

Impact Strategies & Tools

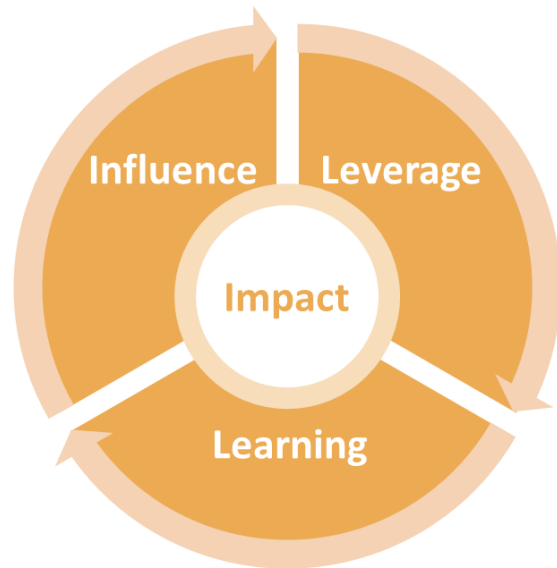
Translating Your Philanthropic Objectives into Action

How will you use your resources to achieve your philanthropic purpose?

Strategic Approaches

As you do your research and listening, you'll find that partners are using a variety of approaches to solve a problem. You can likely group the approaches into this I2L2 framework¹ for long-term community preservation or change:

- **Impact:** directly changing the lives of people or animals or making improvements in communities and ecosystems. The changes are often the result of a nonprofit's programs and activities or a social enterprise's products.
- **Influence:** changing the system—the root causes and underlying conditions that perpetuate a problem. The approach includes changes in how people think about problems and solutions and their will to do something different about them. It can also include changes in practices and policies (nonprofit, business, or government), collaboration and alignment among organizations, and relationships across boundaries.
- **Leverage:** changing the commitments of other individuals' and organizations' resources—money, people, facilities, and more—and the alignment of those resources toward a common goal and standard measures of success. This approach might also include your plans for attracting the resources of other people, businesses, and organizations to a charitable fund, collective giving program, or impact investment.
- **Learning:** changing knowledge about how to approach problems and implement solutions more effectively. It is also the commitment to develop and share that knowledge collaboratively.



Most people and organizations see impact as their North Star, with the other approaches in service to achieving that impact. However, success in any approach improves the chances of success in the others.

Expanding Your Toolkit

Your **toolkit for social impact** often starts with gifts to 501(c)(3) public charities. It can include other uses of financial resources such as awarding scholarships, making impact investments, or offering programs and services. And it often includes using your time, skills, connections, and public voice.

Grantmaking may be the only tool you have the time or desire to use. However, many philanthropists and funders find that grantmaking alone doesn't lead to the impact they hope to see, so they add other tools for impact, influence, leverage, or learning (the I2L2 framework). Some philanthropists start with those tools and do little or no grantmaking.

¹ [I2L2: A Formula for Change](#), ORS Impact and the Hawaii Community Foundation, 2015

Your choice of **social impact vehicle** can affect your choice of tools. The four types of social impact vehicles that donors use are:

- **Charitable:** public charities, private foundations, donor-advised funds, intermediaries, supporting organizations, private operating foundations, and charitable trusts.
- **Private sector:** businesses with corporate social responsibility programs, mission-driven businesses such as social enterprises, LLCs, and family offices.
- **Public policy:** 501(c)(4) nonprofits and 527 political organizations.
- **Peer-based:** crowdfunding platforms, giving circles, mutual aid networks, and social movements.

The figure below lists the tools described in the rest of this Primer. The figure rates the *appropriateness* of your social impact vehicle implementing or managing each tool directly, presuming there's internal will and capacity. Philanthropists frequently give or grant money to nonprofits to implement the tools rather than do the work themselves.

How Appropriate is a Tool for my Social Impact Vehicle?

	Charitable Vehicles	Private Sector Vehicles	Public Policy Vehicles	Peer-Based Vehicles
Impact Tools				
Grants to charities	High	High	Low	High
Awards to people & businesses	High*	High*	Low	High
Impact investments	High*	High	Low	Mixed
Influence Tools				
Convening	High	High	High	High
Capacity building	High	High	Low	Mixed
Strategic communications	High	High	High	Mixed
Nonpartisan advocacy	High	High	High	Mixed
Lobbying	Low*	High	High	Mixed
Leverage Tools				
Expanding the base	High	High	High	High
Collaboration	High	High	High	Mixed
Responsible purchasing	Medium	High	Medium	Medium
CSR	Low	High	Low	Low
Learning Tools				
Data and research	High	High	Medium	Low
Reporting and media	High	High	High	Medium
Learning networks	High	High	Medium	Mixed
Evaluation capacity building	High	Medium	Low	Low

* There are specialized regulatory requirements involved and you should seek legal advice before deciding to use the tool

1. Tools for Impact

In addition to awarding *grants to nonprofit organizations*, many donors choose to award money directly to individuals or businesses without expecting financial returns. *Scholarships* and *fellowships* benefit predefined groups of individuals. *Prize programs* reward the ideas and accomplishments of individuals, teams, and businesses. And, you can award money to individuals and companies in need through specialized *emergency assistance*, medical assistance, or disaster relief programs.

You can also make *impact investments*—investments in businesses, nonprofits, and funds with expectations of both financial returns and social or environmental impact. The financial returns include market rate (interest, dividends, or equity earned), 0% (all money is returned without interest), and only some money being returned. As with grants to nonprofits, the impact can range from more measurable to more diffuse.

All types of social impact vehicles can use these tools for impact, though they are infrequently the focus of public policy vehicles. NCFP recommends seeking the help of knowledgeable legal counsel or a third-party provider specializing in tax-exempt organizations

	Awards to Individuals and Businesses	Impact Investments
PRACTICES	<p>It can be emotionally rewarding to directly support individuals or businesses in need or those with a track record of outstanding accomplishments. Choices include:</p> <ul style="list-style-type: none"> • Scholarship and fellowship programs: Scholarship programs benefit students applying for K12 private education, trade school, post-secondary credentials and certificates, college and graduate degrees, study abroad, post-grad fellowships, or adult learning. Effective practices include making the scholarship renewable until degree completion, ensuring awards don't displace other financial aid, and augmenting the scholarship program with gifts to related college preparatory and retention programs. • Prizes and awards: Prize philanthropy programs award money, and sometimes other resources like office space and consulting, to individuals, teams, or businesses. Donors use prizes and awards for various purposes, including rewarding excellence, identifying new talent and innovations, building prototypes and launching pilots, creating problem-solving communities, raising awareness about an issue, and stimulating new markets. • Emergency and hardship assistance: These grants help individuals, businesses, and employees that have experienced a disaster, violent crime, job loss, or medical distress. 	<p>The <u>Global Impact Investing Network</u> defines impact investing as "investments made into companies, organizations, and funds with the intention to generate measurable social and environmental impact alongside a financial return." You can use impact investments across ranges of goals:</p> <ul style="list-style-type: none"> • Motivations: including aligning your money with your values, leveraging the expertise of the private sector, and changing practices within companies. • Priorities: the issues, populations, and geographies you support. • Assets used: both the <i>types</i> of accounts (banking, retirement, personal investment portfolios, balance sheets and portfolios of a social impact vehicle) and the <i>asset classes</i> within those accounts. • Investees: including nonprofits, start-ups, B Corps, funds, and private and public companies. • Financial returns: the repayment of some money, repayment of all the money (e.g., a 0% loan), or returns <i>on</i> the money (e.g., interest paid on a loan or bond, or dividends and capital gains paid by companies). • Measurable impact: from generally avoiding harm to using targeted metrics set by the investee to using in-depth reporting by third-party analysts.

TIPS	<p>The process can be more labor-intensive. IRS regulations for your social impact vehicle and tax consequences for the recipient differ depending on the type of social impact vehicle and type of program.</p> <p>If you are using a charitable vehicle or seeking a tax deduction, you cannot establish a program to help a pre-selected person or earmark donations for one or more people.</p>	<p>Families who use investment advisors, family offices, and family businesses to manage their philanthropy have the most flexibility in impact investing options.</p> <p>Private foundations can access the full range of options but must follow IRS rules for how impact investments count toward their required minimum distribution and family, board, and staff relationships with investees.</p> <p>Families using donor-advised funds and charitable trusts are limited by the organizations' capabilities, policies, and interests managing those tools.</p>
START HERE	<p>Scholarships: Scholarship Program Toolkit and other resources from the National Scholarship Provider Association</p> <p>Prizes: Prize Philanthropy by Rockefeller Philanthropy Advisors</p> <p>Emergency Assistance: IRS publication 3833 and the Center for Disaster Philanthropy.</p>	<p>Easy introduction: A Short Guide to Impact Investing by the Case Foundation</p> <p>Detailed help: Impact Investing Handbook by Rockefeller Philanthropy Advisors</p> <p>Examples: Impact Investing Content Collection by NCFP</p>

2. Tools for Influence

Achieving lasting impact means changing how people think about an issue and their desire and ability to work together toward better results. It might also require a change to the underlying conditions that perpetuate a problem or prevent progress on a solution. Donors call this type of work *system change*, *getting to the root cause*, or *going upstream on a problem*.

Influence tools include *convening*, *capacity building*, *strategic communications*, *nonpartisan advocacy*, and *lobbying*. You can support nonprofits and social movements to use those tools. Or you and your social impact vehicle can use the tools yourselves—adding your time, talent, ties, and testimony to your use of your treasure.

All social impact vehicles can implement convening, capacity building, strategic communications, and nonpartisan advocacy activities. Public policy and private sector vehicles are best suited to lobbying. The IRS highly restricts lobbying activities by charitable vehicles. NCFP recommends seeking the help of knowledgeable legal counsel if you're interested in tools for influence and systems change.

	Convening	Capacity Building
PRACTICES	Customary goals for convening include building trust, developing shared knowledge, influencing attitudes, creating new approaches, forecasting opportunities and challenges, and laying the groundwork for better collaboration.	Capacity building is helping others acquire the knowledge, abilities, and other resources necessary to make better decisions and be more effective. At the individual level, it commonly takes the form of coaching, training programs, and leadership development. For organizations, it means improving policies, practices, and capabilities around governance, finance, evaluation, human resources, advocacy, and product or service quality. For groups of organizations, it means improving the effectiveness of their collaboration and their ability to understand and change systems and root causes.
TIPS	To be an effective convener, you'll want to: a) ensure everyone is on the same page on which goal(s) are being pursued, b) decide if participants will be more honest and productive if you attend or not, c) be sensitive to context and timing (e.g., progress could halt if participants are dealing with a busy season), and d) be prepared for the participants to expect you to provide resources for solutions.	Some companies, LLCs, and foundations use employees to design and lead capacity-building services, sometimes as pro bono services. Managing the program can be an effective way to involve employees or family members with specialized skills. However, they often learn that customers of those services aren't candid about their shortcomings because they fear being penalized in grant applications. So, they either give money to the customers to make their own choices of consultants or trainers (sometimes through pre-qualified lists) or pay consultants and trainers directly.

	Convening	Capacity Building
START HERE	<p><u>Gather: The Art and Science of Effective Convening</u> by the Rockefeller Foundation</p> <p><u>Great Power, Great Responsibility: Grantmakers' Role as Conveners</u> by Grantmakers for Effective Organizations</p>	<p><u>Strengthening Nonprofit Capacity</u> by Grantmakers for Effective Organizations</p> <p><u>Beyond Investment: The Power of Capacity-Building Support</u> by the Global Impact Investing Network.</p> <p>Examples: Capacity Building <u>Content Collection</u> by NCFP</p>

	Strategic Communications	Advocacy & Public Policy
PRACTICES	<p>Strategic communications is more than annual reports and public relations about your goals and grants. It is about thoughtfully using communications tools to advance your philanthropic priorities.</p> <p>Simple activities include: proactively sharing information about needs and opportunities with your network, helping nonprofits tell more compelling stories, writing letters to the editor, or creating shareable videos about how people can make a difference.</p> <p>More in-depth activities include: influencing how the media portrays issues and solutions, commissioning public opinion polls, leading communications campaigns that seek to change individual behaviors, and producing documentaries and investigative reports.</p>	<p>Philanthropists influence public policies as both a <i>defense</i> strategy—helping protect the nonprofits and causes important to them—and an <i>offense</i> strategy—shifting government policies and practices toward a set of values and philanthropic priorities. In brief, there are three options:</p> <ul style="list-style-type: none"> • General advocacy: Creating research for or educating the general public or government officials about an issue; organizing people and engaging media around the issue; and meeting with public agencies about the impact of existing laws and regulations. The communications must be nonpartisan and cannot include calls to action on specific legislation, candidates, or campaigns. • Direct lobbying: Communications with elected officials or their staff members that express a view about specific legislation. • Grassroots lobbying: Communications with any segment of the general public that express views on legislation and include a call to action (e.g. "call your Congressperson at this number...").

	Strategic Communications	Advocacy & Public Policy
TIPS	<p>The Communications Network notes organizational culture is a critical component of successful communications strategies. Your influence will go farther if your culture favors transparency, inclusiveness, self-awareness of power dynamics, and respect for divergent opinions.</p>	<p>As an individual, business, or LLC, you have great freedom in advocating for changes in public policies. You build relationships with elected officials and agency staff or, as an individual, go a step further and register as a lobbyist.</p> <p>If you're using a charitable vehicle, you'll need to pay close attention to IRS rules that differ for public charities (including those managing donor-advised funds) and private foundations. Public charities may lobby, but private foundations cannot except in instances of self-defense.</p>
START HERE	<p>Communications Matters and other resources by the Communications Network</p> <p>SmartChart planning tool by Spitfire Strategies</p> <p>Philanthropist's Field Guide to Social Impact Entertainment and Impact Campaign by the Milken Institute</p>	<p>Advocacy Strategy Framework by the Center for Evaluation Innovation</p> <p>Philanthropy Advocacy Playbook and other resources by Bolder Advocacy</p> <p>Examples: Advocacy and Lobbying Content Collection by NCFP and Agenda Setting by Philanthropy Roundtable</p>

3. Tools for Leverage

Many philanthropists take to heart the adage, "If you want to go fast, go alone. If you want to go far, go together." No matter the size of resources they can dedicate to philanthropy, they know that attracting and leveraging other resources will lead to a more lasting impact.

Two common tools for leverage are *expanding the base* and *collaboration*, both of which organize and align other partners' resources. Two other tools, *responsible purchasing* and *corporate social responsibility (CSR)*, align resources within your social impact vehicle or company toward your goals. They also engage financial partners like suppliers and customers.

All types of social impact vehicles can use these tools, though CSR programs are most common in the private sector.

	Expanding the Base	Collaboration
PRACTICES	<p>The simple goal is "more resources from more sources" for a philanthropic priority. Donors expand and diversify resources through:</p> <ul style="list-style-type: none"> • Actively soliciting others to contribute to a cause, purchase tickets or products, or make investments • Recruiting people and businesses willing to volunteer and advocate for a cause • Creating or funding ways to make it easier and more attractive for individuals to get involved and lead problem-solving • Awarding matching grants or supporting organizations' fundraising and grantwriting capacity. 	<p>Philanthropists collaborate with other individuals and organizations to leverage and share resources. Types of collaboration include:</p> <ul style="list-style-type: none"> • Coalitions whose members commit to an agreed-on purpose and shared decision-making toward a goal • Public-private partnerships in which government, business, and philanthropic organizations create agreements to deliver services or benefits • Co-funding initiatives in which members align grants or other resources toward common goals • Collective impact initiatives which are long-term, intensive means of solving complex problems • Strategic alliances and joint ventures that consolidate administrative, program, advocacy, or other functions.
TIPS	<p>Some donors are energized by actively reaching out to and involving their peers in a cause.</p> <p>Other donors prefer to work alongside a grantee or investee to chart its existing resources and the resources it needs next. They then decide how they can best help.</p>	<p>Grantmakers for Effective Organizations suggests <u>four principles</u> for effective donor collaboration: 1) focus on mission, not organization; 2) exercise trust, not control, 3) lead with humility, not brand; and 4) think like a node, not a hub. In addition, several philanthropic organizations created a list of <u>seven ethical principles</u> for collaboration.</p>

	Expanding the Base	Collaboration
START HERE	<p><u>Beyond Fundraising</u> from the Evelyn & Walter Haas Jr. Fund</p> <p><u>Funders Guide to Investing in Volunteer Engagement</u> from The Leighty Foundation</p> <p>Examples: Leveraging Small Grants for Big Impact <u>Content Collection</u> from NCFP</p>	<p><u>Donor Collaboration: Power in Numbers</u> from The Philanthropic Initiative</p> <p><u>Funder Collaboratives: Why and How Funders Work Together</u> from GrantCraft</p> <p><u>List of donor peer networks</u> from Stanford PACS</p>

	Responsible Purchasing	Corporate Social Responsibility
PRACTICES	<p>Responsible purchasing is also known as ethical or socially responsible buying. It leverages your operating budget toward your values and social and environmental impact.</p> <p>You might have personally taken part in "Buy Black" or "Buy Local" campaigns or ensured products you buy minimize harm to the environment or human rights.</p> <p>Businesses, foundations, and other organizations can create <i>responsible procurement policies</i> that positively impact environmental, diversity and inclusion, ethics, human rights, and other issues.</p> <p>Companies develop responsible or <i>sustainable supply chains</i> which integrate environmental, social, or governance factors into decisions about design, materials used, manufacturing, packaging, distribution, and more.</p>	<p>Businesses, nonprofits, and public agencies of all sizes can practice forms of corporate social responsibility (CSR). CSR strategies purposefully leverage all the company's tools and resources toward a positive environmental and social impact.</p> <p>CSR programs often have four elements:</p> <ul style="list-style-type: none"> • Reducing environmental harms • Fair, ethical, and equitable treatment of employees and contractors • Support of the local economies in which the business or organization operates • Philanthropic programs. <p>Effective CSR programs assign progress measures to each of those elements and report on progress internally and externally.</p>
TIPS	<p>NCFP's <i>Operations and Management Primer</i> [link] has examples of families using their offices, hiring practices, and purchasing policies to meet goals ranging from environmental sustainability to racial equity.</p>	<p>Effectiveness increases when a business involves employees, customers, and key business partners in the planning and implementation of the CSR strategy. That involvement increases employee and customer loyalty and public trust.</p>
START HERE	<p><u>Best Practice Guides</u> from B Labs (applicable to any organization)</p> <p><u>Responsible Purchasing Network</u></p> <p>For family companies: <u>Getting Started</u> from the Sustainable Purchasing Leadership Council</p>	<p><u>Simplifying Strategy</u> and <u>Advancing Strategy</u> from FSG and Chief Executives for Corporate Purpose®</p> <p><u>Social Impact in Hundred-Year Family Businesses</u> from Wise Counsel Research</p>

4. Tools for Learning

*"Data consist of words and numbers that in and of themselves hold no meaning. These words and numbers become **information** when given context and imbued with interpretation. **Knowledge** results when information is combined with experience, and transformed into actionable insight. In other words, knowledge holds value. Sharing that knowledge thus offers a rich possibility of improving results, influencing decisions, and otherwise effecting change."*
– Clare Nolan in [Open for Good: Knowledge Sharing to Strengthen Grantmaking](#)

Community needs and the data to understand them both evolve. Effective methods to solve problems emerge. Changes in policies, allies, and resources create new gaps in shared knowledge. Effective philanthropy is a never-ending learning journey and a journey best made collaboratively.

You can increase impact in your philanthropic priorities by supporting the development and smarter use of *research and data* and changing people's knowledge and attitudes through *reporting and media coverage*. You can also support more intentional learning in your partners through *learning networks* and *evaluation capacity building*.

All types of social impact vehicles can use tools for learning, though peer-based vehicles infrequently have the capacity to do so. Philanthropists frequently combine these tools with tools for influence.

Tip: Score your knowledge-sharing culture and capacity. As you consider sharing the knowledge gained in your philanthropic strategy, are you a knowledge novice, sleeping giant, well-intentioned wallflower, or advanced explorer? To find out, score yourself in the 18-question quiz in the [Open for Good: Knowledge Sharing to Strengthen Grantmaking](#) report from Candid or take their [online survey](#).

	Data and Research	Reporting and Media
PRACTICES	<p>One of philanthropy's historic roles is producing, funding, and disseminating new data and research. In addition to awarding grants and fellowships for research, you can:</p> <ul style="list-style-type: none"> • Manage research programs through a private operating foundation or LLC • Become a thought leader, combining influence and learning activities to share research with nonprofits, funders, donors, and government agencies • Support a free "community data platform" to help nonprofits, government agencies, and the public work from the same information and measure progress in the same way • Share data (subject to safeguards) or insights produced by your company with nonprofits or researchers 	<p>The landscape of how people seek out information and which news sources they trust is changing rapidly. In addition to grantmaking to fill gaps created by those changes, you can:</p> <ul style="list-style-type: none"> • Proactively share and discuss story ideas with media outlets, especially the insights from grantees and the people they serve • Start a blog, podcast, or video series to share what you and others are learning about a philanthropic priority • Support <u>solutions journalism</u> and investigative reporting • Make impact investments in for-profit news outlets or create a consortium of donors and investors to convert a private newspaper to a nonprofit news source.
TIPS	<p>Gaps in skills, lack of time, language and technology barriers, learning disabilities, and more prevent people from making good use of data and research. Effective donors fund the availability of experts who can help others pick, understand, and use the data for social good. These experts often are housed at libraries and community centers.</p>	<p>News sources, journalists, and their audiences are cautious about donors' intentions, biases, and influences.</p> <p>Effective donors respect the integrity and independence of their partners. They also work to ensure that the reporters and voices featured fully represent the populations served by the media.</p>
START HERE	<p><u>Funding Basic Science</u> by the Science Philanthropy Alliance</p> <p><u>Assessing Community Information Needs</u> from the Knight Foundation</p> <p><u>Why Am I Always Being Researched</u> guide book for more equitable research techniques from Chicago Beyond</p>	<p><u>Funding guides</u> for media from Media Impact Funders</p> <p><u>Guiding Principles for Funders of Nonprofit Media</u> from the American Press Institute</p> <p><u>How Philanthropy Can Sustain Local News</u> from Giving Compass</p>

	Learning Networks and Communities	Evaluation Capacity Building
PRACTICES	<p>Learning networks, also known as communities of practice, are an advanced form of convening. They are groups of practitioners who meet over months or years. They seek to deepen their understanding of a given topic and apply the new knowledge to their individual work and collaborative work.</p> <p>Philanthropists support these groups to catalyze more informed action by donors, nonprofits, experts, and communities. Philanthropists can serve as a funder, convener, facilitator, capacity builder, or participant of the networks.</p>	<p>This specialized form of capacity building helps organizations or people in two ways. It first increases their skills and practices needed to evaluate their work. It then strengthens their ability to integrate the results of evaluation into their decision-making.</p> <p>Typical activities include coaching and training, using consultants, implementing new processes and practices, and implementing new technologies. Philanthropists often simultaneously support a learning network and the capacity building of the organizations in the network.</p>
TIPS	<p>Critical success factors for these groups include 1) organizational cultures that support transparency and learning, 2) participants with diverse perspectives and experiences on the topics, 3) participants who can take big-picture views on the topics, 4) group agreements about shared beliefs and behaviors; and 5) staff and technology capacity to document and share knowledge and best practices.</p>	<p>This activity can lead to leverage and influence results. For example, organizations with better evaluation capabilities can show better evidence of effectiveness, which in turns attracts new donors and partners. And they can use evidence of effective practices to influence public policy ranging from how schools operate to the types of arts funding available from a state agency.</p>
START HERE	<p><u>Facilitating Intentional Group Learning from FSG</u></p> <p><u>Learning Together: Actionable Approaches for Grantmakers</u> from Grantmakers for Effective Organizations</p> <p><u>Community of Practice</u> from the National Council of Nonprofits</p>	<p><u>Building Evaluation Capacity within a Nonprofit – How Funders Can Help (and Not Cause Trouble)</u> from Venture Philanthropy Partners</p> <p><u>Readiness for Evaluation and Learning: Assessing Grantmaker and Grantee Capacity</u> from the Innovation Network</p>