

Interview with John Gargani

John Gargani, keynote speaker at the 2018 Social Impact Day in Tokyo, spoke with Katsuji Imata, a steering committee member of SIMI (Social Impact Measurement Initiative) on June 29, 2018.

Katsuji: Why is the focus on social impact happening?

John: It's a convergence. The world of business is paying more and more attention to the non-financial impacts their day-to-day work produces, and the world of foundations and nonprofits are becoming more conscious to communicate the results of their work from a business perspective.

Katsuji: So it's a happy marriage.

John: Well, not exactly. Of course, efforts are being made to enable a new community to coalesce and grow, but it's not easy.

Katsuji: Why is that?

John: Because we are trying to create a new paradigm. One that has the potential to change society in profound ways. To create that paradigm—or simply to have a productive conversation about social impact—we need to let go of our old mindset. But a new mindset hasn't been established yet.

Moreover, there are different forces with different motivations attempting to secure a space in this new world, and some are putting their self-interest over the common interest.

Katsuji: In your keynote, you laid out a 3x3 grid and spoke about hybrid organizations. Aren't they exploring a new territory of the paradigm you are speaking about?

John: Yes, to an extent. But I am not sure people are aware of the fundamental conflict in their model.

As the world of social impact increasingly operates within markets, we are discovering new ways to create impact. At the same time, efforts to improve the world become increasingly vulnerable to market forces. In the end, even organizations with social and environmental missions must-satisfy their business interests. It's a matter of organizational self-preservation. This is why, among other things, the problem of over-claiming is rampant and cannot be solved by simply repeating the "do not over-claim" principle.

Katsuji: What needs to be done, then?

John: We will probably need to question the very system within which for-profit and social-purpose organizations operate.

Katsuji: That sounds like a big task... You stated in your keynote that we should not treat "social impact" like a commodity, but isn't it exactly what is happening? People are looking for "off-the-shelf" products that can measure, classify and package "social impacts." What is your solution?

John: Indeed, it is problematic. That's why I spoke about three spans of the social impact bridge. And I feel that the third span (inventing the methods, approaches, and standards we need but do not exist) is the longest. There is so much we have yet to figure out about measuring impact in this new context. This is why current off-the-shelf solutions provide very limited information about social and environmental impacts, if any at all.

I am an evaluator. I believe that the evaluation world has a lot to offer here. How do we measure social impact? In the US, there is a 100-year history in which the evaluation community has wrestled with this question, yet you do not see many evaluation experts actively contributing to the nascent world of social impact. Impact investors and impact analysts have a great deal to learn from

rigorous approaches to evaluation, including impact evaluation. And evaluators have a great deal to learn from them.

Katsuji: Are you saying that it is not happening?

John: Only slowly. And the evaluation community is not evolving quickly, either. When I was the president of AEA (American Evaluation Association) in 2016, we organized the Impact Convergence conference back-to-back with the annual AEA conference in order to bring the social impact and evaluation communities together. It was the first real opportunity for evaluators, impact investors, and other market-oriented actors to meet and learn from each other.

But even after that start, evaluation remains slow to change. We need more opportunities like that for evaluation to demonstrate its value and share its knowledge with market-oriented actors. And vice versa.

Katsuji: The theme of Social Impact Day 2018 was “from social impact measurement to social impact management.” Do you think this shift from measurement to management is good?

John: It depends. Before rushing to social impact management, we should stop and consider what is the best that impact measurement can offer for the current situation. Like I said, the world of evaluation has a lot to offer in this regard, and I will be teaching a course at Claremont Graduate University on social impact measurement methods this fall.

My concern is that impact management is currently used to downplay the need for evaluation and impact measurement specialists. Maybe I am too skeptical, but I am hearing a hidden message that it is okay for organizations to have a weak evaluation capacity as long as they can demonstrate a strong management capacity. That is something they can probably do already. But management, per se, is not enough.

Katsuji: Is that why you spoke of the need of good specialists? But you also spoke of the need of good impact managers.

John: Yes I did. I believe that impact management will flourish if we create the right conditions. One of them is training a new

generation of impact managers who are able to influence the organizations in which they work. To do that, they will need to be well trained in both impact measurement and management. In addition, a good impact manager must be someone who possesses a unique combination of mindsets that cut across different disciplines and expertise, and the practical skills to apply their knowledge to different organizational settings and social contexts.

Katsuji: It sounds very hard, doesn't it?

John: Probably. That's why if we were to open an impact management training course, it would look very different from, say, a CPA training course. It would be more a process of co-creation than a traditional "we teach, you learn" series of classes. This is because there are no established methods or standards of how to do impact management properly. So trainees would need to test everything they learned in their own professional settings to understand if it really works. And that understanding would, in turn, inform subsequent training.

Katsuji: They need to have a pioneer spirit.

John: Indeed. The course needs to be taught jointly by academics and practitioners. Everybody needs to contribute to building the third span.

You see, the goal of the social impact movement, which is really quite remarkable, is to make *everyone* better off. Not just some people. Not "on average" or "in general." Everyone.

Katsuji: That's what you spoke about in your keynote.

John: Yes. And the human race has not been doing a good job at this. It is a truly complex challenge. In finance, for example, the investor decides how to invest and judges whether the investment made him or her better off. The investor takes the risk, so investors should use their own frameworks for evaluating investments.

In the world of social impact, on the other hand, it is not that simple. We need to – and want to – involve as many stakeholders as possible because we are making decisions that affect others. And we want to involve them when evaluating how, for whom, and under what conditions those decisions made them better off. Stakeholders bear the impact risk, so we want to work with them to craft evaluation and management frameworks that promote all of their varied interests as well as possible.

Katsuji: Are you optimistic?

John: I am a hopeful skeptic, but I wouldn't be talking about these things if I didn't believe they could be done.

Katsuji: Now that we have introduced the term impact management in Japan, I guess we should join forces.

John: Please do. I am looking forward to working together.

Katsuji: Thank you, John.