

# Why impact?

*A white paper on social impact reporting for social enterprises*



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# Why impact?

*A white paper on social impact reporting for social enterprises*

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## Introduction

If you run a social enterprise, chances are you've heard of social impact reporting. If you don't already produce a social impact report you're probably thinking that you should.

As social enterprises providing business and communications services to the social enterprise sector, Iridescent Ideas CIC and Poached Creative wanted to understand the motivations for social impact reporting and identify the barriers for those social enterprises not already doing it.

We wanted to hear from social enterprises themselves about their experiences of social impact reporting and decided to use social media to crowdsource answers to the question: Why impact?

The findings are available on <https://storify.com/IridescentIdeas/whyimpact-why-social-impact-reporting-is-valuable> and form the basis of this white paper.

We hope you'll find this a useful introduction to social impact reporting and that it will help you make the business case within your organisations.

## What is social impact?

Very simply, social impact is the difference you make. UnLtd defines it as: "The social change that an organisation creates through its actions i.e. *the impact of its interventions.*"

Social impact reporting, then, is how you measure this change (social impact measurement) and how you communicate it to your stakeholders.

## Is social impact the same as social value?

The two terms social impact and social value are often used interchangeably.

With the introduction of the Public Services (Social Value) Act, the term 'social value' has become the phrase most widely recognised in government, councils, the NHS and other public services.

Recently, the corporate sector has also begun to see the value in social value and companies such as Deloitte, Wates and Landmarc have begun producing social impact or social value reports. This is a step on from the commercial world's corporate social responsibility (CSR) and sustainability reporting. In fact, the CSR world is now advocating 'total impact measurement' approaches that include social impact.

So we think that social impact and social value are the broadly the same concept. Proving social impact more effectively should help you demonstrate the social value your social enterprise creates.

## What's the link with the Social Value Act?

The Social Value Act has now been in place for more than a year and has the potential to change the commissioning landscape as public services incorporate social value into their procurement criteria.

The Act places a duty on government, councils, the NHS and other public bodies in England and Wales to consider how they might improve economic, social and environmental wellbeing when they buy and commission services.

Responses to a recent Social Enterprise UK survey showed that: "81% of commissioners had taken steps to identify social value criteria, and more than 75% said their organisation had issued tenders that include social value criteria." The Social Value Summit report quoting this did acknowledge that respondents may have been "self-selecting" but does point to a growing awareness and change in commissioning practice.

## What about SROI and social auditing?

Social auditing or accounting and social return on investment are two methodologies for measuring social impact. A lot of work has been done in both areas over the last 20 years and some of it overlaps. Both the [SROI Network](#) and the [Social Audit Network](#) provide resources, run training programmes and provide a list of practitioners on their websites.

Many other consultancies and social impact reporting services use the principles of SROI or social auditing as part of a mix of social impact reporting tools. See the section, *How can I get help with my social impact reporting?* for a few of them.

## Why impact? The benefits of social impact reporting

We asked the #socent community on Twitter why they measured social impact and what benefits they'd found. This is what they said:

"Need to measure it because we need to prove the value of social impact interventions to justify our work." @C0tt0n1

"We take our [#socialimpact](#) as seriously as our [#business](#) objectives" @LivityUK, H

"We're certain it's helped, others can easily grasp input from us, outcomes of our work and bigger/connections" @spaceunlimited

Social entrepreneur and commentator Liam Black responded to with his **top three reasons** for measuring social impact:

"1)u owe it to the taxpayers who subsidise u 2) u find out vital data abt ur biz 3)see 1 & 2!" @LiamABlack

When asked **who** they needed to report to, our social media respondents said:

"Others, to inform/influence policy; peers, to share learning and exchange knowledge; and funders/commissioners/sponsors etc to enable more delivery and more widely with supporters, beneficiaries, customers etc to raise profile/awareness."  
@C0tt0n1

Asked **how** they measure social impact, social media respondents said:

"We use progressive measurements including [#pupilvoice](#) [to track] changes across 5 key areas measured at outset and completion of our programmes"  
@ChallengerTrPR

"We use a framework of impact and learning. See <http://tinyurl.com/nwytspz>"  
@spaceunlimited

"We have used an outcome approach to develop [#socialimpact](#) framework...Fantastically enlightening process [@IridescentIdeas](#) involving staff, customers and beneficiaries who helped shape project [#socialimpact](#)"  
@creatingspace4u

Iridescent Ideas has identified the following benefits of social impact reporting:

- Prove your project or organisation's impact
- Prove the need and help define the market for your services
- Inspire your staff and volunteers
- Communicate the difference your business makes
- Provide a structure for powerful publicity and marketing materials
- Help you secure future business
- Assist with future funding or investment.

## What are the barriers to social impact reporting?

Time-consuming, confusing and expensive are three of the key barriers identified to social impact reporting.

"Some of the difficulties are the cost, who funds it, measurement of soft outcomes, long term evaluation" @C0tt0n1

"In the early stages necessity sometimes dictates measurement takes a back seat. no excuses for more mature [#socent](#) though!" @PioneersPost

Even Belu, whose first social impact report is a beautiful piece of design and communication admitted it was "a lot of hard work".

Inspiring Impact, a joint programme that aims to change the way the UK voluntary sector thinks about impact sums it up in the introduction to its Code of Good Impact Practice: "Many non-profit organisations understand the need for good impact practice and want to get better at it. But they can encounter different definitions, confusing explanations, multiple methods, and sometimes contradictory advice."

Social Enterprise UK's State of Social Enterprise survey 2013 found that 68% of social enterprises are measuring their social impact, which rises to 76% for those whose main source of income is the public sector.

However, it is widely acknowledged that there's still a long way to go and shared measurements are needed, both to reduce duplication of effort across the sector and to offer clarity to commissioners and funders.

## What makes good social impact reporting?

Proportionality seems to be a key word for social impact reporting. Many organisations just don't have the size and scope to pursue what are perceived as more complicated SROI measurements.

In its report, measuring social value, think tank Demos set out three principles for good social impact reporting:

- proportionality: so that the burden of evaluation is in line with the scale and nature of the organisation undertaking it
- comparability: so that even with a range of flexible frameworks, organisations can still produce outputs based on comparable principles and terms of reference
- standardisation: so that there are tools and data available to remove the need to evaluate outcomes from scratch and reduce the burden on organisations."

What is clear to us is that social impact reporting need not be difficult. It should be commensurate with the size, complexity and nature of the organisation and its work.

Iridescent Ideas believes that simplicity is key to both encouraging organisations to undertake social impact reporting and to ensuring these reports are read and understood. Our message is: don't be daunted. Take a look at the reports already being produced and find a system that works for you.

Our #whyimpact respondents were happy to share their reports online. See the list on [www.storify.com/IridescentIdeas/whyimpact-why-social-impact-reporting-is-valuable](http://www.storify.com/IridescentIdeas/whyimpact-why-social-impact-reporting-is-valuable)

## How can I get help with my social impact reporting?

When you're busy running a social enterprise it can be difficult to step back and find a way to measure and talk about your social impact that will resonate with your stakeholders. Whether you intend to do it yourself or you'd like someone to guide you through the process, there are many organisations, tools and resources to help social enterprises and other organisations measure their social impact. Here are just a few:

**Arc programme:** Business in the Community's programme for social enterprises included subsidised impact reporting help from CAN.

[www.bitcarc.org.uk/arcofferconsultancy](http://www.bitcarc.org.uk/arcofferconsultancy)

**CAN:** Social enterprise offering social impact and analysis reporting. 15% per cent discount for social enterprises that are members of Social Enterprise UK.  
[www.can-invest.org.uk/services/social-impact-analysis-reporting](http://www.can-invest.org.uk/services/social-impact-analysis-reporting)

**Iridescent Ideas CIC:** Social enterprise and community interest company offering a pioneering (and affordable) Simple Impact Report service.  
[www.iridescentideas.com/news/6-5-14-launch-of-simple-impact-reports-service](http://www.iridescentideas.com/news/6-5-14-launch-of-simple-impact-reports-service)

**Social Enterprise UK:** National membership body for social enterprises, also offering social impact measurement services, information and good practice.  
[www.socialenterprise.org.uk/advice-services/topic/social-impact](http://www.socialenterprise.org.uk/advice-services/topic/social-impact)

**Social Value Lab:** Provides training and consultancy in social impact measurement.  
[www.socialvaluelab.org.uk/our-services/social-impact-measurement](http://www.socialvaluelab.org.uk/our-services/social-impact-measurement)

## References and resources

Clifford, J; Markey, K & Malpani, N (2013) *Measuring Social Impact in Social Enterprise: The state of thought and practice in the UK*, E3M, CAN, Big Society Capital and Baker Tilly  
[www.can-online.org.uk/uploads/editor/files/Invest/Measuring\\_Social\\_Impact\\_in\\_Social\\_Enterprise\\_report.pdf](http://www.can-online.org.uk/uploads/editor/files/Invest/Measuring_Social_Impact_in_Social_Enterprise_report.pdf)

Inspiring Impact (2013) *Code of Good Impact Practice*.  
[www.inspiringimpact.org/resources](http://www.inspiringimpact.org/resources)

PwC's *Total Impact Measurement and Management (TIMM)* approach:  
[www.pwc.co.uk/corporate-sustainability/total-impact-measurement-management.jhtml](http://www.pwc.co.uk/corporate-sustainability/total-impact-measurement-management.jhtml)

Social Audit Network (2011) *Prove, Improve, Account! The New Guide to Social Accounting and Audit*  
[www.socialauditnetwork.org.uk/getting-started/new-guide-to-social-accounting-and-audit](http://www.socialauditnetwork.org.uk/getting-started/new-guide-to-social-accounting-and-audit)

UnLtd's *Social Entrepreneurship Awards Toolkit*.  
[www.unltd.org.uk/socialentrepreneurshiptoolkit](http://www.unltd.org.uk/socialentrepreneurshiptoolkit)

Wood, C and Leighton, D (2010) *measuring social value*, Demos  
[www.demos.co.uk/publications/measuring-social-value](http://www.demos.co.uk/publications/measuring-social-value)

## Contact us to find out more

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