

# Preface

What do a Boston nonprofit with a 50-year history of serving the homeless, a global enterprise working to revive both its brand and its headquarters community, a public–private partnership to accelerate social change in urban America, and a venture-funded startup setting up preschools in rural India have in common? Although their resources, geographies, and governance structures are very different, all four organizations are publicly committed to prioritizing positive social impact. The social change initiatives pursued by Haley House in Boston, by Whirlpool in Benton Harbor, Michigan, by Living Cities across the USA, by Hippocampus Learning in India, and by many other leaders in managing for social impact are featured in the chapters of this book.

By design, *Managing for Social Impact: Innovations in Responsible Enterprise* analyzes the challenges of tackling systemic social problems through a multisector, interdisciplinary perspective. This book arose from the editors' conviction that long-term, sustainable social impact requires active management, cross-sector collaboration, social innovation, and a shared framework for engaging stakeholders and measuring impact across multiple sectors. Researchers, public thought leaders, and practitioners around the globe are grappling with these questions, but their insights are not typically available in a single publication.

To highlight the commonalities of strategy and practice across disparate social impact efforts, each chapter reflects on the social impact strategies employed, as well as best practices and lessons learned, over years of responsible enterprise management. Also by design, the responsible enterprise management of the book's title highlights the core definition of "enterprise" as a bold and complex undertaking, an intrinsically challenging and long-term endeavor, while "responsible" reflects commitment to, and accountability for, the outcomes. In this context, responsible enterprise characterizes the social impact work of nonprofit managers, venture investors, and leaders of public–private sector partnerships alike, as well as innovations within traditional corporate responsibility programs.

This juxtaposition of management, social impact, and enterprise reflects the growing importance of social enterprise models for scaling and sustaining change efforts. As described in the chapters that follow, social enterprise strategies have been adopted by nonprofit managers and impact investors as well as implemented by intentional long-term coalitions of elected officials, urban developers, foundations, and educational institutions working alongside companies of all sizes.

## Multisector Perspectives

*Managing for Social Impact* is organized into six parts, with chapters representing the perspectives of nonprofit, corporate, public sector, investor, community activist, researcher, and analyst authors. In Part I, co-editor Tiziana C. Dearing, Professor of Macro Practice in the Boston College School of Social Work, describes a framework for social impact management that incorporates multisector strategies and best practices. The framework incorporates four foundational pillars: **Open Circles** that foster stakeholder inclusion and dynamic engagement; **Focused Purpose Sharing** that identifies the intersection of multiple stakeholder objectives within specific initiatives and points of time to motivate support for broad-based change efforts; **Mutuality of Success** that defines and shapes outcomes based on the understanding of multiple stakeholders that social impact benefits will be experienced at different levels over time, with milestones that mirror a variety of goals, needs, and expectations; and a **Persistent Change Perspective** that enables commitment to social change over timescales that extend beyond the typical planning cycles of individual managers or projects to create deep, persistent and stakeholder-driven community engagement.

These four pillars are essential for all types of organizations to make long-term impact on systemic social problems and in particular to develop their capacity for scaling, sustaining, and measuring change efforts begun at a local level or as a targeted program with time-limited objectives and funding. There are, however, many cross-sector lessons to be learned from the propensity of different organizational structures to prioritize particular pillars in their impact management strategies.

The chapters in Part II, “Social Justice and Sustainable Enterprise,” illustrate the strengths of nonprofit organizations and change leaders in implementing Open Circles and Focused Purpose Sharing. Successful nonprofit managers must be keenly aware of the needs and objectives of stakeholders in the communities that they serve directly and welcome those stakeholders to play a part in the solution. They must also be skilled at articulating those needs to the broader community, including private and public funders, in order to convert sometime skeptics into volunteers, partners, and financial supporters who come to believe in the organization’s purpose. These very strengths often create severe challenges in scaling and sustaining programs that rely on philanthropy and volunteer efforts to meet escalating social needs among community stakeholders. The contributors in Part II discuss how social enterprise models can be adapted to create diversified streams of revenue

at the same time as enabling new types of scalable services that empower community stakeholders through training and employment opportunities.

The chapters in Part III, “Rethinking Corporate Social Responsibility From the Outside In,” reveal the rapidly changing landscape of corporate social impact. Many public corporations are hard pressed to balance the escalating social impact expectations of consumers, community members, environmental activists, and employees, given global pressures on earnings and profitability. For corporate managers, opening the circle of stakeholders to encourage ever broader participation can be a daunting prospect, requiring a decisive shift away from decades of company-centric definitions of responsible enterprise. Some companies have focused on aligning their brand purpose with a social cause that resonates with consumers and employees, aiming to develop a sense of shared purpose that will build brand loyalty. There is a growing realization, however, that such alignment may not be enough to satisfy stakeholders, nor to address the complex social problems that are now seen as material to business success as well as stakeholder well-being.

Part IV explores the potential of “Public–Private Partnerships to Make Cities More Livable for All.” Each chapter underscores the importance of cross-sector partnerships as the key to mutual success in addressing complex and multilayered urban problems including providing equal access to economic opportunity, housing, and quality education while mitigating urban environmental impacts and improving quality of life for residents. These issues become ever more urgent as urban centers house the majority of the world’s population. There is widespread recognition that city government cannot solve these problems alone. In fact, no entity can do it alone; all residents share the built environment and have a stake in its policies and impact. This understanding supports the strategy of Open Circles to involve community members, corporations, foundations, and nonprofits working alongside elected officials and public sector employees. But the disparate needs of urban populations and the complexity of systemic social issues often hinder Focused Purpose Sharing and agreement on mutual definitions of success. Likewise, election cycles, budget fluctuations, and political considerations make it more difficult for city leaders to maintain a Persistent Change Perspective. Long-term, public–private partnerships help to address these challenges to sustaining social impact initiatives.

Scaling and sustaining social change initiatives take money, and lots of it. Social impact investors are a rapidly growing source of private capital for launching and growing responsible enterprise business models in the USA and globally. According to the Global Impact Investing Network (GIIN), an estimated \$60 billion in private capital has been invested in socially responsible companies as of 2016. This amount is expected to grow dramatically over the next 20 years, propelled by the millennial generation’s commitment to creating a positive impact. An investor practice leader at the World Economic Forum projects that in 10 years global investing for social impact will skyrocket to \$2 trillion. By way of comparison, the Ford Foundation, which announced in 2015 that it would focus its grant making entirely on programs to address social inequality, expects to award \$1 billion in grants over the next 5 years. It’s clear that strategies for impact investing will be a critical factor in shaping responsible enterprise in the coming decades. The chapters in Part V, “Investing for

Scalable Social Change,” make the point that scaling impact investing will require active investor involvement to mentor the founders of social enterprise portfolio companies and help them to manage rapid growth. This active management will enable strong financial returns on social investments over time, attracting more private capital for social impact.

Best practices for managing multisector social impact initiatives are evolving, so it is no surprise that the frameworks for impact measurement are also still in flux. Part VI, “Measuring and Reporting on Social Impact,” highlights two areas where global measurement frameworks are particularly important, the Smart City movement and corporate sustainability reporting through the Global Reporting Initiative (GRI). The GRI and Smart City assessment frameworks are continually adapting to encompass the complexity and interconnected nature of the social issues being addressed. This indicates that such frameworks need to incorporate multisector perspectives as well as become more inclusive of all stakeholders over the long term.

The editors hope that this volume will contribute to the multisector sharing of strategies and best practices for developing and managing scalable and sustainable social impact solutions.

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