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**SOCIAL IMPACT EXCHANGE & VERIS CONSULTING RELEASE
FIRST-OF-ITS-KIND STUDY ON NONPROFITS' STATUS IN SCALING IMPACT**

***Research Reveals Nonprofits Are Pursuing Ambitious Plans for Scaling;
Strong Need for Funding Impact Measurement & Financing Capacity to Grow***

NEW YORK, January 23, 2013 – The Social Impact Exchange, a national membership association building a capital marketplace to scale high-impact social solutions, and Veris Consulting, Inc., a firm specializing in financial management and survey research for nonprofits, today announced *The State of Scaling Social Impact: Results of a National Study of Nonprofits*. The study reports on how practitioners view scaling, their motivations and readiness to grow, the strategies they are deploying to achieve scaled impact and the challenges they face in moving forward with their plans.

More than 400 nonprofits nationwide participated, with 75 percent responding that they are currently scaling and another 22 percent intending to scale their organizations or initiatives. Nearly all nonprofits (92 percent) believe that scaling impact is one of the most important activities to address the social problems they are working to solve. While 79 percent say they are motivated to scale in order to increase the number of people served, 58 percent are motivated to facilitate systemic change, demonstrating a movement towards more ambitious plans with longer horizons.

While the majority of nonprofits identify securing sufficient capital for scaling and evaluating impact as most helpful to their growth efforts, scarcity and inaccessibility to funders continues to be a critical challenge. Only 24 percent of nonprofits have initiated growth capital campaigns and raised just an average of 17 percent of the funds needed. Nearly 25 percent of nonprofit leaders say they need \$5 million or more in growth capital to implement their scaling plan and nine percent require \$20 million or more. Individual donors represent the most common source of funding for scaling initiatives, with funds often coming from 10 or more donors. Nonprofits say only 37 percent of their growth funding comes from government, the traditional source of capital for scaling.

“Data from the study reinforces the point that we lack an effective system for financing initiatives that are scaling,” said Cynthia W. Massarsky, vice president of Growth Philanthropy Network and co-author of the survey. “The nonprofit sector has developed many promising solutions to our most intractable social problems – now we must continue to work together to build an efficient capital market system to spread those solutions so that millions can benefit.”

“As a whole, nonprofits are looking to scale by building on core competencies that cement a higher probability of success while reaching more people in need,” said John Gillespie, managing director of Veris Consulting and survey co-author. “However, most under-estimate the difficulty of accessing sufficient capital. Often, those having success are pursuing more entrepreneurial strategies and less traditional funders.”

Given recent economic conditions, nonprofit leaders say they have learned much about the opportunities and challenges in scaling the impact of their organizations and initiatives. At a minimum, it takes a significant amount of visioning, evaluation, planning, and financing. It also typically involves bringing in new management with the talent for handling an expansion, coupled with a board that understands that implementing such a plan takes time.

The study reveals a strong need for increased funding dedicated to impact measurement, enabling organizations to evaluate their programs and scale only those with proof of results. The trend has moved towards more rigorous evaluation methods, as donors and stakeholders demand meaningful ways to assess the impact of the organizations they support. Nonprofit leaders say very few funders are willing to provide funds for impact evaluation—proving to be problematic for most nonprofits.

The State of Scaling Social Impact study also covers:

- Strategies that nonprofits are employing to scale impact (replicating successful models in other locations, building alliances with like-minded organizations, creating a social movement, etc.);
- Gaps in the progress and capacity between small and larger nonprofits to leverage sophisticated strategies and pursue more comprehensive approaches to meet fundraising goals; and
- Top motivations for scaling, common sources of funding and resources frequently tapped.

Few would dispute the invaluable contributions of nonprofits and their potential to help solve society's most pressing problems. Yet despite all of their important work, even the most effective mission-driven organizations face a daunting challenge in scaling to achieve widespread impact. Whether implemented deeply at a local or regional level or more broadly at a national level, there are hundreds of millions of people who would benefit from these social changemakers who have pioneered new and effective initiatives worthy of scale. While significant numbers of nonprofits are scaling their initiatives to help more people in need, most are finding it hard to reach their full potential. In this environment of limited resources with more emphasis on getting big bang for the buck, it is more critical than ever to ensure that reliable information for informed decision-making *and* sufficient growth capital are available to scale social programs that can maximize impact.

For full report, visit www.siex.us/nonprofit-scaling-study.

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The Social Impact Exchange (www.socialimpactexchange.org) is a national membership association dedicated to building a capital marketplace that scales high-impact social solutions to improve the lives of millions. The Exchange creates the conditions for breakthroughs to go big in order to deliver impact where it is needed most. Together, more than 4,000 Exchange members are making it easier for philanthropic giving to achieve major positive change by supporting strategies that improve lives and change systems. By creating standards to evaluate impact, identifying and tracking highly effective nonprofits, and enabling significant collaborative funding to scale up top social interventions, the Exchange helps foundations, donors, business, and government increase the power of giving to achieve greater social good.

Veris Consulting (www.verisconsulting.com) specializes in outsourced financial management and survey research for nonprofits and social enterprises. Its Outsourced Accounting and Financial Management Practice draws upon specialized expertise to improve bottom line results and enable nonprofits to grow revenue and control costs. Veris provides objective, hands-on consultation through interim CFO services, outsourced accounting, financial assessments, and executive search—helping nonprofits take control of their finances and advance their missions. Its Survey Research Practice delivers valuable insights through benchmarking, compensation and satisfaction surveys as well industry trends and business intelligence studies.