

Impetus and St Giles Trust Review

Many thanks to Impetus pro bono expert Peter Beverley, who kindly researched and wrote this summary of our work with St Giles Trust.

Executive summary

St Giles Trust provides over 15,000 people a year with direct assistance or advice and is a leading UK provider of support to prisoners and other disadvantaged people. Its core work seeks to break the costly cycle of reoffending by tackling the twin obstacles of 60% of prisoners being released without accommodation and 76% without jobs.

The cornerstone of St Giles's services is the innovative Peer Advice model where ex-offenders are trained to achieve valuable NVQ (National Vocational Qualification) Level 3 qualifications and then advise and support other prisoners on housing, employment and training before their release. St Giles has won awards and national recognition and continues to grow the number of people it helps and to win competitive tenders to expand its work to other prisons.

Back in 2003, however, St Giles Trust faced difficult choices and challenges. Founded as a soup kitchen in Camberwell in 1962, St Giles provided homeless day centre and housing services. Although the day centre work was valuable, it was undifferentiated and its funding was increasingly threatened. At the same time, newer projects that St Giles was trialling, including resettlement work in Wandsworth prison, potentially promised greater social impact and sustainability but demanded new funding sources.

"Impetus got involved when we were at a point where we needed to define our strategy and strengthen our infrastructure and organisation. They brought a lot of expertise and helped us set our direction and expand at pace. We couldn't possibly have done that sort of growth without that partnership." *Katie Nutley – Chair, St Giles Trust*

During its strategic review and search for funding, St Giles met Impetus Trust, pioneers in venture philanthropy in the UK. Their subsequent discussions identified strong mutual interests that resulted in an investment by Impetus in St Giles between 2004 and 2008.

Impetus supported St Giles in the development its new strategy and augmented £338k of funding with an additional £402k of pro-bono help on specific capacity-building projects.

With this innovative venture philanthropy support from Impetus and its other funding successes, St Giles has grown dramatically since 2004, with an eight-fold increase in the number of peer advisers trained and a twenty-fold increase in the number of people helped into employment. It is now recognised as a key provider in enabling thousands of offenders and other disadvantaged people to build positive, independent and successful lives.

Getting started

In pioneering “venture philanthropy” in the UK, Impetus was founded in 2003 to provide funding and active support for charities with distinctive propositions that are tackling root causes of social problems. High on the Impetus target list for investment are charities that provide solutions to exclusion, persistent offending and long-term unemployment. Around the same time, St Giles’s then-CEO Daniel Currie was considering growth opportunities for peer advisor programmes in prisons, which could provide access to housing, training and jobs for ex-offenders. Such growth would need greater non-statutory funding. So, when the leaders of the two organisations met, the mutual appeal was evident. They invested time to explore St Giles’s aspirations and how Impetus might help it to develop rapidly. Initial feelings of shared interest continued to strengthen and both sides progressed excitedly to the more formal due diligence process.

Confirming the strategy and investment

“Impetus forced us to face a bunch of key issues that we could have ducked until the bailiffs arrived.” *Daniel Currie – former Chief Executive, St Giles Trust*

Although Impetus founders and staff have strong backgrounds in venture capital, St Giles was one of the first investments for Impetus itself, so the due diligence process for this special type of “investment” was tailored to the situation. In this case, Impetus and St Giles opted for a “longer, thinner” due diligence phase in order to build openness and explore how St Giles and Impetus would work together. The due diligence was thorough, and it appealed to then-CEO Daniel Currie, the team and Board, who were able to use the dialogue with Impetus to review St Giles’s strategy and priorities. This was helpful in highlighting where St Giles’s most attractive opportunities lay. At that time St Giles was considering how to grow beyond its original homeless day centre activities. These were successful and valuable but they played in a largely undifferentiated and crowded market: there were 200 in London alone. Several other providers had recently closed and statutory funding prospects were not good. Amongst a range of other pilot projects, St Giles was also trialling newer, innovative activities within prisons, helping offenders to prepare for successful resettlement on release.

Impetus founders Nat Sloane and Stephen Dawson and the then-Impetus CEO Judith Brodie worked on the due diligence. They also brought in an associate, Christian Heidl, a former Bank Boston Capital executive with strong experience in private equity due diligence. An essential element was confirming that the CEO and leadership fitted the Impetus investment criteria of vision, energy and determination in pursuing their effort to help disadvantaged people. Impetus was also able to research the market, looking at the attractiveness of the fragmented day centre sector and new opportunities within prisons. They talked widely to prisons, charitable foundations, government agencies and other prison and homelessness “competitors”. The external perspective and objectivity that Impetus brought helped St Giles to set and confirm its strategic priorities. Along the way, it also established close working ties with Impetus that formed the bedrock of the success of the relationship. In late 2004, St Giles adopted its new strategy and Impetus agreed its funding investment. In entering this exciting new phase, St Giles confirmed its key objective to transform itself into a leading provider of resettlement and services in South-East England with three key goals for 2008:

- Strategic repositioning to focus on peer advisory programmes
- Doubling revenue to £3.5m
- Strengthening the income mix by reducing the reliance on non-statutory funding from 35% of total income to 15%.

Building the partnership through active strategic and board support

“A key element of our relationship with Impetus has been having someone successful and experienced sitting there in partnership with you, but not in an imposing way.” Robert Owen – Chief Executive, St Giles Trust

Impetus believes active support helps make a measurable difference to its portfolio organisations.

The relationship between the CEO and the Investment Director is key and Nat Sloane, Impetus’s Investment Director for St Giles, set few formal bounds on this, steadfastly offering support for St Giles, even through a change of CEO. As a result, St Giles has been able to tap Nat Sloane’s “out of sector” views and insights, casually or in greater depth, which has often been backed up with pro-bono project support from Impetus. The ability to share challenges helped St Giles to confirm and roll out its early key strategic choices and to tackle specific operating issues successfully. This has marked a valuable and exciting partnership that has continued to build over time.

“Nat invested the time to listen and understand what was going on at St Giles. Through the discussion process he sometimes gently proposed areas Impetus might help. At no stage were they saying “you must do this” or trying to take over the role of the Chief Executive” Katie Nutley – Chair, St Giles Trust

Adding pro-bono expertise to key projects

“Like similar organisations, we are not natural users of consultants, but the addition of pro-bono help has, in many ways, been worth more to us than the funding.” Malcolm Walker - Assistant Chief Executive (Finance), St Giles Trust

Impetus supported St Giles on 14 specific ad hoc projects over four years, with projects ranging from one to nine months and spanning strategic, organisational and operational challenges that St Giles faced. Each project grew either out of specific requests for help from St Giles or from suggestions put forward by Impetus following informal conversations with the CEO or the Chair. St Giles was always in control of how or whether any project happened.

“In the voluntary sector, relationships often tend to be one-way. But the Impetus Trust business model allowed them to share problems and support St Giles in a fabulous two-way relationship.” Victoria Hornby – Advisor to the Charles Dunstone Charitable Trust

Impetus is able to support each of its portfolio companies through access to Impetus selected “associates” who offer valuable external expertise and skills on a pro-bono basis. Associates are typically leaders in a particular field, having built their careers and skills in top-tier consultancies such as McKinsey, OC&C and Accenture or large organisations such as the BBC, Inland Revenue and Logica. Unfamiliar at first, St

Giles steadily grew to enthusiastically draw on this feature of Impetus and was therefore able to benefit from otherwise unaffordable or inaccessible top-tier support. Impetus associates each waived their fees for projects and this has added £402k of in-kind value to the funding investment by Impetus.

Two features of this pro-bono work underpinned its success. First, great attention was always paid to getting the right person and the right scope. Briefs for projects were developed by Impetus and potential Impetus associates were engaged as early as possible to add specific expertise in confirming the scope, plan and practical deliverables. This ensured maximum consensus “from the off”. In the early days, both Impetus and St Giles experimented a little with how this worked best and the resulting way of working together has helped each organisation apply its learning to get the best out of external consultants. Of course, pro-bono work was also guided by the Impetus Investment Director, to ensure continuity and timely and relevant advice.

Secondly, associates have a strong focus on being pragmatic rather than theoretical. Impetus associate selection processes ensure that, although associates are often staff or alumni of large businesses or organisations, they are always grounded and able to tailor their contribution to a portfolio charity’s scale, resources and specific needs.

“People often have a negative concept of what management consultants do – so it was lovely to be told “I wasn’t expecting you to be so helpful”! I suppose it has helped to bring genuine grey hair to St Giles’ issues - it does help to have been around the block.” *Bob Harris – Impetus Trust Associate*

“With my commercial background, I am always suspicious of ‘something for nothing’. But Impetus has demonstrated what the venture philanthropy model really means with us.” *Malcolm Walker - Assistant Chief Executive (Finance), St Giles Trust*

- **Helping with business strategy**

Following help with St Giles’s overall strategy early in the relationship, Impetus responded to requests from St Giles for help on specific strategic issues. For each, Impetus teamed up St Giles senior executives with Impetus associates with strong strategy skills, from leading consultancies such as Eden McCallum and OC&C or private equity firms such as 3i and Advent. Examples of strategic projects include assessing potential strategic partnerships, writing business cases for new ventures and refreshing the overall strategy for St Giles.

- **Supporting organisational growth and change**

Growth brings organisational challenges. Between 2004 and 2008, St Giles dramatically grew its scale and impact – for example, expanding from 2 to 22 prisons and increasing the number of people helped by an average of 76% per year. Like any growing organisation, St Giles had to address organisational challenges and a need and desire to grow its own people. Impetus helped St Giles to continue to strengthen its organisation on five far reaching projects. Associates with deep coaching experience were able to help with management development and team building. Other associates with organisational expertise were engaged to ensure governance was secure and to support the Board.

For example, Linda Rich, an associate with 15 years’ experience in 360 degree assessments and competency models for banks and other financial services businesses, was able to help St Giles with the development of its

executive teams, Board processes and with individual development. These are critical to the successful, sustainable growth of organisations and yet are often crowded out in the hubbub of small, underfunded, dynamic, not-for-profit organisations.

“The 360 degree executive development project with St Giles allowed me to bring my commercial experience to a smallish charity with great success and also added specialist skills to the support Impetus can offer its portfolio charities.” *Linda Rich – Impetus Trust Associate*

One other critical area of Impetus organisational support was during the recent CEO succession planning and recruitment. At that critical crossroads which could have derailed St Giles’s growth, Impetus demonstrated that it was not a mere “fair weather friend”. It added formal and informal support to the Chair, external recruiters and trustees, contributing to St Giles’s success in securing Rob Owen as the new CEO and aiding a smooth transition. One key aspect of this organisational support has been continuity on involvement, with one of the Impetus associates giving ongoing support, coaching and mentoring whenever required over a period of three years. This continuity, combined with the active support at the CEO and Board level by Nat Sloane, helped to develop constructive, lasting solutions to St Giles’s organisational challenges.

“As funders who couldn’t be involved in depth, we drew comfort from seeing Impetus Trust as involved in operational support as they were, in particular helping to make the relationship change seamless with the change of Chief Executive.” *Victoria Hornby – Adviser to the Charles Dunstone Charitable Trust*

- **Bringing expertise and resource to operational projects**

St Giles has been very successful in its transformation and growth into a leading supplier of offender resettlement services within prisons. That growth has come from St Giles’s attention to improving operating practices and processes across the whole business, from marketing to finance. Impetus associates worked with St Giles senior management on various operating projects, drawing again on specific expertise and knowledge within the associate pool. An early project engaged an Impetus associate with practical experience and contacts in PR and led to valuable coverage in the press, including the Financial Times. This generated a higher level of awareness of and interest in St Giles, as well as adding to internal energy and pride. Subsequent projects have built on this to sharpen St Giles branding and to strengthen corporate fundraising. Another project helped create an effective Balanced Scorecard for use across St Giles.

The nature and pragmatism of these operational projects is illustrated by a specific project around business development and tendering for prison contracts. St Giles has many growth opportunities in its existing prisons and new areas, and yet faced challenges in achieving that growth effectively. Most contracts follow increasingly demanding and formal tender processes, often requiring significant effort and partnering with complementary service providers. In this environment, St Giles recognised the need to increase its ability to select, qualify for, structure, bid and win tendered contracts. Impetus proposed Bob Harris, a highly experienced former Ernst & Young and Accenture consultant specialising in tenders and bidding. Bob brought his experience of how larger organisations select, qualify and tender for contracts

to help St Giles's business development and finance executives to review where and how they should best "compete" and invest their efforts. By supporting the preparation of individual large bids and by simply being on hand for rapid, informal "sense-checking" of tender proposals, Bob helped St Giles to sharpen its own appreciation of where its own competitive advantage lies and how to communicate it. St Giles can now confidently select where these assets are most valuably applied. As a result, St Giles increased its success in competitive contract bids and won more new, complex prison contracts.

"The tailored, intermittent support given on our bid processes over the last year has been fantastic. Our senior management team is now much better equipped to do big bids as a result." *Robert Owen – Chief Executive, St Giles Trust*

Focus of Impetus expertise support (2004-2008)

- Strategic planning; marketing; balanced scorecard
- Organisational development; team development; property assessment; strategic partnerships
- Management development; board development; support for recruitment of a new Chief Executive; communications strategy
- Creating a business development process; building capacity for statutory bidding and input on key bids; review and advice on new five-year strategic plan; input on and contacts with potential new funders

"When we first met Impetus Trust we were instantly attracted to the immensely useful unrestrictive funding, which helped with our capacity building – but we also came to truly value their resources and expertise, which turned out to be really good."
Katie Nutley – Chair, St Giles Trust

Assessing the outcome

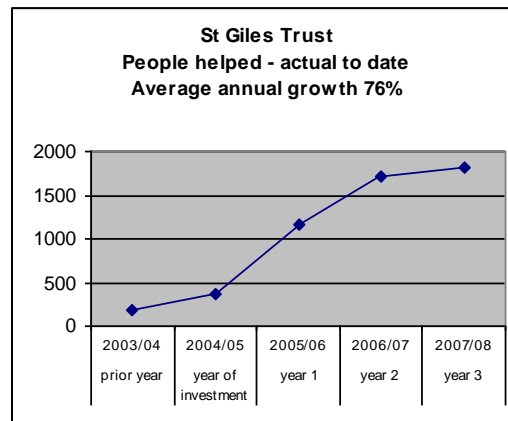
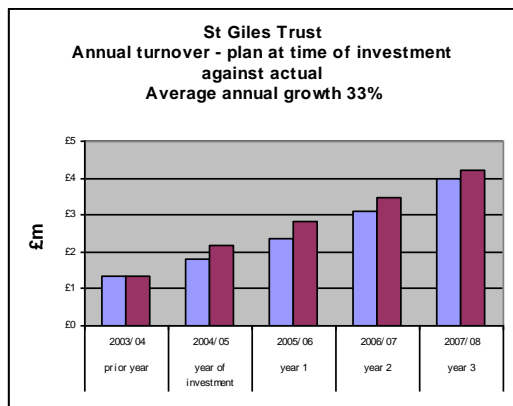
Between 2004 and 2008, Impetus invested £338k of funding in St Giles, and augmented that funding with £402k of pro-bono expertise from associates. St Giles delivered on its objectives and it exceeded its targets and expectations on key metrics such as revenue, numbers of people helped and the scale of its prison operations. Its achievements have been recognised in awards including The Andy Ludlow Homelessness Award (twice), The Charity Awards and the Third Sector Excellence award. In concrete terms, in 2007/8 St Giles was active in 22 prisons, with over 170 peer advisors trained to NVQ3 and nearly 1500 tenancies saved or housing obtained for offenders leaving prison. Across all the age groups that St Giles works with, this is suggesting lower reoffending rates, which in turn saves

public money, contributes to social change and is beginning to reverse the generational cycle of offending that often occurs in affected families.

St Giles has a clear strategy, a capable and motivated team and stronger funding, and has achieved mainstream recognition for the work it does. St Giles is therefore well placed to continue its growth and is cementing its impact on a key area of long-term social change.

"I know of few more practical contributions to the solution of the ongoing problem, and could not commend their work more highly." *Lord Ramsbotham, former HM Chief Inspector of Prisons*

Performance	Year prior to investment 2003/04	Latest year end Draft 2007/08
Revenue	£1.3m	£4.2m
Peer advisors trained to NVQ3	20	176
Tenancies saved/housing obtained	160	1,486
In employment	8	156
Number of prisons	2	22



Looking forward

Impetus invests actively in charities and social enterprises with a view to helping them achieve significant impact and growth so that, at the end of a four-to-five-year period, they have sustainable business models and are well placed to continue to make a real difference to a substantial number of disadvantaged people. The investment in St Giles and the partnership between St Giles and Impetus have achieved those objectives. Impetus and St Giles have therefore agreed that St Giles has achieved "graduation".

Impetus will provide some continued support to St Giles beyond its graduation, providing access to pro-bono resources wherever possible or relevant and continuing to be available to the CEO and board on an informal basis.

Conclusion

The story of the investment and relationship between St Giles and Impetus provides a compelling, practical illustration of the successful application of venture philanthropy. The investment of unrestricted funds, augmented by the “in-kind” investment of pro-bono support to senior management, has achieved an impressive “return”, both in people helped and in growth of the charity. The working model of flexible and objective Board support, even through a process of CEO change, has demonstrated the value of partnership and steadfastness in supporting the continued progress of St Giles. It also helped to enhance the confidence of St Giles’ current and new funders. And the nature of joint working has contributed to strengthened management skills, processes and confidence. St Giles is well equipped for its continued growth and impact.