



Best Practice Guide

Measuring Outcomes Using the Social Value Principles

A business may apply the principles of social value to not only help identify their impact business model, but also determine the actual impact being created, and provide a means to measure, report, and manage its results. This can be used both to help complete the B Impact Assessment as well as complement the BIA to maximize your overall impact.

This guide will provide an overview of the principles of social value, a how to guide on implementing them in your impact management strategy, and additional resources to learn more.



Introduction to Outcomes Measurement and Social Value Principles

Social Value accounting is an approach to understanding and managing the value of the *social, economic and environmental outcomes* created by an activity or an organization. It does not prescribe specific metrics or indicators and is therefore flexible; its consistency is created through guiding principles and verification requirements.

Social Value accounting aims to increase equality and reduce environmental degradation by providing information on value that can inform decisions and shift resources to those activities that on balance create more social and environmental value. Practically, it helps organisations develop and manage strategy, guides discussions around choosing between mutually exclusive options, and helps organisations communicate the value they are creating.

Outcomes (Noun)

A change that is caused by an action or activity.

This change can be for an individual or a group of individuals (who could constitute an organization) but it must be as a result of an activity conducted by the business.

As a supplement to a tool like the B Impact Assessment, the Principles of Social Value can help a company identify, manage, and verify its impactful practices, impact business models, and outcomes.

It encourages organizations to think not about whether they have made a difference, or even how much difference has been made, but rather if they made as much difference as they could.

There are a number of common questions which need to be answered in order to determine outcomes, decide which ones to manage, and be able to inform decisions that allocate resources to create more value.

- Who experiences the outcomes?
- What are the outcomes, positive and negative?
- How can we measure the outcomes?
- How much of each outcome happened?
- Which outcomes are important enough for us to manage (be accountable for)?
- To what extent were the outcomes/issues caused by our activities?
- Do we need to choose between different activities which create different outcomes?
- Who answered these questions?
- How accurate do we need to be?
- Are the results credible so that we can use them?

“The Principles of Social Value can be used by businesses to help design new products and services or adjust the products and services that they currently have, linking social impact to social innovation.”

-Jeremy Nicholls, Chief Executive, Social Value International



Social Value accounting applies eight principles of social value to answer these questions.

1. Involve stakeholders – understand change by involving stakeholders
2. Understand change – positive and negative as the source of wider value
3. Value what matters – to help decide which are important, to allow discussion about mutually exclusive options and to assess efficiency
4. Only include what is material – as we can't manage all outcomes and so need a framework to decide which
5. Do not overclaim – since the material outcomes may require involvement of other organisations and need to be attributable to the activities under analysis. And since our activities may only cause displacement of existing outcomes.
6. Be transparent – so we can assess the level of rigour applied, and how the questions were answered and who by
7. Verify the result – since judgements are inevitably involved we need them to be reviewed before the information will be credible and so useful
8. Be responsive - pursue optimum social value based on decision making that is timely and supported by appropriate accounting and reporting.

Sound Challenging? Want Flexibility?

These principles can be applied at different levels of rigour as appropriate for the purpose of the company and the audience that will be using the information, as demonstrated at <http://socialvalueuk.org/publications/sat>.

Reflection Question: For what projects or initiatives might the Principles of Social Value help measure your impact and inform your decision making?

How to Use Social Value Principles to Calculate Social Return on Investment

Social Return on Investment (SROI) is based on the Social Value Principles but uses financial proxies to apply the principle of valuing what matters. This provides the opportunity to compare and contrast different opportunities for creating value starting from a common yardstick. It also means that the efficiency by which resources are used to create value can be assessed. It's a step by step process that is described in detail below. (Grey boxes will illustrate a hypothetical example for each step.)

Example: Career Training Associates" would like to perform an SROI Analysis to identify how much social value is generated through their training program for formerly incarcerated individuals."

Step 1: Set Scope

An SROI can vary greatly in cost, intensity, and rigour. The process, which is reiterative, starts with determining the level of rigour with which these principles will be applied depending upon the specific audience and purpose. Do too much and waste money, do too little and the results won't be used to influence decisions.

Because "Job Training Associates" is conducting the analysis primarily for internal management decisions, the company determines that the company will manage the process without external verification.

Step 2: Identify Stakeholders

After setting scope, an initial assessment of stakeholders, those affected by the activity, is made. The initial assessment may change as other stakeholders are identified, some are dropped as not experiencing material outcomes and some need to be disaggregated into subgroups which experience different outcomes.

Key stakeholders include the employees hired through the training program, their family members, and formerly incarcerated individuals who apply but are not hired by the program.

Step 3: Define Outcomes

Working with these stakeholders, an assessment of both the positive and negative outcomes can be made. Involve the stakeholders themselves in this process as much as possible. This information is of practical use in thinking about targeting beneficiaries or customers, revisiting services or developing partnerships with others.

Employees are consulted about the potential different effects of the program. Outcomes include change in income for the formerly incarcerated, recidivism rates, change in confidence, change in domestic abuse or divorce rate, etc.

Step 4: Map Outcomes

When a qualified, specific, defined outcome of the business can be linked through a 'chain of events' to the business activities with evidence, then the business has a verified impact business model. Furthermore, outcomes themselves can be linked with other outcomes in order to more fully understand the multifaceted impacts that a business might have.

Hired employees AND Ongoing Job Training *leads to* Increased Income AND Increased Job Experience, *which leads to* Increased confidence AND security, *which leads to* Less Motivation to Engage in Criminal Activity

How Should You Define Your Outcomes?

Outcomes for stakeholders could include a change in feeling, capacity, behavior, or circumstances.

Changes in feeling may lead to a change in capacity; a change in capacity may lead to a change in behavior; a change in circumstances may lead to a change in behavior. Organizations often focus on (and assign value to) an outcome that involves a change in behavior, but it's also important that all of the changes that have led to that change in behavior are identified.

Remember, don't confuse your outcomes with your outputs!

Check that your outcome is not the same as the activity that your project is providing. For example if 'Providing a Training Course' is your activity, completing the course is an output not an outcome. If however, your stakeholder gets a job after completing the training course, that is an outcome.

Outcomes can also be short term or long term. Short term outcomes can occur whilst the action is still happening or immediately after it stops. These are often easy to identify and the activity is given a high level of attribution towards the outcome. For example; 'Receiving private tutoring' (activity) might lead to improved academic performance (short term outcome). Long term outcomes may not occur for a significant period of time after the activity has stopped. It's fine to add long term outcomes even if the activity can only claim a small amount of attribution.

Remember, be specific!

Social outcomes ought to represent a change in wellbeing for the individual impacted. For example, an increase in confidence could easily be understood or represented as a change in wellbeing for the individual. In order to provide clarity around the impact being achieved, care must be taken not to group a defined outcome into a 'change in wellbeing'. Instead, identify what aspect of wellbeing in particular is being achieved by the particular intervention.

Activity: Stakeholder Gathering and Outcomes Mapping

Duration: One to Three Hours

Objectives:

1. To identify and understand the different outcomes that are produced by the company's business model
2. To engage the stakeholders themselves in solutions

Gather key members of your team and invite a group of representative stakeholders for a short meeting. Give a short introduction to the purpose of the gathering and lead a discussion to brainstorm with the group to identify what those stakeholders want out of the intervention and what are some of the key potential outcomes. This can be done as a whole group or, if the group is large, broken out into smaller groups. As follow ups, be sure to share the results of the gathering with the participants and update them periodically on developments.

An organisation will need to decide where to stop and manage value. Often this will be clear from both stakeholder and organisational goals but sometimes it can be more complex.

Step 5: Measure Outcomes

With an initial assessment of outcomes it is possible to identify ways of measuring these outcomes. These may be specific to the organisation and influenced by the level of rigour, available skills and costs, availability of benchmark data. Where there are existing standardised indicators (available, for instance, in the Impact Reporting and Investment Standards (IRIS) this will add comparability.

The company chooses to survey its former employees that have graduated from the employment program, to check on their current employment status and recidivism, learning that there is an 80% success rate.

Don't use assumptions or untested theories when considering a chain of events. Because the model must be verifiable, evidence must be collected or available.

Step 6: Assess Causality

The extent to which the outcomes would have happened anyway (if for instance, other organizations were producing the same impact) should be assessed. This will allow the organisation to allocate resources more effectively. As with all aspects of this process the level of rigour required depends on the situation.

The effect of employment and recidivism can then be benchmarked with employment and recidivism rates for similar groups who do not receive the support.

Step 6: Valuation

The outcomes can then be valued, again starting from the perspective of the stakeholders to identify their relative importance to those affected. This valuation can be done by “monetizing” the outcomes or other methods. Valuation techniques can also involve different levels of rigour.

The value of employment can be calculated by reference to the income of the individual employee. However increasingly it is being recognised that there is a value of being employed independent of the salary. Those who do not gain employment could lose confidence which would represent a loss of value to them.

The information from this process, as well as the valuation itself, is then useful in making choices between mutually exclusive options, for example in choosing between providing different services or different ways of delivering the same service.

Impact Snapshot: Putting the Principles Into Action

BT Group



BT Group a telecommunications company involved in a range of services from traditional telephony, mobile services, to broadband and cable services in over 170 countries, used the Social Value Principles to measure the social impact side of their activities. John Perkins, BT Groups Purposeful Business Programme Manager described the benefit of using the principles in the following ways:

Informing the product development cycle: The SROI study of our digital skills programme gave us deep insight in to the barriers our customers needed to overcome to benefit from the online world. It has helped shape the development of two new propositions in the UK: BT Basic Broadband, for those on low income, and Digital Inclusion for Social Housing, a shared broadband product for housing associations. These two products are tackling digital exclusion at scale whilst generating new revenue for the business.

Better conversations with stakeholders: Because we're using such a unique measurement framework, we were approached by a few different organisations who wanted to know more about our work in this area, including Ofcom and the Office for National Statistics. We've also started working with the Cabinet Office's Government Digital Service to lead and help them to develop a social impact framework to measure digital inclusion. These conversations happened as a result of us using SROI because it helped to show that we were ahead of the crowd and interested in measuring and valuing outcomes in a different, new way.

Internal conversations: In terms of how SROI has changed what we have done, the main thing is that it has changed the way we look at things. By looking beyond the business value, it enables us to look at our business and projects in a completely different light, and to ask different questions about what we do. Knowing that our ambition was to have SROI sitting alongside traditional financial reporting, we were keen to engage our Finance colleagues from the start. As evidence of this we invited our External Reporting Director to sit on the steering group. This allowed us to take two important steps (a) we were able to have a view from someone at the heart of our Finance team on their expectations and how to integrate SROI into a wider reporting framework and (b) it helped conversations with other senior BT Finance stakeholders who otherwise might not have engaged with, and understood the importance of SROI.

Learn More

For more information visit www.socialvalueint.org, where you can access guidance on applying the principles or www.socialvalueselfassessmenttool.org to assess your own organisation's application of the principles..

For more information about outcomes, to access a database of outcomes used by other organizations, or to share your own outcomes collected, visit the Global Value Exchange at www.globalvalueexchange.org.

For case studies on how Social Value Principles and SROI are being used, see <http://socialvalueuk.org/publications/case-studies>.

If you have other great examples of how companies use the principles, or how they've used them and the B Impact Assessment together, please share with us at thelab@bcorporation.net.

Did you find this resource guide useful? Do you have feedback on how it can be improved, or ideas for other resources we can provide? Let us know what you think at thelab@bcorporation.net.

And don't forget to use the B Impact Assessment, your comprehensive tool to measure what matters--your impact on your workers, community, and environment--and access other resource guides like this.

This guide was developed and written in partnership between B Lab and Social Value International.

SOCIAL VALUE

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