

Social Venture Plan Paradigm

Business Plan Element

- Mission/Opportunity/Strategies
- External Environment Analysis
- Beneficiary (“Market”) Analysis
- Operations
- Organization and Human Resources
- Business Model and Financial Plan
- Metrics
- Operations
- Financing

Keyword

Focus

Context

Customer

Process

People

Cash

Accountability

Manage it

Fund it

Metrics and Accountability

Readings

- *Carlson/Koch, Chapter 10*
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See also: Peter Scholten, Jeremy Nicholls, Sara Olsen, Brett Galimidi, "Social return on investment (A guide to SROI Analysis)," FM State of the Art Series, 2006 (available from: <http://www.svtgroup.net/solutions/publications/social-return-investment-guide-sroi-analysis>)

Metrics and Accountability

- Why measure?
- What to measure?
- Types of metrics
 - Financial Resource
 - Organizational Resource
 - Transformation/Activity
 - Outcome/Impact
 - Social Return on Investment
- Families of Metrics
 - Dashboard
 - Balanced Scorecard

Why Measure?

“A social business must be diligent about accurately measuring and reporting the social benefits it creates.”

“This will tell the company whether all the hard work and the investment of time, money, and other resources by the company and its partners have paid off.”

“Depending on the results, the managers can decide whether to expand their efforts or redesign the business for a better outcome in the future.”

Muhammad Yunus

Creating a World without Poverty

Why Measure?

For external use

- Funding Agencies (investment decisions, comparisons, social impact)
- Government Agencies (comparisons, best practices, social impact)
- Partners (best practices, partnership decisions)
- Beneficiaries (convince to “use”)

For internal use

- Progress (against mission or objectives)
- Planning
- Operations management
- Employee focus
- Marketing/fundraising
- Comparison
- Accountability

What to Measure

Single Measure of Mission

- To focus Organization on Mission

What to Measure

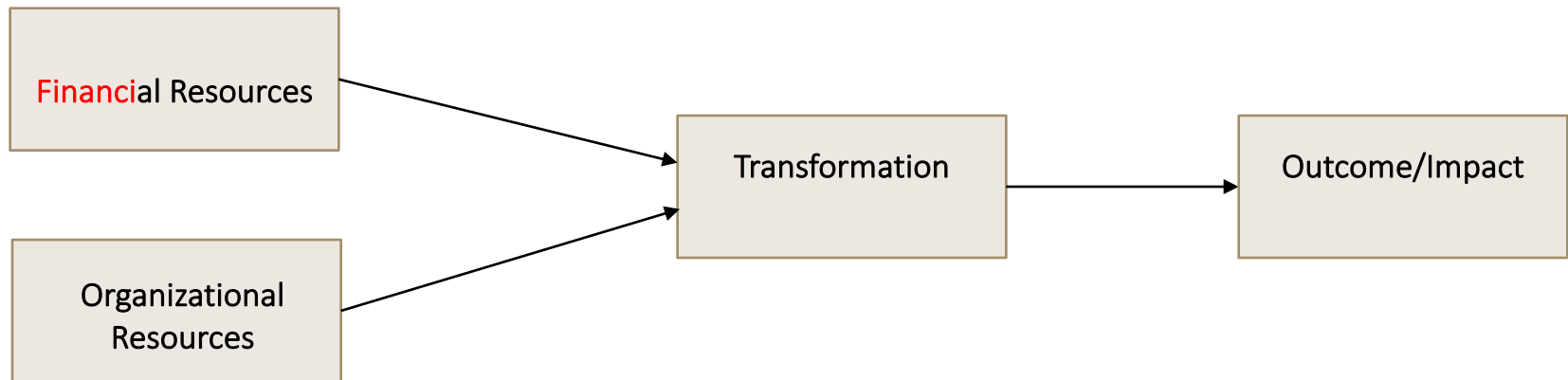
Characteristics of “useful” metrics

- Tied to mission, strategy, or objective
- Identifiable (“countable”)
- Easy to collect
- Time-period basis
- Selected with “consensus” of stakeholders (clients, employees, investors)

What to Measure Social Transformation

Transformation of financial and human (organizational) resources into a social impact

Social impact = benefit for a (disadvantaged) group



Metrics Example: Phulki Dashboard

Financial (monthly)

1. (a) Income, (b) expenses, (c) Operating margin (a-b)
2. Cash balance

Organizational (annual)

3. # Employees trained
4. # Partners

Process (monthly)

5. # Beneficiaries using programs
6. # Childcare centers/shelters
7. # Health care kits delivered

Social Outcomes/Impact (annual)

8. Testimonials from beneficiaries
9. # Women able to work as a result of using products or services
10. # Garment factories that have implemented childcare services
11. % income increase of beneficiaries
12. Cost/beneficiary

Financial Resource Metrics

Examples

- **Income Statement**
 - Income
 - Expenses
 - Surplus/Deficit
 - Single/Double/Triple Bottom Line
- **Balance Sheet**
 - Assets
 - Liabilities
- **Cash**
 - Cash on hand
 - Cash flow

Single/Double/Triple Bottom Line (Concept Definition)

- **Single Bottom Line** = Financial value (e.g. Net Income, Profit, ROI) based on income and expenses for delivering goods and services.
- **Double Bottom Line** = Social value based on (positive social) impact of producing goods and services.
- **Triple Bottom Line** = Environmental value based on impact (improvements) to the environment.

Single/Double/Triple Bottom Line (Cost Accounting Definition)

- **Single Bottom Line** = Financial value (e.g. Net Income, ROI) based on income and expenses for delivering goods and services.
- **Double Bottom Line** = Social value based on income and expenses related to performing a mission.
- **Triple Bottom Line** = Environmental value based on costs of environmental protection actions.

Organizational Resource Metrics

Examples

- **Employees**
 - Number, qualifications
 - Unfilled positions
 - Turnover
- **Partners**
 - Number, qualifications
 - Value, quality

Organizational Resource Metrics:

SWOT(Strengths, Weaknesses, Opportunities, Threats)

STRENGTHS	WEAKNESSES
Create competitive advantage for adding value (e.g. passionate founder)	Competitive disadvantages in creating value (e.g. employee turnover)
OPPORTUNITIES	THREATS
To add more value (e.g. hire finance manager)	Could destroy value (e.g. loss of founder)

Transformation (Process) Metrics

- Measure activity (the “means” of achieving results)
 - e.g., # participants, # of programs, # units delivered hours of service, # investors
- Can be absolute or relative to baseline
- Can be related to “cost” to derive “cost of activity”
- Can be related to “time” to derive productivity
- Can be related to “success/failure” to derive quality

Outcome Metrics

- Measure change in beneficiaries (the “end” results)
 - e.g. # or % successful, beneficiary satisfaction
- Quantitative or qualitative (e.g. customer survey, or testimonials)
- Can be absolute or relative to baseline
- Can be related to “cost” to derive “cost per outcome” or to do SROI analysis

Outcome Survey Metrics

- Measure “opinions” of beneficiaries, and therefore requires careful design (how, what, whom)
- Can be “ordinal scale” (e.g. 5 point) or comment
- Can be absolute or relative to baseline
- Can be tabulated and analyzed with simple statistics (counts/distributions) — **beware of computational statistics (e.g., means, std. deviations)**

Outcome Testimonial Metrics

- Based on interviews with beneficiaries
- Record specific impacts of your organization on beneficiaries (e.g. income, self-esteem, health)
- Can be “ordinal scale” (e.g. 5 point) or comment
 - Very effective use of video
- Can be absolute or relative to baseline
- Can be tabulated and analyzed by grouping responses into categories.
CANNOT be statistically analyzed.

(Social) Impact Metrics

- Measure change in economic or social system (e.g., educational performance, poverty (income) levels, rates of disease, state of environment, ...)
 - Can be testimonials (with “evidence” of change)
 - Can be routine surveys
 - Can be statistically-designed data collection
- Can be related to investment to develop Social Return on Investment

Social Return on Investment (SROI) Metrics

1. SROI Ratios (complex, conceptual)
2. SROI “Lite” (simple)
3. *SROI Analysis (comprehensive) --- contact Sara Olsen, SVT Group:
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Social Return on Investment (SROI) Ratios (Roberts Enterprise Development Fund)

“SROI attempts to measure the value created by an SBE and then to compare this value to the investment in the SBE.”

Based on 3 monetized values (metrics)

1. Economic/Enterprise Value: Present value of excess cash generated by enterprise's business operations
2. Social Purpose/Economic Value: Present value of projected social (public sector) savings and (tax) revenues generated by beneficiaries (less social purpose operating expenses)
3. Blended Value: (Economic Value + Social Economic Value) – Long Term Debt

SROI (cont'd)

Ratios used to measure “return”

1. **Index of Return =**
Economic Value/P.V. of Investment
> 1: “investment created economic value”
2. **Social Purpose Index of Return =**
Social Purpose Value/P.V. of Investment
> 1: investment created social-economic value
3. **Blended Index of Return (BVI) =**
Blended Value / P.V. of Investment
>1: Positive total return on investment

SROI and “SROI Lite” Example:

REDF: 8 Agencies

Agency		# Jobs	\$ Invested		SROI BVI
Asbury Images	W	10	\$ 1,098,165	W	1.29
CVE Training		48	\$ 452,129		42.86
Einstein’s Café		35	\$ 255,671		31.49
Ind. Mech Eng.		66	\$ 302,879	B	190.46
Juma Ventures	B	107	\$ 1,642,435		5.42
Nu2U		68	\$ 442,440		48.10
Pedal Revolution	W	13	\$ 88,653		36.80
Rubicon Bakery.	B	18	\$ 1,806,919		16.73

SROI “Lite”

- Captures the essence of SROI:
- *Investment (cost) per successful outcome*
 - “Successful outcome” defined by organization
 - “Investment” can be total (including investment capital) or just total expenses. Can use absolute or present values for expenses.
 - Use same time period for successful outcomes and investment
- Easier to compute, understand, and compare than SROI
- Useful when social impact = successful outcome

SROI and “SROI Lite” Example:

REDF: 8 Agencies

Agency	# Jobs	\$ Invested	“SROI Lite”	SROI BVI
Asbury Images W	10	\$ 1,098,165 W	\$ 109,817 W	1.29
CVE Training	48	\$ 452,129	\$ 9,419	42.86
Einstein’s Café	35	\$ 255,671	\$ 7,305	31.49
Ind. Mech Eng.	66	\$ 302,879 B	\$ 4,589 B	190.46
Juma Ventures B	107	\$ 1,642,435	\$ 15,350	5.42
Nu2U	68	\$ 442,440	\$ 6,506	48.10
Pedal Revolution W	13	\$ 88,653	\$ 6,819	36.80
Rubicon Bakery. B	18	\$ 1,806,919	\$ 100,384	16.73

Families of Metrics

GSBI “Dashboard”

- Measures of resources
 - Financial
 - Organization
- Measures of activity/process
- Measures of social benefit
 - Successful Outcomes
 - SROI “Lite”

Other Families Metrics (Multidimensional Metrics)

- Balanced Scorecard (Kaplan et. al.)
 - Customer (Beneficiaries)
 - Financial
 - Internal
 - Organizational (Learning and Growth)
- “Nature Conservancy” Scorecard
 - Capacity
 - Activity
 - Impact
- IRIS Impact Reporting and Investment Standards
 - Organization Description
 - Product Description
 - Financial Impact
 - Operational Impact
 - Product Impact

Metrics Dashboard Example: Aravind Eye Care System Dashboard

- Financial
 - Income fishbone
 - Expense fishbone
 - Surplus
 - Balance sheet
 - Cash flow
 - Number and percent of free surgeries
 - Double bottom line
- Organizational
 - Employee skills
 - Employee retention
 - Operating partners
 - Enterprise values

Metrics Dashboard Example: Aravind Eye Care System Dashboard

- Process
 - Milestones for each strategy
 - # Beneficiaries
 - Process quality
- Outcome
 - Successful surgeries
 - Patient feedback surveys
- Impact (SROI-Lite)
 - Cost per successful surgery

Report # 7: Metrics and Accountability

Note: not the same as in Carlson/Koch

1. List the metrics currently kept by your organization (by type): 2 pts
 - Financial Resources
 - Organizational Resources
 - Process/Activity
 - Outcome/Impact
2. Compute an “SROI Lite” for your organization? 1 pt

Note: define “successful outcome” and specify what measure of investment (e.g. total expenses) you are using (and the time period).
3. What metrics would you add (or eliminate) for your organization in order to have a more useful “dashboard” for monitoring sustainability and scalability? 2 pts

Presentation # 7: Metrics and Accountability

1. List the metrics currently kept by your organization (by type):

1.5 pts

- Financial Resources
- Organizational Resources
- Process/Activity
- Outcome/Impact

2. Compute an “SROI Lite” for your organization?

0.5 pt

Note: define “successful outcome” and specify what measure of investment (e.g. total expenses) you are using (and the time period).