3M

Case Study:
3M Racial Equity Community Commitment Strategy

Building a portfolio-level social return on investment projection to inform strategy and communication

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Problem

3M is uniquely positioned to drive impact in STEM, employment, and workforce development given its expertise in science and industry. Working with a community coalition, 3M recognized a need to invest beyond STEM, skilled trade and workforce development. 3M pledged $50 million to support East Metro communities and eliminate barriers to racial and economic equity. 3M needed to understand the importance of investing in the STEM ecosystem in addition to the community without increasing the reporting and evaluation burden on partners. 3M needed a framework to easily understand the impact of the portfolio to build a case for continuing the $50 million investment beyond 5 years.

Solution

Ecotone Analytics, a Minnesota-based social and environmental impact analysis consultancy, developed an outcomes taxonomy and strategy map to illustrate the overall theory of change, understand the range of activities included, and identify the outcomes grantees are contributing to. This work laid the foundation for Ecotone to then project the value of 3M's STEM, workforce development, and community investments and to whom the benefits of those investments accrue.

The result was a projected social return on investment for the 3M portfolio to readily communicate impact generated as well as a disaggregation of key value drivers, stakeholders impacted, and scenario analysis of different portfolio allocations to inform future investments.

Strategic Roadmap and Outcome Analysis

Portfolio Strategy Map & Logic Model

Ecotone's first step was to help the 3M team inventory their portfolio strategy and organize into a map. The strategy map, also know as a Logic Model, shows 3M's inputs (resources), activities conducted with those inputs, and how those inputs and activities can generate a flow of positive short, intermediate and long-term outcomes which eventually lead to impact.

Inputs	Activities	Outputs	Short-term Outcomes	Intermediate Outcomes	Long-Term Outcomes	Impact

· 3M employees
 	
· 3Mgives
 	
· Partnerships with schools, universities, and community leaders
 	
· East Metro residents, focusing on women, people with disabilities, Latinx, African American, Native, and Hmong communities
 	
· STEM experiences equipment
	· Partnership development & skills-based giving
	
	· STEM & Skilled Trades
	  · Upskilling, career pathways, & work experience
	  · Supporting access & exposure
	  · Mentorship
	
	· Amplifying Philanthropic Vision of 3M employees
	  · Employee resource network social justice fund
	
	· Shifting Conditions for Families
	  · Culturally-specific grantmaking
		· $50M allocated over 5 years
		
		· 5 million learning experiences
		
		· # of partners / grantees
		
		· # of people reached
		
		· # of 3M employees engaged
			STEM & Skilled Trades			↑ racial & economic equity
						
						↑ strength of workforce & talent pipeline
						
						↑ diversity of workforce
						
						↑ community wellbeing
						
						↑ quality of life

			↑ access to STEM ↑ number of engagement opportunities & role models ↑ development job skills ↑ investment in diverse talent pipeline development	↑ interest in STEM ↑ pursuit of STEM education ↑ career path development ↑ community engagement	↑ educational attainment and graduation rate ↑ STEM & skilled trade employment ↑ earnings ↑ health ↑ qualified hiring pool	
			Amplifying Philanthropic Vision of racially diverse 3M employees			
			↑ inclusive decision-making ↑ understanding of 3M's social impact	↑ employee retention ↑ recognition for corporate responsibility	↑ talent attraction ↑ employee creativity and innovation	
			Shifting Conditions for Families			
			↑ access to culturally relevant services ↓ barriers to STEM	↑ capacity of community and support system ↑ sense of social support and community relationships	↑ community stability and mobility ↑ inclusivity of STEM field	

↑ : K-12 Students and Adult Learners   ↑ : 3M and its employees   ↑ : Community

The Social Return on Investment

Data from 3M and Ecotone's proprietary evidence base are combined to project social value of the portfolio. Showing 3M's Racial Equity Community Commitment returns positive social value for the participates and sociality at large. The STEM and workforce development investments are creating social value largely through the increased earnings of the individuals. While the wider community investments are generating many other positive impacts and protective effects.
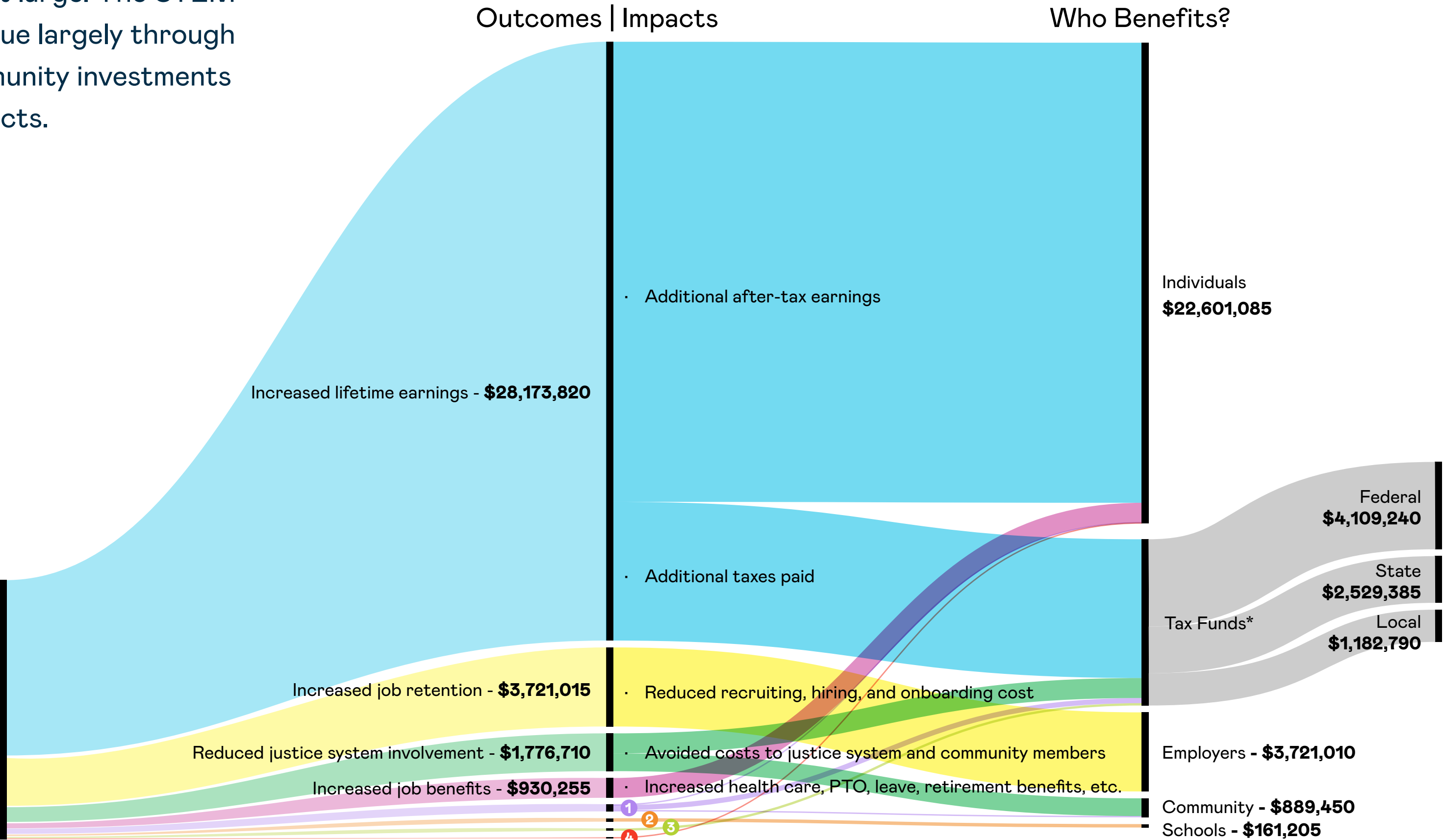
Projected Social Return on Investment

$1 → $2.93

For every $1 invested in the 3M Racial Equity Community Commitment portfolio, there is a projected $2.93 in social value generated. This value is being realized through increased lifetime earnings, avoided justice system involvement, avoided public assistance use, improved health, increased assets, increased job benefits, improved quality of life, reduced school costs, and increased employee retention.

Estimated Return on Investment: **$35,194,165**

Outcomes | Impacts

Who Benefits?

Increased lifetime earnings - **$28,173,820**

· Additional after-tax earnings

Individuals **$22,601,085**

· Additional taxes paid

Total Investment in 2021
$11,999,770

Increased job retention - **$3,721,015**

· Reduced recruiting, hiring, and onboarding cost

Reduced justice system involvement - **$1,776,710**

· Avoided costs to justice system and community members

Increased job benefits - **$930,255**

· Increased health care, PTO, leave, retirement benefits, etc.

Federal **$4,109,240**

State **$2,529,385**

Tax Funds* Local **$1,182,790**

Employers - **$3,721,010**

Community - **$889,450**

Schools - **$161,205**

1 Increased wellbeing - **$315,680**
· Improved quality of life and avoided health care costs

2 Avoided public assistance use - **$110,390**
· Reduced use of cash, food, and healthcare assistance

3 Reduced special education placement and grade retention - **$161,205**
· Reduced school costs

4 Increased assets - **$5,090**
· Additional college savings from initial deposit and incentives

*State, local, and federal tax funds may receive social value in the form of cost savings or additional revenue generated across multiple departments.

Client Learnings and 3M Foundation Impact

1.

Evidence-informed Investment Strategy

· Understanding the sum of the portfolio parts highlights ways to fill in gaps and drive more impact for the community

· A mixture of reinforcing activities can be leveraged to achieve multiple impact goals at once while creating more durable outcome for individuals over time

· Creating an impact strategy of best practice activities allows the foundation team to focus on finding well run organizations to fill needed roles within their impact portfolio

2.

Communicating Benefits to Stakeholders and Community

· The SROI can serve as a means to promote the accountability of 3M's funding commitment while also putting impact into a readily understood unit ($).

3.

Portfolio Strategy and Management with Impact Metrics and Impact Risk Analysis

· The framework can be used to understand year over year shifts in social value and guide funding decisions

· Portfolio-level strategy and risk management insights can be used to protect social value generated

Ecotone Analytics Value Added

- **Developing the story** of how investments promote economic equity by bringing long-term outcomes closer together with community equity indicators.

- **Building a framework** to easily understand the impact of grantee outputs and outcomes, reducing reporting burden on grantees and promoting opportunities for partners to see how activities work in tandem to support different outcomes.

- **Compiling and distilling the evidence** for different investment strategies to support a causal understanding of impact, while also building the case for activities that presently have more limited causal evidence but are critical in supporting longer-term outcomes.

- **Systems evaluation support** designed to be integrated into existing evaluation activities. Ecotone worked collaboratively with 3M to articulate an overall theory of change as well as 'bucketed' logic models for the Fund.

- **Understanding variable impacts of portfolio investment strategies** allow 3M to focus financial support towards organizations and activities that advance the goals of the Foundation.

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Ecotone Analytics is an impact strategy consultancy providing social and environmental analysis and insights for philanthropic funders looking to join and advance the age of strategic philanthropic giving.

Our service and consulting offerings begin with:

· Deep and thorough understanding of stakeholder needs and values

· Causal linkages to economic value creation from social and environmental improvements and to whom those benefits accrue

· Uncovering the organizational and financial decisions that will deliver impact

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