



# 2018 K&C SOCIAL IMPACT LAB REPORT



## Testimonials

*"The binder and working papers will be valuable [along with the] contacts and conversation with like minded Individuals" ~ Anonymous Donor*

*"Appreciated the opportunity to explore industry training opportunities. [This workshop] helped clarify approaches we have heard of and seen... [We will be] exploring the possibility of applying this approach to a new tech project." ~ Local Charity Partner*

*"We are rethinking our strategic direction and this model of involving strange bedfellows has enormous potential." ~ National Charity Partner*

*"The concept is new to me and I now know that the process is methodical and drives philanthropic success... I have seen the need for more structure on the [philanthropic and social] goals that need to be accomplished." ~ Multi-Family Office Executive*

# THANK YOU TO OUR SPONSORS

**T**hanks to the generosity of the Alberta Real Estate Foundation in partnership with Nucleus and Rainforest Alberta, Karma & Cents Inc. hosted a half-day Social Impact Lab for nine family offices and foundations alongside their charity partners.

This investment also supported the development of a SIL workbook and the opportunity to test the SIL model beyond the direct families and charities that we have worked with thus far. It also allowed us to demonstrate to a broader community that there is a more impactful way to fund pilot projects and set expectations that are user-centred as opposed to organizationally centred.

At the heart of the SIL is that “Wicked Problems” cannot be solved by funding alone and that if money was

the solution, these problems would have been solved a long time ago. The examples we provided were ones of different funding sizes, scales and geographies. It was our intention to show that you don’t need millions of dollars to push the needle,

## **The SIL demonstrates a more impactful way to fund pilot projects.**

and that some of the solutions can be tested and scaled up or out in months rather than years. We also wanted to demonstrate that all the players that come to the table bring multiple types of assets - Time, Talent, Treasures and Ties to the solution space.

In the attached report you will find the following:

- Description of our methodology including an excerpt about the case studies we used

- Samples of some of the worksheets and resources used
- An analysis of what worked and what didn’t including a measurement of where participant knowledge was at the start of the workshop on social impact and design theory and where it was by the end of the workshop
- What we would do differently and how we would execute on this for future workshops
- Our follow-up plan
- Recommendations for rolling this out to a broader network
- Testimonials/feedback quotes





## SOCIAL IMPACT LAB: WORKSHOP REVIEW

**O**n April 18th, nine families along with their partner charities gathered in Calgary, Alberta for a half-day workshop on Philanthropy 3.0 - Social Impact Lab. The workshop was designed to walk participants through a five-step methodology around problem architecture, solution design, impact testing, feedback loop creation and scaling up/scaling out.

### Why this workshop?

Increasingly we are seeing a disconnect between what funders are looking to support and what charities are applying for in the area of innovation and disruptive solutions. This disconnect is in part due to different understandings of “risk” and what expectations are around designing for innovation and disruption.

The traditional philanthropy model emphasizes that charity boards and employees steward donor dollars in the most conservative way possible. This attitude is contradictory to solving a problem as it would imply that taking risks and failing on the solution would be poor stewardship.

Other disconnects are around how fundraising is structured. Charities have been “taught” to ask for themselves with a view that the funds available are scarce and as such to be competed for. This scarcity

mentality means that charities design for themselves at the centre of the problem instead of the end-user of the solution or the problem whom the charity has been mandated to solve for.

The ideas around sustainability and scalability are also in direct conflict with each other within the charitable sector. If an organization is trying to solve a problem they, by the very nature of solving the issue, should NOT be sustainable as they want to work themselves out of a job. It also means that scaling should be top of mind, however, the way that funds flow to charities dissuades organizations from scaling as too often the costs associated with scaling are part of overhead and not directly tied to projects/programs. Donors don’t want to spend “too much” on the overhead of a project.

Lastly funders are looking at how they can leverage more than just their financial assets (Treasures). Funders have expressed that they feel that they are only seen as cheque books and not for all the other assets (Time, Talent and Ties) that they can contribute alongside the financial. By engaging all the assets that they bring to the table Funders can feel the impact of their contribution more.





## Philanthropy 3.0

The Philanthropy 3.0 Social Impact Lab workshop is designed to remove the charity from the centre of the equation and replace them with the end-user and the problem. It is also meant to foster the strange bedfellow conversation to allow for cross-pollination of ideas and get below the presenting problem (i.e. homelessness) to the systemic problem (i.e. policy design around housing or poverty).

This workshop is important in the Alberta landscape today because of the increased inter-generational access to capital that is directly impacting the way that money flows into the charitable sector.

AREF recognized that the requests for funding they were receiving were superficial in their ability to solve the complex challenges the charities said they were trying to address. It was also expressed that the charities were interested in taking risks, but that they did not have the tools at their fingertips to actually jump on the opportunities and would extend pilot projects years into the future, instead of rapid prototyping and failing quickly.

The charity-funder partnership was set-up so that the charities who attended would be able craft a more succinct funding request with a deployable solution. It was also the intention to create opportunities for more open dialogue about the complexities facing the organizations and funders in an effort to demonstrate that the solution table goes beyond those who are directly involved.

In the long run if we can support funders in getting more targeted requests and charities to get their solutions to market faster we can solve some of these challenges in our lifetime and not generations out.

The lab is set up to allow for failure to occur and provide the opportunities for documentation and sharing of those learnings. What we have seen around what types of labs and projects have been most successful and which ones did not hit their end result correlate directly to the characteristics that are shared on page 7 of this document.

Most notably are the attitudes of the individuals and organizations involved. By coming from a place of curiosity without a preconceived notion of what the solution is, you allow for innovation to occur. Carrying this through to the execution stage, the successful projects are ones where the party or parties that execute on the solution are aligned in the mission and their mandate isn't compromised by the solution.

When we look at projects that failed, in large part they failed because the problem wasn't properly identified and the rush to get something to market prevented them from testing the problem up the line with the stakeholders. Other observations around failure were directly attributed to the fact that the executing parties were not aligned or they didn't have the capacity to execute and as such could not get the project off the ground.

Regardless of whether the solution scaled or not, documenting and sharing those learnings is a key component to the lab. Too often we see funders supporting programs and projects that have been tried by others only to get the same results because the failures weren't shared.



Photo credit: Photo by Bruno Scramgnon from Pexels

# Methodology

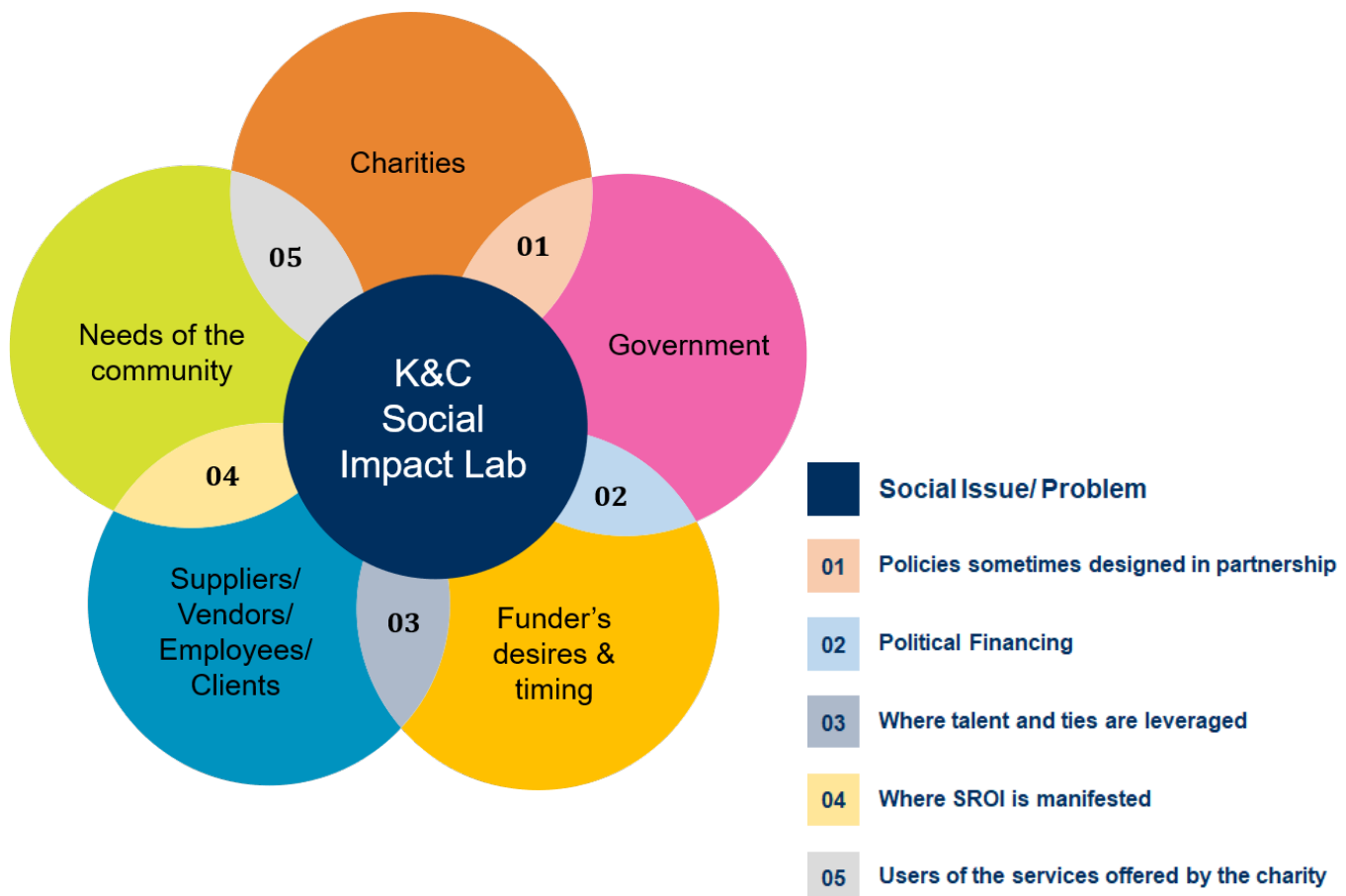
This workshop set out to demonstrate a process that allowed for capital to be deployed quickly, for projects to be designed and tested within a short period, and for reporting out to be encouraged from both the funder and the recipient - the good, the bad and the ugly. We also stressed that this type of philanthropic planning is not for all projects, and really focuses on funding and partnering around Wicked Problems.

We started by taking an assessment of people's knowledge of SILs and design thinking. From here we were able to benchmark where participants started and as a result of the workshop where they ended up. It also allowed us to see what additional information we should be stressing or where we can improve on our delivery.

There were three key learning objectives:

1. What is the Social Impact Lab
2. How can this model be applied to the participants' work
3. What tools can be taken back to the funders' granting committees and the charities' program team

We worked to identify the overlap or the white spaces between the interconnected groups, highlighting that sometimes these groups, while all striving to address a critical problem, sometimes put themselves in conflict with each other.



We approached these learning objectives using three unique case studies:

1. "S" Family Fund & National Music Centre
2. Anonymous Donor exploring poverty reduction through access to post-secondary education
3. Momentum solving for PayDay lending and banking for the under-banked

These case studies were selected because they each demonstrated different demographics and motivations for the parties to be involved in testing a new solution.

The first case study was a donor who made a significant donation to the National Music Centre but wanted to see more impact with her contribution, specifically in connecting the dots within her foundation to other projects she was supporting. The issue she wanted to tackle was cross-cultural dialogue and breaking down barriers for immigrants to Calgary (and Canada). Music was what she identified as a conduit to open dialogue between groups.

The second case study started off as a small test contribution of \$40,000 and has pivoted to be a multi-million dollar impact fund that is currently being considered for roll-out. This project, should it be executed, will start at \$10Million and has the potential to impact the lives of 5,000 Albertans, but more importantly, break an multi-generational poverty cycle within the next 20 years. This will have a multiplier effect resulting in increased contributions to GDP and income tax collected.

The third case study showed how a charity brought forward a Wicked Problem to be solved, convened people from various sectors and industries to design a solution that included a combination of traditional philanthropy and venture philanthropy. It also included the creation of a banking product that is accessible in the general marketplace.

All three of these examples highlight how investing a small amount into a rapid prototype can result in scaled up or scaled out solutions that have significant multiplier effects.

## About the Content

**T**hrough these case studies there were three concepts that were stressed:

1. Funders bring more than financial capital and so there is a need to map out the Time, Talent, Treasures and Ties that ALL the players bring to the table to better understand how to leverage those assets
2. All the players can pull and push on the different levers within a system
3. Solutions are not just presented from a sole-source provider and as such feedback and ongoing communication between the players is necessary

## Footnotes

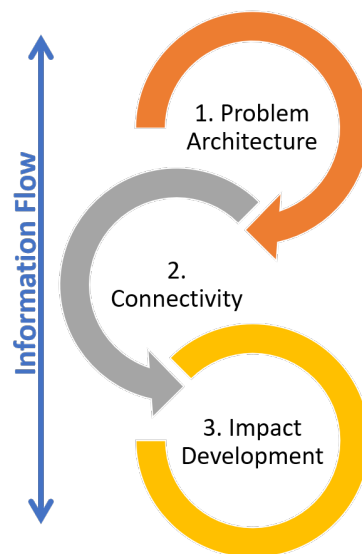
1. "Wicked Problem" is a term coined in the 1970's by Horst Rittel and refers to complex problems that have:

- Incomplete or contradictory information
- A number of people and different opinions influencing the discussion
- A large economic burden
- Is interconnected nature of the problem with other problems

2. A recent study from Georgetown University found that, on average, college graduates earn \$1 million more in earnings over their lifetime. Another recent study by the Pew Research Center found that the median yearly income gap between high school and college graduates is around \$17,500.

**The Social Impact Lab approach to solution design and financing solutions instead of funding problems works because of the following key characteristics:**

- Participants come from a place of curiosity
- Culture defines the solution space and who the players are at the table
- Leadership & role models are those who will successfully carry the solution across the finish line. Funders are investing in the people who will execute on the solution as much as they are investing in the solution
- Policy and investment in infrastructure are a key component to a solution being able to scale
- Designing engaging activities to allow for experimentation
- Resources go beyond the financial
- Diversity of participants - individuals, companies, charities, funders, government, end-users commit to exploring the problem and designing a solution
- Design with end-users in mind



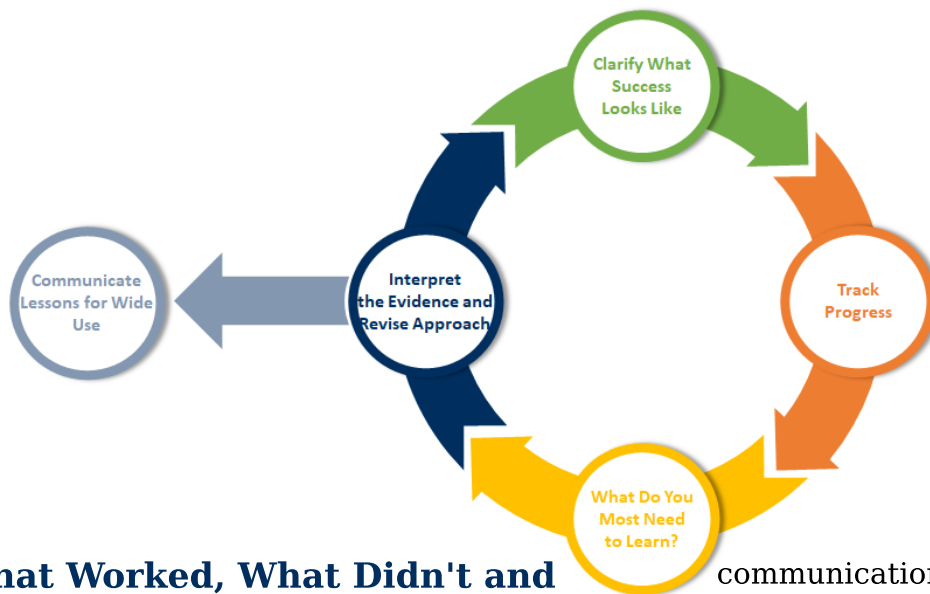
**T**he K&C Social Impact Lab has three distinct phases broken into five steps. The first phase looks at how problem is articulated and figure out who should be at the table to help define the problem. The key factor is that information is continuously flowing between the problem that needs to be solved and the solution that will be implemented. What bridges these two spheres are the people that are engaged in activities to help define the problem and design the solution.

The SIL workbook walked participants through the five steps. During the workshop we covered, in-depth, the first two and provided all participants with the next steps to do on their own. Two weeks following the workshop we have sent out a postcard reminding the participants of what they wanted to cover next and what they identified as areas for further discovery.

## **Five steps of the Social Impact Lab:**

- 1. Problem Design**
- 2. Convening Conversations**
- 3. Designing the Solution**
- 4. Testing for Impact**
- 5. Pivot, Go or No/Go**





## What Worked, What Didn't and Why?

When we set out to design this workshop, success was measured in both qualitative and quantitative ways.

1. Knowledge shift of participants from start of morning to end of morning
2. Commitment to take the project solution to the next stage by identifying who else should be included at the table and sharing in the success/failure
3. Increased clarity of the problem/issue that was being addressed
4. Increased depth of the relationship between the charity and the funder through mapping of Time, Talent, Treasures and Ties resources of all parties involved
5. The confidence level that people have of their partners to “push the needle” on the problem/issue that they are trying to solve
6. New connections between participants

We assessed how well we did on these five metrics through a pre and post survey, anonymous feedback forms, follow-up emails and future

communication (to be done over the next two quarters). From these surveys we learned:

- *that participants increased their knowledge base on social impact labs and design thinking by almost 70%*
- *17% of participants said that they felt more committed to taking the project to the next level by bringing others to the solution design table.*

What we found was of even more interest is the luke-warm or moderate confidence that people had in their partner in delivering on the solution. *Only 30% of the participants rated the relationship that they had with their partner as Very Good or higher.*

There are two messages we glean from this: 1) Expectations and understanding of the problem is not aligned between the players and 2) There is a lack of trust between partners, even though it was the funders who brought their partner organization to the event.

This leads us to re-evaluate how we start the workshop around building trust in the group AND between the partners that come to the table. This low indication of confidence sheds some light as to why people graded their partner’s ability to “push the needle” after going through the lab and reinforces how important it is to have other voices at the solution table since the one partnership has a low-likelihood or moderate likelihood of delivering on expectations.

## Feedback from Participants

What worked well and what was reinforced to us is how important convening these types of conversations is, "... Keep asking why. It helps to dig deeper, identify the real problem (root causes) and find better solutions." This format also allowed for the working groups to find support amongst their peers, "I learned that we are not alone, and we (our organization) are on a good track."

One of the strongest components of feedback came from a younger philanthropist who recently opened a fund account at the local Community Foundation, "There is significant need to re-frame the charity problems in terms of the end-user vs. the silo in which they [the charity] operates."

In the days following the workshop we heard from two of the charities and two of the families about how we can explore the lab process in greater depth. One of the AREF partners, is interested in discussing how our lab model compares to their lab model in an effort to further enhance the experiences for all participants and the solution design process. An Executive Director from another charity confirmed that he and his funder partner are going to be exploring a new project in light of what was discussed at the event.

There are three messages that we heard clearly from all of the feedback:

We need to have these types of cross-sectoral conversations more often and the value that this brings. To this end we propose hosting another session in a different city

1. We need to plan for more time to allow for trust to build within the group. So we suggest starting the day off together and then splitting up into working groups and then reconvening this way there can be more focused time on the specific projects.
2. More time is needed to go through the workbook and specifically the Lever Chart. So in the next version of this workshop we will review the contents of the workbook upfront and when we get the Lever chart section we will pull this out and spend more time working on specific applications for those who are in attendance.

## Interested in a Social Impact Lab for your Family Foundation or Family Business?

We'd be happy to design a SIL for you and your family foundation or business. Contact us at [info@karmaandcents.com](mailto:info@karmaandcents.com) or call us at 1-866-936-GIVE (4483).



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