

The Demonstrating Value Initiative

DEVELOPING THE DEMONSTRATING VALUE FRAMEWORK
-DETAILED REPORT-

April 4, 2009



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1. Introduction

Those who operate and invest in social enterprise seek to demonstrate its value as an innovative means to meet community needs, and to bring about desirable social and environmental change. They also want to understand if, and how, the enterprise is meeting the objectives for which it was created, and to use that information to improve performance. But assessing performance and impact is challenging – while tools that specifically relate to social enterprise are emerging, they have different applications, resource requirements, and were developed to meet the particular needs of individual organizations rather than the needs of social enterprises in general. It is not easy for diverse social enterprises and their investors to navigate the developments and relate them to their own assessment needs.

A unique community-based initiative – *Demonstrating Value* – has sought to address this challenge by designing (for social enterprise operators and investors) a framework to help them assess the performance and impact of a social enterprise. This includes developing a set of *common* approaches and processes for assessment to relate and extend the emerging tools in performance measurement and impact assessment, and to encourage *common* reporting formats. The Initiative ultimately seeks to move the social enterprise sector towards improved practices in performance and impact assessment, leading to improved stakeholder accountability, and better sharing and communication of innovative practices, learning and social value creation.

The Demonstrating Value framework was developed with the direct collaboration of social enterprise operators and investors between 2007 and 2009. This report provides a detailed account of the this development. The report is organized in the following sections. We first describe the key issues that led to the development of the Initiative. We then present the Demonstrating Value Framework, and then provide more detail about the Initiative’s methodology and development steps. We conclude by describing key lesson learned and next steps.

2 Background and Context

What is Social Enterprise?

The term *social enterprise* is used to describe a broad range of activities and initiatives that blur the traditional boundaries between the private, non-profit and public sectors. It is a relatively new term, and does not yet have a single, common definition. For the purposes of this project, social enterprise is defined as a business whose products, revenue, purchasing and/or employment practices directly support social, cultural and/or environmental goals, and whose surpluses are reinvested for that purpose. Social enterprises can be operated by non-profits, co-operatives or for-profits, and their activities can include:

- providing training opportunities and/or employment to people who face barriers to employment or are disadvantaged mentally, physically, economically, or educationally; for example, recovering substance abusers, members of inner-city minority groups, mental health consumers, at-risk youth, and people with disabilities.
- generating income from the sale of products or services that forward a social, environmental and/or cultural mission(s).
- providing services to small producers (individuals, firms or cooperatives), to help them access markets, with distinct social, cultural or environmental objectives.
- generating income from the sale of products or services that is ancillary to an organization's mission or core purpose, but where the revenues directly support that work.

Why develop a framework for social enterprise?

Social enterprise is growing in Canada for a number of reasons that include enhancing the financial stability of non-profit organizations, providing an innovative delivery for some programs, and delivering goods and services that would not otherwise be provided by the marketplace. Individual social entrepreneurs are also developing enterprises independent of non-profit organizations.¹

Social enterprises, investors and other organizations involved in developing the social enterprise sector (government, researchers, and non-governmental organizations) are increasingly demanding good information about performance, value and impact. Along with this demand, is a need for

¹ While no comprehensive data exist that specifically attest to the size of the social enterprise sector in Canada, activity around social enterprise is visibly growing. Examples include:

1. Enterprising non profits (enp), a technical assistance funding program, has grown from 40 applications in 2003 to 122 in 2008, and has recently expanded to Toronto. (It is also exploring further expansion in Ontario, and into Alberta, Saskatchewan and Manitoba.)
2. The City of Edmonton and the Edmonton Community Foundation recently launched the Social Enterprise Fund.
3. A recent Summit on Social Enterprise in BC attracted 150 guests involved in, or supporting, mature social enterprises.
4. In stakeholder interviews in the development phase of the project, the 9 investors contacted reported that they wanted to increase their level of investment in social enterprise.

assistance to develop and manage this information. Table 1 summarizes these needs.² Social enterprises are also unique hybrid entities with financial management and reporting needs that are not adequately addressed by either non-profit or business practices (for more information see Box 1).

Strong capacity in assessment and reporting, as well as a common way to represent the value of social enterprise activities is also crucial to the development of the sector. This can ensure there is good information about what strategies work (and do not work) in social enterprise so that we can foster replicability and scalability of successful social enterprise models. Information about the value of social enterprise can also support the further development of capital markets, supportive policies for social enterprise, and social/environmental procurement.

Table 1 Needs for developing and managing information

Who	Needs
<i>Social enterprises</i>	<ul style="list-style-type: none"> • Demonstrating the value of the enterprise to raise investment. • Understanding if, and how, the enterprise is meeting the objectives for which it was created, and to use that information to improve performance. • Streamlining of information management and reporting. • Showing to stakeholders that they are accountable for their support. • Sharing what they've learned with others
<i>Investors</i>	<ul style="list-style-type: none"> • Receiving clear and useful information about a potential (or existing) social enterprise investment. • Assessing and improving their investment strategy. • Demonstrating the value of their investment in social enterprise.
<i>Other</i>	<ul style="list-style-type: none"> • Learning about social enterprise as a strategy for addressing community needs (governments and non governmental). This includes learning about how to foster replicability and scalability of successful social enterprise models, and to develop capital markets, supportive policies, and social/environmental procurement.

² This table is based on the needs identified by social enterprise stakeholders at different points in the Demonstrating Value Initiative – including stakeholder interviews in the development phase of the project in 2006 and framework development workshops held in 2007 and 2008. These activities are described in more detail in various sections of this report.

Box 1. Unique financial accounting needs of social enterprise.

Social enterprises are unique hybrid entities with financial management and reporting needs that are not adequately addressed by either non-profit or business practices. Non-profit accounting makes it difficult for an enterprise to analyze their product cost structure and profit margin. The timing of financial statements is also often too infrequent to meet business operational decisions.

Business accounting statements are better suited to social enterprise because they are prepared more often, and are set up to enable the enterprise to analyze its profit margin and product costs. However, financial statements often overstate profitability due to the tendency to not account for all costs of operating the enterprise in the revenue and expense calculation. Social enterprises need to have a picture of all costs including:

- those absorbed by the overall non-profit organization;
- the value of the 'free' labour and materials that go into producing the product (e.g. volunteers, donations of materials).

At the same time, social enterprises will incur “social costs”. These are specific costs incurred by the social enterprise in order to fulfill its mandate and which are over and above typical costs that for-profit business may choose to undertake. Standard business accounting does not break these costs out. However identifying these costs can serve a number of benefits. This includes helping social enterprises:

- clearly distinguish trade-offs between business and social mission objectives;
- fundraise by clearly outlining costs that are associated with social and/or environmental objectives; and
- compare themselves to standard benchmarking data (by isolating business costs, which is comparable to a ‘standard’ enterprise).

An accurate picture of true profitability – that accounts for all the social enterprise’s costs and which breaks out social costs– allows an organization to better assess the effectiveness of its social enterprise as a mean to achieve its intended mission, and to make a case for government or funder investment as required.

How did the Initiative develop?

The Demonstrating Value Initiative began in 2004 when a number of social enterprises and investors in B.C. informally discussed how they could tackle the needs described in Table 1.³ This developed into a more formal research project to investigate:

- 1) the significance of these needs among social enterprise operators and investors,
- 2) whether there were tools/resources that could be used directly, and if not, how they could be developed.

³ The idea for this project emerged from many groups including Partners for Economic and Community Help, The Potluck Café Society, Starworks Packaging and Assembly, Vancity Community Foundation and Enterprising Nonprofits.

A National Advisory group was formed to guide the process and a lead investigator, Kerry Armstrong, undertook a literature review and stakeholder interviews to explore these issues.⁴ A summary of this research is presented in Box 2.

Key tools are described in Table 2. While these tools address some of these needs profiled in Table 1, they have different applications and resource requirements. Diverse social enterprises and their investors have found it challenging to navigate the tool developments and relate them to their own assessment and reporting needs.

Table 2 Key tools used by some social enterprises

Method	Description
Social Return on Investment (SROI)	SROI is a Return on Investment (ROI) metric that incorporates a ‘social-purpose value’ calculated from changes in public costs that may be realized by the activities of the social enterprise. It can also include valuing other impacts in conventional, implicit and constructed markets.
Balanced Scorecard	A Balance Scorecard is a strategic planning and management system used to align activities to the vision and strategy of the organization and to monitor performance against strategic goals.
Program evaluation	Program evaluation is a formalized approach to studying the goals, processes, and impacts of a program. It maps out how the activities of the program relate to long term change in the community (typically based on a logic model or impact map). Indicators are defined and collected to provide insights (or evidence) about change.
(Client) Management Information Systems	Data management systems assist organizations to manage information about the people they serve, the services they deliver and the outcomes of that work
Social accounting and reporting	Systematic analysis of the effects of an organization on its communities of interest or stakeholders, with stakeholder input as part of the data that are analyzed for the accounting statement. Reports and accounts are audited by a third party.
Social enterprise - specific financial accounting	Financial accounting methods that are designed to better reflect the financial information needs of social enterprise.
Investor tracking systems	Systems for investors to track the performance and impact of their investments.

⁴ The stakeholder interviews consisted of in-depth interviews representatives from 16 organizations operating social enterprises and 9 organizations that provide direct or indirect support to social enterprise. Interviews were intended to provide an understanding of assessment and reporting practices, the potential for undertaking a pilot project, and to suggest directions to take and barriers to expect (Armstrong 2006a, Armstrong 2006b).

Box 2 Key Issues that led to the development of the Demonstrating Value project

The Development Phase research, which consisted of a literature review and stakeholder interviews with social enterprise operators and investors, explored the following issues.

- **How should we think about value creation in social enterprise?** A compelling framework for thinking about value creation by social enterprise is that of ‘blended value creation’ forwarded by Jed Emerson. He states that value is itself a combination, a “blend” of economic, environmental and social factors, and that maximizing value requires taking all three elements into account. In the past, there has been a real separation in the notions of value. (Emerson,2000)
- **Are methods available to measure social impact?** Although various methods have been developed to measure social impact, they face many issues. For instance, it is very difficult to attribute an outcome specifically to the activities of a particular organization, or to relate it to what would have happened anyway. Also, methods considered to be more credible (like Social Return on Investment) also tend to more costly and to implement.
- **Are social enterprises and investors facing increasing demands for accountability and evaluation?** The interviews found that both groups are experiencing increased demands for efficiency and accountability, and increased evaluation expectations.
- **How do social enterprises define success? How is this reflected in reporting?** Social enterprise operators said they generally define their success according to financial, social, and programming performance categories. Reporting focuses on the financial or business objectives of the enterprise. Performance measurement practices differ across enterprises in their level of sophistication.
- **What do investor reporting requirements look like?** Investor reporting requirements vary widely from rigorous requirements to brief end-of-project summary to no formalized reporting requirements.
- **How do social enterprises view investor reporting demands?** Social enterprise operators feel they have little dialogue with investors, and are frustrated by the fact the reporting demands do not integrate with their own internal reporting needs. They find that reporting can be too restrictive, too complex and onerous, and a waste of resources. Most face divergent reporting demands that are often not informative to their organizations.
- **What do social enterprises want to show about themselves?** Social enterprise operators stated in the interviews that they want to prove and defend the value of their activities to staff, the organization, the public, their clients, and investors. They want to show that there is progress on their mandate and that their activities create value.
- **What do investors want to know?** Investors want to know that investments produce the results that they want. Social investors want to understand the potential social impacts of their investments, to maximize blended returns and to better understand the needs of social enterprise in order to improve their support efforts - to evaluate the effectiveness of investment processes, to adjust processes, and to assess investment goals.
- **Is there interest in participating in a project to develop a framework to help assess the performance and impact of social enterprise?** Both social enterprise investors and operators were enthusiastic about collaborating on a project to develop a shared framework for performance and impact assessment. However, they expressed some skepticism that one framework could meet individual organizational needs and be flexible enough for all to use . They also felt that there would be some challenges to find the staffing and resources to participate.

The National Advisory group outlined a project for developing and piloting a framework in conjunction with both social enterprises and investors.⁵ The overall goal of this framework would be to move the social enterprise sector towards improved practices in performance and impact assessment, leading to improved stakeholder accountability, and better sharing and communication of innovative practices, learning and social value creation. The Framework would be practical in nature, by providing resources and tools, and be directed to the the specific to needs of social enterprise. It would also be specific to Canadian context (See Box 3 for why this is important).

Specific objectives of the project include:

1. Developing an assessment framework that will be meaningful for social enterprises to embed on their own, or with limited support, into their operations to assist them in planning, management and communication/support needs.
2. Developing a framework and supporting tools that can be broadly applicable to:
 - a. different types of social enterprises (e.g. those that provide supportive employment, those that sell a product to advances a mission, that that are generating income for a non-profit parent);
 - b. a variety of social enterprise missions (e.g. health and social care, environmental sustainability, economic development); and
 - c. differing contexts (e.g. rural, urban, non-profit, for-profit, etc.).
3. Developing a framework and process that is affordable and accessible, in that it does not require excessive human and financial resources to undertake, yet still maintains a degree of rigour and can produce meaningful data and reports.
4. Creating a framework that can accommodate a diverse range of stakeholder interests.
5. Advancing the development of accepted standards and shared performance measures for financial and non-financial reporting related to social enterprise.
6. Advancing the value of the social enterprise sector, including its relevance to government investment and policy.

The development the Demonstrating Value Framework as outlined by the National Advisory group got underway in November 2006. This development was coordinated by Vancity with the financial and technical support from Coast Capital Savings, Community Economic Development Technical Assistance Program (CEDTAP), Enterprising Non-Profits (enp), Human Resources and Skills Development Canada (HRSDC), and Renewal Partners, and SAP Business Objects. In addition, more than twenty participants from social enterprise and investment organizations were actively involved in this process (Their participation is described in considerable detail in Section 4 of this report).

The next section of this report presents the framework that was developed. This is followed by a detailed account of its development.

⁵The needs assessment and project development activities conducted in 2005/6 are referred to as the 'Development Phase' of the Demonstrating Value project. At the time, it was referred to as Phase 1 of the Social Enterprise Impact Assessment Project.

Box 3. Why Consider a Canadian Context

Considering the context for social enterprise development in Canada ensures that the framework is responsive to the practical needs of the sector here. Contextual considerations should include:

- Who is driving social enterprise development?
- What resources are available to support social enterprises to measure impact?
- What types of relationships do we have between investors and social enterprises?
- What criteria do investors have in making investments?
- Do investors want evidence of social impact to determine whether to support an enterprise? Or is it enough to value the social mission of the social enterprise, and gauge the capacity of the social enterprise to deliver on it?

Different National Contexts

The answers to these questions differ by country. For instance in the US, government support for social enterprise is relatively limited. Venture philanthropy has become a strong force in social enterprise development, with large philanthropic organization investing in social enterprise. In venture philanthropy, investors make longer-term funding commitments to support a social enterprise, working closely with the “social entrepreneur” to establish and review performance objectives and to problem-solve jointly. These investors have furthered the development of business-like metrics that can be produced to show social impact.

Canada’s Context for Social Enterprise Development

While Canada (outside of Quebec) may share similarities with the US in terms of not having a particularly strong government/policy institutional environment for social enterprise development, it does not benefit from the same degree of private investment support as the US. A review of social investing in Canada found that compared to the US, Canada’s community investment sector is weak (Strandberg and Plant, 2004). Community investment funds are undercapitalized, struggle for consistent operating support, are mostly small, under skilled, with a modest track record and a limited regional focus. Unlike social enterprise development in the US, there is limited venture philanthropy support (in terms of sustained investing).

3 Demonstrating Value Framework Summary

The Demonstrating Value Framework is three things:

- A. **A Conceptual model** for performance and impact assessment in social enterprise.
- B. **An Operator Framework** - A method (and supporting tools) for building capacity in social enterprises to monitor, assess and communicate their performance and value.
- C. **An Investor Lens** - Guidance to investor organizations for refining and developing reporting demands for social enterprise investment.

A. Conceptual Model

The overriding goals of performance and impact assessment are to support good operational and planning decisions, and to clearly communicate the value of the enterprise to others. This means gathering the right information (through monitoring systems and assessment) and using it effectively

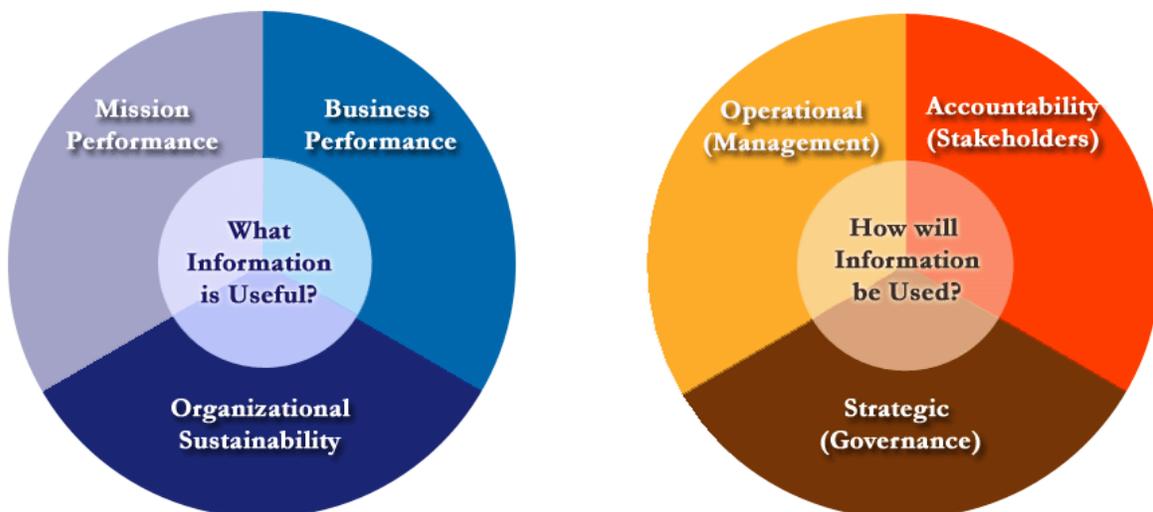
(by communicating it clearly and using it in decision-making). The DV Framework provides social enterprises and investors with a process to develop monitoring and reporting systems in a thoughtful and integrated way. This is geared at:

- developing systems that specifically meet the needs of social enterprise, including its unique organizational structures and its multiple objectives (business and mission-related);
- developing systems proactively, rather than in response to crises and/or externally-driven information demand;
- building on monitoring and reporting systems that may already be established within the enterprise;
- explicitly integrating information needs for different audiences (management, board, funders, partners); and
- developing information that provides insights about immediate performance issues and insight into longer term organizational sustainability.

The process for developing monitoring and reporting systems is based on the enterprise and its stakeholders defining: *‘What do you want to know and show?’*

Two ‘conceptual’ lenses help with this. The first looks at *‘What information is useful?’* and the second looks at *‘How will information be used?’*

Figure 1 Demonstrating Value Lenses



In terms of the first question – *What information is useful?* – the framework guides social enterprises to identify information needs in three areas. Business performance refers to the business and financial success of the social enterprise. Mission performance refers to the ability of the social enterprise to successfully contribute towards the social, cultural and environmental objectives set out in a mission. Organizational sustainability refers to the ability of an enterprise to attain, develop, maintain and renew resources in order to meet its purpose.

In terms of the second question – *How will information be used?* – the framework helps the social enterprise represent different information needs and flows so that monitoring and reporting systems can be integrated and respond as efficiently as possible to different needs. These include: an operational perspective (to support decisions by management and staff), a strategic perspective (to support decisions by a governance body such as a board), and an accountability perspective (to foster support of the enterprise by external and internal stakeholders, including investors).

B. Operator Framework - Method and tools for Building Social Enterprise Capacity

The Demonstrating Value Operator Framework assists social enterprises to assess their performance and value, and to communicate this to key stakeholders. It does this by helping enterprises identify what information is important to collect (what can provide the greatest insights about their performance and value), and to develop effective monitoring and reporting systems to meet their operational, strategic and accountability needs.

In practical terms, the framework guides social enterprises through a process to identify and build internal systems that can provide them with useful information for decision-making, and which they can also use to develop and maintain support. This is focused around the development of an *Enterprise Snapshot* which the enterprise can use to communicate the performance and value of the enterprise holistically. It can be tailored to specific audience needs including an enterprise's board of directors, its 'parent' organization, its investors, its employees, and the community at large. The snapshot is very helpful for these audiences because it gives them a visual synthesis of the key work of the enterprise, which is directly useful to their decision-making. The enterprise can develop the snapshot as a document or as an electronic dashboard, which allows the audience to actively engage with the information. Appendix A provides an electronic Enterprise Snapshot that is developed in Excelcius (a reporting software) and exported as a pdf file.

An on-line learning program and tools have been developed to both support social enterprises to develop the Enterprise Snapshot, and to improve their monitoring systems. This website will be launched in April 2009, and will be available at: www.demonstratingvalue.org.

The on-line learning program includes the following four steps to guide the social enterprise in developing an Enterprise Snapshot and to improve its monitoring systems:

- Step 1. Define Information Needs.
- Step 2. Define Monitoring Approaches and Indicators
- Step 3. Define Enterprise Snapshot
- Step 4. Implement Monitoring and Enterprise snapshot

In the first three steps, the social enterprise convenes a stakeholder workshop to design the *Enterprise Snapshot* and to define monitoring system improvements. The Enterprise Snapshot and monitoring improvements are then implemented in step 4 within the enterprise.

Each step is described in more detail below. Specific tools have also been developed to support these steps. These are described below where relevant in the steps (as *DV Tools*), and summarized in more detail in Table 3. They can also be downloaded from www.demonstratingvalue.org (once it is launched)

Table 3 Demonstrating Value Tools

Tool	Description
Central Monitoring Record	Centralized database file for recording what information is monitored regularly in the organization, and how it is used.
Develop a True Cost Picture	This worksheet helps social enterprises identify all of the contributions to their financial picture (e.g. the value of discounts, donations, volunteer time,) and to estimate social costs.
Enterprise Snapshot Templates, Examples, and Guide	This tool provides design guidelines, examples and templates for developing an Enterprise Snapshot.
Financial Intelligence for Social Enterprise	This tool includes: 1) a guide about good financial practices (including practices that are unique to social enterprise); 2) a survey for the social enterprise to complete about its practices.
Guide to Defining What to Monitor	An activity guide to help social enterprises pinpoint the best information to gather and use for their specific management, planning, communication and reporting needs.
Ideas Database	Searchable library for indicators and approaches to monitoring specific aspects of business performance, mission-related performance and organizational sustainability.
Mapping the Enterprise	This worksheet helps the enterprise articulate its goals and activities and make links between them. This mapping is a useful departure point for defining what is important for the enterprise to monitor. It can also help articulate how the enterprise creates value.
Organizational Sustainability Assessment	This self-assessment tool helps social enterprises to review how they are building ‘capitals’ (human capital, organizational capital, financial capital, social capital, intellectual capital) that are important to the long term sustainability of the organization.
Privacy and Confidentiality in Monitoring	This guide describes privacy and confidentiality issues that need to be considered if the enterprise collects and uses personal information from individuals.

Step 1. Define Information Needs

The enterprise’s stakeholders define their information needs. This refers to what they want to know and show about the enterprise’s business performance, mission performance and organizational sustainability. At this stage, the enterprise defines:

1. Specific questions they have about about the enterprise’s performance and impact.
2. Specific things they want others to know about the value of the enterprise.

These needs can be developed in the following way:

- An enterprise mapping activity completed before or during the workshop asks the enterprise to describe key strategies, objectives and outcomes in different areas (see the DV Tool: **Mapping the Enterprise**). Information needs are then brainstormed for these different areas.

- The enterprise can use the DV Tool: **Ideas Database** to see examples of typical information needs that other social enterprises who work in similar areas have defined. The enterprise can search the database to see information needs that relate to business performance, mission performance (by specific type of mission), and organizational sustainability.

Once the list has been developed, stakeholders rank each information need (in terms of ‘must have’ vs. would ‘like to have’), and identifies *who* needs to know it (management, their board, and/or external stakeholders).

Step 2. Define Monitoring Approaches and Indicators

The enterprise defines what it could monitor to support each information need described in Step 1. This is referred to *monitoring approaches*. The enterprise also identifies specific *indicators* to be used in its Enterprise Snapshot.

An enterprise can learn more about how to do this in the DV Tool: **Guide to Defining What to Monitor**. They can also search for monitoring ideas in the DV Tool: **Ideas Database**. These are linked to typical information needs. The DV Tool: **Central Monitoring Record** can be used to record what the social enterprise wants to monitor.

Step 3. Define Enterprise Snapshot

In this step, the enterprise:

1. Decides what specific indicators it has on hand or can develop easily.
2. Designs an Enterprise Snapshot that pulls these indicators together for one or more key audience(s). The enterprise decides what kind of *Enterprise Snapshot* to develop, who it will be directed to, what information needs it will portray, and what indicators it will include.

Enterprises can use the DV Tool: **Enterprise Snapshot Templates, Examples and Guide** to help them with these design decisions. The later includes a template for developing an Enterprise Snapshot that is accepted as portfolio fund reporting by the following social enterprise investors: Vancity, BC Technology Social Venture Partners, Toronto Enterprise Fund, Edmonton Social Enterprise Fund, Ontario Trillium Fund (pilot for social enterprise).⁶

Step 4. Implement monitoring and enterprise snapshot

The enterprise sets up the Enterprise Snapshot and implements the monitoring changes needed to produce the indicators.

- The Enterprise Snapshot can be developed by using reporting software, such as SAP BusinessObjects’ Crystal reports, Excelcius, or by using Microsoft Office programs. Once the enterprise snapshot is set up, it can be easily updated over time. The content can also be adjusted as new indicators are developed.

⁶This is a preliminary list; the list will be finalized in May 2009. This template corresponds with the Investor Lens report template.

- While the exact changes to monitoring systems will be specific to each enterprise, enterprises can use the following resources to assist them to adjust and develop new systems:
 - Resource lists in the **Ideas Database**, **Privacy and Confidentiality in Monitoring** (Guide), **Financial intelligence for Social Enterprise** (Guide and Survey), **Develop a True Cost Picture** (excel worksheet), **Organizational Sustainability Assessment** (excel worksheet)

Technical assistance will be available through the Demonstrating Value program that is being developed by Vancity Community Foundation to assist social enterprises to develop the enterprise snapshot and monitoring systems. Suitable reporting and monitoring software may also be available free of charge to social enterprises via Tech Soup www.techsoup.org

C. Investor Lens - Guidance to investor organizations

An *Investor Lens* performance report template has been developed for investor organizations to use in managing their social enterprise investments. This template helps not only investors gain quality information to support their investment decisions, but also helps investors gain better information to support their overall strategies, and to support the sector as a whole. The use of the template and parallel development of monitoring and reporting capacity in social enterprises, will develop greater consistency in reporting, improve the quality of information, and improve how information is used.

This template proposes common content areas and reporting formats that social enterprises can use to provide information to investors about their performance. All parts are not expected to be relevant to every type of investment.

The template:

1. Distinguishes results from a business perspective and a (social) mission perspective.
2. Distinguishes objectives from results.
3. Distinguishes strategies from objectives.
4. Suggests classification schemes.

The template is shown in Appendix B. This includes the template and a hypothetical example.

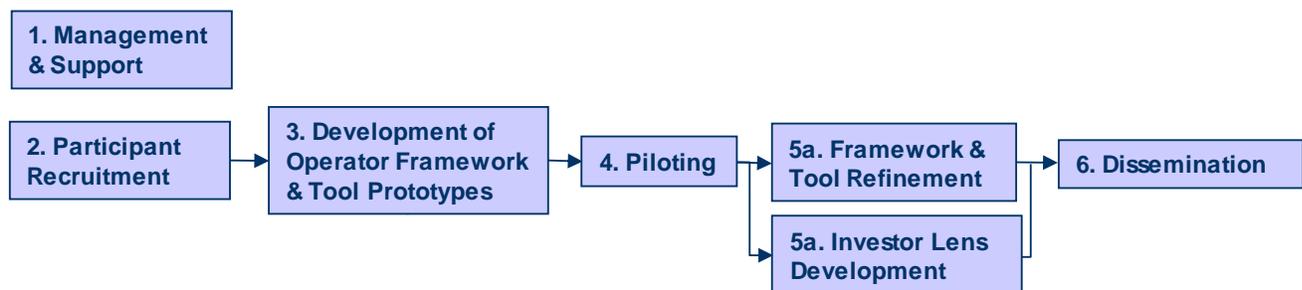
4 Framework Development

Method Overview

The diagram below (Figure 2) illustrates key development task areas in developing the framework. Essentially, a working *Operator Framework* and prototype tools were developed through a combination of secondary research and the input of social enterprise operator and investor participants. This working framework and tools were then piloted, and the experience used to refine the framework. The learning from this piloting was also used to develop the *Investor Lens*. Other activities included managing and supporting the project, and disseminating the framework and research.

The activities that occurred in each of these task areas are described in detail below.

Figure 2 Developing the Demonstrating Value Framework - Key Task Areas



Management & Support

The Demonstrating Value Initiative was coordinated by Vancity with the financial and technical support from Coast Capital Savings, Community Economic Development Technical Assistance Program (CEDTAP), Enterprising Non-Profits (enp), Human Resources and Social Development Canada (HRSDC), and Renewal Partners, and SAP Business Objects Division.

Bryn Sadownik was hired in November 2006 as the Project Lead. Bryn brought over ten years of consulting and applied research experience in impact assessment to the Initiative, as well as practical experience working in a recycling social enterprise.

A management committee was developed to provide management guidance to the Project Lead. The committee met monthly between November 2006 and May 2007, and on an as-required basis afterwards. The following people were involved in this committee:

- Sidney Sawyer, *Manager, Community Leadership Strategies, Vancity Credit Union and Citizens Bank*
- Irene Gannitsos, *Manager - Social Enterprise Program, Vancity Community Foundation (until October 2007)*
- Elizabeth Lougheed Green, *Manager - Social Enterprise Program, Vancity Community Foundation (after December 2007)*
- Thomas Bergbusch - *Policy Analyst, Community Development & Partnerships Directorate, HRSDC (until September 2008)*

- Daniel Gerson - *Policy Analyst, Community Development & Partnerships Directorate, HRSDC (after September 2008)*

An Advisory Committee was also established to guide the Initiative with academic and professional expertise in social accounting, evaluation, Social Return on Investment (SROI) methods, cost-benefit analysis and social enterprise development. The committee worked with the Project Lead to provide critical review and comment on specific outputs of the Initiative.

The following individuals are on the committee:

- Ann Armstrong - *Director, Social Enterprise Initiative, The Rotman School of Management, University of Toronto,*
- Marie Bouchard - *Professor, Canada Research Chair on the Social Economy, Université du Québec à Montréal,*
- Brett Galimidi - *Partner, Social Venture Technology Group, San Francisco*
- Mary Kilfoil, *Senior Economist, Gardner Pinfold Consulting, Halifax*
- Janet Mrenica, *Former Director, Strategic & Business Planning, Planning, Reporting and Evaluation Directorate, Service Canada*
- Sara Olsen - *Founding Partner, Social Venture Technology Group*
- Terry Smutylo - *Founding Director, International Development Research Centre's (IDRC) Evaluation Unit*
- Susan Todd - *Principal, Solstice Sustainability Works Inc., Vancouver*

Participant Recruitment

Twelve social enterprises were recruited between February and May 2007 to be involved in developing working *Operator Framework*; eight of the twelve also piloted it. These enterprises are listed in Table 4. The recruitment process involved first identifying enterprises that would have the in-house capacity to participate in the Initiative, and then inviting them to apply. Of the 24 social enterprises that were invited, more than half (17) submitted applications, a much higher response than expected. Eight social enterprises were then selected to participate in both developing and piloting the framework, while the remainder were invited to participate in a framework development workshop and other development activities. The eight pilots were selected based on fulfilling an activity and geographic mix that includes four employment development social enterprises (who target different groups), three enterprises that produce mission-related products/services, and a thrift store. Two social enterprises operate in a rural context and two are located outside of British Columbia. One is operated by a First Nations society.

Table 4 Social Enterprise Participants

Organization Name	Website
Compagnie F Café, Compagnie F, entrepreneurship pour femme	www.compagnie-f.org/
Eva's Phoenix Print shop, Eva's Phoenix*	www.evasinitiatives.com/printshop.htm
Inner City Development	www.icdevelopment.ca
Landscaping with Heart, Coast Mental Health Foundation*	www.coastfoundation.com/CSEF/landscaping.html
Lawn and Garden Smart, Evergreen Foundation*	www.evergreen.ca/en/hg/hg-smart.html
My Sister's Closet, Battered Women's Support Services *	www.bwss.org/programs/mysisters_closet.htm
Potluck Café and Catering, Potluck Café Society*	www.potluckcatering.com/
Raven Recycling*	www.ravenrecycling.org
StarWorks Packaging and Assembly, Developmental Disabilities Assoc.	www.starworks.ca/
The Right Stuff, Greater Trail Community Skills Centre	www.communityskillscentre.com
Vancouver Island Providence Community Association	www.providence.bc.ca
Xa:ytem Interpretive Centre, Sto:lo Heritage Trust Society*	www.xaytem.ca/

* These social enterprises piloted the framework.

Canadian organizations that invest in social enterprise were also approached to become involved in the Initiative. This was limited to organizations that explicitly support and/or finance social enterprise development through grants, equity and/or debt financing. The request was met with considerable interest and support, and investor organizations were involved in the Initiative in a number of capacities— for instance, through financial support, formal involvement in framework development workshops (May 2007 / October 2008), and informal review. Participating organizations are listed in Table 5.

Table 5 Investors Participants

Organization Name	Website
British Columbia Technology Social Venture Partners (BC STVP)	www.bctsvp.com
Coast Capital Savings Credit Union	www.coastcapitalsavings.com
Ecotrust Canada	www.ecotrust.ca
Edmonton Social Enterprise Fund (Edmonton Community Foundation/City of Edmonton)	www.socialenterprisefund.ca
enterprising non profits	www.enterprisingnonprofits.org
Ontario Trillium Foundation	www.trilliumfoundation.org
Renewal2 Investment Fund, Renewal Partners	www.renewal2fund.ca
Réseau d'investissement social du Québec (RISQ)	www.risq-fond.qc.ca
Social Capital Partners	www.socialcapitalpartners.ca
Toronto Enterprise Fund	www.torontoenterprisefund.ca
Vancity (Vancity Credit Union and Vancity Community Foundation)	www.vancity.com
Western Economic Diversification	www.wd.qc.ca

Development of Operator Framework and Tool Prototype

Between June and November 2008, a working Operator Framework and tool prototypes were developed. The conceptual model for the framework was the same as the final Operator Framework (see section 3); however many of the tools were different. The key differences are described in Box 6.

The following sections describe five activities and outputs that occurred in developing the working *Operator Framework* and tool prototypes.

1. Concept Paper.

In December 2006 through April 2007 a Concept Paper was developed as a starting point for developing the working framework (both operator and investor elements), and was used as a means to:

- clearly understand the context for developing a framework (how social enterprise has developed in Canada, how it is supported, the current policy context);
- to clarify what other work has been done to develop methodologies for social enterprise, both within and outside Canada;
- to define specifically what the Demonstrating Value Initiative could contribute and build on this work;
- to articulate specific research questions to guide the Initiative;
- to propose specific design principles and objectives.

This research build on the work conducted in the Development phase of the Initiative. The Concept paper was circulated to both the Advisory Committee and Management Committee in a number of drafts, and was useful in focusing what the framework would accomplish, and how it could accomplish it.

Box 4 summarizes the key Framework design principles developed in the concept paper.

Box 4. Key Design Principles developed in the Concept Paper

1) **The framework will be practical and straight forward to use.** It should be easy for social enterprises and investors to navigate the tools, and it should be quickly apparent how a tool may be relevant, and how it could be used. This can be accomplished by such design features as: i) similar formats, ii) clear focus on social enterprise, iii) straightforward and consistent terminology, iv) providing (and working through) real world examples that represent different types of social enterprises.

2) **The framework will help social enterprises and investors build on assessment work that is being done in their organizations.** To be valuable to social enterprises, the framework will need to build on assessment activities (formal and informal) that are already happening in social enterprises. Similarly, to be valuable to investors, the framework needs to realistically build on their information needs and processes.

3) **The framework will focus on the effective use of information, and not just its development.** Overall, gathering metrics must be driven by the uses to which that information will be put, and be aligned with business-related operations and systems. There is little point in detailed measurement and metrics if there is little ability to effectively interpret or communicate the information that is gained.

4) **The framework will be developed collaboratively.** The stakeholder interviews in the development stage of this project found that many of the goals of assessment are shared by both social enterprises and investors, including enhancing the ability for the social enterprise to effectively deliver on its mission(s) and to manage change. The framework will build on these common interests, but recognize the importance of aligning any external assessment demands with the internal evaluation and management needs of the social enterprise. Even where a tool will be focused on one particular audience, both social enterprise and investor participants should be involved in its development.

5) **The framework will include both quantitative and non-quantitative elements.** Measurement is only one element in the process of understanding how the social enterprise is doing and its impact. As Albert Einstein cautioned – “not everything that can be counted counts and not everything that counts can be counted.” What is measurable has to be meaningful and reliable, and capable of being understood.

5) **The framework will be flexible.** The framework will describe common threads in assessment and options that differ depending on the capacity, stage of operation, and operating environment of the social enterprise. It will not stipulate the degree to which a social enterprise should go down the pathway towards more complete quantification and monetization. This must be based on the benefits gained by both the social enterprise and investor, relative to the costs in doing so.

6) **The framework will provide for a candid and frank assessment.** The framework should allow for balanced assessment practices to encourage learning and changes that can lead to the greater success of the social enterprise. This includes understanding what areas may be under performing so corrective action can be taken. As part of this, tools should encourage transparency, for instance, to have all assumptions clearly laid out, and to be clear about what can and cannot be deduced from the information. The framework will be geared at self-assessment, but will lay out assumptions and information clearly for independent assessment or audit.

2. Preliminary Tool Development Contracts.

Between January and March 2007, three pieces of work were commissioned to support tool development. The results of these contracts were used in the working framework and final tools. The contracts related to:

1. Researching financial reporting practices and statements of social enterprises and designing a financial reporting template (completed by Angela Tzanadamis). This work informed the development of the DV Tools **Guide & Survey: Financial Intelligence for Social Enterprise** and the excel worksheet: **Develop Your True Cost Picture**.
2. Researching and summarizing metrics that relate to how social enterprise activities impact the sustainability and effective operation of the parent organization (completed by Tim Beachy and Alison Marshall, United Community Services Co-op). This work was used in the development of the DV Tool **Organizational Sustainability Assessment**.
3. Researching and compiling metrics relating to the social, cultural and environmental impacts of social enterprises, based on four social enterprise case studies (completed by Esther Speck and Clare Mochrie). This work was used in the DV Tools **Ideas Database** and the **Mapping your Enterprise**.

These contracts were critical in orienting the practical tool development work.

3. Framework Development Workshop.

A workshop was held May 28 and 29, 2007 to explore what social enterprises and investors want to be able to assess - in other words, to clearly identify the purposes for which the Operator Framework and Investor Lens would be developed. Possible methods and approaches to address these needs were reviewed, and participants gave specific feedback about what elements and practices should be covered and incorporated.

Overall, social enterprises and investors seek a framework that accomplishes the following.

1. *Provides a means to understand performance.* Key areas include:
 - the value of specific activities;
 - the ability to meet financial, business and social/environmental objectives;
 - self-sufficiency and financial sustainability;
 - the ability to understand tradeoffs between different objectives within the social enterprise.
2. *Serves to develop standard methods, vocabulary, format and content about what is assessed and reported, with some flexibility.* Current assessment and reporting practices are very diverse, and depend greatly on the capacity of the social enterprise and its relation to the non-profit. The framework will help social enterprises who need support to develop the systems they need to be successful.
3. *Creates performance monitoring systems within the social enterprise to address a variety of reporting, management and accountability demands.* This includes developing:
 - High quality systems and processes that result in honest and accurate reporting.
 - The capacity of staff within the enterprise to do assessment and reporting, and not just the capacity of outside consultants.

- Mechanisms to help enterprises share resources, metrics and assessment methods that they have developed, so others who can benefit from using them.
- Tools that assess organizational sustainability both in the context of the social enterprise and in relation to its non profit parent.
- Guidance on how to quantify social, environmental and cultural outcomes where possible.

4. Framework and Tool Proposal.

Following the workshop, a document was developed that proposed what an *Operator Framework* could look like (along with supporting tools), and that would serve as the blueprint for subsequent development. This specifically focused on the Operator Framework, and was based on the Concept Paper, the preliminary tool development contracts and the direction from the Framework Development workshop. This proposal was reviewed and critiqued by social enterprise and investor participants, and the advisory committee. The critique was quite positive about the general direction and scope of the tools, and was useful in pinpointing specific areas that could be strengthened in the development.

This occurred during the late summer and fall of 2007. During the same period, some discussion of investor reporting needs also occurred. This was focused around a preliminary sketch of a reporting template that encompassed the same dimensions as the Operator Framework (which looked at social enterprise performance in terms of Social Mission, Business and Organizational Sustainability).

5. Operator Framework and Tool Prototypes Development.

Between September and November 2007, a ‘working’ Operator Framework and tool prototypes were developed in a combination of html, Excel and pdf documents. The working framework differs in a number of ways from the final framework, though the objectives and conceptual model is the same in both. Box 5 describes key differences between the two versions of the framework.

Piloting

Eight of the twelve social enterprises who were involved in the development of the working Operator Framework could be supported to pilot it (by receiving technical and financial support). These enterprises are described in Table 3. As noted in the section on participant recruitment, the enterprises were selected to provide the Initiative with a diverse mix of social enterprises.

Each social enterprise began the piloting process with a one-on-one session with the Initiative's

Box 5. Key differences between the working and the final Operator Framework

Many refinements and improvements were made between versions of the framework – the first used in the piloting stage, and the final framework described in Section 3. The following points summarize key changes:

- **User friendliness** - The final framework makes a much stronger attempt to be user friendly by using clear and non-technical language and to use more examples.
- **Process** - The final framework provides more instruction around process. For instance, it provides explicit instruction on how to hold a workshop at the enterprise to define key information needs.
- **Format** - The format of many of the tools changed. For instance the final framework includes more guides, for instance 'Defining What to Monitor' and 'Financial Intelligence for Social Enterprise.' Most information for the guides had been developed in the working framework, but made available via hyperlinks in Excel tools to web pages. It was found that most of this information was not accessed.
- **Integration** - The tools in the final framework are more integrated. For instance, the working framework had social enterprises define indicators in separate excel worksheet tools (one for mission-related, one for business related). In the final framework this was integrated into one process, and recorded in a database instead of an excel sheet. Also, the mapping exercise in the working framework was focused on mapping the mission. The final framework is more holistic and focuses on all three areas – business, mission and organization.
- **New tool** - A resource database was developed for the final framework that could be used by social enterprises to identify monitoring approaches and indicators. Some of this information was available in the tools, but the final Ideas Database, is more extensive and explicitly relates monitoring approaches and indicators to specific information needs.

staff to go over the Operator Framework and to discuss the piloting steps. This occurred during November and December 2007. The social enterprise's executive director (or other social enterprise contact) then reviewed the framework's steps and tools more thoroughly, and proceeded to implement them in their organizations. This was done by either following the process directly (and completing the supporting tools) or adapting them to meet the specific needs, processes and organizational culture of that social enterprise. In the piloting, all of the social enterprises identified information needs and reporting processes that they wished to improve or develop. Social enterprises were then supported to refine and/or develop monitoring and reporting systems that would address their top priorities.

Table 6 Social Enterprises who are piloting the Operator Framework

Organization Name	Description
Raven Recycling	A not-for-profit recycling enterprise which seeks to create a Yukon community that both consumes responsibly and manages waste to continually reduce the environmental impacts of these activities. www.ravenrecycling.org
Lawn and Garden Smart, Evergreen Foundation	An ecological landscape consultation, design and installation service in Vancouver which seeks to be a leading catalyst for urban change on three fronts: 1. to drive change amongst home-owners to become more environmentally friendly in their yard and garden practices, 2. to change residential landscapes for increased ecological performance, 3. to promote best ecological landscaping practices across the landscape industry. http://www.evergreen.ca/en/hg/hg-smart.html
Xa:ytem Interpretive Centre, Sto:lo Heritage Trust Society	A 9000 year old ancient village site in the Fraser Valley of BC which offers interpretive tours, gift shop, and hands on cultural programs with a mission to preserve and present First Nations Sto: lo culture, history, spirituality and archaeology. www.xaytem.ca/
My Sister's Closet / MSC 1092, Battered Women's Support Services (BWSS)	Fashionable thrift boutiques in Vancouver that generate revenue for BWSS, provides volunteer experience for women, improves awareness of the society, provides free clothing and household items to women starting over. www.bwss.org/programs/mysisters_closet.htm
Landscaping with Heart, Coast Mental Health Foundation	A landscaping enterprise in the Lower Mainland of BC that provides employment opportunities for the recovery of persons with mental illness. www.coastfoundation.com/CSEF/landscaping.html
StarWorks Packaging and Assembly, Developmental Disabilities Association	A packaging and assembly business in the Lower Mainland of BC that provides employment opportunities for real wages for adults with a developmental disability. www.starworks.ca/
Phoenix Print Shop , Eva's Initiatives	A graphics training facility and environmentally responsible commercial print shop in Toronto, which offers street-involved youth opportunities to achieve productive, self-sufficient and healthy lives. www.evasinitiatives.com/printshop.htm
Potluck Café and Catering, Potluck Café Society	A cafe and catering enterprise that seeks to create permanent jobs for Downtown Eastside Vancouver (DTES) residents, make food more accessible and affordable, and contribute to the revitalization of the DTES area. www.potluckcatering.com/

Considerable flexibility was provided to the pilots to work through the framework. For instance, a basic process was provided, but the choice of who to involve and how to involve them was left with each organization. This was done to provide insights into how the framework would be used by different organizational cultures and capacities. It also sought to provide insights into whether a 'self-serve' on-line framework could be successful. Initiative staff worked closely with each pilot to provide assistance as necessary. Table 7 summarizes the process and piloting focus for each social enterprise.

Table 7 Piloting Focus and Process

Organization Name	Process	What they wanted to do (all bullets) What they worked on during the pilot (bulleted diamond)
Potluck Café and Catering	<ul style="list-style-type: none"> The executive director completed the framework steps with assistance of the Board Chair, and in consultation with other staff and board. They adapted the process to focus on identifying information needs more holistically than had been prescribed by the tools. 	<ul style="list-style-type: none"> ◆ Develop an Enterprise Snapshot – directed to their Board of Directors, and available to other stakeholders ◆ Review financial accounting to identify social and in-kind costs.
Lawn and Garden Smart	<ul style="list-style-type: none"> The executive director worked through the framework steps. There was limited involvement from other staff or board 	<ul style="list-style-type: none"> ◆ Develop a quantitative model to relate changes in gardening/lawn care practices with environmental outcomes. ◆ Improve ability to analyze longitudinal survey information (database help) ◆ Develop better financial data collection and reporting ◆ Develop an investor report
Raven Recycling	<ul style="list-style-type: none"> The executive director worked through the framework steps with the selective involvement of education coordinator and special projects coordinator. The project staff assisted the enterprise with the process in a 1 ½ day session. The Board of Directors were aware of the process, but were not directly involved in it. 	<ul style="list-style-type: none"> ◆ Develop Enterprise Snapshot for communicating key metrics to Board. ● Develop communication material and ‘marketing’ strategy to demonstrate value. ● Survey to understand education campaign effectiveness and barriers to recycling. ● Review financial accounting to identify social and in-kind costs.
Xa:ytem Interpretive Centre	<ul style="list-style-type: none"> The executive director worked through the framework steps with close assistance of project staff. There was limited involvement from other staff or board 	<ul style="list-style-type: none"> ◆ Develop monitoring tools: <ul style="list-style-type: none"> - makeup and experience of visitors to Xa:ytem; - aboriginal staff growth; ● Develop communication material and strategy to demonstrate uniqueness and value as a social enterprise (to use in grant applications).
My Sister's Closet,	<ul style="list-style-type: none"> They held a multi-stakeholder workshop which focused on identifying how the enterprise creates value, what they can do monitor and express it. They hired a consultant to lead the process, who worked closely with executive director. 	<ul style="list-style-type: none"> ● Develop an estimate of \$ value, that represents different aspects of what they do. (voucher, hampers, volunteers, training) ● Develop communication material and strategy to demonstrate uniqueness and value as a social enterprise.

Table 7 continued

Organization Name	Process	What they wanted to do (all bullets) What they worked on during the pilot (bulleted diamond)
Landscaping with Heart	<ul style="list-style-type: none"> • They developed a task team comprised of the executive director, a staff member and 2 board members. • They involved their board to review task team work. 	<ul style="list-style-type: none"> ◆ Track social aspects of the business – whether employees are supported sufficiently, why they leave. • Improve information flows between operations, management, and board. • Review financial accounting to identify social and in-kind costs.
Starworks Packaging and Assembly	<ul style="list-style-type: none"> • The director completed the framework steps in consultation with other staff. 	<ul style="list-style-type: none"> ◆ Develop better financial data collection and reporting • Develop an Enterprise Snapshot
Phoenix Print Shop	<ul style="list-style-type: none"> • The executive director reviewed tools and critiqued them in detail. They didn't complete all – some tools were redundant with work they recently did. E.g. long-term outcomes monitoring project. 	<ul style="list-style-type: none"> ◆ Develop an Enterprise Snapshot – directed to public stakeholders - which is incorporated into their newsletter.

The following points summarize key learning about social enterprise's experience using the *Working Operator Framework*:

1. There was considerable variation in how the process and tools 'fit' with the organization. For some pilots, working through the tools was relatively straight forward, the concepts were grasped easily, and they expressed that they liked the process and format of the tools. Others had a difficult time and found the process and tools more daunting. Still others understood and adapted the tools into their own processes. Some determining factors appeared to be:
 - The capacity to devote resources and personnel to the process; for instance, several pilots experienced challenges in staffing / management during the piloting.
 - Interest and previous experience with performance management tools. Some pilots had managers or board with MBA experience, and they liked the logic and format of the tools.
 - Leadership and buy-in from others within the social enterprise.
 - Whether the non-profit parent organization had established practices around performance monitoring and evaluation.
2. The time spent in working through the framework was generally fragmented because of competing time demands on the person (or persons) completing it. The tools and process could be better designed to reflect this reality. For instance, the clarity of many of the tools could be improved. Some of the tools may be unnecessarily complex and could be simplified, or improved, so that they are easier to navigate and apply in. Alternative ways of delivering the framework should also be explored (for instance as a workshop).
3. The content of the framework was quite useful to the social enterprise, including its focus on financial and business performance, mission-performance and organizational sustainability. Specific learning include:
 - The framework was useful to understanding and consolidating what the social enterprise was doing across the organization. In some cases, it brought to light useful work that had already been completed in the organization, but which had been buried/lost, or known only to certain individuals. For instance, the Potluck Café revived a method for tracking the outcomes of its meal program, a procedure that had gotten lost when their previous executive director had left.
 - Working through the framework brought up fundamental strategic and operational issues, helping organization solidify their objectives and strategies. This most often occurred around clearly defining mission objectives and how the enterprise could balance this with their business objectives.
 - A key area in which social enterprises used the framework was to improve their reporting to their Board of Directors. In particular, many pilots were strongly drawn to developing an 'enterprise snapshot' that would summarize key results of the enterprise. They felt this would improve the engagement of their board in decision-making.

- Another strong area of interest was in gaining a clearer financial picture of the social enterprise, including distinguishing social and in-kind costs. For more information about this issue, and why it is important, see Box 1.
- Interest in demonstrating value is closely tied to communication and marketing.

Operator Framework and Tool Refinement

The findings from the piloting were used to draft a proposal to revise the Operator Framework and prototype tools. This included redesigning and refining tools where pilots experienced difficulties. For a summary of changes see Box 5 (page 21). A workshop was held October 1, 2008 with the social enterprise pilots to share their piloting experiences with each other, and to critically review proposed design changes. Both a framework refinement summary and mock-up of the design changes were developed to support these discussions. Participants were quite pleased about the proposed redesign of the tools, and in particular, how they were being developed to be more focused and user-friendly. They emphasized the importance of making it easier for social enterprises to ‘see themselves in the framework.’ For this reason, the on-line learning program website is being developed with a feature to enable an enterprise to give basic information about the stage of development, mission area, organizational structure so that they are directed to tools and examples that specifically relate to their situation.

Technical refinement of the framework proceeded between October and March 2009. This included the development of a final Framework Website (to be launched in April 2009), and a supportive resource database.

Investor Lens Development

While the Demonstrating Value Initiative largely focused on the development of an *Operator Framework* to help social enterprises to develop monitoring and reporting capacity, the Initiative also developed an *Investor Lens* that would guide reporting activities between social enterprises and investors. The development of the *Investor Lens* was based on the following activities.

- 1) Background research to understand what work has already been done internationally to develop social enterprise reporting; and the national context for developing reporting. Box 6 highlights key points from this research.
- 2) A survey of criteria used by investors to make social enterprise investment decisions.
- 3) A workshop held in Vancouver on October 2-3, 2008 to develop a *Preliminary Investor Lens*. The workshop, which included both social enterprise investors and social enterprises, involved the following activities:
 - A presentation of the *Operators Framework* and the piloting process.
 - Facilitated discussions with the following goals:
 - i. to openly talk about the needs, concerns and issues that relate to current reporting relationships, and how these could be addressed.

- ii. to define a common *Investor Lens* ‘template’ that could guide reporting demands by individual investors. A rough template was circulated as a starting point for this discussion.
- iii. to explore ways that investors could support capacity development for assessment and reporting, including how the Demonstrating Value (Operators’) Framework could be disseminated.

Box 7 shows key highlights from this discussion.

- 4) Following the workshop, we further developed the template, and began work on a draft business plan for disseminating the framework. Both of these items were discussed at a conference call meeting in December 2008. Investor participants showed significant enthusiasm for adopting the revised template, and for supporting social enterprises to develop monitoring and reporting capacity via the *Operator Framework*.

Box 6. Investor Lens – Background Research

The background research served two purposes. The first was to understand what work has already been done internationally to develop social enterprise reporting, and specifically the approaches and issues within these approaches ('International Scan'). The second was to understand the national context for developing reporting ('National Context'). Both research areas are discussed in more detail.

International Scan

We reviewed projects to help us better understand the issues, approaches and specific tools that have been developed. (See note 1 below for sources) The literature scan suggested that two different approaches to accountability and reporting are emerging. The first could be characterized as an impact-focused approach to accountability. The second could be characterized as performance-focused. The first emphasizes measurement and results. Investors want to know that the investments they make are achieving desired results, and want evidence of the impact their dollars are having on the world. This view is strongly associated with venture philanthropists, who have done a lot of work to advance impact measurement methods.

In contrast, the Performance-focused approach questions the insistence of investors in wanting demonstrable results, in favour of performance-centred approaches that encompass a wide range of activities that provide foundations and their grantees with current information and actionable insights.

The National Context for Developing Reporting

Most investment in social enterprise in Canada occurs through grant-making from charitable foundations and government, and as financing through credit unions and community-based financial institutions. Equity investments are very limited. While most sources of private capital are not prepared to engage in below market loans or investments, some angel investors and venture capital firms are emerging in Canada who support social enterprise (Hebb et.al, 2006).

The Development Phase research (see Box 1 for summary) provided many insights into the context for developing an Investor Lens. In many investment organizations, the relationship with investees is limited to an assessment process. Reporting demands associated with funding and financing differed greatly across the sector, from no reporting, to brief end-of project summaries, to rigorous reporting requirements.

Variations in reporting can be linked to the following factors: the size and distribution of grants; the investment focus (whether the focus is sector-specific or across sectors); whether non-financial support is provided along with the dollars; the length of support (with the support is one-off or is multi-year); whether the support can be used for core funding or is project specific; whether investment is reactive, proactive or interactive; the kinds of organizations supported (grassroots/established), and; whether the support is granting or financing.

1. Projects and the following organizations were reviewed. See the Investor Lens Report (November 2008), for more information. Office of the Third Sector / The Department of Trade and Industry, Small Business Service (UK); Social Enterprise Partnership (UK); Research Initiative on Social Enterprise (RISE) Columbia Business School (US); SROI Working Circle (UK, Netherlands, US); Foundation Strategy Group (US); Social Venture Technology Group (US); REDF (US); Réseau d'investissement social du Québec (RISQ) and other investors groups (Canada); Benchmarking Philanthropy Task Force, World Economic Forum's Global Leaders for Tomorrow; Keystone Initiative / AccountAbility (UK); Rockefeller Foundation Impact Investment Collaborative(US)

Box 7. Discussion Highlights - Investor Lens Workshop

Needs, challenges and issues they have around reporting.

- Investors need to do a better job of communicating why they ask for the information they do, what they do with it and how they share it.
- Reporting demands are different between investors, based on many factors, including whether they provide grants or loans, and the size and breadth of support.
- Some investors find it challenging to get information from investees, or the quality of the information is low, especially if there is no incentive to report.
- Investors would like to move towards more standardized reporting, while recognizing the diversity of the sector. Certain indicators are useful to all enterprises while others need to be customized.
- Reporting should be as simple as possible and provide only information that directly support decision-making and learning.
- What investors ask for should contribute to data collection and reporting practices that lead to the enterprises' success. Investors should also support social enterprise to develop capacity in monitoring, assessment and reporting. These practices are valuable for social enterprises and contribute to their success. Investors also have an important role to aggregate information and learning, educate others, and develop the social enterprise sector.
- 'Success' can be defined differently by investors and social enterprises. Social enterprise operators should define their own value and measure what is important to them. Determining what is important to measure can be challenging.

Interest in Harmonization

- There is a strong willingness to harmonize reporting demands, though this will more difficult to do for some investors. Investors felt one way to achieve this would be through the development of a common performance report, which the social enterprise would develop primarily for its own management, planning and communication needs. (The form and content of this report was discussed, using a template that was circulated to participants as a starting point. The final version of this template is shown in Appendix B)

Ways that investors could support capacity development

- Investors discussed how the Operator Framework could be used, strengthened and disseminated. Generally, participants felt the framework would be very valuable for helping social enterprise to develop capacity in performance assessment and reporting. They wanted to see a plan developed for sustaining and marketing the framework, potentially building to a launch at the Social Enterprise Conference in Toronto in 2009. It would also be very valuable for the framework to be adapted and used by social enterprises at different stages of development (from business planning onwards).

Dissemination

As the Demonstrating Value Operator Framework and Investor Lens emerged over 2008, we began to explore strategies for how it could be disseminated and used. This developed into a more formal business planning process in January/February 2009, which is focused on the development of a program at Vancity Community Foundation. This program would ‘market’ the framework, maintain the Demonstrating Value website, provide technical assistance to social enterprises, and foster the development of new tools and uses of the framework (possibly using an open source model).

Apart from disseminating the framework, we also want to disseminate the research and learning from the process. To this end we have presented at a number of research related forums including:

- CIRIEC International Research Conference, Victoria, BC, October 23, 2007
- The Community Finance Advisory Committee, Vancouver, BC, January 25, 2007
- Canadian Evaluation Society Annual Conference, Quebec City, QC, May 12, 2008
- Social Enterprise Research Conference, London, UK, July 26, 2008
- 7th International Conference on Urban Health, Vancouver, BC, October 31, 2008
- Newfoundland Chapter, Canadian Evaluation Society, tele-learning session, December 10, 2008
- BC Social Enterprise Summit, Vancouver, BC, November 18, 2008
- The Social Enterprise Fund & the University of Alberta School of Business, Social Enterprise Workshop, Edmonton, AB, February 4, 2009
- Social Enterprise Event: Demonstrating Value Lunch and Learn, February 10, 2009
- Social Enterprise Event: Demonstrating Value Lunch and Learn, March 12, 2009

5 Conclusion

The objective of the Demonstrating Value Initiative is to move the social enterprise sector towards improved practices in performance and impact assessment, leading to improved stakeholder accountability, and better sharing and communication of innovative practices, learning and social value creation. To this end, the Initiative has developed a common framework for understanding performance and impact, tools to support social enterprises to develop capacity in monitoring and reporting systems, and has worked with investors to develop common reporting guidelines (as a template).

Is the Initiative a success? What have we learned from the process? What else remains to be done? To answer these questions, we reflect on each of the objectives developed for the project on page 7.

Objective 1 - Develop an assessment framework that will be meaningful for social enterprises to embed on their own, or with limited support, into their operations to assist them in planning, management and communication/support needs.

The Demonstrating Value framework focuses on developing systems that meet the social enterprise's need for information and builds on its existing systems. In the framework development workshop, social enterprises expressed a strong need to proactively set-up such systems. The piloting also found that enterprises generally felt empowered in using the framework to identify, and then develop, systems that met their needs.

Even if a social enterprise finds the framework meaningful and wants to use it, there are still challenges that need to be addressed, for them to actually use it. The piloting found that while some social enterprises were suited to developing these systems on their own, others benefited from technical support. This included assistance to learn about new concepts, and assistance in helping them to focus attention on the task. As a consequence, we are developing a technical assistance program as part of the dissemination strategy.

Objective 2 - Develop a framework and supporting tools that can be broadly applicable to:

- a) different types of social enterprises (employment development, mission related products and services, market intermediation, income generation);*
- b) a variety of social enterprise missions (e.g. employment, health and social care, environmental sustainability, economic development); and*
- c) differing contexts (e.g. rural, urban, non-profit, for-profit, etc.).*

The framework is broad enough to encompass different types of social enterprises. For instance, the development of an Enterprise Snapshot is useful to all enterprises, and the conceptual model (illustrated by Figure 1) is helpful for conceptualizing how to develop useful assessment and reporting systems in all enterprises. Considerable attention was taken to make the tools and examples meaningful to social enterprises in different circumstances. For instance the **Monitoring Ideas Library** provides resources that are both cross-cutting and specific to specific mission areas.

Objective 3- Develop a framework and process that is affordable and accessible, in that it does not require excessive human and financial resources to undertake, yet still maintains a degree of rigour and can produce meaningful data and reports.

The framework is not technically difficult, nor does it require considerable human or financial resources. It primarily helps the enterprise ask the right questions, and determine how it can answer them. It also provides a starting point for social enterprises to develop monitoring and reporting systems, and anticipates that these systems will develop as the enterprise develops. For instance, an enterprise can start by developing an Enterprise Snapshot as a Word document, and later use a reporting software when the enterprise finds this useful and feasible. Similarly, an enterprise can start by developing monitoring systems that address critical information needs, moving to develop a more robust systems as it is able.

Objective 4 - Create a framework that can accommodate a diverse range of stakeholder interests, including social enterprise, different investors and government agencies?

The project developed common objectives between investors and social enterprises about what information was important to collect and use to understand the value of social enterprise. We saw at the project workshops, that all stakeholders (whether they are social enterprise operators, investors or government) have the same objective in wanting to see the development of successful and resilient social enterprises. A framework that supports social enterprises to develop quality systems that provides information about their own financial health, progress in meeting their mission objectives, and an understanding of their long-term sustainability, is valuable to all stakeholders. This acts as a foundation upon which more aggregate information and learning can be drawn.

The tool development focused most on helping social enterprises develop their monitoring and reporting capacity, based on their key information needs.

Objective 5 - Advance the development of accepted standards and shared performance measures for financial and non-financial reporting related to social enterprise

At the Investor Lens workshop in October 2008, investors were open and interested to base their information needs on what social enterprises deemed important about their business performance, mission performance and organizational sustainability. The development of a common Investor template also indicated that there are many commonalities in what investors want to learn about the social enterprises they invest in, even if the specifics of their support programs differ. While the Investor template advances common reporting content and format (and articulates specific mission and business classifications), it did not go very far in defining standard indicators. This is an area that could be further developed in the future (see Next Steps below).

Objective 6 - Advance the value of the social enterprise sector, including its relevance to government investment and policy

This final objective is more difficult to address based on the short time frame of the project. We believe that developing monitoring and reporting capacity of individual social enterprises lays the foundation for the sector as a whole to have better information about the success of different strategies and can move society towards common objectives that relate to culture, social equity

and environmental sustainability. It can also make it more possible to conduct research about the role and value of social enterprise in the economy as a whole.

Next Steps

Investors and social enterprises are excited by the framework and tools that have been developed, and there is strong appetite to apply them. To move to improved practices, the Initiative must build on this foundation, and use the relationships and tools that have been developed. Important work that needs to be done includes the following.

- ***Development of an effective program to support social enterprise to use the framework to develop their assessment and reporting capacity.*** Vancity Community Foundation is developing a program to support social enterprise to use the framework. This includes promoting use of the framework, maintaining and further developing the on-line learning program, and providing technical assistance. This technical assistance aspect of this program will address the challenges that some social enterprise pilots faced in having the time, resources and expertise to identify and implement monitoring and reporting solutions. A key issue faced in developing this program is how to fund it and make it accessible to social enterprises who have limited resources (but who would benefit greatly from receiving technical support).
- ***Development of tools that are specifically geared to new social enterprises.*** The tool development was informed by social enterprises that were already established. We believe the framework and tools are applicable to the needs of new social enterprises as well. It would be valuable to test this assumption, and adapt / develop new tools as necessary. A few different areas for this could be 1) the integration of the conceptual framework into business planning tools 2) the establishment of monitoring/reporting ‘packages’ that new social enterprises could adopt that have financial accounting software, mission-related monitoring software (where applicable), and reporting software (like Crystal reports) with pre-established templates that are specific to social enterprise.
- ***Keeping the tools up-to-date, and fostering the development of new tools.*** The scope and technical sophistication of the tools reflect what could be developed with the resources of the project. The Initiative should foster the further development and refinement of these tools, ideally using an open source model. Ideas include:
 - *The development of Enterprise Snapshot templates for social enterprises in specific lines of business, and with specific types of missions.* This could occur by starting with the social enterprise models that are more common (e.g. thrift stores, supportive employment).
 - *Further development of indicators in the Ideas Database.* This could include the identification of core indicators that stakeholders (social enterprises, investors, government) agree are the most important. It could also include developing the database as a web-based application (it is currently in Microsoft Access) and setting up the means for social enterprises and investors to contribute directly via a collaborate wiki.

At a minimum, the website needs to be maintained, and the resources listed in the tools (particularly the Ideas Database) need to be kept current.

- ***Exploration of the relevance and use of the Demonstrating Value framework for government reporting needs.*** As interest in the social enterprise model grows at all levels of government, an opportunity exists to consider how the Demonstrating Value framework could contribute to public programming accountability and evaluation. A modified DV framework for government could ensure rigorous and constructive evaluation methodologies in funding and/or pilot projects for social enterprises and help establish the framework as a sector standard in measuring and reporting.
- ***Development of mechanisms to roll-up information provided by individual enterprise to more aggregate levels.*** The Demonstrating Value Initiative provides direction to social enterprises to develop monitoring and reporting using a common conceptual model. It also helps social enterprises to ask certain questions (about their performance and impact), and guides them to specific monitoring approaches and indicators that can be applied to respond to these questions (and which are unique to enterprises that work in different mission areas). At the same time, the Investor Lens template guides investors to request similar information from social enterprises.

All of these elements will contribute to better sector data and information that can more readily be used for research and policy development. Additional work is needed to develop processes and tools that aggregate data within and across organizations, and combine it with other data that are being developed about social, cultural and environmental outcomes (for instance, community indicator projects like Vital Signs)

- ***Exploration of the relevance of the Demonstrating Value Framework beyond social enterprises.*** While the Demonstrating Value Framework was developed specifically for social enterprise, we received many comments (in presenting the framework) that it would be useful for other types of organizations like non-profit and public agencies, and for-profit business. It would be valuable to explore its relevance in more detail, including examining how the individual tools could be used or adapted, and whether other tools would need to be developed to make it relevant to these other actors.

6 Literature Cited

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Appendix A – Enterprise Snapshot Example

An Enterprise Snapshot is a 'resume' of how the enterprise creates value and how it is performing. This is an effective tool to engage the enterprise's board, staff, investors and others about the value and performance of the enterprise. The snapshot can be set up as an interactive electronic tool or as a document that is easily updated. It can be tailored to specific audiences, including:

- A board of directors to help them see the issues, and make good strategic and governance decisions.
- Management to review operational issues, and staff to engage them on these issues.
- Investors and other stakeholders to show them the value of supporting the enterprise, and to be accountable to their support.

Screen shots of an Enterprise Snapshot are provided on the pages that follow. The interactive file Snapshot is available for download at www.demonstratingvalue.org. This snapshot is developed in Excelcius. It is developed for a hypothetical enterprise who wants to better engage their Board of Directors. The profile of this enterprise is described in the box below.

Box A. Description of Stable Roots, a hypothetical social enterprise

Mission Statement: To provide stable employment and livable wages to at-risk youth from while offering premium landscaping services and dedicated support to our customers.

Product and Market Profile:

They offer landscaping and garden maintenance services to commercial and residential customers.

While they offer a complete range of design and maintenance services, they largely rely on long-term lawn and garden care contracts to institutional customers.

Details of Social/Environmental Mission:

- Recruits at least 30% of its full-time employees from Greenville Youth Services and other youth drop-in centres.
- Offer on-the job training and flexible work hours.
- Offer personalized support to employees to assist them with their transition to employment.

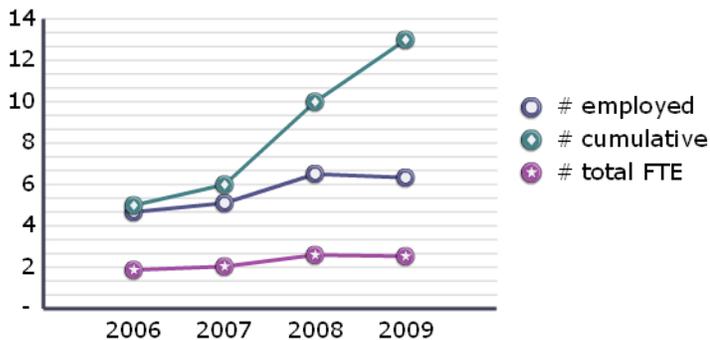
Location: Based and Serving customers in Greenville.

Enterprise History: The business was originally established by Greenville Youth Services to complement the organization's job search programs. Greenville Youth Services has been providing support to youth who are at risk, including counselling, afterschool programs, and employment support.

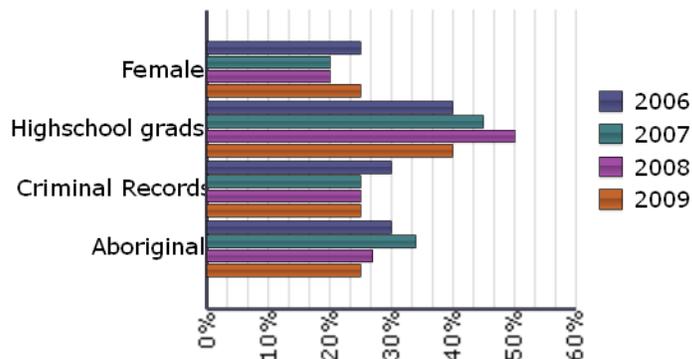
Operating Structure: The enterprise operates as an independent enterprise with its own Board of Directors. It is located at Greenville Youth Services and relies on the overall organization for accounting and fundraising.

Key Mission Impact Indicators

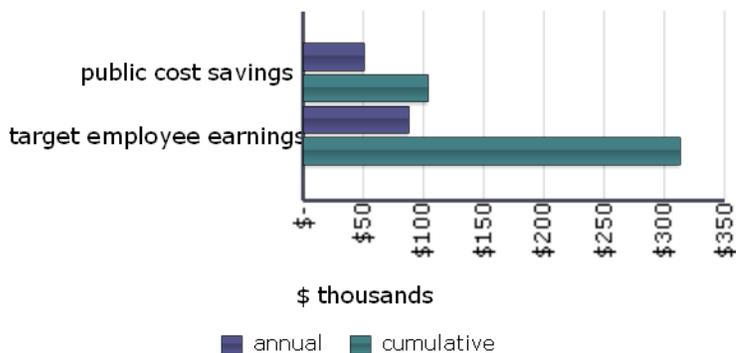
Youth at Risk Employment Statistics



Profile of target employee



Mission Value



Much of the value that Stable Roots has in the lives of at-risk youth in Greenville, B.C., cannot be measured. Click on the link below to see the achievements and stories of some of our employees to better understand the impact we make.

[See Stories](#)

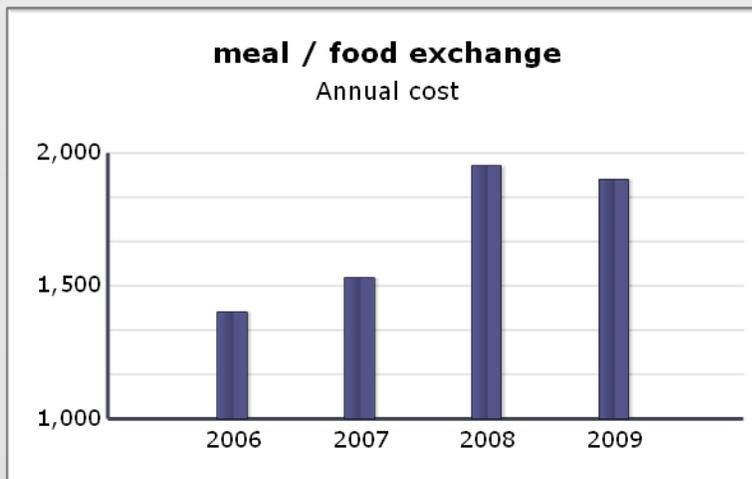
this button is illustrative only - it is currently linked to Eva's Phoenix Print shop's stories.

Summary of Supports Offered to Target Employees

Use of Supports

Type	total		per person	
	2009	2008	2009	2008
meal / food exchange (# uses)	317	326	50	48
bus tickets (#)	254	260	40	60
social worker (hrs)	951	977	150	120
clothing exchange (# uses)	76	78	12	12

View Associated Costs



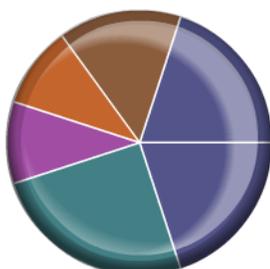
Supports

- meal / food exchange
- bus tickets
- social worker
- clothing exchange
- management and admin

2006	2007	2008	2009
1,402	1,531	1,953	1,902

Life and Employment Skills Supported

Issue areas supported social worker share of time



- housing
- family
- mental health
- money
- addictions
- relationships

Progress Update: Organizational Assessment

Board of Directors

 3 *Rating (1-5)*

Rationale

The board generally functions well. Sometime gets too involved in operational issues.

Actions

Clearly define role of board members relative to management

Progress

none

Staff

 2 *Rating (1-5)*

Rationale

High turnover. Employee survey showed need for more feedback, clear definition of positions, compensation  

Actions

Need clarify job descriptions and increase compensation to be in line with industry.

Progress

none

Management

 4 *Rating (1-5)*

Rationale

Recent performance review of executive director strong. Have developed a balanced team that works well together.

Actions

none

Progress

n/a

Volunteers (not Board)

 5 *Rating (1-5)*

Rationale

Have reliable volunteers with strong skills.

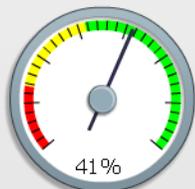
Actions

none

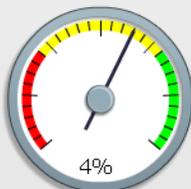
Progress

n/a

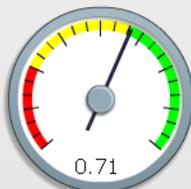
Key Performance Indicators



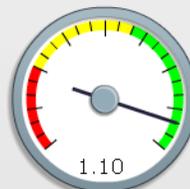
Gross Margin



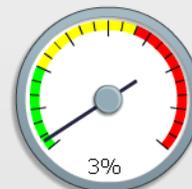
Net Margin



Business Recovery



Current Ratio



% Grants of total revenue

Income Statement

Current Period

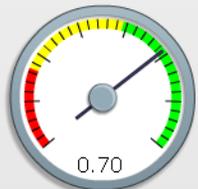
	Y2009
Sales revenue	\$607,000
Grants	\$20,000
Other income	\$1,000
Total Revenue	\$628,000
Wage & benefit costs	\$177,081
Materials, subcontractor costs	\$191,200
Cost of sales	\$368,281
Gross profit/loss	\$259,719
Social costs - Operating Expenses	\$87,723
Business costs - Operating Expenses	\$150,150
Total expenses	\$606,154
Net profit/loss	\$21,846

Historical Trends

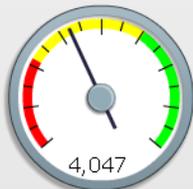


Y2006	Y2007	Y2008	Y2009
413,500	441,500	555,500	607,000

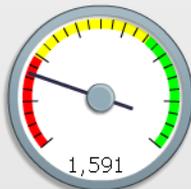
Key Performance Indicators



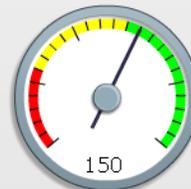
leads converted to jobs



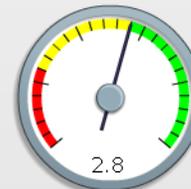
revenue per customer



gross margin/ customer



of customers



avg customer satisfaction

View # of jobs, sales, costs, margins by service

Source

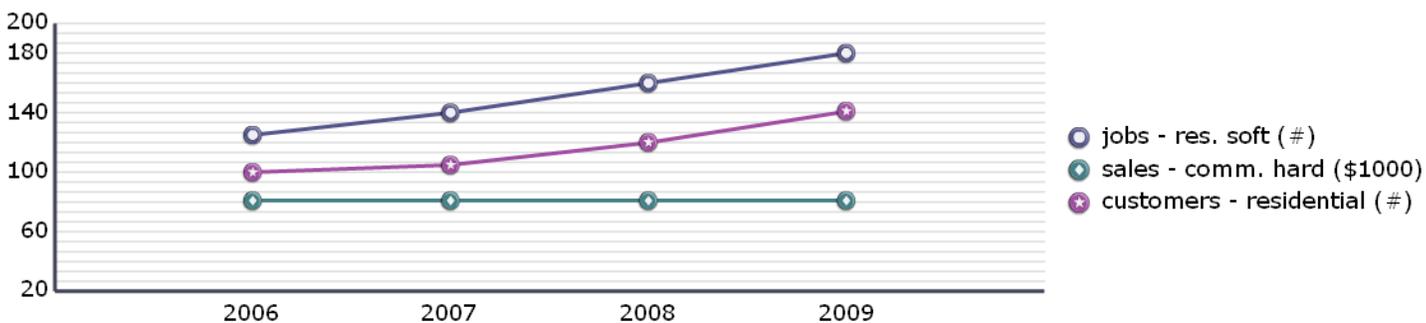
gross margin - res. soft (\$1000)
 gross margin - res. hard (\$1000)
 gross margin - comm. soft (\$1000)
 gross margin - comm. hard (\$1000)
 customers - commercial (#)



Destination

jobs - res. soft (#)
 sales - comm. hard (\$1000)
customers - residential (#)

Update



Sensitivity Analysis - 2009

Revenue

avg. revenue per job

annual grants

\$3,050

\$20,000

Number of customers

commercial

residential

9

141

Number of jobs per customer

residential, hard

residential, soft

0.07

1.28

commercial, hard

commercial, soft

0.11

0.89

Reset Values

Employee wage (hourly)

labourer (target)

supervisor

\$15.00

\$20.00

labourer (non target)

\$15.00

Other job costs

avg. cost per job - materials/subcontracts

\$1,880

avg. hours of work per job

40

Other expenses

employee supports

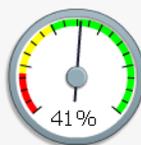
\$55,723

management /admin expenses

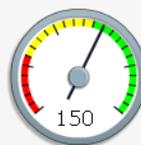
\$80,000



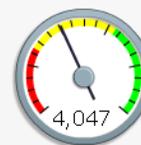
Net Margin



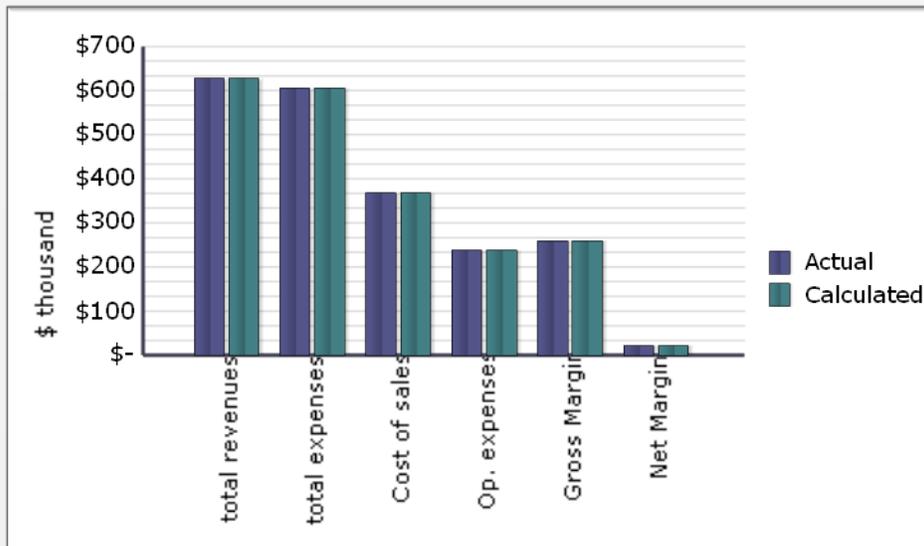
Gross Margin



of customers



revenue per customer



Mission Indicators	Calculated	Base
Target employees - annual	6	6
Target employees - cumulative	16	13
Target employee earnings - cumulative	\$400,907	\$313,167
Estimated social cost savings cumulative	\$130,714	\$104,000

Appendix B – Investor Template

This Appendix shows the Investor Template, and an example of it filled out with a hypothetical enterprise ‘**Stable Roots Landscaping.**’ The profile of this enterprise is described in Box A, Appendix A.

Enter Enterprise Name

Enterprise Snapshot

December 2008

Mission Statement: Provide the mission statement of the social enterprise and/or the non-profit parent agency.

Business Profile

Business Area Choose an item.

Product and Market Profile:

Provide information about the product and market, and objectives in this area This could include:

- A clear description of the product/service(s) , target market(s), market niche, competition.
- A description of the stage of product development., e.g. R&D/exploration, mature product, redevelopment.
- New product or market initiatives.
- Targets if developed.

Financial Objective:

To be profitable - business revenues to exceed total expenses

Responsible Business Practices:

Provide a description of any social and environmental practices that do not fall into the core mission focus, but which fit into your operating values.

Mission Profile

Mission Focus

Primary

- Choose an item.
- Choose an item.
- Choose an item.

Secondary

- Choose an item.
- Choose an item.
- Choose an item.

Desired Social / Environmental Outcomes

Describe the desired outcomes of your mission. Outcomes are the specific social and/or environmental changes that you would like to see. Make sure to include what people would be doing differently to get at this change.

If you have targets, include these too.

Strategies

Provide a clear description of what you are doing to to influence the desired outcomes.

If you have a map of your mission, like a logic model, attaché that.

Organizational Information about the Enterprise

Year Started Enter year.

Location Physical location + where you operate.

Employees

Number of employees and volunteers (#, and # FTE), including a breakout of 'target employees' if applicable

Enterprise History

Short description of the social enterprise's history—how it got developed, who was involved, etc. If the enterprise is associated with a non-profit agency parent, this is a description of what that parent does.

Current Management Team

List who manages the enterprise.

Operating Structure

Relationship with non-profit

Choose an item.

Describe in more detail

Legal Form Choose an item.

Stage of Development Choose an item.

Key Relationships

Outline of key relationships such as partnerships.

Accreditations / Recognitions

Description of any accreditation achieved by the enterprise, or noteworthy recognitions

Business Performance

Key Results

Highlight of key results in two parts:

1. **Bullets:**
Top three results relating to business performance. Information should be comparative, for instance in terms of: a trend (change or growth); against a target and/or objective; specific to a reporting period (last year, cumulative, anticipated).
2. **Metrics:**
Summary of expenses and revenues with and without social operating costs / subsidies. Possibly some other key metrics (Business Cost Recovery). These could be specifically identified between the investor– social enterprise

Mission Performance

Key Results

Highlight of key results:

1. **Bullets:**
Top three results relating to social mission performance –observed outcomes, implementation of strategies, key learnings.
2. **Metrics:**
Key mission-related indicator(s) relevant to that enterprise, preferably providing some insight into both the breadth and depth of the enterprise's activities and outcomes. (how many people are being reached and in what way).

Social return on investment ratio (if available/desired)

Organizational Sustainability

Key Developments

Points relating to:

- Key questions now facing organization;
- Summary of key capacity building initiatives (including what gaps these are directed at filling)
- Outlook of the social enterprise

Key Strengths

List up to three.

Key Risks

List up to three along with strategy to manage these risks.

Example

Stable Roots Landscaping

Enterprise Snapshot

March 2009

Mission Statement: To provide stable employment and livable wages to at-risk youth from while offering premium landscaping services and dedicated support to our customers

Business Profile

Business Area Landscaping Services

Product and Market Profile:

- Stable Roots offers landscaping and garden maintenance services to commercial and residential customers.
- Stable Roots offers a complete range of design and maintenance services, but largely relies on long-term lawn and garden care contracts with institutional customers. This has been the core focus for the last 5 years. Half of all revenues stem from 1 customer.
- Stable Roots is currently marketing complimentary service offerings (to basic lawn and garden care) more aggressively, and seeking to develop more private sector contracts.

Financial Objective:

To be profitable - Business revenue to exceed total expenses

Responsible Business Practices:

- No chemical pesticides used in garden maintenance.
- Local sourcing of suppliers

Mission Profile

Mission Focus

Primary

- Targeted Employment
 - Life skills and personal development
 - Health - treatment, rehabilitation, support, prevention
- Secondary

- Community Revitalization and Economic Development
 - Housing
-

Desired Social / Environmental Outcomes

Homeless and at-risk youth in Greenville:

- develop strong life and job skills,
- positive relationships,
- have satisfying and sustainable jobs,
- reduce high-risk behaviours.

Strategies

- Recruit at least 30% of its full-time employees from Greenville Youth Services and other youth drop-in centres.
- Offer on-the job training and flexible work hours.
- Offer personalized support to employees to assist

More information

Year Started 1998

Location Located in Greenville, BC. We serve Greenville and surrounding communities of Smallwood and Greenwood.

Employees

12 employees. 5 full-time equivalents. 4 are targeted employees.

Enterprise History

The business was originally established by Greenville Youth Services to complement the organization's job search programs. Greenville Youth Services has been providing support to youth who are at risk, including counselling, afterschool programs, and employment support.

Current Management Team

Megan Smith – General Manager
Bruce Lee – Marketing and Sales

Operating Structure

Relationship with non-profit

Separate - set up independently
Stable Roots does not share any systems with Greenville Youth Services and has its own Board of Directors.

Key Relationships

- BC Housing — Stable Roots Landscaping provides all lawn maintenance for social housing development in MetroVancouver
- BCIT— Partnership for skills training support program.

Accreditations / Recognitions

- re-accredited in 2008 by the Council on Accreditation for Children and Youth.

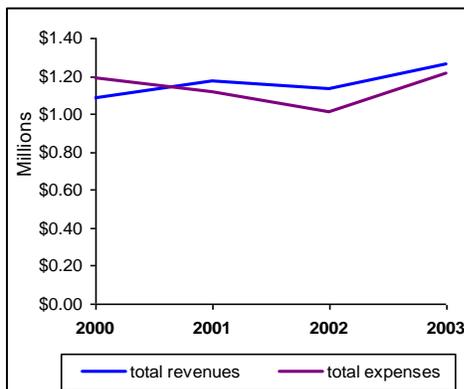
Business Performance

Key Results

- Developed 2 new customer relationships in 2007, decreasing dependency on top 2 customers (lowering their share of revenue from 53% to 50%).
- Reduced # of complaints by 10% from last year
- Increased # of jobs/day using better scheduling methods (from an average of 10 in 2006 to 12 in 2007.)

Enterprise Financials	2002		2003 Growth	
Total Revenue	\$ 1,130,220	\$ 1,263,673	12%	
social subsidies	38%	39%		
sales	62%	61%		
Total Expenses	\$ 1,005,896	\$ 1,213,126	21%	
social operating	51%	58%		
enterprise expenses	49%	42%		
Net Profit	\$ 124,324	\$ 50,547		

Key Indicators	2002	2003
Business Cost Recovery	0.70	0.50
Sales growth rate	21%	35%
Gross Margins %	35%	32%
% repeat customers	85%	90%



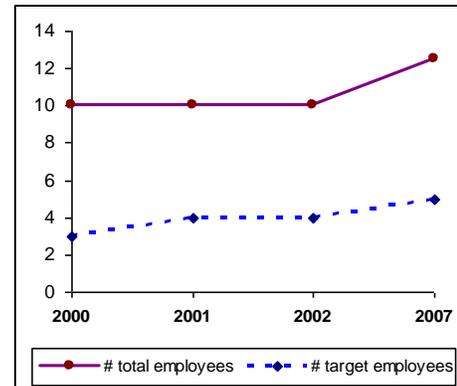
Mission Performance

Key Results

- Maintained 42% target/non target employee ratio throughout Year. Retained 25% of original target employee base recruited in year one.
- Developed customized education training support for target employees.
- Surveys completed by target employees show high job satisfaction and skills development.
- Total gross salaries to target employees: \$125,089

Target Population Profile (2007)

Average age	16
% aboriginal	30%
share criminal records	60%
share highschool grads	50%
share female	25%



Enterprise Sustainability

Key Developments

- Developed a Business Advisory Committee in 2006, which is comprised of executives from the business community.
- Evaluating move of main landscaping office to more spacious location.
- Developed unique accounting system for the social enterprise (distinct from non-profit accounting system).

Key Strengths

- 10 years experience in landscaping market and pursuing social mission.
- Experienced management team
- High quality service

Key Risks

- Overdependence on key customers: almost 50% sales from 2 customers. RESPONSE: In Spring 2009 we will implement a residential direct marketing campaign to develop new customer base.
- Increased competition from giant multinational landscaping group. RESPONSE: Will not try to compete on price, but will strengthen quality of service.

Template Classification Scheme

INVESTOR SOCIAL ENTERPRISE TEMPLATE - CLASSIFICATIONS

About the Classifications

Common classifications will enable better cross comparison and rollup of information in the social enterprise sector. It will also structure assessment and reporting guidance in the Demonstrating Value Framework that is specialized to the area the social enterprise works in. Where an enterprise cannot be classified easily under one classification, an enterprise could specify more than one (for instance, a primary and secondary), or could define themselves under the classification in which most of its activity occurs.

The definitions and sources of the classifications are as follows:

- **Mission Focus:** These classifications can be used to characterize the social/environmental mission of the social enterprise. These proposed classifications are based on a review of classifications used in voluntary and non-profit sector, but scoped to represent the social and environmental areas social enterprise commonly work in. The key source is: Statistics Canada. Cornerstones of Community: Highlights of the National Survey of Nonprofit and Voluntary Organizations, 2003 revised. Ottawa: Statistics Canada, Small Business and Special Surveys Division, 2005.
- **Business Focus:** These classifications can be used to characterize the business focus of social enterprise, and in particular the nature of the service or product the social enterprise offers. The categories are drawn directly from North American Industrial Classification System – NAICS Canada 2002 (http://www.ic.gc.ca/sc_economy/sio/about_naics_eng.html). Only those industrial classifications common to social enterprises are included. This selection was based on a review of self-defined business categories listed on the social enterprise market place (<http://www.enterprisingnonprofits.ca/marketplace/>) and the categories described in the enterprise directory on the Social Enterprise Alliance website (http://www.se-alliance.org/resources_directories.cfm)
- **Other:** Classifications are also provided that characterize the enterprise's stage of development, operating structure and financial objectives. These are based on enp and Vancity's grant classifications.

Mission Focus

Social / Cultural	Environmental
Advocacy and Legal Assistance Community revitalization and economic development Crime prevention Direct income, material and food support Disaster/emergency prevention and control Education - basic, specialized, advanced Health - treatment, rehabilitation, support, prevention Housing Life skills, Personal Development Performing and visual art Promotion/preservation of history, culture and/or language Sports and recreation Targetted employment / job training Other Description:	Direct Habitat and/or Species Conservation and Protection Green Building, Landscaping and Urban Design Recycling, Reducing, Reusing Sustainable Agriculture Sustainable Energy Supply and Energy Use Sustainable Fisheries Sustainable Forestry Sustainable Industrial Processes Sustainable Transportation Other Description:
Target Group	
Aboriginal peoples or organizations Athletes, participants, enthusiasts Children (under 12) Adolescents/Young Adults (12 to 29) Elderly people Ethnic groups, visible minorities, immigrants Households Men Offenders (penal system) People living in poverty People with addictions People with at risk behaviour People with mental health issues	Persons with developmental disabilities or special needs Population in a particular geographic area (neighbourhood, region) Population outside of the country (international aid) Public at large Specific organization (professional, religious community, other) Victims of violence and crime Women Other Description:

Business Focus Note: these are NAICS classifications, additional ones could be added. The number could also be included

Classification	Classification
Professional, Scientific and Technical Services	Retail Trade
Legal Services	Office Supplies, Stationery and Gift Stores
Computer Systems Design and Related Services	Used Merchandise Stores
Management, Scientific and Technical Consulting Services	Other Description:
Other Description:	Health Care and Social Assistance
Administrative and Support Services	Offices of Dentists
Office Administrative Services	Services for the Elderly and Persons with Disabilities
Facilities Support Services	Child Day-Care Services
Employment Services	Other Description:
Business Support Services	Arts, Entertainment and Recreation
Packaging and Labelling Services	Performing Arts Companies
Services to Buildings and Dwellings	Heritage Institutions
Janitorial Services (except Window Cleaning)	Other Description:
Landscaping Services	Accommodation Services
Other Description:	Food Services and Drinking Places
Waste Management and Remediation Services	Full-Service Restaurants
Material Recovery Facilities	Limited-Service Eating Places
Other Description:	Caterers
Agriculture, Forestry, Fishing and Hunting	Other Description:
Crop Production	Construction
Forestry and Logging	Trade Contracting
Other Description:	Other Description:
Manufacturing	Wholesale Trade
Food Manufacturing	Information and Cultural Industries
Clothing Manufacturing	Newspaper, Periodical, Book and Database Publishers
Printing and Related Support Activities	Software Publishers
Furniture and Related Product Manufacturing	Information Services and Data Processing Services
Miscellaneous Manufacturing	Other Description:

Classification

Real Estate and Rental and Leasing

Real Estate Property Managers

Finance and Insurance

Transportation and Warehousing

Support Activities for Transportation

Couriers and Messengers

Other

Description:

Educational Services

Computer Training

Professional and Management

Development Training

Educational Support Services

Other

Description:

Repair and Maintenance

Personal and Household Goods

Repair and Maintenance

Personal and Laundry Services

Personal Care Services

Dry Cleaning and Laundry Services

Stage of Development	
Concept Development / Seed	The enterprise is in the concept stage and has not yet been developed.
Start-up / Launch	The enterprise is new. It is in the process of being launched. Systems, products, services are being developed/ tested.
Focusing the Business	The enterprise is looking to solidify their position in the market -improving the product/service quality, building management capacity, enhancing market penetration, implementing internal business systems
Mature/Stable	The enterprise has achieved stability and success in its initial market, and has solidified its position in the market
Relation to Non-profit Parent Agency	
Internal	The enterprise operates as part of a non-profit organization, with no separate legal identity. We share most systems, staff, leadership, financial reporting, physical space.
Separate	The enterprise is associated with a non-profit organization, but have a separate legal identity and unique systems, staff, leadership, financial reporting, physical space. If separate, describe relationship: (e.g. is the non-profit parent agency part owner? Full owner? Involved in the management? Hands off?)
None	There is no 'parent' organization.
Other	Describe:
Ownership Structure of the Enterprise	
For profit	Not-for-profit
Sole proprietorship	unincorporated
incorporated	incorporated
Cooperative	incorporated, charitable status
Partnership	Partnership

Financial Objective	Target
Contribution	
Self-sufficiency	n/a
Profitability	

Definitions:

- **Self-sufficiency:** Business revenues will cover expenses (both social and business).
- **Profitability:** Business revenues will exceed expenses (both social and business). A profit target could be defined.
- **Contribution:** Business revenues will contribute to expenses. A target could be defined for this.

“social” costs are additional costs, above and beyond regular business costs, that are incurred to meet the mission of the enterprise.