

A Work Project, presented as part of the requirements for the Award of a Master's Degree in Management from the NOVA – School of Business and Economics.

MEASURING SOCIAL IMPACT:
A GUIDELINE TO IMPLEMENT A TABLEAU DE BORD

Alessandro Agostini

#1936

A Project carried out under the supervision of:

Prof. Miguel Alves Martins
Prof. António Miguel
Consileon Business Consultancy GmbH

June 3rd, 2015

Abstract

Many impact-seeking organisations cannot measure and demonstrate their social impact because they either lack technical expertise or requisite financial and human resources. This report clarifies the process of social impact measurement to help these organisations engage in social impact measurement practices. It presents a simple guideline to create a measurement approach based on the Tableau de Board. The guideline has been developed through a theoretical revision of best practices in social impact measurement, academic research and the author's individual thoughts and ideas. While a first testing of the approach revealed positive feedback, only future broad-scale testing will demonstrate the approach's validity and feasibility.

Key words:

Social Impact, Social Impact Measurement, Tableau de Bord

Table of Contents

Abstract	2
1. Introduction and Purpose of the Work	4
2. Consileon Business Consultancy GmbH	6
3. Literature Review	7
<i>3.1. Definition of Social Impact</i>	<i>7</i>
<i>3.2. Social Impact Measurement</i>	<i>8</i>
<i>3.3. Tableau de Bord (TDB)</i>	<i>10</i>
<i>3.4. Conclusion of the Literature Review</i>	<i>12</i>
4. Methodology	13
5. Designing a Tableau de Bord for Social Impact Measurement	13
<i>5.1. General Concept for Creating and Implementing a Tableau de Bord</i>	<i>13</i>
<i>5.2. Definition of the Organisational Context</i>	<i>14</i>
<i>5.3. Defining What To Measure To Capture Performance</i>	<i>17</i>
<i>5.4. Definition of Adequate Performance Indicators</i>	<i>20</i>
<i>5.5. Analysis and Visualization of Collected Data</i>	<i>23</i>
6. Guideline Testing within an ISO	25
7. Limitations and Future Research	27
8. Conclusion	27
9. References	29
10. Glossary	32
11. Appendix	33

1. Introduction and Purpose of the Work

In September 2015, representatives of the United Nations member states will gather in New York City to finalize and adopt the sustainable development goals (SDG), which represent a set of goals and targets that aim at tackling current global social and environmental issues. The SDG can be seen as a replacement for the expiring agenda of the Millennium Development Goals (MDG) and should serve as a long-term, global applicable stimulator and a guideline for change. In fact, a critical view on the current situation of the global economy reveals the intractable existence of a variety of social and environmental issues. Most recent estimates show that 14.5 % of the global population lives in severe poverty¹, 2.5 billion people do not have safe access to adequate sanitation² and 774 million adults can neither read nor write³. Moreover, rising global warming, as well as increasing deforestation, water pollution and natural resource depletion are making life on earth increasingly challenging.

While challenges in tackling social and environmental issues remain high, a new buzzword called impact investing (II) has the potential to be a promising concept to accelerate change and contribute to the realisation of the SDG. First coined in 2007, the term implies the deployment of capital with the intention to produce both financial return and a measurable positive social or environmental benefit.⁴ In fact, II tries to serve as a compromise between a purely profit driven and purely social impact driven world. The industry is predicted to have good prospects. With a potential sector size of US\$ 1 trillion by 2020⁵, II has already been identified as the aspect of Socially

¹ Worldbank (2015)

² WaterAid (2015)

³ UNESCO Institute for Statistics (2013)

⁴ World Economic Forum (2013)

⁵ World Economic Forum (2013)

Responsible Investments⁶ that would grow the fastest in 2013.⁷ Despite this positive appraisal, the industry has currently failed to create broad acceptance of II. In part, this hesitation to embrace II has been caused by a lack of standardized approaches to measure and to demonstrate the delivered social or environmental impact (SEI).

Social or environmental impact measurement (SEIM) is not only an issue in II, but also a general challenge within impact-seeking organisations (ISOs)⁸. It can be observed that there is a widespread belief that measuring SEI is a time and resource consuming procedure and many ISOs avoid SEIM. For example, a recent survey among charities in the UK revealed the fact that around half of the surveyed charities actually measure SEI for all or nearly all of their activities, whereas nearly 35 % either do not use a SEI measurement system or only measure a small portion of their activities.⁹ Several barriers, including lacking financial and human resources, missing skills and a distorted or unclear understanding of SEI, may explain these thought-provoking results. Overcoming those barriers is crucial, since SEIM helps ISOs to provide evidence of and improve the delivered impact, to assure credibility and transparency and to facilitate the attraction of capital. In the earlier mentioned survey, UK charities claim, that besides more financial support, they would need guidance on how to develop measurement tools, on how to understand their main outcomes and on how to analyse data.¹⁰

This report aims at providing needed support, increasing clarity and helping more ISOs participate in or improve SEIM practices. Overall, ISOs should be inspired to engage in SEIM in order to establish a broader user-baseline that can actively contribute to the

⁶ Socially Responsible Investments are Investments that practice not only negative screening (avoid making investments into companies or industries that create some harm to society.), but also considers environmental, social and corporate governance (ESG) criteria to generate long-term competitive financial returns and positive societal impact.

⁷ First Affirmative Financial Network, LLC (2012)

⁸ Impact-seeking organisations include all non-profit and for-profit organisations that are trying to intentionally create a positive social or environmental impact with their actions.

⁹ New Philanthropy Capital (2012)

¹⁰ New Philanthropy Capital (2012)

discussion and improvement of SEIM. From a long-term perspective, this effort may result in greater demand for improved SEIM practices and standards, which in turn might have a positive impact on promising concepts such as II.

To achieve this objective, a clearly understandable and easily implementable guideline to SEIM has been developed, based on the *Tableau de Bord* - a performance measurement approach used traditionally in for-profit organisations. Hereby, it is important to mention that the developed guideline primary focuses on social impact measurement (SIM) and for simplicity reasons excludes environmental impacts. Nevertheless, most of the guideline principles may have relevance and validity if they are adjusted to the context of environmental impact measurement.

2. Consileon Business Consultancy GmbH

Consileon, the research partner of this report, is an integrated management and technology consulting firm that provides feasible, sustainable solutions to their clients. With their recent efforts in understanding and mapping the II industry, they provided the entry-point to the SEIM discussion thematised in this report.

Further, Consileon considers itself as a sustainable consulting company with a defined objective to contribute to shaping the emerging II industry, and hereby not only improve the cracked reputation of Capital Markets with short-term straw fires, but to support the revaluation of current business approaches and creation of platforms and long-term IT solutions for such Capital Markets that will lead to positive social, environmental and financial impact.¹¹

¹¹ Consileon (2015)

3. Literature Review

3.1. Definition of Social Impact

Social impact (SI) has a fluid definition that may vary across different investment sectors.¹² An organization's definition of SI will evolve depending on its goals and the societal issues it seeks to address. This definition is not to be seen as fixed, but will rather further develop as the investment progresses, as new actions are applied, as new data is collected, and as the organization tests this data within the suitable contexts.¹³

In 1981, Latané defined SI as any “influence on individual feelings, thoughts, or behaviour that is exerted by the real, implied, or imagined actions of others.”¹⁴ J. Burdge and F. Vanclay later specifically defined SI as “all social and cultural consequences to human populations of any public or private actions that alter the ways in which people live, work, play, relate to one another, organize to meet their needs, and generally cope as members of society.”¹⁵ Today, in order to define their specific SI, many ISOs characterize a natural progression of a SI creating investment as an impact value chain, which is based on the basic logic model (BLM) developed by Carol Weiss and Joseph Wholey.¹⁶ As seen in Figure 1, the impact value chain isolates impact data within the investment process, by distinguishing between performance relevant data (inputs, activities and outputs) and transformation relevant data (outcomes, impact). The extractable definition of SI, which will be used throughout this paper, is that SI can be seen as “changes, or effects, on individuals, or their environment that follow from outcomes that have been achieved.”¹⁷ Whereby, it is important to “adjust the outcomes

¹² Impact Measurement Working Group (2014)

¹³ Impact Measurement Working Group (2014)

¹⁴ Latané, Bibb; Szamrej, Andrzej (1990)

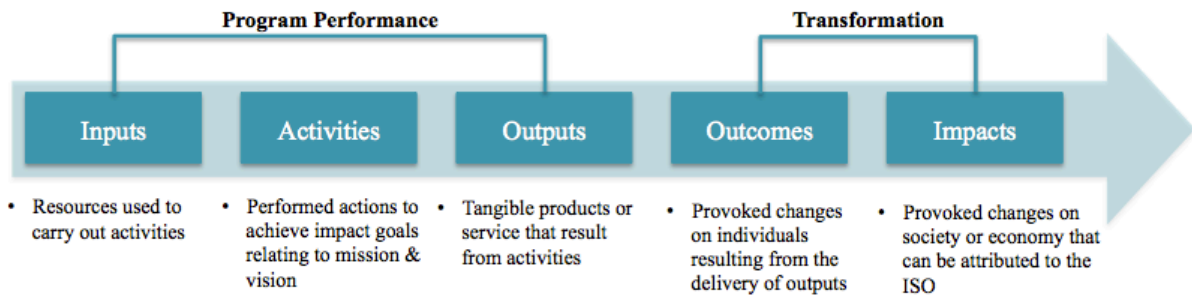
¹⁵ Burdge, Rabel; Vaclay, Frank (1996)

¹⁶ Impact Measurement Working Group (2014)

¹⁷ Impact Measurement Working Group (2014)

in order to remove what would have happened anyway, the effect of the involvement of others, and any reduction of the effect over time.”¹⁸

Figure 1: Depiction of the impact value chain



Source: Impact Measurement Working Group (2014)

3.2. Social Impact Measurement

The broad topic of SIM increasingly gained importance in terms of coverage and development in the academic discussions about developing methods, concepts and guidelines for ISOs. In terms of terminology, O. Rauscher boiled down SIM to “understanding, measuring and assessing the effect of a program, project or activity on a relevant target group.”¹⁹ Complementing this definition, J. Berg and C. Mansson stressed the importance of not only measuring, but also communicating the changes to which an organization contributes.²⁰ In addition to SIM, social impact assessment (SIA) is also used to describe the same approach interchangeably. In 1986, W. Freudenberg defined SIA as “assessing a broad range of impacts (or effects, or consequences) that are likely to be experienced by an equally broad range of social groups as a result of some course of action.”²¹ Freudenberg early recognized that an exact assessment of impact is tied to a variety of challenges and therefore specifically mentioned that the likelihood of the experienced impact is relevant for the measurement system. To take

¹⁸ Group of Experts of the European Commission on Social Entrepreneurship (2014)

¹⁹ Rauscher, Olivia et al. (2012)

²⁰ Berg, Lucas ; Mansson, Charlotte (2011)

²¹ Freudenberg, William (1986)

Freudenberg's observation into account, this report uses a slightly modified version of the definition of O. Rauscher, resulting in defining SIM as the process of understanding, measuring, assessing and managing the impacts that are likely to be experienced by a program, project or activity on a relevant target group.

Today, there exists a broad universe of tools and methods that match the definition of SIM. For instance, the foundation centre provides a “Tools and Resources for Assessing Social Impact” (TRASI) database, which allows users to browse over 150 tools, methods and best practices.²² While the database represents a robust and free accessible knowledge bank for the sector²³, the amount of information can be overwhelming. Especially ISOs that are new to the field of SIM might encounter difficulties in framing the process of SIM and struggle in selecting a specific approach that suits their purpose, organization and resource capacity.

Aware of that problem, several institutions and organizations developed guidelines and frameworks on how to measure social impact. While most of the elaborations show a valid contribution to the field, none has made it to become the standard guideline for SIM. This disconnect can be linked to the fact that many non-profit managers come from a non-management backgrounds and therefore have difficulties in understanding technical and partially complex guidelines.²⁴ Technical barriers, such as missing knowledge, skills and expertise regarding SIM, can be considered as a key barrier that hinders ISOs from engaging in SIM.²⁵ Guidelines need to take this fact into account and provide simple approaches that can be broadly understood and accepted. Besides technical barriers, insufficient funding and resources are critical issues in SIM.²⁶ For

²² Foundation Center (2015)

²³ Foundation Center (2015)

²⁴ DWU (2015)

²⁵ Making an Impact NPC

²⁶ Making an Impact

example, it has been observed that SIM related budget allocation in most charities ranges between 1-3% of the total budget and especially small and medium sized charities are reluctant to actively measure their SI.²⁷ SIM guidelines need to incorporate this issue and develop approaches that are as cost-efficient as possible, without losing the ability to provide a valid proof and evaluation of the delivered SI.

3.3. Tableau de Bord (TDB)

First conceptualized in 1950, the TDB, often translated as management dashboard, evolved from a tool developed by process engineers to spot potential for improvement in their production process to a common performance measurement tool that monitors progress and compares it to pre-defined goals and objectives.²⁸ “The tool can be defined as an action based tool for rapid, near-time information²⁹ that is comprised of both, a set of indicators that are related by causal relationships and links, and the process of selection, documentation and interpretation of these indicators.”³⁰ The process entails translating a defined vision and mission into a set of objectives that can be evaluated in terms of success by selected key performance indicators.³¹ The tool aims at providing clear, quickly available key items of information that provide and communicate an overview of the financial and non-financial performance of a business, which can be used for the purpose of control, decision-making and potential adjustment.³²

The TDB has been successfully implemented in France for more than 40 years, where it is a generally accepted best practice for enterprise control.³³ Due to many similarities, the concept is often referred to as the much more known concept of the Balanced

²⁷ Making an Impact

²⁸ Epstein, M. J.; Manzoni, J.-F. (1997):

²⁹ de Guerny et al.1990):

³⁰ Chiapello, E.; Lebas, M. (2001)

³¹ Epstein, M. J.; Manzoni, J.-F. (1997):

³² Daum, Jürgen (2005)

³³ Daum, Jürgen (2005)

Scorecard. Developed by Kaplan and Norton in 1995, the Balanced Scorecard “translates an organization’s mission and strategy into a comprehensive set of performance measures that provides the framework for a strategic measurement and management system.”³⁴ The measurement process covers four perspectives (financial, customer, internal business process and learning & growth) and aims at providing a balanced overview of the organisational performance.

While both concepts are relevant and valid in the context of performance measurement, the TDB offers several crucial advantages that are relevant for this report. First, the TDB can be easily studied and follows standardized implementation procedures, enabling an unassisted implementation into the organisation. Next, the concept makes it possible to distinguish between “policy dimensions” (mission, vision), the “strategic dimension” (success factors) and the “economic dimensions” (results). This is valuable to explicitly define the “enterprise framework” and be clear regarding strategies and desired results. Lastly, the TDB is flexible and can be adjusted to altering control requirements. In fact, a recurring evaluation and adaptation of the system is explicitly recommended and can be seen as a vital part of the management process.³⁵

While the TDB is commonly used in for-profit companies, online research provides examples where a TDB or a similar concept has been applied to an ISO.³⁶ For instance, the high-impact entrepreneurship movement Endeavour shares their “Impact Dashboard” created in conjunction with the software solution company SAP. Their “Impact Dashboard” provides a highly structured overview of the SI performance and illustrates how useful the concept of the TDB can be in the context of ISOs.³⁷

³⁴ Kaplan, Robert; Norton, David (1992)

³⁵ Daum, Jürgen (2005)

³⁶ See also impact dashboards of Root Capital, PSI and D-Rev.

³⁷ Endeavor (2015)

3.4. Conclusion of the Literature Review

The conducted literature review highlights the context of SI and SIM as a complex and challenging environment. Due to a lack of technical education and financial resources, many ISOs are struggling to decode the existing universe of available SIM approaches, leading to a failure in selecting and implementing an approach that best suits the needs of their ISOs. By creating SIM guidelines, several institutions and organisations are aiming to simplify the topic of SIM and support ISOs in engaging in SIM practices. Nevertheless, current available guidelines seem not to be a satisfying solution to address the needs of many ISOs. In many cases, guidelines are still too complex, very technical and not adjusted to existing implementation capabilities.

There is a need for a guideline, which serves as an intermediate between the status of not measuring SIM and the SIM approaches suggested in existing guidelines. ISOs need to gradually gain comprehension of the topic and be provided with a simple and cost-efficient approach to measure a relevant fraction of their SI performance.

The literature review revealed that the TDB could be a useful tool to approach current shortcomings, since it proved to be a valid performance measurement tool, follows a standardized and easy implementable creation process and excels in flexibility and simplicity. Therefore, this reports aims at developing a clear guideline to create a SI tailored TDB, which will serve as a simple approach to measure the most relevant parts of SI performance. The constructed guideline and approach will serve as an entry-point to SIM and contribute to lower hesitations in engaging in SIM and help to make SIM benefits available to a broader scale of ISOs. Moreover, the guideline will serve as an intermediary between a missing engagement in SIM and more advanced SIM approaches.

4. Methodology

As a first step, a deep theoretical analysis of the TDB concept, aiming at identifying and understanding the main stages of the conceptualizing process, has been conducted. This analysis should reveal the path and crucial steps for creating a TDB in the context of for-profit companies. Subsequently, the path needed to be translated and tailored to the particularities of SIM and the specific needs of ISOs. Hereby, a theoretical revision of best practices in SIM, academic research and the author's individual thoughts and ideas have been used to create a stage-by-stage, ISO tailored guideline for developing a SI measuring TDB. Finally, in order to gain an understanding of the guideline's validity and gain insights related to practicability and potential for improvement, the framework has been presented and tested within an ISO. Due to constraints in time and extent of this report, the testing has been conducted with a single ISO that shares the reasons for a missing SIM dedication encountered in the literature.

5. Designing a Tableau de Bord for Social Impact Measurement

5.1. General Concept for Creating and Implementing a Tableau de Bord

The concept and implementation process of the TDB is a widely thematised subject, making literature on the topic widely available. A theoretical analysis of relevant sources³⁸ identified the following steps as crucial to create and to implement a performance measuring TDB:

1. Definition of the organisational context: At this stage the purpose of the organisation, its strategies and objectives are defined.

³⁸ Daum, Jürgen (2005), Epstein, M. J.; Manzoni, J.-F. (1997 and piloter.org (2015)

2. Definition of adequate performance indicators: Adequate indicators to capture the organisational performance are selected and data collection approaches are determined.
3. Visualization and analysis of collected data: Lastly the TDB is created, by visualizing the data in clear and simple way. Afterwards data can be analysed easily and effectively.

For the creation of a SIM tailored TDB, the previously mentioned creation process needs to be adjusted to the context and needs of an ISO. The following step-by-step guideline will explain and adjust the process in detail and provide support and relevant information to efficiently measure SI performance.

In order to reinforce an understanding of the general process, the concept is applied at several stages to an exemplary ISO, WaterAid. WaterAid is an international non-profit organisation that, on the one hand, supports poor communities to establish sustainable water sanitation facilities, and on the other hand promotes safe hygiene standards.³⁹

5.2. Definition of the Organisational Context

When creating a TDB, the first step entails defining the organisational context. This step includes defining the vision and mission, as well as objectives that contribute to the achievement of the two. Further, it outlines the process of reaching the defined objectives.⁴⁰

Translating this process to the context of an ISO requires framing the social problem the ISO is planning to work on and consequently defining the reason why the organisation exists and placing the intended desirable long-term change in the social problem context. For instance, WaterAid recognized that “without safe water or sanitation,

³⁹ WaterAid (2015)

⁴⁰ Daum, Jürgen (2005)

people are rapped in a cycle of poverty and disease”⁴¹ (problem definition) and therefore WaterAid aims at “transforming lives by improving access to safe water, hygiene and sanitation in the world’s poorest communities” (mission) to help “creating a world where everyone has access to safe water and sanitation” (vision).⁴² Framing the problem and creating a vision and mission helps an ISO to focus on what is really important and can serve as a guideline to reflect if current actions are contributing to the overall desirable changes.

As a next step, the ISO needs to outline objectives that contribute to the mission and vision, and to map the process to reach these objectives. In order to gain this understanding, the basic logic model (BLM), a tool commonly used in ISOs, will be used. The BLM provides an overall description of the intended program process and helps organisations to understand how financial and non-financial resources can be used to achieve the intended results.⁴³ Specifically, the BLM describes relations between inputs (including financial, human, and organizational resources), activities (actions that are part of the program and make use of the existing resources), outputs (direct products of activities), outcomes (specific changes in program participants behaviour, knowledge, skills, status, etc.) and impacts (fundamental desired change occurring in the social problem context as a result of program activities).⁴⁴ While the final representation of the BLM is to be read from inputs to impacts, the creation process suggests starting with the definition of outcomes, which can be differentiated by short-term (changes at an individual level of program attendees) and long-term outcomes (build on the progress of short-term outcomes). Outcomes should be chosen in a S.M.A.R.T. way and therefore be specific, measurable, achievable, relevant and time-

⁴¹ WaterAid (2015)

⁴² WaterAid Global Annual Report (2014)

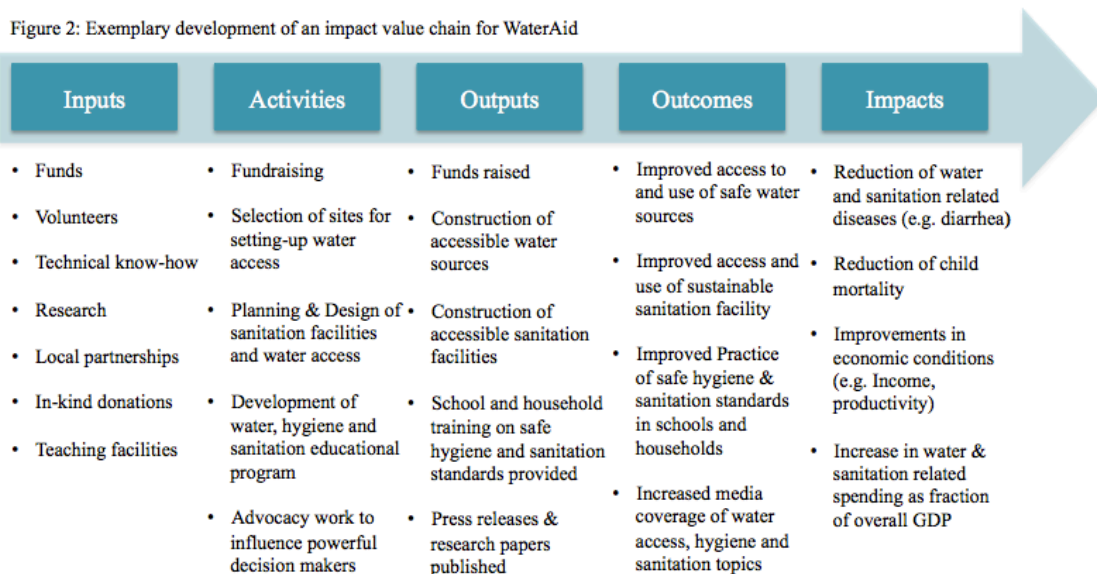
⁴³ W.K. Kellogg Foundation (2004)

⁴⁴ W.K. Kellogg Foundation (2004)

related. From the beginning of a social program, it is crucial to be very precise about the expected outcomes, and to recognise the specific desired changes within the targeted group.⁴⁵

Once outcomes have been identified, the ISO needs to think about outputs and impacts, which completes the outlining of the intended results. This knowledge facilitates linking planned activities with outputs, outcomes and impacts and defines the resources needed to carry them out, completing the design of the BLM.

Besides being a significant asset when creating and describing a new impact-seeking program, the BLM is also very helpful in mapping existing projects. In both cases, the BLM forces organisations to thoroughly reflect about the impact-creating process and therefore provides a broad overview of the project activities and results, which will serve as a starting point for SIM. To cement our understanding of the BLM, Figure 2 provides an exemplary description of WaterAid’s water and sanitation access creating program.



Source: Own development based on WaterAid and IFRC logic framework

⁴⁵ United Nations (2012)

5.3. Defining What To Measure To Capture Performance

Following the creation process of the TDB the next step is to define indicators that best mirror the performance of the organisation.⁴⁶ However, before engaging in this process, it is suggested to clarify and to define what is mostly relevant to measure. Depending on the ISO, the BLM may reveal a variety of activities, outputs, outcomes and impacts. Creating a measurement system that takes into account all of the revealed elements will turn out to be complicated, time-consuming and costly. The ISOs should focus on elements that largely relate to their mission and reveal information that help to determine if the ISO is successful or not.⁴⁷ To facilitate this process, the BLM is divided into two measurement categories – the program performance category and the transformation category.

Program performance defines how the ISO uses available resources (inputs) to produce products and services (outputs). Measuring program performance is straightforward and most organisations actively track it.⁴⁸ This is due to the fact that gathering data for measuring program performance comes with no great effort and defining and understanding outputs is uncomplicated. While measuring program performance is important, it is not enough to show a complete picture of the ISO's overall performance. Therefore, relevant parts of the transformational performance need to be included. Transformational performance focuses on the provoked changes and describes how delivered outputs turn into outcomes and impacts that help to transform individuals, society and economy. Measuring transformational performance is more complex and several approaches can be selected to measure it.

⁴⁶ Daum, Jürgen (2005)

⁴⁷ Epstein, Marck; Yuthas, Kristi (2014)

⁴⁸ Epstein, Marck; Yuthas, Kristi (2014)

An accurate way to measure transformational performance is to actively measure impacts. Impacts reflect the distinction between what changes occurred with the program and what changes would have occurred without it.⁴⁹ Therefore, measuring impacts specifically reveals the contribution of the social program to the long-term changes that appear in the target group context. Further, this measurement approach often includes identifying and measuring secondary, indirect results of the impact creating process, often described as externalities in economic theory, that can either positively or negatively affect stakeholders.⁵⁰ While directly measuring impacts would be a precise evaluation of the ISO's transformational performance, it is challenging and may not be feasible due to high investments of resources and time, as well as complex measurements involving a variety of control and intervention groups over a significant period of time.⁵¹

Another approach to measure transformational performance is measuring the created social value by attributing a corresponding monetary value to it. Hereby, created social benefits relating to the investments made or cost savings that are produced by the impact creating process can be illustrated. While impact-monetizing approaches are increasingly gaining interest, they are not suitable as an entry-point to SIM, since they require a significant allocation of human, time and financial resources and they demand technical knowledge.⁵²

For the purpose of this report, and especially as it relates to the aim of creating a basic but powerful SIM approach, it is advisable to focus on outcomes. Measuring outcomes allows us to understand the intended short-term and medium-term effects that result out of the creation of outputs and therefore can still demonstrate and measure a sufficiently

⁴⁹ United Nations (2012)

⁵⁰ UNICEF M&E Training Ressource (2002)

⁵¹ United Nations (2012)

⁵² The SROI Network (2012)

relevant part of the transformational performance. In contrast to the previously mentioned approaches, outcome measurement is suitable in the context of this guideline since resource allocation and required technical knowledge is limited. Moreover, short-term and medium-term changes are much easier to measure and observe than long-term changes. Nevertheless, long-term changes can still be credibly claimed. ISOs can refer to academic research or other relevant sources that demonstrate a linkage between their outcomes and impacts.⁵³ For instance, WaterAid knows from academic research that hygienic practices, such as washing hands with soap, reduces the risk of diarrhoea by 50%. Therefore, WaterAid can expect that by improving access to water and sanitation facilities (outcome), they will make a contribution to the reduction of diarrhoea in the targeted area (impact).⁵⁴

When measuring the most important outcomes, it is crucial to avoid unnecessary complexity. The selection of those includes thinking about outcomes that are relevant to the completion of the mission, can be credibly claimed to be produced⁵⁵, can be directly influenced by the social program and are not too costly to measure.⁵⁶ Also the stakeholder perspective should play a vital role in defining the most important outcomes, and primarily include the viewpoint of donors, funders and beneficiaries.

In effect, elements of both performance areas (program and transformational performance) need to be measured to create a balanced overview of the ISO's performance, but their selection needs to be done thoughtfully in order to include only the most relevant and useful elements, resulting in a simple and effective measurement basis.

⁵³ Epstein, Marck; Yuthas, Kristi (2014)

⁵⁴ WaterAid (2015)

⁵⁵ The Chronicle of Philanthropy (2014)

⁵⁶ New Philanthropy Capital (2014)

5.4. Definition of Adequate Performance Indicators

The most crucial process component in the creation of a TDB is the identification and selection of adequate performance indicators. Indicators can be seen as guideposts for progress, which are used to define whether an impact-seeking program is achieving the desired changes within the target group.⁵⁷ Further, they help to evaluate efficiency, are the groundwork for well-conceived decision making, permit adjustments and improvements, and enable comparability among organisations operating in a similar context.

The identification and selection process needs to be meticulous, resulting in a helpful understanding of how current performance relates to the defined mission and vision. Wrong indicators or a defective measurement approach could result in a misleading evaluation of the current performance, lead to incorrect decision-making and potentially terminate a favourable impact-seeking program. To guarantee a flawless identification and selection process, an ISO needs to take into account the following principles:

First of all, ISOs need to be aware of the fact that a balance between relevance, complexity and feasibility is important. This means, for instance, that benefits of an indicator should outweigh costs of using it, the volume of indicators should not exceed a reasonable dimension, but at the same time the measurement output should still be specific and relevant enough to assess the ISO performance.⁵⁸ In fact, it is necessary to avoid turning the overall measurement process into a complex and work-intensive process, which would only take away the focus from impact delivery and shift it to impact measurement.⁵⁹ Instead, the process should be designed as simple and as relevant as possible. Relevance can be achieved by brainstorming on indicators with

⁵⁷ United Nations (2012a)

⁵⁸ Franceschini, Fiorenzo et al. (2007)

⁵⁹ Sandhu-Rojon, Ruby (2003)

several members of the ISO, by taking into account stakeholders' perspective, especially from donors, investors and beneficiaries, and by relying on indicators that have proven to be valuable in similar impact-seeking programs and organisations. Thinking of universal applicable indicators and making use of standardized indicators, as provided in the Impact Reporting and Investments Standards (IRIS), within the Global Value Exchange database or in the outcomes matrix of Big Society Capital, can be of great value and should be absolutely taken into account to increase standardization and comparability. Further, well-designed indicators should be easy to understand, even among non-specialists, capture activities accurately, and be reliable in terms of minimizing data collection errors and not incentivising counterintuitive behaviour.⁶⁰

Generally speaking, indicators can be quantitative, reflecting a measurement of amounts expressed as numbers, or qualitative, measuring changes in behaviour, attitude or perception expressed as words. If applicable, a complete set of indicators should include both quantitative as well as qualitative indicators.

Data collection requires a tailored approach for each individual indicator, taking into account the earlier mentioned principles of reliability, cost and accessibility of data. Being aware of the feasibility of collecting necessary data is vital while designing the right indicators and it may take some time to define the right path that fits the needs and capabilities of the ISO.⁶¹ In some cases, it might not be required to collect certain data until the ISO reaches a certain size and has certain financial and human resource capability, but in all cases the ISOs should avoid falling into the trap of measuring only the items that are comfortable and easy to measure. Evaluating the cost-benefit of data collection for the selected indicator is again crucial.

⁶⁰ Franceschini, Fiorenzo et al. (2007)

⁶¹ UnLtd (2015)

Nevertheless, if an ISO concludes that a certain data set is really important, it can be useful to think about alternative procurement methods, such as shared measurement approaches. This means that several ISOs create a measurement unit to merge financial and human resources needed to evaluate more complex indicators. But for the purpose of a basic measurement system that serves as an entry-point to SIM, this shared measurement should remain an exceptional case. For the most part, ISOs should rely on approaches that they can carry out by themselves. Indeed it has been suggested that ISOs make use of already available internal and external data and less resource consuming data collection approaches, such as surveys and questionnaires.⁶²

As for indicators, they need to cover both program performance and transformational performance. Program performance indicators specify, for example, the amount and qualities of output produced, capture the efficiency and cost of reaching outputs and give information about the generation and sustainability of input resources. In contrast, transformational performance indicators show how the delivered outputs stimulate a desired change within the target group and therefore indicate, for example, changes in participant's behaviour, knowledge, economic conditions, skills, as well as the contribution to broader, long-term changes in society and economy. It is important to point out that only by having indicators for both measurement areas is a complete picture of the overall performance imaginable, which will be a means to justify existence and current design of the program.

For each category, ISOs should be able to prioritize certain indicators over others. This can be facilitated by clearly defining the purpose and objective of the TDB from the beginning. Therefore, prioritization of indicators may differ and depend on whether, for

⁶² Governor's Office Montana (2015)

instance, the TDB is designed for internal performance monitoring or for the purpose of meeting funder’s requirements.

To increase clarity, Figure 3 provides an exemplary selection of adequate indicators to measure WaterAid’s program and transformational performance.

Figure 3: Exemplary selection of BLM elements and corresponding indicators for WaterAid

	BLM Element	Indicator	Data Source	Tracking frequency	Indicator Specification
Inputs	Funds	# of total available funds	Internal Data	Annual	Organisation Specific
		% of sustainable funds	Internal Data	Annual	Organisation Specific
		% of funds used to carry out activities and create outputs	Internal Data	Annual	Organisation Specific
Activities	Selection of sites for setting up water access	% of successful water drilling sites	Field Data	Annual	Country specific
Outputs	Construction of accessible sanitation facilities	Average cost per latrine	Average	Annual	Country specific
		# of constructed latrines	Field Data	Annual	Country specific
	Funds raised	Cost per \$1 funding	Ratio	Annual	Organisation Specific
	Construction of accessible water resources	# of Constructed water access points	Field Data	Annual	Country specific
		Average cost per water access point	Average	Annual	Country specific
Outcomes	Improved access and use of sustainable sanitation facility	# people reached with a sustainable sanitation facility	User Survey	Annual	Country specific
		% of people using latrine on a daily basis	User Survey	Annual	Country specific
	Improved access to and use of safe water sources	# of people reached with a sustainable water access	User Survey	Annual	Country specific
Impacts	Reduction of water and sanitation related diseases	% reduction in diarrhea	Country Data	Annual	Country specific

Source: Own computation based on WaterAid, IFRC Logic Framework and standardized indicators

5.5. Analysis and Visualization of Collected Data

After selecting adequate indicators and gathering the relevant data, it is now time to make efforts count and to use the data to understand, improve and communicate performance. As a starting point, it is useful to distinguish between an internal and an external analysis.

The internal analysis evaluates the evolution of the ISO performance and helps to formulate targets. Therefore, a baseline needs to be determined, which defines the status of the performance at a certain time. This can be, for instance, the result of the first measurement or the problem situation encountered before the impact-seeking program

implementation. The baseline data is then compared with future performance data in order to spot and evaluate the evolution of the project. This approach is especially useful to demonstrate achievements and to understand how changes in inputs and activities have an impact on outputs and outcomes. For instance, information on the amount, quality and evolution of outputs and outcomes; the effect of modified activities on costs and quality of outputs; the effectiveness of funding campaigns; or the efficiency in the usage of financial resources can be revealed.

Recurring measurement will not only enable the ISO to compare current with past performance, but also allows it to spot trends that can be used as groundwork information for creating targets and forecasts. Setting targets for each impact-seeking program is invaluable when it comes to increasing focus, boosting motivation and showing a clear direction for the future.

While the internal analysis shows the individual current and evolving performance, the external analysis sets this performance in comparison to similar impact-seeking programs and organisations. Here, especially the earlier engagement in using comparable indicators can be used to create a benchmark analysis, relating to other ISOs that have incorporated the same indicators. Although a benchmark analysis can give greater insight into how the efficiency of an impact-seeking program or organisation relates to others, the results need to be evaluated with caution, since the operating context and conditions may vary from one ISO to another.

In order to facilitate both external and internal analysis, it is crucial to systematically process and visualize data. This is the point where the “dashboard” idea of the TDB becomes relevant and the earlier mentioned benefits of the tool, such as the provision of clear, quickly available information, become evident. For instance, data can be

maintained by using widely available spreadsheet applications like Microsoft Excel, which help to process and visualize data into a dashboard setting. Hereby, the most crucial information is transformed into charts and tables allowing the reader to gain an instant and quick performance overview (see examples in appendix 1). In order to create an efficient Excel based TDB, it is advised to keep in mind the following suggestions:⁶³

1. Be simple and use understandable charts and graphs (e.g. Bars or Lines);
2. Use contrast to make things different and similarly design related elements;
3. Make it possible to interact and adjust focus (e.g. use drop down lists to change between time periods, projects or countries);
4. Avoid putting everything into one sheet, instead create separate sheets for the collected data and for the visualization of the data;
5. Add useful explanations (e.g. Definitions of indicators).

After the data has been visualised and analysed, it is important to implement a reliable reporting attitude as a final step. Internal and external stakeholders need to be recurrently informed of the changes the ISO is provoking and be able to understand how efficient the ISO is working. Reporting is often a requirement of donors and funders, but will also help to increase staff and volunteer motivation and attract additional funding sources.

6. Guideline Testing within an ISO

In order to gain an understanding of the guideline's validity and practicability, the developed approach has been tested with the Associação Juvenil Espírito de Mudança (AJEM), a non-profit organisation based in Amadora, Portugal. On the one hand, AJEM aims at improving integration and creating a strong sense of community in Amadora by

⁶³ Plum Solutions (2012)

organizing sport events, dance classes or promoting cultural variety at schools. On the other hand, AJEM aims at improving personal and professional skills of community members by organizing, for example, life coaching or resume writing workshops.

AJEM is currently not engaging in any SIM practice due to several existing barriers that have been described earlier in the literature review, such as lacking financial and human resources and a missing technical knowledge on how to measure SI. Due to this missing dedication to demonstrate performance and results, AJEM suffered setbacks related to the attraction of funding or the inclusion into governmental programs like the “programa escolhas”⁶⁴ in the past. Therefore, the organisation acknowledges that engaging in SIM will be crucial for the development of the organisation in the future.

As a possible solution to engage in SIM practices that match AJEM’s resources and technical knowledge, the here developed guideline and TDB approach has been presented and applied to the example of measuring the performance and provoked changes of conducted resume writing workshops.

The received feedback was very positive, mostly regarding the simple guideline design, the achieved simplification of the SIM topic and the practicability of the TDB. AJEM was able to understand the benefits of the approach, easily follow each step of the guideline and directly apply parts of the concept (see appendix 2). Further, AJEM acknowledged that the proposed approach could be a suitable entry-point to SIM that potentially could be taken into account in the future. Nevertheless, the organisation also stressed the need to clearly tailor the TDB to measurement requirements made by funders and donors, attributing them a high importance when selecting measurement indicators.

⁶⁴ “Programa escolhas” is a nationwide governmental program aimed at promoting social inclusion of children from difficult socio-economic backgrounds. The Program funds more than 100 social inclusion programs within the country.

7. Limitations and Future Research

Due to time and scope constraints the testing has only been conducted with a single organisation. This fact limits the significance of the testing results, which in the future need to be validated with a broader scale of ISOs. A widespread presentation of the guideline would help generate a significant number of relevant feedbacks that could be used to improve the design of the guideline and tool.

Moreover, the guideline offers only an entry-point to SIM and provides a basic approach to measure performance. Nevertheless, as ISOs become more and more familiar with the topic and evolve in size and SI delivered, it may be applicable to also increase efforts related to SIM. Future research could develop a guideline for a more robust SIM approach that builds upon the one developed in this report and fits the needs of organisations that want to increase engagement in SIM. For instance, this could mean to shift the focus from measuring outcomes to measuring impacts. To be able to isolate the delivered impact, the future guideline would need to explain how ISOs could identify credible counterfactuals, which try to explain what would have happened to the target group without the impact-seeking program's influence. The counterfactual can be estimated by designing a control group that is similar to the intervention group. Monitoring and comparing the changes that happen in both groups would then reveal the specific impact that can be attributed to the impact-seeking program.⁶⁵

8. Conclusion

This report aimed at simplifying the often seen as deterring concept of SIM, by providing a simple and clear guideline on how ISOs can create an uncomplicated but powerful measurement approach using the TDB. This is important since, as H. James

⁶⁵ U.S. Department of State (2013)

Harrington believes, “measurement is the first step that leads to control and eventually to improvement. If you can’t measure something, you can’t understand it. If you can’t understand it, you can’t control it. If you can’t control it, you can’t improve it.”⁶⁶

It is desirable that measurement practices become an established mind-set among ISOs, and that this guideline helps to contribute to the understanding that SIM does not need to be complex, involve a huge amount of resources or require deep technical skills. Further, it would be a significant achievement if by reading this report, ISOs understand the importance and benefits of performance measurement and feel engaged to implement a measurement approach into their ISOs.

At the moment however, it is not clear whether ISOs that seek support will be able to effectively implement and understand this guideline for the proposed measurement approach. Future testing of the guideline within a wider scope of ISOs is crucial and will potentially reveal room for improvements and provide information on feasibility and implementation potential. Certainly, it is desirable that future testing of the guideline will result in mainly positive feedback (as seen with AJEM) and lead to a noticeable acceptance rate of the proposed measurement approach among various ISOs. This outcome would not only contribute to raising the number of performance measuring ISOs, improving delivered services, attracting more funding into impact-seeking programs, and increasing accountability, but also, in the long term, make a contribution to the acceleration of positive change and the achievement of the sustainable development goals.

⁶⁶ Goodreads Inc. (2015)

9. References

Asian Venture Philanthropy Network (2013): Olsen, Sara et al., 2013. “A Blueprint for Impact Measurement”. <http://www.avpn.asia/wp-content/uploads/2013/01/AVPN-SVT-Blueprint-for-Impact-Measurement-for-Asian-Venture-Philanthropists.pdf>

Berg, Lucas; Mansson, Charlotte (2011): Charity Star; “Return on Donations”. http://www.charitystar.org/wp-content/uploads/2011/05/Return_on_donations_a_white_paper_on_charity_impact_measurement.pdf

Burdge, Rabel; Vaclay, Frank (1996): Impact Assessment; “Social Impact Assessment: A contribution to the state of the art series”; Volume 14 <http://www.hardystevenson.com/Articles/SOCIAL%20IMPACT%20ASSESSMENT%20A%20CONTRIBUTION%20TO%20THE%20STATE%20OF%20THE%20ART%20SERIES.pdf>

Chiapello, E.; Lebas, M. (2001): “The Tableau de Bord, a French Approach to Management Information”, - Sourced in Daum, Jürgen (2005) http://www.iioe.eu/fileadmin/files/publications/Tableau_de_Bord_J_Daum_en.pdf

Consileon 2015: Internal article on “impact investing” – will be published in 2015

Daum, Jürgen (2005): “French Tableau The Board: Better than the balanced Scorecard” http://www.iioe.eu/fileadmin/files/publications/Tableau_de_Bord_J_Daum_en.pdf

De Guerny et al.1990): “Principes et mise en place du Tableau de Bord de Gestion.” - Sourced in Daum, Jürgen (2005) http://www.iioe.eu/fileadmin/files/publications/Tableau_de_Bord_J_Daum_en.pdf

DWU (2015): Website of the Dakota Wesley University; “Nonprofit Administration” <http://www.dwu.edu/nonprofitadministration/>

Endeavor (2015): Website; “Explore Endeavors Impact Dashboard” <http://www.endeavor.org/impact/assessment>

Epstein, M. J.; Manzoni, J.-F. (1997): Epstein, M. J.; Manzoni, J.-F. , 1997 “The Balanced Scorecard and Tableau de Bord”. <http://www.insead.edu/facultyresearch/research/doc.cfm?did=45041>

Epstein, Marck; Yuthas, Kristi (2014): “Measuring and Improving Social Impacts: A Guide for Nonprofits, Companies, and Impact Investors”, Berrett-Koehler.

Expert Group of the European Commission on Social Entrepreneurship (2014): “Proposed approaches to Social Impact Measurement”; pp. 13-45 http://ec.europa.eu/internal_market/social_business/docs/expertgroup/social_impact/140605-sub-group-

report_en.pdf

First Affirmative Financial Network, LLC (2012): Mitchell, Patrick; “2013 to be year of impact investing”. <http://www.firstaffirmative.com/resources-news/news/2013-to-be-year-of-%E2%80%9Cimpact-investing/>

Foundation Center (2015): “Tools and Resources for Assessing Social Impacts” <http://trasi.foundationcenter.org/browse.php>

Franceschini, Fiorenzo et al. (2007): “Management by Measurement”, Springer. <http://www.springer.com/gp/book/9783540732112>

Freudenberg, William (1986): Freudenberg, William, 1986. “Social Impact Assessment” Annual Review of Sociology Vol. 12 (1986), pp. 451-478

Goodreads Inc (2015): Website providing quotes on a variety of topics; search enquiry with the word “measurement” <http://www.goodreads.com/quotes/tag/measurement>

Governor’s Office Montana (2015): “Information Collection Tools – Advantages and Disadvantages” <http://serve.mt.gov/wp-content/uploads/2010/02/Data-Collection-Methods-cbi.pdf>

Impact Measurement Working Group (2014): “Measuring Impact – Subject paper of the Impact Measurement Working Group“; pp. 1-26 http://www.thegiin.org/binary-data/IMWG_Whitepaper.pdf

Kaplan, Robert; Norton, David (1992): “The Balanced Scorecard - Measure that Drive Performance”; Harvard Business Review 70, no. 1; pp. 71-79

Latané, Bibb; Szamrej, Andrzej (1990): “From Private Attitude to Public opinion: A dynamic Theory of Social Impact”; American Psychological Review <http://cognitntrn.psych.indiana.edu/rgoldsto/complex/nowak90.pdf>

New Philanthropy Capital (2014): Kazimirski, Anne; Pritchard, David, 2014. “NPC’s four pillar approach”; pp. 5-37. <http://www.thinknpc.org/publications/npcs-four-pillar-approach/>

New Philanthropy Capital (2012): Pritchard David; Ni Ogain, Eibhlin; Lumley, Tris; 2012. “Making an Impact”; pp. 18-55 <http://www.thinknpc.org/publications/making-an-impact/>

Piloter.org (2015): Website dedicated to performance measurement; set of guidelines for the TDB provided in “Le Tableau de Bord du Manager” <http://www.piloter.org/mesurer/>

Plum Solutions (2012): Website article; “Five Rules for Building Excel Dashboards”
<http://www.plumsolutions.com.au/articles/five-rules-building-impressive-excel-dashboards>

Rauscher, Olivia et al. (2012): O. Rauscher et al, Wirtschaftsuniversität Wien, 2012;
“Social Impact Measurement und SROI”; pp. 4-8
[.http://www.wu.ac.at/npo/competence/appliedresearch/leistungsportfolio/working_paper_social_impact_measurement_vs_sroi-analyse.pdf](http://www.wu.ac.at/npo/competence/appliedresearch/leistungsportfolio/working_paper_social_impact_measurement_vs_sroi-analyse.pdf)

Sandhu-Rojon, Ruby (2003): “ Selecting Indicators for Impact Evaluation”.
<http://www.ngoconnect.net/documents/592341/749044/Selecting+Indicators+for+Impact+Evaluation>

The Chronicle of Philanthropy (2014): Saul, Jason; 2014. “4 Tips for measuring outcomes instead of activities”. <https://philanthropy.com/article/4-Tips-for-Measuring-Outcomes/195905>

The SROI Network (2009): Publication made by society media, 2009; “A guide to Social Return on investment”
<http://socialvalueuk.org/what-is-sroi/the-sroi-guide>

UNESCO Institute for Statistics (2013): “International Literacy Data 2013”
<http://www.uis.unesco.org/literacy/Pages/data-release-map-2013.aspx>

Unicef M&E Training Resource (2002): Training session named “What is programme logic mode”, available as word document under following link:
https://www.google.pt/search?q=WHAT+IS+A+PROGRAMME+LOGIC+MODEL%3F+unicef&ie=utf-8&oe=utf-8&gws_rd=cr&ei=FWtiVYjcLovtUqo3#q=What+is+program+logic+model+unicef

United Nations (2012): United Nations Entity for Gender Equality and the Empowerment of Women; 2012. “Evaluation: Monitoring, Outcome and Impact”.
<http://www.endvawnow.org/en/articles/340-evaluation-monitoring-outcome-and-impact.html>

United Nations (2012a): United Nations Entity for Gender Equality and the Empowerment of Women; 2012. “Indicators”
<http://www.endvawnow.org/en/articles/336-indicators.html>

UnLtd (2015): “Measuring, Evaluation and Social Impact Assessment”
<https://unltd.org.uk/portfolio/4-2-measuring-evaluation-and-social-impact-assessment/>

U.S. Department of State (2013): “Evaluation: Some Tools, Methods and Approaches” p. 22
<http://www.socialimpact.com/resource-center/downloads/evaluation-toolkit.pdf>

WaterAid (2015): “Website statistics on water & sanitation access”
<http://www.wateraid.org/uk/what-we-do/the-crisis/statistics>

WaterAid Global Annual Report (2014): “Global Annual Report 2013-2014”.

<http://www.wateraid.org/uk/who-we-are/annual-reports>

Worldbank (2015): “Databank of World Development Indicators”

<http://data.worldbank.org/topic/poverty>

World Economic Forum (2013): World Economic Forum; 2013. “From the Margins to the Mainstream“

http://www3.weforum.org/docs/WEF_II_FromMarginsMainstream_Report_2013.pdf

W.K. Kellogg Foundation (2004): “W.K. Kellogg Foundation; Logic Model Development Guide”; pp. 1-26

<http://www.epa.gov/evaluate/pdf/eval-guides/logic-model-development-guide.pdf>

10. Glossary

Basic Logic Model (BLM): Offers a description of causal relationships between inputs, activities, outputs, outcomes and impacts of a program.

Impact Investing (II): Investment approach that aims at creating a measurable social or environmental impact and at the same time generating a financial return.

Impact-Seeking Organisation (ISO): Include all non-profit and for-profit organisations that are trying to intentionally create a positive social or environmental impact with their actions.

Social Impact (SI): Changes or effects, on individuals, or their environment that follow from outcomes that have been achieved and adjusted to remove what would have happened anyway, the effect of the involvement of others, and any reduction of the effect over time.

Social Impact Measurement (SIM): The process of understanding, measuring, assessing and managing the impacts that are likely to be experienced by a program, project or activity on a relevant target group.

Tableau de Bord (TDB): A performance measurement tool for rapid, near-time information that is comprised of both, a set of indicators that are related by causal

relationships and links, and the process of selection, documentation and interpretation of these indicators.

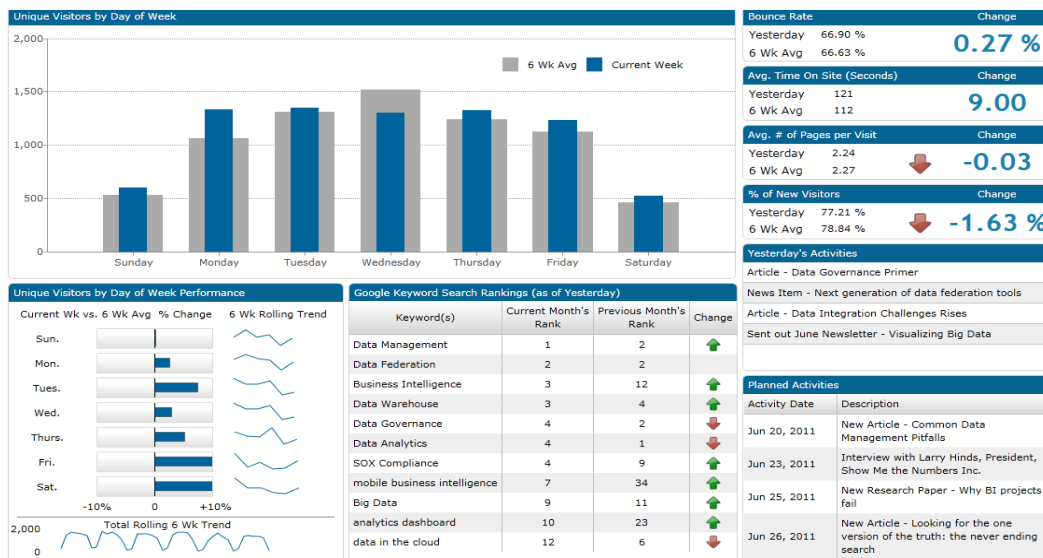
Outputs: Tangible products or services that result out of activities.

Outcomes: Provoked changes that can be directly attributed to the created outputs. Are usually short- and medium-term changes and include for instance, changes in behaviour, knowledge, skills, status or awareness among the target group.

Impacts: Fundamental desired long-term changes occurring in society, communities and economy as a result of the impact-seeking program's activities.

11. Appendix

Appendix 1: Sample TDB visualization design possibilities



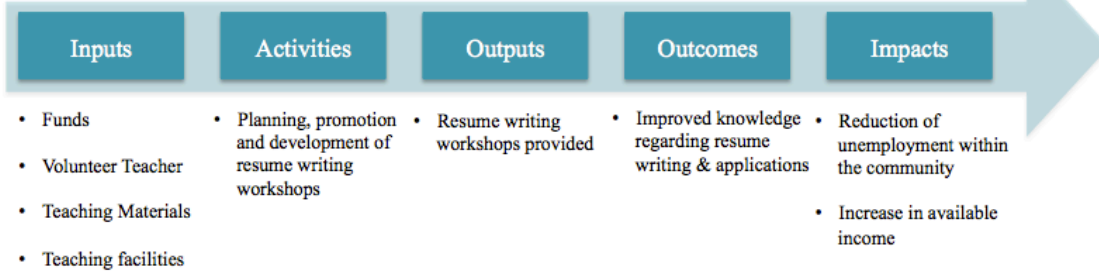
Source: www.dashboardzone.com



Source: www.bestgroup.eu

Appendix 2: AJEM’s guideline application on resume writing workshops

BLM for AJEM’s resume writing workshops



Source: Development based on AJEM’s inputs

AJEM’s exemplary selection of BLM elements and corresponding indicators

	BLM Element	Indicator	Data Source	Tracking frequency
Inputs	Funds	# of total available funds for workshops	Internal Data	Annual
Outputs	Resume writing workshop provided	Cost per workshop	Internal Data	Annual
		# of workshops provided	Internal Data	Annual
		# of workshop participants	Internal Data	Annual
Outcomes	Improved knowledge regarding resume writing and applications	% of participants with improved knowledge on how to write resumes	User Survey	Annual
		% of participants that feel better prepared for the application process	User Survey	Annual
Impacts	Reduction of unemployment in the community	% reduction in unemployment within the target community	City Data	Annual
		% of workshop participants that found a job	User Survey	Annual

Source: Computation based on testing with AJEM