Keystone Performance Surveys
Impact Investment
What Investees Think
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>5</td>
</tr>
<tr>
<td>Preface</td>
<td>7</td>
</tr>
<tr>
<td>Executive Summary</td>
<td>9</td>
</tr>
<tr>
<td>Reading the graphs</td>
<td>13</td>
</tr>
<tr>
<td><strong>Introduction</strong></td>
<td>19</td>
</tr>
<tr>
<td>New performance data for an emerging field</td>
<td>22</td>
</tr>
<tr>
<td><strong>Key Findings</strong></td>
<td>25</td>
</tr>
<tr>
<td>Net Value</td>
<td>29</td>
</tr>
<tr>
<td>Transparency</td>
<td>31</td>
</tr>
<tr>
<td>Efficiency</td>
<td>32</td>
</tr>
<tr>
<td>Learning</td>
<td>33</td>
</tr>
<tr>
<td>Credibility</td>
<td>34</td>
</tr>
<tr>
<td>Net Effectiveness</td>
<td>35</td>
</tr>
<tr>
<td><strong>Field-level recommendations</strong></td>
<td>37</td>
</tr>
<tr>
<td>Recommendation 1: Join the Survey</td>
<td>39</td>
</tr>
<tr>
<td>Recommendation 2: Publish your feedback</td>
<td>39</td>
</tr>
<tr>
<td>Recommendation 3: Use evidence to improve performance and reduce reporting burdens</td>
<td>39</td>
</tr>
<tr>
<td>Recommendation 4: Incorporate feedback into shared measurement activities</td>
<td>40</td>
</tr>
<tr>
<td>Recommendation 5: Invest in feedback from the ultimate clients</td>
<td>40</td>
</tr>
<tr>
<td><strong>Case stories from seven feedback pioneers</strong></td>
<td>41</td>
</tr>
<tr>
<td>Acumen Fund</td>
<td>43</td>
</tr>
<tr>
<td>CAF Venturesome</td>
<td>45</td>
</tr>
<tr>
<td>E+Co</td>
<td>47</td>
</tr>
<tr>
<td>Grassroots Business Fund</td>
<td>48</td>
</tr>
<tr>
<td>Gray Ghost Ventures</td>
<td>49</td>
</tr>
<tr>
<td>IGNIA</td>
<td>50</td>
</tr>
<tr>
<td>Root Capital</td>
<td>51</td>
</tr>
<tr>
<td><strong>Complete Findings</strong></td>
<td>53</td>
</tr>
<tr>
<td>Respondents’ Profile</td>
<td>55</td>
</tr>
<tr>
<td>Application and Due Diligence</td>
<td>58</td>
</tr>
<tr>
<td>Financial Investment</td>
<td>60</td>
</tr>
<tr>
<td>Non-Financial Support</td>
<td>61</td>
</tr>
<tr>
<td>Communications and Interactions</td>
<td>64</td>
</tr>
<tr>
<td>Reporting</td>
<td>67</td>
</tr>
<tr>
<td>General Perceptions</td>
<td>73</td>
</tr>
<tr>
<td>Feedback on the Survey</td>
<td>78</td>
</tr>
<tr>
<td>Feedback on tailored questions</td>
<td>79</td>
</tr>
<tr>
<td><strong>Appendix 1 Survey history and methodology</strong></td>
<td>85</td>
</tr>
<tr>
<td>Appendix 2 Survey questionnaire</td>
<td>93</td>
</tr>
</tbody>
</table>
List of Figures

Figure 1  Most and least agree  26
Figure 2  Mean scores across the indices for the investors  28
Figure 3  Mean scores for the net value index across the investors  29
Figure 4  Support gap analysis  30
Figure 5  Mean scores for the transparency index across the investors  31
Figure 6  Mean scores for the efficiency index across the investors  32
Figure 7  Mean scores for the learning index across the investors  33
Figure 8  Mean scores for the credibility index across the investors  34
Figure 9  Net Effectiveness Score  35
Figure 10  Line of business*  55
Figure 11  Age of operations  55
Figure 12  Annual operating budget  56
Figure 13  Mix of financial and social/environmental*  56
Figure 14  Time since first investment by the investor  57
Figure 15  Investment type  57
Figure 16  Length of application and due diligence process  58
Figure 17  Application and due diligence process*  59
Figure 18  Quality of financial investment  60
Figure 19  Usefulness of non-financial support: Management  62
Figure 20  Preferred delivery types of non-financial support  63
Figure 21  Frequency of contact with the impact investors  64
Figure 22  Quality of interactions with the investors (NP scores)  65
Figure 23  Quality of interactions with the investors (NP scores)  66
Figure 24  Helpfulness of requirements to measure and report*  67
Figure 25  Helpfulness of requirements to measure and report  68
Figure 26  Investor reporting requirements  69
Figure 27  Support to meet reporting requirements in excess of what we would collect anyway  69
Figure 28  Impact investor’s response to last investee report*  70
Figure 29  Understanding of how impact investor uses reported information*  70
Figure 30  Quality of evidence of social impact*  71
Figure 31  Do you gather data from beneficiaries?  71
Figure 32  Methods investees use to collect feedback from clients/beneficiaries  72
Figure 33  Understanding of respondents’ strategy and context  73
Figure 34  Comparing this investor to other investors to our business*  74
Figure 35  Overall satisfaction  75
Figure 36  Likelihood to recommend  76
Figure 37  Words used to describe the impact investor  77
Figure 38*  Investor credibility  78
Figure 39*  Usefulness of the last convening of all investees in the portfolio  79
Figure 40  Impact investor’s influence in shaping policy and practice  80
Figure 41  Engagement level of board members  80
Figure 42  Impact investor’s Financial Investment  81
Figure 43  Helpfulness of impact investor in developing the proposal  81
Figure 44  Impact investor’s influence in shaping policy and practice  82
Figure 45  What impact investor’s loan allowed to do  82
Figure 46  Regional investment officers responsiveness  83
Figure 47  Consistency of M&E and investment officers’ communications  83
Figure 48  Constituent Voice operational cycle  88
Foreword

In the mid-80’s, I found myself walking the desks of my nonprofit’s staff, gathering and collating information to use in reporting our program’s effectiveness in meeting the needs of homeless youth in the San Francisco Bay Area; in truth, at that time we were involved in simple head counting focused on how many kids we served versus how many lives we changed – but that was the practice of the day.

In the 90’s, as founding director of a venture philanthropy fund, we participated in the “outcome” discussion of the period – but were (IMHO) smart enough to invest our time and resources in working with our investees to build social management information systems grounded upon the goals and ambitions of the organizations we were investing in.

And, as the 00’s evolved, much of the metrics and performance discussion morphed from an emphasis on outcomes to one of impact and capital performance (or social returns) and, again, as an early proponent of and advisor to various metrics initiatives, together with various colleagues I have been pleased to play a small part in advancing the efforts of impact investors to document and track the performance of their investments.

Throughout these decades one might periodically hear investors speak of the need to be connected to investees, to invest in alignment with their interests and to use their feedback to improve one’s investing practices, yet for the most part this voiced commitment to self-improvement based on the feedback from one’s investees took the form of periodic meetings and conversations as opposed to formalized efforts to engage stakeholders (in this case, investees) in discussions regarding their perspective on the work made possible through these impact investments or investee perspectives on the investors themselves.

One might argue that given where the field of impact investing stood, it was appropriate for investors and the funds they invested in to focus on “field level” metrics – how to assess what a “job” is or how to track environmental performance – and it is certainly this broad focus upon “impact” (whether framed as social returns or evidence based interventions or sustainable business operations) which has largely laid the foundation upon which we may now see the promotion of Social Impact Bonds or the GIIRS platform or other metrics-based initiatives having been advanced with early success.

Yet too often asset owners and fund managers have omitted themselves from being the target of performance assessment and impact analysis. While a broad awareness of the need for “mutual accountability” and a commitment to breaking out of the Dance of Deceit may have been called for, in reality many impact investors have confused intent with impact and assumed that because they sought to do well there must be some good here somewhere…and have opted to leave it at that.

Until now.

The power of what Keystone Accountability has brought forward in the current report is shown in one simple finding: Surveys of investees work! They provide a baseline of comparison for fund managers seeking to raise the bar on their own performance. They offer insights into what areas of strength exist in the field and what areas are in need of improvement. They help bring a new lens to our understanding of the value created by funds in partnership with those in whom they invest. These factors combined with other elements of effective impact investing make it possible to achieve the one thing we all – investor and investee – seek: increased effectiveness and greater impact.

This first report is no doubt the first of many and it is welcome in that only by providing a consistent mechanism for investees to be heard will our efforts attain the depth of impact and generate the full, blended value they have the potential to create. And we will only be able to attain this goal—to generate that value—when the power of the investor is complemented with the perspective of the investee.

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There are other excellent organizations working to advance stakeholder directed performance evaluation, but this is the first effort to bring such a perspective to the emerging field of impact investing. What lies ahead of us is to build upon this initial work, to follow the lead of those seven funds that committed to this first process of professional reflection and inquiry, in order to improve their own activities as well as those of the field. In order for benchmarks to be truly useful the processes upon which they are based must include not seven but seven hundred funds – and ultimately this process of stakeholder engagement must include all impact funds across the capital/asset class spectrum for how could we possibly profess commitment to impact and inquiry in the absence of hearing from those most directly effected by the strategies we implement?

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Jed Emerson
Grand Lake, CO
Preface

The seven impact investment funds participating in the first Keystone Performance Survey in the field of impact investing are the pioneers of impact investment performance management. They are distinguished from other impact investment funds in having sought and used performance benchmarks grounded in rigorous feedback from their investees. Through their participation in this survey, these seven investors have taken a significant step toward managing their performance to measure and attain the blended financial and social returns that they aspire to.

In the prevailing absence of reliable evidence of social outcomes and impact, impact investing as a field carries a significant risk of floating away in an exuberance-fuelled “impact investing asset class” bubble. While the performance-based metrics in this report are not in themselves social outcome measures, when triangulated with other available objective measures of inputs, activities and outputs, they offer a way to ground the emerging field of impact investing in an effectively evidence-based impact discourse.² By tracking these measures consistently over time it will be possible to determine which questions in the first Keystone Performance Survey: Impact Investment prove to be the most reliable predictors of outcomes.

As elaborated in the recommendations in this report, the opportunity now is for many more impact investors to participate in the next round of the Keystone Performance Survey: Impact Investment 2013, which is open for subscribers March through May 2013.

The 2013 survey benefits from Keystone’s learning captured in this report, as well as from Keystone Performance Surveys in the fields of grantmaking, international networks, and international development partnerships.³ As such, it is significantly improved from the first survey and will become the baseline data set for future surveys for years to come.

This report was made possible due through a grant from the Rockefeller Foundation. We are really deeply grateful, and keenly appreciate how rare such investments are for field-level information infrastructure. If the Keystone Performance Survey: Impact Investment 2013 elicits the hoped for response from impact investors, it will have graduated from grants to run on fees alone.

David Bonbright
Chief Executive and Co-Founder
Keystone Accountability
March 2013

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² A simple glossary of measurement terms informs this report. Inputs are what go in, such as funds, equipment, and human effort and expertise. Activities are what gets done, for example providing food, shelter, counselling or training. It could also be the construction of buildings or other material things. It might also be research, policy dialogue or workshops. Outputs are the immediate results of the activities. People fed or sheltered, patients treated, trained or educated. Roads are built. Or papers are published and coalitions or networks are formed. Outcomes refer to what is different as a result of inputs and activities. They may be apparent in the short, medium or long term. Typical outcomes are things like improvements in nutritional status, material welfare, living conditions, and health indicators. They are often measured by changes in income. Impacts are the outcomes of an intervention that have been demonstrated to be caused exclusively from an organization’s intervention.

³ To learn more on Keystone Performance Surveys, see they Keystone website: http://www.keystoneaccountability.org/services/surveys
Executive Summary
In 2010 seven leading impact investors used a common survey – the *Keystone Performance Survey: Impact Investing* – to collect feedback from their 330 investees. This report shares three elements from the Survey.

First, it contains all the findings from the Survey, anonymized. Each participating investor received a confidential report that enabled it to see its feedback with benchmarks to the other six investors, who were anonymized.

Second, it draws out some analyses and recommendations for the emerging field of impact investing as a whole. The recommendations in the confidential individual investor reports were geared to their unique opportunities for improvement.

Third, this report contains first person stories from the seven investors about how they have worked with the feedback to improve their effectiveness and impact.

The high-level take-aways from this report include:

- **The Survey works.** The feedback is frank, accurate and – as the participating investors all testify – effective in driving improvement. Given the prevailing absence of reliable impact evidence, the Survey reduces the risk that the emerging field of impact investing will float away in an exuberance-filled “asset class” bubble by creating a frank and honest discourse about what is working and what is not in the investor-investee relationship. This more authentic conversation is enabled by concrete data about investor due diligence, non-financial support, the structure of the investment, measurement and reporting, and the relationship dynamics overall. Survey respondents, speaking behind the veil of confidentiality, tell us that they don’t really know what their social and environmental results may be. They tell us that they have no idea what investors do with the reports they prepare for them. They also note that investors do not provide sufficient resources or expertise to enable investees to meet their reporting requirements. As the first person stories from the investors illustrate, this kind of independently collected confidential feedback gives investors and investees a way to reduce the burdens and ramp up the benefits from their relationships with each other.

- **Benchmarks are essential to glean the meaning of this kind of feedback.** By comparing feedback across a set of investors one can better interpret the data. Responses to the questions across the seven investors showed considerable variation, indicating likely better performers. But the number of seven is still small, and there was considerable variation in the sub-type of social investor in our cohort. As more investors subscribe to the survey it will be possible to create comparisons based on sub-types that are most alike. The first recommendation flowing from the first iteration of the Survey is for all impact investors to participate. The first opportunity to do this will be in the second quarter of 2013.

- **The Survey surfaces a field-level opportunity to discover which impact indicators are most predictive of future outcomes.** Once we know what subset of indicators are most predictive of outcomes, we can stop wasting time and effort collecting lesser metrics and put more energy into managing to these leading indicators. This is not something investees are likely to do without strong donor support as it requires sustained investments in properly framed research. In his 2013 annual letter Bill Gates tells the story of his foundation’s investments in research on teacher improvement. That research has discovered that student feedback is often the best measure of teacher performance, and those student responses early in the school year correlate to their scores on standardized tests at the end of the school year. There are rich veins of undiscovered predictors of impact investment performance waiting for impact investor prospectors.

- **The field-level measurement, reporting and rating tools that have emerged over the past decade have yet to incorporate a rigorous approach to feedback data.** By factoring in rigorous comparative feedback, these existing measurement, rating and reporting tools can start to reduce the overall reporting burden (as in recommendation three) while providing a much needed “reality check” to our impact measurement conversation.

- **Investees appreciate the value of client feedback, but have yet to develop and deploy the tools to harvest this value effectively.** There is a significant opportunity for impact investors to encourage and support client feedback system development. When they do they will find that end client feedback is not only useful to investees, it is also useful for investment decisions.
The first person stories from the participating impact investors showcase their diversity, the distinctive challenges that their feedback presented them, and their thoughtfulness in response. Collectively, they illustrate an important point – deploying a standardized survey tool does not necessarily lead to a one-size-fits-all result. These seven stories brilliantly showcase how the discipline of standardized measurement can distinguish uniqueness and inspire distinctive paths to excellence.

The Survey set out to answer two questions: How well are impact investors performing? What does this understanding of investor performance say about the model of impact investing? At an aggregate level, the data are particularly illuminating on the first question, showing current areas of strengths and weaknesses of impact investors. The weakest areas have to do with value adding through non-financial support and transparency while the strongest areas are their technical competence, efficiency and credibility. Weaknesses are mainly in the nature of omissions – things they don’t do, but should – and strengths flow from the exemplary comportment of their staff. While investees indicate inadequacies in current non-financial support, they express a strong demand for it. Across the board, impact investors would benefit from being more proactive in soliciting advice and guidance from their investees.
Reading the graphs
Four main graph types are used throughout the report to present the data. Graphs or data points that display feedback from all seven investors are labelled with *. Graphs or data points without * display the data of six investors.

The four main graph types are:

**Sample Graph Type 1**

Sample Graph Type 1 presents how respondents rated the investors’ performance regarding a specific question on a scale from 0 to 10. The orange diamond indicates the mean rating given by all respondents (in the example: 6.5). The grey bar shows the range of mean ratings of all impact investors in the cohort (in the example: 6 to 7.4).

**Sample Graph Type 2**

In addition to the items shown in Type 1, Type 2 graphs indicate the share of all respondents that gave ratings of below 0 on the left (e.g., in the example 26% indicated their objectives are more financial than social) and those that gave ratings of above 0 on the right (e.g., 34% indicated their objectives are more social than financial). This leaves 40% who indicated that their objectives are evenly balanced.
The final two graph types are used for presenting net promoter analysis (NPA). The above figure shows the breakdown of promoters, passives and detractors for the cohort. It also shows the net promoter score (NPS) in the circle on the right (percentage of promoters minus percentage of detractors).

Graph Type 4 below provides net promoter analysis for each investor (anonymized) compared to each other.
How have the [impact investor]’s requirements to measure and report your financial returns helped you in your own learning and improving?
Introduction
This volume presents findings, analysis and recommendations following from a survey of 330 investees of seven impact investors based in Europe, US, and Latin America.

The main report comprises five parts:

- **This introduction**, including a discussion of how performance-related data of this kind may contribute to the field of impact investing
- A review of **key findings**
- A summary of **field-level recommendations** short reflections on their reports from individual investors
- Short **reflections from the seven investors** participating in the survey on their experiences assimilating and responding to the survey, and
- A mainly graphical presentation of the **entire data set**.

There are two appendices. **Appendix 1** provides a discussion of the survey history and methodology. **Appendix 2** is the questionnaire used for the survey.

The impact investors who participated in the survey are:

- Acumen Fund
- E+Co
- Grassroots Business Fund (GBF)
- Gray Ghost Ventures (GGV)
- IGNIA
- Root Capital
- Venturesome (a program of Charities Aid Foundation)

These investors share a common operating model using loans, equity and other financial instruments to achieve blended social and financial returns. This commonality provides the basis for comparisons across the cohort. In the case of one investor the investees are all registered charitable organizations. For the rest, the investees are businesses pursuing both social and financial returns. Whether charity or business, the investees tend to be more than five years old and generate over one million USD a year. We did not find a statistically significant variation in this investor’s responses according to investee characteristics, though we are able to disaggregate data by investment type, duration of investment, and other investment characteristics. As one investor notes in its case story in this report, this kind of more detailed analysis will be particularly useful for clustering investors according to their defining characteristics for comparative purposes. Our sample of seven in this first survey is too small to create meaningful sub-classes, but in the future, as more impact investors join the survey it will be possible to create sub-classes of impact investors around specific variations of the overall impact investment model.

The reliability of the survey data in this report is discussed in Appendix 1. **Our conclusion is that the responses reflect an accurate and reliable description of investee perceptions and may be understood as an effective measure of performance improvement and a realistic baseline for measuring progress over time.**

What to do with the feedback, of course, requires analysis and interpretation. Each of the investors participating in the survey received a confidential report with an analysis of their data and recommendations focused on the opportunities for improvement and further investigation. The confidential reports include an anonymized complete data set, including all responses to the open questions. This field report is illustrated throughout with examples of open question responses.

The seven investors have provided their initial reflections on their reports, including how they have begun to act on their findings, for inclusion in this field-level report.

This field-level report looks to the opportunities to strengthen the young and emerging field of investing to optimize financial, social and environmental returns. We believe, for reasons set out in Appendix 1, that our sample of 7 investors are representative of the top-end of the field of impact investing.
The approach to analysis used in this report mines the findings to discover the overall trends as they relate to the field of impact investing. We work from two framing questions: How well are impact investors performing? What does this understanding of investor performance say about the model of impact investing?

Several important themes emerge in this report for further exploration in answer to the first question.

One clear need that was identified repeatedly from social enterprises – including in the findings of the Survey reported below – was to reduce the reporting burden placed on enterprises by investors. This is not a problem that can be solved by an individual impact investor. It requires collective action of some kind. The Keystone Performance Survey: Impact Investment offers one possible way to reduce that burden by identifying the most useful and most predictive indicators. Once these indicators are found, others can be dropped and attention shifted to learning and improving on the basis of the proven indicators.

Another important challenge to prevailing investor practices that emerges in this report speaks to the division of labour and resources with respect to measurement. High performing social enterprises do not have the resources to measure social impact, which is at best very difficult to measure. This may be a responsibility best borne by investors. What social enterprises can and must do is get serious about measuring and managing to the indicators of intermediary outcomes – such as improved customer loyalty – on the pathway to impact. We know from 60 years of data in the customer satisfaction industry that increased customer loyalty correlates to increased company profits and growth. Today, neither investors nor enterprises have reliable data about what customers think. Through the Keystone Performance Survey: Impact Investment we are inviting social enterprises and impact investors to explore what and how customer loyalty may also correlate to social impact.

To do this we need more accurate ways of measuring. The Survey seeks to refine our measurement capabilities and tools by:

- Creating a baseline of current evidence and a basis for benchmarking;
- Delineating the trade offs that social enterprises make day-to-day when choosing between measuring and other activities;
- Recording what metrics are most useful to investees;
- Identifying the extent to which investors are imposing costs relating to measurement and reporting onto social enterprises that they are not meeting through their funding; and
- Allowing impact investors to model good feedback practices to their investees.

This last point bears some explanation. Impact investors that are rigorous in collecting, discussing and acting on investee feedback are well on their way to enabling their investees to get serious about doing the same with their customers.

Turning to the second question framing the Survey, this report highlights some important insights into the emerging models – there is clearly no one model – for impact investing. Our survey data sets some clear markers with respect to:

- Degree and character of engagement in governance and management (frequency and adequacy of contact)
- Non-financial support (e.g., capacity building, measurement)
- The mix of social and financial returns (and understanding the trade offs)
- Where and how to invest along the age/life cycle from start-up to growth? What kind of growth?

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4 For a recent argument for the need for better measurement tools, see Bill Gates’ annual letter 2013.

5 For a vigorous identification of this all-too-common phenomenon, see Caroline Fienne’s Giving Evidence (2012) (p.29), and highlighted in her blog here.
The Survey provides a reality check on emerging practices in the impact investment sector. It is based on anonymous feedback, which makes less powerful actors’ views accessible to decision-makers. This “constituent voice” provides powerful insights into the quality of impact investors’ work. By responding to investee feedback thoughtfully, investors can strengthen relationships and enhance downstream impacts. The Survey quantifies what are sometimes seen as ‘hard to measure’ indicators, in particular the strength of relationships and the quality of non-financial support. In several studies, these factors have been identified amongst the most important in determining overall effectiveness.6

6 For instance, see “Putting Beneficiaries First” (2006), Bond; Helping people help themselves (2005), David Ellerman; or Impact assessment for development agencies (1999), Chris Roche. The vast literature on participation makes similar points, for instance see Robert Chamber’s seminal work Whose reality counts? (1997).
Key Findings
We know the costs of the non-financial support we have received from the [impact investor].

We have the influence we want over the non-financial support offered by the [impact investor].

The non-financial support from the [impact investor] has resulted in significant improvements in our performance.

Staff from the [impact investor] asks us for our advice and guidance.

The [impact investor] adds value to our business.

We feel comfortable approaching the [impact investor] to discuss any problems we are having.

The [impact investor] responds to our queries in a timely manner.

We feel comfortable questioning the [impact investor]'s understanding or actions if we disagree with them.

The [impact investor] is flexible and open to suggestions and criticism from us.

[impact investor]'s staff are respectful, helpful and capable.

[impact investor] listens and responds respectfully to our questions and concerns.

The [impact investor] asks us for our advice and guidance.

The [impact investor] responds to our queries in a timely manner.

The [impact investor] is flexible and open to suggestions and criticism from us.

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This section of the report draws from the Survey data set to inform the conversation about our two framing questions (How well are impact investors performing? What does this understanding of investor performance say about the model of impact investing?). We have undertaken two basic analytical strategies to do this.

First, we have derived a set of six indices that summarize the core dimensions of effective operations and relationships of impact investors. By looking at the absolute and relative scores in these indices we obtain one view of the field-level strengths and weaknesses. The performance areas covered by the indices are overlapping but framed by distinct questions:

- **Net Value**: What value does the investor add for investees beyond investment capital?
- **Transparency**: How open and complete is the investor in its communications with its investees?
- **Efficiency**: How efficient are the investor’s operations?
- **Learning**: How well does the investor enable learning and improvement by investees?
- **Credibility**: How is the investor seen in terms of peer standing, responsiveness and professionalism?
- **Net Effectiveness**: Overall, how effective is the investor at enabling investee success?

Each index was calculated by combining the results from 2 to 8 specific questions in the survey. A detailed explanation of the calculation of the indices concludes Appendix 1.

To complement the indices, we identify the descriptive statements most agreed with and the statements least agreed (see figure 1 above). As some of these statements are included in the indices, it is expected that they track the indices in the main. But as a separate exercise they highlight specific performance characteristics and anomalies otherwise masked in mean averages.

Here, and elsewhere in the report, we use net promoter analysis (NPA), an approach to understanding client feedback with proven utility in the commercial world. NPA clusters responses into promoters (scores of 9 and 10), passives (scores of 7 and 8) and detractors (scores of 0 to 6). The net promoter score subtracts the percentage of detractors from the percentage of promoters. In some industries (like airlines or banks), and for poor performing companies in all industries, negative net promoter scores are not uncommon. Great scores by companies that are well known for client-orientation (like Apple, Zappos, Enterprise Car) reach the mid 50s and above.

The discussion of the indices that follows moves from lowest to highest. If you look along this spectrum a clear action agenda for impact investors emerges. Their weakest areas have to do with value adding through non-financial support and transparency while their strongest areas are learning, efficiency and credibility. Weaknesses are mainly errors of omission – things they do not do, but should – and their strengths flow from the exemplary comportment of their staff. There is significant demand for, and room for improvement in, non-financial support. Across the board, impact investors would improve investee relationships by being more proactive in soliciting advice and guidance from their investees.
Figure 2: Mean scores across the indices for the investors

- **Net Value**
  - Average: 5.7
  - Scores: 5.7, 7.5, 7.2, 6.8

- **Transparency**
  - Average: 7.0
  - Scores: 6.3, 6.7, 6.4, 7.4, 7.6, 7.3, 7.0

- **Efficiency**
  - Average: 5.6
  - Scores: 6.6, 6.8, 6.4, 7.2, 7.4, 8.5, 7.2

- **Learning**
  - Average: 6.2
  - Scores: 6.1, 7.4, 7.1, 8.1, 6.6, 7.2

- **Credibility**
  - Average: 7.3
  - Scores: 6.5, 6.7, 7.3, 8.5, 7.5, 8.1, 7.4

- **Net Effectiveness**
  - Average: 47.3
  - Scores: 23.3, 33.7, 41.3, 55.3, 44.7, 57.3, 42.6
What value does the investor add for investees beyond investment capital? The clear answer from the 215 social enterprises responding to the survey is, “not as much as it could”. Answers took into account the unfunded measurement and reporting burdens imposed by investors. As the graphic for this index shows, the investor mean averages all fell between 5.7 and 7.5, with a cohort mean of 6.8 – the lowest of the six indices. The best performer is rated 29% above the worst performer.

The confidential reports received by each investor pointed to specific areas for improvement.

45% of investees do not believe that impact investor requirements to measure and report social and/or environmental impact helped in their learning and improving.

35% of investees did not agree that the investors’ application and due diligence process helped them to manage their businesses better. 31% percent strongly agreed.

When asked whether they agreed that non-financial support received resulted in significant improvements in their performance, 46% of investees did not agree. Only 13% percent strongly agreed.

Despite the low ratings on value received from non-financial support, investees indicated a clear and strong demand for it. With respect to the manner of delivery, they indicated a clear preference across five choices, with directly “from the impact investor” being the overwhelming favourite (35% promoters and 19% detractors) and online training/materials the overwhelming choice most disliked (22% promoters and 48% detractors).

Figure 4 shows the percentage of investees that indicated that they actually received support in an area. The marker (in the form of a black diamond) indicates the proportion of respondents that indicated that area as one of their top three support preferences. The difference between the two can be read as the support gap.

The gap analysis shows a reasonable alignment between the highest demand items and their actual provision. But it also makes a case for dropping a number of areas of provision for which there is little or no demand.
Figure 4 Support gap analysis

- Improving Information Technology/Management Information System
- Regulatory assistance
- Improving human resource management
- Improving market access
- Improving communication with clients
- Improving communication with external stakeholders (donors, government agencies, peer organisations etc.)
- Improving social and/or environmental impact assessment and reporting skills
- Improving board/governance
- Improving access to further investment
- Improving operational efficiency
- Improving business partnerships with other enterprises
- Improving management capacity
- Improving financial analysis and reporting abilities

- Improving operational efficiency appears in the top 3 (%) and received support percentage.

- Actual receipt (%) and percentage who chose it in their top three support areas.

Legend:
- Blue bar: Actually received (%)
- Green dot: Appears in top 3 (%)
Transparency

How open and complete is the investor in its communications with its investees? Again, the relative answer here is “not enough”. This is the second lowest index score, and here the difference between the best and worst performers is 21%. The questions informing this index look to the openness and completeness in investor communications. It takes into consideration relationship dynamics that are directly informed by investor behaviours around sharing information.

The confidential reports received by each investor pointed to specific areas for improvement. Some of the lowest scores in the entire survey were given in response to questions relating to how well investees understood the costs of the training they received, the thoughtfulness of investor responses to reports they provided, and their understanding of what investors did with those reports. If these findings are generalizable to the field – something these findings could reasonably support – then here are some straightforward things that investors can improve.

“"I’m not really sure what is done with the information reported back to [Investor]. For M&E, I feel that 6 monthly reports are too far apart...Milestones should be in place, and this would benefit from detailed discussions between the two parties.”

“"It is very important that [Investor] has a very clear objective and a process plan and conducts this process efficiently.”
What Investees Think

Efficiency

How efficient are the investor operations? The answer here varied widely across participating funds ranging from unacceptable to adequate. This is clearly an area where investors can and should improve.

Questions informing this index consider the application and due diligence process, the reporting burden, and the sufficiency of the financial investment to achieve the agreed upon objectives. Relationship dynamics that contribute directly to efficiency are also incorporated.

The range in performance across the investors here was considerably larger, with the best performers coming out 33% above the lowest. For some questions, such as the extent to which investors imposed unfunded reporting requirements, the difference was over 100%. The confidential reports received by each investor pointed to specific areas for improvement.

“Conditions attached to the financial support should aim to empower the investee’s board, which would include [Investor] nominees, to a greater degree instead of various approvals needed from [Investor].”

“The lack of practical experience of the account manager in running a social enterprise resulted in lots of questions that we considered time consuming and detrimental to day to day operations.”
Learning

How well does the investor enable learning and improvement by investees?

Here we are moving into the areas where investors are performing better as this Learning index considers the openness and flow of communications between the impact investor and their investees and the learning realized while engaging in monitoring and evaluation tasks. The investors are consistently graded as respectful, responsive, and open. What brings down their scores is follow through on investee reports – investees have little idea what investors do with the reports, for example. Nor do they find the investor required metrics all that relevant to their own learning and improvement.

The confidential reports received by each investor pointed to specific areas for improvement. But the overall finding here is that these respondents are admitting that they do not know most of their social impacts and that the investor requirements are not helpful to knowing them. There is a clear need for focused dialogue on this between investors and investees in order to improve performance measurement practices on both sides.

“[Investor] account managers are excellent on theory but (in our experience) have limited working knowledge of the reality of running a social enterprise. This caused tensions initially - however [Investor] willingness to listen enabled us to resolve these.”

“What Investees Say”

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“The reporting requirements need to be standard across the board. It appears that after 10 years, [Investor] does not have a set template to offer to investees for reporting--we had to create our own.”

“I am happy to have the country representatives. Otherwise, when I started work with [Investor], staff came from [country]. The interaction was very remote and once off. With representatives in the country, at least they understand the situation we are working in and can understand our challenges.”

Figure 7  Mean scores for the learning index across the investors

![Learning Index Graph]
Credibility

How are investors seen in terms of peer standing, responsiveness and professionalism? This index is geared toward questions that either directly compare or imply a comparison of the investor to others. It also considers investor responsiveness and staff professional competence. Respondents compared the investor to other investors on eight factors:

- Application requirements
- Due diligence process
- Investment structure
- Non-financial support
- Reporting requirements
- Responsiveness when there is a problem
- Knowledge and expertise of staff
- Helpfulness of staff

The confidential reports received by each investor were clear in areas for improvement. While individual respondents occasionally rated other investors more highly, all of the average scores rated these investors above others. This tends to support the hypothesis that these seven impact investors are all high performers.

“[Investor] has used threatening communication to collect their overdue moneys although we have had mitigating circumstances. [Investor] refused to give us a top-up loan to enable us to have enough working capital. We have remained at a scavenger level.”

“I appreciated [Investor]’s ability to respond in a timely fashion. They were very fast in their responses and very helpful in explaining the process and even assisting when there were challenges.”
Overall, how effective is the investor at enabling investee success?

This index combines the two questions most commonly used in the customer satisfaction industry with a direct question about investor added value to the investee business. The analysis and presentation for this index differs from the other indices by segregating investees into three groups that are distinctive for performance management purposes: promoters, passives and detractors. We derive a “net effectiveness score” by subtracting the percentage of detractors (scores 0-6) from promoters (scores 9 and 10). As can be seen from Figure 9, when combining all three questions, approximately half of investees are scoring 9s and 10s (promoters) and 9 percent are detractors, with the rest more or less on the fence. But interestingly, as can also be seen, there is a wide variation in the scores across the six investors. Even within this band of high performers, there is considerable room for improvement for the lower performers.

“Given the very difficult sectors [Investor] is confined to, how realistic is [Investor] in its expectations? Do investees believe [Investor] has the staying power to pursue and its social objectives, when things do not immediately turn out as they expected?”

“Our business keeps changing as we go deeper within the community. [Investor] has found it difficult to relate with the changing business.”
Field-level recommendations
The confidential reports received by each investor provided the findings and recommendations specific to their feedback. This field-level report looks to the recommendations for the field to improve impact investment performance and outcomes.

**Recommendation 1: Join the Survey**

All seven participants in the Survey plan to repeat it. A common refrain that we heard from the investors was, “far more useful than we expected”.

Comparative investee feedback is a proven and effective field-building tool. The more investors who participate in the *Keystone Performance Survey: Impact Investment*, the better the data is for all participants, and for the field as a whole.

The first recommendation flowing from the first iteration of the Survey is for all impact investors to participate. The first opportunity to do this will be in the second quarter of 2013. Updates and information on how to join are available on the Keystone website.

**Recommendation 2: Publish your feedback**

When investors publish investee feedback three field-level results occur.

First, they demonstrate their commitment to transparency and public accountability. Publishing feedback creates a much-needed structural re-balancing of bottom-up/client and top-down/investor perspectives. It creates the conditions of respectful and authentic dialogue across all stakeholders that are most conducive to continual improvement and a race to the top.

Second, publishing systematic feedback from their investees in a way that is comparable and independently collected on an anonymous basis (as in the *Keystone Performance Survey: Impact Investment*), begins to establish robust performance standards for each of the benchmarks in the survey. As few as 20 investors doing this could create robust benchmarks for the sector.

Third, the comparative feedback data would be immediately useful to wholesale investors and social businesses. It would be useful to those providing finance to impact investors by allowing them to factor investee perceptions into their capital allocations. It would enable social businesses to target the most demonstrably effective investment partners.

**Recommendation 3: Use evidence to improve performance and reduce reporting burdens**

Measurement and reporting can be a “waste of time” or a “real benefit” to a social enterprise. Usually, it is a mix of both. In order to reduce the burden and increase the benefit from measurement and reporting activities, feedback data can be used to foster learning and improvement for investees through better reporting requirements and related dialogue. This does seem to be an area where a focused discussion of reporting requirements between investor and investee with a goal to improve utility to the investee could yield significant relationship and productivity gains. Four simple steps to consider are:

- **Learn and improve.** This report is rich with insights and recommendations from investees. These can be brought into purposeful dialogue to agree corrective measures, which can then be assessed through ongoing dialogues and periodic future surveys. The starting point is for investors to respond more thoughtfully to investee reports, and to explain how they use the information.
- **Prune** by identifying the data currently collected that is not used. All respondents felt that to meet investor requirements they needed to collect information that they would not normally collect, and none felt that their investors provided sufficient support to collect this information. Investees will welcome the chance to prune reporting requirements through dialogue and experimentation.

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7 See [www.keystoneaccountability.org](http://www.keystoneaccountability.org)
- **Discover which feedback indicators are most predictive of future outcomes.** Pinpoint the most useful metrics and to discover what feedback correlates to future outcomes. Once predictive indicators are demonstrated, manage to them to improve outcomes. This is not something investees are likely to do without strong donor support. In his 2013 annual letter Bill Gates tells the story of his foundation’s investments in research on teacher improvement. That research has discovered that student feedback is often the best measure of teacher performance, and those student responses early in the school year correlate to their scores on standardized tests at the end of the school year. *There are rich veins of undiscovered predictors of impact investment performance waiting for impact investor prospectors.*

- **Measure use of evidence.** One simple step that investors and investees can take and share with each other is to measure the extent and rate of how they use the data they collect.\(^8\)

### Recommendation 4: Incorporate feedback into shared measurement activities

The field of impact investing has developed a number of field level measurement, reporting and rating tools over the past decade, none of which has incorporated a rigorous approach to feedback data.\(^9\) Factoring rigorous comparative feedback from investees of the type generated by this Survey into these existing measurement, rating and reporting tools can reduce the overall reporting burden (as in recommendation 3), while providing an important measure of ground truth to the impact measurement conversation.

To provide one illustration from this report, when asked as to the quality of evidence of social and environmental results from their work, the investees are indicating that they have a low level of evidence, and that the investor requirements are not helpful to knowing them. This finding pushes out a significant probe into a recent impact investor survey which indicated that 96% of respondents report that they use metrics to measure social/environmental impact.\(^10\) Just what metrics are they using and what quality of evidence do they have? How do they understand their responsibility to invest in measurement capacity for the field?

These and other questions are best answered through continuous dialogue between investors and social enterprises, punctuated by “truth to power” moments like the *Keystone Performance Survey: Impact Investment*.\(^11\)

### Recommendation 5: Invest in feedback from the ultimate clients

*Figure 32* shows that investees appreciate the value of client feedback, but have yet to develop and deploy the tools to harvest this value effectively. There is a significant opportunity for impact investors to encourage and support client feedback system development.

Investors are in a unique position to introduce a discussion of the opportunity to improve through feedback from clients. They can ask investees to report feedback data from their clients. They can offer to assist investees in collecting their client feedback and explore potential for creating benchmarks across investees. Investees may be able to develop internal benchmarks, e.g. comparing performance of different departments or across different regions, or identify external benchmarks. Consider developing common approaches and facilitating learning between investees.

Investors that take this road will discover that the feedback from those who are ultimately meant to experience the social impact of their investments is also useful for their investment decisions.

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9. Examples include IRIS, Pulse, GiIRS, CARS, Microrate, and Planet Rating.

Case stories from seven feedback pioneers

So what does all this feedback mean to impact investors? We timed the publication of this report to give the impact investors a chance to deliberate and act on their findings so that they could provide a first person answer to this question. The resulting case stories collectively present a delightful paradox. Deploying a standardized survey tool does not lead to a one-size-fits-all result. These seven stories brilliantly showcase how the discipline of standardized measurement can distinguish uniqueness and inspire distinctive paths to excellence.
Our organization believes that providing our investees with non-financial support and access to additional capital alongside our capital investment are key features of our value added to investors and important to their potential to achieve scale. We were pleased to learn that overall, the satisfaction of Acumen Fund’s respondents was high. However, there are clearly areas for improvement identified in the Keystone survey. The survey results helped us identify where the implementation of our initiatives has fallen short of our intentions.

Finding: Acumen Fund received the lowest rating across the three statements assessing impact of financial investment, the lowest being around the following statement, “The amount of Acumen Fund’s investment is sufficient to achieve what you agreed to achieve.”

Acumen Fund provides equity capital to prove scale for innovative business models and frequently, the path to scale requires modification and iteration around the initial business plan and funding quantum. Acumen is actively thinking about how to support experimentation in testing new business approaches while keeping a focus on performance management and achievement of scale. This feedback has underscored the importance of these efforts.

Furthermore, we recognize the importance of discussing and communicating these challenges with our investees and collaborating with them on finding the right balance between flexibility to innovate and discipline around investment plan. This year, we aim to build in-house capability to improve our team’s skill base to help spot and address operational and financial challenges, provide portfolio companies with third-party expert advice and support in key functional areas as and when requested and ensure conversation around scale and sustainability take into account social impact at board meetings, strategy discussions and even during capital raising. Future iterations of the Keystone survey will tell us how well we are doing in this regard.

Finding: Although 82% of Acumen Fund’s investees responded that they received a variety of non-financial support, we learned that more than half of the investees found that the non-financial support had not resulted in significant performance improvement and was not particularly useful in terms of increasing access. Furthermore, investees have asked Acumen to provide non-financial support in the following areas: improving market access, improving business partnerships with other entrepreneurs, and improving communications with external stakeholders.

This feedback is very useful as Acumen improves at answering what product, what form of delivery and what type of provider for sources of non-financial support. In other words, it helps us refine our hypotheses and focus around what to provide in-house, what to co-ordinate externally, what needs to be local versus global, what can we get pro bono versus what we need to pay market for and possibly, as importantly, to recognize areas where we cannot offer effective non-financial support at this time and be clear in our communication.

Finding: Acumen Fund’s respondents noted that our requirements to measure and report financial returns and social impact were only moderately and less helpful respectively. Furthermore, there was feedback that our reporting requirements were “onerous” and that we provided insufficient feedback on how we utilized the requested data.

Since we hosted our global portfolio gathering last year, we have been aware that there has been a gap in the feedback loop around data and metrics sharing and this survey underscored this feedback. This year, we are taking concerted steps to close the feedback loop by collaborating on data analysis, sharing the reports we prepare and generally promoting transparency and sharing around data collection objectives and analysis results with our investees. Via the relationship manager, Acumen hopes to actively collaborate with and leverage the information the business collects to understand how we can support them more effectively with non-financial support as well as being able to help investees better tell their stories to other investors and even customers.
The survey was very helpful in providing a comparison with other participants in our field. Keystone’s independent status in administering the survey encouraged more honest responses and provided us with critical feedback that, in some cases, was known and in other cases, was new. It encouraged us to look at and collaborate with our peers in learning possibly better practices around communication and investee support. Participating in this survey regularly is a useful gauge for us in obtaining independent feedback from our investees as we reflect on our progress and our goals for the following year. As we are one of two members of the cohort who had taken the Keystone survey before, a review of past surveys in comparison to the present one also presents an interesting snapshot of the changing needs and requirements of our investees as they mature as companies.
We had two aims in taking part in the survey:

- To encourage investees to give feedback in a safe (anonymous) manner on a number of areas relating to our investment in them, for our own learning and development; and
- To help gather more data on impact investment for the benefit of the market as a whole.

With the results in hand, the survey process and final report has fulfilled both of these aims and we would recommend other impact investors to take part in the future. Overall, we were pleasantly surprised with the responses, which were on the whole very positive. On reflection, we had perhaps anticipated more areas for improvement. The report required careful study and analysis – including the accompanying anonymous raw data – to try and draw solid conclusions. We digested the response as a team, and over several weeks, before attempting to respond.

Before we even decided to take part in the survey, we were fairly committed to publishing our results, given our second aim of using the survey to help gather more data on impact investment as a whole. In the end, this was made an easier task by the fact that the results were good and we were able to respond and publish within a month of receiving the report. We found this easy since we are a very small team, so sharing and discussing the responses amongst ourselves and with our investment committee was relatively straightforward.

We chose to publish our individual report with a commentary, highlighting the areas for improvement and what we were planning to do about it. This was made easier by the fact that we were already aware of the issues that were raised and (independently of the Keystone process) had begun to reflect on and implement changes.

Respondents report only a moderate understanding of how we use the information they provide to us. This was helpful, and we’ve tried to take it on board in all interactions with new clients at the outset of the investment. More surprising to us was that we scored lowest in the cohort on measuring and reporting against social/environmental impact. We debated this at length, concluding that although this could reflect the fact that we consciously request little information over and above what investees already collect, to avoid unnecessary burdens, our investees seem to score themselves low on their own impact reporting. As such, we concluded there is more work to be done. We had already begun a program of greater data collection for new growth investments, and this has reaffirmed our commitment to it. The challenge will be to achieve this with new investees whilst maintaining the equilibrium commented on by one respondent, ‘Venturesome have struck the perfect balance of interested rather than interfering investor’.

The cohort’s scores as a whole were only moderate in terms of the value investors are perceived to bring over and above the financial investment itself. Non-financial support was assessed across a range of categories, and in nearly all categories, Venturesome seems to provide less non-financial support than the cohort average. This was not a surprise, as (particularly compared to the other investors who took part) Venturesome does not offer non-financial support. We mainly provide debt, and to relatively established organizations. Whereas the survey indicates that the rest of the cohort is more likely to provide equity and to younger organizations, which by their nature are more likely to require more hands-on support. Where we were surprised was that many respondents did, nonetheless, report that they had received non-financial support from us and that its usefulness was rated above the cohort average. Again, we have found it hard to draw hard or fast conclusions from this – it could be because the support was unanticipated (we do not formally advertise or offer such support) and this response reflects the element of pleasant surprise. It may also reflect the seemingly poor experience investees report having elsewhere.

Of most interest to us in the feedback relating to non-financial support were our respondents’ views on what areas they would prioritize for potential future support – the top three were access to further investment (by a long shot, with four in five requesting this), market access and financial analysis and reporting abilities. We are therefore exploring how we might further develop these, if appropriate, whilst retaining our relatively ‘hands off’ approach.

The feedback was very useful in encouraging us along a process of change that we had already begun. It is relatively early days still, but the report has already led to some changes in our practice. We were keen to publish the report and our response to it to check we had drawn the right conclusions from the report, and whether our suggested actions seemed sensible to our investees. We emailed the report to all our investees, and our response to it, before we published. The response to the report findings from our investees has been a resounding silence, which has been challenging. We’re reluctant to push the issue with our investees because many are experiencing a challenging climate...
at present and our request for feedback on the report is inevitably far down on the list of their priorities.

A high percentage took the time to fill in the survey, for which we are very grateful – but many reported not finding it particularly useful, so perhaps that is as much as we can ask from our investees on this matter. This is something for us to explore in face-to-face meetings with our clients. Inevitably, the survey and report have moved down our list of priorities also, although we have committed to an upcoming team review of the actions identified above.

More publicly, the report has received little direct commentary, perhaps understandably given that it is largely internally facing. Going through the process has reconfirmed our commitment to transparency and customer service, two key pillars of the emerging impact investment market. As such, we have found ourselves informally promoting the report and its methods among peers, which is not something we would necessarily have anticipated at the outset. It reflects our learning that feedback methods like this can be a powerful performance management tool, at a time when the industry is under the spotlight yet struggling to articulate its impact.
E+Co first became interested in participating in the investor group for the Keystone Performance Survey in the first quarter of 2010. The survey value proposition was clear – a survey that would provide the entrepreneur perspective on how E+Co does its job, its strengths and areas of improvement.

Once the investees completed the survey, we were anxious to find out how our entrepreneurs envisioned the organization and our processes. Originally, E+Co knew that the survey would be useful, but when we received preliminary results, we realized it was much more valuable than expected. E+Co had asked Keystone for preliminary results to present in its Global Meeting that took place in October of that same year – that way staff from all around the globe were presented with a peek of the entrepreneurs perspectives regarding the different processes like application and due diligence, the investment process, the non-financial support, the relationship company/client, the reporting aspects and overall satisfaction of the investees towards E+Co. Although just a small sample of the results, it was motivating to find out that from the 6 areas surveyed, the majority of the respondents had rated E+Co positively. Still, this was no reason to sit back and relax. E+Co was aware that the complete set of results would shed some light on problem areas as well as performing ones.

After the final results were received in early 2011, the first task was to break down the information and understand the indices. A summary of the performance results was then presented within the organization, as a document that could be used as a quick, go-to reference for board and management meetings, external investor/donor information material, and for internal dissemination. The report with the specific responses was made available to staff upon request.

The tailored questions demonstrated that E+Co had areas of improvement specifically in the post-disbursement stage. The fact that entrepreneurs didn’t think that E+Co’s Business Development Services (assessment of business strategy and support with corporate infrastructure/management) were strong was a challenge to BDS being a key component of E+Co services. This has lead the organization to also analyze whether the correct perceptions of BDS are being presented to the clients.

E+Co’s lowest indices are Net Value and Credibility; its highest being Satisfaction. Coincidently, both the Net Value, Credibility and Satisfaction indices hold the lowest and highest scores for both E+Co and the cohort. As a matter of fact, the pattern is standard for all the indices for both E+Co and the cohort. It would be interesting to analyze if the way the questions were presented has to do with this match in index order.

If E+Co were to use only these results as an indication of the path forward, then the organization needs to define a two-purpose action plan: on one end E+Co needs to increase its potential on those areas in which it is positively rated, and on the other end work to improve the net value and credibility dimensions. This action plan could then be implemented beginning second semester 2011 and hopefully E+Co would then see the changes reflected in the results of the next Keystone Performance Survey.

However, E+Co cannot only use the Keystone results to define an action plan. These need to be analyzed and considered jointly with daily operations performance, with comments directly from the field, and with a constant analysis of E+Co’s triple bottom line impacts. All these together can definitely fortify E+Co’s baseline for improvement.
Through its completion of three rounds of client feedback surveys from 2009 to 2011, the Grassroots Business Fund (GBF) has learned a great deal about how its investees perceive GBF’s effectiveness. GBF believes that by delivering a combination of investment capital (loans, equity and quasi-equity) and flexible, high-quality technical assistance to its High Impact Businesses they will be able to expand, become sustainable and attract other investment partners. We believe this can only be achieved if we measure both our successes and failures and remain open to feedback by utilizing client feedback surveys.

This constituent feedback loop was ingrained into GBF’s DNA from its onset with the development of its metrics framework called iPAL (Impact Planning, Assessment and Learning). A crucial component of learning for GBF is the ongoing collection and integration of feedback from its clients.

One key finding from the 2010 survey was the need to focus more on non-financial support, or technical assistance. GBF prides itself on providing non-financial support to its clients, however it was revealed that GBF’s clients could benefit from additional assistance. Specifically, clients mentioned a need for training in regulatory assistance, market access and management information systems. Over the past year GBF answered our clients’ requests by hosting regional workshops. At these two-day workshops, clients came together and received training on corporate governance, financial statement analysis, and the skills needed to track and analyze metrics in order to strengthen management. GBF’s clients gave positive feedback on the workshops, and GBF will continue to host them into the future.

Another finding from the 2010 survey was that clients were often unaware of the uses of their reports. For the next year GBF made a push to make sure its clients understood 1) why it requires the metrics they report and 2) what it does with the results. GBF has increased the number of calls with our clients to at least once a month, where investment staff share their analysis of the companies’ reports.

A key finding from GBF’s 2011 survey was clients’ need for additional financing. Many investees expressed the need for a larger investment package to enable them to spend less time fundraising and more time managing. One client provided us this feedback: “GBF did not invest enough. We lost a lot of time fundraising by ourselves.” With this feedback we have made an effort to increase our average investment size from $450,000 to $850,000 thereby enabling many of our clients to gain access to the additional capital they need. In addition, we are currently pursuing follow-on investments with several of our existing clients.

In 2011, to gain a better understanding of its clients’ perceptions of GBF, it asked how the companies would describe GBF if it were a person: “A brainy finance person with good social skills and an excellent heart, sense of humor and good network.”

One of GBF’s company wide goals is for its clients to report that they would highly recommend GBF as an investor. Through this incorporation of client feedback surveys into company goals, the tool has become an integral component of GBF’s success. GBF has also been able to track its progress by comparing answers to the same questions each year.

In addition, GBF was able to compare its survey results with the 2010 cohort survey that was designed by Keystone Accountability. This cohort survey enabled GBF to gauge how well it was performing compared to other impact investors. When GBF learned that its technical assistance was perceived as less helpful than that of some other investors, it reaffirmed our desire to improve our technical assistance and host the workshops last year.

GBF has also worked with some if its clients to implement client feedback surveys between them and their suppliers. This allows them to measure supplier satisfaction, thereby improving retention rates and business outcomes. Anonymous by nature, client feedback surveys provide suppliers and customers with an avenue to communicate honestly and articulate their needs. Latco, an organic and conventional sesame seed producer in Bolivia, began conducting client feedback surveys in 2010. When management of the company learned that 96% of the smallholder farmers they source from were interested in group training, they were able to provide training opportunities through existing resources. Although the trainings were low cost, they allowed Latco to demonstrate their commitment to their suppliers and improve supplier retention.

Looking ahead, GBF plans to continue administering annual client feedback surveys and once again participate and share results in the Keystone Accountability cohort survey. GBF believes that transparency and an openness to listen and adapt to feedback will make the impact investing industry stronger.
Gray Ghost Ventures

Gray Ghost Ventures (GGV) is the umbrella organization founded by Bob Pattillo. Built around social impact through investment and infrastructure development, GGV seeks catalytic, early-stage investments in the developing world. Depending upon the need and opportunity, we serve as creator and manager, sole funder, lead investor, co-investor, general partner, or limited partner in operating companies and investment funds around the world. GGV has played a significant role in the promotion of impact investment globally. Our areas of work include: microfinance, social venture Investment, and affordable private schools. In our years of experience, we have observed that just because an entrepreneur has a CEO title, this doesn’t necessarily mean that they have had the experience of running an actual business. This is where we believe we bring the biggest value; mentoring and board involvement. For this purpose, the *Keystone Performance Survey: Impact Investment* provided a great benefit to our organization by helping us identify our strengths and weaknesses.

In general, we have found that diverting the attention of our entrepreneurs from the running of their core businesses is always a challenge and never timely, and definitely the case when the surveys were ready to be conducted. At that time, half of our portfolio companies were in the process of raising a subsequent round of financing, and 75% of our companies were in the process of expanding their geographic reach. The fact that we had a 67% response rate was impressive to us given the scaling opportunities amongst the various continents in which our entrepreneurs were located at the time.

GGV found that the overall responses to the survey were positive, and in line with our perceptions of our investee community. We are proud of leading the way in the areas of Learning, Net Value Provided, perceived Credibility to our entrepreneurs and Net Effectiveness – and yet still understand that we have a long way to go and a lot more work to do in helping our organization and our portfolio companies perform to their potentials. We are aware that the need to improve as an organization is a continual process, and strive to set the example to our entrepreneurs.

The survey did highlight two key areas that needed improvement in our overall systems and processes; Efficiency and Transparency. In terms of Efficiency, we were able to really ascertain what our entrepreneurs perceived of our due diligence process. As a social venture fund, our processes are very important in establishing a structure whereby we can differentiate ourselves from our competitors in this space. The team conferred on the feedback on Efficiency, and decided that we would streamline our needs for the appropriate informational disclosures without sacrificing the evidence that was needed to make a decision on moving forward with an investment. This decision reduced the due diligence materials request by over 63%, in order to better focus on the vision and opportunity of the potential investee.

In addition to the above, GGV scored lower than its peers on its Transparency, or how openly it communicates with its investees. This was another area of development that we were aware had suffered due to our reorganization and staffing. As we were building our team, we realized we would have some of these challenges. As a result of the survey findings, the social venture team has added another two financial analysts to its headquarters, and a consultant to strengthen our ‘on-the-ground’ due diligence capability in India. We believe that these new hires will assist in keeping the lines of communication open with our portfolio companies both now and in the future.

Overall, Gray Ghost Ventures was pleased with the survey results. In many ways, the survey affirmed what we already believed to be ‘doing-right’ on-the-ground and in-the-field with our current and potential entrepreneurs. We are delighted that we rank near the top among those peers that we admire and are so well regarded in the social impact space. Though we are aware that our business operates very differently than most of the peers we were compared to, it was eye opening to understand and comprehend how our entrepreneurs perceive us and to take the necessary steps to adjust those things that we can control.
Our aim for the survey was twofold: to enable our investees to give us honest feedback under a framework of dialogue and learning, and to help us understand our value-added as a fund in order to assess how we can operate more effectively and efficiently.

After receiving Keystone’s report, we had an internal meeting where we discussed the findings of the report. We concluded that it would be valuable to build on Keystone’s findings by conducting follow-up individual interviews with each entrepreneur that responded to Keystone’s questionnaire. These interviews were conducted following the same categories as our confidential Keystone report. To ensure candor and confidentiality, an IGNIA executive who was far removed from the IGNIA General Partners was expressly selected for these duties. At the one-on-one interviews the entrepreneurs were assured that their individual responses would not be attributed to them.

A report summarizing this process, with both positive and negative comments, was presented to our General Partners. In addition, suggested recommendations were provided based on the perspective of each entrepreneur as well as our own views.

After reviewing Keystone’s findings, conducting personal interviews with our entrepreneurs, soliciting the input of our General Partners, and having additional internal meetings, we’ve acquired a deeper sense of self-awareness and have been able to uncover significant insights that had been eluding us. We have been able to translate some of these insights into actionable plans going forward that we believe will greatly benefit us all. Future iterations of the Keystone Survey should tell us if we are making improvements.
Root Capital provides capital and delivers financial training to small and growing agricultural businesses in rural areas of Africa and Latin America. One might think that, because we often work with businesses that lack access to finance, simply making a loan would be enough. On the contrary, we have learned that a high level of customer service—particularly timeliness and flexibility linked to varying agricultural cycles—is an important element of the value we provide to our clients. As such, Keystone Accountability’s performance survey, among other initiatives, is important in keeping us focused on finding the most effective and efficient ways to serve our clients as we grow.

The timing of the survey relative to other events at Root Capital offered both challenges and opportunities. Challenges, because the leader of the effort within Root Capital left the organization (on amicable terms) just as the results came in, delaying the process of digesting and responding to the feedback. However, in another sense the timing was fortuitous, with results arriving just in time to inform the long-term strategic plan that we developed this year. Though the short-term internal response was rather more muted than we would have liked, the long-term impact on our strategic five-year plan was significant. Our new Chief Credit Officer is incorporating the results from the survey into a broader review of our lending process with the aim of improving customer service and efficiency to meet our long-term objectives.

In certain areas, the surveys confirmed our hypothesis in positive ways. For our borrowers—agricultural enterprises that aggregate and export the harvest of small-scale farmers—the twin pillars of inventory management and cash management are crucial (and often very challenging) during harvest time. We therefore strive to provide rapid response time to requests for disbursements and flexibility in timing and amount of disbursements, all negotiated appropriately by our loan officers based on their expertise working with agricultural businesses.

We were pleased to see that we rated highly along the dimensions that we believe constitute our ‘special sauce’—responsiveness, knowledge, and expertise of staff. As one client wrote, ‘they move faster and are willing to understand our peculiarities rather than have a one size fits all approach.’ Root Capital rated very highly with regards to ‘enabling learning and improvement’ by our clients, with one client remarking that “the due diligence team asked questions that brought to light numerous issues which we needed to address to strengthen as a company…the application process was a very effective ‘self-audit’ process.”

At the same time, the surveys confirmed another hypothesis we had, which is that as we grow rapidly, we will need to take active steps to preserve these traits. One investee noted the increasing level of bureaucratization, standardization, and ‘impersonality’ as we grow. This feedback served as a constructive reminder to us.

One crucial finding from the surveys is that those clients that received our financial management training found it highly useful, but that not enough received it (roughly one-third). For this reason, one of the major initiatives of our strategic plan is increasing integration of our Lending program with our Financial Advisory Services program in order to offer advisory services (both pre-investment and post-investment) more systematically across our portfolio as needed.

Another area in which the surveys identified room for improvement is in articulating why Root Capital asks for certain information and what we do with that information. This feedback applies not only to information about social and environmental impact, but also financial information. In response, we are working to explain more fully our need for specific data—while also considering which questions on our application form are dispensable—so that we can continue our tradition of transparency, which the survey indicates that clients value.

These findings affirm the value of Keystone’s client satisfaction surveys for us and, we suspect, for all of our peers that participated. In general, these peers are other impact investment funds that share our larger goal of leveraging the power of markets to create social and environmental impact. However, our operational models are quite different, with implications for the usefulness of the findings. Most of the organizations in the peer cohort focus on longer-term debt or equity investments that are lower volume but typically entail longer due diligence processes. By contrast, we focus on higher transaction volume, short-term trade credit (i.e., 300+ loans in 2011), and also provide long-term debt, with corresponding differences in our due diligence and monitoring processes. We believe that the value of peer comparison surveys would be even greater if the operational models of the cohort members were more similar. To fill gaps in our knowledge that are specific to rural agricultural lending, we may conduct a targeted round of follow-up surveys focused on the specific financial services we offer.
Complete Findings
Respondents’ Profile

- Across the cohort there is an almost even distribution of the average time that the investees have been operating.
- Most of the investees are businesses with more than five years in operation.
- Only two impact investors have more than one-third of their portfolios invested in organisations with less than three years of operation.
- Most of respondents, 70%, have been working in their line of business for less than 10 years. Out of this figure, 25% have worked 3 to less than 5 years in their line of business.
55% of the respondents’ annual operating budgets are above 1 million USD.

31% of respondents operate on less than 500,000 USD and almost 18% on 5 million USD or more.

Only one impact investor does not collaborate with investees whose annual operating budget is less than 1 million USD.

Another impact investor works mainly with smaller organisations whose operating budget ranges from less than 250,000 USD to 499,999 USD.

40% of respondents say that their organization’s objectives reflect an even balance of financial and social/environmental value. 34% of respondents say that their organization’s objectives emphasize social/environmental values over financial ones. 26% say that their objectives are more financial than social/environmental. What this means in practical terms needs to be more fully excavated.
Looking at the cohort average, there is an almost even distribution of respondents according to the time since the first investment.

- Only one impact investor’s respondents have received funds less than 2 years ago.
- Four of the impact investors have respondents that received their first investments more than 4 years ago.
- 44% of all respondents received their most recent investments in the form of long-term loans, 18% short-term loans, and 37% in form of equity investments.
- Only 1% of respondents also received grants. (Only 1 investor reported making grants.)
- 26% have received their first investment less than 1 year ago and 20% between 2 and 3 years.
On average, the majority of respondents (76%) declared that the application and due diligence process with the impact investors of the cohort took less than 8 months.

One impact investor in the cohort was able to avoid the process taking longer than 12 months for any respondent.

However, for 6 out of the 7 impact investors in the cohort, the process took more than 12 months in some cases. This might be due to the fact that the long-term and equity investments tend to require a more comprehensive due diligence process than short-term loans or grants. This was reviewed in a case-by-case basis in the individual confidential reports.
By clustering responses into promoters, passives and detractors we see a clear decline in agreement across the three statements. The investors are reasonably clear in explaining and scheduling application and due diligence processes, though 20 percent of investees would not agree to this. It can by no means be said to be an excellent process. It is more of a compliance exercise for 80 percent of investees, not an activity that is valuable in itself. There is considerable room for improvement here.

“I found [Investor] extremely helpful and supportive and their input during the due diligence process helped improve our plans.”

“Legal costs associated with investment were high, almost 5-10% of the overall investment. Would be good to reduce these costs.”

“There needs to be some clarity and restriction on time limits for the process. At times during the process, we were left in limbo because one person was not moving. After a lot of pushing and complaining, that person started to move. Thus, the process needs to be owned by one person, who all other actors realize they must respond to within time.”
Financial Investment

The four statements show a clear pattern. Investments are more geared to achieve financial than social outcomes, only about one-third of investees are in full agreement with these two statements. Even fewer investees (under a quarter) strongly agree that the investments are sufficient to achieving agreed goals or are helpful in securing additional investments. The most popular request for non-financial support was for assistance of this kind (see Figure 4, below), highlighting the opportunity here. This is a significant area of weakness in current impact investment practice and is a clear area for further attention.

![Quality of financial investment](chart)

**WHAT INVESTEES SAY**

“[Investor] should be clear about its long term commitment. If additional funding is required to achieve the social/financial goals, then a financial road map with clear milestones should be put in place to reduce uncertainty around business sustainability.”

“Running a company takes a commitment from shareholders. There are also operational costs that are involved. If there is insufficient funds and/or support, than the original aim and functions of that company is duly affected.”

“We benefit very little from the loan because of adverse volatile exchange rate of our local currency against US $. If [Investor] are for win win business, we advise that they look into this issue and if possible, set a limit.”

“They did a good job of negotiating on behalf of the participating angel investors and setting clear terms that all could agree to. They were clearly focused on getting the deal done at a fair set of terms.”

“[Investor] should consider the cost to the enterprise of the financial assistance based on [Investor]’s “cost of funds” rather than basing all the deals on “market” rates available to the enterprise as baseline. This does not work as social oriented enterprises cannot flourish at rates that are being offered in the open market.”
Non-Financial Support

Respondents indicated ‘Improving financial analysis and reporting abilities’ as the most common form of non-financial support from the impact investors, received by 64%, followed by: ‘Improving management capacity’ (58%), ‘Improving business partnerships with other enterprises’ (54%), and ‘Improving operational efficiency’ (54%).

Investee priorities for support vary considerably from what is currently on offer. The most wanted areas for future non-financial support are: first, ‘Improving access to further investment’ (49%), then ‘Improving market access’ (38%); and, in third place, ‘Improving business partnerships with other enterprises’ (36%).

“What Investees Say

“How can [Investor] improve its ability to support social entrepreneurship? (I don’t know the answer, I just think that they should.)”

“[Investor] talks about patient capital, but when it comes to doing business they are not very patient. I think there is a conflict within the social and financial priorities.”
Figure 19  Usefulness of non-financial support: Management

**NET PROMOTER ANALYSIS**

<table>
<thead>
<tr>
<th>Service/Support</th>
<th>Detractors</th>
<th>Passive</th>
<th>Promoters</th>
<th>NPS</th>
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<tr>
<td>Improving board / governance</td>
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<td>Improving management capacity</td>
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<td>61</td>
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<td>Improving financial analysis and reporting abilities</td>
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<td>Improving operational efficiency</td>
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<tr>
<td>Regulatory assistance</td>
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<td>17</td>
<td>-29</td>
</tr>
<tr>
<td>Improving human resource management</td>
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<td>43</td>
<td>14</td>
<td>-30</td>
</tr>
<tr>
<td>Improving social and/or environmental impact assessment and reporting skills</td>
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<td>41</td>
<td>13</td>
<td>-33</td>
</tr>
<tr>
<td>Improving Information Technology/Management Information System</td>
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<td>12</td>
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<td>Improving access to further investment</td>
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<tr>
<td>Improving communication with external stakeholders (donors, government agencies, peer organisations etc.)</td>
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<td>Improving communication with clients</td>
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<td>Improving business partnerships with other enterprises</td>
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<tr>
<td>Improving market access</td>
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**NET PROMOTER ANALYSIS**

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Detractors | Passive | Promoters

What Investees Think
The overall message here is that non-financial support is moderately useful at best. Every category has more detractors than promoters. In several cases nearly or more than half of all recipients of support are detractors.

Despite the low ratings on value received from non-financial support, investees indicated a clear and strong demand for it. With respect to the manner of delivery, they indicated a clear preference across five choices, with directly "from the impact investor" being the overwhelming favourite (35% promoters and 19% detractors) and online training/materials the overwhelming choice most disliked (22% promoters and 48% detractors).

"[Investor] visits us just once a year, the rest of the time we are communicating on emails and non financial support is very limited."

"No relationship exists other than receiving finance."

"What Investees Say"
Communications and Interactions

The vast majority of respondents found the frequency of contact they have with the impact investor was ‘just right’ (93%). This finding begs further enquiry since the actual frequency of contact reported is quite variable (see Figure 13). How can they all be just right? Further analysis suggests that the “just right” responses cluster at once or twice a month. Nor surprisingly, most of those who felt they had too little of contact, said they had contact with their impact investor less than quarterly. None had contact at least weekly. All of the few who said that have too much contact had contact more than monthly.

The levels of agreement with these statements show a clear pattern. Impact investor staff scores well for general comportment. They are on the whole respectful, approachable, open and timely. More reservations emerge as points of conflict or difference are introduced. And there is a massive drop to a significantly negative disagreement with the statement, ‘Staff from [Impact investor] ask us for our advice and guidance.’

**Figure 21 Frequency of contact with the impact investors**

![Frequency of contact with the impact investors](image)

The experience of working with [Investor] staff has been very positive. They are respectful, authoritative, interested and engaged.”

“[Investor] can improve its communications within its own staff, particularly across country offices. We often get the same questions from multiple people within [Investor], which is time-consuming. It is also not clear who we should be reporting data to within [Investor], as we get queries from people who are not the same people we report to; or queries that have already been answered previously.”

“It is not the quantum of interaction but the quality and depth of interaction that can be improved...Mostly, [Investor] staff do not have practical experience in setting up, growing organisations, or working in day to day line roles. This lack of work experience is a limiting factor in [Investor] and the investee deriving maximum impact from their partnership. There is a need for [Investor] to induct grounded professionals to complement the fine talent that it already has in terms of analytical skills and ideological commitment.”

“**WHAT INVESTEES SAY**”

“Our experience of working with [Investor] staff has been very positive. They are respectful, authoritative, interested and engaged.”
We feel comfortable approaching [impact investor] to discuss any problems we are having.

[Impact investor] listens and responds respectfully to our questions and concerns.

[Impact investor] staff is respectful, helpful and capable.

[Impact investor] responds to our queries in a timely manner.
**What Investors Think**

**Figure 23** Quality of interactions with the investors (NP scores)

**STATEMENT 5**

[Impact investor] adds value to our business.

![Bar chart showing NP scores for different investors.]

**STATEMENT 6**

[Impact investor] is flexible and open to suggestions and criticism from us.

![Bar chart showing NP scores for different investors.]

**STATEMENT 7**

We feel comfortable questioning [Impact investor]’s understanding or actions if we disagree with them.

![Bar chart showing NP scores for different investors.]

**STATEMENT 8**

Staff from [Impact investor] ask us for our advice and guidance.

![Bar chart showing NP scores for different investors.]

---

*What Investors Think*
There are two main takeaways from these findings. First, this is an area where there is considerable room for improvement. If the point of measuring is to use the measures to improve, then we are missing the point. Second, across our cohort there is a wide variation, essentially across the poor to terrible range.

**Figure 24**  Helpfulness of requirements to measure and report

How have the [Impact investor]'s requirements to measure and report your financial returns helped you in your own learning and improving?

<table>
<thead>
<tr>
<th>NET PROMOTER ANALYSIS</th>
<th>NPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>E 21</td>
<td>54</td>
</tr>
<tr>
<td>B 26</td>
<td>51</td>
</tr>
<tr>
<td>G 56</td>
<td>22</td>
</tr>
<tr>
<td>C 50</td>
<td>50</td>
</tr>
<tr>
<td>D 50</td>
<td>50</td>
</tr>
<tr>
<td>F 54</td>
<td>46</td>
</tr>
<tr>
<td>A 59</td>
<td>41</td>
</tr>
<tr>
<td>Average 34</td>
<td>48</td>
</tr>
</tbody>
</table>

Detractors  Passive  Promoters
How have the [Impact investor]’s requirements to measure and report your social and/or environmental impact helped you in your own learning and improving?

“[Investor]’s reporting requirements are onerous. I question whether the costs to the investee of providing the information is returned in the extra value [Investor] adds. [Investor] could be an equally effective investor with less information than is currently asked. At times [Investor] does not give sufficient weight to the fact that an investee has other masters to serve.”

“No feedback on what we reported or even response to what was written.”

“Reporting requirements are a part of the agreement for loan, do not think anything is done with this information, therefore the report not taken seriously by my company.”
All respondents felt that to meet investor requirements they needed to collect information that they would not normally collect, and none felt that their investors provided sufficient support to collect this information. This is consistent with the lack of utility respondents reported for investor measurement requirements.

This highlights a considerable opportunity for improvement for impact investors.
These findings are in line with earlier findings in this section. With few exceptions, respondents do not experience thoughtful responses from investors to their reports. Nor do they feel investors tell them what they are doing with the data they do share. What influence does this have on how they work with investors?
The cohort average for the evidence of the investees’ social and / or environmental impact is situated at 6.5 with the top mean score at 7.4. Over half of all respondents indicate a level of evidence that is not persuasive. Independent reviews of investee social impact evidence suggests that these scores are reflective of a very low level of results evidence.

The finding here is that these respondents are indicating that they do not know most of their social and environmental impacts and that the investor requirements are not helpful to knowing them.

82% of respondents currently collect feedback from their clients / beneficiaries to improve products or services. This is an encouragingly high figure.

“Very little communication between [Investor] and my company. Just complete brief reports when requested. No assistance to grow our business. No regular discussion on our progress or change in company strategy.”

82% of respondents currently collect feedback from their clients / beneficiaries to improve products or services. This is an encouragingly high figure.
67% of respondents collect feedback through systematic feedback collection by themselves. The feedback method used least by respondents is the one most likely to produce accurate feedback – ‘systematic feedback collection through third party’ (24%). Only half (54%) of all respondents say they use feedback findings for dialogue with clients to refine their action plans. This set of responses suggests that social enterprises appreciate the value of client feedback, but have yet to develop and deploy the tools to harvest this value. There is a significant opportunity for impact investors to encourage and support client feedback system development.
There is a wide variation (an NPS difference of 48), with half of the investors with positive and half with negative net promoter scores. This clearly indicates the opportunity for improvement for the lower performing investors.

**WHAT INVESTEES SAY**

“[Investor] has found it difficult to relate with the changing business.”

“It is clear from questions asked by some of the loan officers that they are not as appreciative of the work.”

“The unfortunate part is [Investor] is not one person and the result is that they are many and every person has a different approach. Some are understanding while others think they are final decision makers.”

“Very little interest in our business, only a loan company offering to lend money to companies that are maybe not strong enough to get bank financing.”
With the exception of non-financial support, a modest majority of respondents rate their experience with the impact investors in the cohort as more positive compared to their experience with other investors they have.

The trend here is clear and consistent with other findings. Staff comportment rates highest and non-financial support, and reporting and application requirements rate lowest.

**What Investees Say**

“In my country it is very difficult to get loans for projects or business and so I am very happy that [Investor] assisted us.”

“Their investment was a vote of confidence in our proposed model, and was done in a manner to help us best succeed.”
Overall, how satisfied are you with your experience with the [Impact investor]?

![Net Promoter Analysis](image)

- **Detractors**
- **Passive**
- **Promoters**

**Figure 35** Overall satisfaction

**Net Promoter Analysis**

**A**
- Detractors: 6%
- Passive: 76%
- Promoters: 18%
- NPS: 59%

**B**
- Detractors: 13%
- Passive: 54%
- Promoters: 33%
- NPS: 28%

**C**
- Detractors: 13%
- Passive: 38%
- Promoters: 49%
- NPS: 20%

**D**
- Detractors: 67%
- Passive: 33%
- Promoters: 32%
- NPS: 37%

**E**
- Detractors: 64%
- Passive: 33%
- Promoters: 32%
- NPS: 33%

**F**
- Detractors: 4%
- Passive: 33%
- Promoters: 63%
- NPS: 12%

**G**
- Detractors: 31%
- Passive: 42%
- Promoters: 27%
- NPS: -5%

**Average**
- Detractors: 9%
- Passive: 56%
- Promoters: 35%
- NPS: 26%
These are strong endorsements of these impact investors, particularly counter posed with the reservations that they express about specific dimensions of their relationships with the investors.

There is a large variation across the investors on both questions, show clearly the opportunity for improvement to the low performers.
Here is a picture of (approximately) a thousand words received in response to this question.
Feedback on the Survey

Respondents are only mildly confident that the impact investors will respond and engage with them over the survey results and that it will work on improving its performance.

Nor do they think it very likely that the impact investors will improve because of the results of this survey; this received an average rating of 7.4 on a scale from 0 to 10.

Similarly, the respondents rated the usefulness of the survey at only 6.6. The vast majority of respondents are taking a ‘wait and see’ attitude. If they see that the exercise is taken seriously, we can expect to see this score jump considerably in future surveys.
The Survey provides each investor with the opportunity to introduce specific tailored questions that are only shared with that investor’s investees. The investors used this opportunity creatively for a variety of different purposes. The anonymized examples that follow illustrate these custom questions with actual responses received.

One of the impact investors was interested in knowing the usefulness for the investees of its annual portfolio gathering. There was a mixed review of this event, with more detractors than promoters and the majority sitting on the fence. The investor can triangulate actual attendance at the next gathering to this feedback to better understand the predictive value of these kinds of questions.
One of the impact investors appoints one of their staff to sit on their investees’ boards. They were interested in knowing the respondents’ perceptions on this matter. Investees were extremely positive about this investor’s board participation, with an average rating of 8.5 on a scale from 0 to 10 when asked how valuable was the participation of this person in their board.

Interestingly, the level of engagement of the appointed board member at the operational level is pretty close to the ideal.

However, there is space for improvement at the board level where respondents would like to see more engagement of the appointed member.
Another cohort member decided to ask more about the value of their financial investment. The significant contrast in responses to the four statements clearly shows specific areas where the investor can improve. The negative NPS on targets is consistent with findings throughout the survey.

One investor gets moderately involved in developing their investees’ investment proposals. They wanted to know if this was helping their investees. Asked to what extent the impact investor’s involvement in developing the investment proposal has strengthened the organization, respondents answered three to one, “no”.

---

**Figure 42** Impact Investor’s Financial Investment

<table>
<thead>
<tr>
<th>NET PROMOTER ANALYSIS</th>
<th>NPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Impact investor] brings value to our business</td>
<td>49</td>
</tr>
<tr>
<td>[Impact investor]’s Shared Services brings value to our business</td>
<td>16</td>
</tr>
<tr>
<td>We agree with [Impact investor]’s views and decisions about our company</td>
<td>0</td>
</tr>
<tr>
<td>[Impact investor] has set realistic financial and social targets for us</td>
<td>-16</td>
</tr>
</tbody>
</table>

0 % 20 % 40 % 60 % 80 % 100 %

Detractors Passive Promoters

**Figure 43** Helpfulness of Impact investor in developing the proposal

<table>
<thead>
<tr>
<th>NET PROMOTER ANALYSIS</th>
<th>NPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helpfulness of [Impact investor] in developing the proposal</td>
<td>-23</td>
</tr>
</tbody>
</table>

0 % 20 % 40 % 60 % 80 % 100 %

Detractors Passive Promoters
The same impact investor had interest in knowing if it was perceived to have influence shaping policy and practice in the field. Again, the response was mixed, with three to two saying “no” and about 50 percent effectively abstaining on the question.

Another member of the cohort wanted to know, amongst other things, what its investees were doing with the investment they had provided. Figure 45 provides the result, which the investor was then able to compare with other data it had on its investments. The investor reported that the comparisons led to some interesting findings and related discussions with respondents.

**Figure 44** Impact investor's influence in shaping policy and practice

**Figure 45** What Impact Investor's loan allowed to do

- Fulfil sales commitments on time
- Purchase more volume from suppliers
- Pay a higher price to suppliers
- Purchase goods from a greater number of suppliers
- Establish an internal credit fund
- Invest in productive assets
- Other
Another impact investor wanted to know how responsive are investment officers in the regions where it allocates investments. The figure shows a healthy NPS, indicating good service from the officers.

This same impact investor found out that there is an opportunity for improving the communication between its investment and M&E officers, as is clear from this negative NPS. The respondents found that the different officers were not always communicating with the investees in consistent ways.
Appendix 1

Survey history and process
The first **Keystone Performance Survey: Impact Investment** collected feedback from investees through a confidential questionnaire independently administered by Keystone from August to September 2010. The survey questionnaire was designed building on Keystone’s experience in working with Impact Investors and in conducting similar performance feedback surveys in related fields such as international development and grantmaking.1 In 2008 and 2009, Keystone piloted two similar non-comparative surveys to collect feedback from investees of each Grassroots Business Fund and Acumen Fund. After these first runs, Keystone further refined the questionnaire. In consultation with the seven Impact Investors participating in the Survey the questionnaire was put into its final form to conduct the survey resulting in this report.

The questionnaire was pre-tested with 20 social enterprises to ensure that it was easy to understand and complete. The resulting questionnaire consisted of 40 core questions with a total of 88 data points. Questions were formatted either using an 11-point Likert scale, multiple choice, or open-ended.2 The full questionnaire is included as Appendix 2. In addition, each participating Impact Investor was given the option to include up to five investor-specific questions that were administered only to their investees.

By agreement with the impact investors, the questionnaire was produced and administered in English and in Spanish. The English questionnaire was translated by a professional translator and edited by Spanish native-speakers of two participating Impact Investors to ensure adequate translation.

Every participating impact investor was asked to supply the names and contact email addresses of all their current investees. The questionnaire was delivered via email as interactive PDF form to investees of six Impact Investors in August 2010. Investees completed the questionnaire offline and then emailed the responses back to Keystone.

For one of the participating impact investors, Grassroots Business Fund, a largely similar questionnaire was delivered as online survey already in May 2010. Twenty-three data points coincided or largely coincided with those in the questionnaire administered in August and September 2010. These were included in the overall results where applicable.

Completed questionnaires were captured in survey management software and transferred to spreadsheet and statistical analysis software for data processing including capturing of all responses, cleaning data, coding open-ended responses, and conducting statistical analysis.

The benchmarks in this report are calculated as the averages of the results of each of the seven participating Impact Investors as opposed to the averages of all survey respondents.

**Data reliability as usefulness**

For the reasons set out in this appendix, we believe that the survey data in this report accurately reflects investee views. But the first point to make about perceptual data of this type is that its principal value is derived from its usefulness in advancing intended outcomes.

Usefulness in this context is taken as the practical ways that Impact Investors work with and add value to their investees using feedback data. This implies an approach to performance management that is grounded in relationship management.

Keystone’s Constituent Voice method is one such approach to understanding feedback within a system of performance management. Constituent Voice understands feedback data as but one step in a continuous cycle of collecting feedback, analysis, discussing the feedback with those providing it, and corrective action, as is represented in Figure 48. When respondents see that you are taking the feedback seriously and seeking to improve, they will take the act of providing feedback more seriously. It is not uncommon for organizations that “close the loop” with respondents and make agreed changes to see their service quality ratings go down while the scores to the question, “How likely is it that [NAME OF ORGANIZATION] will use your feedback from this survey effectively?” goes up. Such organizations are using data collection to improve relationships to improve performance – and in so doing they are also improving the quality of feedback data.

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1 For a current list of Keystone surveys see http://www.keystoneaccountability.org/services/surveys

2 Original survey used 7-point scale but both for this report and the questionnaire in appendix 2, we have revised it to a 0 to 10 scale.
Step 3 in the Constituent Voice operational cycle in Figure 48 highlights the important opportunity to calculate, over time, which questions yield contemporaneous feedback data correlates to future outcomes. Once an organization knows these questions it can rely on them to manager performance in the present in order to maximize future outcomes. The Grassroots Business Fund (GBF) has created an Impact Planning and Learning Framework that triangulates feedback data with other measures in just this way.

When GBF discussed its measurement framework and first round of feedback data with its investees it discovered something particularly interesting. Some of its investees were prompted by the Keystone survey to initiate surveys of their own clients, thereby improving their businesses. GBF has supported these efforts, including financially. To learn more about GBF’s experience here see its contribution under “Case stories from seven feedback pioneers”.

The reliability of data in this survey

There are a number of reasons that combine to provide a high degree of certainty that the data in this survey accurately represents the views of the 330 investees of the seven investors.

Anonymity
Respondents were assured that the independent, third-part survey firm would protect their identity in all reporting of results from the survey.
Response rate
The response rates on the survey were excellent. Of the total of 330 investees surveyed 215 returned an either partially or fully completed questionnaire, representing an overall response rate of 65%. Individual investor response rates ranged from the low of 55% to a high of 100%.

Approach taken to completing the survey
Keystone recommended to respondents that they complete their survey responses in consultation with those whose direct work was implicated by the questions. This both creates better answers and tends to make the experience of the survey more useful to the organization. From 30% to 67% of respondents undertook a consultative approach, depending on the investor. Within investors, there was no statistically significant difference in the answers between those who took a consultative versus non-consultative approach, with the exception that those who took a consultative approach valued the experience of taking the survey more highly.

Responsibility for the completion of the survey was taken at a high level in the respondent businesses. Across the cohort, 77% of respondents hold the position of CEO or Executive Director within their organization. 19% are senior managers or department heads; while the remaining are program or investment officers or other positions.

<table>
<thead>
<tr>
<th>Table 2: Respondents by staff category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>CEO / Executive Director</td>
</tr>
<tr>
<td>Senior Manager / Department Head</td>
</tr>
<tr>
<td>Program or Investment Officer</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

Respondent expectations
We asked respondents to indicate on a scale of 0 to 10 how likely they thought it was that the investor would improve because of the feedback from the survey. Over 60% of all respondents indicated eight or higher (out of ten) and almost none selected zero or one. It is logical that this indicated expectation be associated with candid feedback.

Internal consistency
We ran a set of comparisons of answers within the individual responses to check for similar answers to questions where one would expect similar answers and different answers where one would expect different answers. The result was a high degree of consistency.

Respondents were also invited to make open comments about each major section of the survey, and to identify their priorities for improving the support they receive from Impact Investors. Respondents’ open comments were highly consistent with the quantitative findings, giving added assurance of the accuracy of the quantitative answers.

Investor-level consistency
Where there was a large variation in responses to a single question for a specific investor we looked for possible explanations in the data by disaggregating the answers by different variables. In a high number of cases we were able to discover such possible explanations.

Statistical tests
We ran a number of standard statistical tests on the data. Spearman’s rho was used to test for correlations between variables. In addition, 2-tailed significance tests there conducted to calculate p values. As per convention, p values of less than 0.05 were taken as significant.
How representative is our sample of seven investors?

While no strong conclusion can be made on this point, there are two factors that suggest that these seven investors are not representative of Impact Investors as a whole. Rather, they may be more representative of a more established and higher performing vanguard of the field.

The first explanation supporting this hypothesis comes from the data. The six investors that invest into social businesses form a narrow and high-performing cluster. While each individual investor evidences different strengths and weaknesses, as a group they tend to receive high scores. When compared to other Keystone performance surveys, this data set closely resembles the top 20 percent of performers within a larger data set then it does an entire field. This is also supported by answers to the multi-part question that asks respondents to compare the investor to others on eight specific characteristics. With the exception of “non-financial support” – which is an area of particular concern throughout the survey by all respondents – a large majority of responses for all investors rank them above other investors.

The second explanation supporting the proposition that this is a high performing subset of the social investment field is experiential and derives from the several-month process of recruiting impact investors to the Survey. The seven participants distinguished themselves during the recruitment process as being ready, willing and able to incorporate feedback data into their performance management. While a number of reasons for not participating in the survey were offered, the most common reason from the over 150 social investment funds invited to the survey indicated was that the survey would be premature for two interrelated reasons. First, they had not had enough investees in a relationship long enough. Second, even if they might meet the first reason, they did not have the management systems in place to be able to utilize the data effectively.

Calculation of Indices

The indices are necessarily interrelated. For example, credibility derives partly from transparency and efficiency. This is reflected in the calculation of the indices in part by a small number of common questions.

The **Efficiency index** describes how respondents view the Impact Investor’s performance in building efficient operations. It incorporates the quality of the application and due diligence process, the level of interaction between investor and investee, the reporting burden, and the sufficiency of the financial investment to achieve the agreed upon objectives. The questions whose results are included in this index and their weights are as follows:

- The Impact Investor clearly explained the application and due diligence process, including the timeline for making an investment decision and what information would be needed. – 10%
- Overall, Impact Investor’s application and due diligence process was excellent. – 10%
- The amount of Impact Investor’s investment is sufficient to achieve what you agreed to achieve. – 10%
- The amount of contact with your Impact Investor representative during the period of your most recent investment was... –10%
- The Impact Investor is flexible and open to suggestions and criticism from us. – 10%
- The Impact Investor responds to our queries in a timely manner. – 20%
- To what extent does satisfying the reporting requirements of Impact Investor require you to collect extra information that you would not otherwise collect? – 20%
- If collecting extra information was required, to what extent did Impact Investor provide the support you needed to meet its reporting requirements? – 10%

The **Learning index** shows how respondents perceive the Impact Investor’s capacity in enabling investee learning and improvement. It incorporates questions that refer directly to advancing investee learning, the acumen and thoughtfulness of investor staff, and indirect learning-related factors like ease and openness in communications. The questions whose results are included in this index and their weights are as follows:

- The Impact Investor’s application and due diligence process help us to manage our business better. – 10%
- We feel comfortable approaching the Impact Investor to discuss any problems we are having. – 10%
• We feel comfortable questioning the Impact Investor’s understanding or actions if we disagree with them. – 10%
• The Impact Investor listens and responds respectfully to our questions and concerns. – 20%
• How have the Impact Investor’s requirements to measure and report your financial returns helped you in your own learning and improving? – 20%
• How have the Impact Investor’s requirements to measure and report your social and/or environmental impact helped you in your own learning and improving? – 20%
• How did the Impact Investor respond to your last report? – 10%

The Net Value index summarizes investees’ perceptions on what value the Impact Investor provides beyond investment. This includes both non-financial support such as training and technical assistance as well as overall assessments of value added. The questions whose results are included in this index and their weights are as follows:
• The usefulness of non-financial support received (directly or indirectly) from the Impact Investor. –30%
  • Improving board / governance
  • Improving management capacity
  • Improving operational efficiency
  • Improving Information Technology / Management Information System
  • Improving financial analysis and reporting abilities
  • Improving human resource management
  • Improving social and/or environmental impact assessment and reporting skills
  • Regulatory assistance
  • Improving market access
  • Improving business partnerships with other enterprises
  • Improving communication with clients
  • Improving communication with external stakeholders (donors, government agencies, peer organisations etc.)
  • Improving access to further investment
• The Impact Investor adds value to our business. – 20%
• The non-financial support from the Impact Investor has resulted in significant improvements in our performance. – 20%
• How have the Impact Investor’s requirements to measure and report your financial returns helped you in your own learning and improving? – 10%
• The Impact Investor’s application and due diligence process help us to manage our business better. – 10%
• How have the Impact Investor’s requirements to measure and report your social and/or environmental impact helped you in your own learning and improving? – 10%

The Transparency index shows the perception of the openness and completeness in investor communications. It takes into consideration relationship dynamics that are directly informed by investor behaviors around sharing information. The questions whose results are included in this index and their weights are as follows:
• The Impact Investor clearly explained the application and due diligence process, including the timeline for making an investment decision and what information would be needed. – 20%
• How well do you understand how the Impact Investor uses the information that you report to them? – 20%
• We know the costs of the non-financial support we have received from the Impact Investor. – 10%
• We feel comfortable questioning the Impact Investor’s understanding or actions if we disagree with them. – 10%
• The Impact Investor listens and responds respectfully to our questions and concerns. – 10%
• The Impact Investor is flexible and open to suggestions and criticism from us. – 10%
• The Impact Investor’s staff are respectful, helpful and capable. – 10%
• How did the Impact Investor respond to your last report? – 10%
The **Credibility index** provides insight into how the investor is seen in terms of its peer standing, follow through/responsiveness, and technical competence. The questions whose results are included in this index and their weights are as follows:

- The Impact Investor’s investment was helpful in securing additional investment. – 20%
- From your point of view, how does your experience with the Impact Investor compare to your experience with other investors in each of the following areas? – 20%
  - Application requirements
  - Due diligence process
  - Investment structure
  - Non-financial support
  - Reporting requirements
  - Responsiveness when there is a problem
  - Knowledge and expertise of staff
  - Helpfulness of staff
- How likely do you think it is that the Impact Investor will improve because of the feedback from this survey? – 20%
- How well does the Impact Investor understand your organization’s strategy and the unique context in which you work? – 10%
- The amount of Impact Investor’s investment is sufficient to achieve what you agreed to achieve. – 10%
- If collecting extra information was required, to what extent did Impact Investor provide the support you needed to meet its reporting requirements? – 10%
- How likely would you be to recommend Impact Investor to your peer entrepreneurs who were seeking Impact Investors? – 10%

The **Net Effectiveness index** combines the two questions most commonly used in the customer satisfaction industry with a direct question about investor added value. The analysis for this index differs from the other indices by segregating investees into three groups that are distinctive for performance management purposes: promoters, passives and detractors. We derive a “net effectiveness score” by subtracting the percentage of detractors (scores 0-6) from promoters (scores 9 and 10). The three questions combined to make the net effectiveness score are:

- How likely would you be to recommend Impact Investor to your peer entrepreneurs who were seeking Impact Investors? – 34%
- Overall, how satisfied are you with your experience with the Impact Investor. – 33%
- The Impact Investor adds value to our business. – 33%
Appendix 2
Survey questionnaire
Social Investors are listening. Your feedback is important and will help them improve their support to organisations like yours.

Your responses are entirely anonymous and confidential

- This questionnaire is being sent to all of [THE SOCIAL INVESTOR]'s investees.
- [THE SOCIAL INVESTOR] will only see feedback from all respondents combined and will not know who said what.
You have been selected for this survey because you have received an investment from [THE SOCIAL INVESTOR].

Your responses should relate to [THE SOCIAL INVESTOR] only and not to any other partners or funders that you may have.

Please mark your choice by selecting the number that is closest to how you see the situation.

There are 40 questions altogether and, depending on whether it is filled out by one person or a group, it should take from 40 minutes (one person) to 90 minutes (a group) to complete the questionnaire.

You are under no obligation to answer the questionnaire, if you do not want to. [THE SOCIAL INVESTOR] will not know who has and who has not filled in the questionnaire. However, we hope that you will take this chance to help [THE SOCIAL INVESTOR] improve by telling us what you think.

We strongly suggest that this questionnaire is not completed by one person alone. Past experience has shown that completing the questionnaire through discussions with all those who relate to [THE SOCIAL INVESTOR] can be valuable for your organisation in itself and also generate more robust answers.

Keystone Accountability

This survey is being implemented by Keystone Accountability, an independent not-for-profit organisation, registered as a charity in the UK, number 1118999.

www.keystoneaccountability.org

If you have any questions or comments about this survey, please email: diana@keystoneaccountability.org

If you have any complaints about how we implement this survey, please see our complaints policy at www.keystoneaccountability.org/about/complaints or email: complaints@keystoneaccountability.org. Your complaint will be handled confidentially and promptly.

Keystone treats all responses as confidential.

No individual responses or anything that can identify the respondents will be reported to [THE SOCIAL INVESTOR].

We only report the feedback of all the respondents combined.

We will publish a summary report with anonymized results for a range of participating investors. We will send the report to you by email.
You and your organization

1. What is your position in the organization?

- CEO/Executive Director
- Senior Manager/Department Head
- Program or Investment Officer
- Other (please specify)

2. Please select the method that you are applying to complete this survey:

- On the basis of my own knowledge
- With some consultation with colleagues
- By consensus with all those with relevant experience on most questions

3. Please specify the country where your organization conducts most of its work.
**You and your organization**

4  **What is your organization’s primary line of business?**

- Agriculture
- Artisanal
- Building/Infrastructure
- Culture
- Education
- Energy
- Environment
- Financial Services
- Healthcare
- Housing
- Information Technology
- Supply Chain Services
- Technical Assistance Services
- Tourism
- Water
- Other (please specify)

5  **What mix of financial and social/environmental value reflects your organisation’s objectives?**

<table>
<thead>
<tr>
<th>100% financial</th>
<th>50% financial</th>
<th>50% social/environmental</th>
<th>100% social/environmental</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>
You and your organization

6  How long has your organization been doing this work?

   |Less than 1 year | 1 to less than 3 years | 3 to less than 5 years | 5 to less than 10 years | 10 years or more |
---|---|---|---|---|---|
   | | | | | |

7  What is your annual operating budget (in US Dollars)?

   |Less than 250,000 USD | 250,000 to 499,999 USD | 500,000 to 999,999 USD | 1 million to 2,999,999 USD | 3 million to 4,999,999 USD | 5 million USD or more |
---|---|---|---|---|---|
   | | | | | | |

8  How long has it been since the first investment by [THE SOCIAL INVESTOR] in your organization?

   |Less than 1 year | 1 to less than 2 years | 2 to less than 3 years | 3 to less than 4 years | 4 years or more |
---|---|---|---|---|---|
   | | | | | |

9  Which best describes the type of the most recent investments you have received from [THE SOCIAL INVESTOR]? Please choose all that apply:

   |Grant | Short-term loan (less than one year) | Long-term loan (more than one year) | Equity or equity-like investment |
---|---|---|---|---|
   | | | | |
You and your organization

10 What proportion of your investment capital was provided by the most recent investments from [THE SOCIAL INVESTOR] in the year you received them?

- Less than 10%
- 10% to less than 25%
- 25% to less than 50%
- 50% to less than 75%
- 75% or more
- Not applicable
Application and due diligence process

11 How long did the application process (including due diligence) take with [THE SOCIAL INVESTOR]?

<table>
<thead>
<tr>
<th>Duration</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 4 months</td>
<td></td>
</tr>
<tr>
<td>4 to less than 8 months</td>
<td></td>
</tr>
<tr>
<td>8 to less than 12 months</td>
<td></td>
</tr>
<tr>
<td>12 months or more</td>
<td></td>
</tr>
</tbody>
</table>

12 Please say on scale from 0 to 10 how much you agree or disagree with each of the following statements about [THE SOCIAL INVESTOR]’s application and due diligence process. (0=Strongly disagree, 10=Strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neither agree nor disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>[THE SOCIAL INVESTOR] clearly explained the application and due diligence process, including the timeline for making an investment decision and what information would be needed.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR]’s application and due diligence requirements help us to manage our business better.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall, [THE SOCIAL INVESTOR]’s application and due diligence process was excellent.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

13 Is there anything else you would like to say about [THE SOCIAL INVESTOR]’s application and due diligence process? Please give examples of any good or bad practices. What should [THE SOCIAL INVESTOR] do differently?
### Financial investment from [THE SOCIAL INVESTOR]

Please say on a scale from 0 to 10 how much you agree or disagree with each of the following statements about the financial investment from [THE SOCIAL INVESTOR]. (1 = Strongly disagree, 7 = Strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neither agree nor disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>[THE SOCIAL INVESTOR]’s financial investment significantly contributed to your financial outcomes.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR]’s financial investment significantly contributed to the achievement of your intended social and/or environmental outcomes.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The amount of [THE SOCIAL INVESTOR]’s investment is sufficient to achieve what you agreed to achieve.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR]’s investment was helpful in securing additional investment.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If [THE SOCIAL INVESTOR]’s investment was helpful in securing additional investment, were any of the additional investments from for-profit institutions on purely commercial terms?

- Yes
- No

Is there anything else you would like to say about [THE SOCIAL INVESTOR]’s financial support? Please give examples of any good or bad practices. What should [THE SOCIAL INVESTOR] do differently?
Non-financial support from [THE SOCIAL INVESTOR]

16 Please say on a scale from 0 to 10 how useful you found the non-financial support that you have received from [THE SOCIAL INVESTOR] or a third party paid for by [THE SOCIAL INVESTOR]. (0=Not at all useful, 10=Extremely useful)

No non-financial support was received

(If you have not received any non-financial support from [THE SOCIAL INVESTOR], please skip to question 17)

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Management</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Improving board/governance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Improving management capacity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Improving operational efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Improving information Technology/Management Information System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Improving financial analysis and reporting abilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Improving human resource management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Improving social and/or environmental impact assessment and reporting skills</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Non-financial support from [THE SOCIAL INVESTOR]

(Continued) Please say on a scale from 0 to 10 how useful you found the non-financial support that you have received from [THE SOCIAL INVESTOR] or a third party paid for by [THE SOCIAL INVESTOR].

(0=Not at all useful, 10=Extremely useful)

<table>
<thead>
<tr>
<th>Ref No.</th>
<th>Access to markets and networks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ref No.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Access to markets and networks</th>
<th>Received but not at all useful</th>
<th>Received &amp; moderately useful</th>
<th>Received &amp; extremely useful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving market access</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Improving business partnerships with other enterprises</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Improving communication with clients</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Improving communication with external stakeholders (donors, government agencies, peers etc.)</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Improving access to further investment</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other (please specify)</th>
<th>Received but not at all useful</th>
<th>Received &amp; moderately useful</th>
<th>Received &amp; extremely useful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other (please specify)</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>Received but not at all useful</th>
<th>Received &amp; moderately useful</th>
<th>Received &amp; extremely useful</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
<tr>
<td></td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td>[ ]</td>
<td>[ ]</td>
</tr>
</tbody>
</table>
Non-financial support from [THE SOCIAL INVESTOR]

17 Please select up to three areas where you would find it most useful to receive non-financial support in the future. Please use the reference numbers from the left hand column in question 16 and/or specify what other area you would be interested in.

| Ref. no. of first area you would like support in |  |
| Ref. no. of second area you would like support in |  |
| Ref. no of third area / Other, please specify: |  |

18 What delivery types of non-financial support do you prefer? (0=Strongly dislike, 10=Strongly like)

<table>
<thead>
<tr>
<th>Delivery Types</th>
<th>Strongly dislike</th>
<th>Neither like nor dislike</th>
<th>Strongly like</th>
</tr>
</thead>
<tbody>
<tr>
<td>From [THE SOCIAL INVESTOR]</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From local experts</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From foreign experts</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>From peers (peer-to-peer support from businesses/organizations)</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Through online training/materials</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Non-financial support from [THE SOCIAL INVESTOR]

19. Please say on a scale from 0 to 10 how much you agree or disagree with each of the following statements about [THE SOCIAL INVESTOR]’s non-financial support. (0=Strongly disagree, 10=Strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neither agree nor disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have the influence we want over the non-financial support offered by [THE SOCIAL INVESTOR].</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>We know the costs of the non-financial support we have received from [THE SOCIAL INVESTOR].</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The non-financial support from [THE SOCIAL INVESTOR] has resulted in significant improvements in our performance.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
How often did/do you have contact with your [THE SOCIAL INVESTOR] representative during the period of your most recent investment?

- At least weekly
- Twice a month
- Monthly
- Quarterly
- Less than quarterly

This amount of contact was:

- Too little
- Just right
- Too much
## Working with [THE SOCIAL INVESTOR]

### 21 Please say on a scale from 0 to 10 how much you agree or disagree with each of the following statements about your interactions with [THE SOCIAL INVESTOR].

(0=Strongly disagree, 10=Strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neither agree or disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>We feel comfortable approaching [THE SOCIAL INVESTOR] to discuss any problems we are having.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>We feel comfortable questioning [THE SOCIAL INVESTOR]’s understanding or actions if we disagree with them.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR] listens and responds respectfully to our questions and concerns.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR] is flexible and open to suggestions and criticism from us.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff from [THE SOCIAL INVESTOR] ask us for our advice and guidance.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR]’s staff are respectful, helpful and capable.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR] responds to our queries in a timely manner.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>[THE SOCIAL INVESTOR] adds value to our business.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Our relationship with [THE SOCIAL INVESTOR] is getting better.</td>
<td>0 1 2 3 4 5 6 7 8 9 10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 22 Is there anything else you would like to say about your relationship and communications with [THE SOCIAL INVESTOR]? Please give examples of any particularly good or bad practices. What should [THE SOCIAL INVESTOR] do differently?
## Reporting requirements of [THE SOCIAL INVESTOR]

### 23. How have [THE SOCIAL INVESTOR]'s requirements to measure and report your financial returns helped you in your own learning and improving?

| Not at all | | | | | | | | | | Very significantly |
|-----------|---|---|---|---|---|---|---|---|---|
| 0         | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

### 24. How have [THE SOCIAL INVESTOR]'s requirements to measure and report your social and/or environmental impact helped you in your own learning and improving?

| Not at all | | | | | | | | | | Very significantly |
|-----------|---|---|---|---|---|---|---|---|---|
| 0         | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

### 25. How strong is your evidence of the social and/or environmental impacts of your work?

| Anecdotal only | | | | | | | | | | Viewing the evidence no reasonable person would have any doubts |
|----------------|---|---|---|---|---|---|---|---|---|
| 0              | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |

### 26. To what extent does satisfying the reporting requirements of [THE SOCIAL INVESTOR] require you to collect extra information that you would not otherwise collect?

| No extra information | | | | | | | | | | Everything is extra information |
|----------------------|---|---|---|---|---|---|---|---|---|
| 0                    | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
If collecting extra information was required, to what extent did [THE SOCIAL INVESTOR] provide the support you needed to meet its reporting requirements?

<table>
<thead>
<tr>
<th>Not applicable</th>
<th>No support</th>
<th>Moderate support</th>
<th>Complete support</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>8</td>
<td>9</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

Do you report formally to your clients/beneficiaries about what you have learned from your monitoring activities?

- Yes
- No
Reporting requirements of [THE SOCIAL INVESTOR]

29 Do you currently collect feedback from your clients/beneficiaries to improve your products or services?

Yes [ ]
No [ ]

If yes, please select all of the feedback methods from the list below that you currently use.

- Ad hoc feedback collection by yourself [ ]
- Systematic feedback collection by yourself [ ]
- Systematic feedback collection through third party [ ]
- Regular review of collected feedback data in management meetings [ ]
- Using feedback data to define an action plan [ ]
- Reporting feedback findings back to clients [ ]
- Using feedback findings for dialogue with clients to refine your action plans [ ]
- Tracking how corrective actions influence feedback scores [ ]
- Other (please specify) [ ]

30 How did [THE SOCIAL INVESTOR] respond to your last report?

- No response [ ]
- Moderately thoughtful response [ ]
- Thoughtful response resulting in improvement-oriented dialogue [ ]

0 1 2 3 4 5 6 7 8 9 10
### Reporting requirements of [THE SOCIAL INVESTOR]

#### 31 How well do you understand how [THE SOCIAL INVESTOR] uses the information that you report to them?

<table>
<thead>
<tr>
<th>No idea</th>
<th>Moderate understanding</th>
<th>Thorough understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td></td>
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<td>4</td>
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<td>9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

#### 32 Is there anything else you would like to say about [THE SOCIAL INVESTOR]'s reporting requirements? Please give examples of any good or bad practices. What should [THE SOCIAL INVESTOR] do differently?

...
Your general perceptions of [THE SOCIAL INVESTOR]

33. How well does [THE SOCIAL INVESTOR] understand your organization’s strategy and the unique context in which you work?

<table>
<thead>
<tr>
<th>Poor understanding</th>
<th>Moderate understanding</th>
<th>Excellent understanding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If 3 or less, please specify why and provide examples if possible.
Your general perceptions of [THE SOCIAL INVESTOR]

From your point of view, how does your experience with [THE SOCIAL INVESTOR] compare to your experience with other investors in each of the following areas? (0=Much worse, 10=Much better)

[THE SOCIAL INVESTOR] is our only investor

(If [THE SOCIAL INVESTOR] is your only investor, please skip to question 35)

<table>
<thead>
<tr>
<th></th>
<th>Much worse</th>
<th>About the same</th>
<th>Much better</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application requirements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due diligence process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment structure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-financial support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting requirements</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness when there is a problem</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge and expertise of staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Helpfulness of staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If [THE SOCIAL INVESTOR] was a person, how would you describe her or him?
### Your general perceptions of [THE SOCIAL INVESTOR]

#### 36 Overall, how satisfied are you with your experience with [THE SOCIAL INVESTOR]?  

<table>
<thead>
<tr>
<th>Extremely dissatisfied</th>
<th>Neither satisfied nor dissatisfied</th>
<th>Extremely satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

#### 37 How likely would you be to recommend [THE SOCIAL INVESTOR] to your peer entrepreneurs who were seeking social investors?  

<table>
<thead>
<tr>
<th>Extremely unlikely</th>
<th>Neither likely nor unlikely</th>
<th>Extremely likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
Last three questions

38 How useful have you found this survey?

<table>
<thead>
<tr>
<th>Not at all useful</th>
<th>Moderately useful</th>
<th>Extremely useful</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

39 How likely do you think it is that [THE SOCIAL INVESTOR] will improve because of the feedback from this survey?

<table>
<thead>
<tr>
<th>Extremely unlikely</th>
<th>Neither likely nor unlikely</th>
<th>Extremely likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>9</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>

40 Is there anything else that you would like to say about this survey? What question do you wish that we had asked?

Thank you very much!
Reflection questions

Please help us improve this survey by answering this set of reflection questions! Thank you for your contribution!

A How strongly do you agree or disagree with each the following statements (0=Strongly disagree, 10=Strongly agree)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Neither agree nor disagree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>The survey did not take too long to fill in.</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>The survey was easy to understand.</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>The survey covered all the main areas in our relationship with [THE SOCIAL INVESTOR].</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>The survey will provide important data for [THE SOCIAL INVESTOR].</td>
<td>0</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

B If you think the survey should cover any other areas, please tell us which ones.

C Did you have any technical problems filling in or submitting the survey? If so, please describe.

D Do you have any other comments about the survey?
Reflection questions

Would you be available for a 5-10 minutes follow-up call from us to learn more about how you have perceived this survey? If so, please provide your phone number in the box below. Thank you!