

Measuring Social Enterprise Impacts and Benefits: Emerging Approaches and Issues

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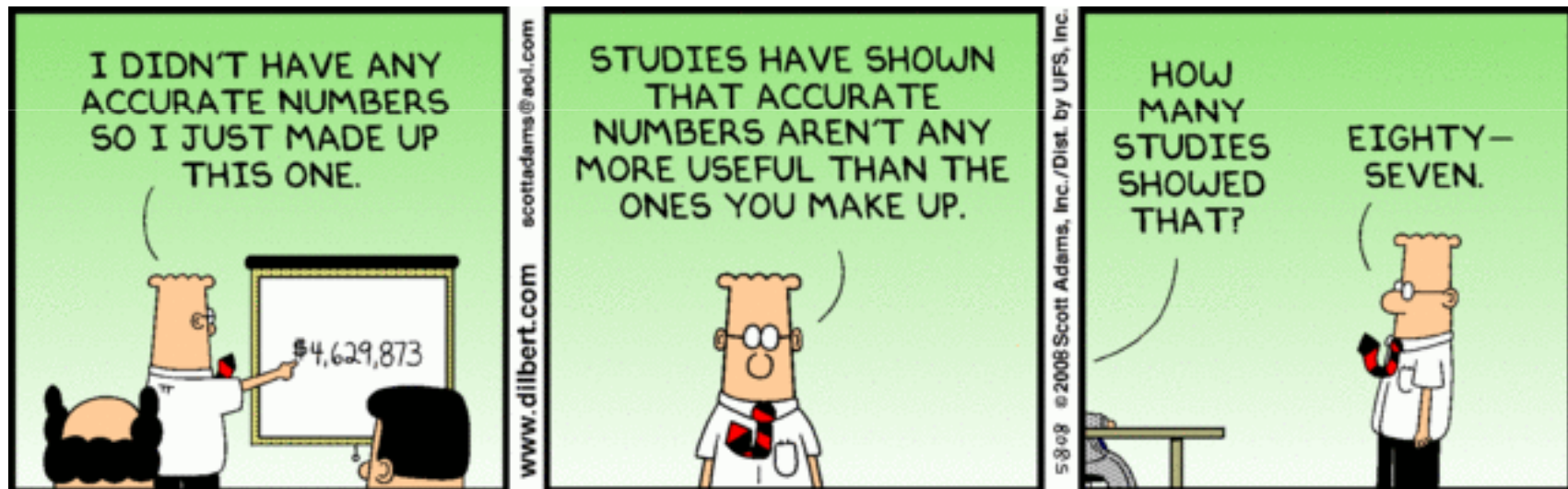
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Outline

- Context and Concepts
- Emerging Approaches
- Looking Forward
- Resources

On Importance of Measurement

“Not everything that can be counted counts, and not everything that counts can be counted”



“You can't manage what you can't measure”

Measurement: Why, and for Whom?

- Management
 - Performance management (meeting needs/objectives)
 - Organizational sustainability, attract new investment
 - Demonstrate the value created by organization
- Social Investors (inc. funders)
 - Impact of grants, mission alignment
 - Accountability measures
 - Assess organization value, relate to risk/return (of investment)
- Government Programs/Policy
 - Make the case for investment in organization/approach
 - Accountability measures

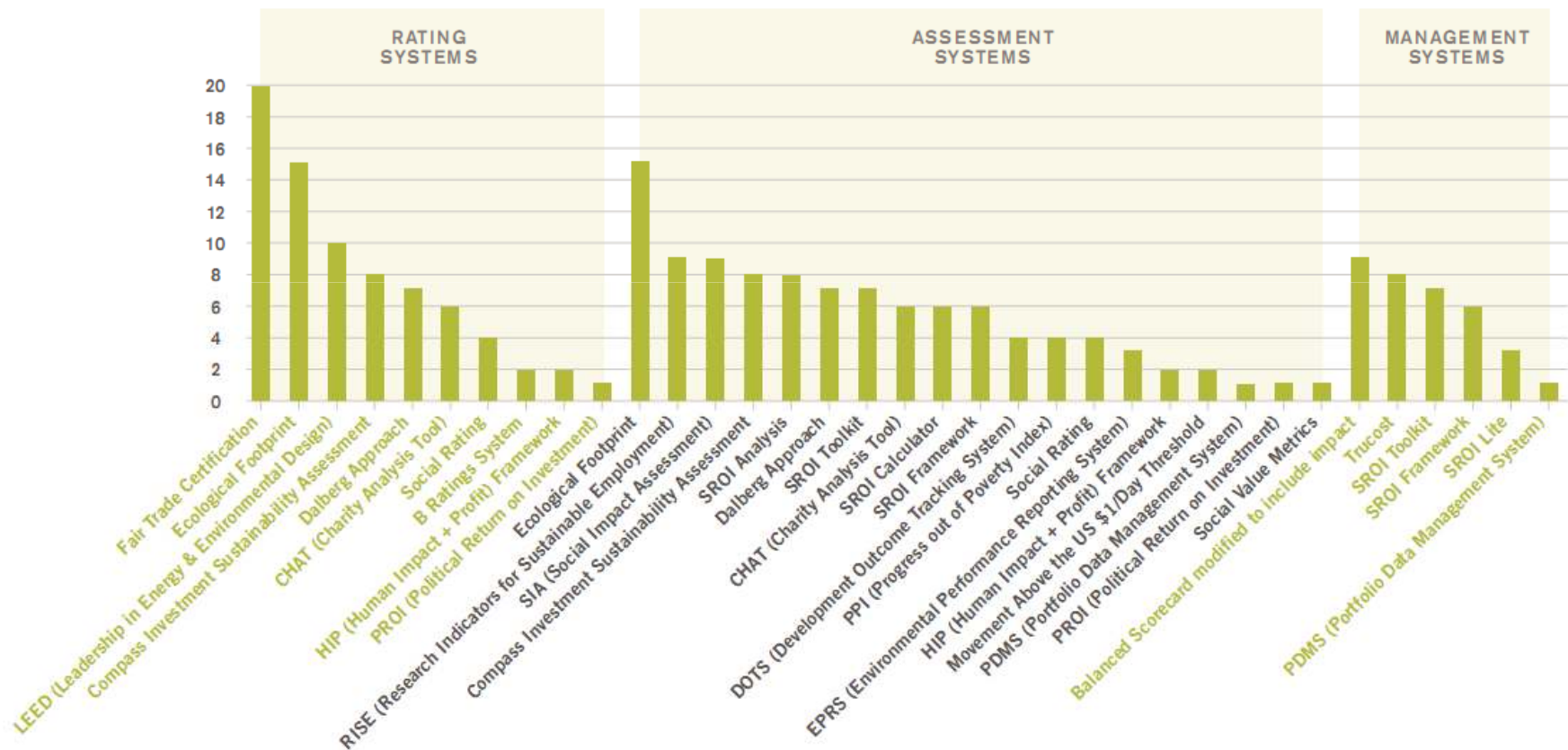
The Blended Value Proposition

- all organizations create value that consists of economic, social and environmental components
- investors simultaneously generate all three forms of value through providing capital to organizations
- the outcome is value creation, where that value is itself non-divisible and, therefore, a blend of these three elements

Measurement: How?

- The Measurement Landscape
- Approaches, Objectives, Application
- Emerging Approaches
 - Social Return on Investment
 - Canadian Initiatives
 - International Initiatives

The Measurement Landscape



Clark et al. (2003) "Double Bottom Line Project Report: Methods Catalog"

Approaches, Objectives, Application

METHOD	PROCESS	IMPACT	MONETIZATION	PRIMARY APPLICATION TO DATE	
				NONPROFIT	FOR-PROFIT
Theories of Change	•			•	
Balanced Scorecard (BSc)	•	•		•	
Acumen Scorecard	•			•	•
Social Return Assessment	•				•
AtKisson Compass Assessment for Investors	•	•			•
Ongoing Assessment of Social Impacts (OASIS)	•	•		•	
Social Return on Investment (SROI)		•	•	•	
Benefit-Cost Analysis		•	•	•	
Poverty and Social Impact Analysis (PSIA)		•	•	•	•

Clark et al. (2003) "Double Bottom Line Project Report: Methods Catalog"

Emerging Approaches

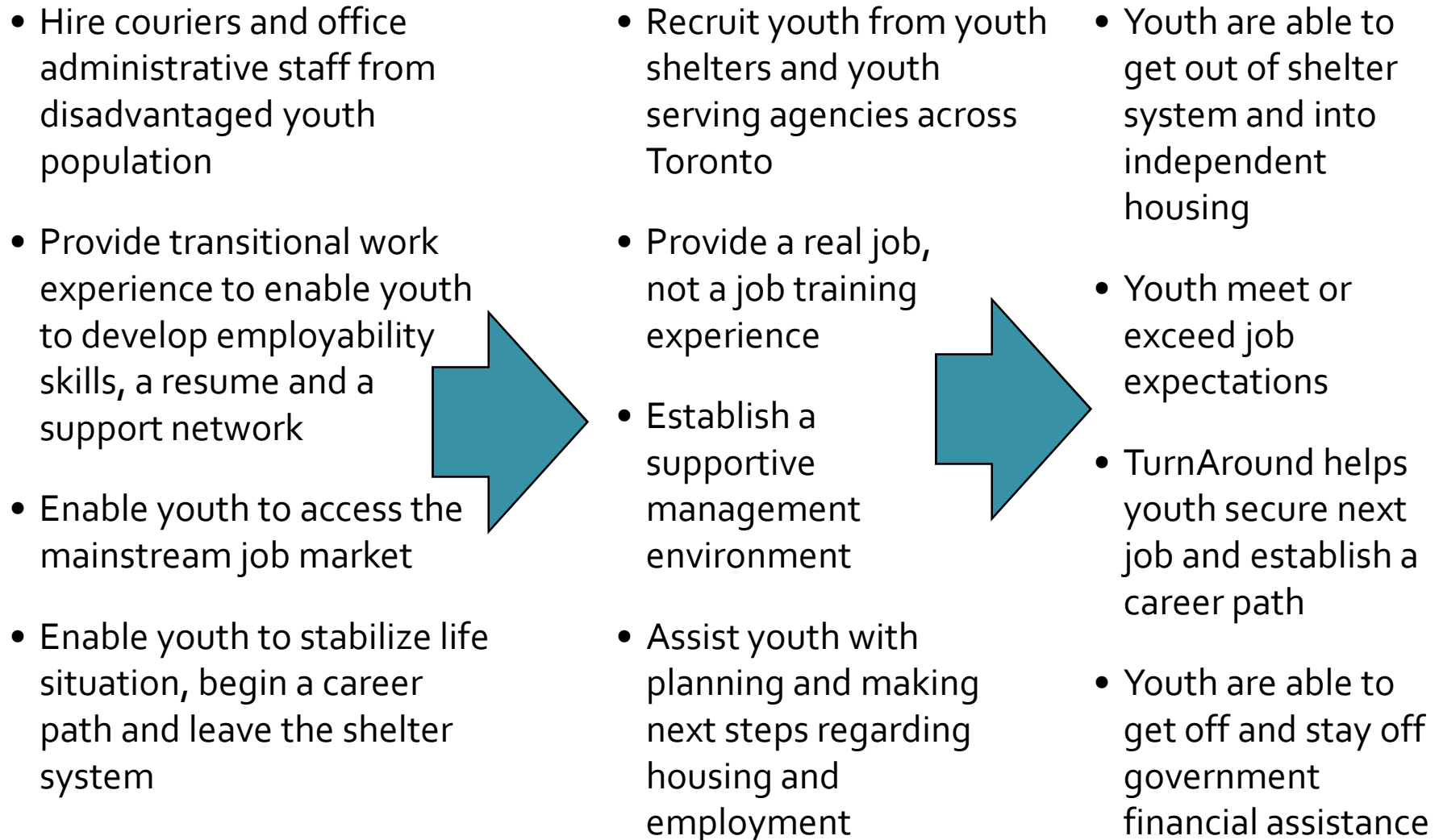
- Social Return on Investment
 - SROI Snapshot: TurnAround Couriers
- Canadian Initiatives
 - Demonstrating Value Initiative
 - RISQ – Social economy enterprise analysis
- International Initiatives

Social Return on Investment

- Discounted, monetized value of the social value that has been created, relative to the value of the investment.
- Pioneered by Roberts Enterprise Development Fund (REDF) and Jed Emerson
- Various uses for, and approaches to, SROI
- Despite “hype” around SROI, it can be resource-intensive, and issues around feasibility, replication, reporting still remain.

SROI Snapshot: TurnAround Couriers

Theory of Change



SROI Snapshot: TurnAround Couriers

Social Return on Investment (extract)

Overview of Target Population (sample)

- 38% recruited directly from shelters
- 23% female
- Average age: 21
- 100% unemployed at time of hire
- 54% receiving social assistance at hire
- 54% been involved with justice system
- 54% did not complete high school

Sustainable Livelihood Outcomes (sample)

- 89 youth in total have been hired over 5 years
- 100% target population recruited from shelters able to get out of shelter system and secure independent housing within 6 months of employment at TAC
- 85% who relied on income support through social assistance at time of hire able to get off and stay off

Avg Change in Societal Contribution (Target Employees):	\$9,391
Average Number of Target Employees:	10
Current Year Cost Savings to Society:	\$93,910
Cumulative Cost Savings (prior to Y5):	\$191,170
Total Cost Savings to Date:	\$285,080
Cumulative Societal Payback Period:	1.8 years
Cumulative SROI:	285%
Note: initial SCP investment = \$100,000	

Employment Outcomes (sample)

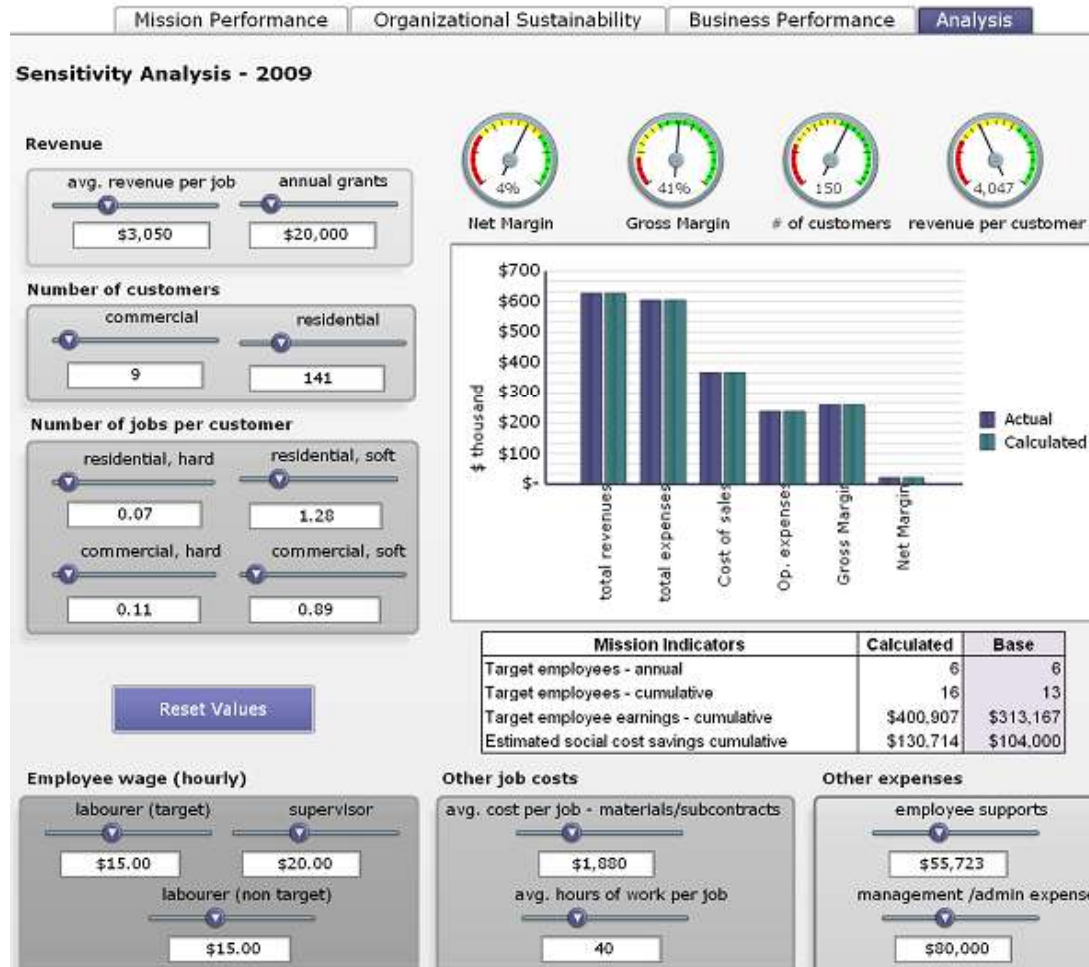
- Increased target/non-target staff ratio to 83%
- 69% continue to work at TAC (9)
- 15% moved onto mainstream employment in window cleaning industry (2)
- 8% went on to post secondary education (1)

Demonstrating Value Initiative: Lenses

What do you want to know and show?



Demonstrating Value Initiative: Social Enterprise Snapshot



Define your information needs

What do you want to know and show?
What's important? Who's it for?



Define what information you will collect

How can you meet your information needs?

Design an enterprise snapshot

What does it look like?
How will it be used?



Implement, use & improve

Develop the snapshot;
Develop and adjust monitoring systems;
Use in decision making, communications

RISQ: Social Enterprise Analysis



Financial indicators	Formulas	Definition
LIQUIDITY		
Net working capital:	Current assets minus current liabilities	Measures the enterprise's capacity to honour its current financial commitments (current solvency)
Working capital ratio:	$\frac{\text{Current assets}}{\text{Current liabilities}}$	
Immediate liquidity ratio:	$\frac{\text{Current assets} - \text{inventories} - \text{prepaid expenses}}{\text{Current liabilities} - \text{current deferred revenues (or grants)}}$	
FINANCIAL STABILITY		
Debt ratio:	$\frac{\text{Long-term debt}}{\text{Equity (or net assets)}}$	Measures the size of the debt in relation to quasi-equity (patient capital) and equity, debt service and long-term solvency
Equity/ (equity + quasi-equity) ratio:	$\frac{\text{Equity}}{\text{(equity + quasi-equity)}}$	
Financial structure Debt share	$\frac{\text{Adjusted total liabilities}}{\text{Adjusted total assets}}$	
Quasi-equity (patient capital) share:	$\frac{\text{Quasi-equity}}{\text{Adjusted total assets}}$	
Equity share	$\frac{\text{Equity}}{\text{Adjusted total assets}}$	
Debt coverage ratio by generated funds	$\frac{\text{Current generated funds (adjusted)}}{\text{Annual principal repayable on the long-term debt}}$	

Source: Réseau d'investissement social du Québec (RISQ). "Guide for Analysis of Social Economy Enterprises."

International Initiatives

- Pulse (Acumen Fund)
 - Portfolio level assessment; blended value
 - Best Available Charitable Option (BACO)
- Social performance for microfinance
 - Progress out of Poverty Index
 - Imp-Act consortium
- Socialmarkets.org
 - Self-reported metrics + SROI + crowdsourcing
- Microfinance with technology platform
 - Kiva, MyC4, MicroPlace

Looking Forward: Issues

- Language not well-understood
- Fragmentation and immaturity of approaches
- Silos: internal, and across organizations
- Communicating impact to a range of audiences
- Tensions between feasibility and credibility/validity
- Comparing apples to oranges; temptation for a #
- Data availability and collection
- Capacity of social enterprises, lack of intermediaries
- Who will pay, who will be involved?

Looking Forward: Opportunities

- No established standards, but best practices in geographical and sectoral contexts are emerging
- Development of new approaches and tools being driven by funders and cross-sectoral collaboratives
- Learning from evaluation community
- An iterative process: plan to use, use to plan
- Build supply: open data sets and platforms
- Intermediary development: find appropriate incentives
- Communicate better: social media, interactive

Resources

- Clark, Catherine et al. "Double Bottom Line Project Report: Assessing Social Impact in Double Bottom Line Ventures Methods Catalog."
- Emerson, Jed and Sheila Bonini. "The Blended Value Map: Tracking the Intersects and Opportunities of Economic, Social and Environmental Value Creation"
- Kramer, Mark R. "Measuring Innovation: Evaluation in the Field of Social Entrepreneurship."
- London Business School. "The SROI Primer."
- Réseau d'investissement social du Québec (RISQ). "Guide for Analysis of Social Economy Enterprises."
- SVT Group. "Catalog of Approaches to Impact Measurement."
- Trelsad, Brian, "Simple Measures for Social Enterprise."
- Tuan, Melinda. "Measuring and/or Estimating Social Value Creation"
- Websites: socialcapitalpartners.ca; demonstratingvalue.org; blendedvalue.org

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