts? Are you going to let

business take the moral high-ground here? Because when I went to look at the global reporting initiative database, I found 136 Australian sustainability reports and only five of them came from not-for-profits – and one of those was the Accountants Association.

And as large corporates become increasingly sustainability conscious, being sustainability savvy yourself could really be a competitive advantage when you go seeking funding.

And if you're competing for clients, it could also be a selling point for them because chances are they would like an organisation that can demonstrate the change that it makes. And chances are they would like an organisation that is environmentally responsible and can show that.

But the most important reason to measure your impact is that it's the first step to understanding your impact – both positive and negative and how those impacts are created and once you understand your impacts, from there you can start to improve them.

Net Balance has done social return on investment studies where we found programs that were creating no social value. And those organisations were delighted to know that because it meant they could stop putting money into programs that were not working, and it meant they could think about how to improve those programs next time around.

And if we go out and do an environmental audit, the chances are that we'll find some opportunities for energy efficiency or waste management that are actually going to save money.

Measuring and reporting has many benefits, but I don't want to downplay the costs. It is a significant investment in time and resources, particularly when you're learning and you haven't got the processes in place yet.

It could be a long road, but just think back to the start of this talk when we were all standing up. We're all measuring our finances, and actually that's hard

too – think of the resources that go into that. Think of the staff who spend their days measuring finances.

It's just that we have the systems in place and we regard it as non-negotiable. Well, I'm here to suggest that measuring your social impact and your environmental impact should be non-negotiable too.

So if you're a large organisation, I think it's time to get with the program and start reporting. If you're a small organisation, do what is realistic for you.

You can make a start just putting it on the agenda for your board or executive. Identify who your stakeholders are and go out and talk to them.

Even just that process alone could identify some ideas for improvement, because that's what measuring is really about – it is the improvements that come as a result of it. So measuring impact is itself about impact.

Now I could just leave the talk there, but I've got another ten minutes to fill!

And because most of us aren't yet measuring our impacts and getting those specific learnings, I'm going to go off on slightly a different tack here and give you some cheat notes that might help you to think about your impacts even if you haven't got to measuring them yet.

I'm going to share with you a framework for thinking about how your organisation interacts with the larger systems and I'm going to throw out just a few ideas for you to chew on.

What I really want from you here is to lift your head up and look beyond your core concern and see how your organisation fits into the big picture of the social environmental challenges that face us.

If we can integrate our thinking about these things, I believe that we can find some innovative solutions that solve multiple issues together. And there are a whole group of new and established organisations that are starting to think

this way.

One of them is Oxfam. And I think it's interesting that it's a development agency because they are increasingly finding themselves dealing with social issues that have environmental causes.

So this model I'm going to show you comes from Kate Raworth who works with Oxfam in the UK and it shows the connection between the social and the environmental with beautiful simplicity.

So here we have the planetary boundaries. These are the limits to which we can push the environment before the environment starts pushing back on us rather uncomfortably.

This model was developed by the Stockholm Resilience Centre and they identified nine planetary boundaries and they also identified that we've already overshot three of them – climate change, biodiversity loss and the nitrogen cycle. Other ones include fresh water use, land use, for example.

And what Kate Raworth did was she came along and drew another circle on the inside and said well if that's the environmental ceiling, then what's missing here is the social floor – the social foundation below which we have unacceptable human deprivation.

So in there goes poverty, inequality, injustice and she identified eleven areas there. And she called this "the donut" and the space between the two circles is a safe and just space for humanity. So what we need to do is we all need to get inside the donut.

Now there's a couple of things about this model that interest me. One is that the outer circle is actually defined in terms of the inner circle. I think Douglas Adams put this beautifully when he said: "Don't worry about the planet. The planet is old enough and big enough to look after itself. What we need to worry about is whether it's a planet that's capable of sustaining us within it".

So if we push on those outer boundaries, we're going to find ourselves in trouble with the inner ones. For example, without enough food to eat.

And the other thing that's interesting to me about this model is that that inner circle is slowly moving outwards. So if we went back in history, we'd be pretty tiny because the concept of human rights didn't really exist. Slavery was completely acceptable, for example.

But if we think about modern Australian society and what we consider to be the bare necessities, well you could easily get on the front page of the *Herald Sun* if you have a family that doesn't have access to light after dark or clean drinking water delivered inside their home or a fridge to keep their food cold or heating in winter.

And what about broadband access – is that a necessity now? Well, our government thinks so. I wouldn't want to be without it. And, of course, people in the developing world also want to have these once luxuries, now essentials.

So the challenge that faces us is how do we integrate our understanding of these things? How can we provide increasing amenity to a growing population without the impact?

And the irony that we see here is that the environmental challenges that we're facing are a kind of side-effect of the extraordinary progress and prosperity that we've enjoyed over the last 100 years or so.

And the same is true of many social challenges. Wealth brings with it many benefits, but it does not bring social cohesion. And that prosperity also makes us blind or indifferent to the challenges.

For most of us, life is just too good to worry. While we can still sit sipping our café lattes and picking out shoes, it's just hard to take impending global catastrophe really seriously. I'm all right Jack, or in this case Jill.

But we are not all right. The problems are there and they're big and hairy and

complex and, you know what? We cannot wait for the UN to solve them. And we can't wait for government to solve them and we can't wait for big business to solve them.

They all have a role to play, but so do we.

And while technology will help us to work through these problems, it's not going to be the big fix.

This calls for more than technological innovation. This calls for social innovation and that's where you guys come in because you care about community and you understand community and you're full of ideas about community. And community is going to be the locus of the future economy. So community is where we're seeing some exciting innovation from people who have both social and environmental benefits on their radar.

So one example of this is collaborative consumption. This is where you buy access to stuff instead of owning the stuff, with the classic example being car sharing.

Instead of spending a fortune on a tonne of metal that's incredibly resource intensive to make, you buy access to a car when you need it. And because our cars spend 90% of their time sitting parked somewhere, one share car can service the same amount of journeys as 13 privately owned vehicles.

And collaborative consumption has another great benefit – because it's all about sharing, it builds networks, whether local or global. And it often uses technology to bring together people with complimentary needs.

One example is Air BnB. This is a service that matches people who want travel accommodation with people who have spare space. That got me thinking about how we could apply that kind of needs matching technology within the social sector and maybe kill two birds with one stone.

Because we hear so much talk about collaboration in this sector, but what we

don't see a lot of is collaboration between social and environmental NGOs. And what could we create if we could combine a social and an environmental outlook?

So what does this mean for you? What could it mean for your organisation to approach its work through the context of the bigger picture? What role could it play? How could it influence the systems that it's part of it? Who could it team up with to explore new approaches?

So look around this room. In the process of addressing the issue that you are passionate about, could it be that you're actually creating problems for someone else in this room? And could you instead be intentionally helping them? How could you multiply your impact? So I've got just a few small ideas to get your started and I'm sure you can come up with better ones and bigger ones.

So let's start with fund raising. We heard before from somebody who was saying should we be taking money from gambling. So what would fund raising look like if it was aiming for a triple bottom line return? So if you're making money by selling what I call landfill in waiting, well I think you need to get creative.

So here's just a little example. There are brooches that are sold by the International Women's Development Agency which raise money for them to roll out their programs.

These brooches are made by women from Burma living on the Thai border and they're women who have fled poverty, violence and trafficking. So you're providing them with employment and purpose, and it's a lovely little piece of jewellery, so it's not going to go in the bin, and they get sold, among other places, by the National Australia Bank.

So the bank gets to benefit by association with a cause that's aligned to their values. So it's creating benefit all over the place.

What about your investments?

If your organisation is lucky enough to have reserves that it's invested, do you know where they're invested? Do you know what you're invested in? And are you comfortable with those things? Are they aligned with your values? Are you comfortable with making your money from alcohol? And maybe you are.

But what about gambling? And what about coal? You're about to hear a lot of noise in the next few weeks about divesting from fossil fuels and the Uniting Church of New South Wales and ACT has just made the decision to transfer its investments out of fossil fuels and into renewable energy.

Procurement – when your organisation spends money, where does it go to? There's a whole world of social enterprise out there that's waiting for your money, where you can get what you need and also benefit them.

So next time you get catering, you could use the Asylum Seeker Resource Centre. Next time you're getting Christmas cards, you could get them from Q-Art Studio, from their Artists with intellectual disabilities. There's loads more examples I could put up there.

But I know your programs are where most of your money goes. So what would your programs look like if they were embracing social and environmental impacts? How could you kill a few birds with one stone?

One example is Second Bite. They are a local charity which collects food that would otherwise go to waste, sending it on to people who need feeding.

So it diverts food from landfill and all those carbon emissions - environmental tick; feeds the disadvantaged - social tick.

And I'm going to leave you with my favourite example from the eco-social space and this is the town of Todmorden in England.

They have reinvented not only their landscape and their eating habits, but

their community and even their economy through a program of vegetable gardening.

So they have planted veggie patches all over their town. They're outside the police station, they're outside the hospital, they're outside the school and they've got everybody in the town gardening. So they've got the school kids gardening. They are even in the cemetery.

So they've got the ladies from the church gardening, they've got people with disabilities gardening, they've got everybody gardening and it's feeding into their economy.

So it's done an incredible job of building that community, but they now actually have vegetable tourism. There are people who come to Todmorden to take photographs of vegetable patches and this photo is one of my favourites.

<Refers to PowerPoint presentation>

This is a local shop selling produce made by the local high school and the funds from that will go back to the local high school, so it's keeping all that circular local economy going.

If you want to hear more about Todmorden, there's a lovely talk on TED Talks by Pam Worhurst.

And this is just an example of the kind of thing that can happen when you have both social and environmental benefits on your radar.

I hope I've given you just a few ideas about how we might integrate our thinking about social and environmental issues and what can happen when we apply that thinking. And if we could cross-pollinate all the brilliant ideas and wisdom and experience just in this room, think what we could do to address those challenges that are coming at us in the next century.

And I hope you might have got a little bit of an idea about how you can

measure your impact so that you can start understanding your impact and so that you can multiply your impact. And at this point, I turn it over to you.