

# How Can We Grow Impact?

**In the midst of a mounting imperative to achieve better and more substantial results, grantmakers of all kinds are shifting the way they think about scale, emphasizing not size or reach but impact. Growing impact doesn't necessarily require organizational growth or the wholesale replication of programs — it may instead require expanding an idea, technology, advocacy or policy change. To grow impact is not to go it alone. It requires strategy, planning, collaboration and intentional investment. This piece covers approaches to growing impact and practices grantmakers can use to best support these efforts on the part of nonprofits.**

In philanthropy, there are multiple definitions for and ways to think about *scale*, including the expansion, replication and adaptation of programs to new areas or populations or the deepening of programs within an already-served area. There is great virtue in helping successful nonprofit organizations and effective programs expand, but it is not the only way grantmakers can achieve impact — and it is often not the most effective way to do so. As Jeff Bradach, managing partner and co-founder of The Bridgespan Group, put it, “The question now is ‘How can we get 100x the impact with only a 2x change in the size of the organization?’”<sup>1</sup>

Recognizing this, grantmakers of all kinds are shifting the way they think about scale, emphasizing not size or reach but impact. To understand what readiness to grow or expand impact looks like and how to best support it, grantmakers must first recognize that going to scale is not “business as usual.” The process requires a much deeper level of investment of grantmakers’ own time — in high-engagement relationships with grantees and others — which has practical implications when managing a portfolio of grants. It also requires grantmakers and grantees alike to test their assumptions about the underlying fundamentals and track record of the enterprise that is being scaled, as well as the likelihood that it will be financially sustainable over time.

For more information on this topic, see [Pathways to Grow Impact: Philanthropy's Role in the Journey](#) (Washington, D.C.: GEO, 2013) and [What Do We Mean by Scale?](#) (Washington, D.C.: GEO, 2012).

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<sup>1</sup> Jeffrey Bradach, “Scaling Impact,” *Stanford Social Innovation Review* 8, no. 3 (Summer 2010): 27.

## Four Grantee Approaches to Growing Impact

Growing impact often entails a mind shift — conceptualizing and working throughout an entire system either to improve existing solutions or to alter the social conditions that create and sustain a problem in the first place. With impact as its central focus, successful scaling begins with a clear sense of purpose — what should be scaled, why, where and how? Guided by a clear sense of purpose, grantees can use any of the following approaches to scale and grow their efforts:<sup>2</sup>

### What is Scaled

#### Program

A system of projects or services that meets a need for individuals or communities.

### Definition of Scale

Increasing the reach of a program that research has shown to be effective in the same location or copying the program with the expectation that it can or will produce the same results in different places. Scaled programs often allow for flexibility in implementation to adapt to local context.

### Assessing Readiness

Program has demonstrated reliable results for a specific population over a period of time. Well-documented quality assurance measures are in place.

### Idea or innovation

A new way of thinking about or doing something; a new solution to a problem.

Spreading an idea among individuals or organizations within a certain area or system (geographic, organizational, professional); ideas can be adapted to fit different purposes or contexts.

Idea is shown to have currency in a limited setting. Idea has been recognized by key leaders in the community. Innovation is relevant to a challenge many experience. Capacity exists to disseminate idea broadly (e.g., effective spokespeople, marketing support).

<sup>2</sup> Adapted from Julia Coffman, "Broadening the Perspective on Scale," *The Evaluation Exchange* (Harvard Family Research Project) 15, no. 1 (Spring 2010): 3.

<p><b>Technology or skill</b> A product, tool, technique or practice.</p>	<p>Increasing the number of people or places that use or apply a technology, practice or approach.</p>	<p>Technology or skill has had demonstrable impact on solving a social problem or strengthening organizations. Technology or technique is open to the public and customizable. Measures are in place to maintain and improve technology. Others have the capacity to adopt the technology or skill.</p>
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<p><b>Policy</b> A plan of action adopted or pursued by a government body, corporation or other institution.</p>	<p>Ensuring that ideas expressed as policy are transformed into behavior throughout a place or jurisdiction (e.g., city, county, state, region, country).</p>	<p>Organizers have successfully influenced legislation or administrative policy in a particular jurisdiction. Approach can be adapted by other groups in a network.</p>
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## Grantmaking Practices for Growth

In the midst of a mounting imperative to achieve better and more substantial results, the philanthropic sector is forging promising new pathways. To strengthen grantee results and more effectively grow impact, grantmakers should consider the following practices:

- *Building a strong base of operations through general operating support.* Grantmakers and nonprofits agree that the practices most likely to influence this are providing general operating support, making multiyear commitments and cultivating supportive, respectful relationships.
- *Assessing readiness for growth.* When a grantmaker and nonprofit determine there is growth potential, an important first step is outlining what it would take to expand while also maintaining or improving program quality and achieving sustainability — which enables grantmakers and grantees alike to realistically assess whether growth is feasible.
- *Distinguishing growth capital, and other assistance, from business as usual.* Revenue must be steady and ongoing for a nonprofit to survive and remain sustainable. Growth capital, however, is episodic — and it accompanies a growth process that is itself risky, requiring new skills and financial tools.

- *Building evaluative capacity* — helping grantees build their evidence base. It is critical that grantmakers and grantees alike are able to use and disseminate data to support improvements in programs and strategies.
- *Securing additional growth capital.* Grantmakers that wish to help their most successful grantees grow and become financially sustainable may deploy a number of different strategies — from helping to identify additional grantmakers to aggregating capital with other grantmakers.

Taken together, these practices highlight areas that connect grantmakers and grantees across shared missions, goals, strategies and values — and potentially enable both to allocate resources differently as they partner in increasing the grantee’s impact.

*“We invest in a planning and skills-building process for nonprofits with whom we think we want to partner for scale. And we actually consider it a success of our approach when, at the end of a planning year, a nonprofit says: ‘You know what? We can already see that this intervention isn’t going to work, and we need to change course.’ Being intentional about what you are not growing is just as important as moving ahead with a growth process.”*

*— Susan G. Zepeda, Foundation for a Healthy Kentucky Inc.*

## Conclusion

Growth is, by its very nature, episodic — the process is risky, often requiring new skills and financial tools, as well as patterns of change that are inherently, if temporarily, destabilizing and almost always unpredictable. Grantmakers who have successfully supported readiness to scale do three important things: 1) Meet grantees where they are, 2) Learn from a business planning process and 3) Provide assistance beyond the grant. All of these activities may be accomplished by individual grantmakers — but they are most effectively undertaken in collaboration, to maximize potential value to grantees and to minimize transaction costs for grantee and grantmaker alike. Ultimately, growing impact is about more than just helping nonprofits plan, adapt and become financially sound — it is about significantly improving social and economic equity, human and environmental health, access to opportunity and community vitality.

## Critical needs to address before starting a scaling process

Ill-planned growth may have lasting negative effects on an organization's financial sustainability, as well as its capacity to deliver on mission during and after the growth processes, therefore prior to any planned growth process, grantmakers and grantees should together test their assumptions and consider the following criteria:

- Strong fundamentals — The organization currently addresses a critical need, has strong leadership, and has strategic clarity.
- Ready for growth — The organization's programs are demonstrated successes and are cost-effective, and the organization has already grown successfully.
- Scalable funding model — The organization has a sustainable funding model to support its revenue needs at scale.

*For a complete description and discussion of these criteria, see William Foster, "Money to Grow On," Stanford Social Innovation Review, no. 4 (Fall 2008): 50 - 55.*