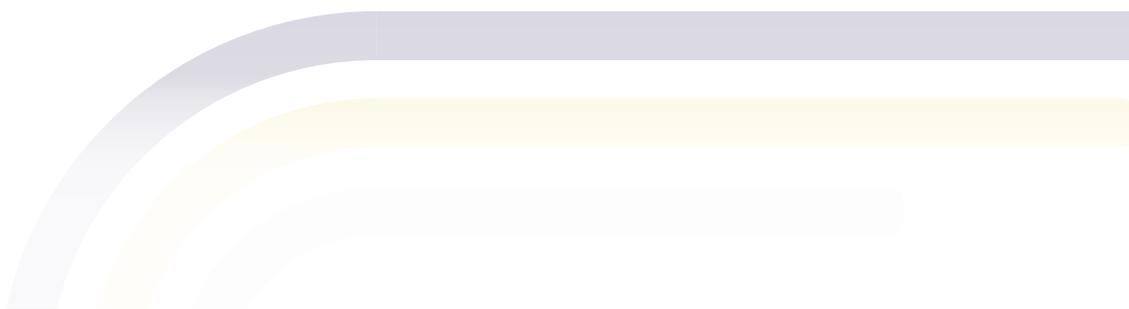




IMPACT 2015



WHERE WE WORKED IN 2014



MESSAGE FROM OUR CHIEF EXECUTIVE

All our stakeholders have expressed an interest in learning more about our impact on the charities and social enterprises we support, and this year we wanted to share some information about our findings and our performance with you.

I hope this summary report goes some way to demonstrating how much we ourselves have learnt over the past year, particularly around short and long term impacts on organisational effectiveness, and gives a broader view of our impact beyond each individual project. While we continue to find ways to improve our own learning, we will also be looking at how we share evidence of the changes that charities and Pilotlighters experience as a result of our support and the developments we have made to the Pilotlight core programme.

Pilotlight's vision is 'a world in which charities and business work together to achieve positive social change', so we gather information about the impact on *all* our stakeholders. Our work aims to help organisations thrive and achieve sustainability, while providing Pilotlighters an opportunity to share their skills and learn about a different operating context.

Our measurement focus is on Pilotlight's core programme: our 10 to 12 month coaching and mentoring model, where teams of four business members (Pilotlighters) work with a charity or social enterprise to develop a strategic plan.

In addition, we wanted you to know about the other programmes and projects we are delivering on, so we have included a brief summary of these (p.11).

If you have any comments on the report or any questions about our activities, please do get in touch – we'd love to hear from you.



Gillian

Gillian Murray
Chief Executive, Pilotlight

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INTRODUCTION

Since 2003, Pilotlight has worked with 448 charities and social enterprises (CSEs) across a range of portfolio areas (p. 5) and we continually assess and approve new organisations for support. At the end of 2014, we were working with 70 CSEs and 285 Pilotlighters.

During 2014, we continued to position social impact measurement as a core part of the strategic planning process. We have brought measurement to the heart of that process by focusing on social objectives and more clearly positioning the Strategy Impact Map as a tool for helping define and identify ways of measuring an organisation's social impact. Most significantly for the content of this report, we have increased the focus on social impact in our own measurement activities.

New questionnaires at end of project, one year after and two years after the engagement have enabled us to start to unpick the short and long term outcomes for our partner charities and social enterprises. At end of project:

- 100% of CEOs felt the engagement had had a positive impact on their strategic vision
- 89% felt it had had a positive impact on staff confidence in the organisation's future.

Two years after the engagement,

- 93% felt the Pilotlight process had had a positive impact on effectiveness of the board and financial management
- 81% felt it had had a positive impact on effectiveness of services.

100% OF CHARITY DIRECTORS FELT THE ENGAGEMENT HAD HAD A POSITIVE IMPACT ON THEIR STRATEGIC VISION

97% of CEOs completing in 2014 felt the Pilotlight team was successful in understanding/identifying the needs of the

organisation and 91% felt it was successful in meeting those needs. Our new system of formalising project aims will, in the future, enable us to further unpack the type of capacity-building needs of the charities and social enterprises that come to us for support and the factors contributing to more or less successful engagements.

Pilotlight's success relies on being able to continually recruit skilled and engaged Pilotlighters. For this reason, while our measurement focus is on the impact on the charities and social enterprises we support, we also monitor the results for Pilotlighters and key stakeholders. In 2014, we conducted qualitative research amongst our corporate partners and an online survey of all our active members. The findings illustrate impact on Pilotlighters' personal and professional development as well as providing us with feedback to help inform the development of our services.

89% OF PILOTLIGHTERS FELT WORKING WITH CSES THROUGH PILOTLIGHT HAD INCREASED THEIR SENSE OF WELLBEING

We have seen that the process has a significant impact on the Pilotlighters' personal and professional lives, with 89% of members saying their involvement with Pilotlight has increased their sense of wellbeing and happiness. Furthermore, the impact on Pilotlighters benefits the sector: 96% of Pilotlighters have an increased understanding of the challenges faced by people in need and 98% have a better appreciation of the work of the charity sector after working with Pilotlight.

We are always looking to improve, and this report outlines some of the learning we have gained from our stakeholders' feedback. Two areas of focus in 2015 are our new project aims framework and effective risk management during the Pilotlight process.

"Pilotlight brings a precious space to have a different kind of conversation"

OUR IMPACT ON CHARITIES AND SOCIAL ENTERPRISES



OUR IMPACT ON PILOTLIGHTERS



OVERVIEW - HOW WE MAKE A DIFFERENCE

At the end of 2013, we drew up an outline theory of change to further develop our systems for evaluating whether the Pilotlight process leads to more efficient, effective and sustainable organisations and ultimately better outcomes for disadvantaged people.

The challenge is to use our theory of change to identify an evaluation approach that is appropriate to our measurement needs and proportionate to our size and capacity. The charities we support do not collect consistent or comparable data on service user outcomes, nor would it be appropriate for us to try to collect outcome data from the end service user (not only because of the prohibitive cost but also because there are many other things that contribute to changes in service user outcomes in addition to the Pilotlight engagement).

METHODOLOGY

We ask CEOs of the organisations we work with for their views of Pilotlight's impact on short, intermediate and long term outcomes at end of project and one and two years after the engagement. In this report, we summarise feedback from CEOs of charities who completed an engagement with Pilotlight in 2014, 2013 and 2012.

In May 2014, we introduced the setting of project aims at each review meeting to monitor the areas of focus/outputs for our engagements and provide us with short term outcomes against which to measure success. A new format for the end-of-project report summarises how well each of the aims has been met and lists any additional outputs from the engagement for the charity beyond those captured under project aims. It summarises Pilotlighters' key learnings from their involvement in the project and their views of this learning on their personal and professional development. The new end-of-project report concludes with recommendations and areas of focus (referencing any aims not met or partly met to date) for the six-month progress meeting.

We have also introduced a new end-of-project internal learnings report. This uses a grid template to summarise charity and Pilotlighter views of, and recommendations for, the Pilotlight process. It also includes the Project Manager's view of what went well and less well, their personal learnings (anything they would do differently next time) and anything they have learnt from the engagement that would be useful to share with other Project Managers. We will be developing how this information is shared and used further in 2015.

PILOTLIGHT'S THEORY OF CHANGE



"The Pilotlight process has transformed us"

PARTNER CSEs PROFILE - CORE PROGRAMME

CHART 1: PORTFOLIO OF CSEs COMPLETING IN 2014 (BASE: 58 ORGANISATIONS)

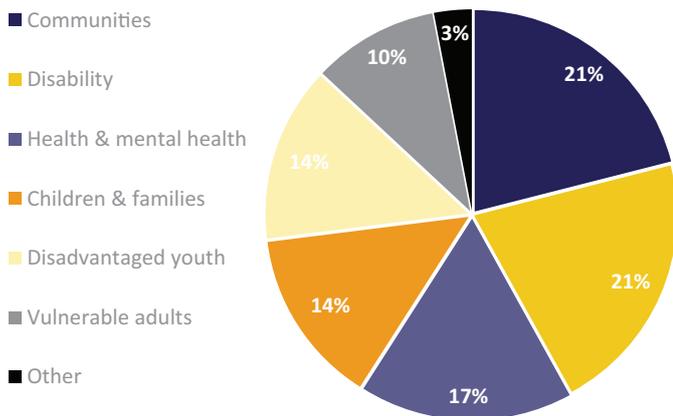
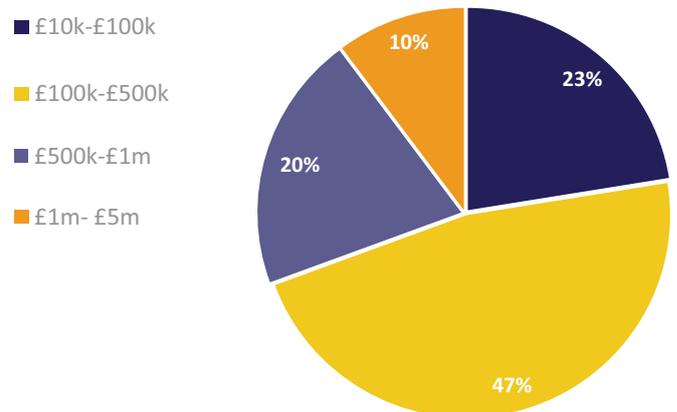


CHART 2: BASELINE INCOME OF CSEs COMPLETING IN 2014 (BASE: 58 ORGANISATIONS)



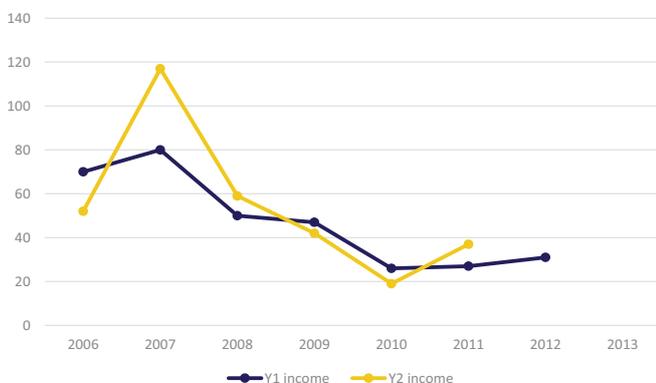
Monitoring change in income and service user numbers between the time of application and one and two years after the engagement provides a useful contextual backdrop.

Income data is taken from annual accounts publicly available on the Charity Commission and OSCR websites and service user numbers are taken from the self-reported figures given in pre- and post-engagement questionnaires.

INCOME

It is encouraging to see that our partner charities seem to be maintaining more than 25% average growth in income at year one despite a difficult funding environment. While organisations completing in 2010 struggled to maintain this average growth for the end of year two, early indications are that for organisations completing since, year one and year two growth is starting to creep back up.

CHART 3: MEAN PERCENTAGE INCOME INCREASE ONE AND TWO YEARS AFTER PROJECT COMPLETION



There is a broad consensus that small and medium sized voluntary organisations have faced significant financial pressures. NCVO's Civil Society Almanac 2014 reported that the voluntary sector's total income saw a net real-terms fall in its total income of £700m in 2011/12, driven by significant

cuts in central and local government spending with voluntary organisations (although the sector's total income was higher in cash terms than ever before, in real terms it was lower in 2011/12 than in any year since 2006/7).

The biggest hit was from local government spending, which accounts for 50% of government spending with the voluntary sector. Income from local government fell by £785m in 2011/12 – particularly impacting on small and medium sized organisations that are more likely to rely on grants and contracts from local authorities. Medium sized organisations (income between £100,001-£1m) have been particularly squeezed, with their total income falling by 3.6% in real terms between 2010/11 and 2011/12.

SERVICE USER NUMBERS

Data gathered in 2014 from CSEs able to submit comparable service user number data showed a 41% average increase at year one (charities completing in 2013) and 50% average increase at year two (charities completing in 2012). The growth in service user numbers exceeds the growth in income, suggesting that organisations are operating more efficiently.

Monitoring service user numbers is very challenging because we are dependent on the quality of the monitoring systems of the individual charities we support. Some count number of visits to a service rather than service user numbers, for example. Many offer a number of very different services and may mix counting number of service users (for an advocacy service, for example) with number of visits (for a drop in centre or a website). During the Pilotlight process many things can change, including the number and types of service offered and the types of people targeted/service user definitions.

THE GROWTH IN SERVICE USER NUMBERS EXCEEDS THE GROWTH IN INCOME, SUGGESTING THAT ORGANISATIONS ARE OPERATING MORE EFFICIENTLY.

OUR IMPACT

PARTNER CHARITIES & SOCIAL ENTERPRISES

CHART 4: VIEWS OF IMPACT ON ORGANISATIONAL EFFECTIVENESS (% OF CSES)



MEETING ORGANISATIONAL NEEDS

One of the challenges for evaluation of the impact of the engagement is that Pilotlight’s partner charities all come to us with very different needs. Furthermore, business sector support can sometimes be criticised for not understanding the needs of the charity sector. Responses to the first two questions on the end of project questionnaire indicate that our partner charities feel that the support is well targeted. 97% felt the Pilotlight team was successful in understanding and identifying the needs of the organisation and 91% felt it was successful in meeting those needs.

97% FELT THE PILOTLIGHT TEAM WAS SUCCESSFUL IN UNDERSTANDING AND IDENTIFYING THE NEEDS OF THE ORGANISATION

The remaining questions ask the CEO to rate what, if any, impact he or she feels the Pilotlight process has had on: strategic vision; the effectiveness of the board; effectiveness of financial management and planning; staff morale/motivation; the number of disadvantaged people reached; the effectiveness of services delivered; value for money for the charity’s funders; staff confidence in the charity’s future; and ability to measure impact. As we can see from our theory of change (p. 4), some of these focus on short term, some on intermediate and some on longer term outcomes. Therefore

we might expect to see different results at final meeting, year one and year two.

OVERVIEW OF ORGANISATIONAL OUTCOMES

Chart 4 shows how CEOs feel the engagement has an impact in the shorter and longer term. While it is important to acknowledge that we are comparing the results of different organisations – and moving forward we will be able to map impact on the same organisation over time – it is interesting to note that the pattern of responses highlights the more immediate outcomes (strategic vision, staff morale and staff confidence) and the longer term outcomes (effectiveness of the board, financial management).

At end of project, 100% felt that the engagement had had a positive impact on their strategic vision and 86% felt it had had a positive impact on staff confidence in the charity’s future. At year two, 93% felt it had had a positive impact on effectiveness of the board and on financial management. Pilotlight’s overall aim is to improve the efficiency and effectiveness of organisations in the long term and achieve sustainability. It is encouraging to see that at year two, 81% felt that the engagement had had a positive impact on effectiveness of services and 83% felt it had had a positive impact on value for money for their funders (indicating that they felt they were operating more efficiently).

STRATEGIC VISION

A SUSTAINED AND LASTING IMPACT ON THEIR PLANNING AND OPERATIONS...

Confidence and strategic thinking is one of the first attributes to be improved during and shortly after the Pilotlight engagement, having a major impact on all other aspects of the organisation and its services.

More striking, perhaps, was how positive organisations were still feeling about the Pilotlight engagement one and two years after it had finished. In the year one and two reviews, many respondents commented that it had had a sustained and lasting impact on their planning and operations.

AT END OF PROJECT:

"The Pilotlight process has increased my confidence as the manager of a charity. It has re-energised me to lead change within the charity. By sharing other charity/business experiences and ideas the process has reduced my isolation and increased my learning."

Devon Child Assault Prevention Project, end of project

ONE YEAR AFTER:

"The Pilotlight team were a constant source of support providing critical comment and professional advice on the journey we undertook. It has benefited the organisation to adopt a more strategic and pro-active approach to our future work."

Community First New Forest, year one review

TWO YEARS AFTER:

"The process raised our aspirations significantly and was very affirming. Also, we are now much more able to be strategic rather than focus on operational matters."

Revive MS Support, year two review

CASE STUDY - PROSPEX THREE YEARS ON

ProspeX was founded in 2001 to support disadvantaged young people aged 9 to 19 living in the London Borough of Islington and neighbouring boroughs, where there is social deprivation, high youth crime, and low attendance in school and employment. The charity aims to raise young people's aspirations, teach basic life skills, support communities and families, and promote positive activities.

There were three issues that prompted ProspeX to approach Pilotlight: funding, marketing, and lack of support from the board of trustees.

CLEVERER FUNDING APPLICATIONS

"We had a tricky situation with funding," says James Connolly, business development/operations manager. "The funding for my role had run out and I was being paid out of the unrestricted funding so it was crucial to sort that out if my role was to continue."

The other main member of staff is Richard Frankland. "The Pilotlighters helped us see that when we put funding applications in for projects we can include Richard's time as the project lead, but we can't do that for my role. So, it made sense to put in a new funding application to the charitable trust for my role instead of his, and it has now funded my role for three years. **The Pilotlighters guided us to be cleverer about things.**"

Other successes since Pilotlight's involvement include funding from two local housing associations to run youth hubs in two wards of Islington and a street team in one ward.

ENERGISING THE BOARD

"The board was hands off. We met four times a year and everything on the agenda would always come back to me and Richard to do, even though we tried to share the workload.

"We wrote up job descriptions and areas of responsibility and at the last trustee meeting – the first one after the Pilotlight process – it was the first time that the work didn't come back

to us, so it's definitely worked."

Pilotlighter Andy Dunlop, was impressed by the dedicated team of ProspeX and recognised their different needs: "Bringing in an external view helped ProspeX because they didn't have a direction of travel; they had a bit of a scattergun approach about what they wanted to do in the short and long term, as well as considerable issues with funding. We challenged them in a way that they weren't doing internally."

ProspeX finished the Pilotlight engagement in August 2012

WHERE IS PROSPEX NOW?

Partnerships



ProspeX took part in the RBS Pilotlight Graduate Programme in 2013 and received £40k more in 2014 due to that partnership.

Partnered with Ernst & Young to develop a funding strategy.

Partnered with Haynes Manuals, Draper Tools and London Youth to pilot a new scheme giving young people skills whilst gaining accreditation. The success of this scheme has led to a second course with a third ready to start.

Links with local colleges: regular placements supporting the youth work team whilst giving the students the real-life experience they need.

Board & Staff



Recruited three new board members with clear job descriptions.

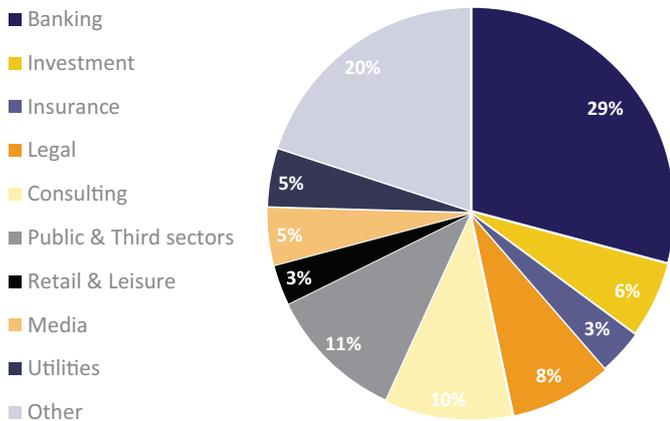
Appointed two new Patrons: former trustee Amol Rajan, editor of The Independent and J Haynes, Executive Chairman of Haynes Manuals.

Employed a fundraiser on a three year post having secured their salary in full.

PILOTLIGHTER PROFILE & IMPACT

By the end of 2014 there were 285 Pilotlighters working with 70 CSEs. During that year the percentage of individual Pilotlighters was up slightly from 2013 (39% compared to 37%) while the percentage of female Pilotlighters was down (33% compared to 37%). Almost a third of Pilotlighters have been members for more than two years. Pilotlighter satisfaction is best demonstrated by considering length of membership amongst individual Pilotlighters: 54% have now been members for over two years, and 26% for more than five.

CHART 5: PILOTLIGHTER PROFILE 2014 - INDUSTRY SECTOR



PERSONAL & PROFESSIONAL IMPACT

Pilotlighters are highly skilled and experienced professionals, who are keen to make a difference. While our measurement focuses more on the charities we support, tracking Pilotlighter development is crucial for us to continue delivering and improving our service.

As Chart 6 shows, an impressive 97% of respondents said that their involvement with Pilotlight had increased understanding of other perspectives and 87% felt it had increased awareness of other leadership styles. 89% felt it had increased sense of wellbeing and happiness.

Our Pilotlighters not only increased their skills in certain areas, such as coaching and leadership, but also deepened their understanding of the operating context for UK CSEs and the challenges facing people in need.

CHART 6: PERSONAL / PROFESSIONAL IMPACT (% RESPONDENTS)

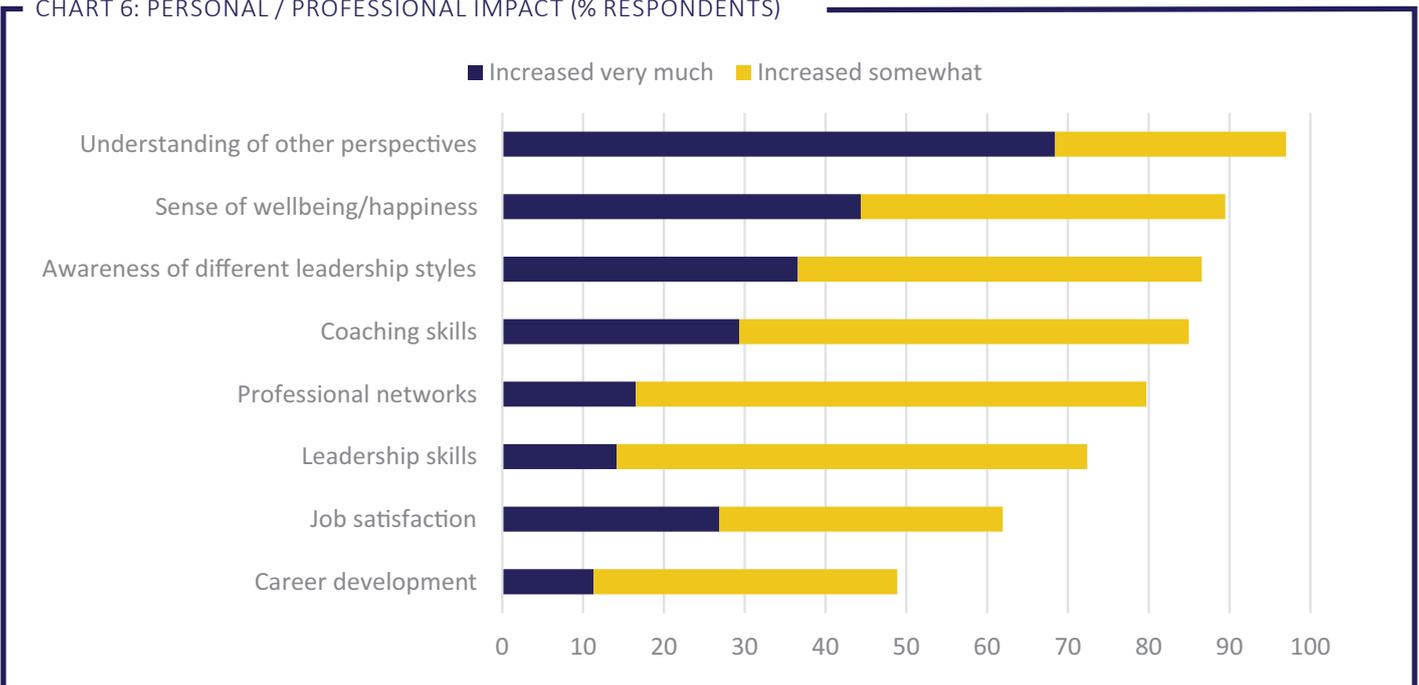
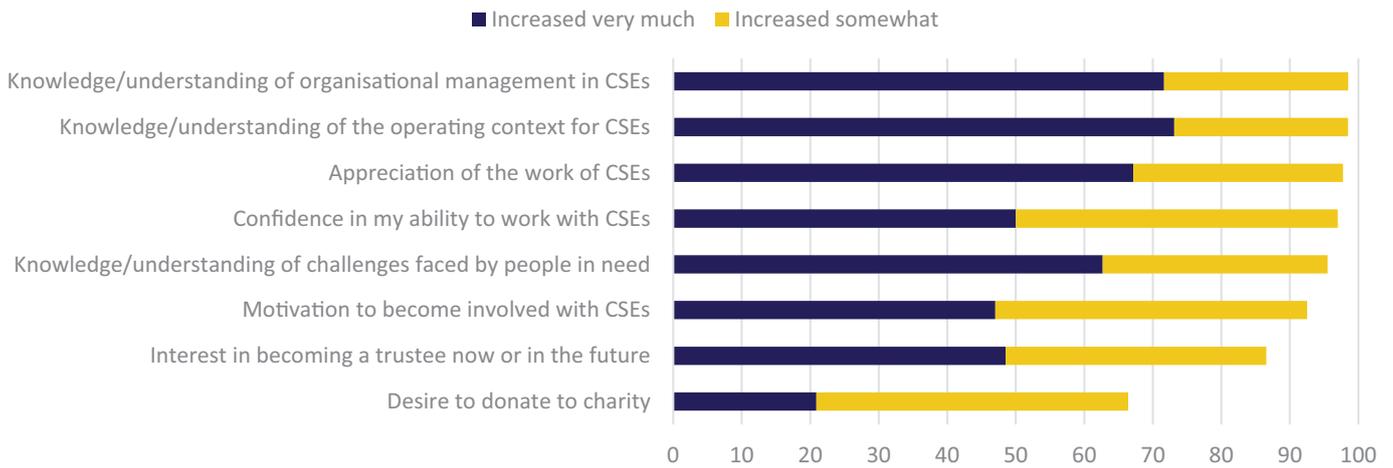


CHART 7: KNOWLEDGE, ATTITUDES OR BEHAVIOUR TOWARDS THE SECTOR (% RESPONDENTS)



98%

of business leaders have a greater appreciation of the work of charities and social enterprises after engaging with Pilotlight



87% say volunteering increased their interest in becoming a trustee



96% have a better understanding of the challenges faced by people in need



66% have increased their desire to donate to charity

"The external stimulus, unique environment and subject matter makes this so much better than yet another training course"

Pilotlighter

LOOKING AHEAD

For the last few years, teams have been specifically asked for views about how the Pilotlight model could be improved and this is continually fed into programme development. Below we outline what we have learnt and what changes we have implemented.

IMPROVED EVIDENCE OF ORGANISATIONAL OUTCOMES

Steps we have taken to develop how we measure Pilotlight's impact on the effectiveness of the organisations we support have enhanced our understanding of the positive outcomes we are achieving for our partner charities and social enterprises. This work has enabled us to improve our evidence of the changes that organisations experience as a result of our support. All our engagements finishing in 2015 will be set within our new project aims framework which will increase this understanding and improve our evidence still further.

LEARNING FROM NEGATIVE OR UNEXPECTED OUTCOMES

A new focus on impact on organisational effectiveness has also helped us identify more clearly any negative or unexpected outcomes – particularly important for improving and developing our services. During 2014 we started to work harder to get feedback from the charities whose engagements finished early or did not progress against originally agreed project aims. There were eight projects (not included in our impact reporting) which did not complete our 12-month planning cycle in 2014.

Key reasons for these projects failing to complete included: the CEO leaving (two charities); severe financial challenges

(two charities including one that had to close); winning a large contract and not having the headspace to engage in the Pilotlight process; and severe HR and governance issues. This highlights some of the internal and external factors that can arise to throw an engagement off course.

One of the learnings from 2014 is the importance of risk management during the Pilotlight process to ensure that impact of internal and external changes on successful outcomes is minimised and, where this is not possible, to help facilitate a project's smooth and early conclusion.

DEVELOPING PILOTLIGHTER FEEDBACK

In 2015, we will be reviewing how we collect and use Pilotlighter feedback. Moving from an annual membership survey to a more detailed end of project questionnaire, for example, will enable us to improve our learning from specific engagements or from engagements that fall within a particular programme (eg. the RBS Graduate Programme). It will also help us understand and track the Pilotlighter journey as Pilotlighters move on to a second or third engagement.

DEVELOPING CSE FEEDBACK

In 2014, we focused on impact on organisational effectiveness. In 2015, we will start to consider ways of looking at impact on individual outcomes, such as the impact on a CEO's personal and professional development in line with information we collect about impact on a Pilotlighter's development also on a personal and professional level.

PILOTLIGHT 2014

OUR PROGRAMMES		
PILOTLIGHT CORE PROGRAMME		
10 to 12 month facilitated coaching and mentoring process with one charity, four business leaders and one Pilotlight Project Manager.	70	CSEs at year end
	285	Pilotlighters at year end
PILOTLIGHT ONE TO ONE		
One to one mentoring for previously pilotlit CSE directors with an experienced Pilotlighter.	13	experienced Pilotlighters
	14	CSE directors
PILOTLIGHT CONNECT		
Pilotlight CSEs get together to learn and collaborate.	27	CSEs connected

PARTNERSHIP PROGRAMMES		
RBS GRADUATE PROGRAMME		
Graduates work on specific projects with previously pilotlit charities for six months.	68	RBS graduates
	7	charities
MORGAN STANLEY UK STRATEGY CHALLENGE		
Vice Presidents (VPs) work on strategic tasks for eight weeks and are advised by Pilotlight.	20	Morgan Stanley VPs
	4	charities

KEY EVENTS		
PILOTLIGHT CONFERENCE		
The conference 'Inspiring Results: charity business partnerships' aimed at showcasing our impact and learning.	118	attendees
PILOTLIGHT PLUS		
Informal learning events for partner Pilotlighters and partner CSEs.	5	learning events

BECAUSE
GREAT CAUSES
DESERVE
GREAT TALENT

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