



GUIDEBOOK FOR IMPACT INVESTORS:

Impact Measurement

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Authors:

Hilary Best, Karim Harji

Research Assistance:

Alex Kjorven

Contact the Authors:

info@purposecap.com

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INTRODUCTION

This guide is for impact investors who are interested in enhancing their use of social metrics. Impact investments are “investments intended to create positive impact beyond financial returns” (O’Donohue et al., 2010). Impact investors are intentional in their efforts to generate both social and/or environmental goods and a range of returns, from principal to above-market.

Just as a variety of financial indicators help you to assess opportunities, make decisions and monitor your investments, those seeking to generate non-financial returns use non-financial indicators to inform the investment process. These indicators, or social metrics, are often used to evaluate the social or environmental outcomes or impact of a project/company/organization. In this way, you can assess the outcomes that happened as a result of your involvement.

This guide was created out of a recognition that social impact metrics can sometimes serve as a barrier to investors who are new to the impact investing space. While the field of measurement is developing quickly, the diversity and complexity of many of the existing measurement systems can be confusing.

This guide seeks to provide you with:

- A basic overview of social metrics for impact investing
- An outline of the issues and challenges of social impact measurement
- A summary of existing social impact measurement tools and a description of how they are being used
- A set of diagnostic tools to help you think through key questions and issues related to measurement and to select appropriate social impact metrics based on your goals

Venture Deli was selected by Human Resources and Skills Development Canada to create this guide because of our extensive experience with metrics. Through our investment division, Purpose Capital, we support investors and advisors in building strategies that align their investments with their social and environmental impact objectives. This includes offering approaches to measure and report on social value creation.

METHODOLOGY

This guide is informed by a literature review of key academic and practitioner publications on the use of social metrics, with a focus on Canadian content, as well as key informant interviews with over 20 Canadian investors active in impact investing. These individuals represent the breadth of the Canadian investment market place, including private equity, venture capital, chartered banks, credit unions, pension funds, individual investors and foundations. It is important to note that the needs of these investors differ with regards to metrics.

OVERVIEW OF SOCIAL METRICS FOR IMPACT INVESTING

As an impact investor, you will use social impact metrics for a variety of purposes. Your choices in terms of what metrics you use and how you use them will be shaped by your purpose.

Timeline: Use of Metrics over the Lifecycle of an Investment

| INVESTMENT STAGE | DESCRIPTION | THE INVESTOR PERSPECTIVE |
|--|--|--|
| Making Investment Decisions | Metrics can help you to understand choices and tradeoffs with regards to impact when making an investment decision. Metrics can also help to determine a potential investment's fit with your focus and expertise. | <i>Metrics are part of our process to screen out unwanted sectors or companies.</i> - Metrics Service Provider, Ontario |
| Identifying and Mitigating Risk | Metrics are helpful in identifying and mitigating risk. Existing taxonomies, such as the Global Impact Investing Rating System (GIIRS) and the Impact Reporting and Investment Standards (IRIS), can be used as a component of your risk assessment process. | <i>We incorporate social/environmental metrics into our due diligence checklist and our investment team rates potential investments on this basis.</i> - Manager, Impact Investment Fund, BC <i>Strong environmental, social and governance (ESG) performance is a good proxy for overall management and can be critical in evaluating overall exposure to risk that may threaten financial performance</i> - Director, Pension Fund, Ontario |
| Capturing Long Term Value | Increasingly, the limited ability of traditional financial return models to capture long-term value creation is being recognized. Social metrics help to ensure that this value is captured in decision-making. | <i>Metrics help us to identify and reject projects with heightened social and/or environmental risk - it indicates an unsustainable future.</i> - Director, Pension Fund, Ontario |
| Tracking Progress | Once an investment has been made, metrics can be used to track investments to ensure that your financial and social objectives are being met. Metrics can serve as a management tool to ensure that a project/company/organization is on track to achieve its intended impact. | <i>Shareholder engagement has become an increasingly popular strategy amongst our clients. As shareholders, they can monitor a company's performance, file proxies and have an impact on their performance. Our clients view themselves as having more impact as active shareholders than once they've divested.</i> - Investment Specialist, Investment Manager, Ontario |

INVESTMENT STAGE

DESCRIPTION

THE INVESTOR PERSPECTIVE

Improving the Project/Company/Organization

Metrics can help a project/company/organization to pivot and improve their model if they see that a financial or social dimension of their business is not being achieved.

We monitor the companies we invest in on a monthly basis. If they make measurable progress with the hiring and advancement of individuals with barriers to employment, we are able to adjust the interest rate on their loan.

- Investment Manager, Investment Fund, Ontario

Proving Impact and Attribution

Once an investment is complete, metrics can help you to understand and capture the value achieved. This is particularly important if you have specific social impact goals. Metrics identify progress made towards your goals and what portion of this progress you have helped to create.

Attribution is hard to achieve but it is critical. Things are changing all of the time. It's tough to know if what you are measuring is a result of an effective intervention or whether you are under or over estimating external factors.

- Program Officer, Foundation, Quebec

Being Accountable to Stakeholders

Metrics allow you to report on and remain accountable to stakeholders with regards to social/environmental value creation. This is particularly important for fund managers who manage other people's money on the basis of their ability to achieve social outcomes and for ventures that must demonstrate their impact to their investors.

We report on our impact to the community.

- Director, Investment Fund, Ontario

Reports on ESG performance are used for communication to beneficiaries

- Director, Pension Fund, Ontario

CHALLENGES OF SOCIAL IMPACT MEASUREMENT

Investors face a variety of challenges when using social impact metrics. These challenges can influence your choice of metrics.

| CHALLENGE | DESCRIPTION | THE INVESTOR PERSPECTIVE |
|--------------------------|---|---|
| Diversity | As a group, investors have diverse preferences with regards to intent, sectors, mission, and vision. They need to measure vastly different indicators to reflect the impact of various investment opportunities and account for the diversity of regions and organizations. This diversity makes it difficult for investors to select one metric or one measurement system to meet all of their needs. | <p><i>Metrics are fragmented. Everyone wants to convey their own story and there is lots of value in conveying your own story.</i></p> <p>- Manager, Investment Fund, Ontario</p> <p><i>We're invested in electricity metering solutions and biofuels, the metrics associated with these companies are completely different. A one-size-fits-all approach is impossible.</i></p> <p>- Manager, Investment Fund, Ontario</p> |
| Standardization | While you may value comparability and consistency in measurement, standardization can reduce the precision of impact information that can be conveyed. It can be desirable to communicate impact in a single number, but aggregating information into one value doesn't necessarily capture the complexity of the impact being achieved. | <p><i>We're not going to ask all of the organizations we invest in to measure one single metric but if there are multiple organizations trying to measure in the same area, let's coalesce.</i></p> <p>- Program Officer, Foundation, Quebec</p> <p><i>By working towards standardization, you run the risk of making things cookie cutter. You cut out so much information just to be able to convey impact at the portfolio level.</i></p> <p>- Manager, Investment Fund, Ontario</p> |
| Capacity and Cost | Measurement is an expensive and resource-intensive process. Metrics may require intensive data collection and analysis which can be time consuming and costly. Many investors are reluctant to have ventures reallocate resources from value creation to value measurement. At the same time, you may not want to or may not have the skills to take on measurement by yourself. | <p><i>Is measurement the best use of a venture's time, money and capital? We need to be very careful what we ask for. We have a responsibility to use the data and not just to collect it because it fits somebody's framework.</i></p> <p>- Investment Manager, Credit Union, B.C.</p> |
| Logistics | Investors face a variety of challenges around the collection and use of data. First, it can be difficult to quantify impacts, such as improvements to well-being. Second, it can be difficult to access and interpret data, for example, highly sensitive information about the impact of a project on an individual. Third, it can be difficult to track the indirect impacts that may result from an investment. Finally, it can be difficult to attribute an impact directly to an investment. | <p><i>It's hard to quantify the cascading impacts of the first investment.</i></p> <p>- Manager, Investment Fund, Quebec</p> <p><i>Sometimes, it's not very clear or easy to quantify social impact</i></p> <p>- Manager, Investment Fund, Quebec</p> <p><i>It's extremely difficult to gather data on individuals over long periods of time due to privacy legislation.</i></p> <p>- Manager, Government Agency, Ontario</p> |

EXISTING SOCIAL IMPACT MEASUREMENT TOOLS

As mentioned earlier, there is no silver bullet when it comes to social impact metrics. There is, however, likely to be a right approach for you. The fit of this approach is influenced by your risk tolerance, desired financial return, sector of investment, geography, quality of information required and a number of other factors.

The following typology provides a snapshot of some of the measurement methodologies available.

PROCESS METHODS

Process methods track and monitor the efficiency and effectiveness of outputs, variables or indicators. “Outputs can then be evaluated by the extent to which they correlate with or cause desired social outcomes” (Clark et al., 2004).

IMPACT METHODS

Impact methods “are tools that relate outputs and outcomes, and attempt to prove incremental outcomes relative to the next best alternative” (Clark et al., 2004). Impact methods that track outputs tend to be more common than those that track outcomes. However, outcome measurement is highly desirable for determining the social value created by an investment (Wisener et al., 2010).

MONETIZATION METHODS

Monetization methods seek to monetize outcomes or impact by assigning a dollar value to them. “The advantage of this method is that it enables organizations to develop benefit-cost ratios and makes comparison between programs easier” (Wisener et al., 2010).

The following table summarizes some of the most common measurement frameworks used by impact investors. Each measurement framework is contextualized with an example of its use and a link to further information. Open frameworks are those that are publicly accessible for use by any investor. Proprietary frameworks are those that are owned by a specific investor/organization and not available for use by others.

Common Measurement Frameworks

THEORY OF CHANGE

Type: Impact - Open

Link: <http://www.wkkf.org/knowledge-center/resources/2006/02/WK-Kellogg-Foundation-Logic-Model-Development-Guide.aspx>

Description: A map that describes the “process of planned social change, from the assumptions that guide its design to the long-term goals it seeks to achieve” (Community Foundations of Canada, 2012). It connects activities to outcomes and impacts.

Example: The J.W. McConnell Foundation is selectively testing theories of change in its own strategy and some of its work with non-profit organizations. “For one large-scale national project, the theory of change approach has been a major vehicle for having conversations with the communities involved in the initiative. It has been a way for communities to report things that are happening on the ground and changes that are emerging. Communities generate a descriptive narrative about what is happening and then there is more thorough interaction to make sense of that story. This is done on an annual basis to express how things are evolving and changing” (Gamble, 2008).

ACUMEN FUND'S BEST ALTERNATIVE CHARITABLE OPTION

Type: Process - Open **Link:** <http://www.acumenfund.org/investments/investment-performance.html>

Description: The Acumen Fund uses the Best Alternative Charitable Option (BACO) model to quantify an investment's social impact and compare it to the universe of existing charitable options that address that social issue. The BACO calculation conveys the net cost per unit of social impact and helps an investor to compare the tradeoff between grants and investments.

Example: Acumen Fund gave a \$325,000 loan to A to Z Textile Mills in Tanzania - a maker of bednets. Compared to the alternative of a grant to an international NGO to distribute bednets, the investment is 52 times more cost effective.

PACIFIC COMMUNITY VENTURES' (PCV) SOCIAL RETURN ASSESSMENT

Type: Process - Proprietary **Link:** <http://www.pacificcommunityventures.org/reports-and-publications/creating-economic-opportunity-in-2008-pcv-social-return-summary>

Description: The system tracks progress on the number and quality of jobs created by PCV's portfolio companies. It helps the fund target and improve its services to its investees and to a group of companies to which it provides business advisory services.

Example: PCV looks at several key metrics related to the provision of jobs to economically disadvantaged individuals. These include job growth, job quality, average hourly wages, and benefit information (PCV, 2008).

SOCIAL RETURN ON INVESTMENT (SROI)

Type: Monetization - Open **Link:** <http://www.thesroinetwork.org/sroi-analysis/the-sroi-guide>

Description: A set of guidelines for the measurement of non-financial impact per investment. SROI involves the calculation of "social cash flows" for outcomes describable in monetary terms, and a net present value calculation of these to arrive at a return on investment (ROI) ratio.

Example: The City of Calgary's Family and Community Support Services (FCSS) undertook a process of identifying indicators of social value creation beginning in 2008. This project eventually expanded to an SROI analysis of the organization's activities. The FCSS views SROI as an effective tool for project planning, evaluating results and communicating achievement. SROI allows the FCSS to tell the story of their organization's ability to create value in a compelling way.

COST-BENEFIT ANALYSIS

Type: Monetization - Open **Link:** <http://escholarship.org/uc/item/80n4f1mf>

Description: An analysis in which the costs and social impacts of an investment are expressed in monetary terms and then assessed according to one or more of three measures: (1) net present value (the aggregate value of all costs, revenues, and social impacts, discounted to reflect the same accounting period); (2) benefit-cost ratio (the discounted value of revenues and positive impacts divided by discounted value of costs and negative impacts); and (3) internal rate of return (the net value of revenues plus impacts expressed as an annual percentage return on the total costs of the investment (Rosenweig, 2004).

Example: Job Corps is a program based in the US targeting disadvantaged youth. Job Corps undertook cost-benefit analysis to assess the value of the program. Benefits included the estimated value of reduced criminal activity, the value of goods and services produced by Corps members, earnings after leaving the program, higher tax payments, and cost savings associated with not having to use other treatment and training programs. Costs included the costs of running the program and output foregone by participating in the program (Rosenweig, 2004).

SOCIAL CAPITAL PARTNERS' SOCIALLY ADJUSTED INTEREST RATE

Type: Monetization - Proprietary **Link:** <http://www.socialcapitalpartners.ca/financing/socially-adjusted-interest-rate>

Description: The socially adjusted interest rate is a means of tying financial incentives to social outcomes. For every predetermined increase (or decrease) a borrower makes towards a social objective, the investor reduces the interest rate on their loan by a given percentage. The tool serves as a monitoring mechanism and creates an incentive to achieve social impact while ensuring consistency across the portfolio.

Example: Social Capital Partners provides debt financing to small business owners on the condition that they hire for entry-level positions from disadvantaged populations, such as new Canadians, at-risk youth, and persons with disabilities. For every new person hired, the interest rate on the loan declines. SCP works with clients to assess their business's potential number of community hires, and on this basis, sets rate reductions tied to achievable hiring targets.

B RATING SYSTEM

Type: Process - Pay for Service **Link:** <http://www.bcorporation.net>

Description: The B Lab rating system uses a survey to gauge and improve a company's performance relative to social and environmental standards. The survey evaluates and scores companies based on governance, impact on employees, community, environment, and consumers. The rating is comparable with other B Rated companies.

Example: Some investors look for certified B Corps when seeking investment opportunities. The certification provides investors with third-party assurance that the company will achieve social and environmental impact, will maintain their mission after financing and can command a higher valuation. Kevin Jones of Good Capital, which invested in Better World Books says, "There is so little commonality among social ventures that we have to evaluate investments on an individual basis. But if we know it is a B Corporation, we already know a lot about the company and its values." (B Lab, 2012)

SUSTAINABLE LIVELIHOODS

Type: Process - Open **Link:** <http://www.sustainable-livelihoods.com/pdf/sustainablelivelihoodsc-1.pdf>

Description: Sustainable Livelihoods is an asset mapping process which measures the specific financial, social, personal, physical and human assets an individual or community may have. The framework then helps to identify what assets must be built through the intervention and re-assess these assets to measure progress towards poverty reduction.

Example: The Toronto Enterprise Fund uses the Sustainable Livelihoods model to assess an individual's existing assets and to measure improvements as a result of the Fund's investment. The Sustainable Livelihoods model reflects the systemic nature of employment and poverty issues.

ENDEAVOR'S IMPACT ASSESSMENT DASHBOARD

Type: Process - Proprietary **Link:** <http://www.endeavor.org/impact/assessment>

Description: A dashboard tool that measures the financial, employment, social and regional impact that Endeavor Entrepreneurs are having on their countries' economies.

Example: Endeavor measures financial employment impact by comparing annual compound growth rates of companies they invest in with that of comparable companies in the World Bank, Enterprise Survey database. Social impact is measured using surveys which ask employees to compare satisfaction compensation and benefits to national averages and previous jobs.

GLOBAL IMPACT INVESTING RATING SYSTEM (GIIRS)

Type: Process - Pay for Service **Link:** <http://giirs.org>

Description: GIIRS Ratings & Analytics represents a set of third-party assessments of the social and environmental impact of both companies and funds. Using a series of key performance indicators and guided by the IRIS taxonomy of definitions, GIIRS assesses companies as well as funds and their portfolio companies on four performance areas: governance, workers, community and environment.

Example: Sarona and Vancity were pioneer investors in GIIRS. GIIRS allows these investors to access verified data, benchmark social and environmental performance of perspective investments against comparable companies and track social and environmental impact over an investment's lifecycle.

IMPACT REPORTING AND INVESTMENT STANDARDS (IRIS)

Type: Process - Pay for Service **Link:** <http://iris.thegiin.org/>

Description: IRIS provides a standardized taxonomy and a set of consistent definitions for social, environmental and financial performance. IRIS is intended to co-exist with other measurement initiatives, such as the Global Impact Investing Rating System, in order to provide industry stakeholders with a common language for output indicators (though not outcomes or impacts).

Example: The Grassroots Business Fund began using IRIS to provide some clarity on what to measure and how to measure it. IRIS enabled the Fund to have consistency across its portfolio of investments. As the Grassroots Business Fund already tracked some social and environmental data, their process of adopting IRIS was one of aligning their existing indicators with the IRIS taxonomy. IRIS has helped the Fund to reduce the reporting burden on investees and communicate better with their stakeholders (IRIS, 2012).

For more information on existing measurement systems, please refer to:

Olsen, S. and B. Galimidi (2008). Catalogue of Approaches to Impact Measurement: Assessing social impact in private ventures. Version 1.1. Social Venture Technology Group. Available at http://www.svtgroup.net/wp-content/uploads/2011/09/SROI_approaches.pdf

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DEFINITIONS

COST-BENEFIT ANALYSIS

an analysis in which the costs and benefits of an investment are expressed in monetary terms and then assessed according to their net present value, the benefit-cost ratio, and/or an internal rate of return

CUSTOMIZED IMPACT MEASUREMENT SYSTEM

a measurement framework tailored to meet the needs of an individual investor

ESG

an investment approach that considers environmental, social and governance (ESG) factors when making investment decisions

IMPACT INVESTMENT

investments intended to create positive impact beyond financial returns

IMPACT METHODS

measurement frameworks that relate outputs and outcomes, and attempt to prove incremental outcomes relative to the next best alternative

MONETIZATION METHODS

measurement frameworks that seek to monetize outcomes or impact by assigning a dollar value to them

PROCESS METHODS

measurement frameworks that track and monitor the efficiency and effectiveness of outputs, variables or indicators

SHAREHOLDER ENGAGEMENT

a strategy used by investors to create dialogue between shareholders and a company around its environmental, social and governance performance

SOCIAL IMPACT METRIC

a measure of the social or environmental performance of a project, organization or company

SOCIAL RETURN ON INVESTMENT (SROI)

a set of guidelines for the measurement of non-financial impact per investment, SROI involves the calculation of "social cash flows" for outcomes describable in monetary terms, and a net present value calculation of these to arrive at a return on investment (ROI) ratio

STANDARDIZED IMPACT MEASUREMENT SYSTEM

a measurement framework designed and implemented by a third party to ensure neutrality and comparability between investments

THEORY OF CHANGE

a map that describes the process of planned social change, from the assumptions that guide its design to the long-term goals it seeks to achieve; its focus is on activities and outputs

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DIAGNOSTIC TOOL & WORKSHEETS

To help you determine what approach to social metrics might be right for you, consider the following questions. Please note that these worksheets are intended to be useful for a variety of institutional and individual investors. Consequently, some questions may be more or less relevant to you depending on your affiliation.

Mission, Vision, Values

| QUESTION | DESCRIPTION | EXAMPLE |
|--|--|--|
| 1. What is your vision for the world or the communities you serve? | Providing detail about the impact you hope to achieve through your investments will make it easier to select the right measurement approach. | The J.W. McConnell Foundation is one of Canada's largest family foundations and a leader in impact investing. Their vision is "a Canada where all people feel a sense of belonging and contribute as active citizens to improving the well-being of all." (McConnell, 2012) |
| 2. What prior initiatives or activities have influenced your motivations to engage with specific social issues and/or specific communities? | Previous experience and expertise are a large influence on the perspective we have of the world and our vision of impact. Examining how these activities informed your perspective may help you to identify themes, organizations or approaches you'd like to pursue going forward. | Arlene Dickinson, best known for her role as a "Dragon" on CBC's Dragons' Den, recently invested in La Siembre, an Ottawa-based worker co-operative. Her previous experience, interest in entrepreneurship, and passion for supporting entrepreneurs as they grow their business makes La Siembre a natural fit (Spence, 2012). |
| 3. What issues/impact themes and goals are you seeking to address? | Identifying the impact areas that matter most to you will make it easier to select appropriate investment opportunities and measurement systems. Compare your target impact areas with your vision to check for alignment. | The Desjardins Group is passionate about promoting the social economy. "We use the word social economy to describe organizations that sell goods and services to the public to generate money but also to improve the well being of the population" (Dupuis et al., 2011). Desjardins seeks to have an impact on the health of co-operatives and collective organizations that are serving the needs of communities in Quebec. |
| 4. What types of activities do you want to support to address these issues? What types of activities would you not want to support? | Consider the kinds of goods or services that your ideal investment might be helping to produce. Note any activities that you would find undesirable. | Many investors want to include sectors or activities that they are excited about and exclude those that they do not want to support. Service provider Sustainalytics undertakes a process with its clients to screen out unwanted sectors or organizations. |
| 5. Do you have a financial threshold you need to meet? | Many investors have expectations around the financial returns of their investments. These can range from no expectation of return of principal to above-market rate returns. Consider your financial return expectations and the degree of importance you place on them. | |
| 6. Do you have an impact threshold you need to meet? | Investors exploring impact opportunities may have expectations around the nature or degree of impact they seek to achieve. This threshold may differ depending on the nature of the organization, the size and type of investment and many other factors. Consider your impact goals and the degree of importance you place on them. | |

MEASUREMENT PRIORITIES

In each row, put a check mark next to the priority which is most important to you. If you do not prefer one priority to the other, put a check mark in the middle column. Total each column, multiply the sub-totals as instructed and then sum the results to obtain your final score.

| Priority 1 | +1 | 0 | -1 | Priority 2 |
|---|-------|-------|--------|---|
| Detailed quantitative measurement of impact | | | | Qualitative description of impact |
| Comprehensive measurement of impact along multiple dimensions | | | | Specific measurement of impact along a few dimensions |
| Measurement of operational information | | | | Measurement of overall outputs/outcomes |
| Third party validation of impact | | | | Self-serve impact measurement |
| To be comparable with others | | | | To be seen as a leader |
| To benchmark results with others | | | | To communicate a unique impact story |
| Reporting to stakeholders | | | | Understanding impact for myself |
| Meeting a global standard | | | | Meeting my own measurement needs |
| SUBTOTALS: | ___x1 | ___x0 | ___x-1 | TOTAL: |

RESULTS

STANDARDIZED (0-8)

You should seek a standardized impact measurement system - a third party developed and implemented framework for measuring your impact. Your preferences suggest a desire to compare the impact of your investments with others. A standardized system will lend you the credibility you desire to share your impact with your stakeholders and partners. It will also allow you to compare and contrast investment opportunities and measure your progress against standardized benchmarks. Note that by prioritizing standardization, you may experience some constraints in your ability to tell a unique impact story through metrics. Examples of standardized impact measurement systems include the B Rating System and GIIRS.

CUSTOMIZED (-8-0)

You should seek a customized impact measurement system - a framework tailored to your own needs. Your preferences suggest you have a unique story to tell about your impact investments - one which may not be captured by a standardized system. Instead, consider what impacts you seek to achieve and how to best quantify these goals. Consider borrowing and blending approaches from multiple measurement systems as appropriate. Note that by prioritizing customization, you may experience some constraints in trying to compare investment opportunities.

WORKSHEET 1: USING SOCIAL IMPACT MEASUREMENT TOOLS OVER THE LIFECYCLE OF AN INVESTMENT

Check the box beside each investment stage for which you intend to use social metrics. Answer the associated questions.

| INVESTMENT STAGE <input type="checkbox"/> | KEY QUESTIONS | ANSWERS |
|---|--|---------|
| Making Investment Decisions <input type="checkbox"/> | What types of investments will you be looking at? How will you be evaluating different investment options? | |
| Identifying and Mitigating Risk <input type="checkbox"/> | How will you be mitigating risk in your investment decisions? What role would you like metrics to play in mitigating risk? | |
| Capturing Long Term Value <input type="checkbox"/> | How do you define long term value? What metrics indicate high long term value to you? What metrics indicate low long term value to you? | |
| Tracking Progress <input type="checkbox"/> | How often do you want to monitor progress on metrics? How will you track progress? (i.e. benchmarks, online reporting system, quarterly meetings etc.) | |
| Improving the Project/Company/ Organization <input type="checkbox"/> | How would you like your investment projects/companies/organizations to use social impact data? Will they be involved in the collection of this data? If so, to what degree? | |
| Proving Impact and Attribution <input type="checkbox"/> | How important is precision in proving attribution to you? Who are you proving impact for and what do they need to see in order to feel comfortable? | |
| Being Accountable to Stakeholders <input type="checkbox"/> | Who are you reporting to? What are their needs? | |

WORKSHEET 2: CHALLENGES OF SOCIAL IMPACT MEASUREMENT

Check the box beside each challenge you face. Answer the associated questions.

| INVESTMENT STAGE | | KEY QUESTIONS | ANSWERS |
|-------------------|--------------------------|--|---------|
| Diversity | <input type="checkbox"/> | What different types of investments are you looking to measure? How do they differ with regards to impact? | |
| Standardization | <input type="checkbox"/> | Is it important for you to track standardized metrics within your portfolio? Is it important for your impact metrics to be comparable with other investors? | |
| Capacity and Cost | <input type="checkbox"/> | Do you have the capacity and/or resources to take on measurement in house? Would you prioritize affordability over precision? | |
| Logistics | <input type="checkbox"/> | How will you address challenges related to collection and interpretation of data? Is it important to you to capture indirect impacts as well as direct impacts? | |

ABOUT VENTURE DELI

Venture Deli helps to grow and capitalize companies that matter to the world. Our work with ventures focuses on enhancing their investment readiness for a successful capital raise. We help these businesses to refine their business models, assess and monitor their social impact, and strengthen their operational capabilities and management teams.

Through our Purpose Capital division, we facilitate the development of impact investment strategies for high net worth investors, family offices, foundations, and financial institutions. We work with these investors to align their social impact objectives with their investment strategies, on individual transactions or across their portfolios. This includes offering approaches to measure and report on social value creation. We also help our clients to design

and implement impact investment fund structures, including development of a pipeline of “investment ready” opportunities. Our team provides advisory services across a range of sectors, regions, and asset classes.

A proud B Corp based in Toronto, our recent projects include Canadian and international surveys on impact investing and social finance, and consulting and advisory support to leading Canadian financial institutions and foundations. The firm retains a commitment to sector building, including teaching social entrepreneurship courses at Canada's leading business (Schulich School of Business, York University) and engineering (University of Toronto) schools.

Venture Deli is a Certified B Corporation. Unlike traditional corporations, Certified B Corporations are legally required to consider the impact of their decisions on the long-term interests of their employees, suppliers, community, consumers, and the environment.

Venture Deli

Centre for Social Innovation
720 Bathurst St. Suite 313
Toronto, ON M5S 2R4
t: 416.846.9787

info@venturedeli.com

venturedeli.com

Follow us on Twitter
[@venturedeli](https://twitter.com/venturedeli)