



MOORE Kingston Smith
Fundraising & Management

IMPACT MEASUREMENT TOOLKIT



AT MOORE KINGSTON SMITH WE ARE ALWAYS EXCITED BY THE INCREASED INTEREST AND ACTIVITY IN IMPACT MEASUREMENT AMONGST OUR CHARITY CLIENTS.

However, it can be difficult to know where to start; or those that have made a start are not sure what their next steps are.

If you are intending to measure and manage your social impact or social value, you will find this toolkit an essential guide. Similarly, if you are already measuring your impact and are committed to improving, you will find these practical tips indispensable.

The format is based on the internationally accepted seven principles of social value which are listed below. These principles guide a Social Return on Investment (SROI) methodology and this toolkit explains a little about each one:

1. Engage stakeholders
2. Understand what changes
3. Value what matters
4. Only include what is material
5. Do not over-claim
6. Be transparent
7. Verify the result

More information on these principles can be found on the Social Value UK website www.socialvalueuk.org

To get you started and to allow focus on potential issues you may be facing, the first three principles have a traffic light self-scoring system. The statements against the traffic light symbols encourage you to think about which one best reflects your current activity or thinking around each principle. Using the criteria below, you can carry out an honest assessment of your impact practices. If any red results emerge, these would be good areas to begin improving.

The traffic light scoring system works like this:

- **Red:** Practice that is not sufficient to provide suitable information to meet requirements for effective impact reporting.
- **Amber:** Practice that provides some information suitable for impact reporting or may enable some suitable processes, but potentially not enough to provide a full impact analysis.
- **Green:** Practice that typifies suitable process to facilitate impact analysis along with appropriate capture of data/information that leads to impact management based on effective and ongoing monitoring.

Before you start, it is crucial that you decide exactly what you are going to measure the impact of. Although it may be tempting to measure impact across many areas, we recommend you start by measuring one project or area of activity that is very well defined.

You can learn from this process, make any improvements and work on the measurement of other areas in the future.



Answer the following two questions, either by yourself or with your team:

1. Which specific activities do you want to measure the impact of?
2. Over what time period will you measure this impact?

As you consider how you will approach measuring your impact, you will come across various terms and definitions – we have even used some of them in this document. Here are a few of them with definitions you may find helpful.

Attribution: An assessment of the amount of change caused by the contribution of other organisations or people.

Deadweight: An assessment of the amount of change that would have happened even without the intervention of the organisation under study.

Financial proxy: The value assigned to different outcomes, expressed in terms of currency.

Impact: The value of the outcomes that are attributable to the intervention.

Materiality: The characteristic of something being relevant or significant to the organisation under study and its activities and future decision-making.

Outcome: A change, positive or negative, that an individual experiences as a result of an activity. Outcomes usually fall into one of five categories: a change in circumstance, behaviour, capacity, awareness or attitude.

Outputs: A way of describing the activities under study and often in quantitative terms.

Stakeholder: Individuals or organisations that experience material changes as a result of the organisation's activities.

For ease of use of the toolkit, the following symbols are used throughout to indicate different types of information:



A question for you to consider and answer



An exercise for you to carry out, potentially with others in your team



Further reading if you would like to discover more about this topic



Traffic light scoring system

PRINCIPLE ONE

ENGAGE STAKEHOLDERS

Stakeholders are the individuals or organisations who experience changes as a result of your activity. As the first principle of social value, it is important that an organisation’s view of its impact is informed by the people who experience change.

You can involve your stakeholders in a number of ways. The table below outlines different approaches and some pros and cons of each approach.



Stakeholder mapping exercise: Complete the table below with all of your main stakeholder groups – remember these are individuals or organisations who experience change as a result of your activities. They will include your beneficiaries but may also involve family members and loved ones of beneficiaries, partnership organisations and others.

Stakeholder engagement approach	Pros	Cons
Focus groups	<ul style="list-style-type: none"> It's possible to consult with a wider sample of stakeholders You can gain an idea of the consensus of a group, and the changes they have experienced in a common language 	<ul style="list-style-type: none"> It may not be possible to get a group of stakeholders together because of different schedules, locations and so on Group dynamics may mean some stakeholders find it difficult to contribute
Interviews (either in person or by telephone)	<ul style="list-style-type: none"> Conversations about the stakeholder's experience are more in-depth Easier to arrange logistically 	<ul style="list-style-type: none"> It's more difficult to get an idea of consensus amongst the group, and compare average change between different people's accounts More resource-intensive to engage with lots of stakeholders
Surveys	<ul style="list-style-type: none"> Easy to engage a bigger group of stakeholders 	<ul style="list-style-type: none"> More difficult to communicate and engage in open questions with stakeholders so higher risk of unreliable data

Stakeholder group	Number of stakeholders in group	Distinctive demographic features of group (age, gender, ethnicity, etc.)	Method of engagement for this stakeholder group

Which of the following statements best describes your current approach to stakeholder engagement?

	<input type="checkbox"/>	We do not engage with beneficiaries other than through delivery of the activity.
	<input type="checkbox"/>	We engage with beneficiaries casually to get their feedback on the service.
	<input type="checkbox"/>	We plan engagement with beneficiaries to discuss their experiences.
	<input type="checkbox"/>	We meet with beneficiaries and other stakeholders to discuss their experiences.
	<input type="checkbox"/>	We ask a wider group of stakeholders about changes they experience when we meet for other purposes.
	<input type="checkbox"/>	We arrange set sessions with stakeholders to discuss outcomes they experience and the relative importance of different outcomes for them.
	<input type="checkbox"/>	We have regular set engagement with stakeholders we believe experience material changes. We take account of sample size and representation and ask stakeholders about deadweight, attribution and relative value of outcomes.

PRINCIPLE TWO

UNDERSTAND WHAT CHANGES

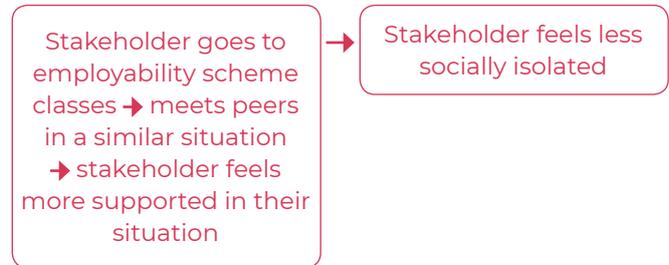
Once you have defined your area of study and mapped out your stakeholders, the next step to understanding impact is to ask stakeholders what changes for them as a result of your activities. You are interested in all types of changes, or outcomes, whether positive or negative, intended or unintended, such as changes in behaviour, skills, attitude or emotions.

The key question to ask stakeholders is: "As a result of participating in this activity, what changes have you experienced?" It can be useful to ask stakeholders to use 'change language', such as increase in, decrease in, improvement in, reduction in and so on to ensure that they are focusing on changes that are occurring for them.

Outcomes or changes often occur as what is termed a 'change evolution'. This means that there is a logical chain of changes that takes place (each part connected to the next), for a particular stakeholder, culminating in a final outcome. It is this final outcome that you will go on to measure and value and ultimately manage in later parts of this toolkit.

An example of such a change evolution is shown below for a participant of an employability scheme.

The final outcome can be found in the box [right] below:



Ideally, following the first principle 'engage stakeholders', you would ask stakeholders directly about what they are experiencing. However, this may not always be possible for numerous reasons, such as stakeholder availability or challenges in communicating with stakeholders. In these situations, members of staff, especially those working directly with stakeholders can be used as 'proxies'. They can use their experience and knowledge to list outcomes that they have observed the stakeholders experiencing.

Which of the following statements best describes your current approach to understanding outcomes?

-  We set objectives and targets for our future activities based on staff experience and knowledge of service users and their needs.
- We set objectives and targets for our activities based on funder requirements or outputs (our activities) but without any outcomes analysis.
- Strategy for future activities and their performance is driven by staff discussions and staff experience of what is changing for beneficiaries.
- Future strategy for services and performance is based on an analysis of the relationship between inputs, outputs and outcomes involving stakeholders' experience of change.
- Future strategy is based on stakeholder involvement in articulating outcomes, an analysis of both positive and negative change, an analysis of the chain of change to group parts of the same outcomes and an analysis of quantities of final outcomes that can be taken forward to valuation.

PRINCIPLE TWO UNDERSTAND WHAT CHANGES



Predicting outcomes exercise: With members of your staff team, list three main outcomes below that you have observed happening for two main stakeholder groups.

Stakeholder group	Change evolution	Final outcome

PRINCIPLE THREE

VALUE WHAT MATTERS

For the majority of people, value is most familiar when it is stated as an amount of money. We might say that the value of a pint of milk is 45p, for example.

Given that value can also be a language used for expressing importance of relative outcomes in impact measurement, it is also possible to indicate value by a simple ranking system. For example, asking a stakeholder to select which is most important out of:

- increased confidence
- reduced isolation
- increased earning potential;

will provide you with an increased understanding of what a stakeholder values most.

We advocate going a step further and ‘monetising’ outcomes by expressing their value as an amount of money. This is beneficial in two ways:

1. It provides a deeper understanding of the relationship between different outcomes. Is the increased confidence only slightly more important than the reduced isolation, or is it twice as important for the stakeholder? This information is useful when considering expanding or redesigning your services.
2. It allows an understanding of the efficiency of a project or service. Once social value is expressed in financial terms, you can create a ratio by comparing this social value output with the money required as inputs for the project. If you are creating more value than has been invested in creating that value, you are creating a favourable social value return.

Now that you understand the rationale as to why valuation is such an important part of impact measurement, it is time to start placing a value on the changes that are experienced by your main stakeholder groups.

There are a few different approaches that have been used to value social outcomes. For the purposes of this toolkit, we will cover just one: market valuation. In this approach, the key question to ask is: “How much would the stakeholder have to pay in order to experience the same outcomes through something they could buy on the market?”

Some examples of this approach are below:

Change	Financial proxy
Improved family relationships	Cost to stakeholder of a regular family counselling session: £1,320.00. This valuation is based on the cost of a 50-minute family counselling session twice a month (£55) with a local counsellor specialising in family issues and disabilities (https://www.counselling-directory.org.uk/counsellors/rachel-bird).
Reduced stress	The value to the stakeholder of having reduced stress levels: £2,815.00. This valuation is based on the cost to the stakeholder of attending a stress management course (https://www.managingstress.com/course-dates-and-fees), plus fortnightly hour-long sessions with a counsellor experienced in cognitive behavioural therapy for anxiety (https://www.surreycognitivetherapist.com/costs/).

Of course any valuation created in this way has a context for the outcome it is valuing which must be understood in order to decide appropriateness to the situation in which the outcome occurs. A substantial amount of research has been done into different methods to value social outcomes, of which this is just one.

If you would like to find out more about valuation, below are some useful resources.



Valuation Techniques for Social Cost-Benefit Analysis: Stated Preference, Revealed Preference and Subjective Well-Being Approaches (2011) – Daniel Fujiwara and Ross Campbell. This 64-page report, produced in July 2011 for the DWP and HM Treasury, provides an introduction to some of the main valuation techniques used in cost-benefit analysis, and examples of their application.

Measuring the Social Impact of Community Investment: A Guide to using the Wellbeing Valuation Approach (2014) – Lizzie Trotter, Jim Vine, Matt Leach and Daniel Fujiwara. This is a 42-page summary of wellbeing valuation, and how to apply it to a lightweight framework for measuring social impact.

Value Game – the official website for the Value Game – a stakeholder-led valuation approach which uses revealed preference.

The Guide to Social Return on Investment – pages 45 - 52 are set out to introduce valuing outcomes and some different methods such as hedonic pricing, travel cost-time value method etc.

PRINCIPLE THREE VALUE WHAT MATTERS

Again, we would recommend abiding by principle one and involving your stakeholders in the valuation of outcomes. Stakeholders can be involved throughout the process, for example, you can ask them directly ‘which is the most important outcome for you?’, or ‘how would you value this outcome?’

Alternatively, an experienced impact practitioner may assign financial proxies to outcomes, but it is useful to go back to the stakeholders and ask them whether your workings make sense to them.



Valuing your outcomes exercise: Think of a financial proxy and research a value for your main outcomes as specified below.

Main outcomes	Financial proxy

Which of the following statements best describes your current approach to valuation?



- We do not use any valuation process.
- We do not use a valuation process but we set out the outcomes we wish to achieve in line with our targets/aims/mission.
- We use a basic valuation system (e.g. ticks or stars) to highlight the outcomes we are aiming to achieve and increase in keeping with our targets/aims/mission.
- We use financial proxies to assign value to outcomes we achieve and to enable the tracking of both positive and negative social value.
- We use financial proxies to provide value to outcomes and demonstrate the relative importance of outcomes for stakeholders. We manage social value by demonstrating the actual value created by activities thus enabling decisions on value for stakeholders that we want to increase or further facilitate. We use created social value to make internal management decisions on future service delivery as well as evidence of our performance for existing funders and potential social investors.

PRINCIPLE FOUR

ONLY INCLUDE WHAT IS MATERIAL

It would be an enormous task to measure every single outcome that is experienced by every single one of your stakeholders. The fourth principle, which concerns materiality, helps you to only measure what is important to you and your stakeholders. The two main components of materiality are whether an outcome is **relevant** to your organisation and its aims, and whether an outcome is **significant** for your organisation's stakeholders. More information can be found about this in the Social Value UK Standard on Applying Principle 4, downloadable from their website here <http://www.socialvalueuk.org/resource/standard-on-materiality/>.

The following information can help guide your decision about whether an outcome is material or not:

Outcome	Financial proxy
Quantity	How many in each stakeholder group are experiencing these outcomes?
Duration	How long are these outcomes lasting for, according to stakeholder experience?
Causality	How strong is the causal link between your activities and the outcome?
Value	How important is the outcome?

If you can go through the above process and ask this series of questions around each outcome, you should be able to determine which of your outcomes are the most material.

This principle also links to another important exercise in impact measurement: measuring the quantity of outcomes that are occurring. For example, if a stakeholder has experienced increased confidence, it can be useful to know what level their confidence was initially and what their end level has become.

One way to approach this is through a survey which stakeholders complete at the beginning and end of their experiences with you. For example, ask them to rate their confidence on a scale from one to ten before and after. Alternatively, the outcome may be associated with something more easily observable or more easily counted, such as reduced pain/increased physical health, which could be measured by looking at frequency of visits to the doctor or quantities of pain relief taken. These pieces of information that can be counted are called indicators.

There are some more standardised ways of finding indicators for 'softer' outcomes. A few of them can be found below:



The Rosenberg Self Esteem Scale is a standard research tool used to assess self esteem. It is a ten-item questionnaire using a Likert scale format (strongly agree to strongly disagree).

More information can be found at <https://www.statisticssolutions.com/rosenberg-self-esteem-scale-ses/>.

The Warwick-Edinburgh Mental Wellbeing Scale is another widely accepted, standardised research tool, this time used to measure the mental wellbeing of participants.

There is an original version (14 items) or a shorter version (7 items). More information can be found at <https://warwick.ac.uk/fac/sci/med/research/platform/wemwbs/>.



Think about how you might measure your outcomes. Are there any in particular that might be easier than others to measure? Is there anything you could put in place in your existing stakeholder contact methods to help you get started on this process?

PRINCIPLE FIVE

DO NOT OVER-CLAIM

Everyone, including your stakeholders, experiences different changes as a result of multiple organisations and individuals affecting them. So you do not want to over-claim the impact that you have had on your stakeholders. It is very unlikely that a single organisation is responsible for 100% of the change experienced by stakeholders.

Within this principle, we have taken as examples three main areas that relate to over-claiming:

1. Attribution: the proportion of change experienced by your stakeholders that is down to other organisations and people.
2. Deadweight: the proportion of change experienced by your stakeholders that would have happened anyway, if your organisation did not exist.
3. Duration: the approximate length of time that the outcomes will be experienced by stakeholders.

Information about the amount of outcome values that should be reduced due to attribution, deadweight and duration can be acquired through two major sources:

- a) Stakeholders: you can ask your stakeholders questions that will help you to infer the deadweight, attribution and duration for different outcomes. Some example questions for stakeholders might be:
 - What other organisations might also have influenced this change? (attribution)
 - In a world where we didn't exist, do you think any of these changes would have happened anyway? (deadweight)
 - How long do you think this change will last for? (duration)
- b) External research: some existing research can help with understanding this value, such as academic research into the effectiveness of different interventions, or the duration of different outcomes.



How might you go about collecting information on over-claiming? Consider some questions to ask stakeholders that might help you gather data about these issues.

PRINCIPLE SIX

BE TRANSPARENT

As the sixth principle of impact measurement, transparency is something that runs through the full length of the impact process but applies in particular to the step of reporting.

In this context, transparency relates to an explicit description or explanation of some of the assumptions, judgements and/or limitations of the impact study. This will help the reader of your impact analysis to understand the logic and method that you have adopted.



Be transparent exercise: Keep track of your judgements and assumptions in the table below – this will help with the reporting aspect as well as providing ideas for how to improve your impact measurement for next year.

Judgements, assumptions and limitations of impact analysis

PRINCIPLE SEVEN

VERIFY THE RESULT

Verification is another important part of ensuring that any judgements that have been made are within reason.

There are many approaches to verification, including a formal report assurance process, so a good place to start is by showing your reporting or data to your stakeholders and/or an organisation or external contact who can act as a 'critical friend'.



What are your options for verifying your impact reporting? Speak to colleagues about how you might go about this verification step, whether through stakeholders or critical friends.

FREE CONSULTATION WITH QUALIFIED IMPACT MEASUREMENT EXPERTS

If you are serious about developing your impact measurement, we offer a free, no-obligation consultation. Our consultants will discuss core impact concepts and the specific context and challenges of your impact measurement.

Additionally, you could embed the measurement and management of your social value into your everyday practices using the Social Value Policy template. The template was produced by us in partnership with Social Value UK. Find out more and download the template from our website at www.mooreks.co.uk/insights/social-value-policy-template/.

For further information or to book your consultation, contact Karl Leathem, Director (Impact) at Moore Kingston Smith Fundraising & Management - kleathem@mks.co.uk or visit our website www.mks.co.uk/fundraising-impact.

Moore Kingston Smith

Winner

2019/20 Charity Finance
Audit Survey

Charity expertise

CONTACT OUR IMPACT TEAM

Mark Salway

Managing Director

msalway@mks.co.uk

Karl Leathem

Director

kleathem@mks.co.uk

Helen Campbell

Deputy Director

hcampbell@mks.co.uk

Penny Court

Senior Associate

pcourt@mks.co.uk

City
Devonshire House
60 Goswell Road
London
EC1M 7AD

t: +44 (0)20 7566 4000

Heathrow
The Shipping Building
The Old Vinyl Factory
Blyth Road, Hayes
London UB3 1HA

t: +44 (0)20 8848 5500

Redhill
Betchworth House
57-65 Station Road
Redhill
Surrey RH1 1DL

t: +44 (0)1737 779000

Romford
Orbital House
20 Eastern Road
Romford
Essex RM1 3PJ

t: +44 (0)1708 759759

St Albans
4 Victoria Square
St Albans
Hertfordshire
AL1 3TF

t: +44 (0)1727 896000

West End
Charlotte Building
17 Gresse Street
London
W1T 1QL

t: +44 (0)20 7304 4646