The following material is summarized from the paper, *The Blended Value Map: Tracking the Intersects and Opportunities of Economic, Social and Environmental Value Creation*. The full paper is available at www.blendedvalue.org

Executive Summary

I. Introduction

While all organizations attempt to create value of one kind or another, the central premise of the blended value proposition is that value is itself a combination, or "blend," of economic, environmental and social factors, and that maximizing value requires taking all three components into account.

In the past, there has been a real separation in the notions of value, in which corporations sought to maximize economic value, and nonprofits sought to maximize social or environmental value. However, a growing group of practitioners, investors and philanthropists are advancing strategies that intentionally blend social, environmental and economic value. These activities have resulted in an exciting wave of new practices across the for-profit and nonprofit sectors.

Corporations are realizing that by focusing on the positive social and environmental impacts of their work, they can increase, or at least not compromise, the economic value they create for their shareholders while simultaneously addressing the concerns of outside stakeholders. Many nonprofit organizations realize that by incorporating business practices that create economic value into their management strategies, as well as by creating new ventures and partnerships, they can better deliver on their social and environmental missions. And the number of philanthropic and traditional investors supporting these practices is growing.

The Pursuit of a blend of social, environmental and economic value is not without challenges. A host of common issues exist such as creating more efficient capital markets, developing new metrics by which to assess the full performance of organizations, the various leadership and organizational development challenges confronted by those advancing these practices, as well as the relevant policy and regulatory issues they face.

While there is great work taking place to solve the challenges of blending social, environmental and economic value, much of the work occurs within discrete areas of activity without meaningful discussion and collaboration. There is significant and unrealized potential to leverage greater knowledge and work *across* the various areas of activity in order to address and solve common challenges. Solving these challenges would create a host of social, environmental and economic benefits throughout society.

Of course, there are many questions that must be answered before this vision can begin to take shape. For example, who is already doing this work? Are they effective? What kind of challenges do they face? Which of these challenges are common across the various areas of activity? Is anyone addressing these common challenges? Are they effective?

These are not abstract questions. There is a wide array of organizations already attempting to blend social, environmental and economic value in order to capture the full value of their work. There are also a number of organizations addressing the unique challenges of blending social, environmental and economic value. This document is an attempt to identify, or "map" this emerging field – a necessary first step we must take to build a body of information and the practical methodologies that will allow us to improve the effectiveness of these organizations and eventually create greater social, environmental and economic prosperity.

The goal of this project is to identify opportunities for coordinated action across this field of related work in order to increase the effectiveness of these organizations in pursuing their strategies for creating both economic returns and social/environmental impacts. Therefore, the paper concludes with a presentation of seven general recommendations and seven specific tasks we must engage in if we are to create an international platform and process to better connect the great work taking place across the globe.

Finally, this is an actual map—the appendices list literally hundreds of resources, organizations, standards, codes of conduct, institutions, initiatives, companies, foundations, websites, indices, books, articles and metrics that encompass the body of knowledge upon which the blended value proposition will be formulated and refined.

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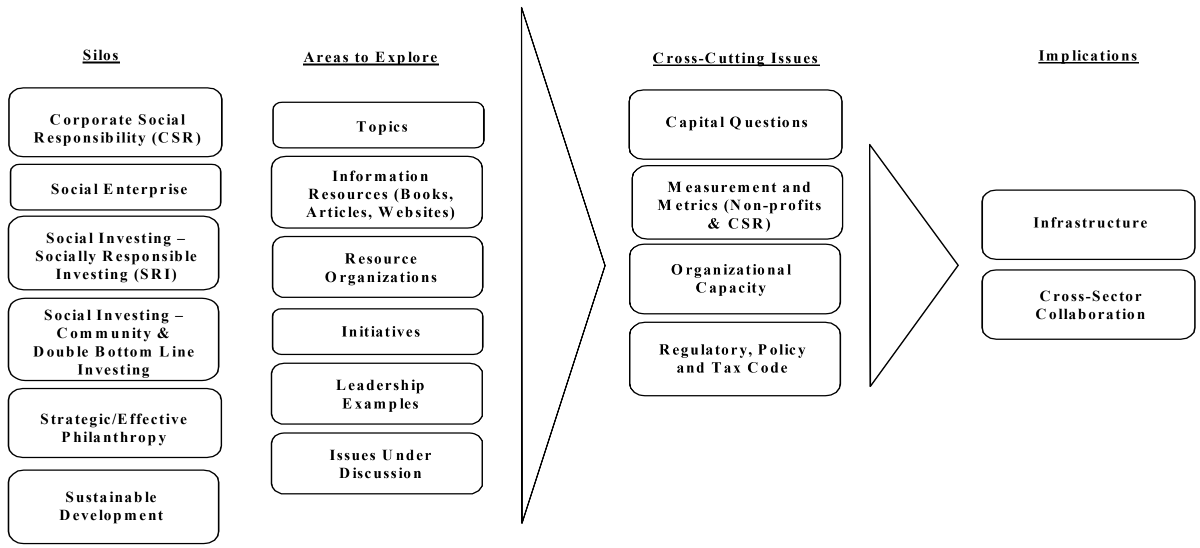
Overview of the Blended Value Map



II. Overview of the Map

A. The Audience

This map is a resource for members of the business, non-profit or academic communities who are interested in incorporating social, environmental and economic value in their work. The map is also offered as a thought piece for foundations and individual donors interested in exploring how best to support and advance this promising work.

B. Five "Silos" of Activity

While actors who are incorporating social, environmental and economic value in their work have much in common, we discovered that they are currently organized largely in groups that we refer to as "*silos*." By silo we mean a group focused on a common subject that may not be well connected or integrated with other groups.

In the course of our research we identified five silos:

1. Corporate Social Responsibility (CSR)

CSR includes corporate citizenship, corporate accountability, business ethics and sustainability. CSR describes companies and business managers/leaders who consciously integrate strategies that seek to create environmental and social value within their core business models, operations and supply chains. CSR may also refer to the way a company manages its investments and philanthropy. Such corporations use market rate capital and seek to deliver market rate risk adjusted returns.

One prominent example of CSR is Dupont, which has been proactive in making sustainable growth a core component of their business strategy. Dupont believes that taking into account social and environmental factors has created higher efficiencies, improved margins and reduced risks. For example, Dupont estimates that better packaging design and increased factory productivity in Brazil saved $340,000 per year and reduced annual waste by more than 100 tons. In Canada, they estimate an annual savings of $12 million from a conservation initiative that resulted in reduced energy per unit production.[1]

2. Social Enterprise (SE)

A useful definition provided by the British government defines social enterprise as "…businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners. Social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. By using business solutions to achieve public good, the government believes that social enterprises

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[1] Holliday, Chad "*Sustainable Growth, the DuPont Way*," Harvard Business Review, September 2001.

have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy."

For our purposes we have used the term "social enterprise" to refer to those entities that typically pursue blended value returns that may allow for reduced financial return or take on added risk in pursuit of social and/or environmental value creation. These can be called double bottom-line businesses, social purpose enterprises, nonprofit business ventures and mission-based for-profit businesses.

An example of a social enterprise is Rubicon Programs Inc., a nonprofit that provides training services and jobs to a number of disadvantaged groups, along with running several profit-generating businesses. Rubicon's three businesses, Landscape Services, HomeCare Consortium and Rubicon Bakery generate revenues and provide training and employment for individuals who have either never worked before or who have been out of work for years.[2]

3. Social Investing (SI)

Social investing seeks both financial and social/environmental value and returns. Social investing may include the following two categories:

- *Socially Responsible Investing (SRI)*: The investment goal is to achieve full financial, market-rate returns with environmental and/or social value components. Most of the activity in this area makes use of social and other screens to guide investments in mainstream corporations or shareholder advocacy, in which shareholders actively encourage a corporation to seek social and environmental value.

- *Community and Double Bottom Line Investing:* The investment goal is the generation of financial and social/environmental value. Community investing is accomplished through geographically focused strategies.

Social Investing can be traced back to the early 20th century, when religious institutions divested their portfolios of alcohol, gambling and tobacco stocks. Social Investing has grown significantly since these early beginnings. According to the Social Investment Forum, by 2001 total assets in professionally managed portfolios utilizing screening and shareholder advocacy came to $2.3 trillion, or 12% of the $19.9 trillion in professionally managed assets in the US. In addition, Social Investment Forum estimates community investing at $7.6 billion, representing a 41% increase from $5.4 billion in 1999. In a separate study by RISE, double bottom line private equity investment was estimated at $2.0 billion.

The Jessie Smith Noyes Foundation is recognized for its socially responsible investing of its endowment. The Noyes Foundation considers social investing as part of its fiduciary responsibility. Their investment policy screens out companies that produce or use nuclear

[2] Rubicon Programs, Inc. "*About Us,*" http://www.rubiconpgms.org/pages/mission.html, (October, 2003).

power; produce synthetic pesticides, herbicides, or other agricultural chemicals; or derive more than five percent of revenue from tobacco products. The foundation seeks to invest in companies that are committed in the environment, sustainable natural resources and a safe and healthy workplace.[3]

The F. B. Heron Foundation has been a leader in community and double bottom line investing. Heron Foundation believes that using their corpus to fund social or mission-driven investing is an essential component to their overall strategy. In 2002, Heron Foundation had program related investments in community and double bottom line ventures that represented approximately six percent of its total endowment.[4]

4. Strategic Philanthropy (SP)

Strategic Philanthropy (also referred to as Effective Philanthropy) is marked by its commitment to viewing philanthropy not as an approach to charitable giving, but rather to investing in the creation of measurable social impact. While Strategic Philanthropy represents a small portion of overall charitable giving, the focus on outcomes as well as an increased focus on organizational capacity building provide promise for the field as a whole.

Acumen Fund is one example of Strategic Philanthropy. Acumen Fund's goal is to accelerate global change by making philanthropic investments in organizations focused on international development. Acumen Fund manages its investments like a venture capital firm, with a rigorous process to select investments and the use of clear performance metrics. Acumen provides investees with financial as well as technical and capacity building assistance.

5. Sustainable Development (SD)

This term is used interchangeably with sustainable consumption and production. The generally accepted definition was proposed by the United Nations:

> "To meet the needs of the present without compromising the ability of future generations to meet their own needs."

The World Business Council on Sustainable Development (WBCSD) defines SD in terms of the Council's commitment to "sustainable development via the three pillars of economic growth, ecological balance and social progress." We use the term here to refer to initiatives and practices that seek to protect the environment, bolster economic prosperity and improve quality of life.

One example is the field of Clean Technology, which focuses on the need to reduce our dependence on fossil fuels and limit waste. This field includes companies such as Vestas Wind Systems, a leader in the development of wind power technology, and FuelCell

[3] Emerson, Jed "*Where Money Meets Mission*," Stanford Social Innovation Review, Summer 2003.
[4] Ibid.

Energy, a developer of clean and efficient electric power generators. Other explorations in SD include increasing consumer awareness and building demand for green products, development and documentation of sustainable business practices as well as expanding initiatives to address corporate accountability regarding SD and the related advocacy and policy development in this area.

C. Cross-Cutting Issues

In the Blended Value Map, each of the above silos contains a section on *"Issues Under Discussion"* by those within the silo. These issues, while specific to the silo in question, are strikingly similar across silos and form the basis of the "cross-cut" discussion in **Section Three** that concludes the Blended Value Map.

Based on our research and interviews, we identified the following challenges that cut across all silos:

1. The Capital Challenge
2. Measurement and Performance Metrics
3. Leadership and Organization Development
4. Government policy/regulation/tax codes

For each of these common areas, we provide an overview, a detail of the key issues and a listing of various resources, organizations and initiatives. The following summarizes each of these sections.

1. The Capital Challenge

Capital is the fuel that allows for the creation of organizations capable of creating value within a given market. It is the resource that enables entrepreneurs to build organizations, both nonprofit and for-profit, that can bring services to clients and customers, and it is the necessary element that permits businesses to grow and prosper.

The Social Capital Market, like any other, requires efficiency, transparency and measurable outcomes for sustained growth. The inefficiency of this market has been addressed by various authors, but the key concerns with regard to this inefficiency focus on the following set of considerations: high transaction costs, lack of adequate information flow, lack of market responsiveness, lack of connection between organizational performance and capital allocation, lack of common standards and definitions, lack of intermediation, lack of common understanding of relation between risk and various returns.

Furthermore, a key component of capital market inefficiency is the lack of appropriate financial instruments, which inhibits the efforts of managers pursuing blended value, whether in mainstream corporations, emerging for-profit social ventures or social purpose enterprises attempting to scale their ventures.

Ideas to Move the Market

The document lists a number of initiatives underway that promise to help build a more robust capital market in support of blended value investing and organizations. From our interviews and research, we identified a number of steps the field can take to continue to build upon these individual initiatives:

- There is a need to clearly map the total capital market, in terms of types of returns, terms of investment and risks associated with them.

- Research is needed to more accurately define the market for a new asset class providing investors with a blended return. This research should explore investor motivation and risk profiles.

- The policy environment that shapes both domestic and international capital markets is worth exploring in order to better advance policy frameworks supportive of practitioner needs and investor interests.

- Efforts need to be taken to help encourage viable strategies for capital diversification (e.g. investors may not know that they can receive a full market return on securities offered by nonprofit organizations such as Habitat for Humanity).

- The role of funding intermediaries could be expanded around the world. These entities can function in funding, capacity building and field development roles in order to connect work at the local, regional and international levels.

- There is an opportunity for foundations to take the lead on working with their grantees to create and introduce new investment instruments structured to generate multiple returns for both the investor and investee.

- Foundations could capture the opportunity to create new forms of collaboration capable of creating greater efficiencies, balancing risk profiles, mobilizing significant amounts of new investment capital, and sharing emerging practices.

- We need to increase the financial sophistication of managers and finance officers in order to diversify the capital base of their corporations.

- An international fund might be created to provide secondary financing to micro-finance, community loan and other funds. The foundation community could take the lead in working with the World Bank, the Inter-American Development Bank and other providers of capital in order to create such a Fund of Funds.

- The definition of "fiduciary responsibility" should be expanded to include not simply financial stewardship, but economic, social and environmental performance as well.

2. Measurement and Performance Metrics

There is little consensus on how best to approach the creation of a single, commonly endorsed set of metrics by which to assess the performance of non-financial aspects of both organizations and funds.

Key issues that arise as we explore the world of measuring and performance metrics include the lack of consistently effective approaches and tools for measuring and reporting social value, and the lack of confidence in what is measured.

Ideas for Improving Metrics

In order to advance the creation and application of sound metrics, there are a number of areas to explore. While this is not a definitive list, based upon our interviews it would appear that there are a number of important issues to be addressed:

- Several organizations such as the Roberts Enterprise Development Fund (REDF), the Urban Institute, SustainAbility and others have advanced and documented their various social outcome measurement processes. Working together with these parties to determine a common understanding with regard to language, terms and standards of practice could be a first step in developing a commonly endorsed set of metrics.

- Understanding and disseminating the experiences of projects like the CDFI Data Project, an industry-wide CDFI data collection and management system launched in 2000, and the Annie E. Casey Foundation's work to evaluate its community initiatives over long periods of time could be a first step in exploring how best to create a practical data gathering methodology that does not place undue burden upon those attempting to gather and track that data.

- Organizations including REDF among others emphasized the importance of understanding the costs involved in measuring social outcomes. Involving funders in discussions regarding the costs of building reporting systems to generate and track data could be an important step in getting funders to recognize these costs, and ultimately to be willing to help fund these reporting systems.

- Experiences such as those of the Greater Kansas City Community Foundation suggest that any process by which standards are set and reporting goals established should be one in which practitioners are intimately involved. Understanding and disseminating these experiences could help to underline that the importance of "metrics" is not simply to assure investors that capital is achieving its highest and best use, but also to provide managers with the information they need to create more effective and efficient strategies of practice.

3. Leadership and Organizational Development

While the term "organizational capacity" has recently come into vogue in the nonprofit sector, it is a critical issue for for-profit organizations as well. Questions of developing core leadership, management and achieving financial sustainability are not limited to any particular silo, but are common to the whole. In general terms, achieving organizational capacity may be understood as falling into a number of related areas, including leadership and management, financial sustainability, governance, strategic planning, scale and funding capacity building.

From our research, it appeared that many of the necessary elements for the silos to achieve greater organizational capacity were in place. The steps seem straightforward; however progress in this area will require meaningful investment and effort. The following are suggested next steps.

- Consideration should be given to the development of strategies and policies to attract and retain senior management of the highest caliber in social ventures, social enterprise and corporations working to build and capture full value. This is true of all levels of management, from CEOs to finance and marketing positions. Research reveals that it is especially important at the CEO level.

- Management-training programs should explore how best to integrate social and environmental issues directly into curriculum content. According to a 2001 survey of MBA programs by Beyond Grey Pinstripes, "there remains a lack of integration of social and environmental issues into the core MBA curriculum." We believe these issues should be viewed as integral to the core practices of effective management.

- Increased funding must be provided to build internal operating capacity of both nonprofit and for-profit organizations. At this point, both sets of investors working with both types of organizations commonly believe capacity is equivalent to overhead and that it is an excess element that should not be supported.

- Additional funding is required to support the infrastructure of these efforts. It is not enough to build capacity at the organizational level if we are not also making investments in the field as a whole. Funding must be made available to create and implement improved reporting and accountability systems capable of documenting the full value being created by an organization.

4. Government Policy/Regulatory/Tax Code

While there is significant debate regarding the appropriate role of government in creating a "level playing field," the fact remains that governmental regulations, policies and tax code have a significant (perhaps primary) effect upon the degree to which market forces are allowed to work to create blended value. A great deal of effort has been expended to document the business case for both firms and investors, but there are many in the mainstream corporate community who will acknowledge that it is the stick and not the carrot that will get them to act on these issues. Advancing practice across the field will need to include the support of a coordinated policy agenda.

Issues regarding the role of Government, policy, regulation and tax code include the challenges of lobbying, the critical role of government, the issue of counterproductive policy initiatives and the need for a common advocacy agenda.

If we are to be successful in moving an effective policy agenda to support healthy corporations, communities and ecosystems, we first need to bring the larger set of players together from across their silos. In these discussions, areas of common interest and policy development could be explored, and specific policy initiatives could be developed.

A discussion of policy initiatives will help better define those areas in which actors from various silos can support a common policy agenda. This discussion could address such fundamental questions as:

- Should policy development address issues related to private capital investment? Public funding initiatives? Tax frameworks to support emerging areas of work?

- Should the policy agenda be broadened to include such areas as community and economic development (including public investment practices, land-use and economic development policies?

- What mechanisms are needed to ensure participation in the development of policy agendas by those within these various silos?

- Who are the key actors and where are the most effective leverage points in advancing core parts of this policy agenda?

This can only happen when the various participants are presented with opportunities to come together as a whole. At present, there are only a modest number of "silo-wide" opportunities to come together—and virtually none that are focused on convening the commons as a whole. Initiating this dialogue and enabling its participants to advance a shared policy agenda will take a significant investment of both time and money—but as we have witnessed in other sectors of interest, the payoffs may be quite significant.

Finally, it is also critical that regulatory and policy development efforts be firmly connected to the actual experience and interests of practice. In the same way that research is irrelevant if not embedded in practical application, the interests and priorities of practitioners should set the agenda for policy development and advocacy. Organizations such as PolicyLink and others are key in advancing this strategy of building policy from practice. Consideration should be given to supporting more such efforts in the future.

D. Implications

In this section, we share some initial recommendations for breaking down the walls of the silos to create a larger, more effective international community of practice and learning. We explore how to most effectively position each of the silos to pursue their own interests as well as work together more effectively.

These suggested areas of cross-silo collaboration are offered based upon our interviews and research, and are a starting place from which to begin discussions. We believe that these initial ideas will require broader, open dialogue with as wide a set of international stakeholders as possible. We hope to conduct conversations during the next year with this aim. Our hope is to achieve what philosopher John Rawls described as an "overlapping consensus" upon which we might collectively build a wide variety of related activities.

In **Section Four** we discuss:

1. Cross-Sector Collaboration
2. Value Networking
3. Building an International Infrastructure

For each of these topics we provide preliminary thoughts based on our research and interviews. The following summarizes each of these sections.

1. Building Beyond Cross Sector Collaboration

Collaboration is difficult to engage in for a number of reasons. First, conflicting incentives and motivations can inhibit collaboration. Second, while foundation resources will be critical, by focusing on funding "unique" programs, the foundation community may unintentionally impede successful collaboration by encouraging grantees to focus on individual priorities versus common challenges. Third, the silos are extremely fragmented, making consolidation and collaboration very difficult to achieve *within* an area of work, much less *across* seemingly different areas of interest. Fourth, cross-silo engagement requires different skills, orientation and leadership style than may be necessary for success within a single silo of activity.

While the challenges of effective collaboration are great, the successes of initiatives at the corporate, non-profit and foundation level show that the benefits are even greater. A component for long-term success in overcoming the challenges faced by organizations pursuing blended value will be the creation of a new funder's collaborative. This collaborative could support the efforts of actors to work together with those in other silos to address commonly defined challenges. For example, funders interested in increasing the efficiency of capital markets could work together to support projects that tailor mainstream financing instruments for use by investors seeking a blend of social, environmental and economic returns. Another example is in the area of performance metrics. Many foundations are engaged in working with grantees to advance more useful metrics to assess performance, and many for-profit corporations are exploring how to track social performance of companies. By providing funds to those interested in working together to address this common challenge, more actors (both as investors and managers) could benefit from these efforts.

These collaborations could bring key public and private investors to the table to better understand specific funding areas others are supporting. This would also help funders to establish a unified strategy to create the international infrastructure needed for these investments to be brought together into a more effective whole.

2. Value Networking

Success in this new phase of collaboration across silos, will require the development of new skills. It will require more than simply cultivating a desire to work together—it will require a fundamental change in the understanding of how organizations link to each other and to investors in the field as a whole.

Nonprofits tend to approach collaboration as a *tactic* to achieve a given project goal, not as part of an overall *strategy* to attain the broader goals they seek to achieve. While of obvious limited benefit, this approach is stunted in its potential to create long-term value on the terms sought by actors across silos, responding to diverse stakeholder groups.

Treating collaboration as a process of value creation requires looking forward instead of looking inward. Unfortunately, much collaboration in the nonprofit sector takes the latter approach. By contrast, the most successful for-profit firms of the current age, like Cisco Systems and eBay, among others, recognize opportunity, organize resources to respond to that opportunity, and then reconfigure relationships in order to capitalize upon the next wave of opportunity.

Understanding the need to build value networks also has implications for how we build capacity. Enhancing the capacity of individual organizations must be a key part of any effort to build common activity, but it is not the only way to create meaningful change across silos. We certainly need to build strong, well-functioning firms and institutions capable of acting upon their value propositions. For collaboration and networking to be successful, capacity building for organizations to convene and for a connecting infrastructure must also occur—and adequate resources for practitioners to participate in these supported dialogues and shared work projects will be required.

3. Building an International Infrastructure to Support Blended Value

How do we more effectively leverage these separate parts in support of pursuing our common whole? We must recognize that our goal is not to build any individual silo or organization, but rather to create a world in which *all* organizations are best positioned to maximize the <u>total</u> value possible—value that is the outcome of a blend of economic, social and environmental performance.

This will be achieved by making use of our best skills and tools—taking what business has to offer and combining it with the best public policy and community/social enterprise practice. We should combine the financing tools of the marketplace, the investing potential of the foundation community, and the human assets of social entrepreneurship to provide a new generation of leaders.

While there is exciting potential for those involved in this area (when provided with adequate resources) to self-organize in order to advance shared aspects of this agenda, this will not happen of its own accord. What is required is a "network orchestrator"—an entity capable of assisting in the coordination of various participants, the timely allocation of various resources, and support for what could easily be a complex global dialogue.

While the "linking" connection between these various actors may primarily be driven by their interest in pursuing multiple returns and value (e.g., value that is economic and social and environmental), those invited to participate in this process should not be exclusively limited to "the converted." Indeed, corporate social responsibility practitioners could learn a great deal from mainstream nonprofit managers who have labored to build information systems to track social performance (regardless of economic value); while tools developed in mainstream accounting (such as the Balanced Scorecard) could directly inform those whose work attempts to go beyond traditional applications of such tools.

Let us simply conclude by stating:

What is needed is the creation of a vehicle for this new collaboration.

What is needed is an international infrastructure capable of orchestrating networks of blended value investing, enterprise creation and true sustainability at all levels of capital and organization.

III. Recommendations for Advancing the Field

It would be over-reaching in this initial paper to propose a unified vision and strategy for the various communities pursuing a blend of social, environmental and economic value. However, we do think it is worthwhile to present what we, based on the conversations and readings of these past months, *could* propose as general parts of a larger strategy to create a common field of practice that builds upon the many individual efforts already underway.

In **Section Five** we discuss:

1. General Recommendations for Advancing the Field
2. A process of International Dialogue
3. Specific Next Steps

The following summarizes each of these sections.

1. General Recommendations for Advancing the Field

First, we ought to recognize that the component parts of a strategy are already in place. What is needed may not be the creation of a new organization to pursue our goals, but rather new, *coordinated and long-term* support for existing groups to work together.

Second, we ought to explore how best to create a new, international knowledge development and management strategy. Such a strategy should seek to leverage against existing academic institutions, but must be built in direct partnership with those practitioners who are already engaging in this work.

We hesitate to suggest examples of the type of collaborative network we might collectively create; however there are existing examples that may be instructive. These would include, among others, the Society for the Advancement of Socio-Economics, the Society for Organizational Learning and the Mayo Clinic. In the case of the Mayo Clinic, for example, the Clinic functions in large part as a massive information clearinghouse that tracks work taking place in a wide range of related areas, while assisting those actors working in a specific arena to know both what is taking place in other areas of work and how those advances might inform their own efforts
Regardless of what form our international collaborative takes, we should explore how to better support knowledge development and provide better management of existing knowledge and tools. Such tools include frameworks for performance metrics, a host of investment instruments, and presentations of diverse strategies from which both investors and practitioners may choose.

In addition, we must build a global network of resource persons capable of "filling the gaps" between strategy, tools and practice. It is great to have access to the tools, but the wisdom of the field does not rest solely in papers and emerging research, but rather in the experience of those who have, in many ways, gone ahead. We need to support and make available the knowledge of those leaders of the field who have already had success.

Third, we need to discuss how to help individuals to connect with each other—for those *doing* the work to organize around common issues of shared concern, to create new partnerships to connect and jointly solve commonly defined challenges. This will in part take place via new technologies and Internet platforms, but must also be facilitated in the form of face-to-face meetings and other opportunities for relationship building.

Fourth, we must move beyond the current capital chasm that prevents blended value ventures from achieving scale and blocks potential investors from moving new forms of capital into the market. This capital question will best be addressed through its own focused strategy. However, it is obvious that new investment instruments are required, new syndication opportunities are needed, and an evolved, integrated capital market must be brought into reality—a market that pursues economic performance with social and environmental benefits.

Fifth, we need to create new market intermediaries capable of providing both capital and capacity building support to blended value ventures around the world.

Sixth, we must create a new, dynamic strategy for leadership development at *all* levels. This will need to build upon existing business and nonprofit management programs already active in this linked field of connected activity. However, we also need to create fellowship and learning programs to support existing leaders in expanding their worldviews and learning new skills of leadership and management. And we need to support deeper opportunities for cross-sector and interdisciplinary inquiry and learning.

Seventh, we must acknowledge the public policy implications of our work. Governmental tax, regulatory and framing policies set the context within which our work takes place. The creation of policies that allow our work to succeed is central to the ability of any individual, organization or association to successfully advance its goals. Today's corporations have lobbying bodies to vigorously protect their policy interests. Our field *must* be active at regional, national and international levels in promoting the policies that set the context of our work. We must work together to define an appropriate policy agenda and then we must work to advance that agenda around the world.

2. A Process of International Dialogue

The current Blended Value Map is presented from the perspective of the United States, and while we have solicited input from a variety of people worldwide, the next step is to engage in a global dialogue. We will attempt to do this through a number of tactics.

First, over the course of coming months, the Project Team will take this document and supporting materials on the road to engage in a dialogue with stakeholders in the U.S. and overseas. The goal of these meetings will be to explore the creation of an international initiative that builds on the work presented in this mapping effort. This initial round of discussions will take place in the United States, Canada, Europe, India and Australia, but these discussions will simply be a first step in what may easily be envisioned as an ongoing exploration.

We are also well aware that perhaps the greatest silos that exist are those separating the north from the south. In this initial paper we will not propose a specific course of action to initiate a broader, international discussion other than to simply say that significant thought must be given to identifying those forums where future parts of this discussion may best take place. Participants outside the US/European conversation should not be presented with a "proposal" for consideration, but rather directly engaged in the earliest conversations regarding where we all could go and how we all might best get there. We would welcome suggestions from readers with regard to how to best approach this process of direct global dialogue.

3. Specific Next Steps

Refinement and Maintenance of the Blended Value Map: Throughout this process, participants voiced a strong interest in seeing this initial mapping effort coordinated with other such projects and maintained in the future. There are many ways the present documents could be improved. For example, this initial map did not attempt an assessment of "pure" civic social enterprise ventures, focusing instead upon those engaged in earned income of various types, so an immediate next step will be to incorporate these and other parts of our larger community. One option would be to organize a small working group of firms to revise the map and convert it to a dynamic website. "Open Source" protocol, in which improvements can be made by anyone, could allow new organizations, initiatives and resources to be vetted and placed on the map.

Regional Mapping: This map is presented as a "U.S.-based perspective, informed by international practice." While active mapping of all the regions of the world may not be viable, many participants felt that an additional effort to use such a mapping process to engage a broader set of actors in regions around the world would be beneficial to both informing people as to the fuller scope of work taking place and as a basic organizing tool for connecting these emerging efforts.

Research into Investor/Practitioner Motivation: It is clear that while there are a host of connecting issues that link this work, investors and practitioners come to the table in pursuit of various "returns." Key questions have to do with how different types of investors/donors define what types/forms of returns they seek; and explorations into practitioner motivation will also be helpful in developing long-term strategies for collaboration across silos. Focused research into this "spectrum of motivations" will be critical to defining what drivers could best support collaboration and what motivators bring these various actors to the larger arena. The Integrated Capital Tool is one such research proposal that could address this issue in part, and other proposals could be solicited to build better understanding of investor/practitioner motivation as they come together at this emerging table.

A Capital Collaborative: There will be many opportunities for capital investors to collaborate on a variety of investment strategies that generate financial returns and create social and/or environmental value. As one very modest starting point, thirty leading foundations in the United States could come together and by the close of 2004 commit to transfer 10% of their total assets under management to Sustainable Asset Management, Trillium Asset Management or other such institutional fund managers seeking competitive returns through blended investment strategies for an initial three year period. At the end of this period, if those investments have performed at or above returns generated by the foundations' mainstream investments or an independent index, each foundation could add an additional 10% of its portfolio to such blended investment funds. This would be repeated annually until a more balance asset allocation is achieved.

Development of International Reporting and Performance Standards: The past decade has seen growing interest in creating internationally relevant reporting metrics to allow firms to document the impact of their work and leverage of received funding. The Global Reporting Initiative has made real inroads in this area with multi-national corporations, but additional work remains to be done with nonprofit entities. One very promising, jointly conceived international initiative is the ACCESS Project. Similar international efforts should be supported and leveraged against other national/regional efforts.

Expansion of SROI/SIA Application: Various individual efforts at applying an SROI/SIA methodology have been successfully created in a number of contexts. While debate remains concerning the best approach to assessing the social returns generated by a given organization or portfolio, what is clear is that the next step to exploring this analysis will be to create "like kind" industry-based portfolios to which an SROI/SIA analysis might be applied. This next phase of work should be funded at the individual venture fund and new market intermediary level.

Connector Conversations: There are already a number of actors within each silo whose work and networks span multiple silos and areas of interest. Although challenging to identify, thought should be given to arranging meetings between these connectors. Such connectors may easily share the larger, field building vision presented in this document. It is more than likely they will have specific ideas for how best to implement the variety of activities required for us to move toward achieving that vision. Furthermore, these connectors and other actors in this work should be supported in conceiving and acting upon cross-silo projects that could advance the interests of the parts at the same time they fulfill the promise of the Whole.

IV. Conclusion

The organizations presented on these pages are advancing the practice faster than the eye can see or the mind absorb. We have before us—at this very moment—a historically unique opportunity. But this is a window that is shutting as we speak. We have, at best, five years to lay the foundations of change that will set the course for coming decades.

We can only hope we can find the will and vision to become fully engaged on both a personal and institutional level in this process of global development. If we can find the commitment to create real, sustained change and the collaborative action required to achieve it, we can do no less than act upon the potential within our organizations and ourselves to fulfill the possibilities of a New World.