



Masterclass – Impact measurement for Social Enterprises

Calvin Chu, Eden Strategy Institute

Social enterprises need to measure, track, and communicate their impact, to win the support of their grantors, staff, beneficiaries, and partners. In this masterclass, participants examined impact frameworks and concepts such as IRIS, SROI and Theory of Change, and take a step-by-step approach to customise the right impact measurement strategy that will sustain your social enterprise model.

The following are brief notes taken during the class.

Context setting:

- It can be hard to talk about impact while we remain fuzzy on our social enterprise value and business model.
- “When talking to investors, it’s important to dovetail the societal impact with the economic impact you are creating.”
- Calvin cited the example of Playpump, a social enterprise concept that uses a merry-go-round mechanism to harness the energy of children playing to pump groundwater in Africa to illustrate the importance of creating real outcomes. It took 27 hours of constant turning to pump enough water for a single village.
- “Oftentimes, we are in love with the innovation and the beneficiaries we are serving, but if we don’t carefully look at the economics of how things work, the mission will be lost all together.”
- It’s also important not to confuse outputs and outcomes. For example, Visionspring had provided 5 million clients with vision screening and of these, 2 million had purchased eyeglasses. The outcome is that it created an estimated economic impact \$756 mil of increased productivity made possible by improved vision. In fact, displaying the economic impact now makes your social enterprise attractive to governments too, a stakeholder group you may not have thought of earlier.
- You should pick and choose the parts of each tool/framework that you’re comfortable with and having that versatility.
- “We have to make sure that the positive impacts created are attributable to the work that we’re doing.”

Why track impact?

- Simply put, it will help you understand, manage and communicate the value of your social enterprise.

Masterclass on Effectively Measuring Social Impact

1. To gain wider outreach to market SE
 2. Win new contracts
 3. Secure existing funders and customers
 4. Attract quality talent and grow staff morale
 5. Develop activities to better cater to beneficiary needs and drive impact
 6. Improve resource allocation
 7. Prevent mission drift
- “We need to look at impact from a learning perspective, not just as a static component of your enterprise”
 - The audience gave their thoughts on why they measure impact.
 - For scale, to replicate models, because social impact will help your branding and investors and potential shareholders, to be answerable to investors/ beneficiaries.

Principles and issues in impact measurement

1. Reliability & Objectivity
 - a. Ensuring data integrity for shareholders and also having an objective third-party, or audit committee or volunteers or even local universities tracking your impact data.
2. Reality
 - a. Ensure that you reflect true reality with participatory research, rather than pre-set expectations
 - b. It's about proving and disproving
3. Universality
 - a. Applicability across different markets, geographies
 - b. If you have no basis of comparison, or if you don't know if this can be transposed to a different context or country, it can be a huge challenge when you try to scale your business
4. Additionality
 - a. Whether an intervention has an actual effect when compared to a baseline
 - b. “Did I actually have an incremental contribution, or would it happen anyway?”
5. Materiality
 - a. Relevance, significance authority of data
6. Context
 - a. Balancing standardised comparisons with the need to customise each situation
7. Power
 - a. Shift from p-down judgement to continual joint learning and improvement
8. Interdependence
 - a. Appreciation of the holistic impact on a broader set of stakeholders beyond immediate beneficiaries
9. Sustainability
 - a. Keeping costs of impact measurement manageable (from a cost and resource perspective)
10. Comparability
 - a. Using consistent tools to produce comparable data

Frameworks

- These frameworks have been evolving from input- and activity-based reporting to a system-level of inquiry of impact.

DBS Foundation Social Enterprise Summit 2018
MASTERCLASS FOR SOCIAL ENTREPRENEURS

- “In the past, it was about how much of the \$1 I’ve spent/donated has reached the end user, now it’s about how you’ve created human capital, economic capital and so on.”
- “Case studies are a great way to show your transformation story and shine the spotlight on your beneficiaries and how you have created positive impact.
- These can take any format like a touching video, an in-depth report with comprehensive data. Keep in mind who your audience is and what they’re looking for.
- However, one drawback is that they mostly include anecdotal evidence with limited applicability.”
- The “Theory of Change” model is a systematic map of shorter-term and intermediate outcomes, which are required to achieve long-term goals.
- Calvin gave the example of tai chi classes for dementia patients as an evaluative logic model of the Theory of Change:
 - Activities: tai chi classes, number of trainers
 - Output: number of classes, repeat visits
 - Short-term outcomes: relapse rates reduced
 - Intermediate outcomes: Workforce integration
 - Objectives: working with other partners towards...
 - Ultimate goal: dementia can be cured
- (-) Accurate attribution may be tricky as it is a linear process

SROI

- Quantifies the dollar value of work (i.e. the worth created)
- Citing Conjoint Consulting, a local SE that offers consulting services to SEs and charities. They quantified a dollar value based on the time rendered (i.e. manhours).
- Another example cited is the subsidised services model, which is the delta (i.e. the social value is the dollar value saved – the difference between subsidised fees vs market rates)
- In contrast, if you’re an advocacy organisation, you might be looking at the monetisation value as the media or PR value of a half-page story in the newspaper article you were featured in.
- Why do we have to quantify the dollar value?
 - For investors, you can clearly state that for example, for every \$1 you invest, we create \$5 of impact.
 - It’s a great ‘currency’ and indicator that is universal across beneficiary groups, geographies etc.
- “Rather than an exercise in isolation, see impact measurement as an opportunity to collaborate with your key stakeholder groups to ascertain what it is they are looking for.”
- (-) However, not all outcomes can be accurately monetized.

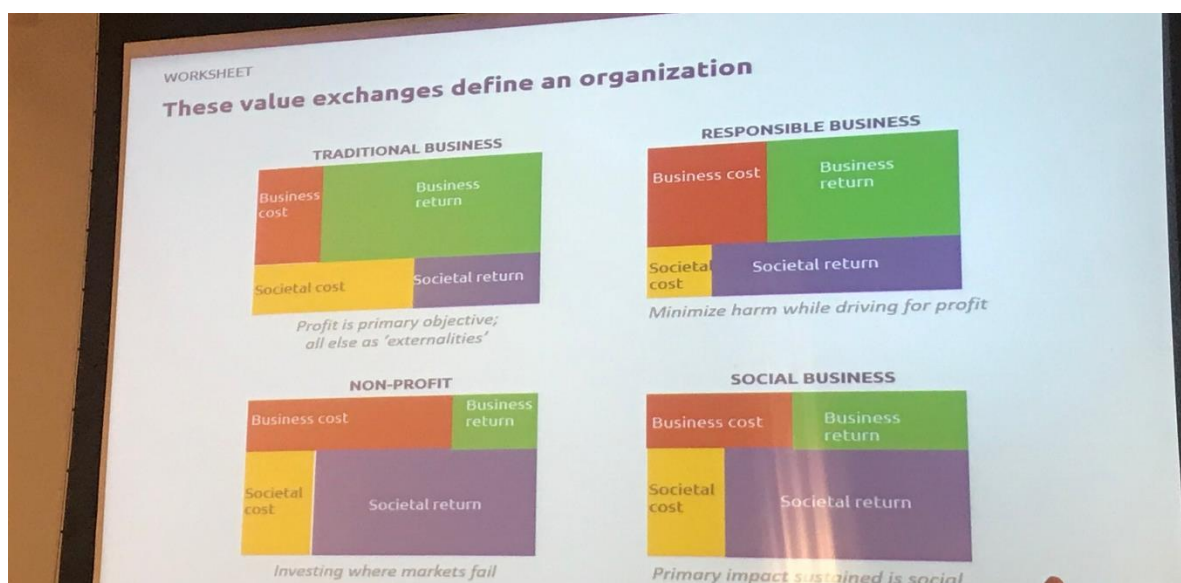
Quasi-experimental or experimental methods

- These offer robust cause-and-effect attributions and demonstrate additionality of impact.
- A create example of randomised control trials where some patients are given a placebo, and some are given the actual drug and the results are compared between the intervention group and the ‘control’ group, also similar to A/B variable testing.
- (-) However, these are not suitable in cases where there are many extrinsic variables, and such experiments are not practical in real life.

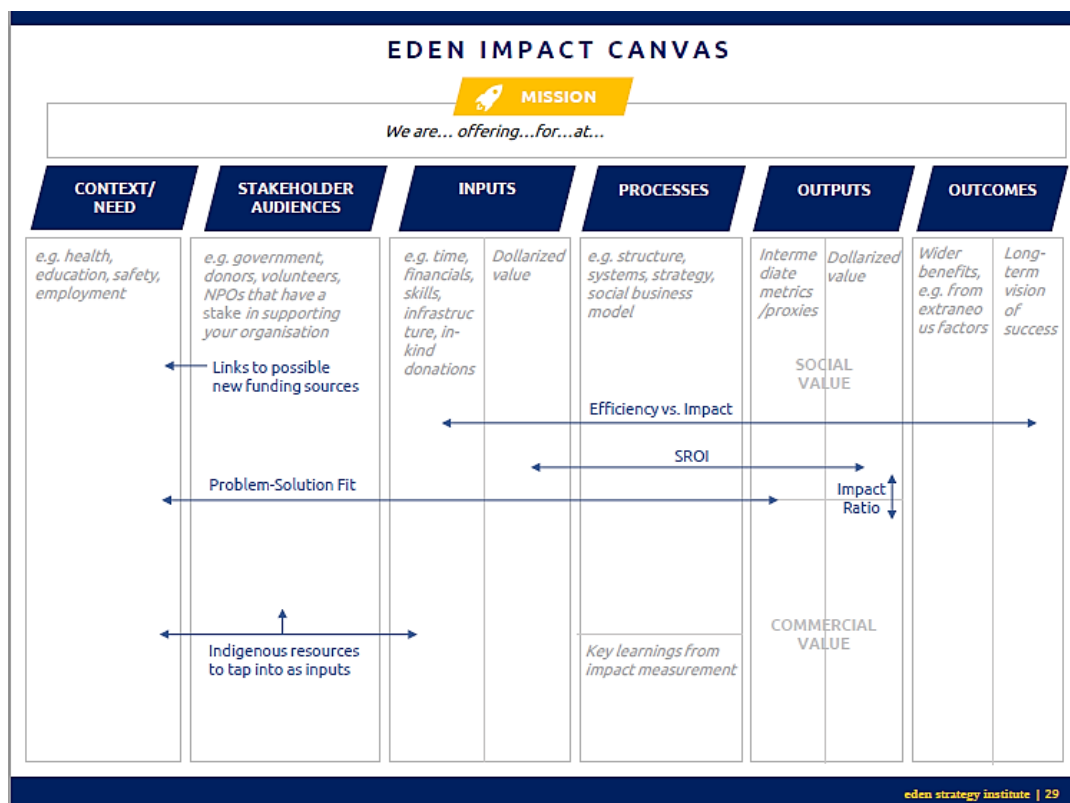
Masterclass on Effectively Measuring Social Impact

Social business models

- It works like a simple decision tree, which was developed by Eden. There are 6 basic social business models:
 - Where the beneficiaries are customers and pay a full fee – commercial (1) beneficiary product
 - Where the beneficiaries are customers and pay a subsidised fee – (2) subsidised beneficiary product
 - Are beneficiaries staff that are employees – (3) work integrator
 - Are beneficiaries staff that are trainees – (4) training integrator
 - Where beneficiaries that are not part of staff, and you do not raise funds for your beneficiaries – (5) cause marketing
 - Where beneficiaries are staff and you raise funds for them - (6) donation catalyst
- At this point, it is important to distinguish between a social need and an unmet social need.
- For instance, traditional businesses see profit as their primary objective and everything else as externalities.
- Calvin gave the example of McDonalds hiring hard-to-hire beneficiaries versus a small business that is doing the same. Who is the social enterprise here? They're both doing work integration, but in terms raw numbers, McDonalds is clearly able to hire more hard-to-hire beneficiaries.
- In order for us to fundamentally understand if we are an SE, we have to look beyond impact unless we also talk about the economic impact.
- In this example, McDonalds pays \$100 million in salaries to these beneficiaries, but if you look at the character of McDonalds, in Singapore they made 4 billion dollars.
- It's not just about impact, but it's about intentionality and the character of businesses as defined by the value exchanges and what is built into your business.
 - Therefore, it is important to track your impact ratio of economic to societal impact.



- Working with corporates beyond 'superficial' volunteering or CSR and really integrating into their products, because that's where the big business and money lies.



- In a time where 'pivoting' is commonplace amongst start-ups, it is important that we avoid mission drift.
- You can use either organisational profit or revenue to calculate your social value and commercial value.
- If you're looking at qualitative outcomes that are not easily quantifiable like 'dignity', you can also supplement this with surveys and even randomised trials to create a 'baseline' that you can compare this with.

Conclusion

- The context and need should be framed/geared towards your audience (e.g. potential investors should be on the same page about the societal need you're seeking to address).
- There is no one fixed methodology you need to follow, the key takeaway is to see the linkages and finding out what your investors want, as well as what needs to be quantified and what does not.
- When you have the real numbers for social value and commercial value and when you compare the ratios, the social value should definitely be a key part of the equation, though there is no hard benchmark.

A photograph of a person climbing a rock wall. The climber is wearing a light-colored t-shirt, shorts, and a climbing harness. They are reaching up to grab a red hold. The rock wall is covered in various colored holds (red, green, blue, yellow) and has a white rope running vertically. The background is dark and textured.

Impact measurement for social enterprises

DBS FOUNDATION
17 OCTOBER 2018

eden
strategy
institute

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Eden Impact Canvas



Eden Strategy Institute.

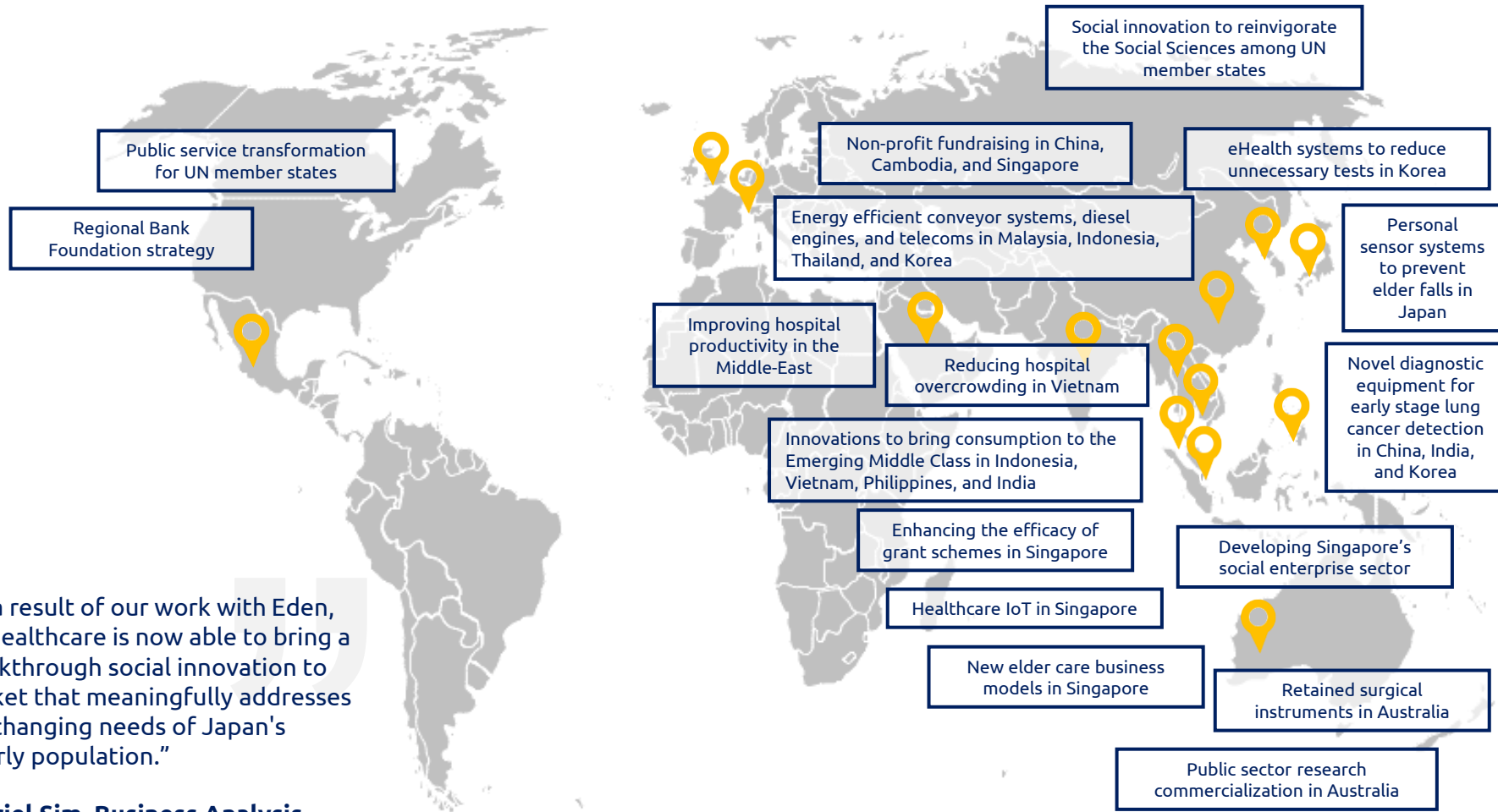
Asia's Leader in Social Innovation.

"The Eden team showed good understanding of MSF research requirements and also went the extra mile to help us glean practical and useful insights of the sector, to help our work in developing social enterprises at next stage. Thank you Calvin and team!"

Chloe Huang, Assistant Director / Social Enterprises, ComCare and Social Support Division (CSSD), Ministry of Social and Family Development



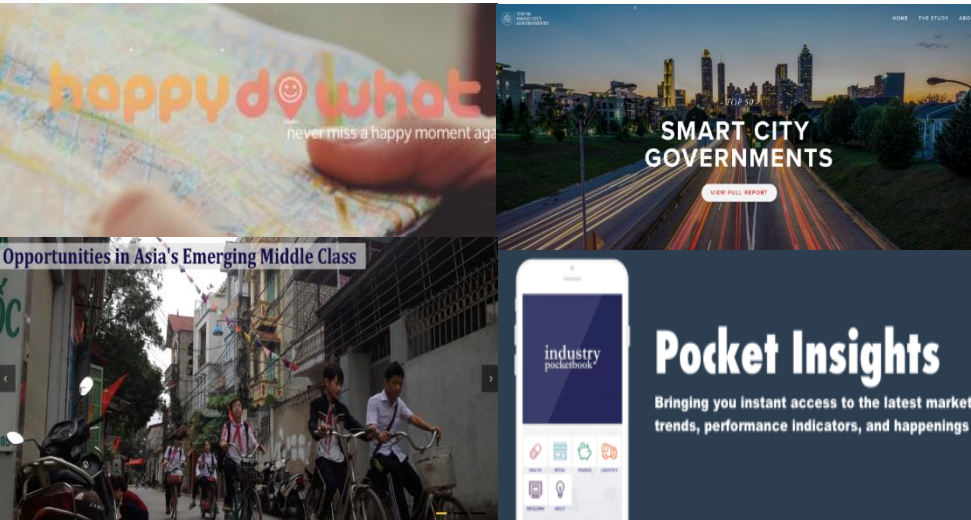
We have partnered with a diverse range of public and private sector organizations to create social and economic impact across Asia



“As a result of our work with Eden, GE Healthcare is now able to bring a breakthrough social innovation to market that meaningfully addresses the changing needs of Japan's elderly population.”

Gabriel Sim, Business Analysis Manager, General Electric Healthcare

Our proprietary curriculum and networks have led to our appointment as a Singapore Centre for Social Enterprise Accelerator Partner



PORTFOLIO

“Kata Foundation initiated the Suitable for Markets in Asia project to support Danish companies in growing their businesses in India, Indonesia, Thailand and The Philippines. Eden was engaged to support the participating companies in adapting their business model to the local context, and is credited for their ability to create a trustful learning environment where the companies shared and discussed their business models.”

**Thomas Aakjær Jensen | Senior Innovation Specialist
Kata Fonden**

MENTEE NETWORKS

“Eden was chosen amongst various other research and consulting agencies due to their quick understanding of the subject matter, strategic approach, and robust methodologies... the project by Eden has become a reference and best practice not just for Asia, but also throughout the other Emerging Markets.”

**Cristan Yang Zhigang | Regional Marketing Manager,
Asia, Early Technologies Group
Covidien Pte Ltd**



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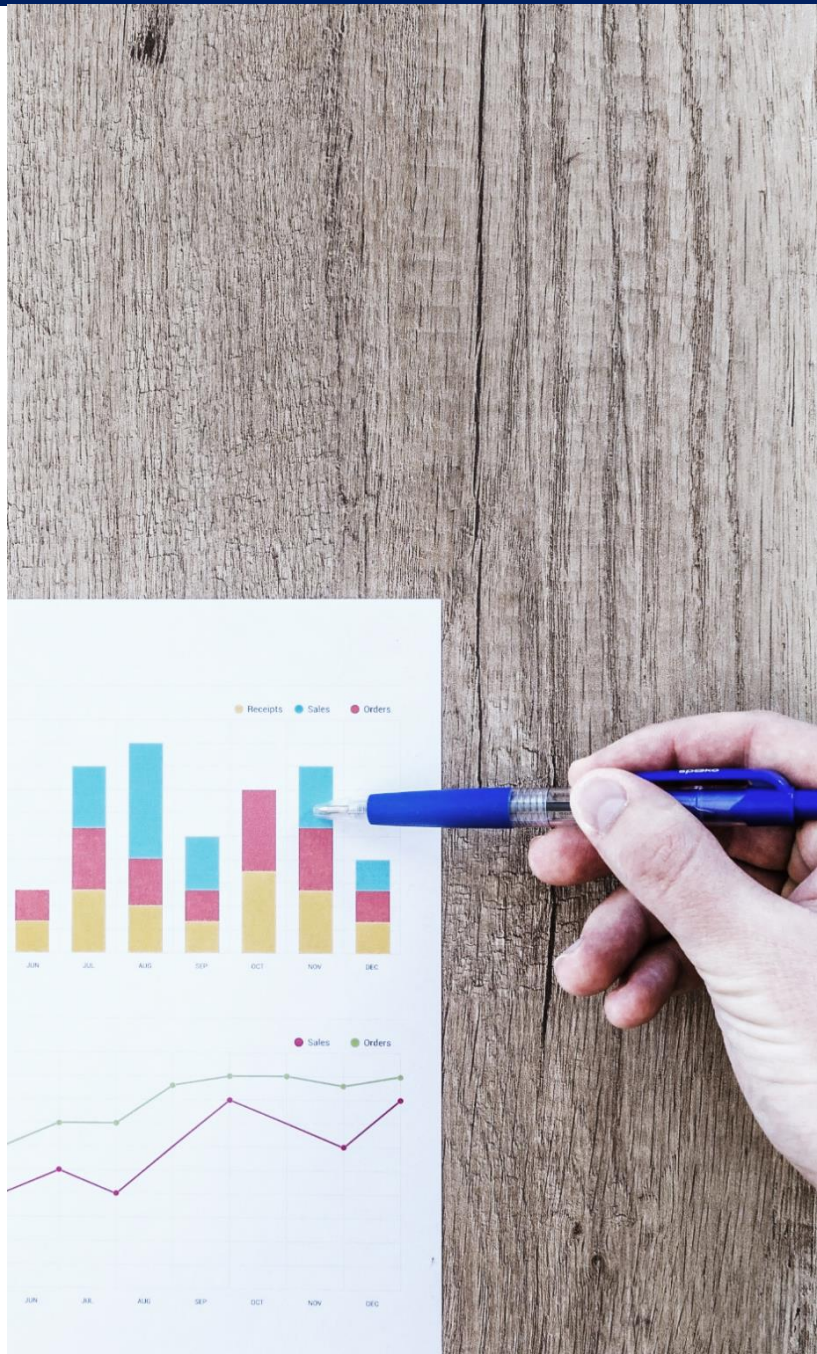
Landscape Analysis

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Eden Impact Canvas



What are the real outcomes you hope to achieve?

“Just assuming that a well-intentioned venture will automatically have the intended positive impact is not appropriate. We need to rigorously evaluate whether the impact does get realised.”

Jasjit Singh | Co-director | INSEAD Social Entrepreneurship Programme

What do you understand about what your stakeholders care about?

OUTPUTS

- ✓ 5 million clients had vision screening
- ✓ 2 million purchased eyeglasses

OUTCOMES

- ✓ Economic impact estimated at \$756 million due to increased productivity made possible by corrected vision

How will you know if your work is truly making a difference?

- ✓ Collects ongoing monitoring information on its impact (surveys and feedback from staff)
- ✓ Longer term research to pin down whether the service is having a statistically significant effect

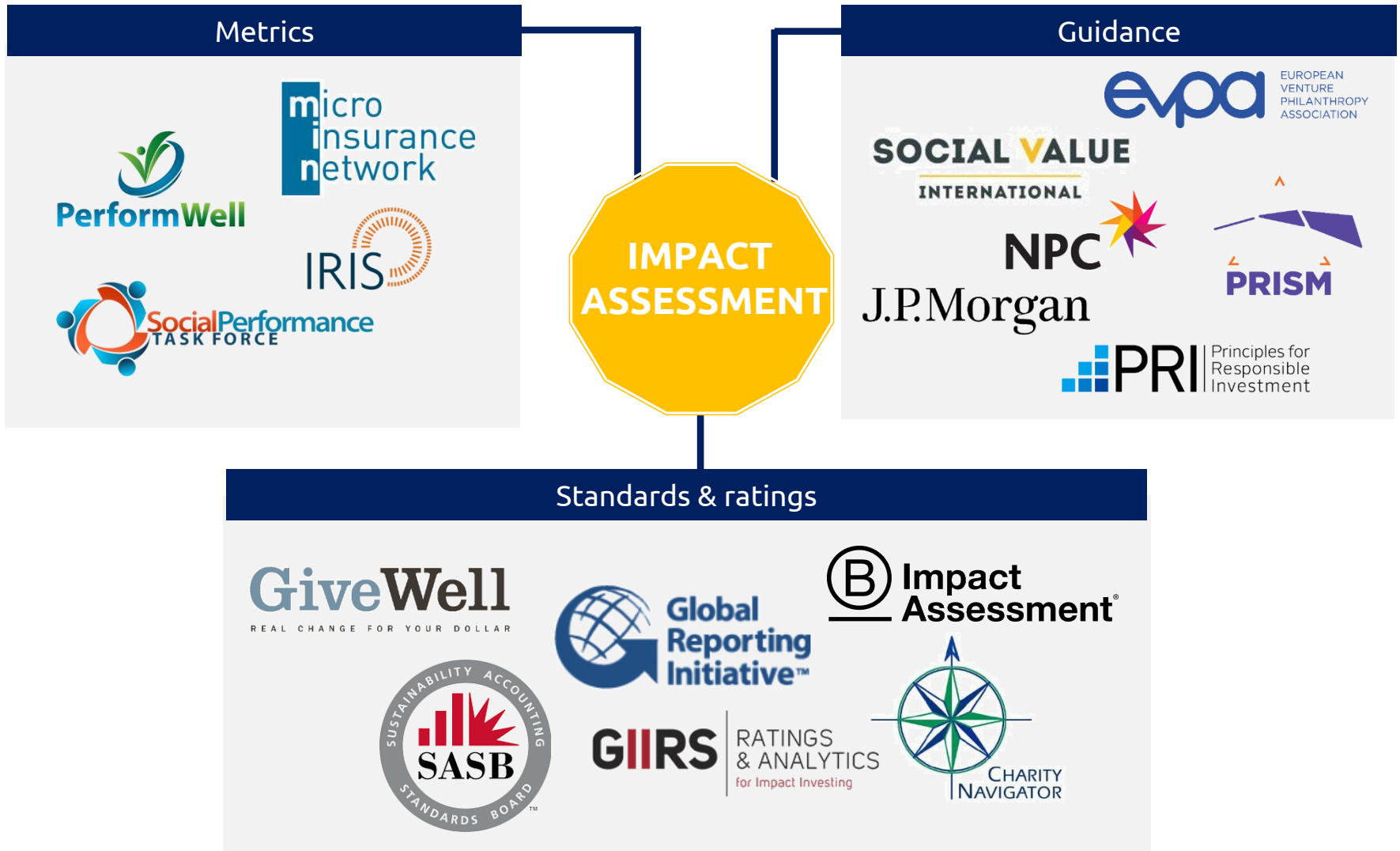
Measuring your social impact will help you to understand, manage, and communicate the value of your SE



Today, there exists hundreds of impact investment frameworks



...and numerous organizations active in this space



Principles and issues in impact measurement

1

RELIABILITY & OBJECTIVITY

Ensuring high integrity of data

2

REALITY

Reflecting true reality with participatory research, rather than pre-set expectations

3

UNIVERSALITY

Applicability across different markets, geographies, etc.

4

ADDITIONALITY

Whether an intervention has an actual effect, especially compared to a baseline

5

MATERIALITY

The relevance, significance, and authority of data

6

CONTEXT

Balancing the need for standardized comparisons with the need to customize and understand each situation

7

POWER

Shifting from top-down judgement to continual joint learning and improvement

8

INTERDEPENDENCE

Appreciating the holistic impact on a broader set of stakeholders beyond immediate beneficiaries

9

SUSTAINABILITY

Keeping the costs of measuring impact manageable

10

COMPARABILITY

Collecting comparable data by using consistent methods

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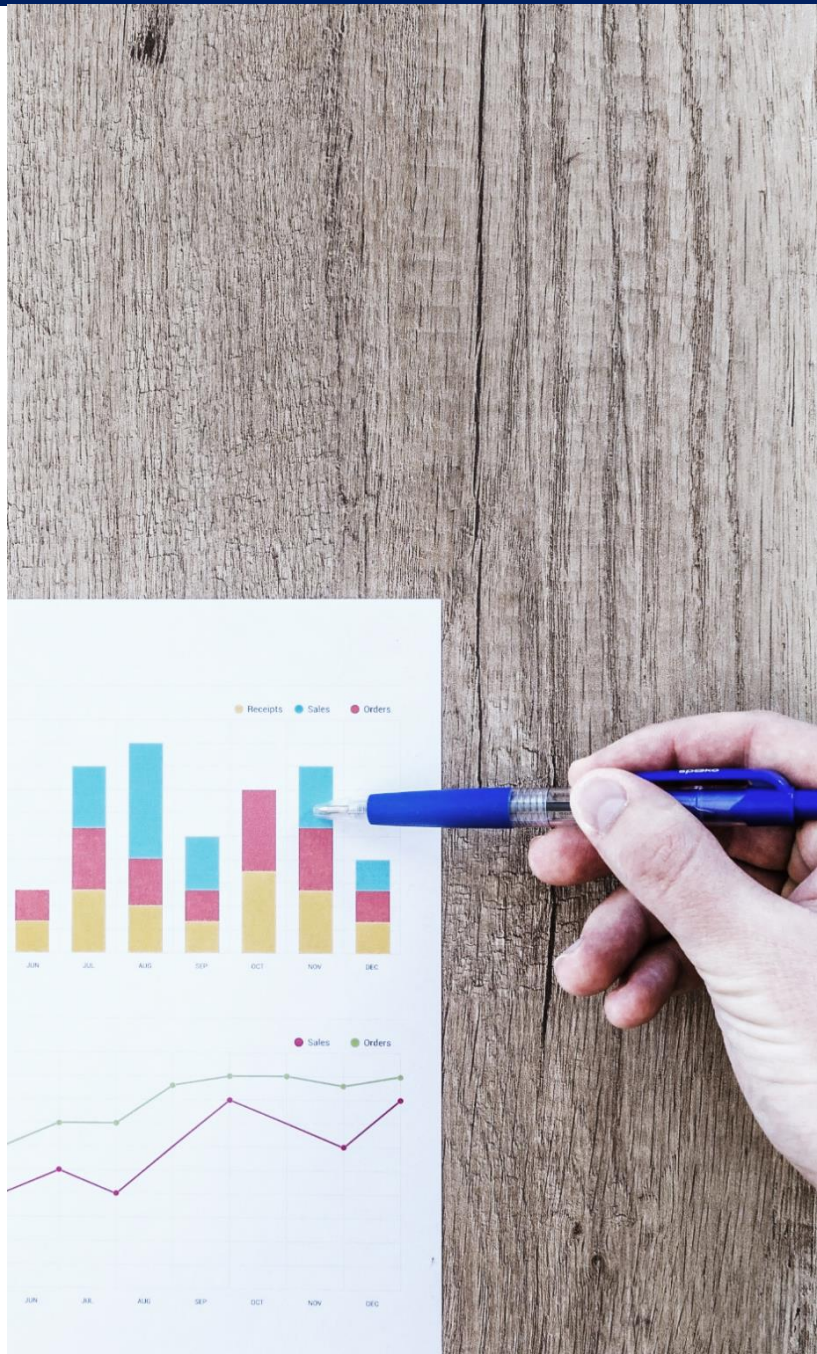
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The state-of-the-art has been evolving from input- and activity-based reporting, to system-level inquiries of impact

	MEASURING	RATING	ASSESSMENT	MANAGEMENT	DESCRIPTION
IRIS	█				Measurement Indicators
THEORY OF CHANGE	█				Measurement across impact value chain
B IMPACT ASSESSMENT		█			Online survey to measure social performance
GIIRS			█		External company rating
BALANCED SCORECARD				█	Holistic measurement of a company's outcomes
ATKISSON COMPASS		█			Uses metrics to identify improvement potential
PROGRESS OUT OF POVERTY INDEX		█			Survey to assess efficacy of collective efforts
SOCIAL ACCOUNTING AND AUDIT			█		Assesses and helps report social value created
OASIS			█		Database to collect metrics on ongoing basis
SROI			█		Monetizes impact and measures its materiality
PULSE	█				Management system to measure and rate impact

Case studies are holistic portraits of a specific context that illustrates the effectiveness of a particular approach

Capacity building to help Social Enterprises foster 3P Partnerships

Client background

Problem faced by client, and what they tried doing before

Reason for choosing Eden

Unique approach

Client impact and journey with Eden

The Ministry of Social and Family Development (MSF) is a ministry of the Government of Singapore that focuses on nurturing resilient individuals, strong families, and a caring society in the country. MSF oversees the development of Singapore's Social sector. In 2013, MSF appointed Eden Strategy Institute to perform a stocktake of the Social Enterprise (SE) sector and glean insights on the factors needed to create a thriving SE ecosystem in Singapore.

Eden took a holistic approach by engaging with a wide range of stakeholders – SEs, enablers, financing bodies, corporations, non-profit organizations and related government organizations. Eden conducted in-depth interviews, focus group discussions, and a quantitative survey to surface the key challenges faced by SEs.

In so doing, the poor perception and a lack of clear SE definition surfaced as the most commonly shared challenges for SEs. Corporations further highlighted that the lack of legitimacy of SE's social impact makes it difficult to invest resources in SEs in comparison to the NPOs that exhibit a clearer and larger social impact. Redundant policy initiatives and unclear mandate of the different government organizations further exacerbates the confusion in the sector.

These issues evidence the need for a Whole-of-Government approach towards different SE initiatives, with a tighter integration with the private and people sector. To support this, Eden developed various Social Enterprise business models as well as Corporate Social Partnership models that best sustain the introduction of new, self-sustaining Private-Public Partnerships.



Client:

Ministry of Social and Family Development

Categories:

Government & Non-Profit

Practice Areas:

Resilient Operations

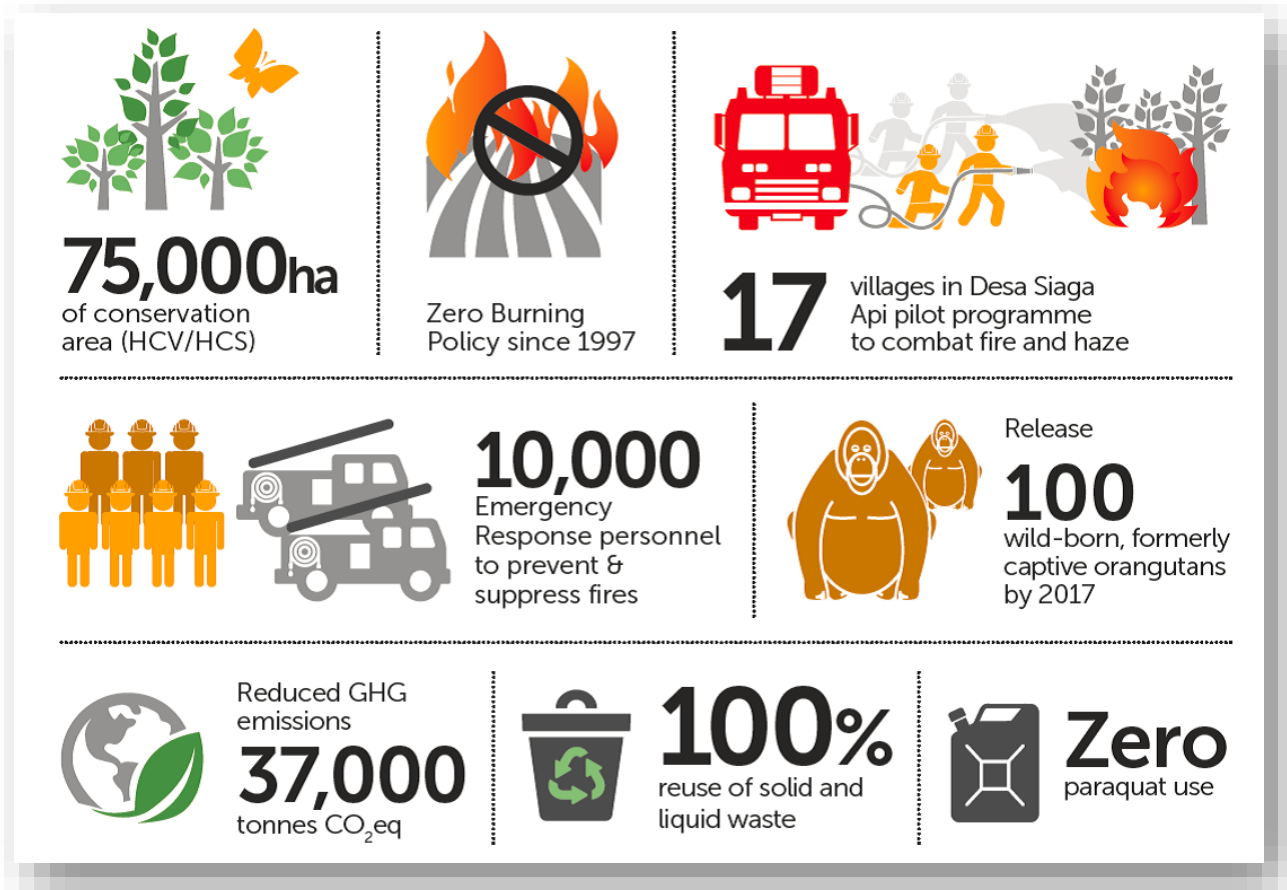
Social Capital



71 views 8 likes

Anecdotal evidence with limited applicability to new situations

The Global Reporting Initiative offers a structured approach to help organizations report on their critical sustainability issues



Encourages more corporations to report but may not produce actionable insight that improves social impact

IRIS offers standardized data-driven metrics that measure, describe, and compare social impact to improve industry standards

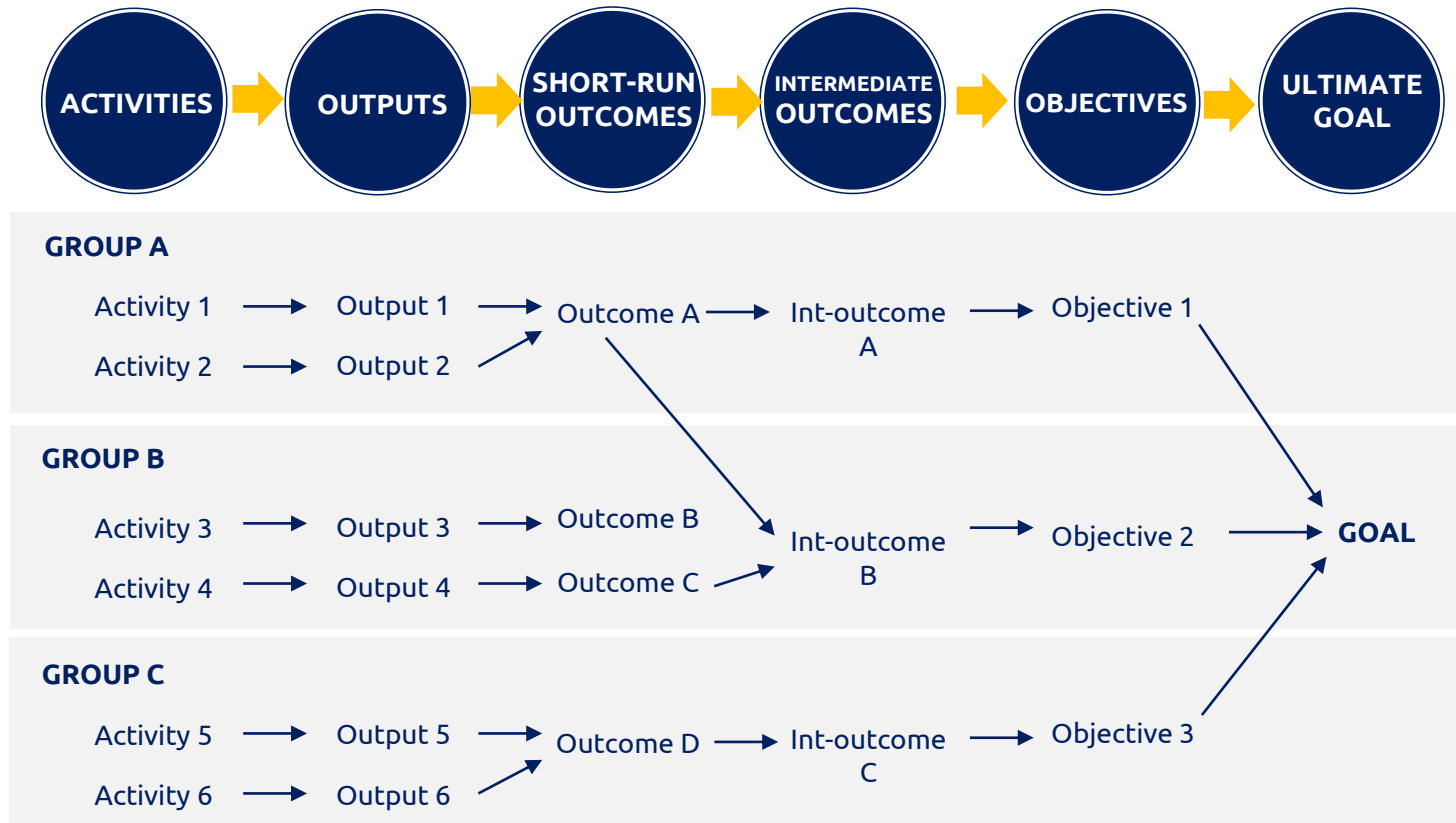
TOP 10 MOST POPULAR METRICS

Rank	Registered users	Metric	Type
1	57	Client Individuals	Social
2	50	Full-time Employees	Operational/HR
3	44	Jobs created at directly supported/ financed enterprises	Social
4	42	Permanent employees	Operational/HR
5	41	EBITDA	Financial
6	41	Net Income	Financial
7	37	Client Individuals : Female	Social
8	30	Net Income before donations	Financial
9	30	Units/Volume sold	Social
10	29	Part-time employees	Operational/HR

Offers limited comparability or insight across different impact models, even within the same sector

A Theory of Change is a systematic map of shorter-term and intermediate outcomes, required to achieve long-term goals

EVALUATIVE LOGIC MODEL



Offers linear pathways of how we expect things to happen, and accurate attribution may be tricky

SROI objectively quantifies the dollar value of social outcomes, to help make decisions especially where externalities are involved

“Wheels-to-meals” objective: Provide health and social benefits to elderly local residents, by encouraging physical activity and opportunities to interact via a luncheon club

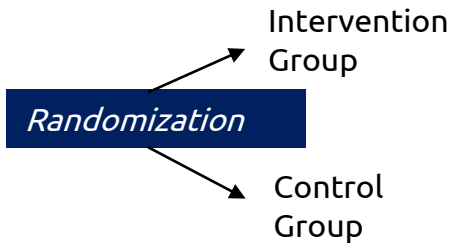
Stakeholders	Intended/ Unintended changes	Inputs (# and \$)	Outputs (# and \$)	Outcomes	Outcomes (what changes)	
<i>Who affects us? Who do we affect?</i>	<i>What will change for them?</i>	<i>What do they invest?</i>	<i>Summary of activities</i>	<i>How would you describe the change?</i>	<i>How do you measure?</i>	<i>What proxy do you use?</i>
Elderly / disabled residents	Elderly go out of the house more and have fewer falls	Costs of providing: Transport for 30 people 7,500 hot meals annually Group activities	30 elderly local residents interacting 5 days a week over 50 weeks	Exercise sessions made residents fitter Nurse-led group sessions helped them manage their health better and make new friends	Fewer falls Fewer doctor consultations New clubs/group activities joined during year and report feeling less isolated	Geriatric assessment/ Accident/Emergency records Avg. annual club membership cost
Wheels-to-Meals volunteers (retired)	Keep active	Volunteer management programme	Time (at min wage) = 4 volunteers x 3 hrs x 5 days x 50 wks x £6 (forecast) = £18,000	Healthier retired volunteers, with reinforced sense of self-esteem	Volunteers report ave. 3 additional hours of weekly physical activity since they began volunteering	Annual elderly residents swimming pass

Assumes that the market price is a right representation of value, and that all outcomes can be correctly monetized

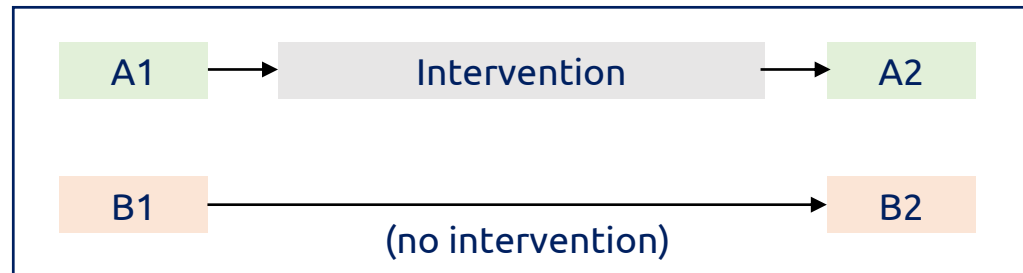
Experimental and Quasi-experimental methods allow for robust cause-and-effect attributions and demonstrate additionality of impact

LEGEND:

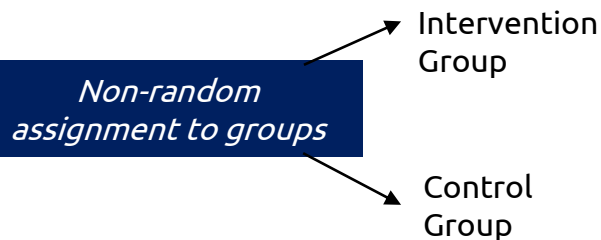
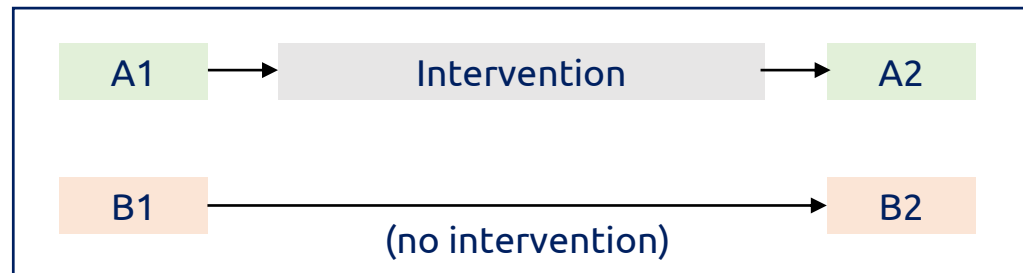
A1, B1= Pre-intervention data collection points
A2, B2= Post-intervention data collection points



Classical Randomized Experiments

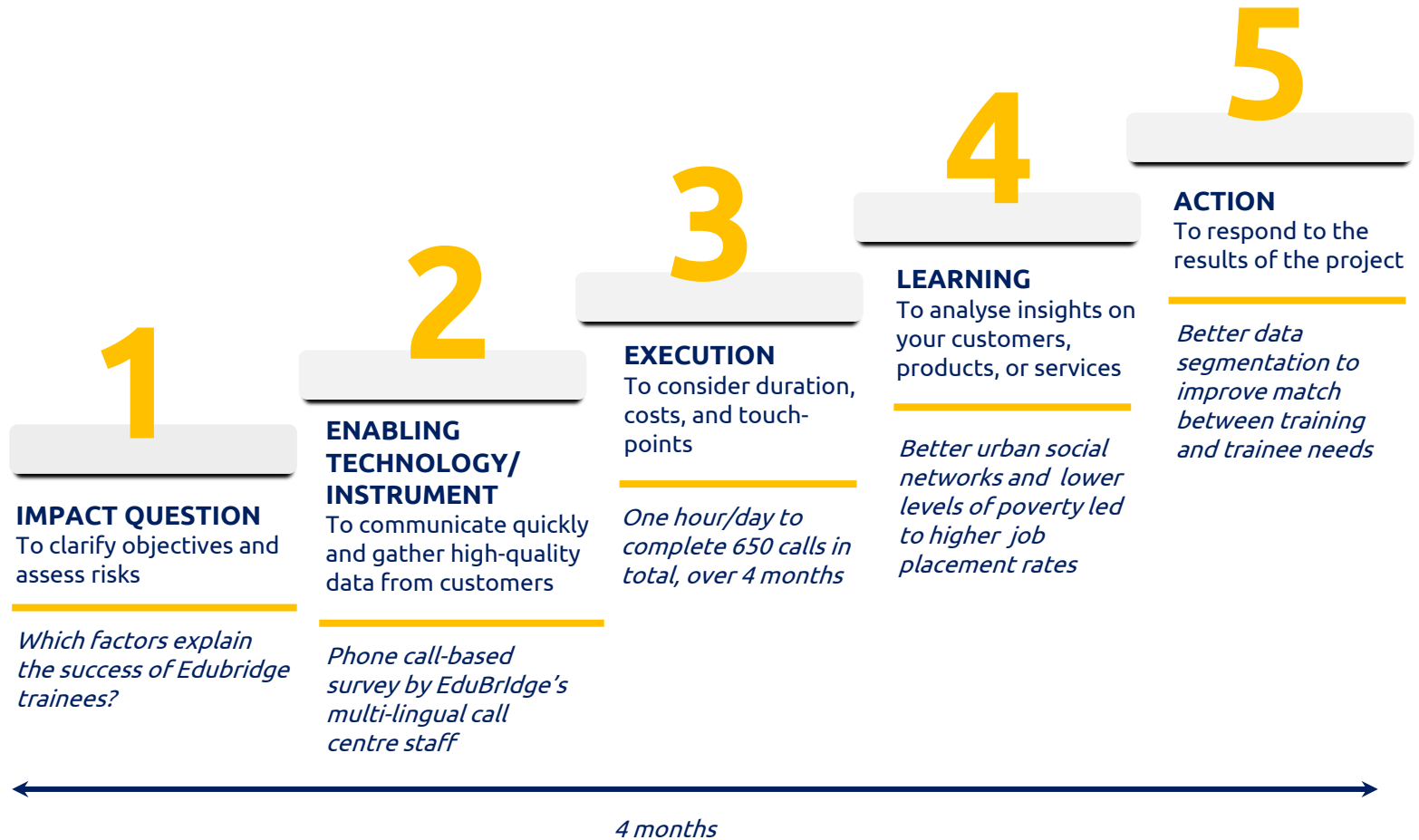


Quasi-Experiments



Less suitable for interventions that are highly-dependent on extrinsic variables and cannot be controlled, and may be resource-intensive

Most recently, Acumen's Lean Data technique uses lean principles for low-cost and targeted impact measurement



EXAMPLE





However, SEs may find compliance costs high to track financial, social as well as systemic changes with piecemeal methods

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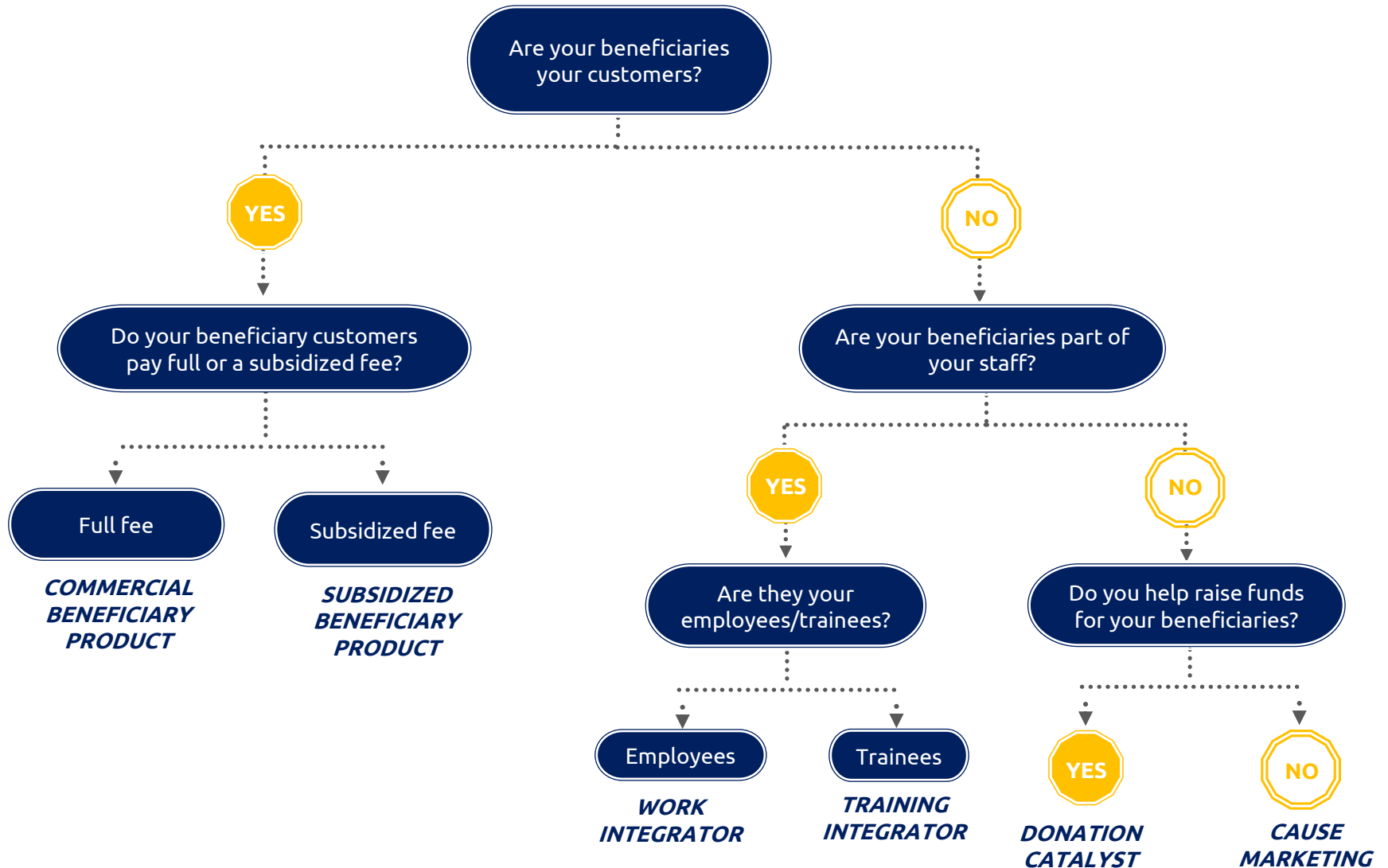
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Eden Impact Canvas



Consider not the most suitable tool, but the most economical design of a series of tools to optimize social impact creation

Thinking clearly about your social business model will lead to the “right” impact metrics to track

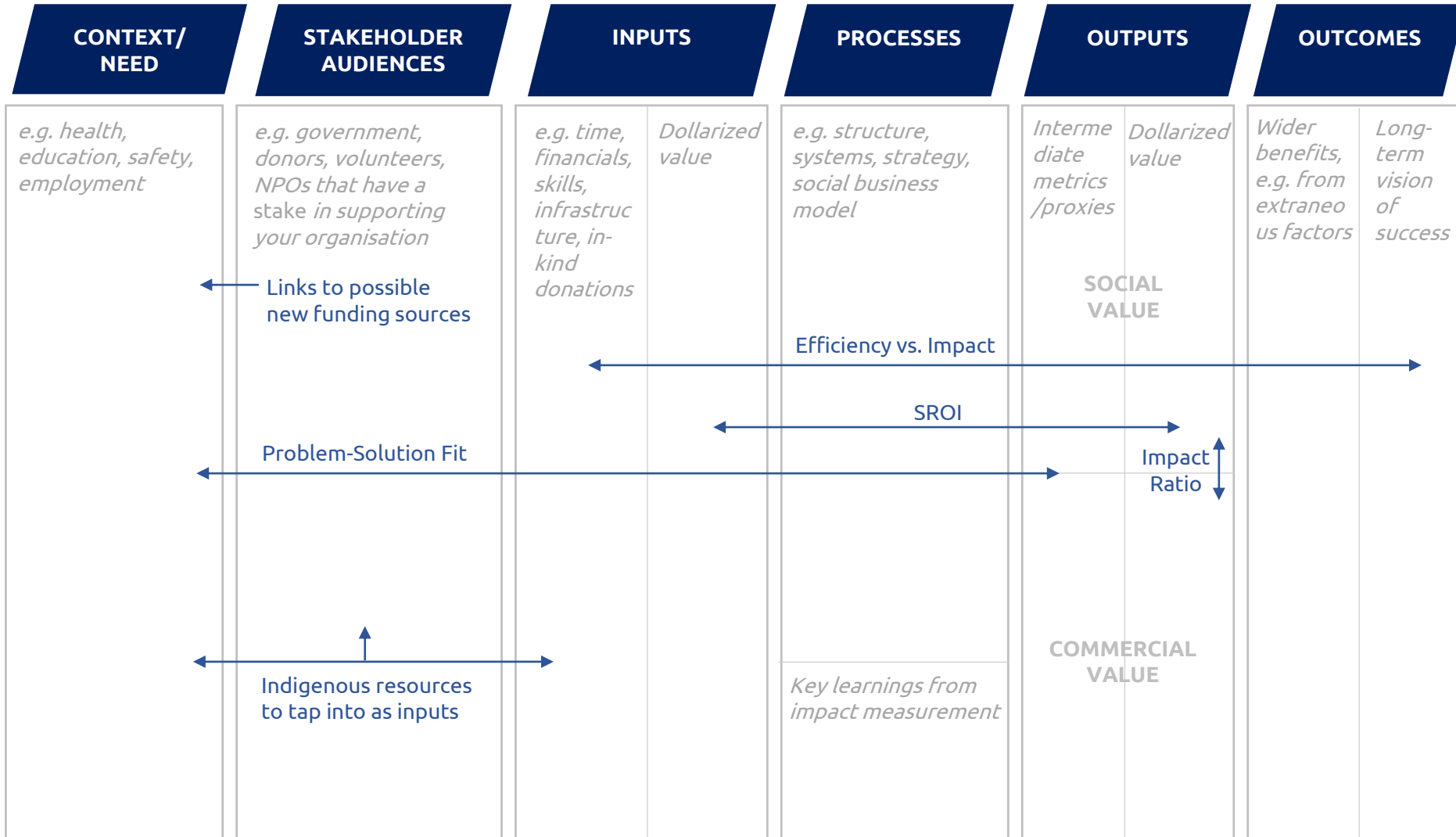


EDEN IMPACT CANVAS



MISSION

We are... offering...for...at...



EDEN IMPACT CANVAS



MISSION

**CONTEXT/
NEED**

**STAKEHOLDER
AUDIENCES**

INPUTS

PROCESSES

OUTPUTS

OUTCOMES

	<i>Dollarized value</i>
--	-------------------------

	<i>Key learnings from impact measurement</i>
--	----------------------------------------------

<i>Intermediate metrics /proxies</i>	<i>Dollarized value</i>
SOCIAL VALUE	
COMMERCIAL VALUE	

<i>Wider benefits, e.g. from extraneous factors</i>	<i>Long-term vision of success</i>
-----------------------------------------------------	------------------------------------

A photograph of a person climbing a rock wall. The climber is wearing a light-colored t-shirt, shorts, and a climbing harness. They are reaching up to grab a red hold. The rock wall is covered in various colored holds (red, green, blue, yellow) and has a white rope running vertically. The background is dark, suggesting an indoor climbing gym.

Thank you

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