

CASE STUDY

Impact Measurement and Management Spotlight: Leeds Illuminate

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Leeds Illuminate does not have a full-time dedicated Impact Measurement and Management (IMM) team but rather impact management responsibility is upheld by all team members and two senior investment team members co-lead its IMM strategy.

IMM Fundamental #1: define clear impact objectives for the portfolio and its investments

Leeds Illuminate invests in companies that demonstrate measurable outcomes and efficacy in the Education and Workforce Development sector.



Simply put, we invest in companies with products and services that have data showing they deliver positive improvements from the status quo for learners and workers.”

Leeds Illuminate seeks to invest in companies creating meaningful positive impacts in education and workforce development, including:

- equitable access to high-quality early childhood education;
- improved child readiness and educational outcomes for primary education;
- reduced gaps in education access and outcomes;
- increased higher education persistence and graduation rates;
- improved job readiness for graduates of secondary and post-secondary education;
- skills training with direct links to career and income advancement; and
- more equitable job access and work flexibility to meet diverse individual income needs and lifestyles.

Leeds Illuminate seeks to evaluate and prioritize investment alignment with overall firm impact objectives in education and workforce development. It typically evaluates prospective investment alignment with generally accepted positive outcomes aligned with the Sustainable Development Goals regarding specific targets under the “**Quality Education**” and “**Decent Work and Economic Growth**” goals.

The firm believes that investing in companies delivering positive results for learners and workers will build long-term sustainable value for all stakeholders. In the education and workforce development sector, Leeds Illuminate believes investing in models with demonstrated outcomes and measurable results reinforces underlying business models and accelerates long-term company growth and success.



We invest with the conviction that impact and investment success are inextricably interwoven at all stages of education and workforce development.”

KEY TAKEAWAY

- Invest in models with demonstrated impact outcomes and measurable results

IMM Fundamental #2: establish an IMM process

Leeds Illuminate’s impact strategy and IMM process is built on the principles of the three leading frameworks: IFC Operating Principles for Impact Management (OPIM), the Impact Management Project and its Five Dimensions of Impact framework and UNPRI.

Pre-investment Impact Analysis. Leeds Illuminate conducts rigorous diligence, which includes capturing multiple dimensions of impact and outcomes indicators, on prospective companies’ demonstrated outcomes pre-investment and invests in companies that show meaningful results. It evaluates each prospective investment on its product or service efficacy data, impact results achieved to date, education or workforce impact opportunity during the investment period, and associated alignment with Firm impact objectives.

Leeds Illuminate focuses on understanding a company’s demonstrated and target outcomes for learners and/or workers. It conducts diligence to evaluate a prospective investment across multiple dimensions of impact and outcomes indications, including:

- contribution to the outcome;
- the degree of change and type of outcome created;
- existing type, rigor and credibility of efficacy data supporting the outcome created;
- details on beneficiaries (typical learners and workers) and their degree of need versus market alternatives;
- the current scale and expected scalability of the outcome during the investment period and beyond;
- the firm’s ability to contribute to and potentially accelerate results in partnership with the company and any specific opportunities for assistance; and
- potential risks to both achieving target outcomes or other negative impact risks.

In its evaluation of company efficacy data, it utilizes existing primary and secondary research conducted by the company or others pre-investment to validate demonstrated efficacy. Secondary research may include academic research reports, trade publications, third-party data or surveys, and

data from other portfolio companies or companies with similar models. In addition to product or service efficacy data, Leeds Illuminate seeks “voice of the beneficiary” results, including satisfaction surveys, Net Promoter Scores, case studies, personal impact narratives and other direct learner and worker feedback mechanisms. As needed, and depending on the rigor and credibility of existing results, Leeds Illuminate will make plans for additional firm contribution to advance future efficacy evaluation and outcomes studies in partnership with management teams.

Post-investment Impact Measurement, Management and Reporting. Post-investment, Leeds Illuminate conducts impact data collection at least annually with portfolio companies to continue to evaluate outcomes achievement and manage the investment for scaled outcomes during the investment period. Leeds Illuminate notes that some metrics can be normalized and aggregated across companies (i.e., scale in terms of the total number of learners or workers experiencing outcomes) but prioritizes its measurement and reporting on company specific, outcomes-oriented metrics. Though all Leeds Illuminate portfolio companies operate in the education and workforce development sector, each company has a unique intervention and specific outcome target for its respective learner and/or worker beneficiaries. These beneficiary profiles and outcomes dimensions can greatly vary across companies. A firm focus on company-specific outcomes thus enables better impact measurement and management to advance companies’ targeted results.

Leeds Illuminate intends to utilize the data collected in its impact measurement practice to inform the ongoing management of the investment and to identify improvement opportunities, refine their investment strategy, and respond to challenges that arise over time. The firm shares impact results with its Limited Partners on at least an annual basis.

KEY TAKEAWAYS

- Use existing primary and secondary research conducted by the company or others to validate demonstrated efficacy
- Partner with management teams to continue to improve and/or formalize data collection and outcomes evaluations over time

IMM Fundamental #3: establish manager’s contribution

Leeds Illuminate partners with companies to scale their demonstrated outcomes and to provide portfolio assistance to further improve, understand or enhance outcomes or dimensions of outcomes over time. Leeds Illuminate impact contributions include helping portfolio companies recruit diverse talent and/or Board Directors, assisting to develop additional beneficiary outcomes surveys and data collection strategies, and introducing portfolio companies to potential organizational partners that can contribute to additional learner or worker impacts. For example, one portfolio company had a robust body of primary research and evidence of skills attainment, job



placement and income gain outcomes achieved for its learners as a result of the program they created. Leeds Illuminate contributed additional resources and expertise to help the company advance its alumni beneficiary surveys and multi-year post-program research to better understand longer-term income and career advancement outcomes as well.

KEY TAKEAWAY

- Introduce portfolio companies to potential organizational partners that can contribute to additional learner or worker impact, assist companies to further develop beneficiary outcomes surveys and data collection strategies, and help companies recruit diverse talent and Board Directors

IMM Fundamental #4: measure the impact of each investment

Leeds Illuminate’s strategy is designed to ensure that each of its portfolio companies has demonstrated outcomes and measurable results at the time of investment. Post-investment, Leeds Illuminate conducts impact data collection at least annually with portfolio companies to continue to evaluate outcomes achievement and manage the investment for scaled outcomes during the investment period.

As noted, Leeds Illuminate prioritizes its measurement on company specific outcomes-oriented metrics that inform results created by each underlying portfolio company. It also collects some metrics that can be normalized and/or aggregated across companies (i.e., scale in terms of the total number of learners or workers experiencing outcomes.) The firm shares impact results with its Limited Partners on at least an annual basis.



We believe that impact measurement should remain within the realm of tangible results. While some impact frameworks would have the discrete and tangible points of impact extrapolated out to infer large macro impacts, it is our intention to maintain focus and measurement of impact that the portfolio companies can actually measure.”

Please see Leeds Illuminate’s 2022 Impact Report for more information and current examples of its impact management, measurement and reporting: <https://impactreport.leedsilluminate.com/>

KEY TAKEAWAYS

- Identify specific outcomes indicators relevant to each company’s unique model, beneficiaries and impact
- Conduct impact data collection on a regular cadence

Appendix: ICM Fundamentals of Impact Measurement and Management (IMM)



Impact investors set themselves apart from traditional investors because of their objective to invest for both financial returns and impact. A successful IMM practice can enable investors to enhance their impact, increase their business value, and communicate more effectively.

The ICM Fundamentals of IMM were generated in 2020 by leaders in the ICM network to set a high but achievable bar for a variety of private capital fund managers seeking both superior returns and meaningful impact. Together they comprise a solid floor on which fund managers can build a more ambitious and effective practice over time.

The ICM Fundamentals of IMM:

- ✓ Helps investors define what is useful, practical, important
- ✓ Differentiates ICM members as market leaders
- ✓ Supports members to become more sophisticated and effective
- ✓ Ensures continued quality of ICM's best-in-class network, by embedding expectations for IMM in criteria for inclusion

THE ICM FUNDAMENTALS FOR IMM

	INVESTMENT PROCESS	IMM PRACTICE	THE ICM FUNDAMENTALS	GROWING YOUR IMM PRACTICE →
PRE-INVESTMENT	Investment strategy development 	A. Define clear impact objectives(s) for the portfolio and its investments	✓ Yes	
		B. Establish an IMM process	✓ Yes, informally	✓ Yes, more intentionally, consistently, and thoughtfully
		C. Establish Manager's contribution	✓ Yes, qualitatively (informal)	✓ Yes, qualitatively (formal narrative)
POST-INVESTMENT	Investment management 	E. Measure the impact of each investment (OPIM #6)	✓ Yes	

GROWING YOUR IMM PRACTICE

	INVESTMENT PROCESS	IMM PRACTICE	THE ICM FUNDAMENTALS	GROWING YOUR IMM PRACTICE →
PRE-INVESTMENT	Investment strategy development 	A. Define clear impact objectives(s) for the portfolio and its investments	✓ Yes	
		B. Establish an IMM process	✓ Yes, informally	✓ Yes, more intentionally, consistently, and thoughtfully
		C. Establish Manager's contribution	✓ Yes, qualitatively (informal)	✓ Yes, qualitatively (formal narrative)
		D. Assess expected impact of each investment	✗ No	✓ Yes, qualitatively (formal narrative) ✓ Yes, qualitatively through assessing alignment to impact thesis and establishing quantitative forecasts of impact
POST-INVESTMENT	Investment management 	E. Measure the impact of each investment	✓ Yes	
		F. Manage the impact of each investment	✗ No	✓ Yes, and leverage data to accelerate impact
		G. Assess, address, monitor, and manage potential negative impacts of each investment	✗ No	✓ Yes, informally ✓ Yes, formally
	Exit Planning 	H. Conduct exits considering effect on sustained impact	✗ No	✓ Yes, informally ✓ Yes, formally
		I. Review, document, and improve decisions and processes based on achievement of impact and lessons learned	✗ No	✓ Yes

* The ICM Fundamentals of IMM are informed by the Impact Principles with some modifications to ensure they are fit for purpose by market rate private capital impact investors of a variety of sizes and strategies.

IMPACT CAPITAL MANAGERS

The Impact Capital Managers mission is to accelerate the performance of our members and to scale the private capital impact investing marketplace with integrity and authenticity. We do this through our membership association, which includes 100+ funds representing more than \$60B in impact-focused capital, and through field-building initiatives and partnerships supported by the ICM Institute. The ICM network of peers is engaged and collaborative by nature. As part of our commitment to grow the marketplace with integrity, members must meet certain criteria including standards on impact measurement and management. ICM is a proud organizer of the Mosaic Fellowship and with Achieve Partners, producer of the Better Money, Better World podcast.

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