Carleton Centre for Community Innovation

Measuring Social Value

A Social Metrics Primer

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9/17/2013

WP # 13-06

Carleton University | Carleton Centre for Community Innovation

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1. Introduction

Many organizations are increasingly concerned with how to measure the impacts they are having on their communities. These organizations are said to have a triple bottom line as they "blend" three different values: economic, social, and environmental outcomes generated by their activities. The list of organizations having a 'triple bottom line[1]' is broad and on the rise. They can be a not-for-profit social enterprise, a private business, a voluntary sector organization or a government initiative. As the scope and importance of social value creation is rising, you may be facing the following challenges: How should you measure your social outputs? And how should you measure the value of achieving your social objectives?

The goal of this primer is to address these questions. We will guide you through the process of measuring social outputs and valuing social outcomes in both qualitative and quantitative ways. In some cases you may want to monetize your results, in other cases you will want to use your results to create a narrative or story about your organization. This primer will help you through the steps required to begin to measure your inputs, outputs, outcomes and impacts and to use this information effectively to assist you in fulfilling your organization's mission.

We begin in section 2 by exploring why measuring the value of social outcomes is useful and important, followed by an introduction of four social value reporting frameworks that can be utilized to demonstrate the social impact your organization may want to be able to articulate.

We demonstrate the use of logic models and theories of change that your activities to your outputs, outcomes and impacts. We provide links to further resources to assist you in formalizing these tools if you want to know more. We then walk you through the process of identifying and defining stakeholders, inputs, outputs, outcomes, and indicators you can use to measure them in section 3.

Section 4 offers an overview of the Impact Reporting and Investing Standards (IRIS) tool with links to further information. Section 5 defines Social Return on Investment (SROI) and using financial proxies. Financial proxies allow you to assign a monetary value to non-monetary outcomes and impacts to track performance. This primer will assist you in how to design outcome indicators and collect the necessary data to report them. Section 5 will also explain four key factors that can influence outcomes and how to calculate them: deadweight, attribution, displacement, and drop-off.

By working through the exercises herein and applying these key concepts to the work of your organization, you should be able to begin mapping your social outputs and measuring the value of your social objectives. You start with data collection and analysis of the indicators, outcomes, outputs and impacts of your organization. You can also get assistance and guidance with this process through 3ci's partnership with Social Asset Measurement (SAM) using the CanadaMeasures tool.

2. Measuring Social Value

Why measure social value?

There are two main reasons why it is important to measure social value. Firstly, measuring and

[1] Elkington, J., "Cannibals with Forks: the Triple Bottom Line of 21st Century Business", Capstone, 1997.

communicating the value of your social outcomes helps to demonstrate the importance of your work to you, your staff, your clients, customers, funders, investors or government agencies. Essentially, to all of your stakeholders … or in other words, the people that matter to your organization. Being able to demonstrate social value can be very beneficial especially during the current environment of spending cuts and increased competition for financial resources.

Secondly, you can use the information to look forward and plan for your organization and its objectives. This information can also be used to look back and evaluate your own work. Knowing how well you are achieving your objectives can help you plan your work more effectively. This approach encourages continuous improvement, stronger management, and the explicit formulation of assumptions and expectations. It may make your organization more attractive to your clients or customers and help you win new contracts.

Organizations that have engaged in the process of measuring social value are not only able to make a stronger case for additional funding but are also able to focus their efforts on what really makes a difference. This helps an organization to plan more strategically and allocate resources more effectively[2]. This primer will help you explore how to measure social outputs, outcomes and impact.

[2] For the meaning and the need for social value measurement, please see Claudia Wood & Daniel Leighton Measuring social value the gap between policy and practice, DEMOS, London.

3. What to Measure: Ask the Right Questions

Measuring social value is a difficult process. If someone asks you the value of your car or house, it would be easy to assign a monetary value to it. When accountants assess a business's financial statements, they calculate its value in terms of sales or outputs, versus cost of goods and overheads. But if you produce a social output, how do you measure that value and calculate its worth?

Often social organizations creating 'blended value' struggle with the following questions:

- "We change people's lives for the better. How do I measure that?"
- "There are many different groups of people involved in or interested in my organization. All these stakeholders seem to want different things. How do I prioritize them?"
- "I want to bid for work on a new social project. They have asked about social benefits that are gained from working with my organization. What is the right answer?"
- "They say that what gets measured gets valued, but how do I measure things like a new skill, increased access to employment, or changing attitudes towards elderly people?" (Eurodiaconia, 2013)

There are a wide range of approaches and social metrics options being developed for organizations that are interested in implementing the principles of social value assessments.

It is important to note that each measurement methodology has a set of conditions that are required for successful implementation. As organizations differ in their missions, areas of programming, size and diversification of funding, any attempt to create a "One Size Fits All System" would result in poor data reporting and unreliable results on performance measurement. However, the diversity of organizations that may choose to measure the social value they create using diverse measurement systems may make it difficult to compare social value impacts as this type of reporting increases.

There is no single "silver bullet" impact measurement framework or methodology that can be applied to all socially motivated organizations. According to Social Asset Measurement (SAM), four different measurement frameworks[3] have been developed to date.

The key is to measure what best reflects the interests of your enterprise or organization and the interests of your stakeholders. Therefore, social metrics (whether qualitative or quantitative) should be embedded in your organization's theory of change. A theory of change is a set of activities or tools that link your mission to your actions. Ask yourself how Ask yourself how you believe the positive change of your mission will occur to develop your theory of change, focus on the mission and goals of your organization, and think about the tools or language that will take you there.

Table 1: SAM Classifications

Grading	Levels of Reporting	Description
1	Outputs Framework	This framework would prove that the activities that a grantee committed to undertaking actually occurred.
2	Outcomes Framework	In areas where impact cannot be estimated, an Outcomes Measurement Framework can be used, which would have a set of validated parameters. This is often true for arts and culture groups who cannot measure the value of art for an individual, but can measure the outcomes for artists involved. However, the numbers that are presented in this system would not be altered for attribution or other adjustments.
3A	Non-Monetized Impact Framework	In areas where monetization is not possible, but SROI adjustments such as deadweight, attribution, etc. (See Annex C) can be established, a Non-Monetized Impact System can be used. This will present only the numbers that can be attributed to a grantee's activities.
3B	Monetized Impact Framework (Social Return on Investment)	This framework can create a social return on investment ratio with a verifiable link between grantees' activities and their stated outcomes.

[3] Impact Measurement Assessment Surveys: Information Paper, | Social Asset Measurements Inc SAM

> ➢ ***Exercise 1.***
>
> ***Using the Excel spreadsheet at the end of the primer:***
>
> ***What is your organization's mission? Please provide up to 50 words to describe your mission.***
>
> ***How do you plan to achieve your mission? Frame this response as an "if" statement. For example "If we undertake 'x' activities, we will be able to create 'y' outcomes". This is your Theory of Change.***

In order to measure social value created by your organization, it is important to start with questions that are linked to your theory of change:

- **Who** are the people that matter to my business? What are their objectives?
- **How** should I prioritize my stakeholders? Are their objectives aligned with mine?
- **What** output indicators illustrate how well I achieve my objectives?
- **Can** I measure the social return that results from our impact?

4. Stakeholders, Inputs, Outputs, Outcomes and Impacts

There are 4 main elements needed to measure social value creation: inputs, outputs, outcomes and impacts. As we will see in coming sections, inputs are resources needed to deliver outputs (or to perform the activities) which result in outcomes for stakeholders. This relationship between input, output and outcomes is also known as a logic model. Understanding how your interventions through inputs, outputs and outcomes make a difference in the world and how these advance your mission (or, how they create impact) is your theory of change.

While these terms are commonly used, they have a very specific meaning in social value measurement. In the coming sections we will discuss each of these terms in detail, providing some examples. At the end of each section, you will be prompted to define and use the term in the context of your organization.

4.1 Step 1: Identifying Stakeholders

Identifying stakeholders is the first key step towards designing social metrics measurements. Stakeholders are people or organizations that experience positive or negative change due to your activity.

In order to identify stakeholders you should ask yourself two questions:

(a) Who is affected by your activity?

(b) Who has an effect on you, your program, and the organization? Do your actions affect them?

For example, if you are working on mental health and well-being issues, your stakeholders are individuals, patients, and community members and other clients who are affected by your activity. You may also rely on governments, philanthropists, volunteers, staff, and other support to conduct your activities. Together all these groups become the stakeholders of your organization.

➢ ***Exercise 2.***

Using the Excel spreadsheet at the end of the primer:

List all the stakeholders in your organization in Column C. Use a row for each one. Now provide their descriptions in Column D, and whether or not they will be included in the analysis in Column E. If they are not being included in the analysis, please fill out an explanation for this decision in Column F. Use as many rows for this activity as necessary in order to develop rigorous metrics.

4.2 Step 2: Defining Inputs

Once you have identified stakeholders, the second step is to see what each of these stakeholders are contributing to the inputs of your organization.

Inputs are commonly seen as the cost of running an organization. For example, if your organization is a computer training institute (the example shown in the spreadsheet at the end of the primer), the total cost of running the institute is the sum of all the inputs. This includes staff time, volunteer time, computer stations, rent, lights, heat, and so on. In a broader sense, inputs are all the resources that are invested in your organization's activities. All of your stakeholders contribute to the inputs of your organization. These resources could be monetary (i.e. fees/donations/grants) or non-monetary (staff and volunteers' time or noncash, in-kind items like donated supplies). When calculating the cost/inputs, you must include both the monetary and non-monetary costs of delivering the activities.

The value of financial inputs is easy to establish. However, the value of non-monetary inputs such as volunteer time is difficult to measure. In order to put a monetary value on volunteer time, the hours given by volunteers are often assigned a value equivalent to the average hourly rate for the type of work they are doing. For example, if an administration volunteer does 5 hours a week in an area where administration work is paid $20 per hour on average, their weekly input would be $100. This value is given regardless of whether any money is paid to the volunteer; it simply gives the input a market value to their contribution that can be added up with other inputs.

➢ ***Exercise 3.***

Using the Excel spreadsheet at the end of the primer:

Building on the list of stakeholders you brainstormed already, along with their descriptions, fill in the value of their inputs, if applicable in the next three columns according to time, money, or other in-kind donations.

****Note: in-kind donations can be resources such as supplies or volunteer time that can be assigned a market value but are not paid for by your organization.***

❖ ***Point to remember***

Inputs are resources needed to deliver the services or the activities of the organizations. These inputs could be monetary (in terms of cash/money) or non-monetary (volunteer time). You should include both while calculating the total cost of delivering the services.

4.3 Step 3: Defining Outputs

Outputs are the direct result of your program activities. They are a quantitative summary of an activity and usually result in answering "how many…" questions. For example, if your organization provides computer training, the output is "we trained 25 people in computer programming". It is important to remember that an output has to be countable (i.e. the number of people trained, the number of products sold, the number of group activities conducted, and so on). Another example is an organization providing food and shelter to homeless people. The direct result of their activity (output) is to see how many people they have provided with food and shelter.

❖ ***Point to remember***

Quantify the activities or the goal of your program. Please note that there will be a lot of repetitions in this section, as some stakeholders will have more than one output.

➢ ***Exercise 4.***

Following the last exercise, list the outputs that result from these inputs. If you would like to add more measurable outputs for a stakeholder, add a row to the excel spreadsheet. Outputs will be something you can count.

4.4 Step 4: Defining Outcomes

Outcomes are the observed effects of the outputs. Sometimes it takes years for outcomes to take place, but there may be observable changes along the way. Therefore, it is important to clarify the timeframe of the outcomes of your programs. Outcomes can be divided as short term (6 months- 1 year), medium term (1 - 3years) and long term (3-5 years). Long term outcomes are often described as "impacts" and are described in more detail later in the primer. Outcomes should be measurable, as noted above.

THINK SMART

When developing an outcome statement Think SMART:

- **Simple**
- **Measurable**
- **Action oriented**
- **Realistic**
- **Timed**

Measuring outcomes is a way to ensure that your organization's goals are achieved. They play an important role in social metrics, especially in SROI; therefore outcomes and indicators used to measure them will be explained thoroughly.

However, before we do so, it is important to remember the difference between outputs (a direct and quantitative result of the activity) and outcomes, as these two terms can be confusing. For example, if your organization provides computer training to unskilled youth, then completing the training will be an output (number of people trained) and getting a job as a result of the training will be an outcome.

4.5 Step 5: Identifying Outcomes

Outcomes should be linked with your organization's theory of change. This will ensure that you are measuring right things. Therefore, the best place to start is the outcome statement of the organization. Prepare an outcome statement that is simple and realistic.

When developing an outcome statement use the SMART approach detailed above. These statements should include outcomes that are simple; measurable; action oriented; realistic; and timed. Avoid using outcomes that have little value to the audience. Outcomes need to have a direction. As we will discuss in the next step, outcome indicators are often expressed using terms like 'more', 'fewer', 'less', 'increased' or 'decreased'. Moreover, as mentioned earlier, outcomes should be measurable and timed.

Let us apply this in practice. To prepare an outcome statement, start with the problem: What is the problem? How you are going to address it? And who are the stakeholders? We can use a very simple example to illustrate this point.

Suppose there is a disease spreading in your community that is making the community unhealthy (identifying the problem). To address this problem, you would like to increase awareness about sanitation in the community by using public announcements (these are your outputs) encouraging patients to ask their health care professionals (these are two of your stakeholders) to be extra careful with cleaning and sanitation in the hospital. With increased cleaning and sanitation, the spread of the disease will stop (this is your theory of change).

Once you have a SMART outcome statement, you need to identify stakeholders. Recall from previous discussion that to identify stakeholders you should ask yourself two questions: (a) who is affected by your activity? (b) Who has an effect on you, the program, and the organization? Do your actions affect them? In previous examples, your stakeholders could be individuals, patients, and community members who are affected by your activity. On the other hand you might rely on governments, hospital staff, philanthropists, and volunteers to conduct the activity.

❖ ***Point to remember***

Your outcome statement should be SMART: simple, measurable, action oriented, realistic and timed**.**

➢ ***Exercise 5.***

Using your list of stakeholders, describe the short-term and medium term outcomes that each stakeholder group will experience. This is your outcome statement.

4.6 Step 6: Identifying Outcome Indicators

Once the outcome statement is prepared and you have identified the stakeholders, the next step is to focus on the indicators. Outcome indicators are important because they can specify whether the outcome has occurred and by how much.

For example, the outcome statement for an organization is to reduce long term social isolation amongst youth with autism. To show the change this organization is making, it will need to develop some indicators that capture reduced isolation. These outcome indicators could be:

- Whether participants are taking part in new activities (e.g. taking up new sports or hobbies, visiting new places).

- Whether participants report having more friends.
- Level of social skills reported by participants.
- Whether participants are accessing relevant public services that they had not used in the past, like public transport.

Stakeholders are often the best people to help you identify indicators, so ask them how they know that change has happened for them. In the aforementioned example, the organization relies on participants' feedback to know if their social activities have increased. Government websites can also provide information on changes in the use of public services.

Sometimes you need to use more than one indicator. Balancing subjective and objective indicators can help offset the risk of having potentially skewed data that results from using to few indicators.

❖ ***Point to remember***

Develop outcome indicators working with your stakeholders.

➢ ***Exercise 6.***

Using your outcome statement develop a list of indicators for each outcome. Try to think of more than one indicator for each outcome to strengthen your findings and help you be sure that the outcome has occurred.

It is important to note that many organizations will not go any further than this in measuring social value. The next part of this primer is for those who want to go further in the measurement of your impacts. It discusses two standard methods for social measurement: the IRIS metrics, and SROI. We provide a link to online SROI software solutions for those wanting to go deeper in measuring social impact and by generating an SROI for their organization.

5. Measuring and Understanding Impact

Impact measurement captures the long-term outcomes of organizations. Long term outcomes occur in three to five years. These outcomes can be monetized (i.e. given a cash value to society) or non-monetized. Organizations should also develop a narrative report that captures the non-monetized social value they generate.

There are several methods that can be applied to long-term outcomes. We highlight two in this primer: IRIS and SROI.

5.1 IRIS

IRIS (Impact Reporting and Investing Standards) metrics are used to define, track and report the social, environmental and financial performance of the capital used for impact investing. It was launched in 2008 by Acumen Fund, B Lab, and the Rockefeller Foundation, and is now managed by the Global Impact Investing Network (GIIN).

IRIS provides a library of social, environmental and financial performance metrics with standard definitions that help organizations to

refine their current performance tracking. It standardizes the way mission-driven enterprises use data to communicate their social and environmental impact to stakeholders, including impact investors who deliberately invest in organizations that produce social or environmental returns in addition to financial returns.

Who uses IRIS?

IRIS addresses the needs of multiple stakeholders. It is useful if you are an impact investor and would like to know the social and environmental impact of your funds. IRIS allows for a comparison of the performance of individual companies that have adopted it.

It is also useful for mission-driven organizations looking for impact investors or, for those that would like to track social, environmental and financial performance. For more details please click here.

IRIS indicators are organized in the following broad categories:

- **Organization Description** - metrics that focus on the organization's mission, operational model, and location.
- **Product Description** - metrics that describe the organization's products and services and target markets.
- **Financial Performance** - commonly reported financial metrics.
- **Operational Impact** - metrics that describe the organization's policies, employees, and environmental performance.
- **Product Impact** - metrics that describe the performance and reach of the organization's products and services.

IRIS' broad performance indicators can be applied to any organization and are sector-specific. You are not expected to report on all of the indicators within IRIS, just those relevant to your work. If your organization would like to adopt IRIS, you can do so by reporting your performance using the indicators mentioned in IRIS for free. If you would like to see examples of organizations that have adopted IRIS click here.

6. What is SROI?

Social Return on Investment (SROI) is a principles-based method (see principles below) for measuring the environmental and social value of your mission relative to the resources invested in it. It moves from assessing outcomes to measuring the impact of your organization. You can use SROI to evaluate impact on stakeholders, identify ways to improve performance, and enhance the performance of current investments. SROI places high importance on stakeholders' views and puts financial 'proxy' values on all the impacts identified by stakeholders that do not typically have market values. When measuring impact it is important not to claim responsibility for things that might have happened anyway. Using SROI techniques helps address this problem. As you have already identified your stakeholders, we will now discuss financial proxies while continuing our discussion of outcomes and impacts.

The Seven Principles of SROI
(Office of the Third Sector, UK Gov.)

1. **Involve stakeholders.**
2. **Understand what changes.**
3. **Value the things that matter.**
4. **Only include what is material.**
5. **Do not over-claim.**
6. **Be transparent.**
7. **Verify the result.**

6.1 Collecting outcomes data for financial proxy

What are Financial Proxies?
Financial proxies are used to estimate the social value of non-monetary goods (such as social value creation) to different stakeholders. The translation of non-monetary values into monetary proxies is an important part of SROI analysis. While financial proxies may not exactly capture the social value created by your organization, they make it easier to track the performance of your programs and convey it to your stakeholders.

In order to prepare financial proxies, the first step is to collect data on your outcome indicators. This may be available from existing sources (internal or external) or you may need to collect new data.

If you are doing a forecast SROI analysis, use existing data where available. If you have delivered this activity before, you can base your estimation on your own previous experience. If this is the first time you have undertaken the activity, then your estimate will be based on research or other people's experience in similar activities.

Look at information from:

- Membership organizations, government departments, market research firms, consulting companies, partner organizations; and

- Published research from universities, government departments and research organizations.

To get the right information and make it as cost-effective as possible, try to incorporate data-collection into everyday activities. Engaging stakeholders who are benefiting from the programs could be one way to do it.

Stakeholders can be included in the data collection process through:

- Focus groups
- Interviews
- Surveys
- Feedback forms
- Asking open ended questions

Sometimes the expected change is not how the stakeholders would express it. They may express change as hope, stability, or new routines. Ask if the change is important to them. Ask about things that can be measured and monetized as well as things that cannot. Then review the result against the SROI principles, and verify them with your stakeholders.

After completing the data collection process, monetary values or financial proxies can be assigned for each outcome. There are five methods to calculate financial proxies for your organization[4].

[4] Source: A Guide to Social Return on Investment, 2012

i. **Cost/cash saving method:** using this method for financial proxies is relatively easy as you put monetary value of the cost-savings that your program has saved for the government or other stakeholders. For example, if you are running a mental health program, you may decide to use the cost of attending a clinic as a financial proxy.

ii. **Contingent valuation:** also known as value based monetization, this method links a value to an impact indicator that does not have a direct market price or cost price. Therefore the value is determined by directly asking the stakeholders about it. By asking hypothetical questions about how people value things, you can either learn their willingness to pay or their willingness to accept**.** For example, you may ask people to value a decrease in aircraft noise in their town – in terms of their willingness to pay for it. Conversely, you may ask them how much compensation they would require to accept aircraft noise in their town.

iii. **Revealed preference:** In this technique, value is assessed by looking at people's choices and behavior in actual markets - e.g., housing market**.** This method could be used to value environmental amenities that affect the price of residential properties. For example, it can help to value clean air (and the cost of pollution) by estimating the premium placed on house prices in areas with clean air (or the discount on otherwise identical houses in polluted areas).

iv. **Travel cost method:** this approach recognizes the costs people are willing to pay to get somewhere (faster) to access goods and services on which they place a value. This convenience can be translated into money to derive the estimate of the benefits of those goods and services.

v. **Average household spending** can be used in categories like 'leisure', 'health' or 'home improvement' to reveal how much people value these types of activities, relative to others. This type of data is often available from government surveys.

These methods, in combination with the information discussed in the data collection section, can help you to decide what financial proxies to use.

❖ ***Point to remember***

While there are five methods to establish financial proxies, your stakeholders provide the best starting point for finding your proxies because only they know what it is they value about you organization and how this might best be captured.

The table below gives you some examples of collecting outcomes data.

Employment Mentoring Program **Stakeholder**	**Outcome**	**Indicator**	**Data collection**
Unemployed Person	Gains and maintains employment	Whether working after 12 months	Annual survey of stakeholders and telephone follow up.
Participant with physical disability	Reduced social isolation	Frequency of social contact with friends	Gathered systematically at six month review between client and social worker.
Young person	Improved behavior	Number and type of school exclusions	Report by teacher.
Local community	Increase in recycling	Amount of waste going to landfill	Monitoring the change in amount of waste in land fill.
Local community	Reduced fear of crime	Number of local people who report feeling safer	Police or community crime mapping tool.

Source: The SROI Network Intl, *Guide to Social Return on Investment, 2012*

6. 2. Establishing Impact

Impact is the long-term outcome of your programs. Establishing impact is important as it reduces the risk of over-attributing contributions to changes due to particular activities, and means that your story will be more credible.

Where change is caused by a range of factors including the activities of the organization being evaluated, it can be very difficult to know the amount of the benefit that can be attributed to the activity being measured. For example: for a program aiming to support unemployed people, it is very difficult to distinguish the impact of a specific program from that of other third sector organizations, the public sector, or changes in the wider economy resulting in reduced or increased opportunities for employment.

In order to establish the impact of the organization, we need to adjust the outcome to take into account what would have happened anyway.

There are four factors that can affect the outcome positively or negatively. These four factors are deadweight; attribution; displacement; an drop-off. each will be examined in detail below. These factors should be taken into consideration before establishing the impact of your organization.

Four factors that can affect long-term outcomes:

- **Deadweight**
- **Attribution**
- **Displacement**
- **Drop-off**

a. Deadweight: ‘what would have happened anyway’

The deadweight cost measures what might have happened without the program. It is calculated as a percentage. For example, if 50 per cent of young unemployed people move into work following a mentoring program, it is possible that 30 per cent might have found jobs in the absence of that program due to an improved local economy. The situation that would have happened without the program represents the deadweight. The process of estimating deadweight is what attribution is all about.

Deadweight can be calculated by following comparable individuals or finding ways to estimate the changes that are happening through other sources, like external statistical measurements, where available. According to the SROI Network's *A Guide to Social Return on Investment* (2012):

> "The simplest way to calculate deadweight is to look at the trend in the indicator over time to see if there is a difference between the trend before the activity started and the trend after the activity started. Any increase in the trend after the activity started can be used as an indicator of how much of the outcome resulted from the activity. " (pp.56)

It can also be useful to compare the population you have engaged, against data from the wider population. This way you are able to articulate what may have happened had your impact population not benefited from the intervention. This kind of comparative data may be available from government sources or from websites that relate to some of your particular stakeholder groups.[5]

Increasing deadweight reduces your contribution to the outcomes. If deadweight is high, the outcome may not be meaningful for your analysis. Deadweight is measured as a percentage of the outcome deducted from the total quantity of the outcome.[6]

b. Attribution: ‘who else helped’

Attribution is the process of estimating deadweight, where you must assign value to the contributions to the outcome of other groups, organizations, governments, or individuals. Attribution is also calculated as a percentage, the proportion of the outcome that is attributable to other organizations.[7]

While it is difficult to get a completely accurate assessment of attribution, it helps to be aware of the fact that your activity may not be the only thing contributing to the change observed.

c. Displacement

Displacement is another component of impact and is an assessment of how much of the outcome of your intervention had negative impacts on other potential outcomes. A program may be subject to ‘displacement’ if the

[5] SROI Network, 2012, *A Guide to Social Return on Investment.* Report.
[6] *Ibid.*
[7] *Ibid.*

program participants receive benefits at the expense of other groups. For example, a group that gains jobs as a result of their participation in a program offered by your organization may signify that individuals who did not participate in your program were not able to attain those jobs that might have otherwise.

While displacement does not apply in every SROI analysis, it is important to be aware that negative outcomes are also a possibility, and may allow you to develop mechanisms or strategies to increase your net positive outcomes.

d. Drop off

The concept of 'drop-off' implies that the results of a program may not be maintained over time. For example in the early days of an intervention, there may be higher levels of staff (and participant) enthusiasm, but this may diminish over time. Conversely, benefits may increase over time if staff picks up improved skills in their roles.

- 3ci has partnered with Social Assets Measurement to provide an on line SROI tool will take you through these calculations for an SROI. A fee applies. Click here for more information.

5.3 Calculating Social Value

Once you have calculated the previous steps, you will be able to establish an SROI ratio. This is a simple calculation: divide the value of benefits, discounted with dead weight, attribution, displacement (if any), and drop off by the total investment.

The formula used to calculate Social Return on Investment is:

Social Return on Investment ratio (SROI) =
Social benefits
Social +Financial Cost

OR

SROI ratio =
Total social benefits x deadweight x attribution x displacement x drop off
Total value of inputs

An SROI ratio of 2:1 means that for every $1 invested in the organization, $2 of social value are generated.

Once the ratio has been calculated, you should share the result with your stakeholders. Their feedback might lead you to revisit, modify or recalculate the ratio.

You should revise the exercise until a ratio is agreed upon with the stakeholders. Oftentimes, this leads them to share more about the changes that have taken place in their lives.

It is important to remember that not all experiences and changes can be captured in monetary terms. Those which cannot be monetized should be discussed in narratives. Narratives are a way of storytelling that can help you to explain the process leading towards the calculation of the ratio and how it was established. It also allows you clarify any assumptions or descriptions of areas which have not been measured or could not be evaluated.

- SAM subscribers click here to complete your SROI.

7. Conclusion

Increasingly organizations are being asked to measure their impact. For many this is a challenging and new area. Measuring impact is a critical part of your planning cycle. It enables you to ensure that the activities you take on everyday are directly contributing to achieving the goals of your organization. In addition it allows you to tell your story more effectively. This is important to your funders, your stakeholders and to your community.

Understanding how to measure your impact is a vital skill. This primer is designed to be read on line with links embedded that provide greater detail on many key aspects of social impact measurement. It also provides you with helpful exercises and a template excel file so that you can start the process of social impact measurement. Should you want more, you can connect to a useful on line tool that assists you in developing an SROI (a fee applies).

We hope that by following the steps detailed in this primer, you and your organization will be able to measure the social value you are creating!

You can find more information on the Carleton Centre for Community Innovation website. We believe it is critically important to measure social value creation and we hope you have found this primer helpful in achieving your goals!

Glossary of Terms:

Attribution An assessment of how much of the outcome was caused by the contribution of other organizations or people.

Deadweight A measure of the amount of outcome that would have happened even if the activity had not taken place.

Discounting The process by which future financial costs and benefits are recalculated to present-day values.

Discount rate The interest rate used to discount future costs and benefits to a present value.

Displacement An assessment of how much of the outcome has displaced other outcomes.

Drop-off The deterioration of an outcome over time.

Duration How long (usually in years) an outcome lasts after the intervention, such as length of time a participant remains in a new job.

Financial value The financial surplus generated by an organization in the course of its activities

Impact The difference between the outcomes for participants, taking into account what would have happened anyway, the contribution of others and the length of time the outcomes last.

Inputs The contributions made by each stakeholder that are necessary for the activity to happen.

Monetize To assign a financial value to something.

Outcome The changes resulting from an activity. The main types of change from the perspective of stakeholders are unintended (unexpected) and intended (expected), positive and negative change.

Outputs A way of describing the activity in relation to each stakeholder's inputs in quantitative terms

Outcome Well-defined measure of an outcome

Proxy An approximation of value where an exact measure is impossible to obtain.

Social return ratio Total present value of the impact divided by total investment.

Stakeholders People, organizations or entities that experience change, whether positive or negative, as a result of the activity that is being analyzed.

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