

How third party evaluations can get you more funding?

In 1999, our neighbour Mrs Patel switched from Tata Salt to Captain Cook Salt overnight after seeing an advertisement on television (between the songs of Chitrahaar). It was as simple as that - she saw the advertisement; she liked what it had to say and trusted it enough to switch.

More recently, when her son reacted in a similar fashion to a car advertisement and announced that they should upgrade from the very old Wagon-R to a new fancy Renault, her reaction to it was "Please check the reviews above the car before making any decision". She then followed up the advice by forwarding half a dozen links carrying reviews of the car by third party car experts and automobile magazines.

This is the same lady who switched from one salt to another without batting an eyelid on the basis of an advertisement. And today, she won't even watch a movie without reading the reviews first!

This is perhaps true for all of us.

So, what changed? Have we lost trust in what the advertisement says? Have we become smarter and more aware over time? Do we have more information today and easily? Are we seeking validation before we make decisions now?

The answer is all of the above. We as consumers/customers/buyers/sellers have become savvier today - we use verified and certified facts to make our decisions today. Harsh as it may be, self-validation, past performance and success count for nothing, unless validated by a credible third party today.

With information increasingly easily available and accessible, consumers and buyers of goods and services will seek more and more validation to minimise any risk to their decisions.

So why is this consumer/customer trend relevant to the development sector?

Simply because, this trend is true across nearly every transaction being made today, including in the development sector. Over the last decade, social impact investors have become a lot more focussed, purpose-driven and demanding. This has resulted in the impact evaluation in the development sector evolving from simply measuring intervention effectiveness to measuring the actual social impact of the intervention on the ground or the social return on investment. This shift in how "return on investment" in the development sector is being measured has led investors to greater scrutiny in the selection of who they are investing in.

Not surprisingly, validation has become a key component in the selection process. Validation, especially from independent, credible third parties is quickly becoming the basis for decision making of investments to be made in the development sector. Social Impact investors, both, individuals and organisations are seeking independent and credible third-party validation and certifications amongst other things before making investment decisions. Sure, factors like the quality of the team, program/project plan, past performance in a similar area are important. But without an independent credible third party validation, they won't count for much.

Organisations that invest in social impact today depend on third parties even for monitoring and evaluation - all major consulting firms today have a division to address the M&E needs of their customers. That's how big this pie is today.

While some from the development sector have geared up to this fact, many are yet to.

Needless to say, if you are in the social development sector and are seeking investment, now is the time to figure out the appropriate third party to monitor, evaluate and validate your programmes and strategies. This will not just make it easier for you to open-up investment conversations, but will also give you the much-needed edge when your investors are making an investment decision. This is half the journey to getting more funding for your social enterprise. A key component of the other half lies in the selection of the third party to validate your organisation.

So, how do you choose which third party to seek certification from? That is a whole blog by itself...

Keep watching this space!