



SLINGSHOT MEMPHIS
INVESTOR LETTER
Q2 - 2019

Introduction

Poverty and Memphis have been tightly linked for too long. For years, Memphis has hovered at or near the top of most national poverty rankings.

To be sure, such persistent poverty does not mean that philanthropic or direct service organizations are not working hard. **Relative to other cities, we are working harder than most.** Being recently named as one of America's most generous cities helps illustrate this point.

That being said, the intersection of widespread poverty and deep generosity raises a question. *How does such poverty persist in the face of the hard work of our nonprofit and funding communities?* This question, though valid, fails to acknowledge the counterfactual of this work.

Instead, we must ask, *What would our city be without these efforts? How would our under-resourced neighbors be affected if this work came to an end?* These questions undergird Slingshot's measurement approach. **Slingshot does not ask, What do you do? Slingshot asks, What if not you?** This is the only way to understand the true value added by an intervention.

We might also ask, *why is Memphis such a generous community?* There are multiple reasons but, if forced to choose one, I believe our city's unique generosity is driven in large part by our city's brokenness. Bryan Stevenson, lawyer and human rights activist, states, "There is a strength, a power even, in understanding brokenness, because embracing our brokenness creates a need and desire for mercy, and perhaps a corresponding need to show mercy." In other words, we are not generous *despite* our brokenness, we are generous *because* of it.

Whatever the source of our generosity, we as a city are trying. That much is obvious. At Slingshot, we believe these efforts, if redirected and amplified, can be transformative. **What would happen if Memphis optimized its generosity? What would happen if all of us - funders and nonprofits - became determined to create a results-driven poverty-fighting ecosystem?** Promoting this shift is Slingshot's mission.

This is absolutely crucial because, each year, vast resources are deployed in our community to help improve the quality of life for our neighbors who live in poverty. At the same time, our community lacks a clear understanding about which programs have the evidence or potential to

create the most impact. This climate is neither effective nor sustainable, especially for our under-resourced neighbors.

Our poverty-fighting community needs an accurate, cost-effective, and scalable means to discover what works. To that end, **Slingshot is forging a data-driven roadmap, attracting and directing more resources toward solutions with the greatest impact - the change that a given program creates that could not occur otherwise.**

Bravery

Our work at Slingshot has always centered around our *partners* - the poverty-fighting nonprofit organizations that are the focus of our assessment and monetization efforts.





Figure 1. Slingshot Impact Assessment dimensions

Dimension	Description
 <p>Benefit-cost Ratio</p>	Estimates the benefits created by a partner organization for the people it serves relative to the cost of creating those benefits
 <p>Use of Best Practices</p>	Determines the extent to which best practices exist in the area(s) served by a particular partner and if that partner is adhering to those practices
 <p>Measurement Infrastructure</p>	Evaluates if a partner has sound practices and processes for collecting, storing, and analyzing program and outcomes data as it relates to fighting poverty
 <p>Systems-level Change</p>	Assesses the extent to which a partner organization is able to create poverty-fighting change in the community beyond the individuals and families that it directly serves

These partner assessments have evolved to focus on four dimensions of performance: estimated benefit-cost ratio, the use of best practices, measurement infrastructure, and systems-level change. The culmination of these assessments are customized reports that we share with our partners' staff and leadership, and which can be used to inform strategy and advancement.

This assessment is not the end of our work with a partner organization - it is really just the beginning. **When we identify what works, we celebrate it. When we discover what isn't working, or what could work better, Slingshot provides concrete recommendations on ways to increase effectiveness and impact.**

Figure 2. Slingshot Impact Assessment Ratings

Dimensions	Unclear	Negative	At least neutral	At least strong	Very strong
 Benefit-cost ratio	Lack of sufficient research in focus area to support confident estimation of benefit	Costs exceed estimated benefits	Benefits and costs similar	Benefits exceed costs	Benefits substantially exceed costs
 Use of best practices	Indiscernible best practices or insufficient data on partner's practices	Practices considered problematic or damaging	Limited or no evidence for use of best practices	Some evidence for use of best practices and better practices are developing	Current best practices are consistently followed
 Measurement infrastructure	Unclear what measurement infrastructure is most relevant for area of focus	Measurement practices considered problematic or damaging	Limited or no measurement infrastructure; limited or no use to improve impact	Sufficient aspects of measurement infrastructure exist	Robust measurement system used to understand and improve impact
 Systems-level change	Insufficient data to determine systems-level change	Systems-level change considered problematic or damaging	Limited or no evidence for creation of systems-level change	Some evidence for the creation of systems-level change	Compelling evidence of systems-level change

Our goal is not to judge our partners but to help them improve and become best in class. To create a better quality of life for our under-resourced neighbors, it is incumbent for all of us - funders and nonprofits - to become best in class.

Since we started Slingshot in 2016, I have learned that it is not possible to promote a transparent poverty-fighting ecosystem without extremely brave partners. **For us, bravery means embracing solutions that work and casting aside those that do not.**

All of Slingshot's stakeholders - our Board of Directors, Impact Council, staff, and growing list of investors - embrace this sort of bravery, but none more than our nonprofit partners. Given the frequent lack of alignment in priorities between funders and nonprofits, and the often contradictory signals given to nonprofits, our partners' willingness to be transparent and brave is commendable.

Part of Slingshot's challenge is to help our community - especially the funding community - recognize that most nonprofits welcome this type of assessment and the transparency it requires. They genuinely want to know if they are making a difference and, if so, how much.

As a community we often underestimate the bravery of our nonprofit colleagues.

Slingshot aims to follow their lead and build upon our own bravery. We must measure our own baseline, celebrate our strengths, and be honest about our shortcomings. Embracing honesty and transparency will instill more trust with our partners and stakeholders.

Why is trust so important? Because without it, none of this works. Attempting to improve how we direct resources is futile without trust. Writer and philosopher Parker Palmer states, “Who does not know that you can throw the best methods, the latest equipment, and a lot of money at people who do not trust each other and still get miserable results? Who does not know that people who trust each other and work well together can do exceptional work with less than adequate resources?”

To collaborate meaningfully and effectively, we must become more vulnerable, share resources, and provide one another with clear evidence about the impact of our actions.

We must give ourselves permission to be honest, take calculated risks, and to fail. Ultimately our decisions must be driven by what is right for our under-resourced neighbors.

Strengths & Growth Opportunities

Slingshot had an immensely productive second quarter. We initiated and completed impact assessments for most of our seven Affiliate partners and kicked off the assessment process for several of our ten Investee partners. More information on our growing portfolio of partner organizations can be found [here](#).



Guests learning about Slingshot's mission during a recent happy hour

Slingshot's movement of smart investors is growing everyday. We are nearly halfway to our goal for 2019 - securing no fewer than 600 unique donors. By the end of the year, we aim to raise and invest \$1.5 million in our partner organizations, Slingshot's largest investment to date.

Because all of Slingshot's operating costs are paid in full, every dollar that we raise will be strategically invested in our portfolio of nonprofit partners.

If you have not already invested this year, will you join our growing movement of results-driven poverty-fighters? [Will you be brave and invest in impact?](#)

Closing

I recently told a close friend that our team believes in Slingshot's mission more today than when we first launched in late 2016. She asked me why? Without hesitating, I responded, because it's working.

If you have ever started anything, you understand the gravity of this statement. **Most start-ups, once reality sets in, downgrade their initial expectations. In contrast, Slingshot's outlook continues to improve as our work accelerates.**

Slingshot is positioned to create a results-driven poverty-fighting ecosystem. This could improve the lives of countless individuals and families.

Be a Slingshot.

Justin

2019 Investors

(as of 7.25.19)

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*Investors since inception (2017)

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*Investors since inception (2017)

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Mary Wheeler	
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*Investors since inception (2017)