

Building Blocks Overview

Advisors/Arrangers

What makes a good intermediary?



Vision

Compelling social mission with a clearly articulated, understood and acted upon strategy



Culture

Lived by values encouraging collaboration, inclusion and transparency



Governance

Balanced, diverse decision makers working with clearly defined processes



People

Adaptive team, that is supported and rewarded in delivering mission



Impact

Clearly defined social impact, regularly reported and acted upon



Business development

Established forward looking process for business development with high conversion



Business model

Sustainable growth based on understanding of beneficiary needs and competitive landscape



Comms & fundraising

Strategies based on clear understanding of mission, beneficiaries, audience and investors



Operational systems

Considered, proportionate legal, financial and portfolio management procedures

Building Blocks – The Key Elements



Advisors/Arrangers

Building Block	Key elements	Identifying features	Identifying procedures
Vision 	Mission and Strategy	<ul style="list-style-type: none"> ▪ A social mission with an articulated and understood strategy ▪ Adaptability to learnings and a changed environment 	<ul style="list-style-type: none"> ▪ Beneficiaries and key stakeholders are clearly defined, targeted and consulted including those with lived experience ▪ Steps taken to reflect user voice in development of mission and strategy ▪ Identified risks of not achieving social goals with planned mitigation
Culture 	Motivation	<ul style="list-style-type: none"> ▪ Board members and staff exhibit organisation's values through behaviour ▪ The willingness to learn from experience and failures in order to improve 	<ul style="list-style-type: none"> ▪ Open communication channels and access to front line organisations ▪ Non-financial rewards to maintain staff satisfaction
	Collaboration	<ul style="list-style-type: none"> ▪ Trusting relationships amongst staff and board ▪ The willingness to engage with other intermediaries, arrangers, investors and investees as well as and sector stakeholders, where appropriate 	<ul style="list-style-type: none"> ▪ Internal communications processes
	Inclusion	<ul style="list-style-type: none"> ▪ All staff feel valued, welcome, integrated and included ▪ Staff have equal access to opportunities 	<ul style="list-style-type: none"> ▪ Processes for soliciting and acting on staff ideas and feedback ▪ Members of staff at all levels are aware of the inclusive values of the organisation and are actively consulted and involved in policy development

Building Blocks – The Key Elements





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Building Block	Key elements	Identifying features	Identifying procedures
Governance 	Strength and diversity of board	<ul style="list-style-type: none"> ▪ A diverse, balanced and engaged board ▪ An independent and entrepreneurial chair ▪ The relationship between Chair and CEO ▪ The alignment of the skills of the board to the needs of the organisation ▪ The extent to which decision-making is effective and inclusive 	<ul style="list-style-type: none"> ▪ Process for engaging board in strategy development ▪ Board recruitment processes that promote diversity of candidates including those with lived experience ▪ Management information measuring progress against strategy ▪ Governance systems to detect and address risks and opportunities ▪ Clear decision making structures and processes ▪ Mission lock [and asset lock] policies
People 	Recruitment and Professional Development	<ul style="list-style-type: none"> ▪ High quality recruitment and development prioritised in organisation ▪ All employees are encouraged to develop and progress, and any barriers faced by specific groups are identified and action taken to address them 	<ul style="list-style-type: none"> ▪ Recruitment and performance management processes reflective of social mission, values, and requisite skills and commitment to diversity ▪ Process for learning and development
	Staff skillset	<ul style="list-style-type: none"> ▪ Staff capability to adapt and deliver on multi-functional roles ▪ The diversity and skills balance of the senior management team 	<ul style="list-style-type: none"> ▪ Senior management team with mitigated key person risk ▪ The degree that management and team structure reflects size and life stage of organisation

Building Blocks – The Key Elements

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Building Block	Key elements	Identifying features	Identifying procedures
Impact 	Social Impact Delivery	<ul style="list-style-type: none"> Staff experience in planning, measuring and reporting on social outcomes 	<ul style="list-style-type: none"> Social mission involves clear plan for making a positive difference to identified beneficiaries Metrics for tracking impact gathered regularly and used to tailor existing programmes and future investment decisions Transparency around impact measurement results
Business development 	Strong pipeline and conversion rates	<ul style="list-style-type: none"> The understanding of frontline organisations and potential clients e.g. commissioners, endowed foundations, corporates. Capacity to build partnerships Diverse networks and reach 	<ul style="list-style-type: none"> Process for market testing Lines of communication with fund managers and investors
Business model 	Sustainable business model	<ul style="list-style-type: none"> The understanding of competitive landscape and the organisation's competitive advantage The willingness and ability to adjust model to meet market's demands 	<ul style="list-style-type: none"> Identified pathway to growth and sustainability
External communications and fundraising 	Communications strategy	<ul style="list-style-type: none"> Capability of articulating USP 	<ul style="list-style-type: none"> Communications strategy Brand development
	Fundraising	<ul style="list-style-type: none"> Staff experience of fundraising from a diverse range of investors Degree of understanding of investors' needs 	<ul style="list-style-type: none"> Contacts within relevant organisations Process for relationship management and reporting to shareholders/funders


Building Blocks – The Key Elements

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Building Block	Key elements	Identifying features	Identifying procedures
Operational systems 	Data management systems	<ul style="list-style-type: none"> ▪ Systems used across different areas of the organisation 	<ul style="list-style-type: none"> ▪ Data management systems and processes established
	Legal documentation processes	<ul style="list-style-type: none"> ▪ Understanding of appropriate use of legal documents 	<ul style="list-style-type: none"> ▪ Legal guidance
	Financial and operational risk management	<ul style="list-style-type: none"> ▪ Proactive and timely risk management 	<ul style="list-style-type: none"> ▪ Reporting on financial and management accounts ▪ System of internal control ▪ Disaster recovery, anti-fraud and recovery and resolution plans
	Regulatory permissions and controls	<ul style="list-style-type: none"> ▪ Culture of compliance 	<ul style="list-style-type: none"> ▪ Regulatory permissions in place ▪ Compliance and risk management planning/actions in place

Building Blocks – In Practice

Advisors/Arrangers

Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Vision</p>  <p>Compelling social mission with a clearly articulated, understood and acted upon strategy</p>	Mission and strategy	<p>A compelling, impact driven mission and strategy based on an in-depth understanding of the external context</p> <ul style="list-style-type: none"> Well-defined social objectives shaping organisation’s activities, outputs and outcomes Comprehensive knowledge of external landscape informed and updated through stakeholder consultation, research and partnerships Sector and competitor knowledge used to identify and mitigate risks against not achieving social goals Beneficiaries clearly defined throughout strategy development Well defined process to embed user voice in development of mission and strategy 	<p>A clearly defined social mission that guides investment strategy and process</p> <ul style="list-style-type: none"> Target outcomes defined Staff and board understand and are able to act upon the mission and strategy Clear social objectives that are linked to activities and intended outcomes Understanding of external landscape e.g. <i>social issues, policy and sector stakeholders</i> Risk of not meeting outcomes understood and mitigated against Beneficiaries clearly defined during strategy development Some steps taken to reflect user voice in development of mission and strategy 	<p>Mission broadly defined and strategy being formulated</p> <ul style="list-style-type: none"> Target outcomes broadly defined Some link between activity and defined social outcomes Effort to understand external landscape e.g. <i>social issues, policy and sector stakeholders</i> Risks of not meeting outcomes broadly understood, but no mitigants considered Beneficiary groups loosely defined Inconsistent and piecemeal attempts to reflect user voice in development of mission and strategy Limited management information to assess against mission 	<p>Mission and strategy missing or unclear/ failing to guide day to day operations</p> <ul style="list-style-type: none"> Target outcomes undefined Unclear and inconsistent decision making Weak impact chain with unclear or broken links between activities and social outcomes Little or no effort to understand external landscape e.g. <i>social issues, policy and sector stakeholders</i> Risk of not meeting outcomes is not understood or articulated No clear beneficiary groups identified or attempt to reflect user voice in development of mission and strategy Inefficient management information

Building Blocks – In Practice


Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Mission and strategy <i>cont.</i>	<ul style="list-style-type: none"> ▪ Management information, evaluating activities against milestones and strategy, regularly reviewed and responded to ▪ Social mission and strategy embedded into investment and communications activity with capability to adapt based on Management Information, changes to external landscape and opportunities 	<ul style="list-style-type: none"> ▪ Management Information evaluates activity against strategy ▪ A defined mission embedded into investment strategy and purpose 	<ul style="list-style-type: none"> ▪ Commitment to embed social mission into investment strategy 	<ul style="list-style-type: none"> ▪ No plans to embed social mission into investment strategy

Building Blocks – In Practice

Advisors/Arrangers

Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Culture</p>  <p>Lived by values encouraging collaboration, inclusion and transparency</p>	Motivation	<p>Values clearly evident in staff and board behaviours, a culture of looking outwards and striving towards constant improvement</p> <ul style="list-style-type: none"> High levels of staff satisfaction, trust and connection to mission recorded across staff and board in internal staff surveys and feedback Frequent and proactive offers of non- financial rewards to staff <i>e.g. regular social events, extended annual leave</i> Frequent opportunities for staff to develop meaningful relationships with charities and social enterprises <i>e.g. through long term volunteering using skills, through opportunities to sit on the board of charities/ social enterprises</i> 	<p>Values and expected behaviours arising from social mission</p> <ul style="list-style-type: none"> Staff and Board satisfied, connected to mission and trusting of each other – evidenced through staff surveys and feedback Non-financial rewards offered to staff on an ad hoc basis Some opportunity for connection to mission through charities and social enterprises <i>e.g. one off visits to investees</i> 	<p>Attempt to build culture in support of social mission</p> <ul style="list-style-type: none"> Staff and board aware of social mission and broadly act in line with achieving this <i>i.e. may hear different interpretations of mission and values from different people</i> No or limited formal staff recognition in place Early measures of staff understanding and satisfaction but with clear room for improvement <i>i.e. no regular consultation with staff through one to ones or surveys</i> 	<p>No clear values, underlying culture doesn't effectively support or actively undermines mission</p> <ul style="list-style-type: none"> Behaviours that don't align with social mission Lack of measures on staff satisfaction and connection to mission

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Collaboration	<ul style="list-style-type: none"> Internal processes for sharing information and decisions across all organisational levels e.g. <i>bulletin emails, intranet, newsletters, staff meetings</i> Management team challenge and constructively work together based on shared mission Two-way lines of communication with current and prospective investees and other stakeholders learning from experience and driving beneficial partnership Track record of developing and delivering on successful and mutually beneficial collaborative opportunities that drive innovation 	<ul style="list-style-type: none"> Internal processes for sharing information across all organisational levels Management team exhibit trust and confidence in each other Lines of communication and processes for engaging with intermediaries, front line organisations and wider stakeholders Some experience of engaging in collaborative projects when approached by others 	<ul style="list-style-type: none"> Some cascade of information across the organisation Management team meetings run efficiently but evidence of breakdown in communication and decision-making channels 	<ul style="list-style-type: none"> Lack of communication across teams and stakeholders Dysfunctional management team with clear lack of trust with each other

Building Blocks – In Practice


Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Inclusion	<ul style="list-style-type: none"> Consistent use of processes for soliciting and acting on staff ideas and feedback Members of staff at all levels are aware of the inclusive values of the organisation and are actively consulted and involved in policy development 	<ul style="list-style-type: none"> Consistent use of processes for soliciting and acting on staff ideas and feedback Some staff aware of the inclusive values of the organisation. Some attempts made to include staff in policy development 	<ul style="list-style-type: none"> Ad-hoc or infrequent use of processes for soliciting and acting on staff ideas and feedback Staff not aware of inclusive values of the organization and are not consulted and involved in policy development 	<ul style="list-style-type: none"> No process in place or attempts made to solicit staff ideas and feedback Inclusivity not actively promoted as a value of the organisation

Building Blocks – In Practice

Advisors/Arrangers

Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Governance</p>  <p>Balanced, diverse decision makers working within clearly defined processes</p>	<p>Strength and diversity of board</p>	<p>Articulated, understood and adaptive process for decision making and accountability based on understanding of mission and balanced, diverse perspectives</p> <ul style="list-style-type: none"> ▪ Clear process for engaging board in the development of long term strategies not just the sign off ▪ Sufficient diversity on board and governance committees <i>e.g. equal gender balance, mix of ethnicity etc.</i> ▪ Board members have complementary skillsets aligned with the mission of the organisation <i>i.e. social sector, impact, financial and policy experience, lived experience</i> ▪ Board recruitment processes that promote diversity of candidates ▪ Board supports management team constructively to achieve mission 	<p>Articulated, understood processes for decision making and accountability based on multiple perspectives</p> <ul style="list-style-type: none"> ▪ Board has some level of engagement in development of strategy – could go further ▪ Some diversity on board but with further room to improve ▪ Complementary skillsets amongst board members and solid understanding of strategy ▪ Effective relationship between Chair with CEO ▪ Governance systems to detect and address risks and market opportunities ▪ Some mission lock (or asset lock) procedures based on reasonable best efforts 	<p>Some process for decision making and accountability based on some relevant perspectives</p> <ul style="list-style-type: none"> ▪ Board with some diversity and of experience inside or with social sector. Most board members’ commitment to sector aspirational rather than evidenced. Expertise bought in when not in house ▪ Limited use of recruitment processes to promote diversity of board members ▪ Early evidence of or commitment to developing governance systems for addressing risks and market opportunities ▪ Assets locked for process of investment but no long term lock of assets for social use 	<p>Unclear process on accountability and decision making with bias towards limited number of perspectives</p> <ul style="list-style-type: none"> ▪ Board lacking in diversity, experience and skills not aligned to mission or aware of strategy ▪ Unconstructive relationship between chair and CEO ▪ Social mission is incidental to the Governance and investment conditions of the intermediary

Building Blocks – In Practice


Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Strength and diversity of board <i>cont.</i>	<ul style="list-style-type: none"> ▪ Effective working/ mentoring relationship between chair and CEO – chair thinks independently of CEO with strong understanding of mission and strategy ▪ Good chemistry amongst board members with honest and constructive conversations welcomed - all voices heard ▪ Board and committee meetings run with clear objectives and follow up procedures ▪ Social mission is locked into articles and investment terms ▪ Assets locked to secure and maintain their benefit for the social sector ▪ Established governance systems to detect and address risks and opportunities 		<ul style="list-style-type: none"> ▪ Lack of social impact focus/expertise at board level ▪ Chair manages board effectively but does not provide proactive support/challenge to CEO 	

Building Blocks – In Practice

Advisors/Arrangers

Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>People</p>  <p>Adaptive team, that is supported and rewarded in delivering mission</p>	Recruitment and professional development	<p>Mission relevant, actioned and proportionate recruitment and performance management processes.</p> <ul style="list-style-type: none"> Effective recruitment process that results in organisation attracting right balance of staff and level and diversity of experience <i>i.e. investment, social sector, lived experience, impact management, policy development, HR</i> Diverse staff team reflective of the communities in which the organisation operates and organisations served Mitigated key person risk in place <i>i.e. systems and training for all staff, succession planning, shared knowledge banks, outsourcing where needed</i> 	<p>Clear recruitment and performance management processes.</p> <ul style="list-style-type: none"> Recruitment process clearly aligned with social mission and commitment to diversity Some diversity among staff but with further room to improve Emphasis on learning and development with allocated budget Established means of recognising staff performance. Good retention <i>i.e. average turnover rates c. 20%</i> 	<p>Evidence of/commitment to develop recruitment and performance management processes</p> <ul style="list-style-type: none"> Process for recruiting and managing staff aligned with delivering social mission Limited staff diversity but with recruitment processes in place to increase diversity Key investment roles filled but staff have limited direct experience of working with/for the social sector Early, inconsistent recognition process (unstructured ways of offering learning and development opportunities) Below average staff retention <i>i.e. >30%</i> 	<p>Lack of clear recruitment and performance management processes</p> <ul style="list-style-type: none"> Recruitment of staff not aligned to mission and strategy Bias towards one type of perspective/experience Non-diverse staff make up team Lack of emphasis on learning and development – no budget allocated Barriers to progression faced by specific groups Poor recognition and retention <i>i.e. <1 year common, >30% turnover</i>

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Recruitment and professional development <i>cont</i>	<ul style="list-style-type: none"> All staff actively encouraged and supported to seek out learning and development opportunities in line with mission <i>i.e. allocated budget and time for learning and development</i> Any barriers faced by specific groups are identified and action taken to address them Culture of recognising achievement and promoting staff High retention <i>i.e. low turnover rates – c. 15%</i> 			
	Staff skillset	<ul style="list-style-type: none"> Adaptive, entrepreneurial, 'solutions focused' staff from variety of relevant diverse backgrounds <i>e.g. mixture of financial, social, fundraising, and impact measurement and lived experience</i> 	<ul style="list-style-type: none"> Staff with a mixture of experience, capable of adapting skills to multi-functional roles Balanced, effective senior management team with good working relationship amongst members 	<ul style="list-style-type: none"> Management with experience of sector and capacity to deliver Some staff track record of delivery in sector or field 	<ul style="list-style-type: none"> Management with no experience of sector or limited capacity to deliver mission Weak staff track record of delivery in the social sector

Building Blocks – In Practice

Advisors/Arrangers




Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Staff skillset <i>cont.</i>	<ul style="list-style-type: none"> ▪ Management team with complementary strategic, pragmatic and entrepreneurial skillsets, with proven track records of success and delivery ▪ Management team structure proportionate to life-stage and size of organisation, regularly reviewed to ensure fit for purpose 	<ul style="list-style-type: none"> ▪ Management team structure fits with life-stage and size of organisation 	<ul style="list-style-type: none"> ▪ Management team structure broadly aligned to organisational size – little evidence of a designed structure in response to organisational life-stage or strategy 	<ul style="list-style-type: none"> ▪ Management team structure and size disproportionate and unhelpful to life-stage of organisation (unsuitable number of managers per overall workforce)

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Impact</p>  <p>Clearly defined metrics, regularly reported and acted upon</p>	Social impact delivery	<p>Established impact measurement and assessment regularly reported and used to steer strategy and offering</p> <ul style="list-style-type: none"> ▪ Dedicated, experienced resource to lead on design and reporting of social outcomes ▪ Impact evaluation given same weight as financial return in investment decision making – capital weighted towards interventions with direct impact on beneficiaries ▪ Beneficiaries are consulted on impact metric design – all targets are realistic and relevant ▪ Established, evolving templates or tools for impact reporting allowing for comparison across portfolio and the wider sector where possible 	<p>Evolving impact assessment and measurement used to steer strategy</p> <ul style="list-style-type: none"> ▪ Staff experienced and committed to designing and reporting on social outcomes but no dedicated resource ▪ Impact evaluation given same weight as financial return in investment decision making ▪ Beneficiaries are consulted – targets are mostly realistic to the beneficiaries’ needs and expectation of social impact ▪ Established templates or tools for impact reporting allowing for comparison across portfolio ▪ Reporting of measures regular and proportionate – publishing of overall impact at least annually 	<p>Impact measurement in development</p> <ul style="list-style-type: none"> ▪ Some/limited staff experience in designing and reporting on social outcomes ▪ Impact evaluation part of investment decision making but not as integrated as financial return ▪ Beneficiaries are consulted – some planned indicators are standardised, specific, or address things practical or important to the beneficiary ▪ Some templates or tools for impact reporting ▪ Reporting of measures at individual level ▪ Impact measurement starting to inform organisation or engagement with investee strategy development 	<p>Lack of or unclear impact measurement that is unconnected to activity and decision making</p> <ul style="list-style-type: none"> ▪ Lack of staff experience in and commitment to planning, measuring and reporting on social outcomes ▪ Impact evaluation not part of investment decision making ▪ Beneficiaries are not consulted – few or none of planned indicators are standardized, specific, or address things practical or important to the beneficiary ▪ No templates or tools for impact reporting ▪ No or inconsistent reporting inside and outside organisation – lack of transparency

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Social impact delivery <i>cont</i>	<ul style="list-style-type: none"> Regular and proportionate reporting frameworks in place – overall impact published at least annually using on-going, track-able measures Impact measurement results (both good and bad) used to steer organisation, investee strategy development and wider sector growth towards depth and breadth of social impact Comprehensive set of targets for impact reporting in legal documentation External auditing – use of independent organisation to verify and constructively challenge social impact reporting 	<ul style="list-style-type: none"> Impact measurement results (good and bad) used to steer organisation or investee strategy development Comprehensive reference to impact reporting in legal documentation 	<ul style="list-style-type: none"> Reference to impact reporting in legal documentation Internal auditing – consideration to impact measures and reporting 	<ul style="list-style-type: none"> Impact measurement not used to steer organisation or investee strategy development No reference to impact reporting in legal documentation No independent auditing – no consideration of defensibility of impact reporting

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Business development</p>  <p>Established forward looking process for business development with high conversion</p>	<p>Strong pipeline and conversion rates</p>	<p>Business development aligned with strategy and shaped by market demand and feedback</p> <ul style="list-style-type: none"> Strong and diverse networks in place to deliver on a strategic and coordinated approach to business development Quantitative and qualitative research with frontline organisations, commissioners, foundations and funders regularly conducted and debriefed leading to product and project refinement Willingness to and evidence of long term, strategic partnerships based on clear, shared objectives that support business development and quality project delivery 	<p>Established business development tools and processes aligned with strategy</p> <ul style="list-style-type: none"> Structured approach to pipeline based on priorities and feasibility Structured feedback and research on market <i>e.g. with frontline organisations, commissioners, foundations and social investment funders</i> Willingness to and evidence of partnerships based on clear, shared objectives that support business development Some market testing – process of capturing learnings and adapting activity to meet market needs <i>e.g. understanding where deals are most likely to fall down and making adjustments</i> 	<p>Evidence of or commitment to developing business development tools and processes aligned to meeting strategy</p> <ul style="list-style-type: none"> Moving from reactive to proactive approach to pipeline Starting to build market understanding through ad hoc feedback <i>e.g. with frontline organisations, commissioners, foundations and social investment funders</i> Early attempts to build partnerships -may be short term or limited in scope Intent to capture learnings but done in an ad hoc manner 	<p>Little or no structured process around business development</p> <ul style="list-style-type: none"> Piecemeal approach to pipeline, high resource investment for low conversion rate No feedback procedures or research to understand market <i>e.g. with frontline organisations, commissioners, foundations and social investment funders</i> Little evidence of building partnerships to develop the market and business No established process for market testing <i>e.g. understanding where deals are most likely to fall down</i>

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	<p>Strong pipeline and conversion rates <i>cont.</i></p>	<ul style="list-style-type: none"> ▪ Clear process for learning from activities and market testing <i>e.g. using partnerships to test new approaches, use of CRM platforms for testing sales funnel to understand where deals are most likely to fall down</i> ▪ High success rates of projects leading to investments being made ▪ Projects scoped and taken on based on organisation's needs and the likelihood of investment 	<ul style="list-style-type: none"> ▪ Some success rates of projects leading to investments being made 		


Building Blocks – In Practice

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Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>Business model</p>  <p>Sustainable growth based on understanding of beneficiary needs and competitive landscape</p>	Sustainable business model	<p>Proven, sustainable business model that adapts to and invests in the development of the market</p> <ul style="list-style-type: none"> Comprehensive understanding of competitor landscape and competitive advantage Proven path to growth and sustainability Core activities fundamental to social and financial performance Products and services designed with input from charities and social enterprises to ensure relevance Detailed understanding of cash flow flexibility/ constraints in adapting business model to changing environment 	<p>Developed business model that delivers sustainable growth</p> <ul style="list-style-type: none"> Understanding of competitor landscape and organisation’s competitive advantage Clear plan path towards growth and sustainability Organisational activities expect both social and financial outcomes Products and services are accessible, affordable and inclusive 	<p>Developing model based on understanding of external landscape</p> <ul style="list-style-type: none"> Some analysis of competitive landscape and competitive advantage Plan for growth and sustainability Organisation activities have financial and social focus Products, services with some but limited take up 	<p>No clear model or logic behind activity</p> <ul style="list-style-type: none"> Lack of understanding of competitor landscape and organisation’s competitive advantage No clear path to growth and sustainability Organisation can perform financially without delivering social outcomes Products/ services are not accessible, affordable and inclusive

Building Blocks – In Practice

Advisors/Arrangers

Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
<p>External communications and fundraising</p>  <p>Strategies based on clear understanding of mission, beneficiaries audience and investors</p>	Communication strategy	<p>Clear, consistent, strategic communication based on sector and investor insights, building long term presence</p> <ul style="list-style-type: none"> ▪ Defined, clearly communicated and regularly reviewed competitive selling points ▪ Information on products and services shared effectively and in easily digestible formats to targeted audiences ▪ Clear, distinct, credible brand recognised in immediate sector and beyond <i>e.g. tracking brand awareness and perception</i> ▪ Brand strategy aligned with social mission ▪ Senior management team have track record in effectively communicating organisation's vision and successfully raising funds 	<p>Planned, consistent communications structured around organisational activity and strategy</p> <ul style="list-style-type: none"> ▪ Defined and clearly communicated competitive selling points ▪ Information on products and services shared effectively and in easily digestible formats ▪ Investment into longer term communications strategy and brand ▪ Well recognised, credible brand in the sector 	<p>Planned communication reacting to short term initiatives and outside activity</p> <ul style="list-style-type: none"> ▪ Failing to define or communicate competitive selling points ▪ Growing recognition and credibility as brand in the sector 	<p>Unclear or inconsistent communication about organisation and purpose</p> <ul style="list-style-type: none"> ▪ Failing to define or communicate competitive selling points ▪ Lack of brand development ▪ Communications are predominantly reactive or short term, little investment into longer term market championing and brand building

Building Blocks – In Practice

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Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Fundraising	<ul style="list-style-type: none"> ▪ Clear understanding about investors and investees' need through experience and feedback <i>i.e. including rate of return needed/ desired, product structure and investor reporting requirements</i> ▪ Established relationships/ meaningful contacts within relevant organisations - structured process for updating/hearing from investors on regular basis ▪ Staff with proven experience of fundraising from a diverse range of investors – foundations, social investors, corporates, the government 	<ul style="list-style-type: none"> ▪ Clear understanding of investors and investees' <i>i.e. rate of return, product structure, reporting requirements</i> ▪ Established relationships within relevant organisations ▪ Staff experience of fundraising across sectors – may be more comfortable in a few chosen fundraising routes 	<ul style="list-style-type: none"> ▪ Growing understanding about investors and investees' need, may be one dimensional or siloed ▪ Building relationships/ meaningful contacts within relevant organisations ▪ Some staff experience of fundraising across sectors – heavy reliance on particular fundraising routes or investors 	<ul style="list-style-type: none"> ▪ Lack of understanding about investors and investees, needs of the market ▪ Lack of relationships/ meaningful contacts within relevant organisations ▪ Limited or no staff experience of fundraising across sectors

Building Blocks – In Practice

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Operational systems  Considered, proportionate legal, financial and portfolio management procedures	Data management systems	Systems in place across different areas of the organisation (either internally or outsourced) to: <i>track and monitor investments (loan book management), track client relationships (CRM), manage financials, pay roll and back office requirements</i> <ul style="list-style-type: none"> Clear, established processes for data management to go alongside established systems – practiced by all staff 	Systems in place across different areas of the organisation (either internally or outsourced) to: <i>track and monitor investments (loan book management), track client relationships (CRM), manage financials, pay roll and back office requirements but somewhat ineffective and duplication common</i> <ul style="list-style-type: none"> Process alongside systems – may be followed in a piecemeal way 	Some systems in place (either managed internally or outsourced) to: <i>track and monitor investments (loan book management), track client relationships (CRM), manage financials, pay roll and back office requirements</i>	Very limited systems in place (either managed internally or outsourced) to: <i>track and monitor investments (loan book management), track client relationships (CRM), manage financials, pay roll and back office requirements but somewhat ineffective and duplication common</i>
	Legal documentation processes	<ul style="list-style-type: none"> Legal advice actively sought and secured when needed based on understanding of appropriate use of legal documents Access to suitable standardised templates, where appropriate 	<ul style="list-style-type: none"> Legal advice reactively sought and secured when needed 	<ul style="list-style-type: none"> Legal advice only sought when required by investors and in a minimal capacity 	<ul style="list-style-type: none"> Legal advice sought and secured too late, often delaying transactions

Building Blocks – In Practice

Advisors/Arrangers



Building Block	Key elements	4 – Best in class	3 – Good	2 – Able	1 – Needing development
	Financial and operational risk management	<ul style="list-style-type: none"> Proactive, accurate and timely financial risk management including: reporting of financial and management accounts, system of internal control, disaster recovery, anti-fraud and recovery and resolution plans Clear operations manual in place, that's been tested and verified Effective valuation committee/mechanisms 	<ul style="list-style-type: none"> Accurate financial risk management including some if not all of the following: reporting of financial and management accounts, system of internal control, disaster recovery, anti-fraud and recovery and resolution plans Operations manual in place Valuation committee/mechanisms 	<ul style="list-style-type: none"> Reporting of financial and management accounts but problems have occurred in the past Operations manual in development Limited valuation committee/mechanisms 	<ul style="list-style-type: none"> Frequent problems with reporting of financial and management accounts No clear operations manual Ineffective/ no valuation committee/mechanisms
	Regulatory permissions and controls	<ul style="list-style-type: none"> All appropriate plans in place, with knowledge of procedures shared across the organisation Organisation proactively strives for best regulatory practice, regardless of permissions in place – culture of compliance 	<ul style="list-style-type: none"> Compliance practices in place All appropriate plans and regulatory permissions in place 	<ul style="list-style-type: none"> Minimum compliance practices in place All appropriate plans and regulatory permissions in place 	<ul style="list-style-type: none"> Difficulty with compliance practices Intention to get appropriate plans and regulatory permissions in place