RETHINKING IMPACT MEASUREMENT

Introduction

So, let's start with something we can all agree on.

All social enterprises exist for the simple and overriding purpose of creating a positive social impact (to change society for the better).

If this is what drives them, then surely, it's important that they are able to describe, measure and communicate this impact. At least, that's how the argument goes. Not least to help figure out if their work is well targeted, if they are helping beneficiaries in the best way possible and, ultimately, if they are making good progress in achieving their intended impact.

This has been a low-level but persistent headache for the social enterprise community for many years. Or an itch that's being scratched, but doesn't quite seem to go away.

There are a number of aspects to the challenge.

Complexity

There is a widespread view within the social enterprise community that this loosely termed 'impact measurement' is just too complicated as currently presented.

Exploring this further, the social changes (or 'outcomes') produced by social enterprises are regarded as too diverse, intangible and long-term to be accurately counted and accounted for – at least without disproportionate effort.

Added to this, there is also a widely expressed view that measurement frameworks such as Social Return on Investment (SROI) are simply too difficult, prescriptive, time-consuming and expensive for most organisations to apply.

The prevailing view is that the encouragement of such frameworks places unrealistic expectations and demands on already overstretched organisations.

Confusion

The failure of many social enterprises to fully embrace the importance of 'impact measurement' also seems to relate to a degree of confusion about where and how to start.

The terminology is often characterised as confusing and therefore, off-putting. What's the real difference between 'monitoring', 'performance measurement', 'evaluation', and 'impact measurement', and why does it matter? What's the difference between an 'output' and an 'outcome', and who really cares when all we want to focus on are 'results'?

Mixed messages and differing expectations from government, funders and investors are also regarded as unhelpful.

This situation has been heightened by competing endeavours that have given rise to what is often viewed as a bewildering array of frameworks, tools and technologies.

This confusion seems to have served only to contribute to inertia rather than action.

Capacity

There is also a simple but important reality that is usually overlooked. Most social enterprises are very small, often fragile and always busy in service to their community.

With all of the goodwill in the world, they just don't have the people, time or money to undertake highly technical and time-consuming forms of social impact measurement.

This serves to perpetuate an existing inequality.

If we accept the belief that social enterprise must follow a one-size, step-by-step process for impact measurement, then it is inevitably the larger organisations that are best placed to comply with expectations.

At the same, time smaller but equally impactful social enterprises are left feeling somewhat inadequate and left at a disadvantage because the bar is currently set too high.

Culture

Let's face it though, for many social enterprises, any mention of the words 'measurement' or 'accountability' will remain an unwelcome distraction from the real job of meeting local needs.

Quite rightly, smart social entrepreneurs weigh things up and conclude that the cost of making use of suggested impact measurement frameworks simply outweigh the benefits.

There's also an understandable defensiveness when it comes to additional demands for measurement or reporting, particularly when these are perceived to be mainly in the interests of others (i.e. funders). This is combined with the absence of any real penalty for those organisations that choose not to take issues of measurement, transparency or accountability seriously.

As things stand, measurement and accountability will never become a high priority unless the benefits are clear and compelling.

So, what's the answer?

These challenges will not be solved overnight.

While there is no silver bullet or no-cost solution to the measurement dilemma facing social enterprises, experience tells us that with just a little time and effort even the smallest of organisations can improve their practice and produce good evidence.

So how do we begin to chart a different course?

1. **Win hearts as well as minds**. We need to start by re-engaging with social enterprise leaders and tapping into their passion. This is about re-connecting with the social mission and goals that drives them. It is only by doing so that we will have more useful conversations about what success should look like, how it can be delivered, and (only then) how we should measure it. By now we should have realised that few people get their kicks from measurement as an end in itself.

2. **Address the fear**. We need to find ways to remove fear, build confidence and inspire social enterprises. This means creating opportunities to learn about how simple (and uncomplicated)

measuring performance can be and why it really doesn't need to become an added burden. It also means finding ways to showcase good impact reporting, demonstrating that it can be straightforward, engaging and offer compelling evidence.

3. **Think holistically**. We need to adopt a more holistic perspective on what makes social enterprises uniquely successful and different from the private sector competition. My view is that the sector should be focusing more on gathering and reporting good performance data (on how they, treat employees, source supplies, treat the environment, engage communities, trade responsibly spend profits, and so on), as well as finding more straightforward ways of report on the outcomes achieved by their goods and services. It is only then that we will achieve a more proportionate and balanced account of our work.

4. **Start simple**. For me it's critical for small organisations in particular to get the basics right first … walking before we start running (or jumping through hoops). This means focusing intently on the single main goal (our intended impact) that drives our work and the few main changes (outcomes) that we need to achieve to be successful. It also means introducing simple data collection systems that become part of routine practice. So let's not beat ourselves up if we're not striving for the gold standard of impact measurement science or putting in more effort than is necessary.

5. **Focus on practice not process**. This is critical. As a community, we need to stop the fixation with finding the holy grail – a single, consistently applied impact measurement framework/process that meets everyone's needs – or else we will continue to meet no-one's needs. Instead, let's focus on improving PRACTICE, i.e. encouraging social enterprises to get steadily better at defining goals, collecting data and using evidence to strengthen impact. Likewise, let's get better at locating the great tools and templates that are already out there, which, used in the right context, can make our work immensely simpler.

6. **Embrace stories as well as numbers**. We also need to let go of, or avoid, our obsession with quantifying outcomes from multiple perspectives and with expressing everything in monetary terms. While recognising the importance of credible (and assured) numbers, let's give equal weight to the stories that lie behind the achievements of social enterprises. Let's embrace compelling narrative, great story-telling and creative reporting (using infographics, images, video, and so on).

7. **Offer a little support**. Finally, let's recognise that a little extra help is often required to get systems up and running and organisations on the right track. This is where effective signposting to tools and resources can come in useful. It's where bite-sized, just-in-time learning (perhaps online) can suffice or at least complement courses stretching over many weeks. It's where an hour of time from an expert, coach or mentor from within the sector can be more useful than large-scale and wasteful consultancy projects. And, it's where support that is part of (not separate from) existing business support and funding programmes can make a difference.

The key point underlying all of this is that social enterprises should be able to find an approach that works for them; one that is relevant, manageable and produces the types of performance and impact evidence they need.

Next Steps

Social Value Lab will be working during the course of this year with the Scottish Government, Social Enterprise Academy and others to demystify and democratise social enterprise measurement.

Express your interest here in trying out FREE social impact measurement advice, learning and tools.

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