

# A Short Guide to Non-Financial Support

## Building Organisational Capacity for Greater Impact

### Non-Financial Support (NFS):

Support services Venture Philanthropy Organisations (VPOs) offer to Social Purpose Organisations (SPOs) to strengthen their three cores areas of development:

<b>1. Social Impact</b>	The social change on the target population resulting from an SPO's actions
<b>2. Financial Sustainability</b>	The assessment that an SPO will have sufficient resources to continue pursuing its social mission
<b>3. Organisational Resilience</b>	The degree of development of the management team and organisation of an SPO



### Map VPO's assets

- Map NFS and determine **core NFS to offer** depending on the investment strategy of the VPO
- Map **assets** – i.e. internal & external human resources needed/available to deliver NFS
- Assess and **monetise cost** of delivering NFS



**Tools:** EVPA NFS mapping, EVPA Asset mapping, EVPA NFS monetisation tool



### Assess needs of the SPO

- Both VPO and SPO map the **needs of the SPO** in the three cores areas of development
- Perform SPO's **"light" needs'** assessment to assess if investment opportunity fits with VPO's NFS offer
- If there is an initial match, then the VPO and SPO perform an **in-depth needs'** assessment together



**Tools:** EVPA needs' assessment tools (a "light" version + in-depth/full version)



### Assess the value & impact of NFS

- Assess **how the SPO perceives the value of NFS** to evaluate efficiency and effectiveness (this is ideally done by an external, independent third party)
- Measure improvement of SPO in areas of development



**Tool:** EVPA NFS impact assessment



### Develop the NFS plan

- Prioritise and match areas of development of the SPO with NFS offer of the VPO
- VPO and SPO work together to develop an **NFS plan**, which should be formalised and included in a charter of engagement between both parties



**Tool:** EVPA NFS plan



### Deliver NFS

- Deliver NFS in different ways depending on SPO's needs: trainings, access to network, etc.
- Goal achievement and delivery monitored using the NFS plan as a dashboard
- Corrective action are implemented, if needed
- The NFS plan highlights when the VPO/SPO collaboration should end



**Tool:** EVPA NFS plan

# The Non-Financial Support Journey

Moradigna © Yunus Social Business (left)  
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## Step 1: Map VPO's assets

### 1. Mapping NFS

**Generic NFS:** Strategic and operational – e.g. legal support, marketing and sales.

**Specific NFS** for each of the three areas of development of the SPO:



#### a) Social Impact

- Theory of Change & Impact strategy
- Impact Measurement (IM) system

*Impetus-PEF provides SPOs that enter its programme with hands-on support to develop their Theory of Change through the "Driving Impact Workshop".*



#### b) Financial Sustainability

- Fundraising & Revenue Strategy
- Financial Management

*NESsT helped an SPO find follow-on financing in the form of a loan, and provided a guarantee for it.*



#### c) Organisational Resilience

- Governance support
- Human Capital Support

*Investir&+ offers the SPO support in recruiting key team members, with punctual advice on the missing expertise, through its network of board members and expert entrepreneurs.*

! Start-ups often need legal support and business modelling support as first step!

**Prioritisation:** the VPO assesses what types of NFS are core to offer given its overall investment strategy.

### 2. Mapping Assets: who provides NFS?

- **Internal support** (VPO's paid employees or board members) → provide core support
- **External support** (pro-bono or low-bono contributors or paid consultants) → provide specific and technical support –e.g. legal– or non-core support

### 3. How much does NFS cost and how to monetise it?

- For the internal resources:

$$\frac{\text{Salary}}{\# \text{ days spent on delivering NFS}}$$

- For pro-bono / low-bono resources:

$$\text{Expenditure} = \text{"cash value"}$$

→ See EVPA's guidelines for monetisation

*UnLtd looks at the rates that corporates and consultants would charge normally and multiplies it by the number of hours/days of work they put in.*

## Step 2: Assess needs of the SPO

### Light needs' assessment

- What are the general needs of the SPO?
- Are these needs addressed by the VPO's core NFS strategy?

If this first analysis is positive



### In-depth needs' assessment

*Yunus Social Business (YSB) starts by performing a light screening, explaining to the SPO which tools and methodologies YSB needs the SPO to apply. YSB then goes through a more detailed process of interviews and field visits to understand the support the SPO needs and whether YSB can provide sufficient support through its network and programme.*

- ! The VPO might want to check that the SPO's objectives are realistic and the claimed impact is achieved.

### The Needs' Assessment Tool

The Needs' Assessment Tool provides a **visual representation** of the SPO's needs and helps match them with VPO's resources.

It is filled in by both VPO and SPO independently, and used to discuss, which increases transparency and open dialogue.

## Step 3: Develop the NFS plan

! Decisions should be taken **together**.

*Acumen and the SPO develop a joint long-term roadmap to help prioritise needs based on SPO's key milestones and strategic funding requirements.*

### What does the NFS plan include?



#### Baseline

The SPO's initial situation, based on results of Step 2



#### Goal

Final objective of the SPO by the end of the investment period



#### Milestone(s)

Major progress points to achieve final goal



#### Outcomes

The changes, benefits, learnings or other effects resulting from the activities



#### VPO's support to the SPO

What support is needed, how the NFS is provided, and how the support makes the difference



#### Deliverables

Information on what internal & external supporters have delivered to the SPO

Good practice is to **sign the NFS plan** during the Deal Structuring phase.



*Investir&+ signs an agreement with each SPO on the NFS to be provided. It is not legally binding, but the signature stipulates the mutual agreement and engagement of the VPO and the SPO.*

## Step 4: Deliver NFS

### What are the different delivery models the VPO can opt for?



Taking a seat on the SPO's **board**



Offering **trainings**, coaching or mentoring

*Investir&+ has one person sitting on the SPO's board to give strategic advice, and one as coach of the SPO's management.*



Taking SPO to external **events**, offering access to **networks**

*Omidyar Network and Investir et + organise investee meetings at global portfolio & regional levels. Entrepreneurs appreciate learning from peers.*



**Outsourcing** NFS to intermediaries

*Passerelles & Compétences identifies the competences needed by SPOs and find the best volunteers to support.*

### How can the delivery of NFS be monitored?

*Big Society Capital and Yunus Social Business have a monitoring/valuation committee reporting data used for the annual portfolio review and as feedback to improve the work with each SPO.*

The results of the monitoring constitute the **learning** on what works and what does not.

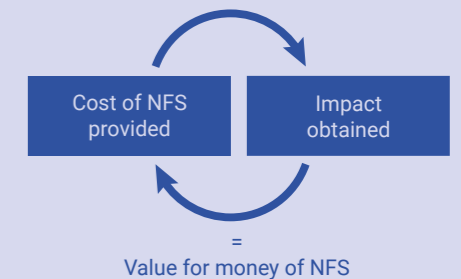
## Step 5: Assess the value & impact of NFS

### How do VPOs measure the value of NFS?

- ✂ Satisfaction surveys, independent study (by third party), perception reports

*Reach for Change asks the SPOs in its portfolio to anonymously answer a survey at the end of each Incubator year. The VPO can then evaluate the impact of the NFS and assess whether the SPOs correctly appreciate the value of the services offered.*

### How do investee value NFS?



### How to measure the impact and effectiveness of NFS?




**Best practice** is a combination of:

- Third-party perception surveys
- Objective measures of organisational evolution against the milestones
- Assessment of the cost of NFS

### Questionnaire structure to assess impact of NFS:

Step 1 Assess what NFS is provided and the cost of NFS	Data taken from the monetisation tool
Step 2 Assess the value perceived by the SPO	Questionnaire to assess the value perceived by the SPO
Step 3 Objective measure of development	Objective measures of the improvement of the SPO on the three dimensions

# Managing NFS in the Investment Process

	Investment Strategy	Investment Process				
		Deal Screening	Due Diligence	Deal Structuring	Investment Management	Exit
What?	Step1: Map VPO's assets	Step 2: Assess needs of the SPO (light assessment)	Step 2: Assess needs of the SPO (in-depth assessment)	Step 3: Develop the NFS plan	Step 4: Deliver NFS	Step 5: Assess the value & impact of NFS
Recommendations to manage NFS	 <p>Core NFS delivered by internal staff or paid/low-bono consultants.</p>	<p>Assess SPO's needs and <b>match</b> the NFS provided by VPO.</p>  <p>Have a good <b>local network</b> if working in a different geographical area.</p>	<p>Carefully select <b>partners</b>, based on good matching of needs and resources.</p> <p>Understand: the <b>needs</b> of the SPO, the <b>tools</b> available, and the <b>capacity</b> of the VPO and the SPO.</p> <p><b>Transparency</b> and communication are crucial.</p>	<p>Define <b>terms and conditions</b>, roles and responsibilities, governance and scope and intensity of NFS.</p> <p>Develop <b>milestones</b> and <b>KPIs</b> but manage expectations.</p> <p>Integrate programmes to achieve higher efficiency.</p> <p>Make sure NFS is included in the deal and linked to IM system.</p>	<p>Provide, measure, monitor and assess the <b>value</b> linked to IM system - e.g. perception surveys.</p> <p>Develop <b>specific</b> intervention/delivery model for specific SPO.</p> <p>Have a good <b>local network</b> if working in a different geographical area.</p> <p>Keep an open and honest two-way dialogue.</p>	<p>Evaluate through <b>independent evaluations</b>.</p>  <p><b>Feedback</b> loop from investees' evaluations into internal organisation.</p>

## For more information

 Read the full publication "[A Practical Guide to Adding Value through Non-Financial Support](#)"

 Register for our course "[VP in Practice: the Fundamental Toolkit](#)"

 Contact us at [info@evpa.eu.com](mailto:info@evpa.eu.com)

## Disclaimer

The case studies presented in this report feature organisations that are continuously working on their non-financial support strategies. As a result, all cases are evolving organisations and thus their non-financial support solutions are continuously improving.

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