



# Starting Out on Social Return on Investment

# How to use this guide

## Is this for you?

If you already know what difference you make – and you can prove it, this guide is not for you.

And if you are an experienced evaluator with an understanding of cost-benefit analysis, you will find it too basic. (Have a look at the SROI Network’s “Guide to Social Return on Investment” instead).

But if you want to understand more about how your organisation makes an impact – and how much this matters – then read on.

You may need to prove your value to others. Or you may want to focus your efforts on where you make the most difference. You may be a social enterprise, a public authority, a business an investor or a charity. If any of these describe you, then this guide is for you.

## Part one - why, what and how?

The first section of the guide is a two page outline of the why, what and how of SROI. It is not comprehensive and it does not answer every possible question. It will give you a starting point for understanding what SROI is all about. We’ve written it in Plain English and removed all the jargon.

## Part two - social value self assessment tool

You are almost certainly already using some parts of SROI. This web tool will help you work out how far you’ve already come – and how far you have to go.

## Part three - practical next steps

If you decide that you’d like to use SROI more than you are at the moment, you’ll need to plan how to do this. So this part of the guide provides suggestions for small steps to take on the next stage of your SROI journey.

This guide is for anyone who thinks that value is more important than cost – but doesn’t know how to do anything about it

# Part one – why, what and how?

## Why does social value matter?

“What is a cynic? A man who knows the price of everything and the value of nothing.” Oscar Wilde

Most public, private and third sector organisations have a pretty good idea of the costs of what they do. Annual accounts, management accounts, budget reports and a whole accountancy profession add up to a great deal of effort to make sure this is the case.

Some organisations are quite good at counting what they do with these resources. They can track the number of users or contacts, or customers. Many can provide some evidence that these activities lead to some sort of change. But very few can explain clearly why all this matters. What would happen if they did not exist? What is the real value of what they do?

Social Return on Investment sets out to redress the balance by looking at value not just cost.

“SROI aims to increase social equality, environmental sustainability and wellbeing.” Social Value UK

You can use very limited resources and answer each question to a limited degree. Or if you have more time and resources you can answer them in enough detail to submit a report to the SROI Network to achieve ‘Assured’ status.

## What is SROI?

SROI is not a new approach or concept. It is built on well established evaluation approaches and on health and environmental economics.

It focuses on answering five key questions:

Who changes?	Taking account of all the people, organisations and environments affected significantly.
How do they change?	Focusing on all the important positive and negative changes that take place, not just what was intended.
How do you know?	Gathering evidence to go beyond individual opinion.
How much is you?	Taking account of all the other influences that might have changed things for the better (or worse).
How important are the changes?	Understanding the relative value of the outcomes to all the people, organisations and environments affected.

As soon as you take steps to answer these questions, you are starting out on SROI.

## How do I do SROI?

The simple answer is: start asking the five questions. Going beyond this, there are seven principles of SROI to apply as you progress. These principles and their application is central to SROI. So there is detailed guidance available on what they mean. But as a starting point here is a summary:

**Involve stakeholders\*:** involve beneficiary and other stakeholders in planning what gets measured and how.

**Understand what changes:** develop a story of change and gather evidence of positive and negative change.

**Value the things that matter:** rate the importance of different outcomes by valuing economic, social and environmental benefits and costs (not captured in existing financial accounting value)

**Only include what is material:** report on everything that is relevant and significant – but no more.

**Do not over-claim:** compare your results with what would have happened anyway.

**Be transparent:** explain all your evidence and assumptions clearly.

**Verify the result:** use others to check your results.

*\* we promised no jargon, but when SROI uses the word “stakeholders” it means everyone who changes as a result of what you do. This may not include board members, but will certainly include any beneficiaries or customers.*

### Starting to use the principles

At its most basic, SROI can involve a management team spending an hour or so trying to answer the five questions. Applying the 7 principles will probably mean the discussion will be different from similar previous discussions because:

- the starting point will be what changes stakeholders experience, not your set targets; and
- there will be some discussion about which changes (outcomes) are most important.

Is this SROI? – Certainly it will not result in an assured SROI report. But YES it is beginning to apply the principles of SROI.

### Abusing the principles

Sometimes when people talk about SROI, they mean trying to find some financial values to attach to the targets they've achieved.

Is this SROI? It certainly might bear a resemblance to an SROI report. But NO this is not SROI because it is taking one principle in isolation and may deliver a misleading picture.

### Next steps

So now you can work out to what extent you already use SROI by taking our short test...

## Part two – where are you now?

Find out how far you are on the journey to implementing the SROI principles by completing the online assessment tool. You'll find it at

<https://socialvalueselfassessmenttool.org/>

## Part three – the principles in practice

This section includes some suggestions for applying each of the SROI principles more in your work. For each principle there are three suggestions. You don't need to do all of them, or indeed any. They are not requirements. But use them as ideas and starting points to plan to improve your practice.

## Steps to involve stakeholders

### Who are your stakeholders?

Group discussion to list your real stakeholders

Difficulty level: Easy

Time: 30 mins

1. Bring together a small group of whomever you can from staff/volunteers/board members/ beneficiaries/ wider community. You may find this easiest to do as part of something else – a regular management meeting or perhaps a planned consultation event.
2. Ask your group “who are the people and organisations we make a difference to?” and list the answers on a flip chart.
3. Prompt for more by asking “who do we affect indirectly?” and “who do we affect in a negative way?”
4. Finally ask which of these groups and organisations you currently talk to or liaise with and which you do not. Are there any people or groups or organisations you may make a big difference to but who you don't talk to? is there anything you would like to do about this?

### Talking to stakeholders

Ask questions to understand your stakeholders perspectives

Difficulty level: Moderate

Time: Variable

1. Identify a list of stakeholders to speak to – make sure that this includes representatives of most of the groups you make a lot of difference to.
2. Ask them “what change have you experienced as a result of your involvement/participation in (or as appropriate) our project/service/organisation?”
3. What changes do you hope to see for you and/or your organisation as a result of our work?  
  
Try to focus all your stakeholders – not just your primary beneficiary group (if you have one) – to focus on the changes they as individuals or an organisation experience, not what they want to see for others.  
  
Listen to what they have to say and note it down, particularly when it doesn't match in with your goals or those of your funders.

### Don't just consult- involve

Involve your stakeholders in planning your evaluation

Difficulty level: Hard

Time: 2 hrs+

1. Start by identifying some stakeholders that are interested in evaluation – by asking them. Pay particular attention to people who experience change as a result of what you do but are often treated as beneficiaries rather than planners or decision makers.
2. Set up a small group discussion to answer three questions:
  - What do you think are the most important changes we produce?
  - How could we know that these changes are happening?
  - How could we involve you in understanding the value we create in the future?

## Steps to understand what changes

Your story of change		
Listing and sorting your outcomes	Difficulty level: Hard	Time: 2-3 hrs
<ol style="list-style-type: none"> <li>Start by listing the outcomes you deliver – if possible based on discussions with your stakeholders (see earlier section). Outcomes are changes and you can usually tell if something is an outcome because it starts with:                             <ul style="list-style-type: none"> <li>More.....Less....Longer....Shorter....</li> <li>Better...Improved...Reduced...Greater</li> </ul> </li> <li>Write each outcome on a card and then group them into short, medium and long-term (decide on your own definitions).</li> <li>Write these up – you have a draft story of change!</li> </ol>		
Negative Outcomes		
Group discussion to explore negatives	Difficulty level: Moderate	Time: 1-2 hours
<p>Invite a small group (stakeholder groups, staff advisors or others) to a short brainstorming session.</p> <ol style="list-style-type: none"> <li>Start by listing your top stakeholder groups (no more than ten) – that is the top ten groups of individuals or organizations that you make most difference to.</li> <li>Taking each in turn try to list at least one negative outcome, disadvantage or potential damage you do or may do to each group.</li> <li>Now consider if there are any people or organizations who you only affect negatively – include the environment in your consideration.</li> <li>Again list any negative changes or outcomes you deliver for these stakeholders.</li> </ol>		
Where is your evidence		
Reviewing what you have	Difficulty level: Hard	Time: 2- 3 hours
<ol style="list-style-type: none"> <li>Choose the 5-6 most important outcomes or changes you create.</li> <li>For each one set out what evidence you currently have about this outcome, it will probably help to think in terms of:                             <ul style="list-style-type: none"> <li>Reported evidence;</li> <li>Observed evidence;</li> <li>Evidence gathered through tools or questionnaires.</li> </ul> </li> <li>For each outcome score the quality of your evidence on a scale of 0 (none at all) to 5 (robust evidence from three separate sources).</li> </ol>		

## Steps to value the things that matter

How important are your outcomes?		
Comparing outcomes	Difficulty level: Medium	Time: 1-2 hours
<ol style="list-style-type: none"> <li>Draw up a list of the most important outcomes you deliver for you key stakeholders – a total of between 6 and 10 is reasonable.</li> <li>In a group session ask participants to allocate “importance points” to each outcome so that for example if you have 10 outcomes each person will allocate one point to their lowest valued outcome and 10 to their highest.</li> <li>Collect the “votes” and produce a prioritised list of the outcomes.</li> <li>Where there are any major differences in ranking between people ask participants in your discussion to explain their reasoning.</li> <li>If you can reach consensus on the overall priority list then do so but the main focus of this exercise is to consider the relative importance of your outcomes.</li> </ol>		
Using published research to identify saving you deliver		
Desk research	Difficulty level: Medium- Hard	Time: 3hrs– few days
<ol style="list-style-type: none"> <li>Agree a list of key outcomes and stakeholders (for each outcome) you wish to assess.</li> <li>Using Google try a succession of search terms linking your outcome with phrases such as cost savings, cost reduction, fiscal savings.</li> <li>For each outcome review 2-3 pages of Google search results and download any documents or sources that would appear to match well.</li> <li>Read the sources and identify if any provide a value.</li> <li>Assess the validity of the source – that is how well does it match your situation and how much proof does it give.</li> </ol>		
Trying out the value game		
Experimenting with stated preference	Difficulty level: Easy	Time: 1 hour
<p>Look at the website <a href="http://www.valuegame.org">www.valuegame.org</a> and consider whether you could use this approach with some of your stakeholders to understand the importance or value they attach to the outcomes you cause.</p> <p>This approach is an engaging and practical way of getting people to think about values using a card game based on accepted economic techniques.</p>		

## Steps to only include what is material

What matters to your stakeholders?		
Putting yourself in others shoes	Difficulty level: Easy	Time: 30 mins
<ol style="list-style-type: none"> <li>1. Bring together a small number of your team, or put aside some time at a management meeting.</li> <li>2. Choose a group of important stakeholders such as your key beneficiary or customer group.</li> <li>3. List or 'brainstorm' all the differences that you make to them.</li> <li>4. Now ask everyone to vote for the three differences/changes/outcomes that are most relevant to that group – add up the scores to get a relevance rating.</li> <li>5. Now do the same for significance – this may be similar but there will often be some differences.</li> <li>6. Finally compare what you think is most relevant and significant for your stakeholder to organisational priorities.</li> </ol>		
Arguing the toss		
Challenging understanding	Difficulty level: Medium	Time: 1-2 hours
<ol style="list-style-type: none"> <li>1. Draw up a list of the changes or outcomes your organisations delivers for two of your most important stakeholder groups.</li> <li>2. Arrange for a small number of your team to meet and split into two groups.</li> <li>3. Ask each group to take one of the stakeholder outcome lists and come up with arguments why each of the outcomes is not significant or relevant to that group.</li> <li>4. Then ask each group to do the reverse (come up with positive arguments) for the outcome tackled initially by the other group.</li> <li>5. As a whole group take first one stakeholder group and then the other. Discuss if your understanding of relevance and significance holds up to the 'attack' of the negative thinking.</li> </ol>		
Talking to your stakeholders		
Just asking	Difficulty level: Medium	Time: 2 hours
<ol style="list-style-type: none"> <li>1. Choose a group of important stakeholders such as your key beneficiary or customer group.</li> <li>2. Bring them together for a one hour session.</li> <li>3. Ask them to list or 'brainstorm' all the differences that you make to them.</li> <li>4. Now ask everyone to vote for the three differences/changes/outcomes that are most relevant to them – add up the scores to get a relevance rating.</li> <li>5. Now do the same for significance – this may be similar but there will often be some differences.</li> <li>6. Finally compare what you think is most relevant and significant for your stakeholder to what they say.</li> </ol>		

## Steps to avoid overclaiming

Who else makes a difference?		
Listing other factors	Difficulty level: Easy	Time: 1 hour
<ol style="list-style-type: none"> <li>1. Draw together a small group of staff, stakeholders or advisors.</li> <li>2. Brainstorm a list of all the other people and organisations that affect or contribute to the outcomes you achieve.</li> <li>3. Agree amongst the group through discussion or simple voting the top five most important contributions to the changes you deliver for your stakeholders from other people and organisations.</li> <li>4. Note how each of the top five affects your stakeholders.</li> </ol>		
What would happen if you weren't there?		
Talking to your stakeholders	Difficulty level: Hard	Time: 1 day +
<ol style="list-style-type: none"> <li>1. Identify individuals drawn from your key stakeholder groups – the more individuals you identify the more robust this process will be.</li> <li>2. Contact and arrange to discuss with them face-to-face or over the phone their experience of your service/organisation/project.</li> <li>3. Ask them to imagine what would have happened if you didn't exist, or if they had not come into contact with your organisation: <ul style="list-style-type: none"> <li>• Would they have experienced similar changes through some other means?</li> <li>• Would they have simply used an existing alternative service/project?</li> <li>• Would they have travelled or gone elsewhere?</li> </ul> </li> <li>4. Once you have established what might have happened if you had not been there, ask them to estimate how much of the changes they have experienced as a result of your organisation/project they would have experienced anyway – this will be very rough.</li> </ol>		
Where is the evidence?		
Triangulating evidence	Difficulty level: Hard	Time: 2-3 days
<ol style="list-style-type: none"> <li>1. Explore who else might have contributed to the outcomes you have affected and what would have happened without you as above.</li> <li>2. Plan for a robust questionnaire or set of interviews with your key stakeholders using closed questions, based on your initial consultations, to assess the extent to which they agree or disagree with the people you have consulted with.</li> <li>3. Identify sources of local or regional information on changes experienced to your outcomes by people or organisations across a wider area than you operate in.</li> <li>4. Combine your evidence directly from your stakeholders and your "secondary" data from published sources to conclude how much you have contributed to the difference in the outcomes you have made.</li> </ol>		

## Steps to be transparent

Identifying your sources		
Organising and keeping notes	Difficulty level: Moderate	Time: Variable
<p>When you are reporting make sure that you include a full explanation of where your evidence came from. So this might include:</p> <ul style="list-style-type: none"> <li>Information about the published data source if you have taken it from elsewhere.</li> <li>Information about your questionnaire if this has been your approach (for example, how many people completed it, what percentage of the overall number of people who could have completed it and so on).</li> <li>If you have used a range of methods to get your evidence and include an explanation of your methodology.</li> </ul> <p>Your goal is that someone reading your account can either replicate your approach for themselves or track</p>		
Public access to your information		
Use the web	Difficulty level: Moderate	Time: Variable
<p>Rather than keeping your reporting to yourself find ways to provide the greatest possible access. This might include printed information, particularly if you have stakeholders with limited information to the internet.</p> <p>But in general the most effective way of putting your information in the public domain would be to publish it on your website or someone else's with clear search terms so that anyone can find it.</p>		
Stakeholder review meetings		
Feedback to your stakeholders!	Difficulty level: Easy	Time: 2-3 hours
<p>Once you have explored your outcomes, found evidence and reported it – however in-depth or limited this has been, check out your results with your stakeholders</p> <p>You could do this simply by circulating a draft of the report and asking for feedback. Or you could call a meeting and present your results and ask for feedback. The key will be to share or present your results in a way to encourage challenge and debate rather than simply receive spelling corrections.</p>		

## Steps to verify the result

Feedback from stakeholders		
Feedback to your stakeholders!	Difficulty level: Easy	Time: 2-3 hours
<p>Once you have explored your outcomes, found evidence and reported it – however in-depth or limited this has been, check out your results with your stakeholders.</p> <p>You could do this simply by circulating a draft of the report and asking for feedback. Or you could call a meeting and present your results and ask for feedback. The key will be to share or present your results in a way to encourage challenge and debate rather than simply receive spelling corrections.</p>		
Feedback from experts		
Ask for feedback!	Difficulty level: Easy	Time: 1 day +
<p>Identify a small panel of experts in your field – you will probably know who they are in any case.</p> <p>Contact them initially by phone or email to secure their assistance in reviewing your report.</p> <p>Then send your report to them for comment – but highlight ten key questions rather than simply asking them for overall feedback. This is much more likely to stimulate a useful response.</p>		
Feedback from the SROI Network		
Submit your report for assurance	Difficulty level: Hard	Time: 3 months +
<p>This guide is meant for people starting out in SROI, not for those considering submitting a report to the SROI Network to have it assured.</p> <p>Once you are implementing the principles in full, however you may wish to make use of the Network assurance process – the only way (other than academic peer review) of getting any type of evaluation report externally assured in the UK at present.</p> <p>You can find out about the assurance process and other aspects of the SROI Network including practitioner training at <a href="http://www.sroinetwork.org">www.sroinetwork.org</a></p>		

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