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The Social Bottom Line of Community Development Financial Institutions: What Facilitates or Inhibits the Uptake and Use of Meaningful Social and Community Impact Reporting?

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THESIS APPROVAL

The abstract and thesis of Kelly Lynn Haines for the Master of Urban Studies were presented February 24, 2009, and accepted by the thesis committee and the department.

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ABSTRACT

An abstract of the thesis of Kelly Lynn Haines for the Master of Urban Studies presented February 24, 2009.

Title: The Social Bottom Line of Community Development Financial Institutions: What facilitates or inhibits the uptake and use of meaningful social and community impact reporting?

Businesses, governments and communities are increasingly interested in measuring the non-financial impacts of their activities and investments. This assessment often takes the form of measurement models that utilize a Triple Bottom Line (TBL) framework, namely looking at the areas of the environment, the economy, and the social simultaneously. Despite its many accounting flaws, more and more organizations adopt this philosophy by applying it literally in the form of impact reports. In this framework, the social dimension is the most challenging to measure. Because of its complexities, this aspect of TBL reporting has often been vague and lack rigor.

The research question I am addressing is: what facilitates or inhibits the uptake and use of meaningful social bottom line reporting? From conducting case studies that include document analyses and in-depth open-ended interviews with key decision-makers of organizations in the Community Development Financial Institution industry (CDFI), I examined how and why these organizations effectively measure their social and community impact. Given that there are inherent flaws with the logic of the social dimension of Triple Bottom Line reporting but organizations nevertheless are using it,

this study looked in-depth at Community Development Financial Institutions that utilize various measurement methods to assess their particular impact on the social dimension of communities. The struggles, experiences, processes and content of social bottom line reporting by CDFIs revealed that their uptake and use is facilitated by being mission driven, having a compatible business model, and by demands from their stakeholders, funders, and regulation requirements. It is hindered by a lack of sufficient capacity, unclear social bottom line definitions, and a lack of embeddedness in their day to day operations.

THE SOCIAL BOTTOM LINE OF COMMUNITY DEVELOPMENT FINANCIAL
INSTITUTIONS: WHAT FACILITATES OR INHIBITS THE UPTAKE AND USE OF
MEANINGFUL SOCIAL AND COMMUNITY IMPACT REPORTING?

by

KELLY LYNN HAINES

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requirements for the degree of

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Introduction:

Many businesses, governments, nonprofits and financial institutions are attempting to account for their non-financial impacts. In all of these organizational arenas, there has been a surge of new evaluation and measurement techniques attempting to show non-monetary gains and losses (Pava, 2007). This concept has long been discussed and has most recently taken form as the paradigm of the “Triple Bottom Line” (TBL), a term based on the idea that survival is dependent not just on profits, but also on one’s environmental and social impacts (Norman & MacDonald, 2004). The basic concept is also widely used among thinkers about sustainability: it can be expressed as the three e’s (economic, ecology, equity) or the three p’s (profit, planet, people).

For the corporate sector, the TBL has most commonly taken form as Corporate Social Responsibility reporting. Businesses now release annual reports alongside their financial statements that are meant to illustrate their commitment to doing more than just turning a profit. Each report is specifically tailored to that company and its activities (Epstein, 2007). Governments now commonly create sustainability reports designed to track things such as levels of recycling or city employee turnover rates and diversity programs (City of Corvallis, 2007). Nonprofits use Social or Community Impact Reporting to measure their impact on the community (Social Impact Assessment, 2003).¹ For investors and development professionals, the struggle to find measurement methods

¹ Given that my research project included both private and public interests, I chose to utilize both the Social and Community Impact and social bottom line terms and use them interchangeably. The basic difference between them is temporal; Impact refers to looking in hindsight at past activities, while social bottom line implies ongoing accounting of past and current activities. Overall, their respective definitions are compatible enough to be adequate for my research questions.

have been tackled through green building certification programs, double bottom line concepts, and through community development investment strategies (*LEED Rating System*, 2007; Flynn et. al., 2007; Clark, Rosenzweig, & Olsen, 2004).

There is disconnect between the TBL's validity in real measurement and accountability and its vast and arbitrary utilization by organizations and governments (McKibben, 2006). By perusing this vast array of various measurement theories and methods it becomes quite clear that any form of standardization or accountability does not exist (Miller, Buys & Summerville, 2007). Although the triple bottom line concept is being widely adopted, the practical application of standard measurement techniques is still far from being realized. Furthermore, it is questionable that financial, environmental and social factors could someday play equal roles when accounting for organizational activities and impact.

The biggest problem with the TBL framework is a lack of common currency and inherent incompatibilities with the three goal areas. As Brown, Dillard and Marshall (2008) point out: "The fundamental differences in the attributes of social, economic, and environmental sustainability illustrate the inappropriateness of measuring, reporting, and conceiving of these three facets in the same way" (Brown, Dillard & Marshall, 2008, p. 19) The problem of appropriate measures is most apparent in the *social* arena (Miller, Buys & Summerville, 2007). Environmental improvements can be very cost-saving and work in collaboration with profit-maximizing goals. For example, if a company can find a way to use less packaging material then they are simultaneously reducing landfill waste and production costs. But if a company decides that a socially responsible action is to

increase their employees' benefits package, it is assumed that, in the short run, it is not conducive to saving money.

In order to better understand the challenges of implementing the social bottom line framework into a workable and useful tool, I looked at a sector that is simultaneously concerned with measuring their economic and their social impact success. Community Development Financial Institutions (CDFI) are banks, credit unions, and lending and holding companies whose mission is to help distressed communities and improve social well-being through their financial activities (*Community Development Financial Institutions*, 2005). Most CDFIs do attempt to measure their social and community impact, and it is worth finding out *why* and *how*. What facilitates or inhibits the uptake and use of meaningful social and community impact reporting?

Because there is no standard method for measuring the social bottom line, it was worth asking these financial institutions about the methods they *do* use. They are organizations that are concerned with measuring the compatibilities of profit and people; which is, as of now, a major challenge facing triple bottom line proponents. I conducted case studies of five CDFIs in the Pacific Northwest in order to better understand their experience with measuring social outcomes alongside financial outcomes. I examined their reports and reporting methods and conducted in-depth open-ended interviews with key decision-makers in order to better understand their struggles, processes and strategies when attempting to measure the impacts and outcomes of their financial and social objectives.

I found that their challenges and experiences resembled those of other types of organizations, as stated in the literature, and that their measurement methods were primarily influenced by external factors, namely stakeholders, funders and reporting requirements. Internally, the major factors influencing their measurement methods were their mission-driven goals, their level of allocated resources to data collection and analysis and their ability to embed their measurement method into the day-to-day culture of their operations, which requires common definitions and understanding among the employees as well as mechanisms that internalize the measurement into their business model and daily activities.

Literature Review:

Community Economic Development:

A major objective for pursuing community economic development is to enrich and improve the quality of life for residents and improve the quality of the built environment. This can occur in a variety of ways, including providing jobs, increasing tax revenue through increased economic activity, creating new housing or improving existing buildings, etc. (Bartik, 2005). Economic development strategies can take many different forms, from providing tax incentives to potential businesses to utilizing federal funds in order to develop an underserved area into a more desirable place (Krueger & Savage, 2007). The overall consensus among leading authors regarding economic development practices is that it is difficult to generalize policy and that the greatest benefits come when new development occurs in the most distressed areas (Bartik, 2005). First, each region is different in its demographic makeup, level of work skills, etc., so a generic strategy, such as putting in a new sports stadium, is likely to fail if not first critically examined for its compatibility with the particular characteristics of that region (Bartik, 2005). Second, the greatest benefit of economic development stems from a strategy that focuses on the most distressed sections in that region, given that those locations are where there is the most potential for growth and improvement. If a city grants tax breaks to a company that is not providing jobs to the unemployed of that region but instead brings in workers from other places, then those tax incentives may not have been wisely maximized and not made the region better off by that company entering (Bartik, 2005).

Many players are involved in economic development, including government officials, community members, private companies and financial institutions (Harrison and Glasmeier, 1997). Development decisions are complex and a city can feel pressured to continue growing due to relative competition between cities, forcing negative consequences to occur (Ross & Levine, 2006). An ongoing struggle for key decision makers in the development industry, public and private alike, is how to best maximize the social benefits that come with new economic development.

One method that has been utilized by communities to give specific attention to distressed areas and populations is market-based community development, a theory that traditionally underserved communities are untapped financial markets. The history of misinformation and prejudice in the United States led to these areas being denied financial support by banks, and denied companies locating there.

The market-based approach to community development has many critiques, both from progressives who argue for a more social justice approach, and from people who believe it is wasteful spending; that these programs offer few benefits. During the Reagan administration nonprofits and community groups looked for new ways to continue their programs in the face of waning funds (Cummings, 2002). At the same time, many embraced a new way of thinking about social justice, designed to empower individuals and localize resources, which easily translated to increasing distressed communities' access to capital. During the Clinton administration, market-based community economic development (CED) continued and mostly replaced welfare as the national antipoverty policy. This shift created the US Treasury Community Development Financial Institution

(CDFI) Fund, which includes the New Market Tax Credits (NMTC) program (Cummings, 2002).

Some argue that the NMTC program, among others that are market-based such as enterprise zones, have not benefited the intended populations, but have instead become a catalyst for community degeneration due to gentrification, imported employees, or the creation of only low-wage jobs (Groves, 2006; Dong, Hall & Rufolo, 2006). By providing capital for projects that spur primarily real estate growth, the strategy doesn't always help those who need it most (Groves, 2006). However, there are also those who advocate for the market-based approach, claiming that low-income neighborhoods are untapped resources, and that companies and banks would do well to invest in these areas and that catalyzing this activity through award initiatives will shift the behavior of these organizations, correcting the market imperfections² (Porter, 1997).

Community Development Financial Institutions:

An estimated 1,000 CDFIs operate in the United States. CDFIs are organizations that provide critical financial products and services to economically disadvantaged people and communities throughout the United States. CDFIs respond to the gaps in the marketplace that mainstream financial institutions ignore by offering financial and development services to individuals, businesses, community service providers, and affordable housing developers in low-income communities (*Community Development Financial Institutions*, 2005).

² Namely, long-standing prejudice and "entrenched attitudes" about low-income and inner city communities as viable markets.

CDFIs serve a variety of customers, including individuals who require affordable banking services such as checking or savings accounts as well as loans for a house or a car. Customers can also be small business owners who demonstrate the ability to bring employment opportunities and/or needed services to an underserved community. They can be affordable housing developers or community facilities that provide services such as education, training, arts, healthcare, or childcare to disadvantaged communities.

There are four major types of CDFIs, and their operations and activities can vary greatly depending on their type of organization (*Comparing Different Types of CDFIs*, n.d.). They can be Loan Funds, Venture Capital Funds, Credit Unions, and Banks.

Community Development Loan Funds: The most common type of CDFIs, they provide financing and development services to businesses and individuals in low-income areas. These loans are defined by the client served and can be microenterprise, housing, community service organizations, or small business. They tend to be nonprofit and governed by a board of directors with community representation.

Community Development Venture Capital Funds: Provide equity and debt for medium-sized businesses in distressed communities. They can be for profit or nonprofit and include community representation.

Community Development Credit Unions: Provide affordable credit and retail financial services to low-income individuals, with special outreach to minority communities. Classified as nonprofit financial cooperatives, are owned by their members, they are regulated and insured by the National Credit Union Administration.

Community Development Banks: Specialize in providing capital to economically marginalized communities through targeted lending and investments. They are federally regulated and insured through the Federal Depository Insurance Corporation, the Federal Reserve, Office of the Comptroller of the Currency, and state banking agencies.

Two important initiatives in the 1990's helped to stimulate the growth of the community development financing industry. The first was the establishment of the US Treasury Community Development Financial Institutions Fund in 1994. The Fund is a federal program that grants awards through an application process to CDFIs and also offers equity financing and technical assistance (Stoesz & Saunders, 1999). The second initiative was the revision of the Community Reinvestment Act (CRA) in 1995. Under the revision, banks and thrifts became more accountable for their actual lending practices rather than marketing and outreach strategies for low and middle-income and minority communities. This change helped stimulate additional community investments from banks and thrifts (Immergluck, 2008; Stoesz & Saunders, 1999). CDFIs can serve as a bridge between traditional banking practices and those communities most in need of financial assistance (Benjamin, Rubin & Zielenbach, 2004).

Required Reporting:

CDFIs can apply to become certified with the CDFI Fund of the US Treasury. Certification benefits include eligibility to participate in the CDFI Program.³ In order to become certified, applicants must show certain criteria are met. These are categorized into seven major areas: Legal Entity: The organization has filed the appropriate

³ They can also participate in the NACA Program, which targets struggling Native communities, as well as experience additional benefits under the Bank Enterprise Award Program.

documents in order to be incorporated, has appropriate banking authority, and official IRS assignment, etc. Primary Mission: The organization has a primary mission as well as a narrative description approved by the Board stating how they meet this mission. Financing Entity: Copies of audited financial statements as well as an explanatory narrative. Target Market: Submission of a map that displays the target market of the organization as created by the Fund's online mapping program, as well as a target market table which breaks down the banking activity into the area and population where it took place. Accountability: A level of accountability to the target market can be demonstrated through the description of a representative Advisory Board, the existence and success of a focus/ community meeting, or the positive results of a customer survey. Development Services: The organization must demonstrate that it provides technical assistance or training activities for its borrowers. Non-Governmental Entity: The organization is not a part of or controlled by any government entity.⁴

Additionally, the NMTC program is available to Community Development Entities (CDE). In order to become a certified CDE, an organization must be a legal entity (see above), have a primary mission of serving low-income communities (LICs), and maintain accountability with the LICs through having a representative advisory board. Their required reporting is similar to the CDFI certification but less rigorous. If an organization is a certified CDFI, they automatically qualify to be a certified CDE (*CDE Certification*, 2008).

CDFIs that are certified with the CDFI Fund are subject to evaluation by the federal program specifically pertaining to the contents of their portfolio and goals therein.

⁴ *CDFI Certification Application* (n. d.)

They are granted money based on specific projects and their outcomes. The evaluation decides whether or not they receive federal funds but does not decide whether they can continue to exist. These evaluations are primarily focused on the economic bottom line, giving little attention to the social goals (Stoesz & Saunders, 1999). The Community Development Financial Institutions Fund has put out reports pertaining to its findings from the Community Investment Impact System (CIIS). Started in 2004, it is a web-based system that allows for the annual collection and analysis of certain CDFI impact data:

Institution level data include the CDFI or NMTC allocatee's financial position, number of staff, and number of development services clients. Transaction level data include details on each loan or investment a CDFI or NMTC allocatee makes. Data include the purpose of the loan or investment, borrower and project address, borrower socio-economic characteristics, loan and investment terms, repayment status, and community development impacts. These data allow the CDFI Fund to measure impact at the census tract level and to map CDFI and CDE activity in specific geographic locations. (*Community Investment Impact System, 2008*)

As far as reporting on social impact measurement, this database appears promising. But in their first report released in 2007, they introduce the "Benefits to the Community" section with:

CIIS allows CDFIs to report on some of the easily quantifiable benefits... CIIS does not attempt to track qualitative benefits or more complicated quantitative benefits. Capturing these benefits is better left to in-depth research. CIIS data might support such research, but would not substitute for more appropriate research methods such as interviews or case studies. (CDFI Fund, 2008)

The database's reporting on social impact of CDFI activity is limited. They report on data that is already monitored because of its financial characteristics, such as loan information, number of jobs created or maintained by business activity, or number and types of bank accounts opened in a community. These measures do imply a positive

social impact, given that they allow for increased financial activity within a previously underserved community. Nevertheless, as stated by the report itself, they don't go very deep into exploring the multifaceted nature of social and community impact that other types of data collection could reveal.

Social Enterprise:

Other than the required reporting and data collection methods, CDFIs also have an array of measurement methods that go beyond the minimum required social bottom line reporting. These measurement methods have been developed by organizations that are interested in the field of social enterprise and its hybrid approach to alleviating community ills.

Social entrepreneurs can be broadly defined as organizations that perform innovative activity with a social objective, including businesses, nonprofits and community banks. Social enterprise has an additional underlying drive to increase social well-being, rather than just personal wealth or shareholder gains (Austin, Stevenson, & Wei-Skillern, 2006). According to J. Gregory Dees, social entrepreneurs play the role of change agents in the social sector, by: adopting a mission to create and sustain social value (not just private value), recognizing and relentlessly pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, adaptation, and learning, acting boldly without being limited by resources currently in hand, and exhibiting a heightened sense of accountability to the constituencies served and for the outcomes created. (Dees, 1998).

With the decline of governmental funding of social services in the 1980's, socially-minded organizations have had to get creative with their strategies to survive and function. This decreased centrality of government, referred to as the "hollow state," has spurred an increased level of collaboration and networking between all sectors, as governmental agencies have contracted with nonprofit and for profit organizations to provide public services and policy implementation (Smith, 2008). This form of organizing has created a new arena of innovation in social services, where public agencies, corporations, and nonprofits have increased their level of assimilation due to the need for adaptation.

The literature around this trend reveals an innovative survivalist mentality among the players, where nonprofit agencies, whose missions are to provide social services to populations in need, have developed new strategies to spur economic growth by involving private interests (Lucero, 1999). Businesses have also begun to recognize the opportunities available to them by investing in these activities, be it locating in an enterprise zone that offers tax abatements, or providing jobs for people entering into a workforce development program and receiving trained workers (Porter,1997).

CDFIs were some of the first organizations to serve as intermediaries between private companies and the public need. They have provided economic resources to communities that would traditionally not be served by financial institutions and act as the bridge of capital between these improvement efforts and the sources of funds. Because CDFIs are provided with federal assistance that allows them to take higher fiduciary risks, they are in a position to be more active in disinvested communities (Pinsky, 2001).

An effect of this trend is that other financial institutions have seen where opportunities lie, thereby creating a more financially viable climate. As explained by Vidal (1995):

(CDFIs) are not a substitute for ensuring that conventional finance institutions provide equal access to credit or other services in poor inner-city neighborhoods and [rural and] communities of color- places where that access is now clearly deficient. CDFIs appear to be playing a useful role both in pressing conventional institutions to do this and in demonstrating how to do it.(p. 194)

However, their role in social enterprise has also raised issue with accountability and efficiency, as this organizational form requires performance measurement that appeals to many different types of stakeholders, be they investors, foundations, government agencies, or grassroots organizations. Due to their intermediary position, CDFIs face pressure to illustrate success from many angles; this in turn catalyzes deeper levels of measurement by the organizations who receive their funds (Bernanke, 2006; Lucero, 1999; Smith, 2008).

A growing argument among the nonprofit and social enterprise sector is that because government funding has waned, organizations involved with social enterprise such as CDFIs have experienced a heightened demand to define and measure their social impact. What kind of community benefits are they contributing to, and how exactly do they prove it? (HELP USA, 2008; Greenspan, 2003). If CDFIs are becoming more dependent on sources of funding and support other than the federal government, then simply adhering to the required reporting does not fulfill the need to prove their worth (Bernanke, 2006; Gertner, 2008; Smith, 2008). According to a report released by Coastal Enterprises Inc., a CDFI in Maine, “There is a great deal of hope that standardized

measures and assessment processes will help private investors and funders have greater confidence in evaluating CDFI/ CDC performance and will eventually bring more resources to the industry.” (CEI, 2006).

Impact Measurement Theory:

Measuring an organization’s impact is complex process due to the difficulty of proving a connection between activities and results. Impact is often defined as an outcome that would not have happened but for the activities of the organization (Hagerman, 2007). How can an organization prove that their actions contributed to the difference they see? Generally, four main terms are utilized when discussing impact measurement: input, activity, output, and outcome.

The Impact Value Chain

Impact = Measure of Change

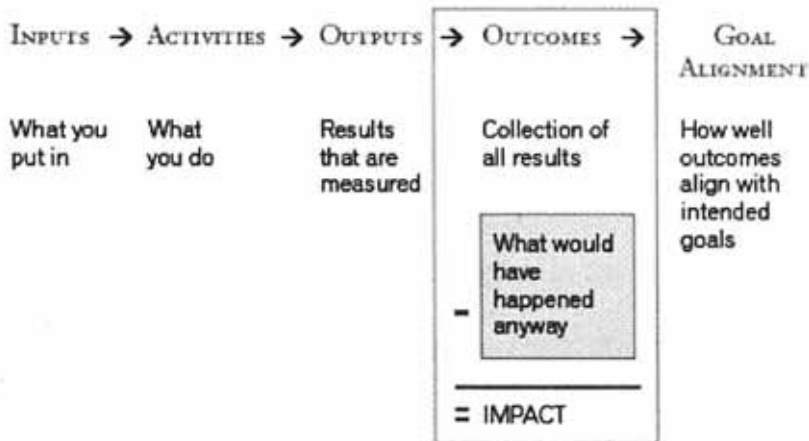


Figure 1: Impact Value Chain

Source: Social Impact Assessment: A Discussion among Grantmakers, 2003, pg. 18

An input is the investment initially provided in order to conduct the organization’s activities, such as staff to hold business training seminars, capital to support a community

development organization, or money for a loan to a low-income individual. The activity is the specific action the organization takes in order to affect a positive social or community impact, according to their respective “theory of change.”⁵ The outputs are the tangible results of the activities, such as number of graduates of a training program, number of affordable housing units built, or number of loans given. The outcomes are the sum of all of these outputs, and the impact is the net outcome, after calculating the “but-for” factor of what would have happened had no action occurred.

Triple Bottom Line:

The Triple Bottom Line (TBL) was coined by John Elkington of the management think tank SustainAbility in 1997. Elkington states: “The triple bottom line focuses corporations not just on the economic value they add, but also on the environmental and social value they add- and destroy” (p. 3). Although the term originated from the corporate sector, it has since spilled into the government and nonprofit sectors, among others, in order to conceptualize the notion of sustainability into a measurable and seemingly manageable accounting technique.

Many measurement models are applied to the TBL. Consultancy groups, local governments, private companies and international organizations are all attempting to understand and utilize this framework. Vanclay (2004) lists some of the various terms that describe the Triple Bottom Line:

- Social, environmental and economic performance;
- Sustainable development, sustainable environment, sustainable communities;
- Impact on society, the environment, and economic sustainability;

⁵ “...articulates the assumptions about the process through which change will occur, and specifies the ways in which all of the required early and intermediate outcomes related to achieving the desired long-term change will be brought about and documented as they occur.” (Anderson, n.d., p. 1)

- Economic prosperity, environmental quality, and social justice;
- Economic growth, ecological balance and social progress;
- Economy, environment, equity;
- Profit, planet, people;
- Landscapes, lifestyles and livelihoods.

Which terminology is utilized mainly depends upon the type of organization: for profit, nonprofit, governmental, industrial or non-industrial.

There are major critiques regarding the TBL concept. Many are concerned that the rhetoric of this paradigm offers a vague, oversimplified and misunderstood approach to impact assessment and reporting without being followed up by real measurement or accountability, especially in regards to social factors (Brown, Dillard & Marshall, 2008).

Evaluations generally rely on an indicator method. Indicators are formed and weighted, then grouped by the categories in which organizations are interested. Each category is then assessed based on the outcome of the indicator measurement. For example, the obesity rate of a population is a common indicator when assessing community health. In general, indicators need to have four main characteristics. They must be relevant to the project, easy to understand, easy to measure, and reliable.⁶

The Global Reporting Initiative is probably the most referred to and advanced international framework in use (Miller, Buys, & Summerville, 2007). This method is a multi-stakeholder process that develops a specific set of indicators catered to the particular client, and then pilot tests and monitors the progress. It is being used primarily by companies and government organizations.

⁶ *Check your Success: A Community Guide to Developing Indicators*, n.d.

Another common measurement model is the “Balanced Scorecard,” which is both a measurement and a management system (Figge et al, 2002). It creates metrics that are grouped into four categories in order to measure the success of a company. Performance is assessed from four different perspectives: learning and growth, business process, customer, and financial (Figge et al, 2002). According to their website: “it provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results.” (*What is the Balanced Scorecard?* n.d.)

Many businesses now release Corporate Social Responsibility reports alongside their financial statements that contain information regarding the social and environmental impact they make. It is not a regulated or standard document, but more of a PR device that selectively boasts their level of giving to charity, or perhaps the happiness felt by a store manager (Idowu and Pappasolomou, 2007; McKibben, 2006).

Conceptually, the Triple Bottom Line framework is attractive because it resonates with traditional accounting principles. Generally, it is a positive step toward thinking differently about organizational activities and seems a reasonable and logical method for attempting to measure and track impacts alongside financial indicators. Without looking closely, Triple Bottom Line framing appears simple and straightforward. However, due to the lack of compatibility among the three areas of concern, as well as the lack of standardization, this method of measurement is more complex and intricate than its accounting terms imply.

In particular, the social bottom line has been “weakly conceived.” (Brown, Dillard & Marshall, 2008, p. 7). First, there is the question of quantitative versus qualitative measurement. Especially in relation to the social dimension, reducing impacts into a numeric or monetary value is not only difficult, but often inaccurate and unethical. The monetization of social impact is highly contested; some claim that it best allows for accurate measurement because there is a common currency, but others argue that it simply translates complex social concerns into reductionist terms. Typical social indicators are not easily added or subtracted into good or bad categories, thereby making it difficult to formulate accounting conclusions. Norman and McDonald (2003) use this scenario: Imagine a company where 20% of the directors are women, 7% of the senior management are members of “visible” minorities, it donated 1.2% of its profits to charity, the annual turnover rate among its hourly workers was 4% and it had been fined twice for toxic emissions. Without some context for size of the company, where it was located, what charities it donated to, or how it measured up against other companies in its industry, these quantitative indicators are anecdotal and certainly don’t describe a comprehensive “bottom line.” Also, social systems inherently have different goals, objectives, and performance criteria than financial or environmental systems. Brown, Dillard and Marshall (2008) point this out by describing the idea of social capital. Networking and trust-building within a community is positive and builds upon itself. Unlike environmental and financial resources such as clean water or the tax base that are depleted when utilized, the asset of social capital actually increases with use.

Additionally, the compatibility between the three dimensions of the triple bottom line is further hindered by competing objectives. This is especially true when considering that organizations currently function within capitalist constraints, making the financial bottom line still more important than the other two. Gray and Milne (2004) state:

It is, in all probability, entirely unreasonable to ask companies to act in socially responsible ways- they operate in a system (capitalism) that largely penalizes non-economic (i.e. socially responsible) action when that socially responsible action is in conflict with economic dictates. (p. 5)

The lack of compatibility and standardization leads to the other major barrier in advancing TBL reporting as a feasible measurement method, which is accountability. Accountability regarding TBL measurement is almost non-existent, with virtually every method still being voluntary and proprietary. Many have argued that in order to make this a meaningful accounting technique, there needs to be some sort of regulation or auditing, similar to those standards upheld for financial statements. The lack of standardization allows organizations to “freely pick and choose which characteristics they measure, derive their own metrics and standards for these characteristics, and produce a report that reveals precisely what they wish to disclose.” (Brown, Dillard & Marshall, 2008).

Unfortunately, the tensions between the inherent characteristics of the social aspects of sustainability and the need to define and quantify in order to measure and account for impacts is an ongoing conundrum. Miller, Buys and Summerville (2007) specifically state that the only way to make social bottom line accounting meaningful and manageable, organizations must figure out how to quantify the social dimension with valid and comparable measures. Specifically, they are speaking of the corporate sector,

acknowledging that, “*qualitative* SIA (social impact assessment) is preferable for development-oriented issues.” (Miller, Buys & Summerville, 2007, p. 228)

The challenge of defining and selecting the appropriate measures and scales is great. Colantonio (2007) lists six main hurdles that hinder the meaningful measurement of social sustainability, namely how people hesitate to make normative statements or develop benchmarks for social indicators, being afraid of overly prescriptive designs reflecting social engineering efforts. Additionally, the cultural and community context of any given situation demands a more responsive measurement design. Vanclay (2004) strongly cautions against the development of indicator categories in order to measure social outcomes, in that he argues it is “antithetical to the way of thinking about social processes.” (p. 279)

Despite its fallibility, there has been a rapid uptake of TBL reporting across all sectors, including corporations, governments, nonprofits, financial institutions and investment firms. (Colantonio, 2007; Norman and MacDonald, 2003; Vanclay, 2004). Pava (2007) states that TBL is so widely being used that, regardless of its inherent flaws, it needs to be taken seriously: “Rather than criticizing triple bottom line reports for their failure to provide a magical number that aggregates ethical performance, academics should understand the real import of 3BL reporting and try to improve it.” (p.108).

There is a gap between the criticism of the social dimension of TBL measurement methods and really understanding the methods used by various organizations.

Community Development Financial Institutions serve as important cases for this question because of their previously established relationship with financial and social concerns.

These economic development players are an important bridge between economic and community development strategies and juggle the demands of the financial bottom line and the social bottom line.

Double Bottom Line of CDFIs:

The Double Bottom Line is a concept used most commonly in social enterprise and socially responsible investing to describe accounting practices that attempt to measure and report financial and social returns (Flynn, et al., 2007). To stay financially successful, Community Development Financial Institutions must demonstrate positive social impacts through their financial activities (Bernake, 2006; Greenspan, 2003; Pinsky, 2001; Rubin, 2008). Held to certain reporting requirements by the U.S Treasury, many CDFIs have also developed voluntary measurement methods of their social and community impacts through trade organization data collection, funded research projects, and individual annual reports.

A variety of voluntary measurement tools have been developed and employed.⁷ The Community Development Venture Capital Alliance (CDVCA) developed “Measuring Impacts Toolkit,” a series of survey formats and maps that can be used by CDFIs and other economic development agencies to measure their social impact and promote best practices (*Measuring Impacts Toolkit*, 2008). There is also the “Success Measures” Project, a NeighborWorks Network project that utilizes web-based tools to process surveys, provide interview or focus group tools and manage data. It is available by subscription for a one-time fee of \$7,500 and an annual fee of \$2,500. The Success Measures Data System “provides everything an organization needs to conduct credible,

⁷ For a list of common measurement methods see Appendix F.

useful evaluations that demonstrate what differences community development activities make for individuals, organizations and communities.” (*Success Measures Data System*, n.d.).

The Aspen Institute developed the Microenterprise Fund for Innovation, Effectiveness, Learning and Dissemination (FIELD), a program focused on helping the microenterprise development community through research projects, networking, and education. Their measurement method is MicroTest, which is a management tool that helps microenterprise organizations measure their effectiveness (*MicroTest*, n.d.). In addition, there is the Research Initiative on Social Enterprise (RISE) of Columbia Business School. Their research mission is to “study and disseminate knowledge about the markets, metrics and management of for-profit and nonprofit social enterprise and social venturing.” (*RISE Mission and Overview*, n.d.)

The CDFI Assessment and Rating System (CARS), which is managed by the Opportunity Finance Network, collects data from CDFIs as a third-party auditor and analyzer. CDFIs subscribe to the service, release the data, and are rated based on a comprehensive set of indicators that show how well the CDFI has used its financial resources to accomplish its stated mission. A subscription to these services and access to the ratings requires a fee starting at \$15,000 (*CARS*, 2008).

REDF (formally known as the Roberts Enterprise Development Fund) is a nonprofit organization that provides financial investments and forms alliances with businesses in order to help people find long-term employment as a means to improve social conditions while minimizing public service costs and helping previously

unemployed individuals contribute to the economy. Their measurement of the double bottom line, the Social Return on Investment (SROI), is perhaps the most widely discussed and acknowledged. This method incorporates metrics, business data, and social impact data. Viewed as a whole, the SROI Report is similar to a for-profit stock report. It compiles the data so that investors and funders can quickly assess the business and social performance, as well as the blended business and social performance measures of a social purpose enterprise (Clark, Rosenzweig, Long, & Olsen, 2004).

Of particular importance is Coastal Enterprises, Inc. and their extensive research and development of a measurement model called The Social Information System (SIS). In February 2006, they released a study titled, "Measuring Impact in Practice" that discusses what they measure and why, their external demands for measurement, their measurement history, and the specific indicators they use for their loan programs. (CEI, 2006). It details the motivations behind particular measures: "In reality, external requirements of funders and trade organizations, as well as internal capacity and resources, also determine what CEI measures..." (CEI, 2006, p. 11).

Keeping in mind the specific measurement bias of the CDFI sector due to their intermediary roles, stakeholder interests, and sources of funding, conducting an in-depth study of their social bottom line measurement methods is important. CDFIs are specifically concerned with being able to conceptualize and quantify social and community benefits and well-being as they relate to economic development. In addition, they are often the key players deciding if and how funds are dispersed within communities. Because of their socially-focused missions and the growing pressures

surrounding their social performance, CDFIs are a type of organization that has spent considerable resources exploring the concept of the social bottom line. Their strategies are worth investigating and better understanding in order to offer insight into the “triple bottom line” debate.

Methods:

Theory:

I utilized two theoretical frameworks in the research design. The first is the theoretical concept of the Triple Bottom Line. The notion that the social component of triple bottom line reporting is difficult to measure and conceptualize is the larger context of my research questions. The mechanics and motivations of measuring an organization's social impact are both complicated and questionable (Brown, Dillard & Marshall, 2008; Vanclay, 2003; Norman and McDonald, 2003). What inhibits or facilitates the uptake and use of meaningful social bottom line reporting? It is something that organizations have difficulty adopting, and when they do, a meaningful level of rigor and accountability is often hard to achieve.

The second framework is drawn from struggles in the nonprofit and social enterprise sector with declining resources and a heightened demand for the ability to demonstrate impact to funders and other stakeholders. The social enterprise movement and public-private partnerships have stemmed from claims that socially-minded organizations need to adopt more market-based strategies in order to be effective (Dees, 1998; Emerson, 2003). This has resulted in many socially-minded organizations looking to find ways to demonstrate a positive social return along with their financial returns. Additionally, Brent Smith's (2008) work around the organizational and resulting motivational aspects of CDFIs found that CDFIs serve a variety of stakeholders who "possess myriad expectations and performance measures" (p. 35). These extensive

demands for accountability imply that CDFIs are a type of organization more invested in being able to adopt and utilize meaningful social and community impact measures.

Measurement Uptake and Use Factors:

Following is a list of common factors present in the literature that influence the uptake and use of meaningful social bottom line measurement methods. These are the factors used in the discussion section to frame what emerged from coding the interview transcripts.

Business Model: The ability of the organization to integrate their social and community impact into their business model and operations.

An organization's ability to measure their social and community impact is affected by whether it is directly related to their business operations. Is the organization's existence dependent on the impact they make on the community? Is their social and community impact data mentioned, consulted, or relied upon when devising their business strategies?

For most in the corporate sector, these data do not commonly drive their business decisions, rather a Corporate Social Responsibility (CSR) document is often written in a reporting manner, where the information is summarized and displayed alongside the financial report, mostly in an attempt to either protect their image or build a good reputation.⁸ A study conducted by The Global Reporters in 2006 found that there is a third wave of business responses to sustainability reporting; that of innovation, where they seek to use the information and reporting to "...drive revenues, profitability, and

⁸ A study in 2002 that surveyed 140 US based companies found that 72% of respondents "...do not incorporate the opportunities or risks associated with sustainability into their business strategies or project, investment and transaction evaluation processes." (*2002 Sustainability Survey Report*, 2002, p. 1).

long-term company valuations.” (*Tomorrow’s Value*, 2006, p. 28). However, of the 50 leaders they surveyed, only 6 listed this as a motive for their reporting (*Tomorrow’s Value*, 2006). The social enterprise industry is the forerunner in making social impact compatible with business operations. Indeed, this sector is “...a new generation of nonprofit organizations, socially responsible businesses, and social-purpose enterprises that balances scale with quality, financial stability with social impact, and community ties with rapid growth.” (Social Impact Assessment, 2003, p. 2).

Struggling to conceptualize and measure social and community impact in such a way that it is compatible with the financial bottom line is a dominant theme in the literature, especially when discussing the corporate sector (Brown, Dillard & Marshall, 2008; Norman and MacDonald, 2004). Emerson (2003) strongly advocates for a paradigm shift when measuring financial activities, arguing that the social component must be measured and included: “We need new metrics, new conceptions of the fundamental value proposition that are not simply a ‘quid pro quo’ trade off between two seemingly competing goals (social and economic) perceived to be locked in a zero-sum battle.” (p. 38).

The business model factor overlaps with many characteristics of CDFIs, namely their intended purpose as a financial intermediary for underserved communities and resulting reporting requirements in order to receive government funds. Also, they often rely on funders and investors who demand social impact data. In these ways, CDFIs are in a position where they have to at least consider their social and community impact data

with all of their business decisions, making this factor positively correlated with their level of uptake and use of social and community impact reporting.

Staff Involvement: The degree that measurement methods are integrated into their employee performance plans.

Staff involvement is another factor that positively correlates with the uptake and use of social and community impact reporting. Many organizations, both nonprofit and for profit, have found measurement methods that can also serve as internal management or performance measurement tools, thereby strengthening the implementation of the metrics as well as streamlining activity and improving organizational efficiency. (Figge et al, 2002). Madan (2007) interviewed directors of 15 Community Development organizations and found that "...outcome measurement helped organizations to communicate about and focus their staff around common goals." (p. 25)

Additionally, in order for sustainability performance strategies to carry real weight, organizations have recognized the need to include their metrics into employees' goals and performance plans. When the social and community impact data is translated into staff performance, the collection and analysis of these data becomes an indispensable piece of their organization. Without this practical application, the social and community impact goals are unlikely to be well understood and implemented. A report released by the Economist Intelligence Unit (2007) that surveyed 1,164 executives around the world found that "...the task is to embed the dissemination and implementation process firmly in the company's operations." (p. 9). The CDFI Coastal Enterprises, Inc. (CEI) (2006) recommended that in order to have effective measurement systems "consistent definitions

of measures must be codified and employees trained to create and interpret the measures.” (p. 3)

Capacity: The capacity to collect, store, and analyze social and community impact data.

In order to measure their social and community impact, organizations need to have the capacity and resources to collect and analyze the data (Hagerman, 2007; Madan, 2007). The logistics of data management is a potential barrier for organizations wanting to meaningfully measure their social and community impact. This is most apparent in sectors where social and community impact data is required by funding sources; these organizations *have* to figure out how to include these labor-intensive costs into their operations in order to continue to receive funds and attract investors (Hagerman, 2007). In their Measuring Impact report, CEI, Inc. (2006) argues: “A major organizational issue is how to cover these costs, particularly if CEI wants to solicit new sources of social investors who will likely require both social and environmental outcome measures.” (p. 29)⁹

Definition: The clarity of the definition of the social bottom line metrics and how they are congruent with the mission and operations of the organization.

The social component of sustainability is often the most difficult for people to understand and accurately measure (Brown, Dillard & Marshall, 2008; Gray and Milne, 2004; Vanclay, 2004). Organizations must face this challenge through a defining process

⁹ Coastal Enterprises, Inc., “spent over \$300,000 per year (3.4 percent of its FYI05 budget) utilizing approximately five ‘full-time equivalent’ employees for ongoing data management and reporting requirements.”

that includes both their stakeholder interests and the context of their particular activities.

As Figge et al. (2002) state:

...due to the great variety and diversity of social aspects and the lack of common foundation in natural sciences as found for environmental aspects it is very difficult to achieve comprehensive classification of social aspects. Rather, social aspects heavily depend on the preferences and values of the different actors involved. (p. 15)

Additionally, Lewis and Watson (2007) found through their survey of top executives that: "...firms still need to demonstrate to their own staff as well as stakeholders that the success or failure of their efforts can be judged according to precise metrics." (p. 13) Zadek (1999) argues that the struggle is not a lack of available benchmarks, auditing systems, or reporting frameworks; but rather figuring out which metrics best resonate with an organization's activities. CEI, Inc. (2006) states: "Ideally, the best way to select what to measure is first to state how specific programs and strategies carry out the organization's mission in a 'theory of change' approach." (p.11) Without a clear understanding of what their social and community impact means, organizations will not be able to define metrics that align with their mission and goals, and thus be hard-pressed to measure themselves.

Mission: The degree that the organization has and is held accountable to a socially-minded mission.

Mission-based organizations can use this aspect of their organization to help incorporate those non-financial aspects of their activities into their everyday operations. It is a strategy most commonly utilized in the nonprofit sector and has proven to help embed these social and community impact concerns into the culture of the organization.

The CDFI Fund specifically requires that any financial entity applying for CDFI certification must have a primary mission as well as a narrative description approved by the Board stating how they meet this mission (*CDFI Certification Application*, n.d.) Additionally, the measurement method developed by Opportunity Finance Network (CARS) relies primarily on the organization's alignment of their activities to their stated mission to grade their social impact.¹⁰ Christensen and Ebrahim (2006) also found that nonprofits ability to achieve mission did not necessarily have to come from upward and punitive accountability to outside stakeholders, but rather could be realized due to a sense of "felt responsibility" by the staff that "is built on mission and purpose rather than on external scrutiny." (p. 208).

Stakeholders: The reporting demands of the organization's external stakeholders, i.e. clients, investors, customers, community.

Stakeholders are "persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future." (Clarkson, 1995, p. 106).¹¹ The literature discusses the process of stakeholder involvement in social and community impact measurement methods at length. With the corporate sector, it is demanded that in order for sustainability reports to have meaning and accountability, stakeholders need to have a strong voice in the defining process and reporting methods of

¹⁰ The CDFI Assessment and Rating System (CARS): "uses a comprehensive methodology for rating Community Development Financial Institutions (CDFIs) in the areas of Impact Performance and Financial Strength and Performance. The Impact Performance rating is an assessment of the CDFI's effective use of its financial resources to achieve its stated mission." (Opportunity Finance Network website, 2008)

¹¹ The term stakeholder often includes employees. However, given that staff involvement is a major factor in the uptake and use of social and community impact reporting, I have separated employees into that category. The term stakeholder here implies external parties.

businesses. In a study looking at how corporations can best analyze and evaluate their social performance and avoid threats to survival, Clarkson (1995) argues that:

The measurement of corporate success has traditionally been limited to the satisfaction of and creation of wealth for only one stakeholder, the shareholder. It has been demonstrated that the pursuit of this single measure is self-defeating. *Stakeholder* is not synonymous with *shareholder* (original emphasis)...Managers can no longer be held responsible for maximizing returns to shareholders at the expense of other primary stakeholder groups. (p. 112).

Additionally, a study that interviewed 20 firms in the UK found that it is in the best interest of the corporation: "Rather than continue to address requests for information on an *ad hoc* basis it was felt that a formal report that meets the requirements of all stakeholder groups would serve them more effectively." (Idowu and Papasolomou, 2007, p. 141).

One of the most common measurement methods, the Global Reporting Initiative (GRI) relies heavily on stakeholder involvement in the development of their sustainability guidelines. (GRI website, 2007). Gray and Milne (2004) discuss the importance of stakeholder involvement in the development and use of social indicators: "...it is relatively easy to make an initial specification of an organization's potential accountabilities through the application of the stakeholder model." (p. 8).

For the CFDI industry, Smith (2008) found that CDFIs are directly motivated by their role as financial intermediaries and resulting stakeholder relations to measure their performance and be able to demonstrate their social and community impact: "CDFIs act as financial and community development intermediaries serving multiple stakeholders that include grantors and/ or depositors, federal, state, and local governments, secondary

mortgage markets, local citizens, and development organizations that possess myriad expectations and performance measures.” (p. 35)

Funders: The reporting demands of the organization's funders.

Funders are increasingly demanding social and community impact data from organizations in order to prove that their grants and investments are achieving the desired results (Carlson, 2003). CEI, Inc. (2006) discusses this experience: “CEI has had to conform over time to increasing external measurement standards from public and private funders and trade organizations.” (p. 40) Pinsky (2001) argues: “Within the industry, there is growing recognition that future financial support for CDFIs will hinge on the industry’s ability to articulate precisely what impact CDFIs strive for and the extent to which they are achieving their goals.” (p. 13) Additionally, Rubin (2008) discusses the importance for Community Development Loan Funds (CDLFs, a type of CDFI) to be able to demonstrate their impact: “In order to access the subsidized capital in the current environment, CDLFs need to better understand and document the social outcomes of their work.” (p. 213)

Marketing: An organization differentiating themselves as “socially-minded” and communicating this to their customers and stakeholders.

The notion that TBL and social and community impact measuring and reporting is merely a PR strategy where certain information is selectively reported in order to reinforce a desired organizational image is a prominent aspect of the TBL debate.(Brown, Dillard, & Marshall, 2008; Gray and Milne, 2004). It should be noted that the TBL and sustainability movement has indeed driven more and more organizations to adopt these

measurement methods and begin to critically consider their wider non-financial impacts (PriceWaterHouseCoopers, 2002); however the *meaningfulness* and comprehensive aspects of these reports is still nominal, when compared to the financial reports.

Wherever the social and community impact data is reported on a voluntary basis, the level of rigor and complete disclosure is low (Gray and Milne, 2004). In a survey of top executives, Lewis and Watson (2007) found that: "...respondents felt that there was more 'talk than action.' Where action is taken, it tends to be in areas that directly and obviously affect customer perceptions and sales." (p. 3) Nevertheless, marketing is a major factor in facilitating the uptake and use of social and community impact reporting (Epstein, 2007; Idowu and Papasolomou, 2007; Norman and MacDonald, 2004). Although their quality of reporting may need vast improvement, the sustainability trend has motivated organizations to consider their impacts and how to report on them.

Regulation: The performance metrics that organizations are held accountable to by legislation.

Gray and Milne (2004) argue strongly that meaningful social and community impact will never be realized unless there are regulations in place that force organizations to be accountable for their activities through full disclosure. This is mentioned many times in the literature as a major critique of the TBL movement. The level of accuracy and rigor in TBL reporting is questionable given the lack of standardization or requirements of organizations. Archel, Fernandez and Larrinaga (2008) comment on this when discussing one of the most widely used measurement methods, the Global Reporting Initiative. It is extensively used by private companies to report on their

environmental and social impacts, however, there are no requirements; it is entirely voluntary. In their survey of companies who subscribe to this measurement method they point out: “It is particularly noticeable that our findings call into question the GRI ‘in accordance’ status; it seems that obtaining this label might be more a question of image or reputation than an assurance of reporting quality.” (p. 115)

The lack of enforcement allows organizations to “freely pick and choose which characteristics they measure, derive their own metrics and standards for these characteristics, and produce a report that reveals precisely what they wish to disclose.” (Brown, Dillard & Marshall, 2008). Nolan (2007) looked at the reporting trends and governing laws around corporate activity internationally and argued that: “Triple Bottom Line reporting runs the risk of tokenism unless and until regulatory agencies are willing to mandate its requirement for a significant number of companies and provide specific guidance as to what and to whom particular social matters should be disclosed.” (p. 13)

In the community development sector, regulations are not new; every government funding program requires some type of impact reporting or performance evaluation. Additionally, legislation surrounding lending practices and banking activities have helped shape and improve these practices for low-income communities and underserved individuals.¹² Immergluck (2008) studied the investment behavior and resulting reports of banks, stating: “The finding that regulatory agency is a significant and nontrivial determinant of qualified investment activity is also powerful evidence that the CRA (Community Reinvestment Act) plays a substantial role in promoting investment in community and economic development activity.” (p. 18). Reporting requirements are a

¹² See Literature Review on CDFIs.

factor for CDFI's measurement methods, as they are obligated to be in compliance with enforceable disclosure laws.

Third Party Utilization: Utilizing a third party to measure social and community impact.

The utilization of a third party to measure their social and community impact is a way that organizations have been able to overcome both the challenge of needing common definitions and of not having the resources to manage data. This practice, however, can hinder the important process of internal development of social impact concepts, which helps align metrics with an organization's particular mission and goals, as well as embed these concepts into the organizational culture by involving the staff. CEI, Inc. (2006) states that: "Trade groups play a significant role in this effort by standardizing a core set of measures in order to compare results across institutions, as well as promote institutions to wider markets." (p. 4) In this way, a third-party can help facilitate the clarity around social impact definitions; thereby making it easier for an organization's uptake and use of social and community impact reporting. Additionally, they can take much of the burden of data analysis off of smaller organizations,¹³ as well as allow for them to be involved in a larger common community (Hagerman, 2007).

This strategy of social and community impact reporting, however, can hinder the ability of an organization to measure their respective nuances, as these measurement methods' strength in standardization also comes with potential over-prescription (CEI, 2006). Also, the literature mentions many times the incredible importance of the process of developing appropriate and meaningful metrics for internal staff and organizational

¹³ See Capacity factor above.

development. It is a developmental step for the organization to better understand and feel invested in their social and community impact.

Design:

Through a case study design, I looked in-depth at the application of social and community impact measurement methods by CDFIs and their experiences, struggles and triumphs with them by conducting analyses of both the process and content of their measurement method. Case studies utilize detailed contextual analysis of a limited number of events or conditions and their relationships. This qualitative research method has been widely used to examine real-life situations and provide the basis for the application of ideas and extension of methods. Researcher Robert K. Yin defines the case study research method as an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used (Yin, 1984).

There were four criteria for my case selection. First, they had to be a Community Development Entity (CDE) that has received CDFI awards from the US Treasury. This ensured a level of consistency in regards to the organization's basic functions and objectives. Although this included a wide range of financial institutions, looking at those who have actively applied for and received CDFI awards narrows the focus to those in the finance field that are critically concerned with their social impact and specifically driven by community development objectives.

Second, the case had to have some type of voluntary measurement method in place. In order to look in-depth at this trend, I selected organizations who are actively thinking about the “triple/ double bottom line” concept. This might exclude those who don’t have the capacity or resources available to monitor and report on their activities (CEI, 2006).¹⁴ However, this condition was necessary in order to look at those organizations that are grappling with the struggles present within the Triple Bottom Line paradigm, as well as those concerned with forwarding the social enterprise movement through tangible measurement of their social and community impact alongside their financial performance.

Third, the case needed to be accessible for study. For this reason, I chose to study CDEs that met the prior two criteria that are located in Oregon or Washington.

Lastly, I wanted to find out the motivations behind the CDFI’s use of their measurement methods, and specifically how this might relate to their intermediary role and resulting stakeholder relations (Smith, 2008). For this reason, I chose CDFIs that vary in size and resources, as well as activities and missions. The findings hoped to accomplish a theoretical replication, where each CDFI would “produce contrary results but for predictable reasons.”(Yin, 1984).

Selection of Cases:

Based on my research questions, I used the list found on the US Treasury CDFI Fund website of all CDEs that have received CDFI Fund awards in Oregon and

¹⁴ For example, Coastal Enterprises, Inc., “spent over \$300,000 per year (3.4 percent of its FYI05 budget) utilizing approximately five ‘full-time equivalent’ employees for ongoing data management and reporting requirements. “

Washington.¹⁵ I made contact with them to find out who attempted to measure their social and community impact beyond the required reporting. I also looked at their websites to see if they had a section on social/ community impact. Of those who met the selection criteria, the following five cases agreed to take part in the study.

The five cases are Community Development Entities that are located in Oregon or Washington. All are CDFI Fund awardees and are specifically focused on their social or community impact but measure and strategize differently. They are listed in Appendix A, along with the relevant characteristics of their financial capacity, award type, amount, and year awarded. They are Shorebank Enterprise Cascadia, Portland Family of Funds, Washington Community Alliance for Self-Help, MercyCorps Northwest, and Albina Community Bank.

Shorebank Enterprises Cascadia is a part of Shorebank Corporation, which claims to be the first community development and environmental bank holding company in the US. Its headquarters are located in Chicago and it has banks and nonprofits in Chicago; Cleveland; Detroit; Washington; Portland, Oregon; and Michigan; and also has consulting services around the world. A description on their website states:

ShoreBank Enterprise Cascadia is a certified nonprofit community development financial institution (CDFI) serving rural and urban low-income communities of the Pacific Northwest. Its merger with Cascadia Revolving Fund in 2007 makes it the largest CDFI in the Pacific Northwest focused on the triple bottom line of economic, social, and environmental well being. (Shorebank Corporation, 2004)

They also have a section on their website that discusses their performance in the form of a balanced scorecard template. The introduction of this format states:

“ShoreBank Enterprise Cascadia believes that *what gets measured gets done.*” (original

¹⁵ See Appendix G for a list of CDFI Fund awardees in Oregon and Washington.

emphasis). They have a balanced scorecard that is readily accessible and updated every quarter with their latest performance on each metric. They separate their business goal reporting from their mission goal reporting, as they state that “traditional systems do not accommodate our belief that the health of a community and its people are linked to the health of their environment.” (Shorebank Enterprise Cascadia, 2008). Their measurement methods are by far the most advanced and detailed.

The second case is Portland Family of Funds (PFF), which is a holding company for tax funds derived from New Market Tax Credits (NMTC) that have been allocated for new development within Portland, OR. On their website they state: “PFF projects are designed to create sustained benefits for the communities in which they reside. Our mission is ‘To create opportunities for profitable investments which enhance social and environmental yields.’” (Portland Family of Funds History, 2007). They utilize the IMPLAN software tool and also offer community impact reports for each of their development projects (*Portland New Markets*, 2005).

The third case is Washington Community Alliance for Self-Help (CASH). They are a microenterprise development organization that helps low-income individuals through entrepreneurial training and assistance. They also utilize the Aspen Institute’s MicroTest measuring framework, which “is a management tool that helps your microenterprise agency gauge and improve its performance and client outcomes” (The Aspen Institute, n.d.). In addition, they release an annual report that breaks down the number of loans and people who have completed their business courses, among other measures (Washington CASH, 2007).

The fourth case is MercyCorps Northwest, which is focused on serving low-income communities in Oregon and Washington through small business and self-employment (MercyCorps NW, 2008). Their microenterprise programs and initiatives are measured via the Aspen Institute's MicroTest Program Performance framework as well.

Albina Community Bank is a community development bank that is most concerned with providing capital at the local level to small businesses, residents, and local community groups (Albina Community Bancorp, 2006). They use a financial software tool called FiServ and offer a community impact scorecard that gives their performance from 2002-2007 in a historically standard format (*Albina Community Impact*, 2009). It encompasses both internal and external social factors, accounting for metrics such as employee activity and loan disbursement in the community.

The wide variation among the cases in regards to their missions, financial activities and services, and their funding and capacity, allowed for rich data collection surrounding the motives of their particular measurement methods.

Data Collection:

I collected data from two main sources: archival documents and reports and in-depth open-ended interviews. The archival documents were used to fully examine the content of the measurement methods used by the financial institutions. It helped to answer the research question of *how* these CDFIs measure their social and community impact. Do they primarily focus on the demographics of their customers? What indicators are prioritized that measure success? How do they collect the data? What resources are allocated to this activity?

I also looked at each CDFI's history, structure, and financial health in order to better contextualize each measurement technique. The CDFIs I chose as my cases conduct their community development in vastly different ways, and it is important to acknowledge the differences between neighborhood banking, development loans, or microenterprise approaches, as each will inherently prioritize different measurement indicators. What is their story? What financial products do they offer? What are their major sources of funding? To whom do they grant funds?

Additionally, I conducted in-depth open-ended interviews with key decision-makers at each financial institution. These key decision-makers needed to have: knowledge surrounding the measurement methods in place (data collection and management), the power to provide input in the decision to use these particular methods and knowledge surrounding whether their social bottom line has influenced their investment decisions.

The interviews were set up via email correspondence, where I asked each organization if they would be willing to participate in the research and stated the qualifications I needed in an interviewee.¹⁶ When asked about their social and community impact measurement methods, each case willing to participate directed me to different individuals:

¹⁶ For Interview Request Email, see Appendix I.

Organization:	Interviewee:	Position:
Shorebank Enterprise Cascadia	Mike Dickerson	Vice President
	Sonya Lynn	Operations and Portfolio Manager
Portlad Family of Funds	Colin Rowan	Senior Vice President
Washington CASH	Jorji Knickrehm	Grants Manager
MercyCorps NW	Douglas Cooper	Assistant Director
	John Haines	Executive Director
Albina Community Bank	Susan Beall	Marketing Director

Table 1: Interviewees

The interviews ranged from 30 minutes to one and a half hours and were all digitally recorded. The same basic interview protocol was used as a guide for each interview.¹⁷ The interviews were transcribed and then coded based on the themes found in the literature.¹⁸ From this, the hypotheses of which factors facilitate or inhibit the uptake and use of meaningful social and community impact reporting were tested.

¹⁷ See Appendix H for Interview Questions

¹⁸ For Coding Theme Tree, see Appendix C.

Findings:

The following section presents the findings from each case. The summaries of what was found are divided into the units of analysis, which are: Business model, Mission, Funding sources, Stakeholders, Measurement method, and Interview coding summary. The interview coding summary is broken out by coding themes; these are the initial categories that emerged both from the literature and from what were said by interviewees as those major factors that facilitate or inhibit the uptake and use of meaningful social and community impact reporting.

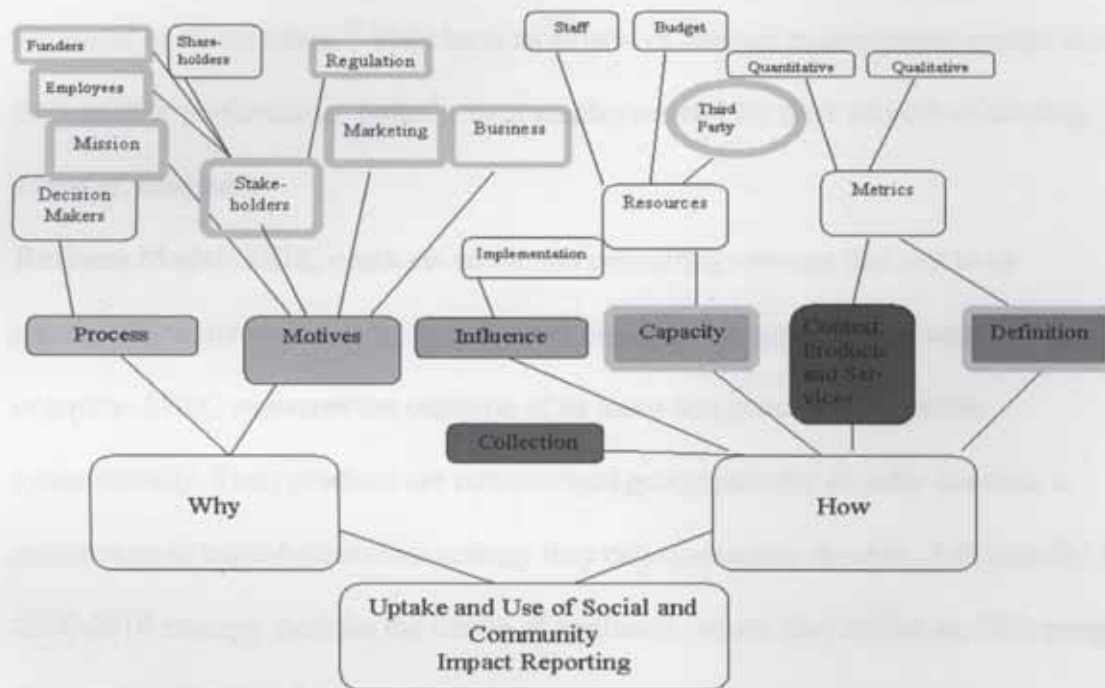


Figure 2: Interview Coding Theme Tree

In order to analyze the data and answer the research questions, the interview findings are further disseminated into the highlighted sub factors discussed in the Theory section. These factors are all positively correlated with the uptake and use of meaningful

social and community impact reporting. They are summarized in the Discussion section and displayed in a matrix in Appendix D with definitions and a rating scale.

Shorebank Enterprise Cascadia:

Shorebank Enterprise Cascadia (SBEC) is a nonprofit Community Development Financial Institution that conducts community development activities in Oregon and Washington through credit and consulting services. They were formed in 1995 by Shorebank Corporation and Ecotrust, and merged with Cascadia Revolving Fund in 2007. Regarding their measurement of social and community impact, Shorebank is the most advanced of all the cases.¹⁹ They have an extensive internal measurement system that defines their performance, both for their employees and for their sources of funding.

Units of Analysis:

Business Model: SBEC conducts credit and consulting services that aim to be strategically delivered in order to cut across one or more impact areas: economy, ecology or equity. SBEC measures the outcome of its loans and consulting contracts systematically. Their products are concentrated geographically in order to create a momentum of triple-bottom-line activity they call *connecting the dots*. Additionally, their 2006-2010 strategy includes the notion of resilience, which they define as: “Net progress, from any perspective.”

Mission: “Resilience is offered as an objective to meet mission of scaled triple-bottom-line results from a large organization. Embedded in resilience is an acknowledgement that the triple-bottom-line vision is a process, not an event.” -*The Third Five Years: A Strategy and Business Plan Executive Summary*, p. 8.

¹⁹ See Appendix B for a list of their metrics and measurement method.

Funding Sources:

- Anne Faulkner Trust
- Annie E. Casey Foundation
- Banc of America Community Development
- Bank of America
- Bill and Melinda Gates Foundation
- Booth Family
- Calvert Foundation
- Cascade Bank
- CDFI Fund
- Christene E. Callan Charitable Trust
- City of Astoria
- City of North Bend
- Columbia State Bank
- Coquille Tribal Community
- CTED
- FB Heron Foundation
- Federal Home Loan Bank of Seattle
- First Federal Savings and Loan
- Ford Foundation
- HSBC
- Jefferson County
- Key Bank National Association
- Key Foundation
- Laird Norton Foundation
- Longbrake Family Foundation
- MacArthur Foundation
- Medina Foundation
- Mennonite Mutual Aid Community
- Development Investment, Inc.
- Meyer Memorial Trust
- MJ Murdock Charitable Trust
- Norcross Wildlife Foundation
- Northern Trust Company
- Oberlin Student Co-Op
- Oregon Economic & Community Development Department
- Oregon State University
- Organic Farming Research Foundation
- Pacific County
- Paul G. Allen Family Foundation
- Portland Development Commission
- RLF Sustainable Fisheries Fund
- Russell Family Foundation
- Seattle Foundation
- Sisters of Providence
- Sisters of St. Francis of Philadelphia
- Sisters of the Holy Cross
- Sound Community Bank
- Sterling Savings Bank
- US Bancorp
- US Bank
- US Bank Foundation, OR
- US Environmental Protection Agency
- US Treasury, New Markets Tax Credit
- Allocation
- USDA
- Washington Mutual
- Wells Fargo
- Western Center for Risk Management
- Weyerhaeuser Company Foundation
- Weyerhaeuser Real Estate Company
- Woodlands Investment Management

Stakeholders: SBEC's stakeholders include the Indian Community, Funders, Employees, Rural Coastal Communities, Fishers, Low-income populations, and small Businesses in Oregon and Washington.

Type of measurement method (metrics): SBEC utilizes a Balance Scorecard approach as their measurement method. It incorporates both their financial and mission-related information into their performance measurement. They currently utilize nine metrics to measure their triple bottom line performance, and are in the process of instituting additional metrics that will measure how they are contributing to increasing "resilience" with their products and services.²⁰

SBEC Interview Coding Summary:

The interview was conducted on September 15, 2008 in Ilwaco, Washington with Sonya Lynn and Mike Dickerson. Sonya Lynn is the Operations and Portfolio Manager and Mike Dickerson is the Vice President of Shorebank Enterprise Cascadia. The interview lasted approximately one and a half hours. The following section summarizes the interview as it was coded in the initial theme categories.

Process: SBEC's process for choosing their measurement method involved three main components: casual conversation among the employees, development of a business strategy with third party consultants, and testing the new ideas with the credit committee and with the employees. The challenges of the decision making process include the language and conceptualization of the new strategy in their latest business plan. The institutionalization and internalization of these concepts is very important for SBEC. In

²⁰ See Appendix B for metrics and measurement method.

order for social impact reporting to be meaningful, SBEC believes that the metrics and concepts need to be understood by everyone in the organization:

I mean, this is a new suit we're trying on, this language is new to us. It came out of our last planning process. We think it makes sense, it's starting to, I think, prove up that it makes sense. I think all the staff are starting to have to kind of internalize and interpret it.

The amount of time and resources that go into the decision making and understanding of the social impact reporting is challenging. When talking about how their social impact reporting has unexpectedly resulted in influencing their product development, Mike Dickerson commented: "I can't think of a better outcome from having gone through the painful process of developing those metrics in the first place. Because it was very painful. It was fourteen months of bloodletting."

The factors that have helped make the decision-making process and adoption of social impact reporting easier are the utilization of third party consultants to help shape and refine new concepts and having a credit committee that is responsible for ensuring that their products and services actually embody SBEC principles around the TBL. When going through the process of developing metrics that would measure the impact that SBEC hopes to accomplish through its business activities, they found it beneficial to hire someone to help articulate and design these concepts and metrics. According to Mike Dickerson:

Our track record is that we hire folks to help us, that we love outside eyes, but that we're active in participating in all of this stuff... When we get through this year we will have collected quite a bit of information and have a good sensibility about what is making sense and what really isn't making sense. And at that point, we'll likely then say here's the process we want to go through, and we'll likely then hire someone to come in.

Motives: SBEC is highly invested in the notion of measuring their impact; it is in everything they do and they give many reasons for this. Their stated motives for measuring their social impact involve their stakeholders, their mission and business model and marketing. SBEC is concerned with where they get their funding and whether they are accomplishing what they claim. When explaining their data systems, Sonya Lynn said it's important: "...that we say we're going to do what we told you we were going to do so you would give us all this yummy money..."

Additionally, Mike Dickerson made clear:

Because what gets measured gets done. Um, and if you don't measure your impacts, you don't really know what you're accomplishing. And I think the last is that we measure them so that we can learn and get better at what we do, so we can be even more impactful.

When discussing their new business plan and the use of the term resilience as the major goal of their work, Mike Dickerson gave this reason for their decision:

...what we want is folks to realize that if you're more comfortable, that if you're running a Hispanic counsel nonprofit, that you know where you could interact with us, and this notion of family resilience will resonate with you, and you'll fit there...so it's a way to broaden the context and make it more inviting for folks..

SBEC is concerned with how their stakeholders, both internally and externally, understand and interpret their social impact reporting. The internalization of their mission was perhaps the most dominant feature of their measurement method. More than any other case, they spend considerable time and resources developing ways in which their mission and goals can be practically integrated into their operations and employees' responsibilities. According to Mike Dickerson: "What the metrics did, in doing that, was brought a level of discipline internally..." Because the metrics are so closely tied to

employees' performance plans, Dickerson also explains: "...each quarter we can all look at each other in one room and say, 'one of you is not double-siding your copies, one of you is traveling too much by yourself, and not, and it drives behavior change.'" SBEC has learned: "And that's what measurement does, measurement internalizes performance."

SBEC is also concerned with being a leader in the community development financial industry and in being a change agent for the wider community: "if we are looking at it and we are measuring ourselves and we're holding ourselves accountable for it then others will start doing the same things that we're doing. It's that ripple effect."

They recognize that they can be advocates for TBL investing through their example and also through their relationships with funders:

You know, a lot of funders don't know what they're looking for, because they're so focused here, but if you nudge that in there, in addition to that, we did this and this and this and it starts making people think again..

Influence: The Credit Committee is a group of people who review and either approve or deny all loan applications. They look at the financials of every deal, of course, but also have to look at other factors as they relate to social and environmental concerns:

"...really challenge how somebody is measuring: Where did those numbers come from? How did you get to that? And ask for a follow up. With supporting information, so the credit committee is a huge part of keeping us honest..." With the new notion of resilience in their latest business plan and its preliminary development, SBEC asked their Credit Committee to consider it: "We've recently added to our credit recommendation that is presented to our credit committee that says, 'talk about it, we just want you to talk about resilience.'"

The Credit Committee serves as the mechanism that applies the measurement methods to their actual business activities. The loan applications will not be approved if they do not meet the measurement metrics SBEC has developed:

Are we doing all of these things that we say we're going to do? Is it a true Shorebank Enterprise Cascadia loan or is it some fly by night, flying off the cuff, you know, you're just trying to get dollars out?

In that way, the Credit Committee is the group that makes on the ground decisions regarding the implementation of SBEC's measurement method. Once it has been developed, they are charged with utilizing and enforcing it: "Their roles are to look at, of course, the credit worthiness, the risk that we're taking, and: are we performing to mission?"

Collection: The collection of data for SBEC's metrics is done primarily by the borrower when applying for a loan. The loan application is extensive and includes many worksheets that demand primarily financial information, but also has a "Triple Bottom Line Impacts and Strategic Importance" section, which has nine metrics.²¹ They update their data report monthly. SBEC is very careful to collect data in order to back up what they claim; they demand this information from their borrowers so that they can in turn provide it to their funders and lenders:

The hospital, we did funding for the hospital and there are six hundred low-income families that use that hospital. So we're able to use that leveraged numbers, the numbers came from the hospital itself, the lender asked, "How many low-income people do you serve?" And they're able to, from their records; give us a number, so it's not just a number, you know picked out of a hat. So, we're able to support all our metrics, in some fashion or another.

²¹ See Appendix B for measurement method.

Capacity: SBES claims to have overbuilt their data system to support many types of data analysis, allowing them to pull numbers for very specific requests, whether it's the loan date, census tract, demographic of the borrower, etc., they have built a data system that enables them to keep track of the characteristics of their loans:

...we'll invest a crap load of money that we'll never see back in all these expensive internal systems in order to have the ability to analyze what it is that we're actually doing, in just about any way we want.

Context: SBEC's social and community impact is couched in their products and services that aim to improve the financial situation for underserved and low-income individuals. Through lending and consulting activities, SBEC strives to have a positive social and community impact. Keeping the TBL in mind has allowed them to develop financial programs that positively impact all three bottom lines; this is the ideal program. Specifically, they have developed a septic loaning program that loans to low-income homeowners who are in need of a new septic system. This program helps low-income people improve their property values and also reduces the waste spilling into Willapa Bay, which in turn preserves the local oyster industry: "Willapa Bay, 5,000 acres of oysters, 600 jobs. So, if the water quality goes down, the impact is enormous, not just in our environment, but in our economy."

SBEC also recognizes how investing in the "green" economy is a way to produce triple bottom line returns. By supporting programs that train low-income people in green technology skills, they are ideally supporting education that will lead to an improved social, environmental, and economic situation:

And it's clear to us that, um, unless done purposely, the jobs that grow out of the greening of America will not be for low-income people it just won't and so it has

to be a pretty purposeful targeting that you do to make that happen. And again you do that with loan products...you have to create those connections in order for them to happen.

They are also currently working on developing a Smart Card that will be available for individuals who are unbanked, debt-trapped, or transitioning in order to help them navigate out of their financial struggles. SBEC believes that poverty trumps conservation, and so their commitment to a triple bottom line begins with alleviating poverty.

Definition: SBEC has spent considerable time and resources exploring the terms and definitions of their social and community impact. It is very important that their employees are all on the same page, and that they can effectively measure and communicate that they are accomplishing their mission and related goals. When discussing their data system, Sonya Lynn iterated:

...if we can't do what we do with a really high level of confidence and discipline, everything else will start to fall apart, and our investments will go bad and everyone will start to lose money and no one will be very happy. And we might have one or two really nice stories to tell, but that's all they are, is really nice stories.

They strongly rely on their common definitions to help streamline the effectiveness of their programs; having all employees working with the same conceptualizations is important:

Because too many people coming in with different definitions, different words meaning the same thing, communication and as this organization grows we need everyone to understand the whole, you know...it stopped a lot of battles before they could have even started.

SBEC is currently working on redefining their conceptual framework from primarily a TBL language to also include the concept of resilience. For them, resilience

effectively expresses their main objective of improving the environmental, economic and social aspects of a community. It is important that their terms and definitions resonate with their internal and external stakeholders, and the notion of resilience has proved simple yet accurate:

...this is the notion of resilience. And the idea here is to build a context, that is easier for people to grasp, that a lot of times folks don't when you start talking about the triple bottom line, they just don't, you know, it doesn't really mean much to them..

SBEC's ability to define their social and community impact has been facilitated by continuing to talk about it with their staff, hiring a third-party consultant, and integrating it into their business plan where it has become an indispensable part of their operations, making it important to understand and include in all of their affairs. For SBEC, their definitions of social and community impact needs to be meaningful in order for them to operate effectively:

Um, you can end up just saying yes to everything if you really wanted to, and that conservation developments, sustainable development, all of that stuff had gotten so watered down that it really didn't mean a whole lot... we had stopped calling ourselves a sustainable development institution like ten years ago, because it didn't mean anything.

Portland Family of Funds:

Portland Family of Funds (PFF) is a holding company for tax funds derived from New Market Tax Credits that have been allocated for new development within Portland, OR. Additional advisory and investment services are provided through their affiliate, United Fund Advisors, which also undertakes economic development projects at the national level. PFF is not for profit Oregon Mutual Benefit Corporation that was formed in 2002. They offer community impact reports for each of their development projects.

Units of Analysis:

Business Model: Portland Family of Funds serves as the controlling entity of New Market Tax Credit allocations in Portland, OR. It is a certified Community Development Entity that brokers tax credits in order to attract private investors. PFF uses these investments to fund real estate projects in the Portland area that have demonstrable triple bottom line returns.

Mission: “To create opportunities for profitable investments which enhance social and environmental yields.”

Funding Sources: PFF is a private company that relies primarily on tax credits to attract investors. They are fully debt-free and are funded solely by their business activity.

Stakeholders: According to the interview with Colin Rowan, their stakeholders are their employees and management team, the owners of the company, the advisory board, their investors, and the community beneficiaries of the projects that they finance.

Type of Measurement Method (metrics): IMPLAN: IMPLAN is an economic analysis tool widely used by organizations in order to either predict or describe the economic impacts of business activity. Portland Family of Funds uses this software application to predict the economic impacts of their real estate projects. They utilize these metrics to measure the effect a new project will have on the economy, and in turn, the community.²²

IMPLAN is the system PFF primarily uses to predict their impact in a quantifiable way. They release “Community Impact Reports” that consist of summaries of their economic impacts, namely jobs created, wages, and fiscal impacts. They also include a narrative sidebar that summarizes any additional community impacts that are descriptive,

²² See Appendix B for metrics and measurement methods.

such as assisting a vulnerable population, or redeveloping a blighted area. (*Community Impact Reports*, 2008)

In addition to this measurement method, PFF is now beginning to conduct community impact surveys with the people they are financing that asks questions around metrics concerning economic impacts, stakeholder input, community impact, and environmental impact. The Community Impacts section asks a question regarding:²³

Job creation	Wealth Creation
Increased wages	Goods and Services
Local Area Businesses	Affordable Real Estate
M/ W/ ESB: Minority, Women, Economic Stabilization	Community Participation
Emerging small businesses	Other Social Benefit
Community Facilities	

Table 2: PFF Community Impact Metrics

These surveys are conducted up front with new lending and are also going to be conducted with past borrowers in order to collect historical social impact data.

PFF Interview Coding Summary:

The interview was conducted on September 19, 2008 in Portland, OR with Colin Rowan, who is a Senior Vice President of Portland Family of Funds. He develops investment strategies, raises investment capital, structures investments and loans, and tracks and evaluates the deployment of invested capital. The interview lasted approximately one hour. The following section summarizes the interview as it was coded in the initial theme categories.

²³ See Appendix B for metrics and measurement methods.

Process: The process for deciding which measurement method to use has been a casual procedure driven primarily by the internal management team and the advisory board. It was initially made up of the IMPLAN method, and has since been refined and continues to evolve with every deal:

I think in the past year, we've sort of stepped it up a notch in terms of how disciplined and consistent we are with that measurement method, sort of away from IMPLAN. I think that we have a long way to go. I think that the first round of surveys of projects that have been completed over the past three years will start to inform how that evolves going forward.

When asked about who was involved, Colin Rowan stated:

Internal management but the management's decisions were really shaped and informed by advisory boards that we have and those advisory boards are specifically tied to NMTC allocations, it's part of the program, you have to have advisory boards that represent the communities that you're working in. It was really through discussions with them, and discussions about specific projects with them that we realized, okay we need to get more contextual and more robust in how we're thinking about projects.

The parties involved in deciding how to measure their social impact were primarily influenced by the New Market Tax Credit program requirements.

Motives: Portland Family of Funds gives three major reasons for measuring their social and community impact. The first and most influential reason for measuring their social and community impacts is that they have to compete for New Market Tax Credits each year and must demonstrate that they are having a positive impact in the community. In that way, the regulatory requirements of this CDFI Fund program shapes their measurement method and resulting metrics:

...the major self-serving reason is that, in particular the NMTC program we work with, it's a competitive program that you're applying for every year for this award of tax credits that you can then syndicate out, and you need to be able to

demonstrate what your community impacts have been with previous awards or with other areas of your business so, raw competitive rationale for it.

Second, they are concerned with being able to measure that they are fulfilling their mission: "...it's part of our mission, we want to become a large financial institution investment firm that's really focused on furthering social and environmental, positive social and environmental impacts with the projects that we finance.." Their aspirations, both as employees of the company and as an organizational collective goal is to find the connection that proves that positive social and environmental impacts are more profitable in the end. Their hope is that if they can measure the proper metrics, this can be illustrated and change the way financial activity occurs.

Intuitively, I think we all work here and embrace this mission because we feel like projects that have positive social and environmental impacts are going to do better financially: they're going to deliver stronger returns to investors, owners, stakeholders. But we need a lot of data and a lot of experience to be able to tie that together.

This was also expressed when I asked questions regarding the larger financial industry and how real adoption of social impact reporting might happen:

I think widespread adoption of it comes down to a cost-benefit assessment for people at the end of the day. And I think if investors are going to get rewarded for driving social and environmental impacts...if they could see it and there were successful models that could get put in front of them, then I think you would see a tide shift and so it's information, it's portfolio analysis.

It's the whole idea of externalities and markets don't price the externalities in, you know, free markets don't. Everybody talks about that with the environmental side but it's certainly true for the social side too. And until we get more robust in our measurement systems and until corporations have to absorb and face and pay the price for or benefit for those externalities, I don't see that it gets adopted in a widespread manner.

Third, they are concerned with attracting the kind of capital that aligns itself with their sustainability goals. If they can tout utilizing financial resources in a way that also has positive social and environmental impacts, then they can communicate this to the financial community and bring attention and resources to this business model strategy:

...we feel that strategically we will be able to attract the capital that's aligned with kind of who we are and the kind of projects we'd like to support to the extent that we can demonstrate that we really understand historically what the social impacts have been from our projects...

Influence: According to Colin Rowan, the results of their social and community impact measurement method strongly influences the investment development decisions made. During the interview, he gave examples of how their social and community impact measures affect which deals they decide to approve or deny. Because they are the source of funds for real estate projects, the applicants for these funds in turn have to think about not just the financial aspects of a deal, but also its triple bottom line returns: "...they're starting to think about, okay how do I need to address these questions, and to the extent that I need to change my project or track this financing. What do I need to think about today, for that?" PFF understands the type of impact their intermediary role can have: "Because, when you control the capital, supporting projects that are out there, you can dictate what kind of outcomes those projects have." Colin Rowan gave a specific example of a project in Oklahoma City where a developer changed their plans at the request of PFF: "...and this was all at our request, committed to set aside four of the eighteen apartment units for low and moderate income, wage earners, as opposed to just having it be all market rate."

Their struggle surrounding the implementation of their social impact reporting is the lack of standardization of measurement. PFF relies heavily on a subjective case-by-case method, where they look at the IMPLAN data along with the case's qualitative characteristics, and then make a decision given these factors: "...it's a very soft, subjective conversation we have, you know in making these investment decisions, but that's kind of the process we go through...Just a huge diversity of projects, so it's hard to kind of pull all those together in one basket and look at social impact in an apples to apples kind of way." This inability to compare across projects overlaps with the struggles of conceptualizing social and community impact definitions and being able to quantify them. If PFF can't effectively measure and project their social and community impact, then its level of influence over their investment decisions might be at best arbitrary and at worst non-existent.

Collection: The collection of social and community impact data is mostly conducted up front, when a deal is closed. The application process for a project includes extensive forms that ask questions around projected jobs created, among other metrics that are inspired by the New Market Tax Credits program. The data analysis is done with IMPLAN in order to get gross economic numbers. Beyond that, the data collection occurs annually for the life of the financing of the project.

...it's project by project...we put together what we call a Community Benefits agreement...say effectively that they are going to annually report on all this information to us., and so this is collected, projections are collected at closing and then actual data is collected on an annual basis thereafter for as long as financing is in a project which is typically seven or eight years.

Additionally, PFF is now going back to past deals to collect more comprehensive social impact data through a “Community Impacts Survey.” They want to be able to expansively look at what type of impact they have had in the past and also have a more consistent set of information for all their projects. “...we've got enough projects that are on the ground, that are completed, that we're now going back to actually do surveys to say, 'okay, what's actually happened?'" This measurement method is still in the early stages but they hope to use historical information to better inform their future investment decisions.

And right now we're just trying to collect as much data as we can and then we'll sort through it and try and figure out how rigorous we can be with what we have or where we need additional data to be more rigorous in our assessment of social impact and returns.

Capacity: PFF’s capacity for data collection and analysis plays a role in how and how much they measure. If they were to increase their project financing, then their ability to really measure their social and community impact would become a challenge. As for now, it is common that investment decisions are made in a subjective manner that involves thoughtful conversations among the investment committee and the advisory board. They initially look at the IMPLAN projections along with the qualitative characteristics of each deal and make their decisions from there. This process would be more difficult to replicate if their firm grew:

...um, so I think our model is pretty helpful for us today, but you know, if we were to quadruple the amount of activity that we're doing today, there's no way the management team that's here now, who really is kind of living this stuff, could make the decisions we are in a meaningful way, um, based on our approach today. So we need to get more structured in it going forward.

PFF would like to change their process by collecting more historical data and using this to inform a more standard yet meaningful method for future projects without also hindering their ability to develop as a business:

There's data there but we need to see how many we can collect. So that's a limitation. There's clearly capacity limitations. We've got to continue to be forward looking, continue to generate revenue, build this business up, get ourselves stronger so we have a stronger capital base so we can fund more stuff like this. But certainly there are capacity limitations internally.

The idea of utilizing a third-party to handle these capacity and conceptual limitations was mentioned, as in other cases, but not until the portfolio got big enough:

At some point could we get enough volume to do really interesting, really detailed analysis, and bring in outside parties and get grants to help support the effort, yeah potentially but until, if and until we get to that point, we'll pay for it, and it's a part of our business, it's part of our mission so it's just an internal cost.

Context: PFF operates in the context that investing in new real estate development through brokering tax credits in underserved communities and being driven by triple bottom line objectives that will have a positive social and community impact.

PFF utilizes IMPLAN for its foundational information of each project, but critically acknowledges the limitations of this tool, as it doesn't incorporate the community context of each deal. A project in New York, for example, might be much different than one in Oklahoma City simply because the needs of the community might be different based on demographics or on already existing services and structures. Because of this, IMPLAN is used on the outset, but is also heavily complemented with contextual information specific to each project deal: "IMPLAN is a quantitative tool, it

doesn't think about planning processes, it doesn't think about what kind of development is happening...it provides a good foundation of data that we can compare projects..."

Definition: Portland Family of Funds bases their measurement method in the New Market Tax Credit language. This is for good reason; they depend on this program in order to receive tax credits and achieve deals. "...we tend to look at job creation first and foremost on the social side...permanent jobs, um, but then we effectively lift, frankly, a lot of the language from the new markets tax credit application..."

They also attempt to measure more complex aspects of a deal through their Community Impacts Measurement System.²⁴ The most challenging piece for PFF has been their ability to define and then effectively measure their social and community impact. Although IMPLAN was initially their major measurement method, they have found that this tool has limitations to the degree that it can only be used now as a crude beginning when looking for data that can help drive their investment decisions. Beyond that, they have had to increasingly work on finding better and more meaningful ways to look at the potential social and community impacts of their real estate projects. Their challenge lies in being able to conceptualize and define the metrics with which to do this.

...are sort of limitations on maybe not so much measuring but reporting in a comprehensive way social impact. We can measure it deal by deal, in some ways what I'm talking about is reporting it in such a way that you could sit down and see three pie charts and figure out, what are we doing? What's our impact?

PFF, as with other organizations, struggle with the lack of standardization that comes with trying to measure social factors. Although IMPLAN is fairly standard, it has many limitations. Because social indicators can be subjective and context specific, it is

²⁴ See Appendix B for metrics and measurement method.

difficult to have a uniform measurement method that can allow for easy comparison and lend itself to more consistent decision making. Instead of being able to simply plug in numbers to predict and measure impact, as is possible with financial and environmental metrics, the social and community metrics can involve local governmental factors, wage differentials, varying local skill sets, neighborhood conditions, differing local infrastructure needs, and diverse stakeholders, among other things:

...there's not a formula, there's not a system that is the system that people are using to do this so we're, you know, along with the capacity piece, we're making it up as we go along and we're learning from our mistakes and so that's a piece of it. And that's probably a big piece.

Overall, the ability to really define and then measure the social and community impact of their business activities has proven to be the most difficult part of achieving PFF's triple bottom line mission. They have the motivation and the capacity; but being able to accurately and meaningfully trace the path from input to impact to outcome in regards to their influence on the community has been an ongoing puzzle; one that they continually strive to better understand and hope to solve:

...it's this idea of sort of uncovering the economic realities of the decisions we make, you know, people sort of talk about market-based decisions and that the market will make decisions based upon supply and demand, but if there are distortions in the information or if there is a lack of information that's getting fed into the market and into the pricing mechanisms about what the impacts of decisions are, then you, at least in my mind, inherently have an inefficient system, and so I think that the more reporting that's done, the more measurement that's done, the more people start to connect all three of these bottom lines and really think about those connections in a meaningful way.

Washington CASH:

Washington Community Alliance for Self-Help (CASH) is a nonprofit microenterprise development organization founded in 1995 and located in Seattle, WA.

Units of Analysis:

Business Model: Washington CASH is a microenterprise development organization based on the Grameen Bank model. They assist low-income women, people with disabilities and other underserved individuals access capital and develop business skills. The Grameen Bank model is where people get broken up into groups of about four to nine peers and then loan to each other. This peer lending model allows for accountability and reinforces clients' need to grow their business and keep loan repayments current, as well as helping clients learn from each other. There is a mentor assigned to each group in order to provide support and offer business expertise. Additionally, Washington CASH provides business development training, technical business assistance, business consulting, computer lab, mentors, marketing assistance, and Individual Development Accounts.²⁵

Mission: "Washington CASH is a microenterprise development organization that provides access to capital and business development training to women, people with disabilities and other underserved individuals."

Funding Sources: Washington CASH relies heavily on grants in order to remain financially viable. In 2007 40% of their revenues were from government grants,

²⁵ Individual Development Account (IDA): A savings program where clients' savings are matched by the organization. In the case of Washington CASH, the savings are matched two to one (up to \$2,000) and funded in collaboration with United Way of King County. It is designed to encourage savings skills and also build assets.

specifically from the CDFI Fund and from the Department of Health and Human Services. 33% came from Corporate and Foundation Grants. The remainder of their revenue is from individual donors and the proceeds from their Special Event; 1% comes from their program revenue.

Stakeholders: According to the interview with Jorji Knickrehm, the stakeholders of Washington CASH are primarily the funders: corporations, banks, and governmental sources. They are also very concerned with the business development performance of their clients.

Type of Measurement Method (metrics): Washington CASH uses a third party in order to analyze their data and report on their social and community impact. They use the Aspen Institute's MicroTest, which is conducted on an annual basis and measures how many clients have moved out of poverty, how many have increased their business revenues, how many have increased their household income, and how many businesses are still in business after two years. It is an internal performance measurement model that uses data collected by the microenterprise organization of their clients two years after they leave the program. These data help determine the success of the products and services of the microenterprise organization.²⁶ MicroTest is intended to help microenterprise organizations learn how to be more effective and efficient in their activities through looking at how their clients have performed. Its main objectives are internal performance measurement and facilitating larger microenterprise advocacy in the United States.

²⁶ See Appendix B for metrics and measurement method.

The social and community impact of Washington CASH is measured through the translation of MicroTest data that reports on the statistics of their clients' success. The internal performance measurement of Washington CASH speaks to the organization's impact on the community through the peoples' lives it has helped to improve. In this way, MicroTest serves well the need for Washington CASH to know whether they are making a positive impact; it quantifies clients' performance which in turn helps illustrate the level to which Washington CASH is making a difference and living up to their mission. Although MicroTest specifically reports on the success of the program internally, this success implies a positive social and community impact.

In addition to the MicroTest, Washington CASH also conducts an in-house evaluation, which includes data from the initial client application along with data collected every six months from a client survey. The initial application is used to screen whether clients are allowed into the program and asks questions regarding their business idea, income level, and demographic information. The six month survey asks follow up questions surrounding their business development and income improvements. They conduct this survey because, while MicroTest's methodology is more statistically viable, it is measuring people who went through the program two years prior, while the six-month survey is immediate and they can find out what is working now.

Washington CASH Interview Coding Summary:

The interview was conducted on September 24, 2008 in Seattle, WA with Jorji Knickrehm, who is the Grants Manager for Washington CASH. The interview lasted

approximately forty five minutes. The following section summarizes the interview as it was coded in the initial theme categories.

Process: The process for deciding which measurement method to use was straightforward and fairly informal. It included factors involving the goals for success of Washington CASH. The decision to use MicroTest was not difficult:

MicroTest, it just makes a lot of sense because it's so tied to the Aspen Institute and the whole field and it measures things that we want to know. And it is so, we always feel really fortunate we are working in a field that has this whole outside objective organization, the Aspen Institute, that wants to study microenterprise and thinks that it is a poverty alleviation tool and so they're putting a lot of resources into it and so they're doing a lot of things that we couldn't have done on our own.

According to Jorji Knickrehm, the in-house evaluation was probably decided by the founder in the late 1990's. Currently, Washington CASH has weekly team meetings where everyone gives input on how to adjust the methods in order to best measure the impact their programs have had on their clients. Washington CASH is very team-oriented and this dynamic plays out in all decision-making processes, including how to assess their social and community impact:

Yeah, we have weekly staff meetings where, before each time that we do the six month survey, I'll bring it to the staff meeting and say, 'This is what I'm going to be presenting to clients, let's talk about whether there are any changes we want to make to this.'...So, sort of the natural method is to sort of periodically bring it before the program staff and make sure that there is, that everyone is in agreement that we are asking the right questions.

Motives: Three major reasons were given for why Washington CASH measures their social and community impact. First, they want to know that what they are doing is

working; performance measurement is their main motive. Secondly, reporting back to funders shapes how and why they measure their impact. In order to continue to receive funds, Washington CASH must continually demonstrate the difference they are making for their clients. Third, Washington CASH is interested in marketing their organization to the outside world, both to attract clients and to get volunteers involved.

Throughout the interview, reporting back to funders was cited most often as the driver behind their measurement methods. Washington CASH relies heavily on funders in order to function as an organization; they are highly invested in what their funders demand: "...we always have to prove to them every year that we're doing substantial work..."

Their reporting methods are directly tied to whether or not they continue to survive as an organization. Without funding from government sources, foundations, and individual donors, they would not be financially viable:

...I think what's hard to hear is that such and such a funder won't fund us because they don't believe our social impact is, you know that we're not having that much, or that we aren't measuring to their satisfaction...I think a lot of nonprofits run into this problem.

What Washington CASH specifically measures is also shaped by what funders want; staff may see inspiring progress made, yet being able to quantify and communicate these improvements can be difficult: "And it's not very valued, you know, a lot of our funders don't care if we say, 'The confidence of our clients went way up!'...And that's really neat to us but it's hard to measure and to communicate back..."

Washington CASH exists based on the premise that providing microenterprise services to underserved populations will improve their economic and social well-being, and this belief is shared by their funding sources. Because of that, the measurement methods shaped by the demands of their funders is not exclusive to those metrics they themselves are interested in measuring. In fact, they are generally on the same page. Washington CASH is not just reporting for their external relations; they are also internally interested in whether they are doing what they say they do:

...we're always paying attention to what is our mission and what outcomes can we tie back to that mission and still include the things that funders want to know. And usually those two things overlap; we want to know the same things that our funders want to know.

This includes all of the staff; they are interested in seeing that their work had made a measurable difference: "I would say that measuring our impact, it always influences the way the program staff behaves. They like to hear that certain things they are doing is making a big impact."

Influence: The measurement of their social and community impact influences their investment decisions in that it directly determines how they run their programs and affects the adjustments they regularly make. Specifically, when they saw how a particular piece of their program worked really well they hired an additional staff person to expand this component:

Oh yeah, definitely, we're measuring whether businesses, how many businesses you created that year and if you find that something is very helpful then you do more of it. We find that doing one-on-one technical assistance has really helped our clients. And so we hired a staff member part time to just do that.

It is inherently a part of their organizational makeup that Washington CASH continually examines how their activities are having an impact on their clients and they have a vested interest in adjusting their operations in order to maximize their impact. They want their clients to succeed and they want to be able to demonstrate and communicate this to their funders and their staff.

Capacity: Washington CASH is a small organization whose ability to devote time and resources to data collection and analysis is limited. They would love to allocate more energy into measuring their impact, as it would definitely inform their operational practices and help them better understand how to be more successful:

We could hire, if we hired someone for the purpose of evaluation who could just do a longitudinal study of the clients, we could get some really great data out of that. The problem is being able to follow, let's say fifty clients and being able to follow them over the next two or three years. That would be the very best thing we could do.

Unfortunately, they simply don't have the time or money:

...staff time is a big one. It, we're all extremely thin with our time. You take up a position and all these other things get added to your job description and we all love the work so much that we just do that but I think that we, having enough time to do everything is really hard....It (measurement method) could be improved if we had a lot of money. Like maybe \$100,000 for a year, or two years...

For Jorji Knickrehm, the Grant Manager in charge of the data management, their six month survey measurements have many logistical obstacles that demand a lot of time. Getting clients to fill out surveys accurately and following up with past clients is time-consuming and difficult to keep consistent:

...it takes a lot of time from me to try and follow up and get more surveys back and look at them and realize that these three were not filled out properly and send them back to the people and to ask them to do it again and explain and so, um, it takes a lot of time and resources. So, I guess if it could be easier somehow...

...I would say that we have too many measurements. We have tons of metrics that we are always trying to follow up on and it takes a lot of staff time and it's confusing for the program staff to do.

Having MicroTest as one method that helps them gauge their social and community impact is good in that it is more straightforward and less time-consuming than their client surveys. Washington CASH definitely appreciates the ability to utilize a third party organization to navigate their impact data.

It's real positive that we have MicroTest. It's nice that we can put some time in, collect the data and then send it to someone else and they'll do a lot of number crunching for us. I think it's great to have great interns who have the time and capability to help analyze the data.

Context: Washington CASH specifically offers microenterprise products and services. Their metrics reflect this, as they aim to make a positive social and community impact through business development for underserved individuals. "I mean, after they leave us, are they sustainable, are they still in business? Is their household income improving because of our services?"

Definition: As with the other cases, Washington CASH struggles with being able to best conceptualize their social and community impact, and then applying that to concrete metrics that reflect this. The question of complexity comes into play, where social factors that are meaningful are hard to reduce to a number, leaving Washington CASH with a dilemma of how to express these positive impacts in a way that can be either aggregated

or compared. For example, the notion of increased confidence for clients is a common outcome from their participation in Washington CASH's programs:

...we know that one of the big impacts of our program is that the confidence of our clients goes up and that's very hard to measure. And it's also not very valued, you know, a lot of funders don't care if we say, 'The confidence of our clients went way up!' And to us, that's really exciting, we'll hear all kinds of neat stories about people saying, 'I went off TANF assistance' or 'I am so excited that my children look at me differently now.' And that's really neat but it's hard to measure...

You know, it's just been an ongoing debate, sort of different trends have come up...If they were supplementing their home income then that was a really great purpose for the microenterprise but it feels like the trend is more now toward building full-time businesses that have a living wage and if you're not doing that then it's not worthy...So, it's a very complicated issue.

They are constantly negotiating how to demonstrate their social impact and how to improve upon it. They appreciate the simplicity of MicroTest's process for that reason: "Plug in the data, analyze the data, and create messages from it."

MercyCorps Northwest:

MercyCorps Northwest (MCNW) is a nonprofit economic development organization formed in 1998 that provides integrated business support services for low-income entrepreneurs through three primary business development services (MercyCorps Northwest, 2008):

- 1) Asset Development Services (IDA- Individual Development Accounts) provides financial literacy and savings classes and matched savings to low income individuals and refugees.

- 2) Loan Program provides business loans with business mentoring for all low-income populations, reaching those who do not have access to mainstream avenues of credit, training, technical assistance and business planning services.
- 3) Business Development Services and Training provides classes, seminars and business development services to all low-income populations. Includes: Web-based Small Business Community, Coffee Creek Correctional Institution Women's Project, and New American Agricultural Project.

Units of Analysis:

Business Model: MCNW is a nonprofit organization that brings in funding through services, earned income and through loans. Additionally, they use grants and funds to ensure their financial viability.

Mission: "Our mission is to assist all low-income populations, including minorities, women, refugees and immigrants, prisoners, previously incarcerated and the disabled in Oregon and Washington states by increasing their economic self-sufficiency and community integration through microenterprise development and self-employment. Our mission provides a domestic context to the parallel mission of our parent, Mercy Corps, which is to alleviate suffering, poverty and oppression by helping people build secure, productive and just communities."

Funding Sources: MCNW's funding sources have historically been the US Treasury, the US Housing and Community Development Office of Refugee Resettlement, foundation money, the City of Portland, banks and small grants.

Stakeholders: According to John Haines, MCNW's stakeholders are their clients, who are all low-income communities.

Type of Measurement Method (Metrics): MCNW utilizes the Aspen Institute's MicroTest to analyze their data and report on their social and community impact, which is conducted on an annual basis and measures how many clients have moved out of poverty, how many have increased their business revenues, how many have increased their household income, and how many businesses are still in business after two years. It is an internal performance measurement model that uses data collected by the microenterprise organization of their clients two years after they leave the program. These data help determine the success of the products and services of the microenterprise organization.²⁷ MicroTest is intended to help microenterprise organizations learn how to be more effective and efficient in their activities through looking at how their clients have performed. Its main objectives are internal performance measurement and facilitating larger microenterprise advocacy in the United States.

MCNW Interview Coding Summary:

The interview was conducted with Doug Cooper and John Haines on October 2, 2008 in Portland, OR. Doug Cooper is the Assistant Director and is in charge of Business Development Services. John Haines is the Executive Director. The interview lasted approximately 30 minutes. The following section summarizes the interview as it was coded in the initial theme categories.

Process: The decision-making process around which measurement method to use for MCNW was very simple. They recognized a need for some type of performance

²⁷ See Appendix B for metrics and measurement method.

measurement for their organization and knew that MicroTest was a widely used method for the microenterprise industry. Given that the Aspen Institute is a national organization that allows for comparability and networking, using their measurement method and services made sense to MCNW. It not only allows for performance measurement that doesn't exasperate limited internal resources, it is also a way to be part of the wider microenterprise community.

Internally, it (MicroTest) tracks a lot of key measurements, it allows us to do it year by year, longitudinally, it gives us a way to compare with other organizations with our size, with our history, so it seems within general parameters I think it's pretty solid. To me, the biggest benefit is that we can change it and check it internally, you know we can decide to work on something internally and see that improvement statistically in the next year up or down, you know whether we're making improvements or not.

Motives: The three main reasons given for why MCNW tracks their social and community impact were their mission, funding, and internal performance measurement. According to John Haines, the major reason is their mission, and making sure they are accomplishing what they say: "The authenticity of our work, entirely. If we say we're doing low income economic development, we need to prove we're doing it, not just saying we're doing it."

Throughout the interview, the indicators demanded by funders were also mentioned multiple times. What funders want to know about the social and community impact of MCNW activities affects what they measure and report on: "Certain funders ask us to track certain things and they're looking for different performance metrics for a number of us..." MCNW's dependence on funding also caused confusion around their efforts. Different funders were demanding different things, causing the MCNW activities

to become disjointed. Conducting the MicroTest helped alleviate this inefficiency, in that it helped streamline performance goals into one measurement method.

And one of the issues we faced, this organization, five or six years ago was, different people within the organization, they were funded by different funding sources, felt like they were funded and tracked by them...So they literally started to orient their work, their life around somebody else's funding channel. So, I called it the funding fog. So they sort of almost act as if they were working for the funder...

Their performance measurement motive overlaps into their other reasons, in that if they can measure and report on improving their organizational performance, then their funders will be more satisfied and their mission will be more fulfilled. Their organizational goals are inherently tied having a positive social and community impact, and being able to measure and report this is important so that they continue to receive funding, live up to their mission, and also simply so that they can continue to improve their operations on a business level: "I think MicroTest adds a wider dimension of tracking both on a client and our performance, in terms of efficiency, which is more of an MIS, management information systems thing."

Influence: According to John Haines, MCNW activities are influenced by their social and community impact measurements. The examples he gave during the interview were anecdotal and implied willingness by MCNW to sacrifice financial returns in exchange for a positive social and community impact. One example describes a situation where perhaps a child care business is not financially growing or succeeding, but offers a great service to the community. This is difficult to measure but incredibly important for

MCNW to support. Even if the business is not completely viable, MCNW acknowledges the greater social benefits of the operations they are supporting.

So it's got a social outcome, it's got a positive social benefit but the business isn't performing as well. That's probably one that's hard to keep track of, to measure. So I think in that case where we've chosen to do something differently, those that are operating at that lower level of, which is providing a huge community service...

The second example given is a new MCNW Refugee Farming program (New American Agricultural Project). Although it has had a slow start and they are still looking for how to make it financially sustainable, MCNW is willing to put forth the effort to create a way for refugees and immigrants to earn a living through agrarian activity because of its social benefit. Ideally, refugees and immigrants can be more financially autonomous by operating their own enterprise and also provide an increased supply of local food to consumers in the region. MCNW is willing to invest in a challenging loan situation in order to see a positive social impact down the road.

...we're working with trying to wrestle with the reality with farming, with refugee farming and how successful that potential and viable that is as they stair step their business to a point of having diverse market channels, different pricing, different value-added crops that can elongate their season and access a higher price point. We've invested a good deal of money incubating those fully subsidized to start, ideally then what we're initially doing is then we'd subsidize them less, get them involved in an individual development account, they can build their own assets and equity, so that's another example...

Collection: Data is collected annually for the MicroTest. MCNW collects the data and sends it to the Aspen Institute for analysis. In addition, MCNW also collects economic data for their loans on a monthly basis. They try to check in each month "...so that we can know whether our clients are doing well or if something's going on so we can try and

step in and give them some assistance or steer them towards some different strategies.”

Based on the microenterprise strategy under which MCNW operates, the financial success of their clients implies a positive social and community impact from the organization’s activities. In that way, the economic data they monitor on a monthly basis that reflects the financial well-being of their clients in turn reflects MCNW’s social and community impact.

Capacity: MCNW’s ability to conduct the data analysis is limited. Although they want to know exactly what impact they are having and whether their organizational activities are fulfilling their mission, they also have to make logistical decisions around their limited resources:

It's not that it's not important for us, but we could have a staff of ten people to do the work and another ten people to track it, so we need to make some assumptive leaps, here. So when it comes to this kind of thing, we have it as an objective, we just don't track it.

MCNW has been awarded an intern for a couple years with a program through The Aspen Institute called the Citi Aspen Intern Program. It is sponsored by CitiGroup and provides training and pays interns to aid in the MicroTest data collection and analysis. The intern is trained in Washington DC and then works for twelve weeks under the supervision of the microenterprise organization. The application process for the program is competitive and about fifteen graduate students are funded every year among MicroTest members who apply. This program has helped them immensely with data collection: "If we didn't get the student intern next year, we'd do it, I mean, at this point

we're really committed to it, but it's sweet to get that." In addition, they just instituted a new database which has helped with their ability to collect and store data:

And the cool is if we capture enough data even if we're not using it right now and we find out in a year, Damn, that's the thing we should be tracking because that's the thing that actually measures their success. Then we can go back and we'll have that data to be able to go back to.

Context: MCNW's metrics are seated in the welfare of their clients as it relates to their clients' business vitality. They use three major metrics, among others, which are: income improvement, asset and equity accumulation, and community integration. Community integration is measuring to what extent their clients have joined or participated in community groups such as Chambers of Commerce, neighborhood associations, peer groups of daycare providers, or business associations. MCNW believes that:

...getting people to join groups is a way of integrating a wider social network for them so that they do engage with people of different economic status, people of different neighborhoods, different ethnicities, gender, everything because those groups inherently very often do have more diversity.

Definition: MCNW mentioned multiple times their struggles with being able to best define the metrics for a successful or thriving business, which is their primary concern regarding social impact measurement. For the most part, a microenterprise business doing well means there is a positive social and community impact: "...the performance of these businesses as an economic and translating it, if they do well then that is social performance." But the ability to measure the success of a small business can be difficult due to the unique factors of each business: "And relative to the goals regarding the

business, all three could be successful. You know, they look completely different on your business balance sheet, or your profit and loss statement or your tax abatement."

Although they do appreciate the MicroTest method, they also acknowledge its limitations. MicroTest offers straightforward measurement methods, however MCNW still struggles with how to measure deeper: "And that's that concrete, direct services model. And the other area of wanting to measure changes, or larger changes, that's I don't know how you establish metrics on that."

As mentioned earlier, the idea of a struggling business that is providing a needed service or one that needs time to mature, for example, is difficult to quantify in business success terms. What to track and why are central questions for them regarding their measurement methods: "The hard part is what are you tracking, why are you tracking it, and what does it signify?...So now it's more the substantial questions of what are you tracking and why?"

Albina Community Bank:

Albina Community Bank is a locally-owned for profit community bank that operates in the Portland Metro region. They started in 1996 with a specific mission to serve the North and Northeast neighborhoods of Portland, Oregon in an effort to reverse the effects of redlining in the area. In 2000, they recognized that these neighborhoods were being gentrified and the residents they were striving to help were no longer in North and Northeast Portland. Because of this, they decided to shift their focus and expand their geographic parameters to include the entire Portland Metropolitan region. They are one of 57 CDFIs that are a commercial bank in the nation.

Units of Analysis:

Business Model: Albina Community Bank is one of 57 CDFIs in the US that is a commercial bank. They are locally owned and they aim to be active in their local neighborhoods and to specifically be a financial resource for their neighbors, serving local businesses and individuals.

Mission: “Albina Community Bank creates hope and financial opportunity by building lasting banking relationships with those who care the most about our communities.”

Funding Sources: Albina Community Bank receives a lot of their capital support from 350 shareholders. Most of their funding is through lending and deposit accounts and the fees that are associated with those.

Stakeholders: Their major stakeholders are their shareholders, their customers and the communities in which they provide products and services, specifically in the Portland Metro region.

Type of Measurement Method (Metrics): Albina Community Bank uses a database system called FiServ, which is a data management tool for banks. They input all of their quarterly loan data into this system and use it to analyze and report both financial information and community impact information. They began releasing a Community Impact Scorecard. It shows information regarding 10 metrics that is reported in a statement stuffer on a quarterly basis to shareholders and customers:²⁸

²⁸ See Appendix B for metrics and measurement method.

Nonprofit organizations as customers	Jobs Created/ Maintained from Loans
Funds generated by The Loop Visa Card	Affordable Housing Development Loans
New Commercial Loans	Affordable Housing Homeowner Loans
New Business Micro Loans	Albina Diversity Score
Small Business Administration Loans	Total Volunteer Hours by Employee

Table 3: Albina Community Bank Metrics

Albina Community Bank Interview Coding Summary:

The interview was conducted on October 9, 2008 in Portland, OR with Susan Beall, who is the Marketing Director for Albina Community Bank. The interview lasted approximately 45 minutes. The following section summarizes the interview as it was coded in the initial theme categories.

Process: Deciding which measurement method to use was primarily driven by Bob McKean, who is the President and CEO, and his involvement in applying for awards from the CDFI Fund. He recognized that in order to apply for BEA awards Albina Community Bank needed to be able to measure and report back what kind of social and community impact they were making: "I would say Bob McKean was probably the main, he started in 1999, and we've been doing this since 2001. I think he was the one who brought a lot of this part of it." They look at their measurements regularly, but the process for adjusting their metrics is fairly informal:

Yeah, we've definitely been looking at it every year, I don't think there's any formal procedure. Bob pays a lot of attention to it, and we meet on a quarterly basis, kind of look at the quarterly numbers and what those tell us.

Motives: Albina Community Bank measures their social and community impact for three major reasons. First, they are interested in knowing that they are fulfilling their mission.

They want to be able to measure whether or not they are making a difference in their community, and looking at specific metrics every quarter helps them to determine this: "Um, I think just because of who we are. The bank was founded to make a difference in the community and unless we're actually measuring it we don't really know what impact we're making." During the interview, Susan Beall mentioned the downward shifts in the economy many times. In this context, she explained how measuring their social and community impact can also help them better prioritize their limited dollars into activities they know will best fulfill their mission: "...okay we have super limited dollars right now, what's the best place to put those and where are we going to make the most impact within the community with those dollars?"

Second, Albina Community Bank measures their social and community impact because of regulation requirements, namely the information needed to report back to the CDFI Fund:

...if we're going to apply for BEA awards and different things to help us raise capital and leverage out our services then we need to come up with a proper tool that actually reports back what we're doing. And I believe he (Bob McKean) had quite a bit of experience with the CDFI Fund before he started and that was probably a lot of it. They require a ton of tracking and scoring so I think when he started, he just knew that and we immediately started tracking a lot more and a lot better information.

Additionally, when asked about how social and community impact reporting could be more widely adopted in the financial arena, Susan Beall reluctantly responded with a regulation approach:

I'm not at all for regulation, but in a way it would almost make sense if it was something that everybody had to report on. I mean right now I guess every bank has to provide a CRA report which shows what they're doing in the local neighborhoods. That, I think, has helped a lot of the bigger banks come back to

the community part a lot more because they're almost forced to, they've got to provide the CRA report and show what they're doing in local neighborhoods. I hate the regulation of it but in a way it forces companies to come back to why they were originally founded to begin with. So that could possibly be an idea...I think you would see a lot of big businesses run a lot differently if they had to report back to the community what they were really doing.

Third, Albina Community Bank is interested in marketing to their shareholders and customers how they are different than other banks. They want to demonstrate their social impact as a selling point that makes people want to invest with them:

I think that's probably the biggest thing that it does for us is that it actually shows people if you place your deposit dollars here, we're the same as any other bank, but then we also have a social mission and this is what we're able to do with your business.

It's also nice to report back to our shareholders...So it's also fun for me to send something like this out to them every year, to actually show them, you know, we really are doing something and it really is making a difference.

Influence: According to Susan Beall, investment and operational decisions are influenced by their social and community impact data. Their board of directors, shareholders, and senior management look at the social and community impact data on a quarterly basis and compile data on an annual basis. This information is used to help inform the direction of their focuses. For example, in 2008 they decided to market more directly to helping nonprofit organizations, as they don't charge service fees to nonprofits. Additionally, Susan Beall cited changing the structural make up of their lending department after they noticed that numbers were down in that area:

I absolutely think it has...Back in 2006, we, because loans were down quite a bit in 2005-2006, at the end of 2006, we made substantial changes to the bank's lending department, just the structure of how the teams were put together and the

focuses on what they were doing in order to make more of a community impact in areas the bank said that we would focus on such as small business lending, creating jobs, etc...I think the best example was the big change in the lending department at the end of 2006.

Also, Albina Community Bank shifted the entire geographic focus of their mission after learning that the people they originally intended to serve had relocated to other parts of Portland due to gentrification:

...the neighborhoods around here gentrified increasingly. I mean, it's amazing how different they are, so when the bank saw that happening, we saw a lot of the original people we intended to serve were being priced out of the market so in 2003, the board of directors strategically met and revised the bank mission statement to kind of expand it beyond North and NE Portland to focus on the underserved individuals throughout the city since they're not all concentrated in one area.

Collection: Their data collection is done on a quarterly basis. The controller and marketing director do all of the data collection and input it into the FiServ database. They are satisfied with this procedure; it is manageable and stores the information they are interested in. Susan Beall did acknowledge, however, that the outcomes of the data management system are entirely dependent on its inputs, meaning that even if the framework is sound, the proper metrics and accurate data need to be used in order for it to be meaningful and effective:

I think one of our main limitations is it's only as accurate as its input. So I work quite a bit with our loan servicing manager that runs a lot of the lending reports and gives them to our controller just to make sure that we're certain that they are in the proper census tracts.

Capacity: Albina Community Bank is satisfied with their use of FiServ and its straightforward ability to store data and produce customized reports. They have been able

to expand upon the FiServ system through using Technical Assistance awards from the CDFI Fund:

Our system, we got a financial award, or a Technical Assistance award actually, from the CDFI Fund in 2004, I believe. And that allowed us to build in systems within FiServ, which is the software the bank uses pretty much for everything here to build in tracking mechanisms.

They utilize normal staff time in order to collect and analyze the social and community impact data. Susan Beall, the Marketing Director, and the Controller are responsible for these tasks; it is a built-in part of their job descriptions:

It's pretty much an absorption of our staff time. It takes my time and it takes our controller's time, but I think it's definitely one of the most important parts of both of our jobs is to be able to compile accurate information and then get that information out to the people that it matters to.

Their ability to measure their social and community impact is greatly facilitated by a software program that sufficiently manages the data. This minimizes capacity limitations as a potential barrier:

It's all pretty easy to report out once we get the information put in. I think the main thing, when entering in the information, is making sure we're in the correct census tract. But as far as shooting out reports, we've gotten it down so it's pretty easy and all spits out of our system.

Context: Albina Community Bank is specifically concerned with how to measure the social and community impact of their banking activities in their local neighborhood: "So I think when we were taking a look at what we wanted to measure, we wanted to make sure that it was a measurement of what was happening again in our local neighborhoods." Because Albina Community Bank is most focused on making a difference for local

businesses and residents and they are also required to report the impact they're having in certain geographic areas, they store and analyze most data by zip code or census tract:

Since about 2001, the bank has been keeping track of our community impact in our local Portland neighborhoods. These are again by census tracts and zip codes. Some of the figures are, if it's affordable housing, most of those are going to be in qualifying zip codes.

They are satisfied with FiServ as a data management system that sufficiently measures their social and community impact in the context of banking activities:

"...overall I think what we're tracking and how we're doing it is the right approach."

For them, FiServ is a data system that can effectively store and provide reports regarding financial data by zip code, job creation and different types of loans: small business, nonprofit, and homeowner loans:

...one of my favorite numbers that we track is the number of jobs created, and maintained by loans. Because you think those are all Portland neighbors, again, so we're helping to contribute to the economic vitality of our local neighborhoods. And then again with the small business loans, we do a lot of small business lending that specifically targeted to women and minority or disabled owned companies so again I think just stay very focused on local neighborhoods and what we're actually doing within them.

Definition: Albina Community Bank's definition of a positive social and community impact is overwhelmingly influenced by their belief that being a local bank serving local residents has the biggest impact. They are most concerned with being able to measure their role as a bank in contributing to the city's well-being as a whole:

It's things like that that I think the bank tries to look at in a more holistic approach to how is the entire community working? Do we have support for homeless people? Do we have support for the arts? Do we have support for affordable, do we have affordable housing financing so people can go in, build nice condominiums and charge people reasonable rents so they're able to stay in the local neighborhoods? And again, I think it also contributes to decrease in crime, I

think anytime you're working to make the community better as a whole people take pride in that as well.

They are continually trying to match their choice of metrics to their mission.

Although they are fairly satisfied with the use of FiServ and their community impact scorecard, they also recognize that continuing to look at and adjust what they measure in order to most accurately account for their social and community impact is necessary:

So, I think it's just trying to find things, trying to keep it in a succinct format that's meaningful to people is somewhat challenging. Trying to figure out what the most appropriate measurements are in what we track is always an ongoing challenge. What's going to be the most meaningful to people?

Discussion:

Uptake and Use Factors:

The following discussion explains how and why the factors are scored for each case in the matrix below. The previous interview findings are further disseminated into these factors, testing whether what the literature says about each factor can also be applied to these cases. The following tables are also in Appendix D. The strength of each factor is positively correlated with the uptake and use of meaningful social and community impact reporting.

Definitions of Uptake and Use Factors:

Uptake and Use Factors:	Overview:	Sources:
<i>Internal:</i>		
Business Model:	The ability of the organization to integrate their social and community impact into their business model and operations.	Emerson, 2003; Dees, 1998, Waddell, 1995; Ratcliffe, 2007
Staff Involvement:	The degree that measurement methods are integrated into their employee performance plans.	Lewis and Watson, 2007; Figge et. al, 2002; Madan, 2007; Zadek, 1999
Capacity:	The capacity to collect, store, and analyze social and community impact data.	CEI, 2006; Hagerman, 2007
Definition:	The clarity of the definitions and conceptualizations of the social bottom line metrics and how they are congruent with the mission and operations of the organization.	Vanclay, 2004; Zadek, 1999; Gray and Milne, 2002; CEI, Inc., 2006
Mission:	The degree that the organization has and is held accountable to a socially-minded mission.	Christensen and Ebrahim, 2006; Stid and Bradack, 2009
<i>External:</i>		
Stakeholders:	The reporting demands of the organization's external stakeholders, i.e. clients, investors, customers, community.	Clarkson, 1995; Idowu and Pappasolomou, 2007; Smith, 2008; Gray and Milne, 2002;
Funders:	The reporting demands of the organization's funders.	Bernake, 2006; Greenspan, 2003; Madan, 2007; Pinsky, 2001;
Marketing:	An organization differentiating themselves as "socially-minded" and communicating this to their customers and stakeholders. This is different than regulation or funding and stakeholder demands for information in that it is a more arbitrary display of their performance.	Brown, Dillard, and Marshall, 2008; Epstein, 2007; Idowu and Pappasolomou, 2007; Norman and MacDonald, 2004;
Regulation:	The performance metrics that organizations are held accountable to by legislation.	Immergluck, 2008; Pinsky, 2001, Vanclay 2004; Gray and Milne, 2002
Third Party Utilization:	Utilizing a third party in order to measure their social and community impact. This can help the measurement process because the organization doesn't need to use their own resources to measure and it can provide standardization of measurement. However, it can eliminate a robust internal defining process, and the prescribed method can exclude important variation.	Hagerman, 2007; CEI, Inc.

Table 4: Definition of Uptake and Use Factors

Rating Scale of Uptake and Use Factors

<i>Internal:</i>				
	1	2	3	4
Business Model:	Not dependent on their social and community impact	The organization consults social and community impact data to make investment target decisions	The organization relies on their social and community impact data to drive investment target decisions	The social and community impact data is integrated into their business plan
Staff Involvement:	Employees not involved in measurement method	Staff give some input into measurement methods	Staff highly involved in process of developing measurement method	Staff involved in and directly held accountable to the results of the measurement method
Capacity:	Organization has little capacity/ Utilizes a third party	Organization uses existing financial database to store and analyze social impact data	Organization has a separate database to store and analyze social impact data	Organization has an integrated database system that stores and analyzes combined financial and social impact data
Definition:	No process has occurred to help develop a common definition around social impact concepts and definitions	A casual process has occurred among management	There has been an extensive process around developing a common understanding among the whole staff around social impact	There has been an extensive process among staff and stakeholders. Common metrics have been developed and implemented that align with the organization's mission and business plan.
Mission:	The organization has no socially-minded mission	The organization is not held accountable to their mission	The organization is required to demonstrate mission-related impacts	The organization has implemented mission-related metrics into their performance measurement and business operations.
<i>External:</i>				
Stakeholders:	Stakeholders do not demand any social or community impact data	Private shareholders are interested in social and community impact	Private and public interests demand social and community impact data	Stakeholders are involved in the development of the social and community impact metrics and they hold the organization accountable to them
Funders:	Funders do not demand any social or community impact data/ The organization does not depend on funders	The organization depends very little on funders.	The organization is interested in attracting funds with their social and community impact data	A significant amount of resources comes from funders who demand social and community impact data
Marketing:	There is no display of social and community impact data	There are social and community reports available to the public	The organization primarily identifies with the "TBL" or "socially-conscious" brand	There are regular advertisements of what social and community impact the organization is making
Regulation:	The organization is not dependent on government programs for funds/ is not regulated by community development legislation.	The organization has received CDFI Fund Awards	The organization depends on CDFI Fund Awards for its business operations	The organization admits regulation/ reporting requirements as the drivers for their social impact measurement
Third Party Utilization:	The organization uses no third party for its measurement method	The organization sees value in using a third party	The organization uses a third party as well as their own internal measurement method	The organization utilizes only a third party for their measurement method

Table 5: Rating Scale of Uptake and Use Factors

Uptake and Use Factor Matrix

	Shorebank Enterprise Cascadia	Portland Family of Funds:	Washington CASH:	MercyCorps NW:	Albina Community Bank:
Internal:					
Business Model:	4	2	4	4	2
Staff Involvement:	4	2	2	2	1
Capacity:	4	2	1	1	2
Definition:	4	2	1	1	2
Mission:	4	4	4	4	4
External:					
Stakeholders:	3	4	3	3	2
Funders:	4	1	4	4	1
Marketing:	4	3	4	2	4
Regulation:	2	4	2	2	4
Third Party Utilization:	2	1	3	4	1

Uptake and Use Factors:

Table 6: Uptake and Use Factor Matrix

Business Model: The ability of the organization to integrate their social and community impact into their business model and operations.

Each case wants their social and community impact to be compatible with their financial bottom line. They are all Community Development Entities, receive funds, grants and CDFI Fund awards due to the demonstration of their social and community impact, and are all part of the social enterprise movement. For most of the cases, it rated as a very strong uptake and use factor.

Portland Family of Funds and Albina Community Bank however, rated low for this factor. Although they are both heavily invested in their social and community impact data in order to receive funds to operate, they do not have structured mechanisms that integrate these data into their investment decisions. When discussing this, Colin Rowan of Portland Family of Funds said: "And so that was, and it's a very soft, subjective conversation we have, you know in making these investment decisions, but that's kind of the process we go through." They do, however, have a strong desire to find and measure those aspects of their social and community impact that could be an integral part of their business operations:

...we just haven't found the answer, you know that comes in a package that we can plug in and go with, so I think we have a long ways to go before we can be, ultimately what I want to do is tie back the financial success of a project with the social and environmental returns.

Albina Community Bank also scored low on this uptake and use factor. Their social and community impact measurement method is not an integrated part of their business model; it is something they frequently consult in order to demonstrate to their

shareholders and customers their community development focus, but these data have not been developed to the degree that they rely on it to make their business decisions:

Yeah, we've definitely been looking at it every year, I don't think there's any formal procedure. Bob (McKean) pays a lot of attention to it, and we meet on a quarterly basis, kind of look at the quarterly numbers and what those tell us.

MercyCorps NW and Washington CASH have a very different business model than the other cases; their microenterprise framework allows for a straightforward way of integrating their social and community impact data into their business decisions. The microenterprise strategy relies on successful loans and business training to low-income or underserved populations as that which makes a positive social and community impact. In that way, collection of loan data often overlaps with whether or not they are making a positive social and community impact. For Washington CASH, their success is determined by the success of their clients: "I mean, after they leave us, are they sustainable, are they still in business? Is their household income improving because of our services?"

MercyCorps NW is also primarily concerned with measuring the economic success of their clients as a proxy for their social impact. In this way, their business model directly includes their social and community impact data (in the context of the microenterprise strategy): "The performance of these businesses as an economic and translating it, if they do well then that is social performance." Their definition of social or community impact is one that easily translates into their business operations and is integrated into their business plan.

SBEC has the most integrated social and community impact measurement method. They use a Balanced Scorecard framework that includes both business metrics and mission-related Triple Bottom Line metrics. They are currently instituting “resilience” metrics as well.²⁹ This framework helps them to look at all of their investment decisions through the lens of both their financial and non-financial impacts:

...but if we really wanted to build an institution and really movement with discipline we had to really figure out how to connect the dots. How do these things work with each other? The kinds of investments we're doing both environmentally, economically, and socially.

They have successfully developed a few programs that “hit” all of the bottom lines. One is the septic loaning program, which grants loans to low-income homeowners so they can replace their septic systems, which improves their home values, reduces pollution in the Willapa Bay and conserves the health of the oyster population, in turn contributing to job preservation for the fishing industry. Another is investing in the “green” economy by supporting training programs that specifically target low-income people and train them for skills in “green technology.” Additionally, their Smart Card program aims at helping unbankable people navigate their financial struggles.³⁰

Given that all of the cases are part of the social enterprise movement, everyone mentioned striving to find those business activities that bring positive social returns that are also financially sustainable. Shorebank Enterprise Cascadia has been able to effectively develop a couple of programs which do this, but the ability to define, measure and communicate that caring about social and community impact is financially

²⁹ See appendix for each case’s measurement method.

³⁰ For quotes and further discussion, refer to SBEC interview coding summary.

worthwhile in the long run is not an easy task, and one that all cases mentioned as a struggle. Although the cases studied are perhaps more concerned with their social and community impact than private businesses, their ability to really demonstrate that a positive impact can be accomplished with equal or even greater financial returns has not been realized. Nearly all cases discussed a desire for this paradigm shift; a strong belief that there is a formula or measurement which will prove that doing good leads to doing well. Colin Rowan from Portland Family of Funds remarked:

I think widespread adoption of it comes down to a cost-benefit assessment for people at the end of the day. And I think if investors are going to get rewarded for driving social and environmental impacts...if they could see it and there were successful models that could get put in front of them, then I think you would see a tide shift and so it's information, it's portfolio analysis.

Staff Involvement: The degree that measurement methods are integrated into their employee performance plans.

Staff involvement means that in order to increase the uptake and use of social and community impact reporting, organizations need to embed these data into their day to day operations and employee performance plans. Most of the cases rated fairly low in this area. Although every case expressed how their social bottom line is important for their staff, the interviews revealed that only SBEC has an integration of specific metrics into their employee performance plans. Colin Rowan of Portland Family of Funds mentioned the staff's strong belief in a Triple Bottom Line mission: "Intuitively, I think we all work here and embrace this mission because we feel like projects that have positive social and environmental impacts are going to do better financially they're going to deliver stronger returns..." Also, Jorji Knickerehm of Washington CASH mentioned their staff's interest

in their social and community impact data: "I would say that measuring our impact, it always influences the way the program staff behaves. They like to hear that certain things they are doing is making a big impact." MercyCorps NW discussed their social and community impact reporting as being a useful streamlining mechanism, explaining how they have struggled with the synchronization of their operations, and how having one measurement method (MicroTest) also served well the need for a Management Information System, where everyone working there became held accountable to the same performance metrics.

Although these cases mentioned being concerned about their social and community impact, SBEC is the only case that has specific metrics that directly involve the entire organization into their efforts, holding every employee accountable to their TBL performance every quarter. Before this system was in place, Mike Dickerson explained:

...we're having to think of these things, in a way that we didn't, we thought about them, but we didn't actually have to do them, because there wasn't this internal measurement happening, and this whole theory of what gets measured gets done, it's very true. People do not like to see red next to their name...

Either from a mission perspective or from a performance perspective, from a critical business measure. And so our goal has been to tie all these things together as much as we can so that it's not, so that it's just a part of working here. It's not because we tell you to do something, it's just what you do, it becomes institutional.

On the webpage that explains their Balanced Scorecard methodology, they state:

"This approach emphasizes the relationship between sustained positive impact and disciplined, responsible stewardship of financial resources. Enterprise expects excellence

in both categories of performance measurements.” (Shorebank Enterprise Cascadia, 2008) They most closely resemble that strategy embraced by the business sector in implementing sustainability business tactics; that of embedding it into the corporate culture and into their day to day business operating processes (Lewis and Watson, 2007). For the corporate industry, they have recognized that in order to increase the meaningfulness of their sustainability goals, they need to make sure it becomes internalized by the employees and the culture of the organization.

Capacity: The capacity to collect, store, and analyze social and community impact data.

Every case mentioned their ability to collect, store and analyze social and community impact data as a major barrier. Although each one would love to collect more data, spend more time conducting research on how to improve their operations in order to be more effective, and be more rigorous in their measurements and reporting back to stakeholders, they all cited temporal and budgetary constraints.

SBEC has internalized their measurement method to the degree that it is a part of their budget and business operations:

...we'll invest a crap load of money that we'll never see back in all these expensive internal systems in order to have the ability to analyze what it is that we're actually doing, in just about any way we want.

The other cases, however, still struggle with having the resources to collect and analyze all the data they'd like. According to Jorji Knickrehm:

...it takes a lot of time from me to try and follow up and get more surveys back and look at them and realize that these three were not filled out properly and send

them back to the people and to ask them to do it again and explain and so, um, it takes a lot of time and resources. So, I guess if it could be easier somehow...

John Haines from MercyCorps NW also said:

It's not that it's not important for us, but we could have a staff of ten people to do the work and another ten people to track it, so we need to make some assumptive leaps, here. So when it come to this kind of thing, we have it as an objective, we just don't track it.

Partially due to their capacity and resource constraints, Washington CASH and Mercycorps NW have decided to utilize a third party organization that aids them in developing comparable performance reports. This approach has proven fulfilling for them as it is a straightforward way to develop annual reports while at the same time gauge their performance as it relates to the wider micro enterprise industry.³¹

Definition: The clarity of the definitions of the social bottom line metrics and how they are congruent with the mission and operations of the organization.

Four cases do not have clear and operational definitions of their social bottom line; rather there have been thoughtful but casual processes for making decisions about how to define their social and community impact. For Portland Family of Funds and Albina Community Bank, there has been an informal process amongst the management in developing and defining their social and community impact metrics. For Portland Family of Funds, they rely on input from their advisory board, and Carl Talton, the President and CEO:

And so the advisory boards have been really important in forcing us to think a little more broadly about these measurement systems. And then, Carl Talton, who

³¹ For further discussion, refer to Third Party Utilization section.

you know, has been instrumental in kind of continuing that conversation internally...

Susan Beall of Albina Community Bank stated that their measurement method was almost exclusively led by Bob McKean, the President and CEO, who had prior experience with the CDFI Fund: "I would say Bob McKean was probably the main, he started in 1999, and we've been doing this since 2001. I think he was the one who brought a lot of this part of it." According to Jorji Knickrehm, Washington CASH is very informal and team-oriented, so the staff has been involved in the development process, but not in a disciplined or structured manner. When asked about who were the decision makers in how to measure their social and community impact, she responded:

...it was probably the founder and he left in 2002 or 2003 who decided how it would be done...I'm the Grants Manager and I take care of the evaluation, and I'd say Washington CASH has always been a very team-oriented place...so I wouldn't say that anyone made any decision by themselves.

MercyCorps NW's decision to utilize MicroTest was not a difficult one, and they did not have any real process to develop definitions or conceptualizations around their social and community impact metrics, nor do they feel the need to:

...there was one tool and we decided as a group this would be good for us. And ultimately, John makes the decision the way we do it or not, but it was pretty much a consensus among the staff that this would be a good thing to try.

SBEC is the only case that scored high for this factor. They have had an extensive defining process and common metrics have been developed and implemented that align with the organization's mission and business plan. They are highly interested in making sure that their social and community impact measurements are well understood by the

entire organization and that it aligns with their mission and goals: "It's in our language, it's in our staff meetings, it's in our people's performance plans, it's in our loan documents, right on the first page, um it's in our credit committee, it's in our board..." They want to ensure a level of consistency: "Because too many people coming in with different definitions, different words meaning the same thing...it stopped a lot of battles before they could have even started." Specifically, when beginning to look at the new concept of resilience to describe their Triple Bottom Line goals, they had exercises and processes in order to get input and involvement from the whole staff:

...we're just learning about it this year, that we're just taking a stab at it. At all the staff meetings we have quarterly we might bring in some deals and have a discussion in different breakouts and say, 'Here are these deals, tell us what you think it hits in resilience and then let's present it to the whole.' And so pretty much across the board, every time we've done that, they've all come up with the same resilience definitions. With every, they all get the same deals, the same definitions, they're all in different groups, they all come back with the same thing.

Mission: The degree that the organization has and is held accountable to a socially-minded mission.

All of the cases discussed their desire to be able to demonstrate accomplishing their mission as a major motivation for their social bottom line measurement. This motive applies both to internal and external performance, as each case wants to be able to show others, such as stakeholders, funders, shareholders, and the wider community, that they are doing what they say they're going to do. But additionally, being able to measure for themselves that their work is worthwhile and aligned with their mission is also a huge reason that the cases attempt to measure their social and community impact. Given that all of the cases chosen are Community Development Entities who have received CDFI

Fund awards, they are all required to demonstrate mission-related impacts.³² For all of the cases, their mission has directly shaped their social and community impact metrics.

Washington CASH and MercyCorps NW have microenterprise related missions and utilize MicroTest, whose metrics are aimed at directly measuring this mission and strategy. In this way, their metrics are highly correlated with their mission, and they scored four on this factor. MercyCorps NW's response to why they measure their social and community impact: "The authenticity of our work, entirely. If we say we're doing low income economic development, we need to prove we're doing it, not just saying we're doing it."

Portland Family of Funds also mentioned their mission-based model as a major reason for measuring their social and community impact:

I think it also, quite candidly, it's part of our mission we want to become a large financial institution investment firm that's really focused on furthering social and environmental, positive social and environmental impacts with the projects that we finance and get to the point where we can start to, in a really much more detailed way, demonstrate that there's a financial component that you can measure with those things.

Additionally, Albina Community Bank responded in kind: "Um, I think just because of who we are. The bank was founded to make a difference in the community and unless we're actually measuring it we don't really know what impact we're making."

SBEC also has mission-related metrics embedded into their measurement method. They state their mission-based work as a driver of their measurement activities. When

³² See CDFI section in Literature Review.

asked what their major reasons for measuring their social and community impact are,

Mike Dickerson responded:

Because what gets measured gets done. Um, and if you don't measure your impacts, you don't really know what you're accomplishing. And I think the last is that we measure them so that we can learn and get better at what we do, so we can be even more impactful.

Mike Dickerson of SBEC claimed that the real question, when discussing the uptake and use of social and community impact reporting, might be how to expand mission-based activity:

So the question really should be how do you expand the mission-based institutions or mission-based investment? And then how do you want to measure that? Because if you're expanding someone's mission then that should then incorporate all the way down through to the teller.

Stakeholders: The reporting demands of the organization's external stakeholders, i.e. clients, investors, customers, community.

Every case is required to have an Advisory Board that represents the low-income community in which they operate under the Accountability Test of the CDFI Fund;³³ the stakeholder factor is one that greatly facilitates the uptake and use of meaningful social bottom line measurement methods.

SBEC, Washington CASH, and MercyCorps NW have private and public interests that demand social and community impact data, although they are not directly involved in the development of the metrics. Albina Community Bank listed both their

³³ "accountability to residents of low-income communities through their representation on any governing board of the entity or on any advisory board to the entity." (CDE certification guidance, CDFI Fund website, 2001)

private shareholders and customers as stakeholders who they target with their social and community impact data:³⁴

...then we do a quarterly statement stuffer to all of our customers and shareholders as well, just because again I think it's important for us to communicate back what we're doing.

I think that's probably the biggest thing that it does for us is that it actually shows people if you place your deposit dollars here, were the same as any other bank, but then we also have a social mission and this is what we're able to do with your business.

The case with the strongest rating on this factor was Portland Family of Funds. Colin Rowan mentioned multiple times their close relationship with their investors and advisory board as drivers for how and why they measure their social and community impact, as well as their concern for the Portland community when making investment decisions:

...but looking at the contextual side has absolutely influenced our decisions and really asking the question about need for a project and what's the need for a project in a community and who's needs are those? Does it reach beyond the immediate stakeholders in a project to have broader impacts in a community?

They are held accountable to their advisory board for their social and community impact with their real estate development deals: "...we kind of take you know a narrowed down field of projects to our advisory board, make recommendations but present all the projects to them and let them push back..."

³⁴ For further discussion, see following section on Marketing.

Funders: The reporting demands of the organization's funders.

Three cases mentioned how their measurement methods are highly influenced by the reporting demands of their funding sources and scored high on this uptake and use factor. Shorebank Enterprise Cascadia acknowledged receiving funding as a major motivation for measuring their social and community impact roughly seventeen times throughout the interview: "...it became apparent to us that we were targeting, and it's really where you get your money, things you have to report." For Washington CASH, I interviewed the Grants Manager, and she mentioned funding as a primary reason for measuring their social and community impact ten times throughout the interview: "...we always have to prove to them every year that we're doing substantial work..." and "...we need to report back to funders about our impacts..."

MercyCorps NW also discussed their relationship with funders and how this affected their impact measurements. For them, the demands from funders were so prominent that they caused organizational complications, where employees were more driven by their respective funding sources than by MercyCorps' operational goals. Because of that, they had to develop a more streamlined strategy for measurement and MicroTest was implemented:

And one of the issues we faced, this organization, five or six years ago was, different people within the organization, they were funded by different funding sources, felt like they were funded and tracked by them...So they literally started to orient their work, their life around somebody else's funding channel. So, I called it the funding fog. So they sort of almost act as if they were working for the funder...

Portland Family of Funds and Albina Community Bank do not rely on grant funding for their financial resources, moreover they are supported by their investors. Colin Rowan described the fiscal structure of Portland Family of Funds: "So originally we were seeded with a loan from PDC which has been fully repaid and so, we're, from a financial standpoint totally self-sufficient... There's no foundation money, there's no donations. We're on our own."

And Susan Beall explained Albina Community Bank as follows:

We're owned by, I think we've got about 350 shareholders now, and they own the bank so that's where we receive a lot of our capital support. As far as the rest of our funding, it's all through lending and deposit accounts and the fees that are associated with any of those.

In this way, the external reporting demands of funders does not apply to these two cases as an uptake and use factor of social and community impact reporting.

Marketing: An organization differentiating themselves as “socially-minded” and communicating this to their customers and shareholders.

Perhaps the most prominent critique of the Triple Bottom Line movement is its lack of real meaningfulness and its slant toward simply being another form of marketing for an organization. With the private industry, marketing as a driver for measuring social and community impact is prominent as firms strive to differentiate themselves by being “socially responsible.” However, because the very definition of the cases studied here (CDEs) already implies an inherent concern for their social and community impact, these organizations may not have this same desire and did not extensively discuss marketing as an uptake factor.

There were three cases that explicitly mentioned marketing as a motive for their social and community impact reporting. Mike Dickerson of SBEC stated that they are attempting to improve their “relationship and positioning” as an organization: “...so here's what folks see if they go to our website, they want to see what our measured outcomes are, and we've been doing this since 2003.” Shorebank is perhaps the best known nationally as an organization that critically thinks about its TBL performance; their image as a socially and environmentally conscious lending institution is well-regarded and prominently displayed. Jorji Knickerhm of Washington CASH explicitly listed marketing as a major reason for measuring their social and community impact: “...marketing our organization out into the world. Both to clients to try to get them involved with us, but also getting volunteers involved and mentors and donors, we need that kind of evaluation.” When setting up an interview with Albina Community Bank, I was directed to their Marketing Director, Susan Beall. She was the person who was most knowledgeable about their social and community impact measurement methods, as her position is the one primarily responsible for managing all data collection, analysis and reporting. When discussing their measurement method, Beall commented:

I think that's probably the biggest thing that it does for us is that it actually shows people if you place your deposit dollars here, we're the same as any other bank, but then we also have a social mission and this is what we're able to do with your business.

Although these three cases did mention marketing as an uptake and use factor, overall it was not a dominant emergent theme in the interviews. None of the cases extensively discuss marketing as the context in which they measure themselves. Moreover, these organizations are more concerned with different external factors such as

their funders, stakeholders, and their clients. Marketing implies selectively reporting information in order to uphold an image that attracts investment, generally without complete transparency. The cases indeed discuss attracting investment as a motive when talking about their funders, stakeholders, and clients; however they did not use the term marketing to describe these efforts.

Regulation: The extent to which the performance metrics are dictated by legislation.

Nearly every case discussed regulation as a mechanism to increase the uptake and use of social and community impact measurement and reporting. They all recognized the importance of accountability, and that if organizations are not required to report their social and community impact they are less likely to do it in a meaningful way, if at all. Portland Family of Funds mentioned the New Market Tax Credit regulation requirements as their main reason for measurement:

...the major self-serving reason is that, in particular the New Market Tax Credit program we work with, it's a competitive program that you're applying for every year for this award of tax credits that you can then syndicate out, and you need to be able to demonstrate what your community impacts have been with previous awards or with other areas of your business so, raw competitive rationale for it.

Albina Community Bank also mentioned the reporting requirements of the CDFI Fund in order to receive BEA awards as a major motivation for how and why they measure their social and community impact. "...if we're going to apply for BEA awards and different things to help us raise capital and leverage out our services then we need to come up with a proper tool that actually reports back what we're doing."

Although only two of the cases rated high for this factor, all of the interviewees seemed to recognize that accountability through regulation is an essential part of

meaningful measurement and reporting. When asked what it would take for more traditional financial institutions to adopt social and community impact measurement methods, Mike Dickerson of Shorebank Enterprise Cascadia said:

I don't think you're going to see financial institutions changed unless they're regulated to change. That there'll be that anomaly here and there of one that does it partly possibly from a market perspective, but regulated institutions are so regulated that thinking they're going to regulate themselves in some kind of social measurement way on top of all the regulations that they have to do is not very realistic. They might do it to a degree that tells a story of this or that to target investors for deposits or something. But in a disciplined way? They're regulated institutions, so they're motivated by regulations.

Colin Rowan of Portland Family of Funds also discussed the need for more robust accountability in the marketplace, namely the ability to price externalities and hold organizations accountable for them:

It's the whole idea of externalities and markets don't price the externalities in, you know, free markets don't. Everybody talks about that with the environmental side but it's certainly true for the social side too. And until we get more robust in our measurement systems and until corporations *have* to absorb and face and pay the price for or benefit for those externalities, I don't see that it gets adopted in a widespread manner.

Also, Susan Beall from Albina Community Bank answered:

I'm not at all for regulation, but in a way it would almost make sense if it was something that everybody had to report on. I mean right now I guess every bank has to provide a CRA report which shows what they're doing in the local neighborhoods. That, I think, has helped a lot of the bigger banks come back to the community part a lot more because they're almost forced to, they've got to provide the CRA report and show what they're doing in local neighborhoods. I hate the regulation of it but in a way it forces companies to come back to why they were originally founded to begin with. So that could possibly be an idea.

Historically, it is widely known that it was the Community Reinvestment Act legislation that helped banking practices in the United States become more fair and

equitable; prior to that banking practices included “redlining” certain neighborhoods and arbitrarily denying loans and services in discriminatory ways (Immergluck, 2008). Mike Dickerson also mentioned this:

But from a social side, which is what you're asking the question. The CRA, the community reinvestment act, which has been around for a long time and it's had the teeth gutted from it for the most part on and that that is, Um, how banks responded to that was to find the lowest common denominator for us to do, which is affordable housing and so we're going to invest in these large affordable housing things and therefore we can boost our CRA score up and blah blah blah. And so it's a kind it is what it is, if you're regulated. If you're regulated you'll do what you have to do unless you're a mission-based institution. You're really not going to go beyond that. Your shareholders will not want you to go beyond that.

Third Party Utilization: Utilizing a third party in order to measure their social and community impact.

Washington CASH and MercyCorps NW are the only two cases that use a third party as the primary analyzer of their social and community impact data. SBEC also mentioned utilizing a consultant to help them with their defining and conceptualization process around their metrics, but their data collection and analysis is done internally: “Our track record is that we hire folks to help us, that we love outside eyes, but that we're active in participating in all of this stuff...”

Washington CASH relies heavily on The Aspen Institute’s MicroTest to analyze their data, mostly due to their capacity restraints: “It's real positive that we have MicroTest. It's nice that we can put some time in, collect the data and then send it to someone else and they'll do a lot of number crunching for us.” Additionally, MercyCorpsNW is very satisfied with utilizing MicroTest: “And that made it a lot less painful for us. We didn't have to pay one of our staff and shuffle it around.” These

comments support the idea that having a third party or trade organization in place that can be utilized by smaller organizations³⁵ can facilitate the uptake and use of social and community impact reporting, who might otherwise be unable to due to their lack of capacity.³⁶ They have an appreciation for the opportunity to be part of a larger microenterprise community:

And they had aggregated data from other organizations so they already had a basic experience that was viable for us to compare ourselves to immediately...made this one good for us rather than tracking our stuff independently and saying, here we are, because we could never say how we are relative to theirs...so this afforded that comparative opportunity.

Jorji Knickerehm of Washington CASH said:

...we always feel really fortunate that we are working in a field that has this whole outside objective organization, the Aspen Institute, that wants to study the field of microenterprise and thinks that it is a poverty alleviation tool and so they're putting a lot of resources into it and so they're doing a lot of things that we couldn't have done on our own.

The tradeoff to having predetermined and standardized metrics, however, is that these organizations might be missing out on important process-oriented benefits that come with internal data management and analysis. Additionally, the third party metrics might not fit exactly the organization's particular activities, thereby not accurately measuring their social and community impact. MercyCorps NW recognized this tradeoff: "Well, and we are confined pretty much to the MicroTest which is that whole first category of very concrete results, it just kind of ignores the whole area of new models, new systems, any kind of system change..."

³⁵ See the financial details of cases in Appendix. Washington CASH and MercyCorps NW are significantly smaller operations than the other cases.

³⁶ They also scored the lowest on the capacity uptake factor.

Meaningful measurement:

The research question includes the concept of *meaningful* measurement for the cases selected. I specifically chose Community Development Entities who have received CDFI Fund awards in an attempt to study those organizations that are most concerned with measuring their social and community impact in a meaningful way. They have incentive to measure their social and community impact to the CDFI Fund in order to receive these awards; additionally, they are increasingly required to provide social and community impact data to their funders and stakeholders (Pinsky, 2001; Bernake, 2006; Smith, 2008). My case selection was based on the assumption that CDFI Fund awardees critically think about and utilize meaningful social and community impact measurement methods.

Given that much of the debate surrounding the social dimension of the TBL framework discusses how often this reporting has no real weight or accountability, I asked each case during the interview a couple of questions that aimed to find out from them whether or not their collection and analysis of their social and community impact data actually had an effect on their operations. Additionally, I asked each case what it would take for the larger traditional financial industry to adopt meaningful social and community impact reporting. These interview questions were intended to help better understand the mechanisms that drive organizations to integrate their social and community impact data into their operations in a way that holds meaning for the organization and its activities.

When asked about the larger financial industry, each case gave similar answers. They all recognize that a wider adoption of meaningful social and community impact reporting would require a paradigm shift, where organizations thought differently about maximizing returns, in a way which included and accounted for their non-financial impacts. The two types of responses by the cases were that of increased accountability through regulation and increased incentives through market forces.

SBEC and Albina Community Bank mentioned regulation as the way to shift thinking in the industry and increase the importance of social and community impact data. Mike Dickerson of SBEC bluntly stated:

I don't think you're going to see financial institutions changed unless they're regulated to change. That there'll be that anomaly here and there of one that does it partly possibly from a market perspective, but regulated institutions are so regulated that thinking they're going to regulate themselves in some kind of social measurement way on top of all the regulations that they have to do is not very realistic. They might do it to a degree that tells a story of this or that to target investors for deposits or something. But in a disciplined way? They're regulated institutions, so they're motivated by regulations.

Susan Beall of Albina Community Bank also said:

I hate the regulation of it but in a way it forces companies to come back to why they were originally founded to begin with. So that could possibly be an idea. And I'll say it again, even though I hate the regulatory part of it. I don't know, it's always hard to open up peoples' eyes to different things, but I think once you are able to open them, it really makes a big difference and it would maybe get people to start thinking more about social impact banking or just social impact as well.

The other three cases believe that a paradigm shift can occur through market forces, that once the inclusion of social and environmental data can be made compatible with the financial bottom line, organizations will have the incentive to measure their social and community impact. As one report on corporate sustainability states: "The Holy

Grail is to convince investors that sustainability issues are material to both the bottom and the top lines.” (*Tomorrow’s Value*, 2006, p. 21).

Colin Rowan of Portland Family of Funds extensively discussed this conundrum and overarching hope for reconciliation:

...we just haven't found the answer, you know that comes in a package that we can plug in and go with, so I think we have a long ways to go before we can be, ultimately what I want to do is tie back the financial success of a project with the social and environmental returns...it's that kind of information, whether it's the individual case study or a huge portfolio analysis where you can show people there is a return here.

John Haines from MercyCorps NW believes that it will be a shift driven by market forces: “I think the market is going to pull companies to do it, it already is. I think the market pull has to happen, it could be regulated, but I think the market pull is more of an inducement.”

And Doug Cooper then added:

There might be other factors too over time. The education system, as MBA programs and business schools start to pay a little more attention to that, at least becomes a part of the consciousness of new people moving up into management and maybe over time that will have some effect too, probably not as fast or as effective or quick as market pressures but it's planting the seed at least.

Jorji Knickerehm of Washington CASH also saw wider adoption coming from a change in thinking in the market, and that without it, financial institutions would only be concerned with their profit:

You know, it comes down to, with for profit organizations to money, to making money obviously...Massive will. A change in our national focus from pure capitalism to more environmentalism and social justice. You know, it's not widespread at this point.

As for their own levels of meaningful adoption, all answered affirmatively to whether or not their social and community impact measurement methods influenced their investment decisions. The examples they gave showed that their level of rigor and ability to screen for decisions that would lead to a positive social and community impact fluctuated; for example, SBEC has a Credit Committee that examines and is responsible for approving all loans for their financial as well as social characteristics. Contrarily, Portland Family of Funds makes their investment decisions in a more casual manner with the internal management team, followed by their advisory board. "...And so, so that decision, that conversation, which is pretty subjective at the end of the day, it is only as good as the information, you have to kind of paint the picture." Washington CASH and MercyCorps NW implied looking at their programmatic and financial data in order to determine whether to adjust their investment decisions; that the financial success of their microenterprise operations determined their social and community impact.

Albina Community Bank specifically mentioned internal shifts in their organizational structure in order to adjust their resource allocation because of social and community impact data. The specific example given was restructuring their loan department to more aggressively outreach and provide services to nonprofits.

Given that each case conducts community economic development activities in very different ways, their variation of metrics and methods makes comparability difficult. Further research could look at organizations that have identical community economic development strategies, which would allow for an apples-to-apples kind of comparison regarding the relative rigor among their respective metrics.

Conclusion:

Accounting for the social dimension of the Triple Bottom Line framework is challenging due to a lack of compatibility with the financial bottom line, a lack of clear definitions and standard and comparable measures, and a lack of accountability. The cases in this study have negotiated these difficulties with some success, but the uptake and use of meaningful social and community impact reporting by organizations in the CDFI industry is to some degree influenced by the same factors that affect all types of organizations, as they are stated in the literature.

Having a socially-minded business model was shown here to be an important strategy in confronting the lack of compatibility with the financial bottom line. For example, SBEC has developed particular investment strategies in rural communities that produce returns for all three bottom lines, namely their septic loan program. Additionally, Washington CASH and MercyCorps NW base all of their investment activities on the microenterprise development model, which assumes a direct positive link between successful financial transactions and improved social conditions for their clients. Portland Family of Funds is driven to prove that a positive social and community impact will lead to stronger financial returns, but has yet to be able to do this. Albina Community Bank has no part of their measurement method that links their social and community impact data into their business operations and decisions. They are however, very interested in using these data to market their financial activities in order to attract customers and shareholders. In this way, the social bottom line can bring positive financial returns through its marketability.

The case with the most developed and clear definition of their social bottom line was Shorebank Enterprise Cascadia. They found that having an extensive defining process with their employees and stakeholders, as well as implementing their measures into their employee performance plans were both important pieces of having well-understood social and community impact measures. Washington CASH and MercyCorps NW have had some success in utilizing a third party to define and measure their social and community impact in a straightforward manner. They still struggle, however, with having the capacity and resources to have an extensive internal defining process. Instead, they rely on the Aspen Institute's MicroTest and their prescribed definitions and measures, as it provides a way for them to measure themselves at a national scale without having to invest a lot of their staff time or budget. Portland Family of Funds and Albina Community Bank developed their definitions primarily through conversations amongst management that were driven by the US Treasury CDFI Fund Award requirements. All of the cases have experienced a heightened sense of social and community impact focus and purpose because of their stated missions; every one cited this as their principal gauge in defining and measuring their social bottom line.

These cases' level of accountability regarding their social and community impact data is more rigorous than for other organizations due to the external demands from stakeholders, funders and regulation requirements. These external demands greatly influence how and what they measure, as there are direct consequences to not meeting these reporting demands from the US Treasury, first and foremost, and also from funders and socially-minded investors. Additionally, Albina Community Bank relies on its

shareholders, and so it is important for them to differentiate themselves as a successful community development bank through appealing monthly social impact statement stuffers.

Overall, the cases studied cited that the factors most facilitating their uptake and use of meaningful measurement methods were external expectations stemming from funders, stakeholders, and regulation requirements, as well as marketing their activities. Internally, these organizations are driven by their socially-minded mission and business model. Additionally, SBEC in particular has found that integrating and disseminating their measures through staff involvement is effective. The factors that have inhibited these cases' uptake and use of meaningful social bottom line reporting are a lack of sufficient capacity to collect and analyze the social impact data and struggling with how to best define and conceptualize their social bottom line measures. Although these cases were chosen under the assumption that they are leaders in advancing the thinking around the social bottom line, this study found that they also struggle with being able to conceptualize and operationalize appropriate social and community impact measures.

Previous research has discussed the importance of external accountability in affecting the uptake and use of meaningful social bottom line reporting; this study further reveals that organizations strongly respond to this. This study found that external demands for social and community impact data play a huge role in how and why the cases measure their social bottom line. Although internal factors such as having a socially-minded mission and business model, as well as including it in employee performance plans and having sufficient capacity play a part, these cases were very much

motivated by the information demands from funders and from their required reporting by the US Treasury CDFI Fund. All of the cases expressed a desire to measure their social and community impact, but the actual measures and data collected are greatly influenced by what is demanded of them by external forces. This finding could help shape policy to require more extensive social bottom line metrics by funders, investors, and government funding sources; as well as to include resources to fund the data collection activity in order to ensure that organizations have the ability to follow through with those demands. Given that CDFIs are a funding intermediary in community development, requiring more rigorous social impact data could in turn influence the data reporting of their loan recipients.

The limitations of this study are that I could not sufficiently conclude the level of meaningfulness of the cases' measurement methods. The assumption that these organizations are more rigorous than most that currently utilize the TBL framework because of the CDFI industry standards cannot be proven. This study could be further developed by following up with a comparative test between the results of these organizations' measurement methods and how they are perceived by their employees and community. It could be a more extensive way to test the meaningfulness and accuracy of the cases' measurement methods, in that it would compare their results to the perceptions of their stakeholders and actual impact. This could be done through document analysis, interviews, and community or client surveys. An internal/ external analysis of their actual social and community impact and what their measurement methods have found would help determine the accuracy and effectiveness of their social and community impact

reporting. Further research could also explore the socially-minded mission uptake and use factor, as it was by far the strongest facilitator for these particular cases. It is worth looking more in-depth into how developing a mission-based strategy might increase uptake and use of social bottom line reporting.

Additionally, it would be beneficial to conduct a similar research study that examines the factors that facilitate or inhibit the uptake and use of meaningful social and community impact reporting *along* sector lines (for profit, non-profit, and governmental) in order to look at how these factors are stronger or weaker depending on each respective sector's organizational makeup and stakeholder relations. This study exclusively looked at organizations in the CDFI industry under the assumption that they are a type that is more critically concerned with the social bottom line than most. Although this offers important insights, CDFIs have a unique financial structure which makes deriving larger generalizations imprudent. Making comparisons within each sector, as well as across sectors, would further and more specifically test which factors strongly serve as mechanisms in the uptake and use of social and community impact reporting. These insights would be useful for further understanding the factors that enable organizations of all types to measure their social bottom line in a meaningful way.

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Appendix A: Financial Characteristics of Cases

Name:	Type:	Financials:	Status:	Year:	Award Program:	Amount:
Albina Community Bank	Bank	Dec-07 Assets \$165,512,006 Liabilities \$172,064,460	For Profit	1997 2000 2001 2002 2003 2004 2005 2006 2007	CORE BEA BEA BEA BEA TA BEA BEA BEA	\$400,000 \$171,217 \$913,526 \$1,014,750 \$747,352 \$84,000 \$234,000 \$500,000 \$500,000 \$4,564,346
		2008 23 Real Estate Projects \$1.1 Billion 1 Small Business Loan Fund, \$1 Million 4 Solar Installations, \$2.5 Million		Not for Profit		2003
MercyCorps NW	Loan Fund	Jun-07 Assets \$1,584,501 Liabilities \$1,468,890	501(c)(3)	2002 2004	SECA TA	\$185,000 \$50,000
Washington CASH	Loan Fund	Jun-08 Assets \$513,255 Liabilities \$183,893	501(c)(3)	1999 2000 2004	SECA CORE TA	\$40,000 \$200,000 \$40,000
Shorebank Enterprise Cascadia	Loan Fund	2007 Assets \$31,791,835 Liabilities \$20,707,219	501(c)(3)	1996 1998 1998 1999 1999 2000 2003 2004 2004 2006 2006	CORE CORE CORE SECA SECA NMTC FA TA FA NMTC	\$280,000 \$600,000 \$1,170,000 \$503,000 \$2,000,000 \$50,000 \$50,000 \$8,000,000 \$350,000 \$49,990 \$565,000 \$35,000,000 \$48,367,990

Appendix B: Cases' Measurement Methods

Case:	Measurement Method:	Metrics:
<p>Albina Community Bank</p>	<p>Fiserv: A financial data management system. Community Impact Scorecard: Metrics Developed by Albina Community Bank.</p>	<p>Community Impact Scorecard: Nonprofit organizations as customers Funds generated by the VISA Loop card New Commerical Loans New Business microloans Small Business Administration Loans Jobs created/ maintained from loans Affordable Housing Development Loans Albina Diversity Score Total Volunteer hours by Employees</p>

Case:	Measurement Method:	Metrics:
<p>Portland Family of Funds</p>	<p>IMPLAN: An economic analysis tool widely used by organizations in order to either predict or describe the economic impacts of business activity.</p>	<p>IMPLAN:</p> <ul style="list-style-type: none"> <u>Direct Economic Impacts:</u> Derived from the construction budget and the resulting financial flows. <u>Direct Employment:</u> Examples include construction jobs on the project, support jobs in construction company offices, and new retail jobs in stores within the project. <u>Full Time Equivalent (FTE):</u> Measures number of jobs anticipated through measuring hours of labor. <u>Indirect Impacts:</u> Those caused as a result of the project's demands. <u>Induced Impacts:</u> Occurs when the economic benefits of the project spread into the community as new wages of project workers are spent. <u>Fiscal Impacts:</u> New and retained tax revenues; can include direct, indirect, and induced business taxes, property taxes, lodging taxes, sales taxes, income taxes.
<p>Portland Family of Funds</p>	<p>Community Impacts Measurement System: Developed by the Portland New Markets Fund Advisory Board "which identifies desired community returns and impacts on New Market projects, and outlines metrics by which they can be measured."</p>	<p>Community Impacts Measurement System:</p> <ul style="list-style-type: none"> <u>Income Related Measures:</u> <ul style="list-style-type: none"> Job Creation Census Tract and M/ W/ ESB Participation Access to Business Capital <u>Wealth Creation Measures:</u> <ul style="list-style-type: none"> Business Ownership Training and Technical Assistance <u>Environmental Return Measures:</u> <ul style="list-style-type: none"> Sustainability Transit Quality of Life <u>Indirect Community Impacts:</u> <ul style="list-style-type: none"> Business Impacts Corollary Wealth Creation Resident Impact

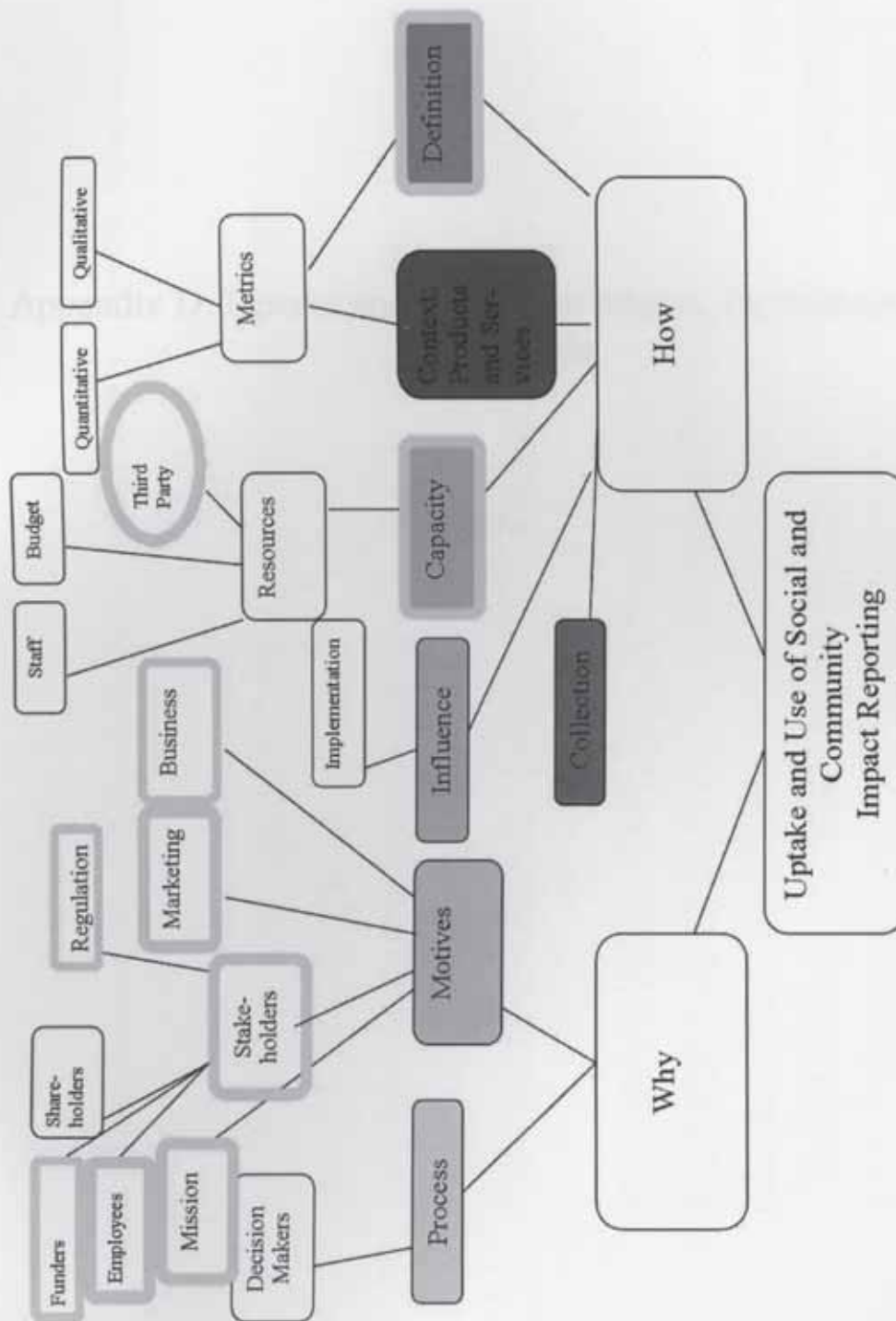
Case:	Measurement Method:	Metrics:
<p>Washington CASH</p>	<p>Micro Test: Aspen Institute measurement tool that is conducted on an annual basis and measures microenterprise performance.</p>	<p>Micro Test: <u>Target Group Identification and Outreach:</u></p> <ul style="list-style-type: none"> • Who is the program serving? • Is the program fulfilling its outreach mission? <p><u>Program Scale Achievement:</u></p> <ul style="list-style-type: none"> • How many clients received credit and/or training-related services? • What is the magnitude of program services delivered in a fiscal year? • What is the volume of lending activity? <p><u>Credit Program Effectiveness:</u></p> <ul style="list-style-type: none"> • What is the quality of the portfolio? • How does the level of risk in the portfolio influence portfolio quality? <p><u>Training Program Effectiveness:</u></p> <ul style="list-style-type: none"> • To what extent does the program succeed in assisting clients to achieve key training objectives? <p><u>Program Efficiency and Sustainability Measures:</u></p> <ul style="list-style-type: none"> • How efficiently does the program use internal resources? • How self-sufficient is the program? • How diversified is the funding?

Case:	Measurement Method:		Metrics:
<p>MercyCorps NW</p>	<p>Micro Test: Aspen Institute measurement tool that is conducted on an annual basis and measures micrenterprise performance.</p>	<p>Micro Test: <u>Target Group Identification and Outreach:</u></p> <ul style="list-style-type: none"> • Who is the program serving? • Is the program fulfilling its outreach mission? <p><u>Program Scale Achievement:</u></p> <ul style="list-style-type: none"> • How many clients received credit and/or training-related services? • What is the magnitude of program services delivered in a fiscal year? • What is the volume of lending activity? <p><u>Credit Program Effectiveness:</u></p> <ul style="list-style-type: none"> • What is the quality of the portfolio? • How does the level of risk in the portfolio influence portfolio quality? <p><u>Training Program Effectiveness:</u></p> <ul style="list-style-type: none"> • To what extent does the program succeed in assisting clients to achieve key training objectives? <p><u>Program Efficiency and Sustainability Measures:</u></p> <ul style="list-style-type: none"> • How efficiently does the program use internal resources? • How self-sufficient is the program? • How diversified is the funding? 	

Case:	Measurement Method:	Metrics:
<p>Shorebank Enterprise Cascadia</p>	<p>Triple Bottom Line Metrics: SBEC's own performance measurement system designed to measure their mission performance. These metrics are combined with business metrics in a Balanced Scorecard approach.</p>	<p>Triple Bottom Line Metrics: <u>Equity Indicators:</u> Low/ Moderate Income Families Assisted, measured in number of families Minority/ Women Businesses Assisted, measured in number of businesses Local Land Tenures Supported measured by dollars <u>Environmental Indicators:</u> Contaminated Water Treated, measured in gallons Certified or Sustainable Acres, measured in acres Linear Feet of Riparian Zone Impacted, measured in feet <u>Economic Indicators:</u> Jobs Created and Retained, measured in number of jobs Third Party Investment Leveraged, measured in dollars Secondary Value Adding Enterprises measured in number of firms</p>

Case:	Measurement Method:	Metrics:
<p>Shorebank Enterprise Cascadia</p>	<p>Resilience Metrics: Another framework for measuring their mission performance; yet to be fully implemented.</p>	<p>Resilience Metrics: <u>Family Resilience:</u> -Economic Opportunity: Alleviate financial insecurity through vehicle or micro loan products and consulting products to further economic opportunity. -Access to Essential Services: Increase access to essential services by increasing the number of facilities available and improve the capacity of non-profit service agencies through using community facilities loan and real estate consulting expertise. -Preserving Social and Cultural Traditions: strengthen industry sectors that provide employment outside of the service sector for individuals without college degrees, restore traditional lands to Native American Tribes through acquisition, preserve and expand small family farms as viable through applying business and real estate lending and business advisory consulting services and provide fund management services and technical assistance to Native CDFIs.</p>
		<p>Economic Resilience: -Rural Competitiveness: Centralize commercial, retail, educational, medical, entertainment and other amenities in rural economic centers capable of supporting appropriately-scaled value-added production. -Green Collar Jobs: Invest in enterprises that expand the economic activity associated with the green economy. Link employers with work force training and education efforts producing skilled employees appropriate for the green economy. <u>Ecological Resilience:</u> -Nature Preservation: increase amount of land preserved and the capacity of stewardship organizations. -Reducing and Sequestering Carbon Impacts: Launch new products that reduce carbon emission and increase supply of renewable energy in the region. -Minimizing Environmental Impacts: Prioritize lending and consulting outputs that reduce the threats to resilience.</p>

Appendix C: Interview Coding Theme Tree



Appendix D: Uptake and Use Factor Matrix, Definitions, and Rating Scale

Uptake and Use Factors:

Internal:

Business Model:



Staff Involvement:



Capacity:



Definition:



Mission:



External:

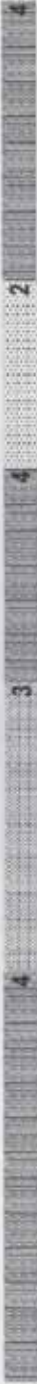
Stakeholders:



Funders:



Marketing:



Regulation:



Third Party Utilization:



Uptake and Use Factors:	Sources:
<i>Internal:</i>	Overview:
Business Model:	The ability of the organization to integrate their social and community impact into their business model and operations. Emerson, 2003; Dees, 1998, Waddell, 1995; Ratcliffe, 2007
Staff Involvement:	The degree that measurement methods are integrated into their employee performance plans. Lewis and Watson, 2007; Figge et. al, 2002, Madan, 2007; Zadek, 1999
Capacity:	The capacity to collect, store, and analyze social and community impact data. CEI, 2006; Hagerman, 2007
Definition:	The clarity of the definitions and conceptualizations of the social bottom line metrics and how they are congruent with the mission and operations of the organization. Vancly, 2004; Zadek, 1999; Gray and Milne, 2002; CEI, Inc., 2006
Mission:	The degree that the organization has and is held accountable to a socially-minded mission. Christensen and Ebrahim, 2006; Stid and Bradack, 2009

Uptake and Use Factors:	Overview:		Sources:
External:			
Stakeholders:	The reporting demands of the organization's external stakeholders, i.e. clients, investors, customers, community.		Clarkson, 1995; Idowu and Pappasolomou, 2007; Smith, 2008; Gray and Milne, 2002;
Funders:	The reporting demands of the organization's funders.		Bernake, 2006; Greenspan, 2003; Madan, 2007; Pinsky, 2001;
Marketing:	An organization differentiating themselves as "socially-minded" and communicating this to their customers and stakeholders. This is different than regulation or funding and stakeholder demands for information in that it is a more arbitrary display of their performance.		Brown, Dillard, and Marshall, 2008; Epstein, 2007; Idowu and Pappasolomou, 2007; Norman and MacDonald, 2004;
Regulation:	The performance metrics that organizations are held accountable to by legislation.		Immergluck, 2008; Pinsky, 2001, Vancly 2004; Gray and Milne, 2002
Third Party Utilization:	Utilizing a third party in order to measure their social and community impact. This can help the measurement process because the organization doesn't need to use their own resources to measure and it can provide standardization of measurement. However, it can eliminate a robust internal defining process, and the prescribed method can exclude important variation.		Hagerman, 2007; CEI, Inc.

Uptake and Use Factors:

	1	2	3	4
Internal:				
Business Model:	Not dependent on their social and community impact.	The organization consults social and community impact data to make investment target decisions.	The organization relies on their social and community impact data to drive investment target decisions.	The social and community impact data is integrated into their business plan.
Staff Involvement:	Employees not involved in measurement method.	Staff give some input into measurement methods.	Staff highly involved in process of developing measurement method.	Staff involved in and directly held accountable to the results of the measurement method.
Capacity:	Organization has little capacity/ Utilizes a third party	Organization uses existing financial database to store and analyze social impact data	Organization has a separate database to store and analyze social impact data	Organization has an integrated database system that stores and analyzes combined financial and social impact data.
Definition:	No process has occurred to help develop a common definition around social impact concepts and definitions	A casual process has occurred among management	There has been an extensive process around developing a common understanding among the whole staff around social impact	There has been an extensive process among staff and stakeholders. Common metrics have been developed and implemented that align with the organization's mission and business plan.
Mission:	The organization has no socially-minded mission	The organization is not held accountable to their mission	The organization is required to demonstrate mission-related impacts	The organization has implemented mission-related metrics into their performance measurement and business operations.

External:	1	2	3	4
	Uptake and Use Factors:			
Stakeholders:	Stakeholders do not demand any social or community impact data.	Private shareholders are interested in social and community impact.	Private and public interests demand social and community impact data.	Stakeholders are involved in the development of the social and community impact metrics and they hold the organization accountable to them.
Funders:	Funders do not demand any social or community impact data/ The organization does not depend on funders.	The organization depends very little on funders.	The organization is interested in attracting funds with their social and community impact data.	A significant amount of resources comes from funders who demand social and community impact data.
Marketing:	There is no display of social and community impact data.	There are social and community reports available to the public.	The organization primarily identifies with the "TBL" or "socially-conscious" brand.	There are regular advertisements of what social and community impact the organization is making.
Regulation:	The organization is not dependent on government programs for funds/ is not regulated by community development legislation.	The organization has received CDFI Fund Awards.	The organization depends on CDFI Fund Awards for its business operations.	The organization admits regulation/ reporting requirements as the drivers for their social impact measurement.
Third Party Utilization:	The organization uses no third party for its measurement method.	The organization sees value in using a third party.	The organization uses a third party as well as their own internal measurement method.	The organization utilizes only a third party for their measurement method.

Appendix E: Social Bottom Line Terms

Term:	Definition:	Source:
Community Impact Assessment	Measuring the impact on the community of such activities as infrastructure change or policy initiatives.	US Department of Transportation
Corporate Social Responsibility	The action of companies looking to measure and define their social and environmental impact in addition to their profits.	Gray, Owen and Maunders, 1987
Double Bottom Line	Measuring the financial and the social outcomes of investment.	Flynn et al., 2007
Performance Measurement	The process of developing measurable indicators that can be systematically tracked to assess progress made in achieving predetermined goals and using such indicators to assess progress in achieving these goals.	IAAO
Quality of Life	The perceived level of felt satisfaction and well being of an individual or community.	The Economist Quality of Life Index
Social Accounting	Oftentimes used to describe physical and psychological health. The process of communicating the social and environmental effects of organisations' economic actions to particular interest groups within society and to society at large.	Gray, Owen and Maunders, 1987
Social Audit	Review of the public-interest, nonprofit, and social activities of a business. These audits usually are performed primarily for internal benefit and typically are not released to the public. The social audit may be performed routinely by internal or external consulting groups, as part of regular internal audits. These evaluations consider social and environmental impacts of business activities.	Siegel and Shim, 2001
Social Bottom Line	The social component of the Triple Bottom Line	
Social Capital	The individual and communal time and energy that is available for such things as community improvement, social networking, civic engagement, personal recreation, and other activities that create social bonds between individuals and groups.	Centers for Disease Control and Prevention
Social Enterprise	Any business venture created for a social purpose--mitigating/reducing a social problem or a market failure--and to generate social value while operating with the financial discipline, innovation and determination of a private sector business.	Virtual Ventures LLC
Social Impact Assessment	Social impact assessment is the process of analysing (predicting, evaluating and reflecting) and managing the intended and unintended consequences on the human environment of interventions (policies, plans, programs, projects and other social activities) and social change processes so as to create a more sustainable biophysical and human environment.	Vancly, 1999
Social Sustainability	For a community to function and be sustainable, the basic needs of its residents must be met. A socially sustainable community must have the ability to maintain and build on its own resources and have the resiliency to prevent and/or address problems in the future.	City of Vancouver Director of Social Planning
Socially Responsible Investment	An investment strategy that seeks to maximize financial and social returns.	Social Investment Forum
Triple Bottom Line	An accounting technique that attempts to measure financial, environmental and social performance of an organization.	Elkington, J. (1994)

Appendix F: Social Bottom Line Measurement Methods

Measurement Methods:	Corporate:	Non-Profit:	Government:	Organization:	Summary:
Balanced Scorecard	X	X	X	Balanced Scorecard Institute	"The balanced scorecard is a strategic planning and management system that is used extensively in business and industry, government, and nonprofit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals."
CDFI Assessment and Rating System (CARS)	X	X		Opportunity Finance Network	"CARS™ uses a comprehensive methodology for rating Community Development Financial Institutions (CDFIs) in the areas of Impact Performance and Financial Strength and Performance. The Impact Performance rating is an assessment of the CDFI's effective use of its financial resources to achieve its stated mission. It includes the CDFI's own evidence and data of how its activities contribute to its mission. The Financial Strength and Performance Rating uses a CAMEL (Capital, Assets, Management, Earnings, Liquidity) analysis of the CDFI to assess the CDFI's overall creditworthiness based on an analysis of past financial performance, current financial strength, and apparent risk factors."
FiServ	X			FiServ	Information management system for financial institutions.
Genuine Progress Index			X	Redefining Progress	An alternative to the Gross Domestic Product that attempts to measure the economic activity and well-being of a society by distinguishing those economic activities that contribute to well-being from those that diminish it.

Measurement Methods:	Corporate:	Non-Profit:	Government:	Organization:	Summary:
Global Reporting Initiative (GRI)	X	X	X	Global Reporting Initiative	The most widely used international sustainability measurement and reporting tool. "G3" sustainability indicators and reporting is a free, public good. Reporting is entirely voluntary and shaped at the discretion of the organization.
Human Development Index			X	United Nations Development Programme	"Human Development is a development paradigm that is about much more than the rise or fall of national incomes. It is about creating an environment in which people can develop their full potential and lead productive, creative lives in accord with their needs and interests. People are the real wealth of nations. Development is thus about expanding the choices people have to lead lives that they value. And it is thus about much more than economic growth, which is only a means—if a very important one—of enlarging people's choices."
IMPLAN	X	X	X	Minnesota IMPLAN Group	An economic analysis tool widely used by organizations in order to either predict or describe the economic impacts of business activity. Used to create Social Accounting Matrices and Multiplier Models of local economies.
Measuring Impacts Toolkit		X		Community Development Venutre Capital Alliance	A measurement method designed for easy uptake and use by Community Development Venture Capital organizations. Utilizes an Excel spreadsheet format and focuses on employment and wage factors to measure positive social impact.
MicroTest		X		The Aspen Institute	"MicroTest is a management tool utilized by microenterprise practitioners to gauge and improve the performance of their program and the outcomes of their clients."

Measurement Methods:	Corporate:	Non-Profit:	Government:	Organization:	Summary:
RISE Social Venture Rubric		X		Columbia Business School	"The RISE Social Venture Rubric is a diagnostic tool that was developed at Columbia Business School to aid the in-class evaluation of social ventures. It was designed to stimulate for discussion and to help a student, entrepreneur, investor or consultant identify points of relative strength or weaknesses of a social venture."
Social Information System		X		Coastal Enterprises, Inc.	The measurement method utilized by Coastal Enterprises, Inc. to measure and monitor their program outcomes in order to provide funders, policymakers and staff with a better understanding of the difference it was making in achieving its mission "to help create economically and environmentally healthy communities in which all people, especially those with low incomes, can reach their full potential."
Social Return on Investment (SROI)	X	X		REDF	Incorporates metrics, business data, and social impact data. Viewed as a whole, the SROI Report is similar to a for-profit stock report. It compiles the data so that investors and funders can quickly assess the business and social performance, as well as the blended business and social performance measures of a social purpose enterprise.
Success Measures Project		X	X	NeighborWorks Network	"A participatory evaluation method designed by and for community-based organizations and their stakeholders to document outcomes, measure impact and inform change."

**Appendix G: List of CDFI Fund awardees in Oregon and
Washington**

Year:	CDFI Fund Awardees:	
	Washington:	Oregon:
1996	Cascadia Revolving Fund	Bank of America, FSB
1997	-	Albina Community Bancorp Bank of America, FSB
1998	Cascadia Revolving Fund Shorebank Enterprise Pacific Washington Assoc. of Minority Entrepreneurs Inc.	Bank of America, FSB O.U.R. Federal Credit Union
1999	Cascadia Revolving Fund Impact Capital Snohomish County Private Industry Council Timber Country Community Federal Credit Union Washington Community Alliance for Self-Help (CASH)	Bank of America, FSB
2000	Seattle Economic Development Fund d/b/a/ Community Capital Shorebank Enterprise Pacific Viking Community Bank Washington Community Alliance for Self-Help (CASH)	Albina Community Bank Community and Shelter Assistance Corporation O.U.R. Federal Credit Union
2001	Viking Community Bank	Albina Community Bank Harney County Federal Credit Union O.U.R. Federal Credit Union Portland Housing Center
2002	Affiliated Tribes of Northwest Indians-Economic Development Corp. Confederated Tribes of the Chehalis Island Enterprises (A Squaxin Island Tribal Enterprise) Northwest Baptist Federal Credit Union Washington Assistive Technology Foundation	Albina Community Bank Mercy Enterprise Corporation
2003	HomeSight Kitsap County NMTC Facilitators I, LLC Lummi Commercial Company Shorebank Enterprise Pacific	Albina Community Bank Historic Rehabilitation Fund I Portland New Markets Fund I, LLC

Year:	CDFI Fund Awardees:	
	Washington:	Oregon:

	Spokane Neighborhood Economic Development Alliance Viking Community Bank	
2004	Affiliated Tribes of Northwest Indians Revolving Loan Fund Colville Tribal Enterprise Corporation (CTEC) Newrizons Federal Credit Union Seattle Economic Development Fund d/b/a Community Capital Shorebank Enterprise Pacific	Albina Community Bancorp Central Oregon Community Action Agency Network Hacienda Community Credit Union Homestead Community Financing, LLC Mercy Enterprise Corporation
2005	AHANA Business Education and Training Program Neighborhood Assets Southwest Tribal Housing, LLC Spokane Neighborhood Economic Development Alliance The Pathfinder Fund, LLC Thurston Union of Low-Income People (TULIP) Cooperative Credit Union	Albina Community Bank Ecotrust, CDE, LLC Network for Oregon Affordable Housing O.U.R. Federal Credit Union
2006	Colville Tribal Enterprise Corporation (CTEC) Seattle Community Investments Shorebank Enterprise Pacific The Pathfinder Fund, LLC	Albina Community Bank
2007	King County Housing Authority Neighborhood Assets	Albina Community Bank National Community Fund I, LLC
2008	Community Funding Group Shorebank Enterprise Pacific Viking Community Bank Washington Community Alliance for Self-Help (CASH)	Albina Community Bank Innovative Housing, Inc. National Community Fund I, LLC Warm Springs Community Action Team

Appendix H: Interview Protocol

Interview Protocol:

Thank you for meeting with me today. I appreciate the time you have set aside to discuss the concept of the social bottom line and how your organization grapples with it. I would like to keep this interview to no more than an hour in respect of your time.

First, I'd like to get a little background on your organization for context and clarification, and then I'd like to talk about how you measure and report your social impact and how it's working for you.

Background: (five to ten minutes)

Where do you receive your funds? Who are your major stakeholders?

Describe your business model.

What is your mission?

Selecting process/ method:

Now, I'd like to ask some questions about what measurement method you use and the decision-making process around that.

What are the major reasons for measuring your social or community impact?

(Prompt: Required reporting? Stakeholder interests? Internal performance evaluation?)

What is your measurement method? What metrics do you use?

(Prompt: Number of jobs created? Loans?)

How long have you been using x measurement method?

How did you decide to choose your measurement method?

(Prompt: Could you explain the process?)

Who were the decision makers?

Mechanics:

Next, I'd like to spend some time talking about the logistics and mechanics of this measurement method.

How is the social impact data collected? How often?

Who collects the data? Who analyzes the data?

How is it paid for?

What are your limitations in measuring your social impact?

Has measuring the social impact influenced your decisions? When and in what ways?
Could you give some specific project/ investment examples?

Satisfaction:

How satisfied are you with this particular method?

Regarding social issues/impact, how do you think your model is helpful? What are the benefits of x measurement method?

How do you think it needs improvement?

Do you have a procedure for adapting or changing your measurement method? If so, what is it?

Industry Level:

Given your on-the-ground experience with attempting to integrate social impact reporting, I'd like to raise this discussion up one notch to the larger financial industry.

Where do you see social impact reporting headed in the financial investment industry?

Do you think it should be more widely adopted?

What do you think would make it more meaningful and widely used?

Appendix I: Interviewee Email Request

My name is Kelly Haines and I am currently a graduate student at Portland State University in the Urban Studies program. I am also an intern with the Social Equity and Opportunity Forum, and had a chance to meet you during the Social Bottom Line meeting last spring. My thesis topic is looking at how financial institutions who receive CDFI funds measure their social and community impact and how it is working for them.

Given that [*case's name*] meets the criteria for those that I want to study, I am interested in including you as one of my cases. This will help answer the question: What inhibits or facilitates the uptake and use of meaningful "social bottom line" reporting?

I am interested in conducting in-depth interviews during the month of September with someone who would be able to offer insights into:

How your organization measures its social and community impacts
Why you chose the method you did
How it is working for you
What are the challenges/ what would you want to change
Does it influence your investment decisions

Would that be you or someone else?

The interview should take no more than one hour, and I'd like to conduct one to two interviews per case, as necessary.

Additionally, I will be conducting archival document analysis, namely annual financial reports, as well as documents that illustrate your organization's particular data collection and assessment method in regards to social or community impact.

Attached is a cover letter, consent form, and brief summary of my Thesis problem and goals. If you have any questions, please don't hesitate to let me know.

Thank you for your time, and I look forward to hearing from you.

Sincerely,

Kelly Haines