

The Demonstrating Value Initiative

DEVELOPING THE DEMONSTRATING VALUE FRAMEWORK -SUMMARY REPORT-

April 4, 2009



Table of Contents

Introduction..... 1
Background..... 2
The Demonstrating Value Framework 3
The Development of the Framework..... 7
Conclusion..... 12

Appendix A – Enterprise Snapshot Example
Appendix B – Investor Template

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* – 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 development of the framework took place between 2007 and 2009. Specific objectives of development project included:

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.

This report provides a summary of the research. Please see the Detailed Report for more information. This report begins with a description of the key issues that led to the development of the Initiative, followed by a description of the final Demonstrating Value Framework, and an account of the Initiative’s methodology and development steps. The report concludes with a description of key lessons learned and next steps.

Background

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.

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 assistance to develop and manage this information. Table 1 summarizes these needs. 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.

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
Social enterprises	<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
Investors	<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.
Other	<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.

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 1.¹ 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.

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.² The research established that existing tools/resources were insufficient and that there was a strong demand to develop a framework. The National Advisory group then outlined a project for developing and piloting a framework in conjunction with both social enterprises and investors.³ 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.

The development the Demonstrating Value Framework as outlined by the National Advisory group got underway in November 2006.

The Demonstrating Value Framework

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.

¹ 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.

² 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 .

³The 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.

A. Conceptual Model

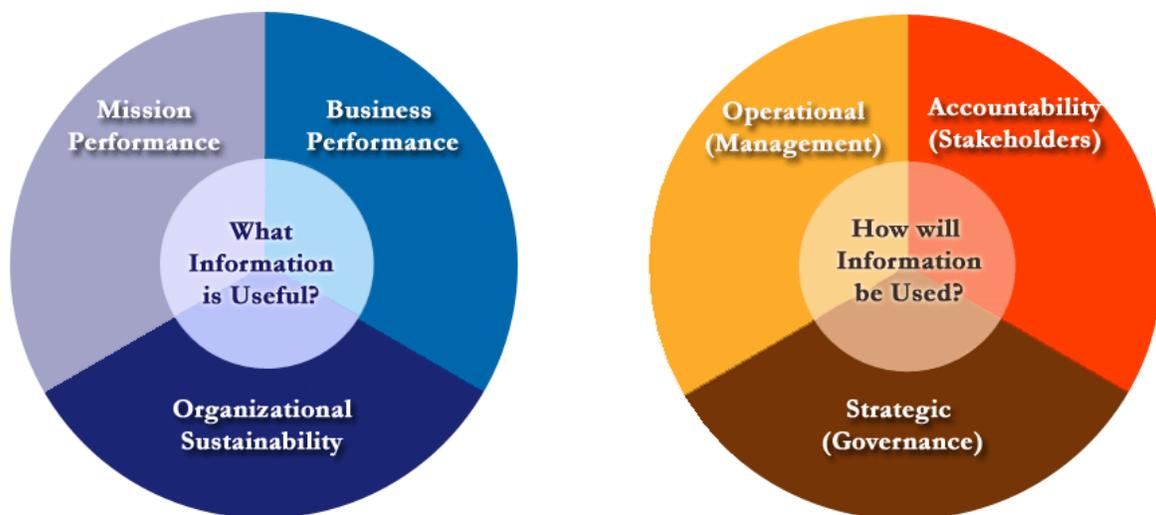
The overriding goals of performance and impact assessment are to support good operational and planning decisions, and to clearly communicate the value of the enterprise to others. This means gathering the right information (through monitoring systems and assessment) and using it effectively (by communicating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

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. Specific tools have also been developed to support these steps. These are summarized in more detail in Table 2.

Table 2 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.
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.
Monitoring Ideas Library	Searchable library for indicators and approaches to monitoring specific aspects of business performance, mission-related performance and organizational sustainability.
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.

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 (Appendix B). 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.

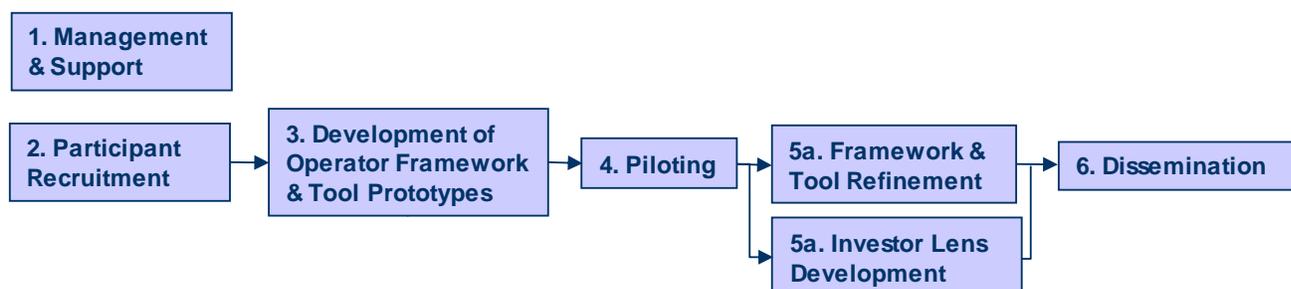
This template proposes common content areas and reporting formats that social enterprises can use to provide information to investors about their performance. All parts are not expected to be relevant to every type of investment.

The Development of the Framework

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



1. 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 Skills Development Canada (HRSDC), and Renewal Partners, and SAP Business Objects Division.

Bryn Sadownik was hired in November 2006 as the Project Lead. e. A management committee was developed to provide management guidance to the Project Lead. 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.

2. Participant Recruitment

Twelve social enterprises were recruited between February and May 2007 to be involved in developing working *Operator Framework* (Table 3). 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.

Table 3 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 4.

Table 4 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.gc.ca

3. Development of Operator Framework and Tool Prototype

Between June and November 2008, a working Operator Framework and tool prototypes were developed. 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.

2. Preliminary Tool Development Contracts.

Between January and March 2007, three pieces of work were commissioned to support tool development. 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.

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 proposal was reviewed and critiqued by social enterprise and investor participants, and the advisory committee. .

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.

4. 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 2. 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.

Each social enterprise began the piloting process with a one-on-one session with the Initiative's staff to go over the Operator Framework and to discuss the piloting steps. This occurred during November and December 2007. 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.

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.

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

- 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.
- 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.
- 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.
- Another strong area of interest was in gaining a clearer financial picture of the social enterprise, including distinguishing social and in-kind costs.
- Interest in demonstrating value is closely tied to communication and marketing.

5a. 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. A workshop was held October 1, 2008 with the social enterprise pilots critically review proposed design changes. 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.

5b. Investor Lens Development

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.
- 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.
- 4) Further development of the template. 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*.

6. 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 early 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).

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 project objectives on page 1.

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 (May 2007), 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.
- ***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 Monitoring 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.
- ***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.

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. 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.

To download the interactive Enterprise Snapshot, go to www.demonstratingvalue.org

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.

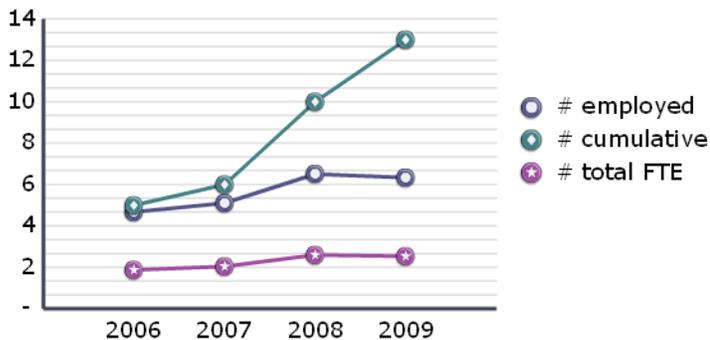
Location: Based and Serving customers in Greenville.

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.

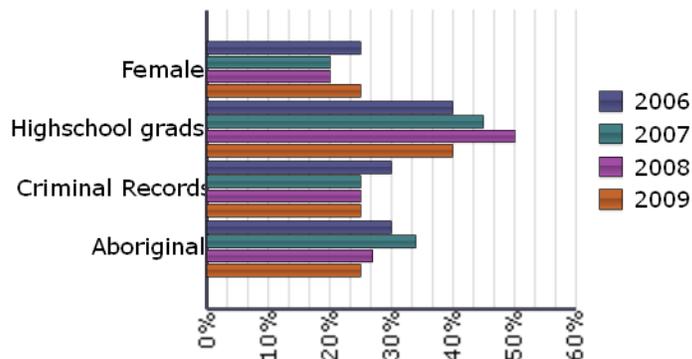
Operating Structure: The enterprise operates as an independent enterprise with its own Board of Directors. It is located at Greenville Youth Services and relies on the overall organization for accounting and fundraising.

Key Mission Impact Indicators

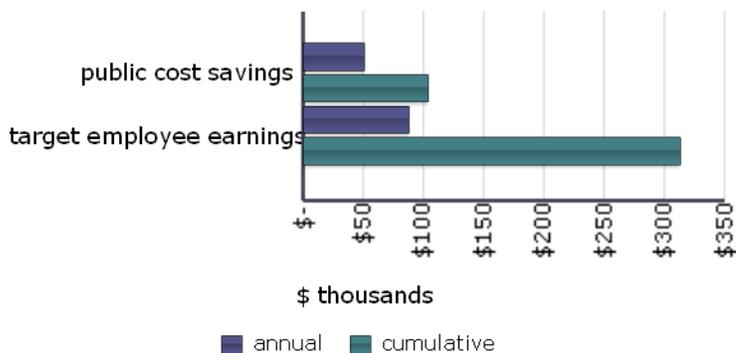
Youth at Risk Employment Statistics



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](#)

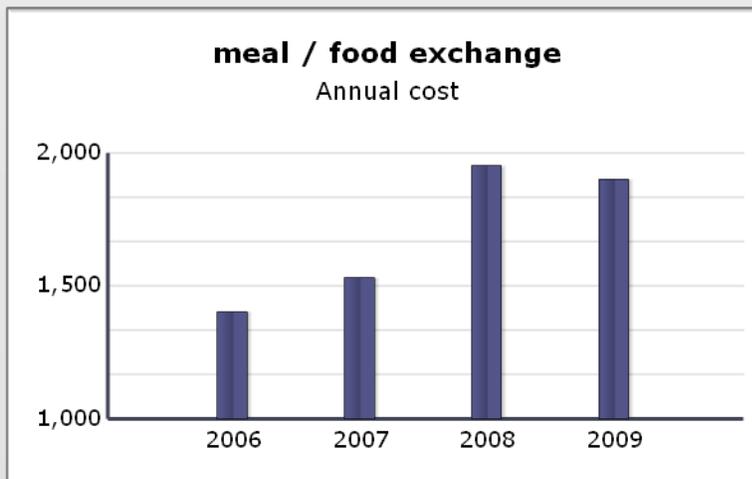
this button is illustrative only - it is currently linked to Eva's Phoenix Print shop's stories.

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



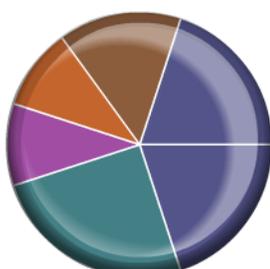
Supports

- 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.

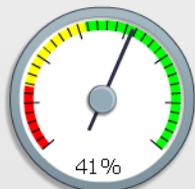
Actions

none

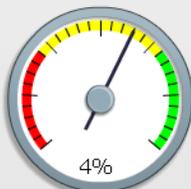
Progress

n/a

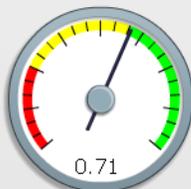
Key Performance Indicators



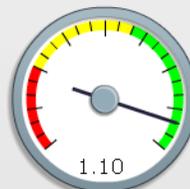
Gross Margin



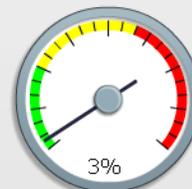
Net Margin



Business Recovery



Current Ratio



% Grants of total revenue

Income Statement

Current Period

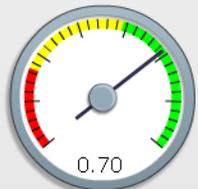
	Y2009
Sales revenue	\$607,000
Grants	\$20,000
Other income	\$1,000
Total Revenue	\$628,000
Wage & benefit costs	\$177,081
Materials, subcontractor costs	\$191,200
Cost of sales	\$368,281
Gross profit/loss	\$259,719
Social costs - Operating Expenses	\$87,723
Business costs - Operating Expenses	\$150,150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

Historical Trends

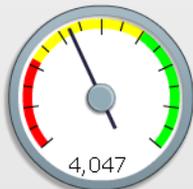


Y2006	Y2007	Y2008	Y2009
413,500	441,500	555,500	607,000

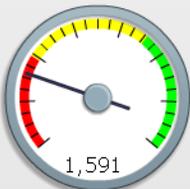
Key Performance Indicators



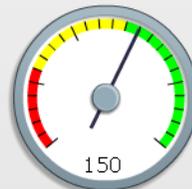
leads converted to jobs



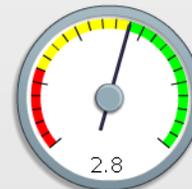
revenue per customer



gross margin/ customer



of customers



avg customer satisfaction

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

Source

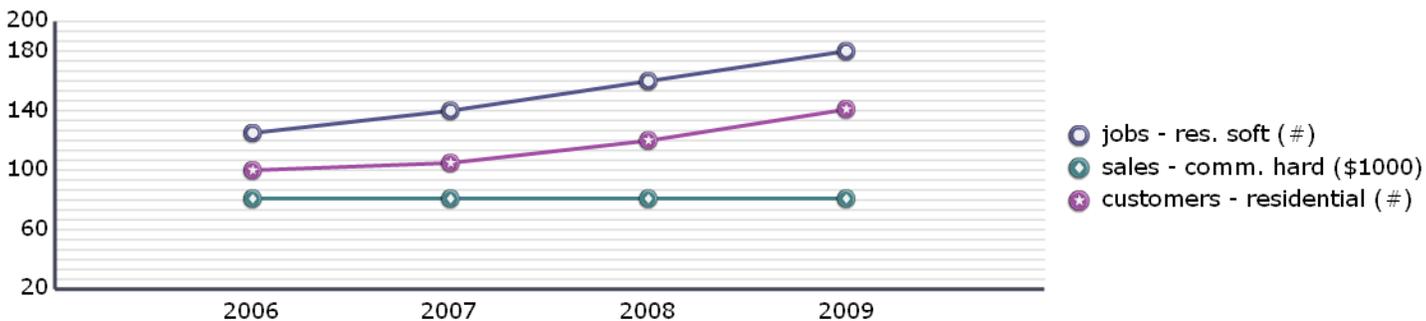
gross margin - res. soft (\$1000)
 gross margin - res. hard (\$1000)
 gross margin - comm. soft (\$1000)
 gross margin - comm. hard (\$1000)
 customers - commercial (#)



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

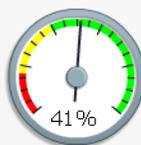
\$55,723

management /admin expenses

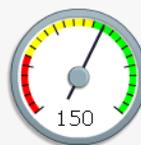
\$80,000



Net Margin



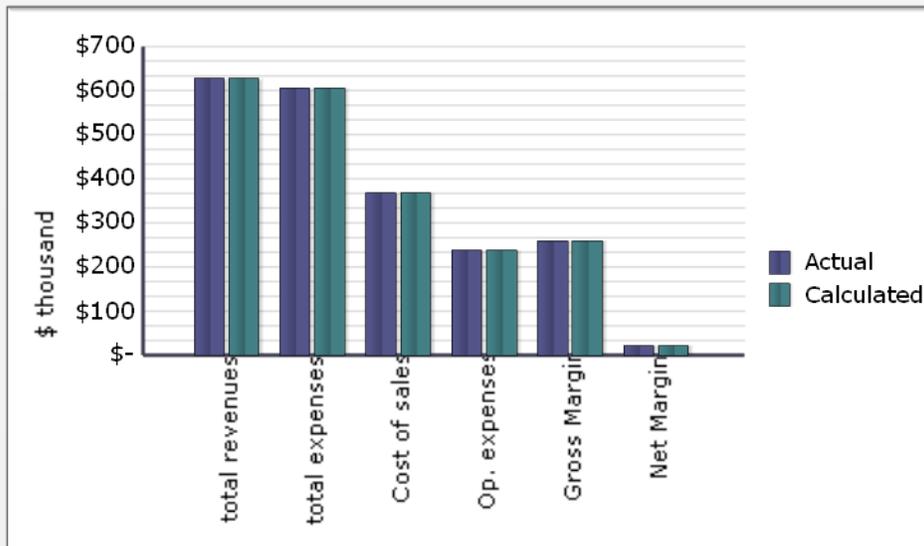
Gross Margin



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.

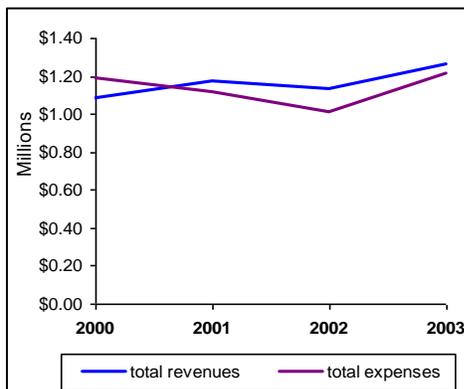
Business Performance

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%



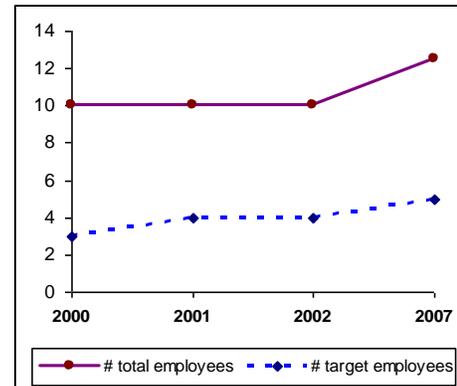
Mission Performance

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.