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Research and marketing that matters

An introduction to Social Return on Investment.

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Social Return on Investment (SROI) is an evaluation methodology that uses the outcomes of a given activity to understand and quantify the 'value' that it creates – or destroys – in economic, social and environmental terms. It aims to ascribe 'value' to what matters (i.e. changes in behaviour, wider health or social and environmental issues) and support organisations to understand the extent to which they have achieved their intended outcomes, make decisions on whether to continue, change or stop an activity and work to understand and maximise the 'value' they are creating.

There are two types of SROI: Forecast and Evaluative. A 'Forecast SROI' is started before and continues during the delivery of the activity and works to predict the social value which will be generated if the intended outcomes are achieved. An 'Evaluative SROI' refers to an analysis which is conducted once the activity is completed and uses outcomes which have already been achieved to evaluate how much social value has been generated (or destroyed).

SROI is important because it not only demonstrates the economic return of activities, but also evidences their wider social and environmental impact and worth. It helps organisations to demonstrate the good that they are doing and take steps towards being more purposeful and socially responsible, two things which are key in today's purpose-driven and customer-conscious world.

To help you understand what you need to do to conduct a SROI analysis, we've pulled together this brief guide to take you through the six stages key to the creation, development and implementation of a SROI analysis. But first, we want to take you through some key words!

Key words for SROI.

SROI.

"A system to measure changes in ways that are relevant to people and / or organisations that experience or contribute to it. It tells the story of how change is being created by measuring the social, environmental and economic outcomes, using monetary values to represent them"[1].

Social Value.

The quantification of the relative importance that people place on the changes they experience in their lives[2]. It encompasses any change that affects a person's quality of life, such as health, well-being, or sense of community.

Environmental Value.

The quantification of the relative importance that people place on the changes or impacts from an activity on the wider environment (can be at local, national and international levels; built environments or natural environments, or ecosystems).

Financial Proxy.

An approximate value in monetary terms when definite financial values are not possible to obtain.

Activity.

This is what you do to create change and 'value'. An 'activity' can include a new service, a project, an intervention, a campaign and more.

Stakeholders.

Any organisations, groups or individuals (such as staff, volunteers, beneficiaries, customers) who have an interest in or benefit from your activity. They can be directly involved in its creation, development and implementation, be influential in its delivery or be a beneficiary impacted by the activity.

Deadweight.

Outcomes and changes that will occur / have occurred regardless of the delivery of your activity.

Attribution.

Outcomes and changes that are / would be a result of external factors (such as activities by others).

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1. Nicholls J, Lawlor E, Neitzert E, Goodspeed T. A Guide to Social Return on Investment. London: The Cabinet Office; 2012.

2. Social Value UK: http://www.socialvalueuk.org/what-is-social-value/

The six stages of SROI.

There are six stages key to the creation, development and implementation of a SROI analysis.

STAGE 1.

Establish the scope of your SROI and identify the key stakeholders

What is the **activity** you are going to measure?

What is **within the scope** of your SROI analysis? (such as time period, geographical range, specific activities, key stakeholders and consumers)

Identify **key stakeholders** (individuals and groups) to include in the analysis based on:

- Their involvement with the implementation of the activity
- Their influence on the activity
- The extent to which they will be impacted by the activity

STAGE 2.

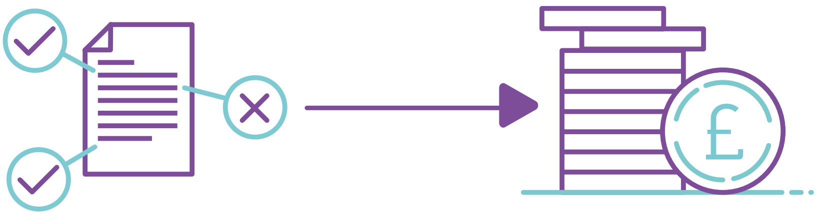
Mapping outcomes

Develop a **theory of change** to map out the changes you intend and expect to happen as a result of the activity. You will need to work to:

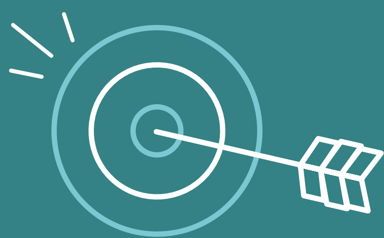
- Identify the **inputs** (i.e. the resources involved in the creation, development and delivery of the activity) that will make the desired 'outputs' and subsequent 'outcomes' happen
- Assign a **financial value** to these inputs
- Determine the **'outputs'**, i.e. a summary of the activities involved in the overall activity and what they will achieve
- Describe the **'outcomes'**, i.e. the changes that occur as a result of the activity's 'outputs'

STAGE 3.
Valuing and evidencing outcomes

- Develop **indicators** which can be used to measure key outcomes (e.g. the number of attendees at a breastfeeding support group to measure increases in confidence in breastfeeding beyond 6 – 8 weeks)
- Collect data for these indicators through open data sources or new research to establish a **'baseline'** position for outcomes (i.e. the position before your activity)
- Continuously **monitor and measure** the outcome position as your activity is being delivered
- **Forecast** (i.e. predict or estimate) how long each intended outcome will last (it's duration)
- Work out the extent to which outcomes were a result of factors external to your activity **(attribution)**, these may include national campaigns or policy changes
- Assign **financial or monetary values** to outcomes (e.g. financial savings from breastfeeding for a year as opposed to bottle feeding). Make **evidenced assumptions** and use **financial proxies** (see key terms) where direct monetary values are unclear or unidentifiable

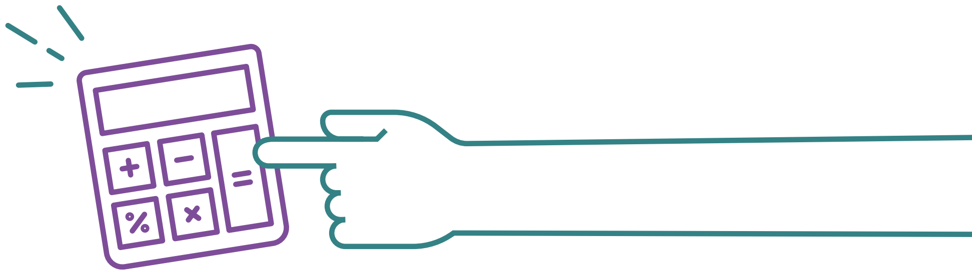


STAGE 4.
Establishing impact



Determine which outcomes cannot be directly attributed to your activity:
- What would have happened anyway? **(deadweight)**
- What would have happened as result of other factors? **(attribution)**

Determine which outcomes can be directly attributed to your activity:
- What would **NOT** have happened anyway?
- What would **NOT** have happened as a result of other factors?



STAGE 5.

Calculate the SROI

$$\frac{\text{(Total financial value of outcomes)} - \text{(Attribution + Deadweight)}}{\text{Total financial value of inputs}} = \textbf{SROI ratio}$$

STAGE 6.

Reporting, using and embedding SROI

Provide a **meaningful report** which tells the **story of change** and focuses on the creation of **social value.**

Provide enough information to give assurances of the **accuracy and robustness** of the work.

Include relevant information about outcomes to support and inform **strategic planning** for the future.

Ensure the content of the report is **relevant** and **succinct** so to engage and maintain stakeholder interest.

Present key recommendations to:

- **Influence and strengthen** the SROI in future work
- **Integrate** the delivered activity into 'business as usual'
- Embed **good outcome** processes within the organisation

Conclusion.

So, there you have it! These are the six stages involved in the creation, development and implementation of a successful SROI analysis. If we've got you hooked and you want to find out more about SROI then our whitepaper is exactly what you need. In this paper, we give an in-depth overview of the key principles involved in an SROI analysis and each of the six stages outlined above. Download it now!

No two SROI analyses will be the same and we can work with you to define all of your SROI needs and help you throughout the SROI process, from the development of the activity and project scope right through to the calculation and reporting of the SROI analysis. At Social Change UK, we offer consultation services to support the creation, development and implementation of a SROI analysis and have a bespoke SROI process which embeds established behaviour change models and theories to ensure we can measure changes and outcomes which are often considered as 'unmeasurable'.

So, if you want more information on SROI or want to see how we can help you, then **get in touch with our team today!**

We only work with organisations that want to bring about positive social change, and people who want to do good. This is you... let's work together.

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